

Social Media Stimuli and Retail Investor Behaviour: An Integrated Stimulus–Organism–Response Framework of FOMO, Herding, Overconfidence, and Financial Literacy

Alen Shepherd Thomas¹, Renjith R², George Jose³, Bobby Simon⁴, Alan Lukose^{5*}

¹Assistant Professor, Department of Commerce, Kuriakose Elias College, Mannanam

²Assistant Professor & Head, Department of Commerce Prajyoti Niketan College, Pudukad

^{3,5}Assistant Professor, Department of Commerce, Prajyoti Niketan College, Pudukad

⁴Associate Professor & Head, Department of Commerce, St. Thomas College Autonomous Palai, Arunapuram

DOI: <https://doi.org/10.47772/IJRISS.2026.100601329>

Received: 05 July 2026; Accepted: 10 July 2026; Published: 18 July 2026

ABSTRACT

The rapid proliferation of social media has fundamentally transformed the manner in which retail investors access, interpret, and act upon financial information. Digital platforms such as YouTube, X (formerly Twitter), Reddit, Telegram, Instagram, and other social networking sites have evolved beyond communication tools to become influential sources of investment-related information, where financial influencers ("finfluencers"), online communities, and algorithmically curated content increasingly shape investor perceptions and market participation. While existing studies have independently examined Behavioral biases, financial literacy, and social media usage, the theoretical mechanisms through which social media stimuli influence investor Behavior remain fragmented. In particular, limited attention has been devoted to understanding how digitally mediated information environments activate psychological biases and how financial literacy may mitigate these effects. This paper develops a conceptual framework grounded in the Stimulus–Organism–Response (S–O–R) paradigm to explain the Behavioral processes linking social media exposure to retail investors' decision-making. The proposed model conceptualises social media stimuli—including influencer recommendations, algorithm-driven content, and online investor communities—as external stimuli that activate internal psychological states represented by fear of missing out (FOMO), herding bias, and overconfidence. These organismic states subsequently influence investment Behavior, resulting in increased speculative trading, impulsive investment decisions, and reduced reliance on fundamental analysis. The framework further proposes financial literacy as a moderating mechanism capable of attenuating the influence of Behavioral biases, although its effectiveness is expected to vary across different bias dimensions. By integrating insights from Behavioral finance, financial literacy research, and digital consumer Behavior within a unified theoretical perspective, the paper addresses an important gap in the existing literature. The proposed framework offers a foundation for future empirical research and provides practical implications for financial educators, market regulators, policymakers, and investor protection agencies seeking to promote informed investment decisions in increasingly digital financial markets.

Keywords: Behavioral Finance, Retail Investor Behavior, Social Media, Financial Literacy, Stimulus–Organism–Response (S–O–R)

INTRODUCTION

The rapid digitalisation of financial markets has fundamentally altered the information environment within which retail investors make investment decisions. Traditionally, individual investors relied on financial advisors, brokerage reports, business newspapers, and corporate disclosures to evaluate investment opportunities. Today, however, social media platforms have emerged as influential sources of financial information, enabling investors

to access real-time market updates, investment recommendations, and peer opinions with unprecedented speed and scale. Platforms such as YouTube, X (formerly Twitter), Reddit, Telegram, Instagram, and Discord have become important arenas for financial communication, where investment ideas are generated, debated, and disseminated among millions of users. This transformation has given rise to a new category of opinion leaders—commonly referred to as *finfluencers*—whose content increasingly shapes retail investors' perceptions, expectations, and investment choices (FINRA Investor Education Foundation, 2026; Ontario Securities Commission, 2026).

The growing influence of social media has democratised access to financial information by reducing informational barriers and increasing investor participation in capital markets. Online investment communities facilitate rapid information sharing, collaborative analysis, and financial learning, particularly among younger and first-time investors. Nevertheless, the same digital environment also presents significant Behavioral challenges. Unlike traditional financial communication channels, social media platforms employ algorithm-driven recommendation systems that prioritise engagement rather than informational quality. As a result, sensational investment narratives, viral success stories, and emotionally charged content often receive greater visibility than balanced, evidence-based financial analysis. Such algorithmic amplification has increased the likelihood that investors make decisions based on social validation, perceived market momentum, or fear of missing profitable opportunities rather than careful evaluation of investment fundamentals.

The unprecedented market events surrounding the GameStop episode in early 2021 highlighted the transformative role of social media in shaping collective investor Behavior. Coordinated discussions on Reddit's WallStreetBets forum encouraged thousands of retail investors to purchase GameStop shares, resulting in extraordinary price volatility that diverged sharply from underlying firm fundamentals. Similar dynamics have subsequently been observed in cryptocurrency markets, meme stocks, and speculative technology assets, where online communities and digital influencers have played a central role in driving investor sentiment and market participation. These developments have renewed scholarly interest in understanding the Behavioral mechanisms through which social media influences investment decisions and market outcomes.

Behavioral finance provides an appropriate theoretical foundation for explaining why investors frequently deviate from the assumptions of rational decision-making proposed by traditional finance theory. Since the pioneering work of Kahneman and Tversky (1979) and Thaler (1985), Behavioral finance has demonstrated that investment decisions are systematically influenced by cognitive shortcuts, emotional responses, and social influences rather than purely objective assessment of risk and return. A substantial body of literature has identified Behavioral biases such as overconfidence, loss aversion, anchoring, representativeness, confirmation bias, and herding as important determinants of investment Behavior. More recently, fear of missing out (FOMO) has emerged as a particularly relevant construct in digitally connected financial markets, reflecting investors' anxiety that delaying investment may result in forgone financial gains (Gupta & Shrivastava, 2022; Nirun & Asgarli, 2024). Social media environments, characterised by continuous streams of investment success stories and rapidly changing market information, appear especially conducive to activating such psychological responses.

Although considerable research has examined Behavioral biases in investment decision-making, the existing literature remains fragmented in several important respects. First, studies investigating social media, FOMO, herding Behavior, overconfidence, and financial literacy have largely evolved as separate streams of research, with limited theoretical integration across these constructs. Most investigations focus on individual Behavioral biases in isolation, thereby overlooking the complex psychological processes through which multiple biases interact during investment decision-making. Second, research examining social media generally conceptualises digital exposure as a homogeneous construct, paying insufficient attention to the diverse forms of social media stimuli, including finfluencer-generated content, algorithmically recommended videos, online discussion forums, and peer-generated investment narratives. These different forms of digital content may influence investor psychology through distinct Behavioral pathways.

Third, although financial literacy has consistently been recognised as an important determinant of financial decision-making, evidence regarding its role in mitigating Behavioral biases remains inconclusive. Several studies suggest that financially literate investors are less susceptible to cognitive and emotional biases because they possess greater analytical capability and understanding of financial risk (Adil et al., 2022). Conversely, other empirical investigations indicate that financial literacy does not uniformly reduce all Behavioral biases and may exert differential effects depending on the specific psychological mechanism under consideration (Agarwal et al., 2025; Marfo & Ofei, 2026). For example, while financial literacy may reduce the influence of emotional reactions or overconfidence, it appears to exert a comparatively weaker moderating effect on socially driven Behaviors such as herding. These inconsistent findings suggest that the relationship between financial literacy and Behavioral biases requires a more nuanced theoretical explanation.

An additional limitation concerns the absence of an overarching theoretical framework capable of explaining how external digital stimuli are transformed into internal psychological responses that ultimately shape observable investment Behavior. Existing Behavioral finance studies frequently identify significant associations between social media use and investment outcomes but rarely explain the underlying psychological processes connecting these variables. The Stimulus–Organism–Response (S–O–R) framework developed by Mehrabian and Russell (1974) offers an appropriate theoretical lens to address this limitation. The model proposes that environmental stimuli influence individuals indirectly by first altering their cognitive and emotional states, which subsequently determine Behavioral responses. Although the S–O–R framework has been widely applied in consumer Behavior, online commerce, tourism, and technology adoption research, its application within Behavioral finance—particularly in explaining social media-induced investment Behavior—remains limited.

Against this backdrop, the present paper develops an integrated conceptual framework that explains how social media stimuli influence retail investors' Behavioral responses through the activation of fear of missing out, herding bias, and overconfidence. The proposed model conceptualises influencer recommendations, algorithmically curated financial content, and online investor communities as multidimensional external stimuli that shape investors' internal psychological states. These organismic mechanisms are subsequently theorised to influence speculative investment Behavior, impulsive trading, and investment decision-making. Furthermore, the framework proposes financial literacy as a bias-specific moderating variable that weakens the relationship between Behavioral biases and investment Behavior rather than exerting a uniform influence across all psychological processes.

By integrating Behavioral finance theory, financial literacy research, and the Stimulus–Organism–Response paradigm within a single conceptual framework, this paper makes several important contributions to the literature. First, it provides a theoretically coherent explanation of how digital information environments influence retail investor Behavior through interconnected psychological mechanisms. Second, it extends the application of the S–O–R framework to Behavioral finance by conceptualising social media as a multidimensional Behavioral stimulus rather than a simple communication channel. Third, it advances financial literacy research by proposing that its moderating influence varies across different Behavioral biases, thereby offering a more refined understanding of investor decision-making in digital financial markets. Finally, the paper develops a set of theoretically grounded propositions that can be empirically tested in future studies across emerging and developed capital markets. The proposed framework is expected to assist researchers in advancing Behavioral finance theory while also providing useful insights for regulators, financial educators, and policymakers seeking to strengthen investor protection in an increasingly social-media-driven investment environment.

LITERATURE REVIEW

Social Media and the Transformation of Retail Investing

The emergence of social media has fundamentally transformed the manner in which retail investors acquire, interpret, and disseminate investment-related information. Traditionally, investment decisions were primarily informed by financial advisors, brokerage research, corporate disclosures, and established financial news outlets.

The proliferation of digital platforms such as YouTube, X (formerly Twitter), Reddit, Telegram, Instagram, TikTok, and Discord has significantly altered this landscape by enabling investors to access financial information instantaneously and participate actively in online investment communities. Consequently, information dissemination has become increasingly decentralised, reducing the traditional information asymmetry between institutional and retail investors while simultaneously expanding opportunities for peer-to-peer knowledge exchange (Chen et al., 2014; FINRA Investor Education Foundation, 2026).

