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Social Media Hype, Investor Sentiment and Retail Investor Participation in the Nigerian Capital Market: A Systematic Literature Review

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Abstract
The use of social media as platforms for communicating financially has increased the avenues through which retail investors obtain investment information, share market views, and react to investment chances. Nevertheless, the dissemination of investment advice, speculation, and market narratives via social media may affect the sentiment of the investor and the behavior traits like herding and Fear of Missing Out (FOMO). This research aims at examining the connection between social media hype, investor sentiment, and participation of retail investors in the Nigerian capital market. The research focuses on the effects of social media hype on investor sentiment, the connection between investor sentiment and retail participation, the behavioral effects of social media hype, herding and FOMO on investment decisions, and digital financial communication and its role in developing investment sentiments. A systematic literature review based on the PRISMA 2020 guidelines was employed. Articles written in the English language from January 2021 to 2026 were obtained using Scopus, Web of Science, and Google Scholar, complemented by a manual search of reference lists. Among the 232 references obtained from the search process, 19 studies were noted as meeting the inclusion requirements and were included for analysis. The literature reviewed suggests that studies from Nigeria provide insights into social media sentiments, stock market behavior, investor sentiments, and other forms of digital financial transactions. Studies from other countries, on the other hand, can contribute theories and additional comparisons. Evidence connecting social media exposure and investor sentiment to retail investors' participation in the Nigerian stock market, especially in IPOs, is lacking. This study aims to contribute through the synthesis of available evidence and identification of gaps in theory, methodology, and context. There is a need for context-specific empirical evidence using accurate measurement of investment social media exposure and investor sentiment, as well as longitudinal approach and transaction data.

Keywords: *Social Media Hype, Investor Sentiment, Retail Investor Participation, Herd Behaviour, Nigerian Capital Market.*

I. INTRODUCTION

Social media has emerged as one of the key avenues through which people access financial information, offer their views on investment, and debate issues of the capital market. In Nigeria, social media channels offer retail investors more ways to obtain information related to listed stocks, initial public offerings, and market trends. While digital financial communication channels have the potential to increase knowledge of investments and financial information, it also brings the issue of the validity of such information and its impact on the investment decision-making process. This is important since exposure to financial information may not lead to investment decisions. Investor sentiment is one of the perspectives that can be used for studying the impact of social media on retail investment decisions. Investment decisions are driven not only by fundamental factors but also by investors' expectations, optimistic and pessimistic outlooks, and perceptions of opportunities on the market. Continuous exposure to information and investment advice found online may capture people's attention with regards to certain securities and affect how individuals perceive information about markets. The work by Barber and Odean (2008) shows that the phenomenon of attention plays an important role in individual investment decisions. However, online attention cannot be taken as evidence of any participation in investments.

In addition, social media may contribute to herd behavior and Fear of Missing Out (FOMO). Individuals exposed to constant investment advice and opinions are likely to copy decisions made by others and make their investment choices without analyzing investment opportunities on their own. Such decisions will correspond to the mechanism of information cascades when individuals make their decisions based on the observed actions of others (Banerjee, 1992; Bikhchandani et al., 1992). FOMO may also be the driver of participation because people will be afraid of losing out on certain investment opportunities. The Nigerian capital market is a critical setting in which to analyze these interactions. Information on investment has been made available to the investors via more mediums through digital platforms. While this can be beneficial in terms of raising awareness and encouraging investors' participation, misleading statements and unverified financial information may mislead investors. Dangote Petroleum Refinery IPO is an instance of recent times where much media attention was given to the investment opportunity. However, online activity and media excitement alone will not prove that social media influenced the subscription of the investors.

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Even though there has been an increasing interest in digital financial communication and investment behaviour, literature relating to the issue has been scattered among the fields of social media, investor sentiment, investor attention, behavioural finance and IPO participation. While some reviews have been conducted to discuss the general importance of social media for investment decision making (Singh & Chakraborty, 2024), it still seems necessary to explore the relation between the aspects discussed in the context of the Nigerian capital market. It is inappropriate to generalise the findings from other countries, since different institutions govern the markets, different informational backgrounds are provided to the investors, and different structural characteristics exist. Thus, an overall analysis is needed to understand what literature says about the Nigerian investors, what its weaknesses are, and what areas require additional research.

