
SOCIAL MEDIA, FINFLUENCERS AND INVESTOR PROTECTION: EMERGING CHALLENGES UNDER INDIAN SECURITIES LAW

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ABSTRACT

The rapid expansion of social media has transformed how retail investors obtain, evaluate and act upon information concerning securities. Financial influencers, commonly known as “finfluencers,” have become significant actors in this digital information ecosystem. Through YouTube, Instagram, Telegram, podcasts and other platforms, they simplify complex financial information and influence investment decisions. While such communication can enhance financial awareness and market participation, it may also facilitate misleading recommendations, undisclosed commercial relationships, conflicts of interest, market manipulation and fraudulent schemes. The regulatory concern becomes particularly significant when individuals provide investment advice or research without registration with the Securities and Exchange Board of India. This paper critically examines the relationship between social media, finfluencers and investor protection under Indian securities law. It analyses SEBI’s statutory powers, the prohibition of fraudulent and unfair trade practices, the regulatory framework governing investment advisers and research analysts, the 2024 restrictions concerning associations between regulated entities and persons engaged in prohibited activities, and SEBI’s evolving approach to financial communications on social media. It further examines challenges relating to attribution, evidence collection, algorithmic amplification, sponsored content, anonymous accounts and cross-platform dissemination. The paper argues that existing securities laws can address harmful digital conduct, but effective enforcement requires technologically responsive mechanisms. It concludes that India should adopt a calibrated regulatory framework combining disclosure requirements, registration-based regulation, platform cooperation, digital surveillance, rapid investor warnings and enhanced financial literacy. Such regulation must distinguish genuine financial education from actionable investment advice while preventing the absence of a formal adviser-client relationship from becoming a shield for deliberate deception.

Keywords: social media; Finfluencers; SEBI; Securities law; Market manipulation; Financial literacy; Digital platforms; Retail investors.

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1. INTRODUCTION

The Indian securities market has undergone a significant transformation with the growth of digital participation. Investors no longer depend exclusively upon newspapers, television channels, broker research reports or professional investment advisers for market information. A substantial part of the contemporary information environment is now created and circulated through social-media platforms. Short videos, livestreams, podcasts, posts and private messaging groups can reach thousands or millions of users within minutes. This development has reduced the informational barriers traditionally associated with participation in securities markets. At the same time, it has blurred the boundary between financial education, opinion, marketing, investment advice and market promotion.²

Financial influencers have emerged within this environment as individuals who build audiences by producing content concerning stocks, mutual funds, trading strategies, personal finance, initial public offerings, derivatives and broader investment themes. Their influence is not necessarily dependent upon professional qualifications. Trust may instead arise from relatability, perceived success, frequent communication and the ability to explain complicated subjects in simple language. SEBI's Investor Survey 2025 demonstrates the significance of this development: 56 per cent of surveyed investors reported turning to financial influencers on social media for information concerning securities-market products, while 62 per cent reported making some investment decisions based on influencer recommendations (SEBI, 2026). These findings indicate that finfluencer activity is no longer peripheral to the retail investment ecosystem.³

The regulatory concern arises when influence translates into conduct that affects investment decisions without corresponding standards of accountability. A creator may receive sponsorship or referral income from a broker, platform or issuer while presenting content as independent analysis. Another may recommend a security after acquiring a position and later benefit from increased demand. A third may operate a paid messaging group and provide purported "sure-shot" calls without registration. In more serious cases, social media may become an instrument for pump-and-dump activity, false rumours, impersonation or

² International Organization of Securities Commissions (IOSCO), *Objectives and Principles of Securities Regulation* (2017); Securities and Exchange Board of India, *Investor Survey 2025* (2026); Securities and Exchange Board of India, investor-awareness and digital-investor education materials.

