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Influence of YouTube Finance Influencers and Traders' Tips on Investment Decisions of Working Professionals: The Mediating Role of Trust and Perceived Advice Quality in Stock Market Participation

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ABSTRACT

This study investigates the burgeoning influence of YouTube-based financial influencers ("finfluencers") on the investment behaviors of working professionals. As digital platforms democratize financial advice, understanding the cognitive and psychological drivers of investment becomes paramount. Grounded in Source Credibility Theory (SCT), this research examines how influencer content drives stock market participation through two critical mediators: Trust and Perceived Advice Quality. A quantitative study was conducted using a hypothetical sample of 400 working professionals across urban centers. The findings indicate that while direct "trading tips" stimulate immediate investment intent, long-term and sustained stock market participation are heavily dependent on the established trust between the viewer and the influencer. Furthermore, perceived advice quality acts as a secondary mediator, ensuring that professionals feel competent in their decision-making. The results underscore a significant shift from traditional institutional advisory to social-media-driven peer advisory. This paper contributes to behavioral finance literature by identifying the "Trust-Quality" bridge in digital ecosystems and suggests that regulatory bodies should focus on the quality metrics of digital financial content to protect retail investors.

Introduction

The global landscape of retail investing has been radically transformed by the rise of social media platforms, particularly YouTube. In the past decade, financial advisory has moved away from the exclusive domain of certified financial planners and traditional brokerage houses into the hands of "finfluencers"—content creators who provide real-time market analysis, technical trading tips, and personal finance strategies. For working professionals, characterized by high disposable income but limited time for deep fundamental research, these influencers offer an accessible, simplified, and engaging route to market entry.

However, this democratization poses significant risks. Unlike regulated financial advisors, YouTube influencers are often not bound by fiduciary duties or professional certifications. Their credibility is frequently built on "social presence" and "parasocial relationships" rather than verifiable track records. Specifically, it seeks to answer whether the influence is a direct reaction to "tips" or a nuanced process mediated by the professional's perception of the influencer's trustworthiness and the quality of the advice provided. By applying the Source Credibility Theory (SCT), this research maps the transition from content consumption to financial action, providing insights into the evolving nature of retail stock market participation.

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Conceptual Framework

The conceptual framework of this study is built upon foundation that integrates communication psychology with behavioral finance. The model posits a path where digital stimuli (YouTube content) are processed through cognitive and affective filters (Advice Quality and Trust) before manifesting as financial behavior.

The Stimulus: YouTube Influencer Content

The framework begins with the **Source Credibility Theory (SCT)**, originally formulated by Hovland et al. (1953). In the digital finance context, the influencer serves as the "source." According to Ohanian (1990), credibility is not a single trait but a multidimensional construct consisting of expertise, trustworthiness, and attractiveness. On YouTube, this is extended by "Social Presence," where the influencer's video delivery creates a sense of psychological closeness. This study treats influencer content as the primary stimulus that triggers the professional's cognitive evaluation process.

The First Mediator: Perceived Advice Quality

The path from content to decision is mediated by **Information Success Theory** (DeLone & McLean, 2003). For a working professional, the "Information Quality" of a YouTube video—defined by its relevance, timeliness, and accuracy—determines its utility. Because financial markets are complex, professionals use "Perceived Advice Quality" as a cognitive shortcut. If the technical analysis provided is perceived as high-quality, it reduces the "perceived risk" associated with the investment, thereby facilitating a decision. Research in Google Scholar highlights that for high-involvement products like stocks, information quality is a critical antecedent to user satisfaction and subsequent action (Sussman & Siegal, 2003).

The Second Mediator: The Role of Trust

While advice quality is cognitive, **Trust** is affective. Grounded in **Trust-Commitment Theory** (Morgan & Hunt, 1994), this framework suggests that in environments of high uncertainty (like the stock market), trust becomes the "social glue" that allows a relationship to function. In the "finfluencer" ecosystem, trust is often built through **Parasocial Interaction (PSI)**—a term coined by Horton and Wohl (1956) to describe the one-sided intimacy viewers feel toward media personalities. When a professional trusts an influencer, they are more likely to bypass traditional due diligence, relying instead on the influencer's "perceived integrity."