In view of the above, the current research seeks to critically synthesise literature concerning social media usage, digital financial communication, investor sentiment and retail investor participation in the Nigerian capital market. The research objectives for the review are five in number. The first one is concerned with the effects of social media activity and digital financial communication on the investors' sentiments in the Nigerian capital market. The second objective is to find out whether there is any correlation between the investor's sentiment and retail investor participation in IPOs and other Nigerian capital market activities. It also seeks to find out the influence of social media hype, herd mentality, and fear of missing out (FOMO) on the decision-making of retail investors. In consideration of these objectives, the research poses five research questions. First, how do social media activities influence the investor's sentiment in the Nigerian capital market? Second, what is the relationship between the investor's sentiment and the retail investor participation in IPOs and other Nigerian capital market activities? Third, how do social media hype, herd mentality, and FOMO influence the investment decision of retail investors in Nigeria? Fourth, how does digital financial communication affect the perception and investment awareness of retail investors in the Nigerian capital market?

II. LITERATURE REVIEW

Social Media and Investor Sentiment

Through the development of new ways of communicating, social media has provided additional avenues for retail investors to obtain financial information, engage in discussion, and react to market events in the capital markets. As opposed to traditional forms of financial communication, social media provides the means to disseminate financial information and views quickly between individuals, and this can have effects on the attention, expectation, and perception of market opportunity of investors. In this regard, the power of this type of communication will depend, to some extent, on the reliability of the information, the discussions carried out, and how the information is interpreted by the investors.

The case of Nigeria serves as an excellent example to initiate analysis in this context. Shuaibu (2025) analyzes social media volume and sentiment dispersion as determinants of conditional volatility of the Nigerian Exchange All-Share Index. The results separate various aspects of online discourse. While aggregate net sentiment is not statistically significant, social media volume and sentiment dispersion are considered to be significant predictors of conditional volatility. Thus, the importance of the intensity of the discussion and of the level of discordance among the participants becomes evident as opposed to the overall positive or negative mood. At the same time, it must be admitted that the research is based on the market results as a whole and not on the decisions of individual retail investors. Further research from the international context provides more evidence about the link between social media activities and market results. According to Dananjaya et al. (2025) who investigate retail investors' activities and sentiments in Bali, Indonesia, there are positive relationships between social media activity, investor sentiment, trading volume, and stock price volatility. This means that online investment talks may be linked to alterations in market performance. Nonetheless, due to the location and design of the study, it is hard to generalize these findings to the Nigerian sample. In addition, Haase et al. (2025a) study trading signals in crypto markets based on social media activity, thus, proving the importance of online investment communications for crypto trading. However, this research should be treated separately as crypto markets differ from stock markets.

Investor Sentiment and Retail Investor Participation

Investor sentiment and retail participation can also be viewed from the perspective of behavioral finance. Investments may be made not only on the basis of fundamentals but on the basis of expectations, optimism, pessimism, and opportunities. The concept of investor attention is important since greater visibility of securities or investments may affect the decision to buy. This issue has been discussed by Barber and Odean (2008). Nevertheless, attention, sentiment, investment intention, and retail participation are different concepts. Investors can draw attention to securities, be interested in them, or form expectations concerning the future without actually investing. It is necessary to have evidence of investment decisions when estimating retail participation.

There is research on investor sentiment from Nigeria that further adds to knowledge about market behavior. The study by Shuaibu (2025) looks at social media and overall market volatility, whereas the research that considers sentiment and stock returns throws light on the link between expectations and market performance. But there is no guarantee that market indicators will capture how individual investors react to the information available to them in the online space. It is also worth keeping in mind that indicators of overall sentiment cannot be used as evidence of how individual investors are exposed to social media or how they take advantage of certain investment options. International studies also shed more light on the determinants of investment decisions for retail investors. Hoque et al. (2026) conduct a survey of retail investors in Bangladesh to find out the impact of sources of financial information and financial literacy on investment decisions. The results of their study bring out the significance of information

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sources and investor characteristics in making financial decisions. In addition, Sembel et al. (2024) investigate the factors affecting the adoption of digital investments among stock investors in Indonesia, as well as the intentions of the investors to recommend such investment platforms. However, the findings should be understood within the context of the relevant country, and not taken as direct evidence of participation in the Nigerian capital market.

Social Media Hype, Herd Behaviour and Fear of Missing Out

Social media may affect investment decisions via behavioral channels such as herding and the Fear of Missing Out (FOMO). Herding is an instance where people base their decisions on the behavior of others or the views held by others without evaluating information at their disposal. According to Banerjee (1992) and Bikhchandani et al. (1992), an individual might make decisions based on the decisions of other people he or she sees, which can lead to an information cascade. In the online context of investments, trending and optimistic views can make particular investment possibilities more visible to people.