This transformation has contributed to the democratisation of financial information by lowering barriers to market participation and making investment knowledge more accessible to individuals with limited financial experience. Digital platforms facilitate continuous interaction among investors through discussion forums, live broadcasts, educational videos, and user-generated content, allowing investment ideas to spread rapidly across geographically dispersed communities. The COVID-19 pandemic further accelerated this transition, as prolonged digital engagement, the proliferation of low-cost online brokerage platforms, and increased household participation in equity markets encouraged millions of first-time investors to rely on social media as a primary source of investment information (FINRA Investor Education Foundation, 2026).

Despite these benefits, scholars increasingly contend that social media should not be viewed merely as an information delivery mechanism but rather as a Behavioral environment capable of shaping investor cognition and decision-making. Unlike conventional financial media, social media platforms employ engagement-driven recommendation algorithms that prioritise content based on user interaction rather than informational accuracy or analytical quality. Consequently, emotionally appealing narratives, extraordinary success stories, speculative forecasts, and highly optimistic investment recommendations often receive greater visibility than objective financial analysis. Such algorithmic amplification encourages repeated exposure to similar viewpoints, reinforces existing beliefs, and intensifies social comparison, thereby creating conditions under which Behavioral biases may be strengthened rather than corrected (Cookson et al., 2025; IOSCO, 2025).

A defining characteristic of the contemporary digital investment ecosystem is the rapid emergence of financial influencers, commonly referred to as *finfluencers*. These content creators disseminate investment-related information through social media using videos, podcasts, blogs, and short-form content that often combine financial education with personal investment experiences. Unlike licensed financial advisers, however, many finfluencers derive their credibility from online popularity, perceived authenticity, or audience engagement rather than professional qualifications or regulatory oversight. Their ability to communicate complex financial concepts in simple and engaging formats has broadened financial awareness among younger audiences, but it has also raised important concerns regarding the quality, objectivity, and transparency of investment advice disseminated through social media (IOSCO, 2025).

Regulatory evidence increasingly supports concerns regarding the Behavioral influence of finfluencers on retail investors. A large-scale study conducted by the FINRA Investor Education Foundation (2026) found that approximately one-third of retail investors relied on social media or online message boards when making investment decisions, while this proportion increased to nearly 60% among investors aged between 18 and 34 years. More importantly, social-media-informed investors displayed a pronounced confidence–knowledge gap, answering only about 42% of objective investment knowledge questions correctly while 63% rated their own investment knowledge as high. The study further reported that these investors exhibited substantially greater exposure to investment fraud than those who did not rely on social media, suggesting that heightened confidence generated within digital environments is not necessarily accompanied by improved financial competence. These findings are particularly significant from a Behavioral finance perspective because overconfidence has consistently been associated with excessive trading, underestimation of investment risk, and suboptimal portfolio performance (Barber & Odean, 2001; FINRA Investor Education Foundation, 2026).

Similarly, the Ontario Securities Commission's experimental investigation into retail investing demonstrated that exposure to finfluencer content significantly influenced investors' attitudes and investment decisions, despite many participants recognising that influencers could possess commercial incentives or conflicts of interest. This apparent contradiction illustrates that investment decisions within social media environments are often shaped

by persuasive communication, repeated exposure, and perceived social consensus rather than purely rational evaluation of investment fundamentals (Ontario Securities Commission, 2026).

The influence of online investment communities further reinforces the Behavioral significance of social media. Discussion forums such as Reddit's *WallStreetBets* illustrate how dispersed retail investors can rapidly coordinate investment Behavior through shared narratives, collective enthusiasm, and strong group identification. Unlike traditional financial communication, where information typically flows from institutional analysts to investors, digital communities facilitate multidirectional communication in which users continuously reinforce one another's beliefs through comments, reposts, and collective interpretation of market events. Such environments create powerful mechanisms of social validation, whereby the popularity of an investment idea may increasingly substitute for its underlying economic value, encouraging investors to imitate prevailing market sentiment rather than conduct independent financial analysis (Shiller, 2019).

The GameStop short squeeze of 2021 represents one of the clearest manifestations of this transformation. Coordinated discussions within online communities contributed to extraordinary trading volumes and unprecedented price appreciation that diverged substantially from the company's underlying fundamentals. Subsequent research has interpreted this episode as evidence of the interaction between social media, investor sentiment, overconfidence, fear of missing out, and herding Behavior. More importantly, the event demonstrated that digital communities possess the capacity not only to disseminate financial information but also to coordinate collective investor action capable of influencing market outcomes (Cookson et al., 2025; FINRA Investor Education Foundation, 2026).

Although the existing literature has substantially improved understanding of social media's role in retail investing, several important theoretical limitations remain. First, many empirical studies conceptualise social media exposure as a single, homogeneous construct despite considerable differences between finfluencer-generated content, algorithmically recommended short-form videos, educational channels, private messaging groups, and online discussion forums. These information sources differ markedly in credibility, interactivity, persuasive intensity, and regulatory oversight, yet their Behavioral effects are rarely examined separately. Second, the majority of studies establish direct relationships between social media use and investment Behavior without adequately explaining the psychological processes through which digital stimuli influence investor decision-making. Consequently, social media is frequently treated as an independent predictor rather than as an external Behavioral stimulus operating through intervening cognitive and emotional mechanisms.

Furthermore, although regulatory reports consistently acknowledge that financial literacy, investment experience, and critical thinking may reduce investors' susceptibility to misleading online financial content, these moderating influences remain insufficiently integrated within Behavioral finance models. Existing research therefore provides limited explanation regarding why some investors critically evaluate digital information while others readily imitate prevailing market sentiment. This fragmentation highlights the need for a more comprehensive theoretical framework capable of explaining how diverse forms of social media stimuli activate internal psychological processes that subsequently shape investment Behavior.

In light of these limitations, the present study conceptualises social media not merely as an information source but as a multidimensional external stimulus operating within the Stimulus–Organism–Response (S–O–R) framework. This perspective shifts attention from direct effects toward the cognitive and emotional mechanisms through which digital information environments influence retail investors. The subsequent section therefore examines Fear of Missing Out (FOMO) as one of the principal organismic mechanisms through which social media exposure translates into investment Behavior.

Fear of Missing Out (FOMO) in Investment Decision-Making

Fear of Missing Out (FOMO) has emerged as one of the most influential psychological constructs for explaining investor Behavior in digitally connected financial markets. Originally conceptualised within the fields of psychology and media studies, FOMO refers to the pervasive apprehension that others may be experiencing rewarding opportunities from which one is absent (Przybylski et al., 2013). Although the construct was initially

developed to explain excessive engagement with social networking platforms, its application has expanded considerably to Behavioral finance, where it provides a compelling explanation for why investors pursue rapidly appreciating assets despite recognising the associated risks. In contemporary financial markets, characterised by continuous information flows and real-time social interaction, FOMO has become an important Behavioral mechanism through which external digital stimuli translate into impulsive investment decisions.

The increasing relevance of FOMO in financial decision-making reflects the changing nature of information consumption among retail investors. Unlike traditional investment environments, where information dissemination occurred through periodic financial reports or professional advisory services, social media platforms expose investors to a continuous stream of investment success stories, portfolio screenshots, viral trading strategies, and narratives of extraordinary wealth creation. Algorithm-driven recommendation systems further intensify this exposure by repeatedly presenting users with similar content based on their previous interactions. Consequently, investors are frequently confronted with signals suggesting that profitable opportunities are being exploited by others, creating psychological pressure to participate before those opportunities disappear. This environment transforms investment decisions from deliberate analytical processes into emotionally driven responses shaped by urgency, social comparison, and anticipated regret.

Behavioral finance theory provides a useful explanation for the emergence of FOMO within investment contexts. Prospect Theory proposes that individuals evaluate outcomes relative to a reference point rather than in absolute terms and exhibit strong emotional responses to perceived losses (Kahneman & Tversky, 1979). Within digital investment environments, the perception of "missing" a profitable investment opportunity may itself be interpreted as a psychological loss, even when no actual financial loss has occurred. Investors therefore experience emotional discomfort associated with foregone gains, motivating them to enter investments at increasingly elevated prices in an attempt to avoid future regret. This interpretation extends traditional loss aversion by recognising that anticipated opportunity costs can exert Behavioral effects comparable to realised financial losses.

Social comparison theory offers an additional explanation for the growing prominence of FOMO among retail investors. According to Festinger (1954), individuals evaluate their own abilities and outcomes by comparing themselves with others. Social media platforms substantially amplify opportunities for such comparisons by enabling users to observe highly curated accounts of others' financial successes. Investment influencers frequently share exceptional returns, luxury lifestyles, or claims of rapid wealth accumulation while rarely disclosing unsuccessful investments or associated risks. As a consequence, investors may develop unrealistic expectations regarding investment performance and experience anxiety when they perceive themselves as being excluded from profitable market opportunities. These emotional responses increase susceptibility to speculative investment Behavior, particularly during periods of heightened market optimism.

Empirical evidence increasingly supports the significance of FOMO in investment decision-making. Gupta and Shrivastava (2022), examining retail investors in India, found that FOMO significantly mediated the relationship between Behavioral biases—including herding Behavior and loss aversion—and investment decisions. Their findings suggest that investors do not merely imitate others because of informational uncertainty; rather, imitation is frequently motivated by the emotional fear of being excluded from anticipated financial gains. The study represents an important advancement in Behavioral finance because it positions FOMO as an underlying psychological mechanism linking external market conditions with observable investment Behavior instead of treating it as an isolated emotional response.

More recently, Nirun and Asgarli (2024) conducted a comprehensive systematic review of the emerging literature on FOMO in investment contexts and proposed a multidimensional taxonomy encompassing six interrelated domains: conceptualisation, measurement, psychological antecedents, investor responses, contextual moderators, and mitigation strategies. Their review demonstrated that although scholarly interest in investment-related FOMO has expanded rapidly, research remains fragmented across disciplines, with considerable variation in definitions, measurement scales, and theoretical perspectives. The authors argue that future research should move beyond isolated empirical investigations and instead develop integrative theoretical models capable of

explaining how digital environments activate FOMO alongside other Behavioral biases. This observation provides important justification for conceptual frameworks that position FOMO within broader Behavioral processes rather than treating it as an independent predictor of investment Behavior.

