

Case of influencer marketing in Banking Industry

Manisha¹, Yashwant Kumar²,

¹*Research Scholar, Institute of Management and Research, Bharati Vidyapeeth (Deemed to be University)*

²*Assistant Professor, Bharati Vidyapeeth (Deemed to be University) Institute of Management and Research, New Delhi.*

Abstract:

The banking industry has experienced a paradigm shift in its marketing strategies, with influencer marketing emerging as a key component for driving brand awareness, customer trust, and engagement. This paper examines the application of influencer marketing in the banking sector, exploring how financial institutions leverage social media influencers to promote products, services, and financial literacy. By analyzing case studies, this research identifies the benefits, challenges, and outcomes of influencer collaborations, including increased customer acquisition and enhanced brand credibility. It also highlights regulatory considerations and best practices to ensure transparency and alignment with industry standards. The findings emphasize the importance of authenticity, relevance, and trust in influencer partnerships, providing actionable insights for banks aiming to navigate this innovative marketing channel effectively.

Keywords: Influencer marketing, banking industry, social media, digital marketing, brand trust, customer engagement, financial literacy, marketing strategy, regulatory compliance, authenticity.

Introduction

The banking industry is experiencing a profound shift in its marketing approaches, catalyzed by the digital revolution and the evolving behaviors of modern consumers (Smith & Taylor, 2020). The rise of digital platforms has fundamentally changed how customers interact with financial institutions, demanding faster, more personalized, and highly engaging experiences (Brown, 2021). As a result, traditional advertising methods, such as print, radio, and television, are increasingly being supplemented or replaced by digital marketing strategies aimed at capturing the attention of a tech-savvy and diverse audience. Among these strategies, influencer marketing has emerged as a particularly effective tool for connecting with a digitally engaged consumer base (Johnson et al., 2019). Influencer marketing involves partnering with individuals who possess a substantial online following and are perceived as credible, relatable, and authoritative within their niche. This strategy has already proven successful in industries

such as fashion, beauty, and technology, where influencers have the power to shape opinions and drive purchasing decisions (Davis & Green, 2020). Recognizing the potential of this approach, financial institutions are now leveraging influencers to promote banking products, services, and even financial literacy initiatives (Williams, 2021). This marks a significant departure from traditional financial advertising, which often relied on formal, institution-centered messaging that lacked relatability for younger audiences.

In the context of banking, influencer marketing offers a unique opportunity to enhance brand awareness, foster trust, and engage potential customers in a more authentic and meaningful way (Lee & Kim, 2021). Financial products and services are inherently intangible and complex, often requiring a high degree of trust and understanding for customers to make informed decisions. Traditional marketing instruments, such as brochures and television commercials, have limited effectiveness in addressing these challenges, particularly when targeting younger generations like Millennials and Gen Z (Ying and Dikcius, 2023). These demographics are more likely to rely on social proof, peer recommendations, and digital media for decision-making, making influencers a valuable bridge between financial institutions and their target audience. The effectiveness of influencer marketing in banking is shaped by several critical factors, including the selection of the right influencer, the relevance of their content to the target audience, and the perceived alignment between the influencer's persona and the brand's values (Chen, 2021). Credibility and authenticity are paramount in this regard, as influencers must establish a sense of trust and relatability with their followers to effectively promote financial products. Research indicates that consumers are more likely to engage with and trust content that feels genuine and aligns with their personal values and needs (Anderson & Parker, 2020). However, while influencer marketing holds immense potential for the banking sector, it also comes with notable challenges. Financial products are often complex, requiring detailed explanations and a high level of consumer confidence before any purchasing decision is made (Johnson et al., 2019). Consequently, the selection of influencers must be strategic, focusing on individuals who not only have significant reach but also possess the ability to communicate financial topics with clarity and authority. Additionally, the regulatory environment surrounding financial marketing adds another layer of complexity. Compliance with guidelines from regulatory bodies, such as the Federal Trade Commission (FTC) and local

financial authorities, necessitates full transparency in influencer partnerships, including clear disclosures of sponsored content (Smith & Taylor, 2020).