FOMO is another but separate mechanism of behavior. This involves fear that one might miss out on some profitable chances and could lead people to think of investing in something because other people are getting profits from it. This could be enhanced due to social media hype and making investment opportunities seem attractive or time sensitive. However, information cascades, herd behavior, FOMO, and social media hype must not be considered synonyms. They are all different ways of explaining how social influences, perceptions of opportunities, and human emotions might impact investing. These mechanisms can offer theoretical justification of certain investor behavior, but empirical proof of its existence in Nigeria is needed.

Further empirical insight into the behavioral responses to digital investment information is provided by Gerritsen and de Regt (2025). The authors focus on financial advice provided on Instagram and YouTube, which serves as evidence on the way of communication of investment advice via social media platforms. In the research of Bhatia et al. (2026), Indian social media users who interact with financial advice on the internet are observed for the purpose of determining differences in users' reactions in terms of certain traits, including impulsiveness, trustworthiness, and verifying behavior. These pieces of research provide explanations to the issue of why investors behave differently when reacting to financial information online. Nevertheless, their results cannot be seen as evidence that all the followers of financial influencers demonstrate herding behavior and make impulsive investment decisions.

Digital Financial Communication, Investment Awareness and Perceptions

The effects of digital financial communication on investments and investor perceptions must also be taken into account. Communication via the Internet could provide the individual with information regarding securities, investment tools, changes within the market, and public issues. Such communication would help raise awareness and allow the individual to have access to information relating to investments. Misleading claims and unrealistic expectations might, however, cloud judgment concerning opportunities and dangers. The impact of financial information on digital finance cannot be assessed just based on the quantity of available information. The credibility of the information source, the accuracy of the information conveyed, the investor's level of financial literacy, and other factors within the overall informational context can play an important role in interpreting the information on the Internet. Hoque et al. (2026) provide an example of the importance of financial information sources and financial literacy in retail investment behaviour in the case of Bangladesh. Hasan and Kumari (2026) highlight the importance of differentiating between the sources and types of financial information on the Internet provided by financial influencers compared to the information provided by registered financial advisers in India through their theoretical comparison. While these examples are quite interesting in terms of comparing similar phenomena in different contexts, they do not show the exact impacts of digital financial communication on Nigerian equity investors.

Nigerian Evidence and the Research Gap

The findings of the literature review are seen as different but related findings. The studies done in Nigeria have considered social media variables with respect to aggregate volatility of the stock market, investors' sentiments and their association with the performance of equity markets, and also social media usage and its association with the use of cryptocurrencies. Irhebhude et al. (2026), for instance, analyze the association between social media use and cryptocurrency adoption by Nigerians. Such findings are relevant because they show that the digital financial communication has been studied in terms of investment behavior in Nigeria. Nevertheless, the use of cryptocurrencies is a different scenario from investing in listed equities or in IPOs.

In addition, the international researches provide additional insights regarding financial influencers, trading signals on social media, sentiment of investors, financial literacy, and investment behavior through digital technology. But due to dissimilarities in the institutional frameworks related to the structure of the markets, investors' nature, regulations, and financial information environments, there are limitations to generalize the results of other countries to Nigeria. Thus, the existing literature needs an overall evaluation of the connection between the above-mentioned concepts, but at the same time distinguishing the Nigerian and international experience.

Given this context, the current literature review evaluates how social media activity and digital financial communications impact investor sentiment, how investor sentiment is correlated to retail investor participation, and how social media hype, herding, and FOMO can affect investment choices. The effect of online financial data on shaping investor awareness and perception is also evaluated. The specific focus of the review includes the extent to which the available Nigerian research literature explains investor

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participation in the stock market, including IPOs and other market activities. With the differentiation of market indicators, attitudes, investment intentions, and involvement, the review analyses the strengths and weaknesses of the existing evidence base and highlights areas that need further examination.

III. METHODS

The current study took a systematic literature review strategy based on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) approach (Page et al., 2021). This strategy allowed the researcher to have a structured process for the identification, selection and synthesis of relevant literature with regard to social media activities, investor sentiment, digital financial communication, and retail investor involvement, with a specific emphasis on the Nigerian capital market. The literature search included papers published between January 2021 and November 2026. The searches were carried out in Scopus, Web of Science, and Google Scholar databases. Some other relevant papers were also located through the manual screening of references of the articles selected. Keywords and related expressions, such as social media, social media hype, digital financial communication, online investment information, investor sentiment, investor attention, retail investors, investment decisions, initial public offerings (IPOs), herd behavior, Fear of Missing Out (FOMO), and Nigerian capital market, were used for the search. Various combinations of these terms were used to locate papers on the main notions and their relationships. The search was restricted to papers in English language.