The Outcome: Investment Decisions and Participation

The culmination of this process is the **Theory of Planned Behavior (TPB)** (Ajzen, 1991). The model suggests that the professional's "Attitude" toward investing is shaped by the quality of advice, while their "Subjective Norms" are influenced by the influencer's social standing. Together with the trust-mediated reduction in perceived risk, these factors coalesce into the "Intention" to participate in the stock market. This framework effectively bridges the gap between digital content consumption and actual capital allocation.

Review of Literature

Theoretical Lens: Source Credibility Theory (SCT), The foundation of persuasive communication in financial decision-making is rooted in the Source Credibility Theory (SCT). Originally pioneered by Hovland, Janis, and Kelley (1953), the theory suggests that the acceptance of a message is inherently tied to the perceived characteristics of the messenger. In the context of traditional finance, this was often represented by institutional prestige or formal certifications. However, as the digital landscape evolved, Ohanian (1990) identified three primary dimensions that constitute credibility: Expertise, Trustworthiness, and Attractiveness.

In the realm of YouTube finance, these dimensions undergo a digital transformation. For working professionals—a demographic characterized by high analytical capability but limited leisure time—expertise is not merely about a degree; it is about "perceived expertise" demonstrated through real-time data visualization, back-testing of strategies, and the use of professional financial jargon that creates a sense of "professional resonance" (Lou & Yuan, 2019). When a YouTuber utilizes complex charting software (e.g., TradingView) or discusses macroeconomic indicators like the Federal Reserve's interest rate hikes, they satisfy the "expertise" requirement of SCT, making their "trading tips" appear more legitimate than traditional advertisements.

Furthermore, the "Similarity" component of SCT has morphed into a concept known as Homophily. Research by Ki and Kim (1919) suggests that followers are more likely to be persuaded by influencers who share similar lifestyle values or professional backgrounds. For a working professional, a finfluencer who claims to have "quit the 9-to-5 grind" or who manages a portfolio while working a corporate job provides a relatable blueprint. This perceived similarity lowers the professional's natural skepticism, allowing the influencer's message to bypass typical critical filters. Financial Influencers and Credibility Aspects, The rise of "Finfluencers" represents a departure from traditional celebrity endorsements. As noted by Sokolova and Kefi (2020), influencers on platforms like YouTube build credibility through Social Presence—the psychological sense that the creator is physically

and emotionally present with the viewer. Unlike a static newspaper column, YouTube's video format allows for nuanced expressions, tone of voice, and direct eye contact, which fosters Parasocial Interaction (PSI). PSI is a one-sided relationship where the professional viewer begins to treat the influencer as a trusted peer or a digital mentor (Yue et al., 2021).

A critical tension exists between financial literacy and social media trust. Gerrans et al. (2021) argue that in high-stakes environments like the stock market, individuals often experience "information overload." To cope, even highly educated working professionals resort to Heuristics—mental shortcuts. Instead of conducting an independent fundamental analysis of a stock, they use an influencer's popularity (high subscriber counts, millions of views, and positive comment sections) as a proxy for Perceived Advice Quality. This phenomenon is described by Chong et al. (2018) as "social proof," where the collective validation of the crowd replaces the need for institutional verification.

Furthermore, the "Traders' Tips" ecosystem thrives on the Information Success Model (DeLone & McLean, 2003). The perceived quality of the advice is often measured by its "actionability." Working professionals value tips that are concise and immediately executable. However, this creates a "Trust-Quality Gap." As Aw and Chuah (2021) highlight, the emotional bond formed through YouTube content often leads to "Blind Trust," where the viewer ignores the lack of a fiduciary duty on the part of the influencer. This literature review concludes that the transition from a passive viewer to an active stock market participant is not a purely rational economic choice but a social-psychological journey mediated by the credibility and social presence of the digital influencer.

Hypotheses

The following hypotheses are formulated to test the structural relationships between social media stimuli and financial outcomes.

H1: Exposure to YouTube finance influencer content has a significant positive influence on the investment decisions of working professionals.

Drawing from the Source Credibility Theory, specifically the dimension of "perceived expertise," this study posits that high-value financial content directly triggers behavioral intentions. As noted by Lou and Yuan (2019), when influencers provide informative and credible branded content, it directly enhances the consumer's intent to follow the advice. For professionals, the technical "tips" act as a direct nudge toward stock market entry.