Literature Review

The concept of influencer marketing has seen a remarkable transformation over the past two decades, with its early iterations in the 2000s primarily relying on celebrities and public figures to endorse products and services (Williams, 2021). These traditional influencers, often seen on television or in print advertisements, wielded their widespread fame to drive consumer behavior. However, the advent of social media platforms like Instagram, YouTube, and TikTok has democratized the landscape, giving rise to a new generation of influencers who cater to highly specific niches and build strong, trust-based relationships with their audiences (Lee & Kim, 2021). This shift has expanded the scope of influencer marketing, enabling brands to engage with more targeted and engaged audiences, often at a fraction of the cost of traditional celebrity endorsements. Research into influencer marketing has highlighted several critical themes that shape its effectiveness. For example, parasocial interactions—where audiences feel a one-sided emotional connection with influencers—enhance the perceived trust and relatability of influencers, making their endorsements more impactful (Jain et al., 2024; Chen, 2021). Similarly, sponsorship transparency, or the clear disclosure of paid partnerships, has become a cornerstone of ethical influencer marketing, fostering trust between influencers and their followers (Smith & Taylor, 2020). Authenticity and audience engagement also play pivotal roles, with audiences responding more positively to influencers who appear genuine and interact meaningfully with their communities (Johnson et al., 2019). In the banking industry, influencer marketing remains an emerging but rapidly growing phenomenon (Davis & Green, 2020). The intangible and complex nature of financial services has historically made them difficult to market, particularly to younger, digitally savvy audiences who value authenticity and peer recommendations over traditional advertisements (Brown, 2021). This challenge presents an opportunity for banks to leverage influencers as trusted intermediaries who can simplify complex financial concepts and make them accessible to broader audiences (Smith & Taylor, 2020). For example, influencers specializing in personal finance or lifestyle content can create relatable narratives around saving, investing, or budgeting, making financial services more approachable. The importance of authenticity in influencer marketing cannot be overstated. According to Anderson and Parker (2020), consumers are more likely to engage

with influencers who they perceive as relatable and genuine. This insight is particularly relevant in the banking sector, where trust is a fundamental determinant of customer decision-making (Johnson et al., 2019). Influencers who share their personal financial journeys, such as achieving savings goals or overcoming debt, can effectively humanize banking products, fostering deeper emotional connections with their audience. The potential of micro-influencers, individuals with smaller but highly engaged followings has also been highlighted as a key opportunity in influencer marketing. Micro-influencers often have higher engagement rates than their celebrity counterparts, making them more effective in building meaningful connections with niche audiences (Ying and Dikcius, 2023). For banks, collaborating with micro-influencers who have expertise in personal finance or a strong local presence can be particularly valuable for targeting specific demographics or geographic regions.

Further, Artificial intelligence (AI) has become a transformative force in the field of influencer marketing, offering unprecedented opportunities to enhance the effectiveness and efficiency of campaigns, particularly in the banking industry. AI-driven technologies are being used to analyze vast amounts of data, enabling financial institutions to identify the most suitable influencers for their campaigns based on metrics such as audience demographics, engagement rates, sentiment analysis, and alignment with brand values (Jain et al., 2024). These technologies go beyond traditional manual selection methods by using machine learning algorithms to assess an influencer's past performance and predict their potential impact on target audiences. For example, AI tools can analyze millions of social media posts to detect trends, measure brand mentions, and evaluate audience sentiment, providing insights that help banks craft campaigns that resonate with their target demographics.

This is particularly important in the financial sector, where the intangible and complex nature of products like loans, savings accounts, and investment plans necessitates highly personalized and trust-based marketing approaches. Moreover, AI-powered tools facilitate content optimization by analyzing which types of posts generate the highest engagement across various platforms. For instance, natural language processing (NLP) algorithms can evaluate the tone, style, and messaging of an influencer's content to ensure it aligns with a bank's branding and compliance requirements. AI can also assist in creating influencer-generated content that resonates with specific audience segments by suggesting topics, hashtags, and visual elements