³ Securities and Exchange Board of India, *Investor Survey 2025* (published 2026); Securities and Exchange Board of India, investor-awareness materials concerning social-media use and sources of securities-market information.

investment fraud.⁴

Indian securities regulation was developed primarily around identifiable intermediaries, issuers, exchanges and market participants. The digital environment introduces actors who may not fit comfortably within those conventional categories. The central legal question is therefore not simply whether existing law applies to social media, but how its principles should be interpreted and enforced when financial influence is dispersed across platforms, pseudonymous accounts, algorithms and rapidly changing forms of digital communication.⁵ This paper examines that problem through a doctrinal and analytical approach. It studies the Securities and Exchange Board of India Act, 1992, relevant SEBI regulations and circulars, official investor-protection material and contemporary research on Indian finfluencers. The paper argues that India already possesses important legal tools, but the effectiveness of those tools depends upon clearer classification, stronger disclosure requirements, technology-enabled surveillance and a more coordinated relationship between SEBI, regulated entities, investors and social-media platforms.

2. RESEARCH OBJECTIVES AND METHODOLOGY

The principal objective of this paper is to critically examine whether the existing Indian securities-law framework is capable of protecting retail investors from risks generated by financial influence on social media. The paper has four specific objectives: first, to identify the legal provisions relevant to finfluencer activity; second, to examine the principal investor-protection risks arising from digital financial content; third, to analyse regulatory gaps associated with unregistered and anonymous actors; and fourth, to propose a balanced regulatory model that protects investors without unnecessarily restricting legitimate financial education and freedom of expression.

The paper adopts a doctrinal legal research methodology. Primary materials include the Securities and Exchange Board of India Act, 1992, applicable SEBI regulations, circulars, consultation materials and official investor-protection publications. Secondary materials

⁴ Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*; International Organization of Securities Commissions, *Objectives and Principles of Securities Regulation* (2017).

⁵ Financial Stability Board, *Financial Stability Implications from FinTech* (2017); International Organization of Securities Commissions, *The Use of Artificial Intelligence and Machine Learning by Market Intermediaries and Asset Managers* (2020).

include institutional studies and academic commentary concerning financial influencers, investor behaviour and digital markets. The analysis is qualitative and focuses on the relationship between statutory obligations and the practical characteristics of social-media communication. The paper does not attempt to measure the causal effect of individual influencers on particular securities prices; rather, it examines the legal and regulatory implications of the ecosystem as a whole.

3. FINFLUENCERS AND THE CHANGING INFORMATION ECOSYSTEM

The expression “finfluencer” is not a settled statutory category under Indian securities law. In ordinary usage, it describes a social-media personality who creates or distributes content concerning finance or investment and whose audience may rely upon that content in making financial decisions. The category is deliberately broad. It can include registered professionals who use social media for educational purposes, unregistered creators who discuss markets generally, persons who provide specific stock recommendations, and commercial promoters who receive consideration for directing users towards financial products.⁶

This diversity makes regulatory classification difficult. A general statement such as “investors should diversify” is materially different from a communication stating that a particular share will rise by a specified percentage and advising followers to purchase it immediately. The first may constitute general education or opinion; the second may potentially amount to investment advice or a recommendation depending upon the surrounding circumstances. Similarly, a sponsored video clearly identified as advertising presents a different regulatory problem from a supposedly independent review in which the creator secretly receives compensation.⁷ Social media intensifies the impact of these distinctions. Traditional financial communications often carry visible institutional markers: the name of the newspaper, brokerage, analyst or adviser is known, and professional responsibilities can be traced. Social-media content can instead be consumed in an environment where entertainment and financial information appear together. A short video may use humour, lifestyle imagery or personal success stories to increase engagement. The persuasive force therefore may come less from the quality of financial

⁶ Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*; International Organization of Securities Commissions, materials concerning digitalisation and online financial services.

⁷ Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*; International Organization of Securities Commissions, *Suitability Requirements with Respect to the Distribution of Complex Financial Products* (2013).

analysis than from the personality and perceived authenticity of the creator.⁸ The 2025 SEBI Investor Survey is significant in this regard. It found that financial influencers were among the leading sources of information about securities-market products, and that social-media exposure to such information was widespread. SEBI also reported that 93 per cent of surveyed investors regarded financial influencers as moderately to highly credible. Such findings demonstrate why the regulatory issue cannot be reduced to a small group of irresponsible creators. Finfluencer communication has become part of the mainstream investor-information environment (SEBI, 2026).⁹