Studies that met the criteria for selection in this paper were those which discussed any one or more of the key concepts analyzed in this review paper. The types of eligible publications included peer-reviewed empirical studies on social media use, investor sentiment, digital financial communication, retail investment behavior, or the use of financial markets. Review articles and theoretical pieces which gave an explanation of the concepts in question were also part of the eligible articles. Articles that focused on Nigerian investors, financial markets, and capital market activities made up the main body of evidence. International studies that gave theoretical explanations or empirical comparisons that could be used in understanding the research questions were also included in the analysis. However, the results from other countries were separated from those of Nigeria. Publication of any paper that had nothing to do with the topics of social media, investor sentiment, digital financial communications, retail investments, or participation in financial markets was left out of the discussion. Papers that had no empirical, theoretical, or reviewing content relevant to the discussion at hand were also excluded from the analysis. Specific attention was paid to distinguishing various types of participation in financial markets. For instance, papers that discussed cryptocurrencies were not considered as direct evidence of participation in the Nigerian stock market or IPOs. Papers dealing with market level phenomena such as stock prices and volatilities were also kept distinct from those on investors' behavior.

The selection of records included the deletion of duplicates followed by screening of titles and abstracts using the set criteria. Publications deemed relevant in terms of the criteria were then subjected to further screening for compliance with inclusion criteria. The screening process was carried out by one reviewer only. This ensured that the screening process for the review was uniform but it may also have increased the chances of selection bias. The justification for exclusion of articles after full text screening was clearly stated. The search and selection of articles were presented in a PRISMA flow diagram indicating the number of articles identified, duplicates excluded, articles screened, full-text articles assessed and finally selected articles included in the review. The data were extracted based on a template that focused on various aspects including author, year of publication, geographic setting, purpose of research, methodology used, sample/purpose of study, significant variables, major results obtained, and limitations of the research. The data were classified in accordance with the purpose of the research in order to compare various publications selected for review. Special emphasis was placed on the connection between social media and investors' sentiments, the connection between investors' sentiments and retail investors' participation, impact of social media hype, and impact of herd behavior/FOMO and digital finance communications on investors' perceptions and awareness.

The findings were synthesized through a narrative process with the focus on points of agreement, divergence in findings, geographic variations, methodology used, and the gaps that exist in the existing literature. Findings from Nigeria were analyzed separately from international findings to prevent an analysis of other markets and the generalization of findings to the Nigerian case. In addition, the analysis distinguished among social media exposure, investor attention, investor sentiment, investment awareness, behavioral intention, participation in retail investment activities, and stock market indicators. The reason for the differentiation was that even if there is more attention or more stock market activity on social media, it may not necessarily mean that the retail investors have taken part in equity investments or subscription in IPOs.

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IV. RESULTS AND DISCUSSIONS

Characteristics of the Included Studies

A total of 232 documents were identified, which consisted of 214 academic articles and 18 regulatory reports. After conducting the screening and selection process, a total of 46 sources were selected for the full-text assessment, while 19 articles were eventually included in the synthesis. Seven sources among those included were stated to be about the Nigerian context, while twelve sources explored other geographical contexts. The Nigerian sources provided the basis for evaluating the relationship between social media, investor sentiment, and retail investor participation in Nigeria's capital markets.

Several relevant but different topics were covered by the included literature. These included social media usage and stock market behavior, financial influencers, digital investments, investors' sentiments, financial literacy, behavioral biases, and retail investors' decisions. In addition, the included articles varied in terms of their research design and unit of analysis, ranging from market-level phenomena, such as volume of trades, stock returns, and volatility, to individual investors' perceptions, attitude, and investment behavior. Review and conceptual articles provided general explanations for the studied phenomenon.

Table 1 presents the characteristics of the studies identified in the review evidence. The table differentiates between studies on Nigeria and international literature and highlights the key area of research and methodology used in each study. If the location, methodology, or findings of a study could not be determined from the bibliographic information, this was noted and not assumed.

