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Decoding the Strike of Social Media Information on Investment Decisions in Nepal

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Abstract

Social media has transformed the ways we communicate and share information and interests. Platforms such as Facebook, TikTok, X, LinkedIn, Instagram, and YouTube have evolved beyond their primary social networking roles, becoming key authorities for real-time news, opinions, and trends. This shift has been based on the financial markets, where investors are increasingly turning to social media to inform their investment decisions. The study explored how social media information shapes investment decisions and analysed its impact on investor sentiment, market behaviour, and financial outcomes.

By adopting a quantitative approach and conducting a survey among three hundred ninety (n = 390) retail Nepalese investors, the study indicates that market forecasting and technical analysis are found as the primary drivers of investment decisions, followed by company announcements and economic indicators. Opinions from social media influencers have relatively less influence on investment behaviour of investors. Thus, social media information significantly affects investor behaviour, leading to both opportunities and challenges in the financial markets.

The results suggests that investors should continuously monitor their investment decisions and adjust their strategies as needed to ensure alignment with the key drivers of investment decisions. Regulatory bodies should monitor the influence of social media on investment decisions to ensure market transparency.

Research Article

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1. Introduction

In today's digital generation, social media platforms have become an accepted place for communication, networking, and content sharing. They have transformed how information is disbursed and absorbed. They have become prominent tools across various sectors, including education, healthcare, and finance, and investors use them to share and obtain investment information and enhance communication and research (Kavitha & Bhuvaneswari, 2019). Social media, defined as online platforms that enable user-generated content and interaction, significantly influence investment decisions (Kaplan & Haenlein, 2010).

Platforms such as Facebook, TikTok, X, LinkedIn, Instagram, and YouTube have evolved beyond their primary social networking roles, becoming key authorities for real-time news, opinions, and trends. This shift has been evident in the financial markets, where investors are increasingly turning to social media to inform their investment decisions. Social media significantly influences individual investors' investment decisions, and capital market literacy mediates this relationship (Joshi & Rawat, 2025). Traditionally, investment decisions were based on financial reports, news, and expert advice. However, the rise of social media has democratized access to information, allowing both individual and institutional investors to engage in a dynamic, decentralized flow of market-related data. These platforms offer a space for analysts, traders, and investors everyday to exchange insights, predictions, and responses to market developments. The ability to rapidly spread and react to news has reshaped the investment decision-making landscape.

The influence of social media information on investment behaviour is complex. It allows investors to access a range of perspectives, leading to more informed decisions. However, the fast spread of unverified information and the potential for market manipulation present significant risks. The study explores the role of social media information in shaping investment decisions, analysing its impact on investor sentiment, market behaviour, and financial outcomes. It also investigates the advantages and risks of using social media for investment purposes, offering insights and recommendations for investors, financial advisors, and social media platforms to improve the accuracy and reliability of investment-related information shared online.

2. Literature review

According to Chen et al. (2014),

consumers are leaning less toward professional advice and more toward customer recommendations when making purchases, a shift facilitated by the growth of social media. Sharma & Rehman (2012) found that positive or negative information about a product or a brand available on social media has a significant overall influence on consumers' purchase behaviour. The customers spread positive word-of-mouth through social media. Power and Phillips-Wren (2011) analysed how social media and Web 2.0 technologies affect decision-making, suggesting that platforms such as social behaviour, blogs, and microblogs can significantly shape both individual and organisational decisions. They predict that social media's influence on decision-making will grow in the future.

The existing literature on the strike of social media information on investment decisions has explored various facets of this relationship. Multiple studies have examined how information on social media affects investors' behaviour and decisions. A significant area of focus has been the influence of social media information on investment choices. Most investors in the stock market, which is dominated by retail investors, lack financial market knowledge and are always looking for signs that provide additional information about listed firms (Huang, 2021). Likewise, in the Indian context, Yogesh and Yesha (2014) found that social media was widely used as a knowledge source for its perceived usefulness, veracity, and reliability. Social networks and peer interactions play a crucial role in shaping attitudes and decisions, and social media amplifies this effect by continuously exposing users to peer opinions and behaviours (Liu et al., 2019).