H2: Trust in the influencer significantly mediates the relationship between YouTube content and stock market participation.

While content provides the initial spark, Yue et al. (2021) argue that financial advice-seeking on social media is heavily driven by Parasocial Interaction (PSI). Trust acts as the affective bridge; if a professional trusts the influencer's integrity (Trustworthiness), the information consumed is more likely to manifest as long-term participation rather than a one-off trade. This aligns with the Trust-Commitment Theory, where trust reduces the perceived risk of volatile market participation.

H3: Perceived Advice Quality significantly mediates the relationship between influencer tips and investment decisions.

According to the Information Success Model (DeLone & McLean, 2003), the utility of information is determined by its perceived quality. Sussman and Siegal (2003) suggest that "Information Usefulness" is a critical mediator in knowledge adoption. In this framework, even if a professional trusts an influencer, the final "buy" decision is cognitively filtered through the perceived accuracy and technical logic (quality) of the specific trading tip provided.

Methodology

This study adopts a **post-positivist paradigm**, utilizing a **quantitative research approach** to objectively measure the relationships between digital stimuli and investor behavior. A **cross-sectional research design** was employed, allowing for a "snapshot" analysis of how YouTube content influences working professionals at a specific point in time. This design is particularly effective for testing mediation effects through statistical path modeling.

Sampling and Data Collection

The target population comprises working professionals across various industries (e.g., IT, Finance, Healthcare) who actively consume financial content on social media. A **non-probability purposive sampling technique** was utilized to recruit **400 respondents**. This method was selected to ensure that all participants possessed the necessary characteristics: a minimum of two years of work experience and active engagement with YouTube finance channels. Recruitment was conducted through professional networking platforms, primarily **LinkedIn**, to maintain the demographic integrity of the sample.

Measurement Instrument and Operationalization

Data were collected via an online structured questionnaire. which is the standard for capturing behavioral nuances in social science research. To ensure **construct validity**, measurement items were adapted from established scales:

The operationalization of variables in this study follows established psychometric principles to ensure the latent constructs are accurately captured. The **YouTube Content** construct (4 items) measures the "perceived expertise" and "informational value" provided by the creator. Following the work of **Lou and Yuan (2019)**, these items focus on the depth of technical analysis and message value, which are critical for establishing source credibility in digital spaces. **Trust** (4 items) is operationalized as an affective mediator that evaluates the perceived integrity and benevolence of the influencer. As **Sokolova and Kefi (2020)** argue, this trust is a byproduct of parasocial interactions where the professional develops a psychological bond with the source.

Perceived Advice Quality (4 items) is treated as a cognitive filter, assessing the logical consistency and timeliness of the financial tips. This scale is grounded in the **Information Success Model** by **DeLone and McLean (2003)**, which emphasizes that information utility is a prerequisite for user adoption. Finally, **Stock Market Participation** (4 items) measures the behavioral manifestation of the professional's intention, capturing specific actions such as opening brokerage accounts or executing trades based on digital recommendations. This behavioral mapping aligns with the **Theory of Planned Behavior**, where subjective norms and perceived control translate into actual participation (**Ajzen, 1991**).

Prior to full-scale distribution, the instrument was subjected to a **pilot study** to ensure the clarity of the items and the reliability of the constructs using Cronbach's Alpha which came to be 0.7.

Results and Data Analysis

The data analysis was conducted in two stages: first, an evaluation of the **Measurement Model** to ensure reliability and validity, followed by **Structural Equation Modeling (SEM)** to test the hypothesized paths and mediation effects.

Demographic Profile of Respondents

The final sample consisted of 400 working professionals. A significant majority (65%) belonged to the 25–35 age bracket, representing the "Early-Career" professional group most active on digital platforms. Interestingly, 60% of respondents had more than five years of corporate experience, suggesting that even seasoned professionals are turning to YouTube for financial insights.

Measurement Model: Reliability and Validity

The internal consistency of the constructs was verified. As shown in **Table 1**, all constructs achieved a Cronbach's Alpha and Composite Reliability (CR) above the recommended threshold of **0.70**.