Table 1: Characteristics of Studies Considered in the Review

Author(s) and year	Geographical context	Research focus	Methodology or evidence base
Shuaibu (2025)	Nigeria	Social media sentiment, online activity, and stock market volatility	Secondary market data and sentiment measures
Yahaya (2026b)	Nigeria	Investor sentiment and stock returns of listed firms	Panel data analysis reported in the related study; publication eligibility requires verification
Irhebhude et al. (2026)	Nigeria	Social media exposure, FOMO, digital trust, and cryptocurrency adoption	Mixed-methods research; cryptocurrency adoption rather than equity participation
Dananjaya et al. (2025)	Indonesia	Social media-based retail investor activity and sentiment in relation to small-cap stock behaviour	Survey of retail investors and regression analysis
Gerritsen and de Regt (2025)	Netherlands and United States	Financial influencers' investment recommendations	Analysis of investment recommendations from social media influencers
Haase et al. (2025a)	International cryptocurrency market	Social media trading signals and cryptocurrency markets	Analysis of social media signals and market information
Haase et al. (2025b)	International	Finfluencers, crowd sentiment, and financial market communication	Social media data and quantitative time-series analysis
Bhatia et al. (2026)	India	Investor responses to financial advice on social media	Survey-based research and investor classification
Hasan and Kumari (2026)	India	Financial influencers and registered investment advisers	Conceptual analysis of existing literature and regulatory materials
He et al. (2025)	International	Technology-enabled innovation and retail investors	Systematic literature review
Hoque et al. (2026)	Bangladesh	Financial information sources, financial literacy, and risky investment choices	Survey-based empirical research
Kumar et al. (2023)	Country requires confirmation	Digital financial literacy, financial capability, and investment decisions	Survey-based research using structural equation modelling
Mureed et al. (2026)	Pakistan-related research context; study setting requires confirmation	Financial influencers, trustworthiness, and financial well-being	Survey-based research and structural equation modelling
Otinga et al. (2024)	International literature; geographical coverage requires confirmation	Stock market participation	Systematic review and bibliometric analysis
Santosa et al. (2026)	International literature; geographical coverage requires confirmation	Digital investment platforms and participation in financial markets	Systematic literature review

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Sembel et al. (2024)	Indonesia	Mobile investment platforms, financial influencers, and stock investment behaviour	Survey of stock investors and PLS-SEM
Xiang (2026)	China	Financial media use, information motivations, and investor behaviour	Online survey
Das and Panja (2024)	Country requires confirmation	Behavioural biases and investment decisions	Cross-sectional survey using PLS-SEM and artificial neural network analysis
Zülch et al. (2026)	Germany	Quality and credibility of financial influencers	Exploratory mixed-methods research involving interviews and influencer case studies

Source: Authors' synthesis of the reviewed literature.
Note: This is a list of characteristics for the working studies. It is important to verify the geographical context, publication status, and whether these studies have been confirmed based on the original publication before considering the table the final one containing 19 studies. Another record that is related to Yahaya (2026b), along with the bibliographical details of the study from Nigeria on cryptocurrencies, will also need verification.

Methodological distribution of literature shows the use of varied research methods in order to explore the interaction between digital investment communication and investors' behavior. Most quantitative studies use surveys to explore investor perceptions, financial literacy, trust, and behavioral patterns. Other researchers use secondary market and social media data to examine interactions between online behavior, sentiments, trading volume, stock returns, and volatility. Finally, systematic reviews and conceptual papers explain how the concept of digital investment communication develops and how it influences retail investors.

This difference in methods is essential. While secondary market data show trends in aggregated market behavior, they cannot explain the actions of individual investors. Information collected from surveys reflects opinions and attitudes of investors, and not their real investment behavior. Therefore, these kinds of data cannot be considered the same in evaluating retail participation.

Geographical and Methodological Distribution of the Evidence

The geographic location of the literature under review highlights the need to distinguish between the Nigerian literature and literature that is produced in other markets. The Nigerian literature offers the most relevant source of information for investigating the capital market of Nigeria, whereas international literature provides comparative information about financial influencers, social media, investor sentiment, financial literacy, and digital investing behavior. The international literature includes geographic locations such as Indonesia, India, Bangladesh, China, Germany, the Netherlands, and others. Therefore, the geographic location of the literature cannot be identified to be concentrated in Turkey, India, and China only.

There is valuable insight in the international literature as to how digital financial communication might affect investment behavior. Nevertheless, differences in market organization, regulation, investor traits, digital technology, and investment opportunity sets prevent direct application of the insights from the international research to the case of Nigeria. Thus, international studies can be used in explaining possible associations and behavioral links, but not in determining actual behavior of retail investors in Nigeria.
The distribution of methodology used in the reviewed studies indicates that there are differences in dependent variables examined. Secondary market studies usually deal with aggregated measures, such as stock returns, trading volume, market volatility, and sentiment. Individual-oriented survey studies concentrate on such concepts as trust in financial communication, investment consciousness, financial literacy, and investment decisions.

One notable limitation in the Nigerian literature lies in the measurement of actual retail participation. Evidence on the behavior of investors in the secondary market may not provide any information on the effect of social media on individual investors' decisions. Likewise, survey evidence on the intention of investment may not be interpreted as a measure of investment done. This is especially applicable in IPOs, where participation includes subscription decisions made by individuals as opposed to interests in the issue. The lack of direct evidence linking social media sentiment measures to subscription in IPOs in the analyzed Nigerian literature presents another limitation.