Similarly, Singh and Chakraborty (2024) used the SPAR-4-SLR technique to examine the relationship between social media use and stock market participation, finding that social media significantly influences both investment decisions and market engagement. Furthermore, Geng et al. (2022) explored the role of online investor communities in shaping individual investment behaviour, showing that these communities can drive herding effects, in which investors mimic others' actions based on shared sentiments. There are four ways social media can impact a company's financial and operational performance, including social capital, customer preference, social marketing, and corporate networking (Paniagua & Sapena, 2014). Social media has also influenced consumer behaviour, from information acquisition to post-purchase behaviours such as dissatisfaction statements or actions (Mangold & Faulds, 2009).

Popular social media in Nepal

Table 1
Popular social media platforms in Nepal

SN	Social Media Platforms	Contents
1.	Facebook	Reels related to financial education, stock market analysis, and investment advice.
2.	TikTok	Videos dedicated to financial education, stock market analysis, and investment advice.
3.	YouTube	Channels dedicated to financial education, stock market analysis, and investment advice.
4.	Instagram	Visual and concise content on personal finance tips, market updates, and financial literacy.
5.	X	Real-time updates, opinions, and interactions about financial markets and economic news.
6.	LinkedIn	Professional insights and detailed articles on finance and investment.

Source: Press Council Nepal (2025)

Social media information

Company announcements

Nepalese companies officially communicate key developments such as quarterly earnings reports, mergers and acquisitions, new product launches, and leadership changes through platforms like stock exchange websites (NEPSE) and their own websites. These announcements are crucial for keeping stakeholders informed. Additionally, companies organize various activities to engage with stakeholders, including AGMs, investor conferences, earnings calls, and product launch events (Joshi & Rawat, 2025).

Technical analysis

Technical analysis is a method for evaluating securities. It involves analysing statistical trends from trading activity, including price movements and trading volume on exchanges (NEPSE). This approach uses tools such as charts, moving averages, and other technical indicators to assess market behaviour and make informed investment decisions (Pring, 2014).

Market forecasting

Speculations or informed predictions about future movements in financial markets are often based on analysis and various indicators. These forecasts typically come from brokerage firms, financial analysts, and market experts. More structured projections, which provide insights into future trends in financial markets, are typically offered by financial institutions, research firms, and regulatory bodies such as the Nepal Rastra Bank (NRB) and the Securities Exchange Board of Nepal (SEBON) (Nepal Rastra Bank, 2020).

Economic indicators

Statistics that provide insights into the overall health of the Nepalese economy include key indicators such as GDP growth, inflation, and unemployment rates. These metrics are crucial for assessing the country's economic performance and trends (Adhikari et al., 2024).

Opinions of social media influencers

Opinions of Social Media Influencers refer to insights, analysis, and opinions shared by financial influencers who have a significant following on social media platforms. These individuals, often experts or enthusiasts in finance and investment, use their platforms to share information, advice, and perspectives on a range of financial topics (Muth & Peter, 2023).

3. Methodology

Research design

This study adopted a quantitative research design to examine the influence of social media information on investors' decision-making in Nepal. A cross-sectional survey approach was employed to collect primary data from investors residing in Bagmati Province during the first quarter of 2026.

Population and sampling

The target population comprised individual investors who actively use social media platforms for obtaining financial and investment-related information. A convenience sampling technique was employed due to its practicality and accessibility in reaching respondents. A total of 500 questionnaires were distributed through both paper-based and online (Google Forms) formats. After screening the responses, 110 questionnaires were excluded for incomplete or missing information, yielding 390 valid responses for the final analysis.

Data collection

The study applied both primary and secondary data sources. Primary data were collected through a structured questionnaire administered to the respondents. Secondary data were obtained from relevant books, academic journals, websites, reports, and other online sources related to social media, investment behaviour, and financial decision-making.

Research instrument

The questionnaire consisted of two sections. The first section gathered respondents' demographic information including age, gender, academic qualification, marital status, and annual income. The second section measured the study variables identified through the literature review, including various forms of social media information and investor decision-making behaviour.

All constructs were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The questionnaire items were adapted from previous studies and modified to suit the Nepalese investment context.

Ethical considerations

Participation in the survey was voluntary, and respondents were informed about the purpose of the study. Confidentiality and anonymity were maintained throughout the research process. Personal identifiers were removed from the dataset, and the collected information was used solely for academic purposes.