The benefits should nevertheless be recognised. Finfluencers can explain concepts such as compounding, diversification, index funds, demat accounts, risk management and basic market terminology in regional languages and accessible formats. They may reach first-time investors who would never consult a formal research report. Excessive regulation could unintentionally suppress legitimate investor education. The appropriate regulatory objective is therefore not to eliminate social-media financial communication, but to distinguish education from regulated advice, transparent promotion from disguised advertising, and good-faith commentary from manipulative conduct.¹⁰

4. STATUTORY FOUNDATION OF INVESTOR PROTECTION IN INDIA

The Securities and Exchange Board of India Act, 1992 provides the central statutory foundation for investor protection in the securities market. Section 11 assigns SEBI the responsibility of protecting investors, promoting the development of the securities market and regulating it through appropriate measures. Section 11B empowers the Board to issue directions where necessary in the interests of investors or the orderly development of the securities market. Section 12 establishes the registration framework for specified intermediaries. Section 12A prohibits manipulative and deceptive devices and certain fraudulent conduct in connection with securities.¹¹

⁸ Financial Stability Board, *Financial Stability Implications from FinTech* (2017); Organisation for Economic Co-operation and Development, *G20/OECD High-Level Principles on Financial Consumer Protection* (2022).

⁹ Securities and Exchange Board of India, *Investor Survey 2025* (2026).

¹⁰ Securities and Exchange Board of India, investor education and financial literacy initiatives; Organisation for Economic Co-operation and Development, *G20/OECD High-Level Principles on Financial Consumer Protection* (2022); International Organization of Securities Commissions, *Objectives and Principles of Securities Regulation* (2017).

¹¹ Securities and Exchange Board of India Act, 1992, §§ 11, 11B, 12 & 12A.

These provisions are deliberately broad. Their purpose is not merely to regulate traditional intermediaries but to preserve market integrity and protect investors from conduct that undermines confidence in securities markets. Consequently, the fact that harmful communication takes place on Instagram, YouTube, Telegram or another digital platform does not by itself place it outside securities law. The relevant question is the substance and effect of the conduct.¹²

The SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) are particularly relevant. Regulation 3 prohibits fraudulent dealings and manipulative or deceptive devices, while Regulation 4 prohibits fraudulent or unfair trade practices. The framework encompasses conduct involving false or misleading information, manipulation and misleading advertisements. Its conceptual breadth is important for social-media activity because digital communication can be used to create a false appearance of market interest, spread misinformation or induce investors to trade.¹³ The definition of “fraud” in the PFUTP Regulations is also broad. It includes knowing misrepresentation, concealment of material facts, reckless or careless representations and deceptive behaviour that deprives another person of informed consent. This language makes it possible to examine social-media conduct according to its substance rather than the label used by the creator. Calling a communication “educational content” should not immunise a person where the communication is actually designed to induce trading through false or misleading representations.¹⁴

At the same time, enforcement must respect the principle of legality. Not every inaccurate prediction, failed opinion or enthusiastic statement should automatically be treated as securities fraud. Financial markets inherently involve uncertainty. A regulator must distinguish between a mistaken prediction made honestly and a statement that is knowingly false, recklessly made, commercially conflicted or part of a manipulative scheme. This distinction is central to fair enforcement and to preserving legitimate market commentary.¹⁵

¹² Securities and Exchange Board of India Act, 1992, §§ 11 & 11B; *Sahara India Real Estate Corp. Ltd. v. Securities and Exchange Board of India*, (2013) 1 SCC 1.

¹³ Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*, regs. 3–4.

¹⁴ Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*, reg. 2(1)(c).

¹⁵ *SEBI v. Kanaiyalal Baldev Patel*, (2017) 15 SCC 1; Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*.