PRISMA Study Selection Summary

According to the study, there was an initial number of 232 sources, which consisted of 214 academic papers and 18 regulatory reports. After the screening and eligibility stages, 46 sources were taken for full-text analysis, from which 19 papers remained after the synthesis stage. The discrepancy between 46 full-text sources that were analyzed and 19 papers included shows that 27 sources were excluded at the end.

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Table 2 summarises the available study-selection figures. The information being provided currently does not include the number of duplicates that were deleted, the number of records that were discarded at title and abstract screening stages, or the reasons for full-text exclusion. It is necessary to retrieve these numbers from the original screening database in order to construct the PRISMA diagram.

Table 2: Summary of the Study Selection Process

Selection stage	Number of records
Academic articles identified	214
Regulatory reports identified	18
Total records identified	232
Duplicate records removed	Not reported
Records screened by title and abstract	Not reported
Records excluded at title and abstract stage	Not reported
Full-text publications assessed	46
Full-text publications excluded	27
Studies retained for final synthesis	19

Source: Authors' review records.

Note: The number of full-text exclusions is calculated as 46 minus 19. The remaining selection figures were not provided in the available review records and should not be estimated.

The PRISMA flow diagram should accompany Table 2 and illustrate the identification, screening, eligibility, and inclusion stages. The diagram must use the exact counts from the original search and screening records. The reasons for excluding the 27 full-text publications should also be reported, where available, to make the selection process transparent and reproducible.

Social Media, Investor Sentiment, and Retail Investor Participation

This literature review explores various angles regarding the link between digital communication, investor sentiment, and investing behavior. The international literature provides data about how online discussions, social media activity, and investment advice can influence market activity and individual investor decisions. The Nigerian literature offers data about investor sentiment and market results, specifically through the use of secondary market measures and surveys. Nevertheless, there is currently no sufficient data that links social media activity and investor sentiment to retail participation in primary and secondary market activities.

Shuaibu (2025) provides Nigerian evidence on the relationship between social media activity, sentiment, and stock market volatility. The study distinguishes between aggregate net sentiment, social media volume, and sentiment dispersion. Its reported findings indicate that aggregate net sentiment was not statistically significant, whereas social media volume and sentiment dispersion were significant predictors of conditional volatility. This distinction is important because it suggests that the amount and variation of online discussion may contain different information from the overall positive or negative direction of sentiment. However, evidence of an association with market volatility does not establish that individual retail investors changed their investment decisions because of social media exposure.

Dananjaya et al. (2025) provide international evidence from Indonesia by examining social media-based retail investor activity and sentiment in relation to small-cap stock behaviour. Their findings indicate positive relationships between investor activity and sentiment and market outcomes such as trading volume and price volatility. Although the study offers insight into the possible relationship between online investor communication and market behaviour, its geographical and market context differs from Nigeria. Its findings should therefore be interpreted as comparative evidence rather than direct confirmation of the behaviour of Nigerian retail investors.

The wider literature also indicates that social media can influence the information environment in which investors make decisions. He et al. (2025), through a systematic review of technology-enabled innovation and retail investment, provide a broader basis for understanding how technological developments are changing the relationship between investors and financial information. Haase et al. (2025a, 2025b) further examine the relationship between social media information, trading signals, finfluencers, and market sentiment. These studies demonstrate the growing relevance of digital communication in financial markets, although their specific research settings and outcomes should be distinguished from individual participation in Nigerian equities.

One notable difference that arises from the literature review process is the measure used in the evaluation of participation by investors. Market-based measures such as volume of trading, returns and volatility may show changes in the level of market activity but not individual retail investments. Survey results, on the other hand, only show perceptions and behaviour of the respondents but may not show completed transactions. It can thus be established through a study that there is a relationship between social media activities and market performance but not that there was a resultant effect of social media use by individuals to make subscriptions or buy stocks.

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This is especially true in regard to IPOs where although interest in the IPOs, good comments by social media users and favorable investor sentiment increases awareness of the offerings, subscription does not necessarily take place. Other factors affecting subscription include availability of finances, the eligibility criteria, ease of accessing subscriptions, risk perception and terms of the IPO. Evidence available for Nigeria therefore provides a foundation for examining the relationship between digital communication and investment behavior.

Behavioural Influences and Evidence Gaps

The body of research from international literature gives theoretical and comparative understanding of behavioral mechanisms that might explain how social media impacts the investment process. The behavioral mechanisms include the herd behavior, investor attention, emotional behavior, and opinion influence. Social media can increase the visibility of the opinions about investment, and thereby increase the probability of considering the behavior and recommendations of other people while making investment decisions. Yet, the presence of behavioral mechanisms described in international literature does not prove that they work the same way for retail investors of Nigeria.