Emerging evidence further indicates that FOMO exerts its strongest influence during the early stages of investment decision-making. Traditional Behavioral finance research has devoted considerable attention to post-purchase phenomena such as the disposition effect, whereby investors hold losing assets too long and sell winning assets prematurely. In contrast, relatively few studies have examined the psychological processes governing investment entry decisions. Recent investigations suggest that FOMO is particularly influential during periods of rapidly rising asset prices, when investors experience intense pressure to participate before perceived opportunities disappear. Under such conditions, investment decisions are increasingly driven by anticipated regret and emotional urgency rather than systematic evaluation of firm fundamentals or portfolio diversification considerations (Nirun & Asgarli, 2024).

The relationship between FOMO and social media is particularly significant because digital platforms continuously reinforce perceptions of scarcity and urgency. Algorithmically curated content repeatedly exposes users to trending investments, viral market narratives, and stories of exceptional financial success, thereby increasing both the visibility and perceived popularity of particular investment opportunities. Behavioral research suggests that repeated exposure enhances perceived credibility through the illusory truth effect, whereby familiar information is more likely to be accepted regardless of its objective accuracy. Consequently, investors may interpret widespread discussion of particular assets as evidence of investment quality rather than recognising that popularity and intrinsic value are distinct concepts. This process contributes to impulsive decision-making and increases vulnerability to speculative market episodes.

Nevertheless, the existing literature on FOMO exhibits several important limitations. First, many empirical studies conceptualise FOMO as a single psychological construct despite growing evidence that investment-related FOMO encompasses multiple emotional, cognitive, and social dimensions. The distinction between anxiety arising from missed financial opportunities, concern regarding social exclusion, and regret associated with delayed investment decisions remains insufficiently explored. Greater conceptual clarity is therefore required to improve both theoretical development and empirical measurement.

Second, although numerous studies establish significant associations between FOMO and investment Behavior, comparatively little attention has been devoted to identifying the antecedent conditions under which FOMO emerges. Existing research frequently treats FOMO as an independent explanatory variable while overlooking the role of external digital stimuli such as influencer recommendations, algorithmic amplification, online investor communities, and continuous market notifications. As a result, the causal processes through which social media environments generate FOMO remain theoretically underdeveloped.

Third, relatively limited research has examined factors capable of mitigating FOMO-driven investment Behavior. Financial literacy, investment experience, self-control, and critical thinking have all been proposed as potential protective mechanisms; however, empirical evidence remains inconsistent regarding their effectiveness across different investor populations. This inconsistency suggests that FOMO should not be understood solely as an emotional response but as a context-dependent psychological process whose influence may vary according to individual capabilities and market conditions.

Collectively, the literature demonstrates that FOMO constitutes a critical organismic mechanism linking external social media stimuli with retail investors' Behavioral responses. However, existing studies generally examine FOMO independently of other Behavioral biases, particularly herding Behavior and overconfidence, despite evidence that these psychological processes frequently operate simultaneously during investment decision-making. Furthermore, limited attention has been devoted to explaining how financial literacy may moderate the Behavioral consequences of FOMO within digital financial environments. Addressing these shortcomings requires an integrated theoretical framework capable of situating FOMO within a broader network of Behavioral mechanisms. Accordingly, the present study conceptualises FOMO as a central organismic state within the

Stimulus–Organism–Response (S–O–R) framework, through which social media stimuli influence subsequent investment Behavior alongside other interconnected Behavioral biases.

Herding Behavior in Financial Markets

Herding Behavior is one of the most extensively researched phenomena in Behavioral finance and has long been recognised as a major source of market inefficiency. Broadly, herding refers to the tendency of investors to imitate the actions of others rather than relying on their own information, analysis, or judgment (Bikhchandani et al., 1992). Such Behavior departs from the assumptions of traditional finance, which posit that investors process available information rationally and independently. Instead, Behavioral finance suggests that investors frequently substitute individual analysis with social cues, particularly in situations characterised by uncertainty, information asymmetry, or heightened market volatility. The increasing prominence of digital communication platforms has further amplified these conditions, making herding an increasingly relevant construct in understanding retail investor Behavior.

The theoretical foundations of herding can be traced to the concept of informational cascades proposed by Bikhchandani et al. (1992). According to this perspective, individuals often disregard their private information when they observe a sufficient number of others making similar decisions. As more investors imitate preceding actions, the informational value of personal analysis diminishes, leading to self-reinforcing cascades in which market participants continue following the crowd irrespective of the underlying fundamentals. Such cascades may persist even when investors privately believe that the collective decision is incorrect, thereby contributing to asset mispricing, speculative bubbles, and abrupt market corrections.

From a Behavioral perspective, herding is not merely a consequence of limited information but also reflects fundamental psychological motivations. Investors often perceive the Behavior of others as a heuristic for reducing uncertainty, particularly when confronted with complex financial decisions. The desire for social acceptance, avoidance of regret, and confidence derived from collective action frequently encourage investors to align their decisions with prevailing market sentiment. Consequently, herding serves both informational and emotional functions, allowing investors to reduce the psychological burden associated with independent decision-making. This dual nature distinguishes Behavioral explanations of herding from purely rational models based on information efficiency.

Prospect Theory provides additional insight into why herding Behavior persists during periods of market uncertainty. Kahneman and Tversky (1979) argue that individuals exhibit asymmetric responses to gains and losses, often placing greater psychological weight on avoiding losses than on achieving equivalent gains. Within financial markets, following the investment decisions of a larger group may reduce the anticipated regret associated with potential losses because responsibility for poor outcomes is psychologically shared among many participants. Conversely, acting independently and making an incorrect investment decision may generate stronger feelings of personal responsibility and regret. Herding therefore represents not only an informational shortcut but also a mechanism for managing emotional risk.

A substantial body of empirical research has confirmed the significance of herding in retail investment Behavior. Goyal et al. (2021), examining Indian millennial investors, found that herding significantly influences heuristic decision-making and interacts with prospect-theoretic considerations in shaping investment choices. Their findings suggest that investors frequently rely on collective market Behavior as a substitute for independent financial analysis, particularly when market information is complex or ambiguous. Importantly, the study demonstrated that herding is closely intertwined with other Behavioral biases rather than functioning as an isolated psychological phenomenon, supporting the argument that Behavioral biases should be examined as interconnected processes.

Recent systematic reviews reinforce the centrality of herding within Behavioral finance while simultaneously highlighting persistent conceptual fragmentation. Yang and Loang (2024), reviewing studies indexed in Scopus and SSCI databases, identified representativeness, anchoring, availability bias, gambler's fallacy, and

overconfidence as the Behavioral biases most consistently associated with herding. Their review suggests that herding rarely occurs independently; instead, it emerges through interactions among multiple cognitive biases that collectively influence investor judgment. This finding challenges conventional empirical approaches that examine individual Behavioral biases separately and instead supports the development of integrated conceptual models capable of explaining their simultaneous influence on investment Behavior.

Similarly, Bharti and Kumar (2025), through a PRISMA-guided thematic review covering more than two decades of research on herd Behavior, concluded that although herding remains one of the most frequently investigated Behavioral phenomena in capital markets, significant theoretical and contextual gaps persist. The authors observed that much of the existing literature has concentrated on institutional investors, developed financial markets, and equity trading, while comparatively limited attention has been devoted to retail investors operating within emerging economies. Furthermore, many studies remain descriptive in nature, documenting the existence of herding without adequately explaining the psychological mechanisms through which herd Behavior develops. Their review therefore calls for stronger theoretical integration capable of connecting external environmental influences with investors' internal cognitive and emotional processes.

The rapid expansion of social media has introduced new dimensions to herding Behavior that are not fully captured by traditional theories. Conventional models generally assume that investors observe the Behavior of others through market prices or publicly available information. In contrast, digital platforms enable investors to observe not only investment outcomes but also the emotions, opinions, and trading intentions of thousands of individuals in real time. Features such as likes, reposts, trending topics, comment threads, and recommendation algorithms create visible indicators of collective agreement that may be interpreted as signals of investment quality. Consequently, perceived popularity increasingly substitutes for objective evaluation, making social media a powerful catalyst for digitally mediated herding.

The GameStop episode provides a particularly compelling illustration of this transformation. Discussions on Reddit's *WallStreetBets* forum facilitated unprecedented coordination among retail investors, many of whom openly acknowledged that their investment decisions were motivated by collective action rather than conventional valuation techniques. Although the episode has frequently been interpreted as evidence of retail investor empowerment, it also revealed how rapidly online communities can generate self-reinforcing Behavioral feedback loops in which rising prices validate collective beliefs, attract additional participants, and further strengthen herd Behavior. Such dynamics challenge traditional assumptions that herding primarily arises from informational uncertainty, suggesting instead that digitally connected markets enable herding through continuous social interaction and emotional reinforcement (Cookson et al., 2025).

Despite the considerable volume of research on herding, several important limitations remain unresolved. First, empirical studies continue to operationalise herding using diverse conceptualisations and measurement approaches, ranging from observable trading Behavior to self-reported psychological tendencies. This lack of conceptual consistency complicates comparisons across studies and limits cumulative theory development. Second, much of the literature examines herding independently of other Behavioral biases, despite growing evidence that investors simultaneously experience fear of missing out, overconfidence, confirmation bias, and social validation when making investment decisions. Isolating herding from these complementary psychological processes may therefore underestimate the complexity of investor Behavior within contemporary digital markets. Third, relatively little research has investigated the extent to which financial literacy moderates herding Behavior. Existing evidence remains mixed. While several studies suggest that financially literate investors are more likely to evaluate investment opportunities independently, other investigations report that even knowledgeable investors may engage in herding during periods of extreme market uncertainty or heightened speculative activity. This inconsistency indicates that financial literacy alone may be insufficient to eliminate socially driven Behavioral responses and that its moderating influence may depend on contextual factors such as market conditions, digital information environments, and investor experience.