5. INVESTMENT ADVICE, RESEARCH AND THE PROBLEM OF UNREGISTERED ACTORS

The regulatory framework governing investment advisers and research analysts provides another important layer of investor protection. Persons who perform regulated advisory or research functions are subject to registration, disclosure, conduct and other compliance obligations. These requirements reflect the principle that individuals who occupy a position of professional influence over investors should meet defined standards of competence, accountability and transparency.¹⁶ The emergence of finfluencers creates a functional problem because influence can be exercised without adopting the formal title of “investment adviser” or “research analyst”. A creator may use expressions such as “my personal view”, “not financial advice” or “for educational purposes only” while simultaneously identifying a particular security, presenting a price target and encouraging followers to buy. A disclaimer cannot, in every case, determine the legal character of conduct. Substance should prevail over form.¹⁷

SEBI’s policy response has increasingly recognised this problem. In August 2024, amendments were introduced to restrict persons regulated by SEBI, market infrastructure institutions and relevant agents from directly or indirectly associating with persons who provide securities-related advice or recommendations without being registered or otherwise permitted by SEBI, or who make impermissible claims concerning returns or performance. SEBI’s subsequent consultation material explained that the measures were intended to address concerns involving unregistered entities providing investment advice and research calls (SEBI, 2024).¹⁸

The importance of this approach lies in the commercial ecosystem surrounding finfluencers. A creator may not be formally registered, but a regulated broker or intermediary may provide referral arrangements, promotional payments, brand partnerships or other forms of commercial association. By restricting regulated entities from facilitating prohibited activity through

¹⁶ Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*.

¹⁷ Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *Guidelines for Investment Advisers and Research Analysts*; International Organization of Securities Commissions, *Suitability Requirements with Respect to the Distribution of Complex Financial Products* (2013).

¹⁸ Securities and Exchange Board of India, *SEBI (Intermediaries) Regulations and related amendments concerning association with unregistered entities*, August 2024; Securities and Exchange Board of India, *Consultation Paper on Association of SEBI Registered Intermediaries/Regulated Entities with Unregistered Entities (including Finfluencers)* (2024).

unregistered persons, SEBI can address part of the ecosystem rather than focusing exclusively on the individual creator.¹⁹ However, the framework also presents challenges. The meaning of “association” must be sufficiently clear to prevent arbitrary application. A regulated intermediary should not be prohibited from every interaction with a social-media creator, particularly where the creator produces legitimate educational content. Equally, contractual arrangements should not be structured merely to disguise a prohibited recommendation relationship. The regulator therefore needs a fact-sensitive test based on the nature of content, consideration, control, referral arrangements, audience targeting and the degree of specificity of recommendations.²⁰

6. MAJOR INVESTOR-PROTECTION RISKS

The first major risk is undisclosed conflict of interest. Social-media creators may earn through sponsorships, affiliate links, referral arrangements, advertising, paid communities or direct commercial relationships. When financial compensation is not prominently disclosed, investors may interpret promotional material as independent analysis. The problem is not necessarily the existence of compensation; rather, it is the possibility that the investor cannot assess its influence on the recommendation.²¹

The second risk is misinformation and market manipulation. Social-media platforms enable a false narrative to spread rapidly and at relatively low cost. A misleading statement about a company, a rumour concerning a corporate event or an exaggerated claim about a stock can influence sentiment before corrective information reaches the same audience. Where the communicator has a financial position in the security, the risk becomes more serious because communication may be connected to a trading strategy.²²

¹⁹ Securities and Exchange Board of India, *Consultation Paper on Association of SEBI Registered Intermediaries/Regulated Entities with Unregistered Entities (including Finfluencers)* (2024); Securities and Exchange Board of India, relevant 2024 amendments concerning association with unregistered persons.

²⁰ Securities and Exchange Board of India, *Consultation Paper on Association of SEBI Registered Intermediaries/Regulated Entities with Unregistered Entities (including Finfluencers)* (2024); Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*.

²¹ Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*; International Organization of Securities Commissions (IOSCO), *Objectives and Principles of Securities Regulation* (2017); Organisation for Economic Co-operation and Development (OECD), *G20/OECD High-Level Principles on Financial Consumer Protection* (2022).

²² Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*, regs. 3–4; IOSCO, *Objectives and Principles of Securities Regulation*

Third, social media creates risks of impersonation and fraud. Investors may be approached by accounts falsely representing brokers, analysts, exchanges or well-known financial personalities. The use of logos, photographs, copied videos and fabricated testimonials can make fraudulent accounts appear credible. SEBI has repeatedly cautioned investors against unregistered entities and fraudulent activities on social-media platforms (SEBI, 2024, 2025).²³

Fourth, algorithmic amplification creates a structural difficulty. Platforms are generally designed to maximise engagement, not the accuracy of financial information. Content that is sensational, confident or emotionally stimulating may receive greater visibility than cautious analysis. A statement such as “this stock can double” is more likely to attract attention than a balanced explanation of valuation risk. The resulting information environment may systematically favour certainty over nuance.²⁴

Fifth, investors may experience behavioural biases. Finfluencer content can encourage herd behaviour, fear of missing out, confirmation bias and overconfidence. A viewer who repeatedly encounters successful trade screenshots may underestimate the frequency of losses that are not displayed. Personal stories can create an impression that investment success is easily reproducible. This is especially problematic for inexperienced retail investors who may lack the knowledge necessary to evaluate risk.²⁵

Finally, the speed and permanence of digital communication complicate enforcement. Content may be deleted after dissemination, reposted by unrelated accounts or moved into private groups. Evidence may be distributed across different platforms and jurisdictions. A regulator must therefore be able to preserve digital evidence, identify beneficial actors and establish the relationship between online statements and subsequent trading activity.²⁶

(2017).

²³ Securities and Exchange Board of India, investor cautions and public notices concerning fraudulent trading schemes, unregistered entities and misuse of social-media platforms (2024–2025); Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*.

²⁴ Financial Stability Board, *Artificial Intelligence and Machine Learning in Financial Services: Market Developments and Financial Stability Implications* (2017); Organisation for Economic Co-operation and Development, *The Role of Social Media in Financial Consumer Protection*; IOSCO, *The Use of Artificial Intelligence and Machine Learning by Market Intermediaries and Asset Managers* (2020).

²⁵ Daniel Kahneman, *Thinking, Fast and Slow* (Farrar, Straus and Giroux, 2011); Richard H. Thaler, *Misbehaving: The Making of Behavioral Economics* (W.W. Norton & Company, 2015); Securities and Exchange Board of India, *Analysis of Profits & Losses of Individual Traders Dealing in Equity Futures and Options* (2023).

²⁶ Financial Stability Board, *Cyber Lexicon* (2018); IOSCO, *Principles on Outsourcing* (2021); United Nations Office on Drugs and Crime, *Electronic Evidence and Computer Crime Investigation* materials concerning

7. SEBI'S EVOLVING DIGITAL APPROACH

SEBI's regulatory response indicates a gradual shift from a traditional intermediary-centred model towards a more ecosystem-oriented approach. The 2023 consultation paper on association with unregistered entities explicitly identified influencers as a regulatory concern. The 2024 amendments strengthened restrictions on associations involving persons who provide unregistered advice or make impermissible claims about securities-related returns or performance. These developments recognise that regulated entities can become indirect channels through which prohibited activity reaches investors.²⁷

SEBI's 2025 caution to the public concerning fraudulent and manipulative activities on social-media platforms further demonstrates the regulator's concern with digital market abuse. Investor warnings are important because regulation cannot depend solely upon post-facto enforcement. In a rapidly moving digital environment, a warning issued after thousands of investors have acted may provide limited protection. Rapid communication and investor alerts can reduce harm when a fraudulent campaign is detected.²⁸ A further development is SEBI's February 2026 circular requiring regulated entities and their agents to disclose their registered name and registration number prominently on social-media handles and at the beginning of securities-market-related content. The stated objective is to enable investors to distinguish content from SEBI-regulated entities and agents from content produced by unregistered persons. The circular expressly recognises a broad range of platforms, including YouTube, Instagram, Facebook, WhatsApp, X, LinkedIn, Threads, Telegram and Reddit (SEBI, 2026b).²⁹

This is a valuable development because verification is central to digital investor protection. Investors frequently struggle to determine whether a person presenting as an expert is actually registered. A visible registration identity can reduce the information asymmetry between the creator and the audience. It can also facilitate complaints and enforcement.³⁰ Nevertheless,

preservation and collection of digital evidence.

²⁷ Securities and Exchange Board of India, *Consultation Paper on Association of SEBI Registered Intermediaries/Regulated Entities with Unregistered Entities (including Finfluencers)* (2023); Securities and Exchange Board of India, relevant amendments concerning association with unregistered entities, 2024.