The research of Gerritsen and de Regt (2025) about financial influencers is an important aspect to understand how social media impacts investment decision-making process through online recommendations. Financial influencers are able to manipulate the environment through communication of investment opinions. The recommendations of financial influencers impact how the audience perceives certain securities or investments. Yet, the connection between financial influencers' recommendations and investment decision must be studied in depth. The subscription to an influencer or consumption of financial content do not automatically mean that individual accepts recommendation and makes the investment.

Bhatia et al. (2026) have also noted disparities in the responses of users of social media platforms in relation to advice and guidance in finance, such as impulsivity, trust and verification behaviour. This means that there is no certainty that all investors interpret online financial information in the same manner. Investor characteristics are therefore important considerations in determining whether being exposed to social media results in increased awareness, altered sentiments or investment decision-making. This is pertinent in Nigeria, since the impact of online financial communications will depend on investors' financial education, experience, trust in information sources and evaluation of investment claims.

Herd behaviour and FOMO also need to be conceptually distinguished. Herd behaviour entails the actions and sentiments of investors who align themselves with what other investors seem to be doing and saying, even without making independent evaluations of available information. FOMO is defined as the concern about missing out on an opportunity that could benefit oneself, which could lead to hasty investment decisions. Social media hype can make such practices more prevalent through heightened attention drawn towards investments, recommendation and enthusiasm expressed. Yet, social media hype, herd behaviour and FOMO are different yet interrelated concepts.

Similarly, the body of work on financial influencers and digital investment platforms also poses questions regarding the reliability and quality of financial information available online. Sembel et al. (2024) analyze the variables affecting the adoption of mobile investing platforms, among which are financial influencer effect, risk and benefits, security, financial literacy, and electronic reputation. These results contribute to understanding the factors that determine the adoption and recommendation of digital investment platforms. Yet, adoption and intention to recommend a platform do not equal engagement in a particular security offer. Thus, these results can be applied in explaining IPO subscription behavior only to some extent.

The relation between financial influencers and registered investment advisors is analyzed by Hasan and Kumari (2026). These scholars highlight different means of obtaining information about finance by investors. In addition to social media recommendations, investors can use professional recommendations as well as personal recommendations and traditional information sources on finance. It becomes hard to say whether the investor made the decision based on information from social media alone, since one needs to investigate different information sources used by the investor. The research of Nigerian retail investors should therefore cover not only the presence of information obtained by investors via social media but also its significance for their investment decisions.

The regulatory aspect makes the relationship between digital finance communications and retail investor engagement even more complicated. Digital financial information is created in the institutional and regulatory contexts that shape the process of information disclosure, investors' protection, and credibility of financial promotion. Growing prominence of financial influencers leads to the problem of distinguishing financial education, personal views on investments, and financial promotion. In regard to Nigeria, it provides grounds for exploring the role of the Securities and Exchange Commission in regulating investment communications and protecting retail investors. However, the reviewed literature should not be taken as evidence of the direct link between the existing regulatory deficiencies and investor engagement patterns in Nigeria.

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Financial literacy is another variable which could affect how the investors perceive digital financial communication. Hoque et al. (2026), based on evidence from Bangladesh, explore the effect of financial information sources, financial literacy, and investment decisions. This serves as a basis of comparison in order to determine if financial literacy plays a part in the interpretation of investment information by investors. Similarly, Kumar et al. (2023) investigate the effect of digital financial literacy and personal investment characteristics. However, the understanding and evaluation of financial information is another aspect which should be considered in studying digital investments behavior of the investors. On the other hand, findings from other countries cannot determine the effect of financial literacy in Nigeria.

The methodological features of the reviewed literature also impact the validity of the conclusions that can be made from the results. Cross-sectional studies and self-reporting measurements contribute valuable insights into how investors perceive, feel, and behave. However, they cannot necessarily show if the exposure to social media is what triggers changes in the investor sentiments or involvement in investments. The results of such investigations can be additionally influenced by the ability of the respondents to remember how often they were exposed to certain financial material and the reasons behind the decisions made. Secondary market data serve as another type of evidence but still do not reveal the investors or their motives.

These considerations justify the necessity to conduct research that combines individual-level information with evidence of investment activities. Longitudinal studies will show how the exposure to financial content, investor sentiments, and investor participation evolve over time. With necessary data availability, platform data and transaction data can additionally be used as an evidence of involvement in investment. This way, it will be easier to tell investors who merely experience the exposure to financial content on-line and those who make decisions because of the exposure.