Collectively, the literature demonstrates that herding represents a multidimensional Behavioral phenomenon influenced by informational, cognitive, emotional, and social factors. However, existing research remains

fragmented, with limited integration between studies of digital information environments, Behavioral biases, and investor capabilities. In particular, the literature has yet to explain adequately how social media functions as an external Behavioral stimulus that activates herding through intervening psychological mechanisms such as fear of missing out and overconfidence. Addressing this theoretical limitation requires a more comprehensive framework that recognises the dynamic interaction between external digital stimuli, internal Behavioral processes, and observable investment responses. The subsequent section therefore examines financial literacy as a potential moderating mechanism capable of reducing—or, under certain conditions, failing to reduce—the Behavioral influence of these psychological biases.

Financial Literacy as a Moderating Mechanism

Financial literacy occupies a central position in contemporary research on investor Behavior because it represents the investor's capacity to understand, evaluate, and apply financial information in decision-making. In its simplest form, financial literacy refers to knowledge of basic financial concepts such as interest, inflation, risk diversification, return, and investment planning. However, within Behavioral finance, financial literacy must be understood more broadly as a cognitive resource that may help investors resist emotional and socially induced errors in judgment.

Prior research has generally shown that financial literacy improves investment decision-making by enabling investors to assess risk more accurately, compare alternatives more rationally, and avoid excessive dependence on informal advice. Adil, Singh, and Ansari (2022) found that financial literacy moderates the relationship between Behavioral biases and investment decisions, indicating that financially literate investors may be better equipped to recognise and control certain biases. This finding is especially relevant in social-media-driven investing, where investors are exposed to persuasive narratives, speculative recommendations, and highly visible peer Behavior.

Nevertheless, the protective role of financial literacy should not be overstated. Recent studies suggest that financial literacy does not eliminate Behavioral bias uniformly. Agarwal, Rao, and Nogueira (2025), in their study of Indian retail investors, observed that financial literacy influences investment decisions through investors' susceptibility to Behavioral biases such as heuristics, framing effects, cognitive illusions, and herding mentality. This indicates that financial literacy may shape the quality of investment decisions, but its impact depends on the specific bias involved and the Behavioral context in which the investor operates.

This distinction is theoretically important. Cognitive biases such as anchoring, framing, or misunderstanding of risk may be more responsive to financial literacy because they are linked to gaps in knowledge or analytical ability. In contrast, socially driven and emotionally charged biases such as herding and FOMO may persist even among financially literate investors because they are rooted in social comparison, group pressure, regret avoidance, and perceived urgency. Thus, an investor may understand diversification and valuation principles, yet still follow a trending stock recommendation due to fear of missing out or the belief that "everyone else is entering."

The literature therefore suggests that financial literacy functions not as a complete shield against Behavioral bias, but as a conditional moderating mechanism. Its influence is likely to be stronger where investors have time, motivation, and access to reliable information, and weaker in fast-moving digital environments where social media content creates immediacy and emotional pressure. This is particularly relevant to retail investors who rely on influencers, Telegram groups, Reddit forums, or short-form investment content, where investment cues are often presented in simplified, persuasive, and socially validated forms.

From the perspective of the Stimulus–Organism–Response framework, financial literacy may moderate the relationship between organismic states and Behavioral responses. In other words, social media stimuli may activate FOMO, herding, or overconfidence, but financially literate investors may be less likely to translate these psychological states into impulsive trading or speculative investment. However, this moderating effect is expected to vary across bias types. Financial literacy may weaken overconfidence and risk misperception more

effectively than it weakens herding, because herding is often reinforced by collective sentiment and social validation rather than purely by lack of knowledge.

Accordingly, the present conceptual framework treats financial literacy as a bias-specific moderator rather than a universal corrective factor. This approach responds to the inconsistency in existing empirical findings and offers a more nuanced explanation of investor Behavior in digital financial markets. It also extends the Behavioral finance literature by suggesting that the effectiveness of financial literacy depends not only on what investors know, but also on the psychological and social conditions under which investment decisions are made. In the context of social-media-driven retail investing, this argument has significant implications. Financial education programmes that focus only on technical knowledge may be insufficient unless they also address Behavioral awareness, emotional discipline, source evaluation, and digital financial literacy. Investors must be trained not merely to understand financial products, but also to recognise persuasive online content, identify conflicts of interest, resist herd pressure, and delay impulsive investment decisions. Therefore, financial literacy should be reconceptualised as an integrated capability combining financial knowledge, Behavioral self-awareness, and critical evaluation of digital information.

Stimulus–Organism–Response (S–O–R) Theory

The Stimulus–Organism–Response (S–O–R) framework, originally proposed by Mehrabian and Russell (1974), is one of the most influential theoretical models for explaining how external environmental factors influence human Behavior through intervening psychological processes. Developed within environmental psychology, the model challenges the traditional stimulus–response paradigm by arguing that environmental stimuli do not directly determine Behavioral outcomes. Instead, external stimuli first affect an individual's internal cognitive and affective states—the organism—which subsequently shape Behavioral responses. This theoretical distinction has enabled the S–O–R framework to become a widely adopted explanatory model across disciplines including consumer Behavior, marketing, tourism, information systems, healthcare, and, more recently, financial decision-making (Jacoby, 2002; Vieira, 2013).

At its core, the S–O–R paradigm conceptualises Behavior as a sequential process consisting of three interrelated components. The stimulus represents external environmental cues capable of influencing individuals, such as physical surroundings, social interactions, technological interfaces, or information sources. The organism refers to the individual's internal cognitive and emotional states through which these external stimuli are interpreted. These internal processes include perceptions, emotions, motivations, attitudes, and psychological biases. Finally, the response represents the observable Behavioral outcome resulting from the interaction between external stimuli and internal psychological processes (Mehrabian & Russell, 1974). By recognising cognition and emotion as mediating mechanisms, the framework provides a richer explanation of human Behavior than models that assume direct relationships between environmental factors and Behavioral outcomes.

The flexibility of the S–O–R framework has facilitated its extensive application in consumer Behavior research. Studies have employed the model to explain how retail store atmospherics, website design, service quality, online reviews, social media engagement, and digital platform characteristics influence consumer satisfaction, purchase intention, and loyalty (Jacoby, 2002; Vieira, 2013). Within digital environments, the framework has proved particularly valuable because online platforms expose individuals to multiple simultaneous stimuli, including visual design, personalised recommendations, social interactions, and algorithmically curated content. Rather than assuming that these stimuli directly determine Behavior, the S–O–R model explains how they influence users by shaping internal psychological states such as trust, enjoyment, perceived value, and emotional engagement.

The growing complexity of digital financial ecosystems has stimulated interest in extending the S–O–R framework to financial decision-making. Although Behavioral finance has long recognised that investor decisions are influenced by cognitive biases and emotions (Kahneman & Tversky, 1979; Barberis & Thaler, 2003), relatively few studies have explicitly employed the S–O–R paradigm to explain how external digital environments activate these psychological mechanisms. One notable exception is the work of Dalvi-Esfahani et

al. (2025), who applied the S–O–R framework to examine decision-makers' intentions to adopt generative artificial intelligence within financial institutions. Their study demonstrated that external technological characteristics influenced Behavioral intentions indirectly through organismic states such as trust, while individual personality traits moderated these relationships. Although situated within organisational technology adoption, the study illustrates the adaptability of the S–O–R framework to financial contexts characterised by complex technological stimuli.

The increasing integration of social media into investment activities provides a compelling context for further extending the S–O–R framework. Unlike conventional investment environments, digital platforms continuously expose investors to multiple forms of Behavioral stimuli, including finfluencer recommendations, viral investment narratives, online discussion forums, algorithmically recommended content, real-time trading updates, and visible indicators of social approval such as likes, shares, and comments. These stimuli rarely influence investment Behavior directly. Instead, they first shape investors' cognitive and emotional states by increasing perceptions of opportunity, urgency, social validation, or uncertainty. Consequently, the Behavioral responses observed in financial markets—including speculative trading, impulsive investment decisions, and excessive portfolio turnover—are more appropriately understood as outcomes of intervening psychological processes rather than direct consequences of information exposure.

This interpretation aligns closely with the theoretical foundations of Behavioral finance. Behavioral finance challenges the rational investor assumptions of traditional financial theory by recognising that investment decisions are influenced by bounded rationality, heuristics, emotions, and social influences (Simon, 1955; Kahneman & Tversky, 1979). However, much of the Behavioral finance literature has focused on identifying individual biases, such as overconfidence, anchoring, herding, and loss aversion, without providing an overarching theoretical structure explaining how external environmental factors activate these biases. The S–O–R framework addresses this limitation by explicitly positioning Behavioral biases within the organismic component of the decision-making process, thereby linking environmental conditions with observable investment Behavior.

Despite its considerable strengths, the S–O–R framework is not without limitations. One frequently cited criticism concerns its assumption of a predominantly linear sequence from stimulus to organism to response. Human decision-making is rarely characterised by such simplicity, particularly within dynamic digital environments where Behavioral responses may subsequently alter future stimuli. For example, investors who purchase a trending stock may receive increased exposure to similar content through recommendation algorithms, creating recursive feedback loops that reinforce existing beliefs and Behaviors. Such cyclical interactions are not explicitly incorporated within the original formulation of the S–O–R model (Vieira, 2013). Moreover, investor Behavior is shaped by broader contextual influences—including market volatility, regulatory interventions, macroeconomic conditions, and individual experience—which may simultaneously affect multiple stages of the decision-making process.

Another limitation concerns the considerable flexibility of the organism construct. Across different disciplines, researchers have operationalised organismic states using diverse combinations of emotions, cognitive evaluations, attitudes, trust, satisfaction, and motivations. While this flexibility enhances the adaptability of the framework, it also creates conceptual inconsistency and complicates comparisons across studies. Careful theoretical justification is therefore essential when selecting organismic variables within any conceptual model. Recognising these limitations, the present study adopts the S–O–R framework as an organising rather than deterministic model. Specifically, social media exposure—including finfluencer content, algorithmically curated information, and online investment communities—is conceptualised as the **stimulus**. Investors' internal psychological states, represented by Fear of Missing Out (FOMO), herding bias, and overconfidence, constitute the organism, while retail investment Behavior, reflected in speculative trading, impulsive investment decisions, and reduced reliance on fundamental analysis, represents the response. Furthermore, unlike many previous applications of the S–O–R paradigm, this study incorporates financial literacy as a bias-specific moderating mechanism, recognising that investors differ in their ability to evaluate, interpret, and resist Behaviorally persuasive digital information.