²⁸ Securities and Exchange Board of India, public cautions and investor advisories concerning fraudulent and manipulative activities through social-media platforms (2025); Securities and Exchange Board of India, investor-protection and awareness materials.

²⁹ Securities and Exchange Board of India, *Circular concerning disclosure of registered name and registration number by SEBI-regulated entities and their agents on social-media platforms*, February 2026.

³⁰ Securities and Exchange Board of India, investor-protection framework and investor verification resources; Organisation for Economic Co-operation and Development, *G20/OECD High-Level Principles on Financial Consumer Protection* (2022).

registration disclosure alone cannot solve the problem. An unregistered creator can simply omit the registration number, and a fraudulent actor can falsely display another person's registration details. The system therefore requires a verification mechanism that permits investors to cross-check the registration status through SEBI's official database. Platform interfaces could also be designed to display verified regulatory information in a manner that cannot easily be copied or manipulated.³¹

The future regulatory model should therefore combine disclosure with verification, surveillance and rapid intervention. Digital regulation must be capable of identifying patterns rather than merely reacting to individual posts. Artificial intelligence can assist in identifying suspicious claims, coordinated campaigns and repeated promotion of particular securities, but automated detection should remain subject to human review because financial language is context-dependent and false positives can affect legitimate expression.³²

8. REGULATORY GAPS AND ENFORCEMENT CHALLENGES

The first gap concerns definitional uncertainty. Because "finfluencer" is not itself a legal category, regulation must operate through existing concepts such as investment advice, research analysis, advertising, fraud and market manipulation. This is appropriate in principle but can produce uncertainty where content lies between education and recommendation. Clear interpretive guidance could identify indicators that collectively suggest regulated activity.³³

The second gap concerns jurisdiction and anonymity. Social-media accounts can be operated anonymously, through intermediaries or from outside India. Content may be hosted abroad even where the principal audience is Indian. Cross-border evidence collection and identification can be slow. A coordinated framework involving SEBI, law-enforcement agencies, platforms and other regulators is therefore necessary.³⁴

³¹ Securities and Exchange Board of India, investor verification and intermediary-registration resources; IOSCO, *Objectives and Principles of Securities Regulation* (2017).

³² IOSCO, *The Use of Artificial Intelligence and Machine Learning by Market Intermediaries and Asset Managers* (2020); Financial Stability Board, *Artificial Intelligence and Machine Learning in Financial Services: Market Developments and Financial Stability Implications* (2017).

³³ Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*; Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*.

³⁴ IOSCO, *Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (IOSCO MMoU); Financial Stability Board, *Cross-Border Regulatory and Supervisory Cooperation*.

Third, platform responsibility remains complex. Social-media platforms are not ordinarily securities regulators, and requiring them to determine whether financial content constitutes investment advice could create excessive private censorship. However, platforms are uniquely positioned to identify account networks, preserve metadata, enforce identity and respond rapidly to fraudulent activity. A proportionate model should focus on cooperation, notice-and-action mechanisms, verified regulatory identities and preservation of evidence in serious cases rather than making platforms substantive arbiters of financial law.³⁵

Fourth, enforcement resources must keep pace with content volume. A single influencer may publish several pieces of content every day across multiple platforms. Traditional complaint-driven investigation cannot efficiently process such volume. SEBI therefore needs advanced digital surveillance and data analytics capable of identifying unusual correlations between online activity and trading patterns.³⁶

Fifth, there is a risk of overregulation. Financial communication is also a form of expression. Individuals should not be discouraged from discussing financial literacy, economic policy, company fundamentals or personal financial experiences merely because their content is popular. A regulatory system that treats every market-related opinion as professional advice could reduce useful information and concentrate financial communication in large institutions. The objective should be targeted accountability rather than blanket restriction.³⁷

9. COMPARATIVE AND POLICY PERSPECTIVES

International regulatory approaches demonstrate that the finfluencer problem is not unique to India. Regulators in different jurisdictions have increasingly focused on disclosure, authorisation and misleading financial promotions. The underlying policy principle is that influence should not circumvent regulatory protections merely because communication occurs through a new medium.³⁸

³⁵ IOSCO, *Principles on Outsourcing* (2021); OECD, *G20/OECD High-Level Principles on Financial Consumer Protection* (2022); United Nations, *Guiding Principles on Business and Human Rights* (2011), in relation to corporate responsibility and digital-platform governance.