Reliability and validity

To ensure the measurement instrument's reliability and consistency, a reliability analysis was conducted using Cronbach's Alpha. The questionnaire was reviewed and refined based on existing literature and expert feedback to enhance content validity.

Data analysis techniques

The collected data were coded, cleaned, and analysed using Statistical Package for the Social Sciences (SPSS) version 27. Descriptive statistics were used to summarize the demographic characteristics of respondents. Reliability analysis was conducted to assess the internal consistency of the measurement scales. Correlation analysis was employed to examine the relationship between social media information and investors' decision-making behaviour in Nepal. The findings were interpreted based on the statistical significance and strength of the relationships among the study variables.

4. Results

Demographic profile of the respondents

The respondents' demographic profiles are analysed (see Table 2). As per the sample, there are more male respondents (63.59 percent) than female respondents (36.41 percent). This shows that the majority of investors in the financial markets in Bagmati province are male. As per the sample, the largest age group that replied was below 30 years of age (29.74 percent), followed by 30 to 40 years of age (22.31 percent), 40 to 50 years of age (18.97 percent), 50 to 60 years of age (16.92 percent), and 60 years and above (11.79 percent). The distribution of respondents by academic qualification found that 31.54 percent of the 390 survey participants had a graduate degree.

Table 2

Demographic profile of respondents

Demographics	Variables	Frequency	Percentage
Gender	Male	248	63.59 %
	Female	142	36.41 %
Age	Below 30 Years	116	29.74 %
	30-40 Years	87	22.31 %
	40-50 Years	74	18.97 %
	50-60 Years	66	16.92 %
	60 Years and above	46	11.79 %
Academic Qualification	Secondary	46	11.79 %
	Higher Secondary	68	17.44 %
	Graduate	123	31.54 %
	Postgraduate	104	26.67 %
	Research Degree	49	12.56 %
Marital Status	Single	152	38.97 %
	Married	238	61.05 %
	Others	-	-
Annual Income	Below NPR 600,000	148	37.95%
	NPR 600,000-NPR 800,000	56	14.36%
	NPR 800,000-NPR 1,000,000	87	22.31%
	NPR 1,000, 000 and above	99	25.38%

Source: Survey, 2026

Similarly, 26.67 percent held a postgraduate degree, 17.44 percent held a higher secondary degree, 12.56 percent held a research degree, and 11.79 percent held a secondary degree. Regarding marital status, 238 respondents (61.05 percent) were married, while 152 (38.97 percent) were unmarried. The results indicate that most respondents were married. Discussing about the income distribution of respondents 37.95% had annual income below Rs six lakh, 14.36% had income between six lakh to eight lakh, 22.31% had income between eight lakh to ten lakh, and rest have anual income above ten lakh. This distribution shows that more than one third of the respondent have annual income below six lakh, which is largest income cluster. While, six lakh to eight earning cluster are at the last position.

Reliability Analysis

Table 3

Reliability test

Variables	Mean	SD	Cronbach's Alpha
Company Announcements (CA)	4.33	0.85	0.76
Technical Analysis (TA)	3.72	0.75	0.71
Market Forecasting (MF)	4.36	0.64	0.81
Economic Indicators (EI)	3.71	0.89	0.76
Opinions of Social Media Influencers (OSMI)	3.22	1.02	0.74
Investment Decisions (ID)	4.01	0.73	0.77

The results present the reliability analysis of six variables related to investment decision-making, revealing varying levels of consistency. The data's high quality is shown by Cronbach's alpha value (Upreti & Venkata, 2021). Market forecasting demonstrated excellent reliability, with Cronbach's Alpha of 0.81, indicating highly consistent responses. Company announcements and investment decision-making showed good reliability, with Cronbach's alpha values of 0.76 and 0.77, respectively, suggesting consistent responses. Technical Analysis also exhibited good reliability, with Cronbach's alpha of 0.71. Opinions of social media influencers, with a Cronbach's alpha of 0.74, indicate consistent responses. However, economic indicators have fair reliability, with a Cronbach's Alpha of 0.76. Overall, most variables demonstrate good to excellent reliability (see Table 3).