The adoption of the S–O–R framework therefore contributes to Behavioral finance in three important respects. First, it integrates previously fragmented streams of research on social media, Behavioral biases, and financial literacy within a unified theoretical perspective. Second, it shifts attention from examining direct associations between social media use and investment Behavior towards understanding the underlying psychological mechanisms through which these relationships occur. Third, it recognises that investor responses are conditioned by individual capabilities, particularly financial literacy, thereby offering a more nuanced explanation of retail investor Behavior in increasingly digital financial markets. Consequently, the S–O–R framework provides an appropriate theoretical foundation for the conceptual model proposed in the present study, which is presented in the following section.

Research Gap

The preceding review demonstrates that considerable progress has been made in understanding the influence of Behavioral biases, financial literacy, and digital information environments on retail investors' decision-making. Nevertheless, these research streams have largely evolved independently, resulting in fragmented theoretical explanations of investor Behavior in increasingly social-media-driven financial markets. Although each stream has generated valuable empirical evidence, their limited integration has constrained the development of a comprehensive framework capable of explaining how digital information environments shape investor psychology and subsequent investment Behavior.

The literature on social media and retail investing has consistently established that digital platforms have become important sources of financial information and investment advice (FINRA Investor Education Foundation, 2026; Ontario Securities Commission, 2026). Researchers have demonstrated that social media increases market participation, facilitates rapid information dissemination, and strengthens investor engagement through online communities. However, most empirical studies conceptualise social media as a single explanatory variable and examine its direct relationship with investment Behavior. Such an approach overlooks the multidimensional nature of digital information environments. Investment information encountered through algorithmically recommended short-form videos, finfluencer endorsements, online discussion forums, private messaging groups, and educational financial content differs substantially in terms of credibility, persuasive intensity, interactivity, and regulatory oversight. Treating these diverse sources as a homogeneous construct limits theoretical understanding of how different forms of digital stimuli influence investor cognition.

Similarly, the literature on Fear of Missing Out (FOMO) has significantly enhanced understanding of the emotional drivers underlying speculative investment Behavior. Existing evidence suggests that FOMO mediates the influence of Behavioral biases such as herding and loss aversion on investment decisions (Gupta & Shrivastava, 2022), while recent reviews have highlighted the growing conceptual maturity of FOMO research within financial markets (Nirun & Asgarli, 2024). Nevertheless, most studies conceptualise FOMO as an independent Behavioral variable rather than examining the environmental conditions responsible for its activation. Comparatively little attention has been devoted to explaining how continuous exposure to social media, algorithmic recommendation systems, and digitally amplified investment narratives generate feelings of urgency and anticipated regret that subsequently influence investment Behavior. Consequently, the antecedents of investment-related FOMO remain insufficiently theorised.

A similar pattern is evident within the herding literature. Decades of Behavioral finance research have established that investors frequently imitate the actions of others under conditions of uncertainty, information asymmetry, and market volatility (Bikhchandani et al., 1992; Goyal et al., 2021). More recent systematic reviews further indicate that herding is closely associated with several Behavioral biases, including overconfidence, representativeness, anchoring, and availability bias (Yang & Loang, 2024). Despite this progress, empirical investigations generally examine herding independently of other psychological processes or focus primarily on institutional investors and developed financial markets (Bharti & Kumar, 2025). Relatively limited research has considered how digital communication platforms transform traditional herding dynamics by enabling investors to observe not only others' trading Behavior but also their emotions, opinions, and social approval in real time.

Consequently, existing theoretical explanations inadequately capture the Behavioral complexity of contemporary social-media-driven investing.

The literature concerning financial literacy presents an additional area of conceptual inconsistency. While financial literacy has consistently been associated with improved financial decision-making and greater investment competence, its effectiveness in reducing Behavioral biases remains inconclusive. Adil et al. (2022) reported that financial literacy moderates the relationship between Behavioral biases and investment decisions, whereas Agarwal et al. (2025) conceptualised Behavioral biases as mediating mechanisms through which financial literacy influences investment outcomes. More recent evidence further suggests that financial literacy may reduce certain cognitive and emotional biases while exerting comparatively weaker effects on socially driven Behaviors such as herding (Marfo & Ofei, 2026). These divergent findings indicate that financial literacy should not be viewed as a universally protective factor but rather as a context-dependent capability whose effectiveness varies across different Behavioral mechanisms. Existing conceptual models have not adequately accommodated this possibility.

Beyond the limitations within individual research streams, the broader Behavioral finance literature lacks an overarching theoretical framework capable of integrating external environmental influences with internal psychological processes. Most empirical studies investigate direct associations between social media use, Behavioral biases, and investment decisions without explicitly explaining how external digital environments activate investors' cognitive and emotional states before Behavioral responses occur. This limitation reduces the explanatory power of existing models and contributes to inconsistent findings regarding the relative importance of different Behavioral biases.

The Stimulus–Organism–Response (S–O–R) framework provides a theoretically appropriate mechanism for addressing these shortcomings because it conceptualises Behavior as the outcome of interactions between environmental stimuli and internal psychological states (Mehrabian & Russell, 1974). Although the framework has been widely applied in consumer Behavior, digital marketing, tourism, and technology adoption research (Jacoby, 2002; Vieira, 2013), its application within Behavioral finance remains relatively limited. Existing financial applications have primarily focused on technology adoption or organisational decision-making (Dalvi-Esfahani et al., 2025), leaving considerable scope for extending the framework to explain retail investor Behavior within digitally mediated financial environments.

Against this background, the present study proposes an integrated conceptual model that addresses four important gaps in the existing literature. First, it conceptualises social media as a multidimensional stimulus construct comprising influencer content, algorithmically curated information, and online investor communities rather than treating digital exposure as a single homogeneous variable. Second, it positions FOMO, herding bias, and overconfidence as interconnected organismic mechanisms that collectively explain how external digital stimuli influence investor Behavior, thereby moving beyond studies that examine these biases independently. Third, it conceptualises financial literacy as a bias-specific moderating mechanism, recognising that its influence may differ across Behavioral biases instead of assuming a uniform protective effect. Finally, the study extends the application of the Stimulus–Organism–Response framework to Behavioral finance by integrating digital information environments, investor psychology, and investment Behavior within a single theoretically coherent model.

Accordingly, the proposed framework contributes to the Behavioral finance literature by shifting the analytical focus from simple cause-and-effect relationships towards a process-oriented explanation of investor decision-making. Rather than asking whether social media influences investment Behavior, the model seeks to explain how, through which psychological mechanisms, and under what conditions digital financial information shapes investor responses. By integrating previously disconnected research streams, the framework provides a stronger theoretical foundation for future empirical studies and offers a more comprehensive understanding of retail investor Behavior in increasingly digital and socially interconnected financial markets.

Theoretical Foundation

The present study adopts the Stimulus–Organism–Response (S–O–R) framework as the principal theoretical lens for explaining how social media influences retail investors' Behavioral responses through intervening psychological mechanisms. Originally proposed by Mehrabian and Russell (1974) in the field of environmental psychology, the S–O–R model extends the traditional stimulus–response paradigm by recognising that environmental factors do not influence Behavior directly. Instead, external stimuli first alter an individual's internal cognitive and affective states, which subsequently determine Behavioral responses. The framework therefore provides a process-oriented explanation of human Behavior by explicitly incorporating psychological mechanisms between environmental conditions and observable actions.

Over the past five decades, the S–O–R framework has evolved into one of the most widely applied theories for explaining human Behavior across diverse disciplines. In consumer Behavior research, it has been employed to examine how retail environments, advertising, website design, online reviews, and digital interfaces influence consumers' emotions, attitudes, and purchase intentions (Jacoby, 2002; Vieira, 2013). More recently, the framework has been extended to technology adoption, electronic commerce, tourism, healthcare, and financial technology, demonstrating its adaptability to complex digital environments where individuals are exposed to multiple simultaneous stimuli (Dalvi-Esfahani et al., 2025). The framework is particularly relevant in digital contexts because online platforms continuously generate external cues capable of shaping users' perceptions, emotions, and subsequent Behavior.

The increasing integration of social media into financial markets has created an environment that closely reflects the assumptions underlying the S–O–R paradigm. Unlike traditional investment settings, contemporary retail investors operate within highly interactive digital ecosystems where information is continuously generated, shared, and reinforced through algorithmically curated content, online communities, and financial influencers. These platforms expose investors not only to factual information but also to emotionally charged narratives, social validation, trending investment ideas, and collective market sentiment. Consequently, investment decisions are increasingly influenced by environmental stimuli that extend beyond conventional financial information.

Within the proposed framework, social media constitutes the stimulus (S). However, rather than conceptualising social media as a single homogeneous construct, this study recognises it as a multidimensional Behavioral stimulus composed of three distinct yet interrelated components: influencer-generated content, algorithmically curated financial information, and online investor communities.

Finfluencer-generated content represents persuasive financial communication delivered through social media by individuals who possess varying levels of professional expertise and regulatory oversight. Their influence derives primarily from perceived authenticity, audience engagement, and personal experience rather than institutional credibility. Algorithmically curated financial content reflects the recommendation systems employed by digital platforms to personalise information according to users' previous engagement, thereby increasing repeated exposure to similar investment narratives. Online investor communities—including discussion forums, Telegram groups, Reddit communities, and other collaborative platforms—facilitate continuous interaction among investors, enabling rapid diffusion of investment opinions, rumours, and collective sentiment. Collectively, these digital environments represent external Behavioral stimuli capable of influencing investor psychology.

According to the S–O–R framework, environmental stimuli influence Behavior indirectly through the organism (O), which represents the individual's internal psychological state. In Behavioral finance, these organismic processes are reflected in the cognitive and emotional mechanisms that shape investment decision-making. Drawing upon the Behavioral finance literature, the present study conceptualises Fear of Missing Out (FOMO), herding bias, and overconfidence as the principal organismic variables.