When taken together, the literature examined above seems to show that social media buzz, investor sentiment, and participation of retail investors are different but related fields of study. While digital exposure can increase access to financial information and views about investment, individual attributes and behaviour patterns can affect how such information is understood. At the same time, participation can be influenced by financial capability, investment availability, perception of risk, and other factors. It is important to note that a positive sentiment indicator or high degree of online activity does not necessarily mean increased investment participation.
The main contextual gap involves the limited empirical support for the link between social media exposure/investor sentiment and actual retail participation in the Nigerian equities market, especially initial public offerings (IPO). This area has been explored by several studies conducted within Nigeria, addressing such questions as the link between social media sentiment and stock market volatility, investor sentiment and stock returns, as well as digital communication and cryptocurrency adoption. Although these studies are relevant in the wider context of the study of the link between digital communication and financial behavior, cryptocurrency adoption is not identical to participating in the equities market, and market-level measures may not reflect individual investment choices. Thus, the empirical literature leaves an unanswered question about how and to what extent social media hype and investor sentiment affect Nigerian retail participation in equity market activities.

Future studies can help fill this gap through improved and standardized measures of social media exposure, investor sentiment, and real retail participation. Studies need to clearly differentiate between general social media usage and social media exposure to information related to investing while separately measuring investor attention, sentiment, herding, FOMO, intention to invest, and actual investment activities. Research involving IPOs can help analyze whether online publicity about the finance industry and investor sentiment have any impact on subscription to an IPO while considering factors like financial literacy, investor attributes, risk perception, and availability of investment opportunities.

V. CONCLUSION

This systematic literature review focused on the association between social media hype, investor sentiment, and participation of retail investors in the Nigerian stock market. As seen from the literature reviewed here, digital media channels have become an important way for investors to get financial information, exchange opinions about market dynamics, and discover opportunities for investments. But this connection between digital communication and investment involvement is not unambiguous. Social media channels might help investors get more investment-related information and learn about market opportunities, but the information disseminated through social media can also influence investors through herd behavior, speculation, FOMO, etc. The effect of these mechanisms on investment decisions is conditional upon the reliability of information and investor characteristics.

The review also underscores the role of the investor sentiment in relation to understanding the investment practices of the retail investors. Online forums, financial advice, and views about the market may serve as signals regarding the expectations of the investors and their attitude towards the investment opportunities. However, it should be noted that increased attention on the online platforms and investor sentiment are not the signs of good decision making and real investment practice. In particular, as shown by Das and Panja (2024) in their study of behavioral biases and investment decisions, the issues like overconfidence, overreaction, underreaction, and self-attribution may impact the evaluation of investment opportunities.

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One of the key results of the review is the limitation of the current literature from Nigeria. While it is true that the literature from Nigeria does shed some light on investor sentiment, stock market activity and other digital finance activities, there is not enough information that would conclusively show how social media exposure and investor sentiment led to participation of retail investors in the Nigerian stock market. It is especially important to distinguish between market-level proxies and personal investment decisions. Trading volume, stock returns, volatility are all market-level measures and reveal nothing about what influenced a particular investor to buy stocks or subscribe to an IPO.

The review also shows the necessity of differentiating between empirical evidence from Nigeria and findings derived elsewhere in the market. International research gives valuable theoretical and comparative insights into the drivers of finance, online communication of investors, financial literacy, and behaviour in response to financial information. Yet market structure differences, access to digital technologies, investor specifics, financial literacy level and regulation make the applicability of these findings to Nigeria rather limited. Hence, the mechanisms of investors' behaviour found abroad need to be examined in more detail in the context of Nigerian capital market.

This is especially true for retail participation in IPOs. Investment in listed instruments differs from subscription in IPOs. The results of the research on secondary market transactions and general investors' behaviour cannot by themselves give an answer to the question of how investors react to online publicity in the process of making decision about subscribing for shares. Hence, the future research should distinguish between primary and secondary market investors. If possible, the use of data on actual transactions/subscriptions along with information about social media presence and sentiment would help to confirm the link between communication and investment decisions.

It is clear from this literature review that more context-specific empirical research is needed in order to examine social media exposure, investor sentiment, behavioral tendencies, and retail participation, all of which can be said to be interrelated but different aspects of investment behavior. This research needs to focus on finding better ways of measuring exposure to investment-related content, differentiate between sentiment and other types of activity on the internet, and analyze the importance of herd mentality, FOMO, financial literacy, and the credibility of information.

In sum, a better understanding of these connections would help enhance knowledge about retail investor behavior and the use of this knowledge to enhance investor education, digital financial communication, and regulatory oversight. Most importantly, research into the connection between social media exposure, investor sentiment, and retail participation in Nigerian equities through IPO subscriptions would fill an important gap in the current literature.

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