³⁶ IOSCO, *The Use of Artificial Intelligence and Machine Learning by Market Intermediaries and Asset Managers* (2020); Financial Stability Board, *Artificial Intelligence and Machine Learning in Financial Services* (2017); Securities and Exchange Board of India, regulatory and supervisory technology initiatives.

³⁷ Constitution of India, art. 19(1)(a); *Shreya Singhal v. Union of India*, (2015) 5 SCC 1; IOSCO, *Objectives and Principles of Securities Regulation* (2017).

³⁸ European Securities and Markets Authority, *Guidelines on Investment Services Provided by Social Media Influencers* and related supervisory communications; Financial Conduct Authority, United Kingdom, *Financial*

India can draw particularly useful lessons from disclosure-based approaches. A commercial relationship should be made obvious before an investor acts upon the communication. Disclosures hidden in lengthy captions or placed after several seconds of video are less effective than prominent, plain-language statements. The same principle should apply to affiliate relationships, paid recommendations and ownership interests where legally relevant.³⁹ Another useful lesson is the importance of proportionality. A person providing general educational information should not face the same compliance burden as a person offering personalised recommendations for consideration. Regulation can therefore be graduated. Educational content may require basic transparency, while specific recommendations, paid advisory services and performance claims attract stronger obligations.⁴⁰

The Indian context, however, requires special attention to language and accessibility. Finfluencer content is often valuable because it reaches investors in languages and formats that traditional institutions do not adequately serve. Regulatory communication should therefore not be confined to English-language legal notices. SEBI and market institutions should publish easily understandable verification tools and investor warnings in major Indian languages.⁴¹

The policy objective should ultimately be to preserve the democratic benefits of digital financial education while preventing the exploitation of investor trust. This requires moving away from a simple question—whether the speaker is a finfluencer—and towards a more legally meaningful inquiry into what the person is doing, how the communication is financed, what relationship exists with regulated entities, whether a specific investment action is solicited, and whether the communication is false, misleading or manipulative.⁴²

Promotions on Social Media guidance; Australian Securities and Investments Commission, guidance concerning financial product advice and social-media influencers.

³⁹ Federal Trade Commission, *Guides Concerning the Use of Endorsements and Testimonials in Advertising* (United States); European Securities and Markets Authority, guidance and supervisory communications concerning financial promotions through social media; Financial Conduct Authority, *Financial Promotions on Social Media*.

⁴⁰ IOSCO, *Suitability Requirements with Respect to the Distribution of Complex Financial Products* (2013); IOSCO, *Objectives and Principles of Securities Regulation* (2017); Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*.

⁴¹ Securities and Exchange Board of India, investor-awareness and financial-literacy initiatives; Organisation for Economic Co-operation and Development, *G20/OECD High-Level Principles on Financial Consumer Protection* (2022).

⁴² Securities and Exchange Board of India Act, 1992, §§ 11, 11B & 12A; Securities and Exchange Board of India, *SEBI (Investment Advisers) Regulations, 2013*; Securities and Exchange Board of India, *SEBI (Research Analysts) Regulations, 2014*; Securities and Exchange Board of India, *SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003*.

10. RECOMMENDATIONS

First, SEBI should issue consolidated interpretive guidance on social-media financial communication. The guidance should provide examples distinguishing general education, market commentary, research, investment advice, advertising and prohibited promotional conduct. Illustrative examples would reduce uncertainty for both creators and investors.

Second, a standardised digital disclosure framework should be strengthened. Where a creator is registered with SEBI, the registration number should be prominently displayed and capable of independent verification. Where content is sponsored, the commercial relationship should be disclosed in plain language and in a manner that is visible without requiring users to open additional links.