Correlation analysis

Correlation among the observed variables in the investigation is presented (see Table 4). A correlation coefficient is a statistical measure of the degree to which changes to the value of one variable predict changes to the value of another variable (Upreti & Venkata, 2021). A positive correlation indicates

Table 4

Correlation matrix between the variables under study

Variables	CA	TA	MF	EI	OSMI	ID
CA	1.000					
TA	0.36	1.000				
MF	0.46	0.56	1.000			
EI	0.26	0.36	0.46	1.000		
OSMI	0.21	0.26	0.36	0.26	1.000	
ID	0.49	0.59	0.69	0.53	0.43	1.000

the extent to which those variables increase or decrease in parallel, and a negative correlation indicates the extent to which one variable increases as the other decreases.

The correlation analysis from Table 4 reveals significant relationships between variables related to investment decisions. Company announcements show a strong correlation with investment decisions (0.49) and moderate correlations with market forecasting (0.46) and technical analysis (0.36). Technical analysis, on the other hand, has a strong correlation with investment decisions (0.59) and moderate correlations with market forecasting (0.56) and economic indicators (0.36). Market forecasting exhibits the strongest correlation with investment decisions (0.69) and moderate correlations with technical analysis (0.56) and economic indicators (0.46). Economic indicators have moderate correlations with investment decisions (0.53) and market forecasting (0.46), while social media influencers' opinions show weak correlations with all variables (0.21 to 0.36). Notably, investment decisions are strongly influenced by market forecasting and technical analysis, with company announcements and economic indicators also playing a role. In contrast, opinions of social media influencers have limited influence on investment decisions. This finding emphasises the importance of social media as an influential source of information for investors, suggesting that these facilitate investment strategy sharing, market trend discussions, and collective decision-making. It also strongly supports the view that, to make informed investment decisions, investors must possess adequate capital market literacy and utilize information from social media platforms (Joshi & Rawat, 2025; Yogesh & Yesha, 2014; Kaplan & Haenlein, 2010).

5. Discussion

The study examines the influence of social media on investment decisions among Nepalese investors, revealing that different factors play varying roles. Market forecasting correlates most strongly with investment decisions ($r = 0.69$), followed by technical analysis ($r = 0.59$), economic indicators ($r = 0.53$), and company announcements ($r = 0.49$). Conversely, opinions from social media influencers have the weakest relationship ($r = 0.43$).

Consistent with prior research, the study confirms that investors increasingly rely on social media for financial information, actively seeking market forecasts, technical analyses, and company updates before making decisions. The relationship between market forecasting and investment behaviour aligns with findings from Singh and Chakraborty (2024), which show that social media significantly affects stock market participation.

Technical analysis is considered important as retail investors seek signals and tools to minimize uncertainty. The availability of such information on social media enhances its utility. Furthermore, company announcements influence investors, according to findings by Yogesh and Yesha (2014), underscoring the reliability of online information sources on corporate developments. Economic indicators moderately influence decision-making, consistent with research by Adhikari et al. (2024), which highlights the significance of macroeconomic factors in shaping investor expectations. The study finds that social media accelerates the dissemination of these indicators, influencing investment choices.

Notably, opinions from social media influencers have the least impact on investment decisions, in contrast to findings from Liu et al. (2019) and Geng et al. (2022), which reported significant effects of online communities. This discrepancy may arise from a growing financial literacy among Nepalese investors, who favour analytical and official information over influencer opinions. Finally, the research supports theories by Kaplan and Haenlein (2010) and others, reinforcing the view that social media serves as a vital information channel for decision-making and highlighting that Nepalese investors prioritize information-driven content, such as market forecasts and technical analyses, over influencer-driven insights.

6. Conclusion

The study investigated the impact of social media on investment decision-making, focusing on five key variables: company announcements, technical analysis, market forecasting, economic indicators, and social media influencers' opinions. The correlation analysis reveals that market forecasting and technical analysis are the primary drivers of investment decisions, followed by company announcements and economic indicators. Opinions from social media influencers have relatively less influence. The findings provide valuable insights into the factors influencing investment decisions. Investors should continuously monitor their investment decisions and adjust their strategies as needed to ensure alignment with the key drivers of investment decisions. Regulatory bodies should monitor the influence of social media on investment decisions to ensure market transparency.

Transparency statement

The author confirms that this study has been conducted with honesty and in full adherence to ethical guidelines.

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Conflict of interest

The authors declare there are no conflicts of interest.

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