likely to attract engagement. In addition, predictive analytics allow banks to estimate the return on investment (ROI) of influencer campaigns before they are launched, helping to allocate budgets more effectively and minimize risks. In terms of compliance and regulatory adherence, AI plays a crucial role in ensuring that influencer marketing in the banking sector meets stringent industry standards. AI-powered monitoring systems can track sponsored content in real-time to ensure that disclosures are present and accurate, reducing the risk of non-compliance with advertising regulations. These systems can also flag potentially misleading or non-compliant statements in influencer-generated content, enabling banks to maintain transparency and trust with their customers. Furthermore, AI aids in detecting and mitigating fraudulent activities, such as influencers inflating their engagement metrics with fake followers or bots, by providing accurate analytics that differentiate genuine interactions from inauthentic ones. Another significant application of AI in influencer marketing is the use of chatbots and conversational AI to enhance post-campaign customer engagement. Influencers often direct their followers to a brand's platform, where AI-powered chatbots can provide personalized assistance, answer customer queries, and guide users through financial products and services. This seamless integration of influencer-driven awareness with AI-enhanced customer support creates a more cohesive and engaging customer journey, ultimately improving conversion rates. AI also facilitates campaign performance tracking and real-time optimization.

By continuously analyzing the performance of an influencer campaign, such as tracking clicks, conversions, and sentiment changes, AI systems can provide actionable insights that allow marketers to tweak ongoing campaigns for better results. This agility is particularly valuable in the fast-paced digital landscape, where consumer preferences and trends can change rapidly. As the banking industry becomes more digitized, the integration of AI into influencer marketing strategies is likely to expand further. Emerging AI technologies, such as generative AI and advanced sentiment analysis, promise to revolutionize how banks conceptualize and execute influencer campaigns. Generative AI could assist influencers in producing high-quality, on-brand content more efficiently, while advanced sentiment analysis could provide deeper insights into customer perceptions and behaviors. In sum, AI is not only enhancing the effectiveness and accountability of influencer marketing in the banking sector but is also helping financial institutions build trust, foster meaningful connections with their audiences,

and achieve measurable business outcomes in an increasingly competitive and digital-first marketplace

However, the success of influencer marketing in the banking industry is closely tied to regulatory compliance. Financial products and services are subject to stringent regulatory standards, necessitating clear and accurate communication in all marketing efforts (Brown, 2021). Organizations like the Federal Trade Commission (FTC) emphasize the importance of transparency in sponsored content, requiring influencers to disclose paid partnerships explicitly (Chen, 2021). For banks, adhering to these guidelines is not just a legal requirement but also a critical component of maintaining credibility and avoiding reputational risks. Moreover, compliance challenges are compounded by the need to balance engaging storytelling with accurate representations of financial products. Influencers must strike a delicate balance between creating content that resonates with their audience and ensuring that it aligns with regulatory guidelines and the bank's brand values (Smith & Taylor, 2020). This necessitates a thorough vetting process to select influencers who can authentically and effectively communicate the bank's messaging while adhering to compliance requirements. While influencer marketing in the banking sector is still in its infancy, it offers significant potential to bridge the gap between financial institutions and a younger, digitally engaged audience. By focusing on authenticity, transparency, and engagement, and by adhering to regulatory standards, banks can leverage influencer marketing to not only promote their products and services but also foster trust and long-term relationships with their customers. The growing body of research and best practices in influencer marketing provides a roadmap for banks to navigate this innovative marketing approach successfully.

Analysis

The analysis of Steelo Brite's experience with the implementation of the Goods and Services Tax (GST) and the adoption of advanced technologies highlights a transformative journey of adaptation and growth. The initial phase of GST implementation presented significant challenges for the company, particularly in transitioning to the new compliance systems and digital tax filing processes mandated by the reformed tax regime. This shift required a considerable overhaul of existing accounting practices, necessitating the adoption of

new software, training of personnel, and realignment of workflows. The process was not without friction, as Steelo Brite, like many small and medium enterprises (SMEs), faced difficulties in understanding and meeting the intricate compliance requirements. Frequent changes in GST rules during its early stages added to the confusion, resulting in errors and delays in filing returns, which impacted the company's operational flow and financial stability.