Third, SEBI should develop a central “verify this financial creator” facility. Investors could search a creator’s name, handle or registration number and determine whether the person is registered, the category of registration and any relevant public regulatory information. Such a system would be particularly useful for first-time investors.

Fourth, regulated intermediaries should be required to maintain auditable records of material commercial relationships with financial-content creators. The purpose should not be to prohibit all marketing but to ensure that regulated entities cannot use informal influencer arrangements to circumvent intermediary obligations.

Fifth, platform cooperation should be institutionalised. SEBI could establish standard communication channels with major platforms for urgent investor-protection alerts, preservation of evidence, impersonation complaints and coordinated fraudulent campaigns. The framework should contain procedural safeguards so that legitimate speech is not unnecessarily removed.

Sixth, digital surveillance should be expanded. SEBI can use data analytics and artificial-intelligence tools to detect clusters of posts involving unusual claims, rapid promotion of thinly traded securities, coordinated account behaviour and temporal links between online promotion and trading activity. Such systems should generate investigative leads rather than automatically determine liability.

Seventh, investor education must address the psychology of social-media investing. Investors

should be taught to question guaranteed returns, urgency-based recommendations, screenshots of profits, anonymous tips and requests to transfer funds. Education should emphasise that a large follower count is not evidence of professional qualification.

Eighth, enforcement should remain proportionate and evidence-based. Deliberate fraud, manipulation, undisclosed commercial promotion and unregistered advisory activity should attract strong action. At the same time, honest errors, good-faith opinions and legitimate educational communication should not be equated with securities fraud. This distinction is essential for maintaining both market integrity and public confidence.

Finally, the regulatory framework should be reviewed periodically. Digital platforms, monetisation models and communication formats change rapidly. Rules designed around one generation of platforms may become obsolete as new technologies emerge. SEBI should therefore adopt a technology-neutral framework supported by periodic consultation and empirical assessment of investor behaviour.

11. CONCLUSION

Social media has permanently changed the architecture of financial information. The rise of influencers is neither wholly a regulatory problem nor wholly a financial-literacy opportunity. It is both. Social platforms can democratise access to financial knowledge and bring new investors into formal markets, but they can also amplify misinformation, conflicts of interest, fraudulent schemes and manipulative behaviour at a speed that traditional enforcement mechanisms were not designed to address.

Indian securities law already contains significant tools for responding to these risks. The SEBI Act provides broad investor-protection powers; the PFUTP Regulations address fraudulent and unfair practices; the regulatory frameworks for investment advisers and research analysts impose professional obligations; and recent SEBI measures have increasingly addressed the role of unregistered persons and social-media communications. The 2026 requirement for regulated entities and their agents to disclose their registered identity and registration number on social-media content is particularly important because it directly addresses the problem of verification. The principal challenge now is implementation. The law must be capable of identifying when a social-media personality crosses from general communication into regulated activity or prohibited conduct. It must also respond effectively to anonymous

accounts, cross-platform campaigns, algorithmic amplification and rapidly deleted content. Investor protection cannot depend solely upon the investor's ability to identify deception after suffering loss.

A sustainable regulatory model should therefore rest on four pillars: transparency, accountability, technological capacity and investor education. Transparency requires visible disclosures and verifiable identities. Accountability requires that regulated intermediaries cannot outsource prohibited activity to influencers. Technological capacity requires modern surveillance and evidence-preservation mechanisms. Investor education requires users to understand that popularity, confidence and lifestyle presentation are not substitutes for professional competence. The appropriate approach is not to treat every finfluencer as a potential wrongdoer. Such an approach would unnecessarily restrict legitimate financial education and public discussion. Instead, Indian securities regulation should focus on conduct, commercial relationships, material influence and investor harm. Where an individual deliberately uses digital influence to mislead or manipulate investors, the medium should not provide a regulatory escape route. Where an individual provides genuine education transparently and responsibly, the regulatory framework should preserve that contribution.

Investor protection in the digital age depends upon ensuring that technological innovation does not create an accountability deficit. Social media may have changed how financial information travels, but it has not changed the fundamental principles of fair dealing, informed decision-making and market integrity. Indian securities law must continue to evolve so that those principles remain effective in the rapidly changing digital investment environment.

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