FOMO represents an affective response characterised by anxiety arising from the perception that others are benefiting from profitable investment opportunities. Social media environments amplify this psychological state through continuous exposure to investment success stories, trending financial assets, and visible indicators of collective participation. Herding bias reflects investors' tendency to imitate the actions of others instead of relying on independent analysis. Within digitally connected investment communities, collective discussions, social approval, and visible market enthusiasm increase the likelihood of Behavioral imitation. Overconfidence represents an inflated belief in one's investment knowledge, predictive ability, or capacity to outperform the market. The confidence–knowledge gap observed among social-media-informed investors suggests that repeated exposure to online financial content may strengthen perceived competence without proportionately improving objective financial understanding (FINRA Investor Education Foundation, 2026).

The present study conceptualises these organismic variables as interrelated psychological mechanisms rather than independent Behavioral biases. Existing Behavioral finance research frequently examines FOMO, herding, or overconfidence separately, despite considerable theoretical and empirical evidence suggesting that these biases often operate simultaneously during investment decision-making. For example, repeated exposure to influencer content may first create FOMO by generating perceptions of missed opportunities. This emotional state may subsequently encourage investors to follow prevailing market sentiment, resulting in herding Behavior, while repeated investment successes within online communities may reinforce overconfidence. The organismic component of the proposed model therefore reflects a dynamic Behavioral process through which multiple psychological mechanisms collectively shape investor Behavior.

The final component of the S–O–R framework is the response (R), representing observable Behavioral outcomes. In the context of this study, the response is conceptualised as retail investment Behavior, characterised by speculative trading, impulsive investment decisions, reduced reliance on fundamental analysis, increased trading frequency, and participation in highly volatile financial assets. These Behavioral responses reflect deviations from rational investment principles and are consistent with the central propositions of Behavioral finance, which recognise that investment decisions are influenced by cognitive limitations, emotions, and social interactions rather than purely objective evaluation of financial information.

An important extension proposed by the present study concerns the inclusion of financial literacy as a moderating mechanism. The original S–O–R framework primarily explains Behavioral processes through sequential relationships between stimuli, organismic states, and responses. However, contemporary Behavioral research increasingly recognises that individual capabilities influence the strength of these relationships. Financial literacy is therefore conceptualised as a boundary condition that moderates the relationship between organismic states and Behavioral responses. Investors possessing higher levels of financial literacy are expected to evaluate investment information more critically, recognise Behavioral biases more readily, and rely more extensively on analytical reasoning before making investment decisions. Nevertheless, consistent with recent empirical evidence, the moderating influence of financial literacy is not assumed to be universal. Instead, its effectiveness is expected to vary across different Behavioral biases, exerting stronger influence over cognitive biases than over socially reinforced Behaviors such as herding.

The integration of financial literacy into the S–O–R framework represents an important theoretical contribution because it acknowledges individual heterogeneity in Behavioral responses to identical digital stimuli. Two investors may be exposed to the same influencer recommendation or viral investment narrative yet respond differently depending on their ability to critically evaluate information and regulate emotional reactions. Consequently, investor Behavior cannot be explained solely by characteristics of the external environment but must also consider individual capabilities that influence psychological processing.

Overall, the proposed theoretical framework extends the application of the Stimulus–Organism–Response paradigm to Behavioral finance by integrating digital information environments, Behavioral biases, and financial literacy within a single explanatory model. The framework moves beyond direct-effect explanations commonly found in existing research by conceptualising investor Behavior as the outcome of sequential psychological processes operating within increasingly digital and socially interconnected financial markets. This theoretical

perspective provides the foundation for the conceptual model and research propositions developed in the subsequent section.

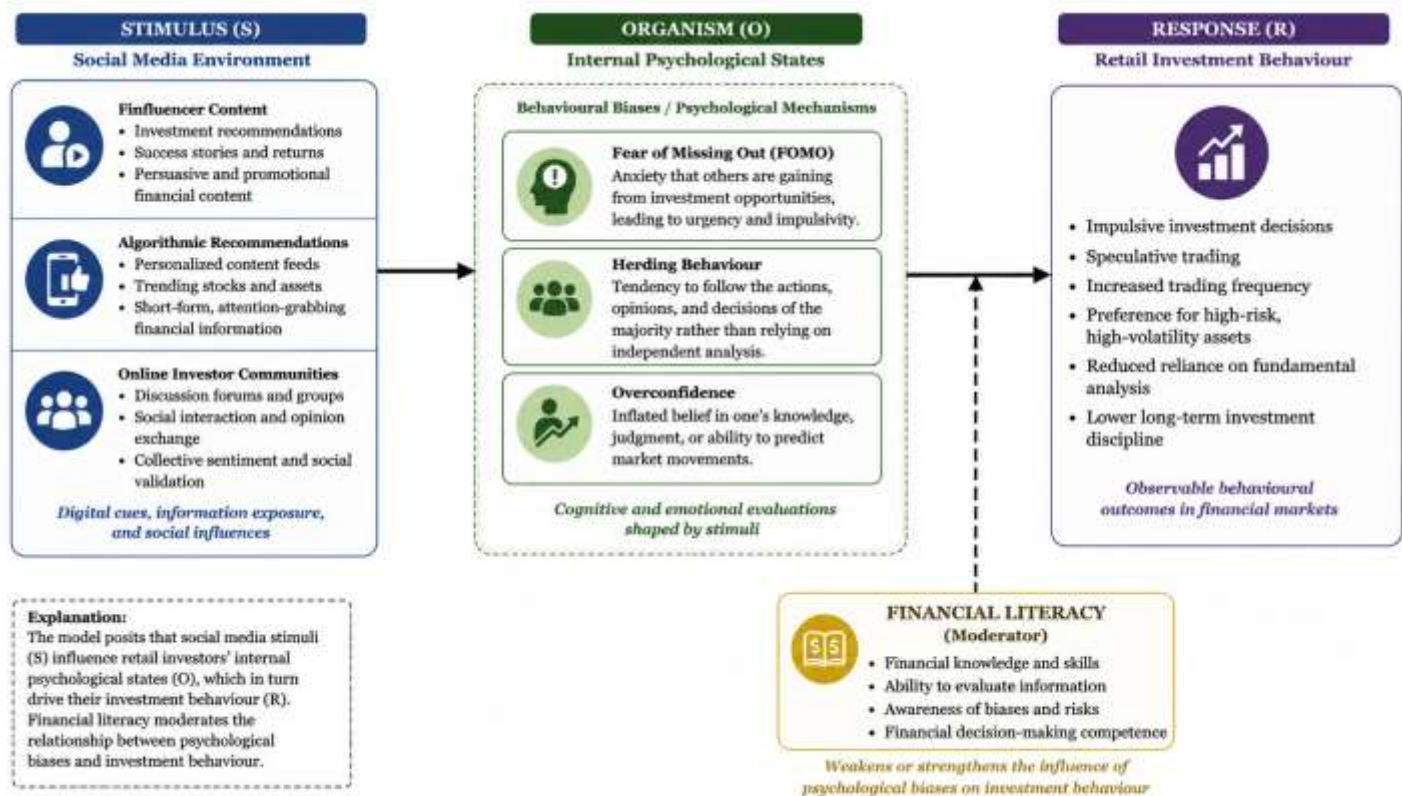


Figure 1. Conceptual Model: Social Media Influence on Retail Investment Behaviour

Research Propositions and Hypotheses

Grounded in the Stimulus–Organism–Response (S–O–R) framework, the present conceptual model proposes that social media functions as an external environmental stimulus that influences retail investors' internal psychological states, which subsequently shape their investment Behavior. Financial literacy is theorised as a boundary condition that moderates the relationship between Behavioral biases and investment Behavior. Based on the theoretical foundation and the critical synthesis of the literature, the following propositions and hypotheses are advanced.

Proposition 1 (P1): Social Media Stimuli and Psychological Biases

The S–O–R framework posits that environmental stimuli influence Behavior by first altering individuals' internal cognitive and emotional states (Mehrabian & Russell, 1974). Within digital financial markets, social media platforms expose investors to influencer recommendations, algorithmically curated financial content, and online investor communities. These stimuli provide continuous social validation, market sentiment, and persuasive investment narratives that are expected to activate Behavioral biases.

Accordingly, it is proposed that:

P1: Social media stimuli positively influence the activation of Behavioral biases among retail investors.

This proposition can be decomposed into the following testable hypotheses:

- H1a:** Social media stimuli positively influence **Fear of Missing Out (FOMO)** among retail investors.
- H1b:** Social media stimuli positively influence **herding Behavior** among retail investors.
- H1c:** Social media stimuli positively influence **overconfidence** among retail investors.

Proposition 2 (P2): Behavioral Biases and Retail Investment Behavior

Behavioral finance literature consistently demonstrates that psychological biases influence investment decisions by reducing reliance on rational evaluation and increasing emotionally driven decision-making (Kahneman & Tversky, 1979; Barberis & Thaler, 2003). Within the proposed framework, FOMO, herding, and overconfidence constitute organismic mechanisms that translate external social media stimuli into observable investment Behavior.

Accordingly,

P2: Behavioral biases positively influence retail investment Behavior.

The proposition is operationalised through three specific hypotheses:

- **H2a:** Fear of Missing Out (FOMO) positively influences speculative and impulsive investment Behavior.
- **H2b:** Herding Behavior positively influences speculative and impulsive investment Behavior.
- **H2c:** Overconfidence positively influences speculative and impulsive investment Behavior.

Proposition 3 (P3): Mediating Role of Behavioral Biases

The central premise of the S–O–R framework is that environmental stimuli affect Behavioral outcomes indirectly through intervening organismic states. Consequently, the influence of social media on retail investment Behavior is not expected to be entirely direct but is likely to operate through Behavioral biases activated during information processing.

Therefore,

P3: Behavioral biases mediate the relationship between social media stimuli and retail investment Behavior.

The mediation hypotheses are:

- **H3a:** FOMO mediates the relationship between social media stimuli and retail investment Behavior.
- **H3b:** Herding Behavior mediates the relationship between social media stimuli and retail investment Behavior.
- **H3c:** Overconfidence mediates the relationship between social media stimuli and retail investment Behavior.

Proposition 4 (P4): Moderating Role of Financial Literacy

Financial literacy is conceptualised as an individual capability that enables investors to interpret financial information critically, recognise Behavioral traps, and make more informed investment decisions. However, evidence suggests that its effectiveness differs across Behavioral biases rather than acting as a universal safeguard (Adil et al., 2022; Agarwal et al., 2025).