Despite these hurdles, the long-term benefits of GST began to materialize as the company adjusted to the new system. One of the most significant advantages was the simplification of interstate logistics. Before GST, the movement of goods across state borders was cumbersome due to multiple state-level taxes and complex clearance procedures. The unified tax structure under GST eliminated these inefficiencies, allowing for the seamless movement of goods across states. This reduction in logistical complexity resulted in lower transportation costs, shorter delivery times, and a more streamlined supply chain. The improved efficiency in logistics not only reduced operational overheads but also enhanced customer satisfaction by ensuring timely deliveries, a crucial factor in maintaining competitive advantage in the market. In addition to the operational benefits brought by GST, Steelo Brite leveraged technological integration to address and mitigate many of the challenges posed by the new tax regime. The adoption of advanced digital tools, such as Enterprise Resource Planning (ERP) software, proved instrumental in automating various administrative and operational tasks. The ERP system enabled the company to manage its inventory, track sales, and handle tax compliance processes more effectively. By centralizing data and providing real-time insights into operations, the software reduced errors, improved decision-making, and ensured greater compliance accuracy.

The integration of Internet of Things (IoT)-enabled machinery marked a significant step in modernizing Steelo Brite's production processes. IoT devices allowed for real-time monitoring of manufacturing activities, ensuring that inefficiencies or issues could be identified and addressed promptly. For example, predictive maintenance systems connected to IoT sensors alerted the company to potential equipment malfunctions before they caused significant disruptions. This proactive approach minimized downtime, reduced maintenance costs, and ensured consistent production quality. The combined impact of ERP and IoT technologies extended beyond operational efficiency to include improvements in product quality.

Automated quality control systems, powered by data analytics and IoT devices, ensured that defects were detected early in the production cycle, reducing waste and rework. This capability not only enhanced the reliability of Steelo Brite's products but also reinforced its reputation for delivering high-quality stainless steel goods, which is critical in a competitive market. The analysis also revealed that the dual impact of GST and technological integration significantly boosted Steelo Brite's market competitiveness. By streamlining operations and reducing costs, the company was able to offer competitive pricing while maintaining superior product quality. This pricing advantage allowed Steelo Brite to attract a broader customer base, including cost-sensitive buyers who prioritized value without compromising on quality. The operational efficiencies gained from technology adoption enabled the company to respond swiftly to market demands, further strengthening its competitive position. Another critical area of growth for Steelo Brite was its expansion into new markets through the adoption of e-commerce platforms. Recognizing the shift in consumer behavior toward online purchasing, the company invested in digital sales channels to complement its traditional distribution networks. The adoption of e-commerce platforms provided Steelo Brite with direct access to customers across different regions, bypassing intermediaries and reducing distribution costs. This digital transformation not only increased the company's revenue streams but also allowed it to gather valuable customer insights, enabling it to tailor its offerings to meet specific market demands.

The broader implications of these changes extended to product diversification and innovation. With streamlined operations and improved financial stability, Steelo Brite was able to explore new product lines tailored to niche markets, such as custom stainless steel products for the construction and kitchenware industries. This diversification strategy, supported by the efficiencies gained through GST and technological integration, positioned the company to capitalize on emerging opportunities and mitigate risks associated with reliance on a single product category. Moreover, the company's ability to adapt to the dual challenges of GST and technological transformation highlights the importance of resilience and innovation in navigating systemic changes. The case of Steelo Brite demonstrates that, while macroeconomic reforms and technological advancements can initially disrupt business operations, they also create opportunities for growth and competitiveness when strategically leveraged. By embracing digital tools and aligning its operations with the demands of the GST regime, Steelo Brite transformed itself into a more agile, efficient, and customer-centric organization. The

analysis underscores the critical role of adaptability in navigating the challenges and opportunities presented by GST implementation and technological integration. For Steelo Brite, the initial difficulties posed by compliance requirements and operational disruptions were effectively mitigated through strategic investments in technology and process optimization. Over time, these changes not only resolved immediate challenges but also paved the way for sustained growth and competitiveness in an increasingly dynamic market environment. The company's journey offers valuable lessons for other SMEs striving to thrive in the face of systemic changes and technological disruptions

Conclusion

The study concludes that the implementation of GST and the integration of advanced technologies have had a transformative impact on Steelo Brite. While GST initially presented compliance challenges, it ultimately simplified tax processes and improved logistical efficiency. Concurrently, technological adoption enabled the company to enhance productivity, reduce costs, and achieve better market positioning. The findings underscore the importance of adaptability and innovation for SMEs in navigating macroeconomic changes and leveraging technological advancements. Steelo Brite's experience highlights the potential for small-scale manufacturers to thrive in a dynamic economic environment through strategic alignment with policy reforms and technology-driven solutions.

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