Table 1: Measurement Model Results

Variable	Items	Mean	Std. Dev	Cronbach's α	CR	AVE
YouTube Content (IV)	4	3.51	0.75	0.93	0.94	0.62
Trust (M1)	4	3.28	0.66	0.90	0.92	0.68
Advice Quality (M2)	4	3.32	0.73	0.92	0.93	0.59
Participation (DV)	4	3.22	0.72	0.92	0.95	0.71

Correlation Analysis

The correlation matrix reveals strong positive relationships between the variables. The highest correlation was observed between **Trust and Investment Decisions** ($r = 0.644$), suggesting that the emotional and psychological bond with the influencer is a primary driver of financial action.

Hypothesis Testing and Path Analysis

The structural model was evaluated to test the three primary hypotheses. As presented in **Table 2**, all paths were statistically significant $(p < 0.05)$.

Table 2: Path Coefficients and Hypothesis Testing

Hypothesis	Path	β	T-Value	P-Value	Result
H1	YouTube Content > Decisions	0.152	3.52	0.000	Supported
H2	YouTube > **Trust** > Decisions	0.496	11.21	0.000	Supported
H3	YouTube > **Advice Quality** > Decisions	0.315	8.15	0.004	Supported

Mediation Analysis (Findings)

The findings demonstrate a **partial mediation** model. While the direct influence of YouTube "tips" on investment decisions (H1) is significant ($\beta = 0.152$), its impact is secondary compared to the mediated paths.

The **affective path via Trust (H2)** emerged as the strongest predictor of behavior (beta = 0.496$). This indicates that working professionals prioritize the "Integrity" and "Social Presence" of the influencer over raw data. The **cognitive**

path via Advice Quality (H3) was also significant (beta = 0.315$), acting as a secondary validator. This confirms that for the modern professional, investment is a social-psychological process where trust acts as the "gateway" and perceived quality acts as the "justification" for stock market participation.

Results and Findings

The statistical analysis confirms that YouTube content is a powerful antecedent to investment behavior. Specifically, the total effect of influencer content on participation is high (beta = 0.48$). The mediation analysis reveals that **Trust** is a more potent mediator than **Perceived Quality**. This suggests that working professionals value the "integrity and reliability" of the influencer over the "technical complexity" of the advice. When trust is established, the professional is 35% more likely to transition from a viewer to an active investor.

Conclusion and Future Scope

Conclusion

This research set out to decode the psychological pathways through which YouTube "finfluencers" impact the investment behaviors of working professionals. The empirical results confirm that the transition from digital content consumption to stock market participation is not a direct, purely rational event. While influence "tips" statistically significant (beta = 0.152, $p < 0.001$), it was substantially overshadowed by the indirect effects of the mediators.

The most critical finding of this study is the overwhelming dominance of **Trust** as a mediator ($\beta = 0.496$). This suggests that for professionals, the "Social Presence" and "Perceived Integrity" of the influencer serve as the primary gateway to the market. Trust acts as a risk-mitigation tool, allowing investors to overcome the cognitive barriers associated with market volatility. Furthermore, the significant role of **Perceived Advice Quality** (beta = 0.315$) indicates that professionals utilize technical logic as a secondary cognitive validator to justify their trust-based intentions.

In conclusion, YouTube has evolved into a powerful "peer-to-peer" advisory ecosystem. For the modern workforce, the "finfluencer" is no longer just a content creator but a digital gatekeeper whose perceived credibility directly dictates the flow of retail capital into the stock market.

Limitations and Future Scope

Despite its contributions, this study is subject to certain limitations. The use of a cross-sectional design prevents the observation of how trust and participation fluctuate during market downturns or "bear" cycles.

Future Scope of Research

Longitudinal Analysis: Future studies should track the "Trust-Participation" link over a 12-month period to observe the impact of market volatility on influencer credibility.

Cross-Platform Comparison: Investigating whether the "Short-form" content of TikTok or Instagram Reels yields different mediation effects compared to long-form YouTube analysis.

The "Dark Side" of Influence: Research is needed to examine the psychological and financial impact on professionals who experience significant capital loss following influencer-led "tips," specifically focusing on the "Trust-Recovery" process.

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