Accordingly,

P4: Financial literacy moderates the relationship between Behavioral biases and retail investment Behavior.

The following hypotheses are proposed:

- **H4a:** Financial literacy weakens the positive relationship between FOMO and retail investment Behavior.
- **H4b:** Financial literacy weakens the positive relationship between herding Behavior and retail investment Behavior.

- **H4c:** Financial literacy weakens the positive relationship between overconfidence and retail investment Behavior.

Integrated Conceptual Hypothesis

The proposed framework may also be expressed as an overarching hypothesis:

H5: The relationship between social media stimuli and retail investment Behavior is sequentially explained by Behavioral biases (FOMO, herding Behavior, and overconfidence), while the strength of these relationships is contingent upon investors' level of financial literacy.

Summary of Research Hypotheses

Hypothesis	Proposed Relationship
H1a	Social media stimuli → FOMO (+)
H1b	Social media stimuli → Herding Behavior (+)
H1c	Social media stimuli → Overconfidence (+)
H2a	FOMO → Retail investment Behavior (+)
H2b	Herding Behavior → Retail investment Behavior (+)
H2c	Overconfidence → Retail investment Behavior (+)
H3a	FOMO mediates the relationship between social media stimuli and retail investment Behavior
H3b	Herding Behavior mediates the relationship between social media stimuli and retail investment Behavior
H3c	Overconfidence mediates the relationship between social media stimuli and retail investment Behavior
H4a	Financial literacy negatively moderates the FOMO → Retail investment Behavior relationship
H4b	Financial literacy negatively moderates the Herding → Retail investment Behavior relationship
H4c	Financial literacy negatively moderates the Overconfidence → Retail investment Behavior relationship
H5	Behavioral biases sequentially mediate the effect of social media stimuli on retail investment Behavior, with financial literacy acting as a boundary condition

The proposed hypotheses collectively operationalise the Stimulus–Organism–Response framework by conceptualising social media as the environmental stimulus, Behavioral biases as organismic mechanisms, retail investment Behavior as the Behavioral response, and financial literacy as a boundary condition that influences the strength of the organism–response relationship. The framework provides a theoretically coherent basis for future empirical testing using covariance-based Structural Equation Modelling (CB-SEM) or Partial Least Squares Structural Equation Modelling (PLS-SEM).

Theoretical Contributions

The present study contributes to the Behavioral finance literature by developing an integrated theoretical framework that explains the Behavioral processes through which social media influences retail investors' investment decisions. Although previous studies have independently examined social media, Behavioral biases, and financial literacy, these constructs have generally been investigated within separate research streams. By integrating these perspectives within the Stimulus–Organism–Response (S–O–R) framework, the present study provides a more comprehensive explanation of retail investor Behavior in digitally mediated financial markets. The first contribution lies in extending the application of the Stimulus–Organism–Response (S–O–R) framework to Behavioral finance. Since its introduction by Mehrabian and Russell (1974), the S–O–R paradigm has been widely applied in consumer Behavior, environmental psychology, digital marketing, tourism, and technology

adoption research. Its application within investment decision-making, however, remains relatively limited. Existing Behavioral finance studies have predominantly examined direct relationships between Behavioral biases and investment outcomes, with comparatively little attention given to the environmental conditions that activate these biases. By conceptualising social media as an external environmental stimulus, Behavioral biases as organismic mechanisms, and retail investment Behavior as the Behavioral response, this study extends the explanatory scope of the S–O–R framework to digital financial markets and demonstrates its relevance for understanding contemporary investor Behavior.

A second theoretical contribution is the integration of fragmented Behavioral constructs into a unified conceptual framework. Existing research has largely investigated Fear of Missing Out (FOMO), herding Behavior, and overconfidence as independent determinants of investment decisions. While these studies have enhanced understanding of individual Behavioral biases, they provide only a partial explanation of investor Behavior because psychological biases rarely operate in isolation. Retail investors frequently experience multiple cognitive and emotional processes simultaneously when interacting with social media. By positioning FOMO, herding, and overconfidence as interrelated organismic mechanisms rather than isolated variables, the proposed framework offers a more holistic representation of investor psychology. This integrated perspective advances Behavioral finance theory by recognising the dynamic interaction among Behavioral biases within digital investment environments.

Third, the study reconceptualises social media as a multidimensional Behavioral stimulus rather than merely an information source or communication platform. Previous studies have commonly operationalised social media using aggregate measures of platform usage or information exposure. Such approaches implicitly assume that all forms of digital financial information exert similar Behavioral effects. The present framework challenges this assumption by distinguishing among influencer-generated content, algorithmically curated recommendations, and online investor communities as distinct forms of environmental stimuli. These dimensions differ in their credibility, persuasive characteristics, level of social interaction, and capacity to influence investor cognition. Consequently, the framework provides a more nuanced theoretical understanding of how different digital environments shape investment Behavior.

The fourth contribution concerns the conceptualisation of financial literacy as a bias-specific moderating mechanism. Financial literacy has traditionally been modelled as either a direct determinant of investment decisions or a general moderator of Behavioral biases. However, the empirical literature has produced inconsistent findings regarding its effectiveness in reducing irrational investment Behavior. Some studies report that financially literate investors are less susceptible to Behavioral biases, whereas others demonstrate that socially reinforced Behaviors such as herding persist even among knowledgeable investors. The present study addresses this inconsistency by proposing that financial literacy functions as a boundary condition whose moderating influence varies across different psychological mechanisms. Rather than assuming a universal protective effect, the framework recognises that financial literacy may weaken some biases more effectively than others. This perspective provides a more theoretically refined explanation of investor heterogeneity and offers a basis for resolving contradictory findings reported in previous empirical research.

The proposed framework also contributes to the growing literature on digital investor Behavior by explicitly incorporating characteristics of contemporary online financial environments into Behavioral finance theory. Traditional Behavioral finance developed during a period when investors primarily relied on professional financial advisers, brokerage research, and conventional financial media. Today's investors operate within algorithmically curated information ecosystems where investment opportunities are continuously framed through social interaction, platform recommendations, and real-time digital engagement. By integrating these environmental characteristics into the theoretical model, the present study acknowledges that Behavioral biases are increasingly shaped by technological infrastructures rather than solely by individual cognitive limitations. In doing so, it contributes to the emerging literature examining the intersection of Behavioral finance, financial technology, and digital communication.

Another important theoretical contribution is the shift from a variable-centred perspective to a process-oriented explanation of investor Behavior. Much of the existing Behavioral finance literature seeks to establish statistical relationships between Behavioral biases and investment outcomes. Although such studies identify important associations, they often provide limited explanation of the psychological processes through which these relationships emerge. Drawing upon the logic of the S–O–R framework, the present study conceptualises investor Behavior as a sequential process in which external digital stimuli activate internal psychological mechanisms that subsequently shape Behavioral responses. This process-oriented perspective enhances the explanatory depth of Behavioral finance by identifying the mechanisms linking environmental conditions with investment decisions rather than merely documenting their associations.

The framework further contributes by generating a testable theoretical model for future empirical research. The proposed relationships among social media stimuli, Behavioral biases, financial literacy, and retail investment Behavior can be examined using covariance-based Structural Equation Modelling (CB-SEM) or Partial Least Squares Structural Equation Modelling (PLS-SEM). Moreover, the framework offers opportunities for cross-country comparisons, longitudinal investigations, and studies examining different categories of investors, financial assets, and digital platforms. Consequently, the conceptual model serves not only as an explanatory framework but also as a foundation for cumulative theory development in Behavioral finance.

Collectively, these contributions position the present study as an integrative theoretical advancement rather than a simple extension of existing Behavioral finance models. By synthesising previously fragmented research streams, extending the Stimulus–Organism–Response framework to retail investing, reconceptualising social media as a multidimensional Behavioral stimulus, and introducing financial literacy as a bias-specific boundary condition, the study provides a comprehensive theoretical foundation for understanding investor Behavior in increasingly digital and socially interconnected financial markets.

Practical Implications

The proposed conceptual framework has important implications for investors, financial educators, market regulators, financial service providers, and policymakers seeking to promote informed investment decision-making in increasingly digital financial markets. As social media continues to influence the dissemination and consumption of investment information, understanding the Behavioral mechanisms through which digital platforms shape investor decisions has become essential for designing effective investor protection strategies.

Implications for Retail Investors

The proposed framework highlights the importance of recognising that investment decisions are not solely influenced by objective financial information but are also shaped by cognitive and emotional responses to digital environments. Retail investors frequently encounter investment recommendations through influencers, online communities, and algorithmically curated content that may create perceptions of urgency, social validation, and anticipated regret. Awareness of Behavioral mechanisms such as Fear of Missing Out (FOMO), herding Behavior, and overconfidence may enable investors to adopt more deliberate and evidence-based investment practices.

The framework also underscores the importance of reflective decision-making. Rather than reacting immediately to trending investment opportunities or viral financial content, investors may benefit from independently evaluating the credibility of information sources, assessing investment risks, and considering long-term financial objectives before committing capital. Such Behavioral awareness complements traditional financial knowledge by encouraging greater self-regulation in digital investment environments.

Implications for Financial Education

The findings of this conceptual study suggest that conventional financial education programmes may require significant adaptation to remain effective in contemporary investment environments. Existing financial literacy

initiatives primarily emphasise financial concepts such as budgeting, diversification, risk–return relationships, and portfolio management. While these remain essential, they may be insufficient for preparing investors to navigate highly persuasive digital information environments.

The proposed framework suggests that financial education should increasingly incorporate Behavioral finance and digital financial literacy. Educational programmes may benefit from training investors to identify Behavioral biases, critically evaluate influencer content, recognise conflicts of interest, distinguish between evidence-based analysis and speculative narratives, and understand how recommendation algorithms influence information exposure. Developing these competencies may enhance investors' ability to process digital financial information more critically and reduce susceptibility to emotionally driven investment decisions.

Furthermore, educational institutions and universities offering finance and investment programmes may consider integrating Behavioral finance, digital investing, and social media literacy into their curricula. Such initiatives would better prepare future investors to operate effectively within rapidly evolving financial markets.

Implications for Financial Regulators and Policymakers

The rapid growth of social-media-driven investing presents new regulatory challenges that extend beyond traditional investor protection mechanisms. Regulatory agencies such as the Securities and Exchange Board of India (SEBI), the International Organization of Securities Commissions (IOSCO), and other securities regulators have increasingly recognised the influence of influencers and digital platforms on retail investor Behavior. The proposed framework provides a Behavioral perspective that may assist regulators in understanding the psychological pathways through which online financial content influences investment decisions.

The framework suggests several potential policy considerations. First, regulatory authorities may strengthen disclosure requirements for investment-related content distributed through social media by ensuring greater transparency regarding sponsorship arrangements, financial incentives, and potential conflicts of interest. Second, regulators may consider developing Behavioral warning messages accompanying high-risk investment promotions on digital platforms, similar to Behavioral interventions employed in public health communication. Third, investor protection campaigns may be enhanced by addressing Behavioral biases directly rather than focusing exclusively on financial knowledge.

The model also supports the development of collaborative initiatives between regulators, educational institutions, and digital platforms to improve digital financial literacy. Such programmes may contribute to a more informed investor community capable of critically evaluating online investment information while recognising common Behavioral pitfalls.

Implications for Financial Institutions and FinTech Platforms

Banks, brokerage firms, investment advisers, and financial technology companies increasingly operate within digital ecosystems where customer engagement is strongly influenced by social media and online communication. The proposed framework suggests that financial institutions should recognise Behavioral factors when designing investor communication strategies and digital advisory services.

Investment platforms may incorporate Behavioral nudges that encourage investors to reconsider impulsive investment decisions before executing transactions. Examples include prompts encouraging users to review company fundamentals, assess portfolio diversification, or reflect on investment objectives before purchasing highly volatile assets. Behaviorally informed interface design may contribute to more responsible investment practices without restricting investor autonomy.

Financial institutions may also utilise the framework when developing investor education content, ensuring that communication strategies address Behavioral biases alongside traditional investment concepts. Such an

approach may improve investor confidence while simultaneously promoting more informed and disciplined investment Behavior.

Implications for Future Behavioral Interventions

The proposed conceptual framework offers a foundation for designing Behavioral interventions tailored to digital financial markets. Rather than assuming that increased financial knowledge alone is sufficient to improve investment decisions, the model recognises that investor Behavior results from interactions between environmental stimuli, psychological processes, and individual capabilities. Consequently, effective interventions should simultaneously address the quality of digital information, investors' Behavioral awareness, and their capacity to evaluate financial information critically.

Future Behavioral interventions may include digital literacy campaigns focusing on responsible use of social media for investment purposes, Behavioral training programmes aimed at improving emotional self-regulation during periods of market volatility, and platform-level interventions designed to reduce the visibility of misleading financial content. Such initiatives have the potential to complement traditional investor education programmes while addressing emerging challenges associated with digitally mediated investing.

Overall, the proposed framework provides a practical foundation for understanding investor Behavior within contemporary digital financial markets. By integrating insights from Behavioral finance, financial literacy, and digital communication, the model offers guidance for developing more effective educational programmes, regulatory policies, and investor protection strategies. Although the framework requires empirical validation, it provides a theoretically informed basis for stakeholders seeking to promote responsible investment Behavior in an increasingly interconnected and technology-driven financial environment.

Limitations and Future Research Directions

The present study is conceptual in nature and, therefore, should be interpreted within the scope of its theoretical objectives. While the proposed framework integrates insights from Behavioral finance, financial literacy, and the Stimulus–Organism–Response (S–O–R) paradigm to explain social-media-driven investment Behavior, it does not provide empirical evidence to validate the proposed relationships. Consequently, the framework should be viewed as a theoretical foundation intended to guide future empirical investigations rather than as a definitive explanation of retail investor Behavior.

A primary limitation of the study is its reliance on secondary literature to develop the proposed conceptual model. Although the framework is grounded in established theories and recent empirical findings, the strength and direction of the proposed relationships remain to be verified using primary data. Future studies should examine the proposed model across different investor populations and market environments to determine its empirical validity and generalisability. Structural Equation Modelling (SEM), particularly covariance-based SEM (CB-SEM) and Partial Least Squares SEM (PLS-SEM), would provide appropriate analytical techniques for evaluating the direct, mediating, and moderating relationships proposed in the framework.

Another limitation relates to the scope of Behavioral biases incorporated within the model. The study focuses on Fear of Missing Out (FOMO), herding Behavior, and overconfidence, as these biases are particularly relevant to contemporary social-media-driven investing. However, retail investment Behavior is also influenced by numerous other cognitive and emotional biases, including confirmation bias, anchoring, availability bias, representativeness, familiarity bias, disposition effect, mental accounting, and optimism bias. Future research may extend the proposed framework by incorporating additional Behavioral constructs to provide a more comprehensive understanding of investor decision-making within digital financial environments.

The conceptualisation of social media as a multidimensional stimulus also presents opportunities for further refinement. Although the framework distinguishes among influencer-generated content, algorithmically curated information, and online investor communities, it does not differentiate between specific digital platforms.

Platforms such as YouTube, Reddit, X (formerly Twitter), Instagram, TikTok, Telegram, and Discord differ substantially in content format, communication dynamics, user demographics, algorithmic design, and regulatory oversight. These platform-specific characteristics may influence investor psychology in different ways. Comparative studies examining Behavioral responses across different social media platforms would therefore provide valuable theoretical and practical insights.

The proposed model further assumes that financial literacy moderates the relationship between Behavioral biases and retail investment Behavior. While this assumption is supported by existing literature, the moderating influence of financial literacy is unlikely to be uniform across different investor groups and market conditions. Future research should examine whether the effectiveness of financial literacy varies according to demographic characteristics such as age, gender, educational attainment, investment experience, income level, financial risk tolerance, and digital literacy. Such investigations would contribute to a more nuanced understanding of investor heterogeneity and facilitate the development of targeted financial education programmes.

Another avenue for future research concerns the dynamic nature of Behavioral decision-making in digital financial markets. The present framework adopts the conventional Stimulus–Organism–Response sequence in which external stimuli influence internal psychological states that subsequently produce Behavioral responses. However, digital investment environments are characterised by continuous feedback mechanisms. Investors' Behavioral responses, such as purchasing trending assets or participating in online investment discussions, may themselves generate new social media content that influences subsequent investor Behavior. Future studies could therefore extend the framework by incorporating reciprocal or feedback relationships, thereby capturing the evolving nature of investor interactions within algorithmically mediated digital ecosystems.

The model may also be expanded by incorporating additional contextual and institutional variables. Market volatility, macroeconomic uncertainty, investor sentiment, regulatory interventions, financial inclusion, trust in financial institutions, and platform governance may all influence the relationships proposed in the framework. Examining these contextual factors would improve the explanatory power of Behavioral finance models and enhance understanding of how external environmental conditions interact with investor psychology.

Given the rapid evolution of financial technology, future research should also investigate emerging digital phenomena that were beyond the scope of the present study. Artificial intelligence-based investment advisory services, robo-advisors, generative AI-generated financial content, social trading platforms, copy trading, decentralised finance (DeFi), cryptocurrency communities, and virtual investment environments are increasingly reshaping investor Behavior. These technological developments introduce new forms of information exposure, automation, and social interaction that may activate Behavioral biases in ways not adequately explained by existing theoretical models. Extending the proposed framework to these contexts would contribute to the continuing evolution of Behavioral finance research.

Cross-cultural validation represents another important direction for future research. Most existing studies examining social-media-driven investing have been conducted within individual national contexts, limiting the generalisability of their findings. Investor Behavior is influenced by cultural values, institutional quality, financial market development, and regulatory environments. Comparative studies across developed and emerging economies would therefore provide valuable insights into the universality or context-specific nature of the proposed relationships. Such investigations would also contribute to the growing international literature on Behavioral finance and financial literacy.

Finally, future research may employ longitudinal research designs to examine how Behavioral responses evolve over time. Most empirical studies in Behavioral finance rely on cross-sectional survey data, which provide only a snapshot of investor Behavior. Longitudinal studies would enable researchers to investigate whether repeated exposure to social media strengthens or weakens Behavioral biases, whether financial literacy interventions produce lasting Behavioral change, and how investors adapt to changing digital information environments. Such evidence would substantially enhance theoretical understanding of Behavioral processes and provide stronger guidance for investor education and regulatory policy.



In summary, while the present study develops a theoretically grounded framework explaining the influence of social media on retail investment Behavior, it simultaneously highlights numerous opportunities for future theoretical refinement and empirical validation. The proposed model is intended to serve as a platform for cumulative research examining the interaction between digital information environments, Behavioral biases, financial literacy, and investment decision-making. As social media, financial technology, and investor participation continue to evolve, further research will be essential for refining Behavioral finance theory and informing policies that promote responsible and informed participation in financial markets.

Ethical Approval

This study is a conceptual paper based exclusively on the review and synthesis of published scholarly literature and publicly available reports. It does not involve human participants, animals, primary data collection, or access to confidential or identifiable information. Consequently, ethical approval from an Institutional Ethics Committee or Institutional Review Board (IRB) was not required.

Conflict of Interest

The author declares that there are no financial, professional, or personal conflicts of interest that could have influenced the preparation, interpretation, or presentation of this manuscript.

Data Availability Statement

No primary data were collected or analysed for this study. The manuscript is conceptual in nature and is based on the critical review and synthesis of existing scholarly literature, regulatory reports, and publicly available sources cited in the reference list. Consequently, no research dataset has been generated or deposited in a public repository.

Funding

The author received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors for the preparation of this study.

Author Contributions

Alan Lukose: Conceptualization, literature review, theoretical framework development, writing—original draft preparation.

George Jose: Literature review, critical analysis, writing—review and editing.

Bobby Simon: Conceptual framework refinement, theoretical validation, writing—review and editing.

Alen Shepherd Thomas: Conceptualization, methodology, supervision, manuscript review and editing, project administration.

Renjith R: Literature review, reference management, visualization, writing—review and editing.

All authors contributed to the development of the manuscript, critically reviewed the intellectual content, approved the final version of the manuscript, and agree to be accountable for all aspects of the work.

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