



CFA Institute
Research &
Policy Center

The Finfluencer Appeal: Investing in the age of social media

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Background: Gen-Z and Finfluencers

IMPACT

Finfluencers impact the behaviour of Gen-Z investors



37% of Gen-Z investors in the United States, 30% in Canada, 38% in the UK, and 51% in China cite social media Influencers as a **major factor in their decision to start investing** (CFA Institute and FINRA, 2023).

TRUST

Younger investors are more likely to trust information on social media



Investors **under the age of 34** are the **most likely group to say they trust social media** as a source of investment information (CFA Institute, 2022).

RISK

Gen-Z may be more predisposed to harm associated with online investment content



Gen-Z have a greater **appetite for risk** and display **low levels of financial literacy** (CFA Institute and FINRA, 2023).

Research Questions and Methodology

Research Questions

1. How well do existing policy frameworks account for influencer activities?



2. What are the key characteristics of finfluencer content?



3. Why and how are Gen-Z investors engaging with influencer content?



Research Method

Review of regulations and social media platform policies

Content review of influencer content on YouTube, TikTok, Instagram, across US, UK, France, Germany, Netherlands

Focus group interviews with Gen-Z investors (median of 7) in each market

Methodology: Definitions Used for Content Categorisation

Category	Description
Guidance	<p>Content in which a finfluencer does not recommend a specific course of action, such as what to buy. It may provide information that helps the user weigh different options.</p> <p>Guidance includes general information about different types of investments or contains general principles to consider before investing. For example, guidance may explain how investing in an index fund works but will not recommend that the user invest in an index fund.</p>
Promotion	<p>Content in which a finfluencer is paid to advertise an investment product or platform and/or to provide links to a promotional offer that the finfluencer stands to benefit from financially.</p> <p>Personalised affiliate links are an indication that the creator is benefiting financially from the sharing of a promotional offer. Affiliate links may also be included in the caption or comments with a message, such as “For a free share, sign up to XYZTrade using this link.” The link will include a personalised web address that is likely to refer to the creator.</p>
Recommendation	<p>Content that recommends a specific course of action in relation to a specific investment or provider of an investment product or service.</p> <p>For example, a piece of content that recommends buying or selling a financial product, such as an ETF.</p>

Results



Why Finfluencers Appeal to Gen-Z (Focus Groups)

Informative explanations of foundational investing concepts.

*"I watch finfluencers on YouTube to get an understanding of the basics. . . .That also helped quite a bit for me in the beginning."
(18-year-old female investor in the Netherlands)*

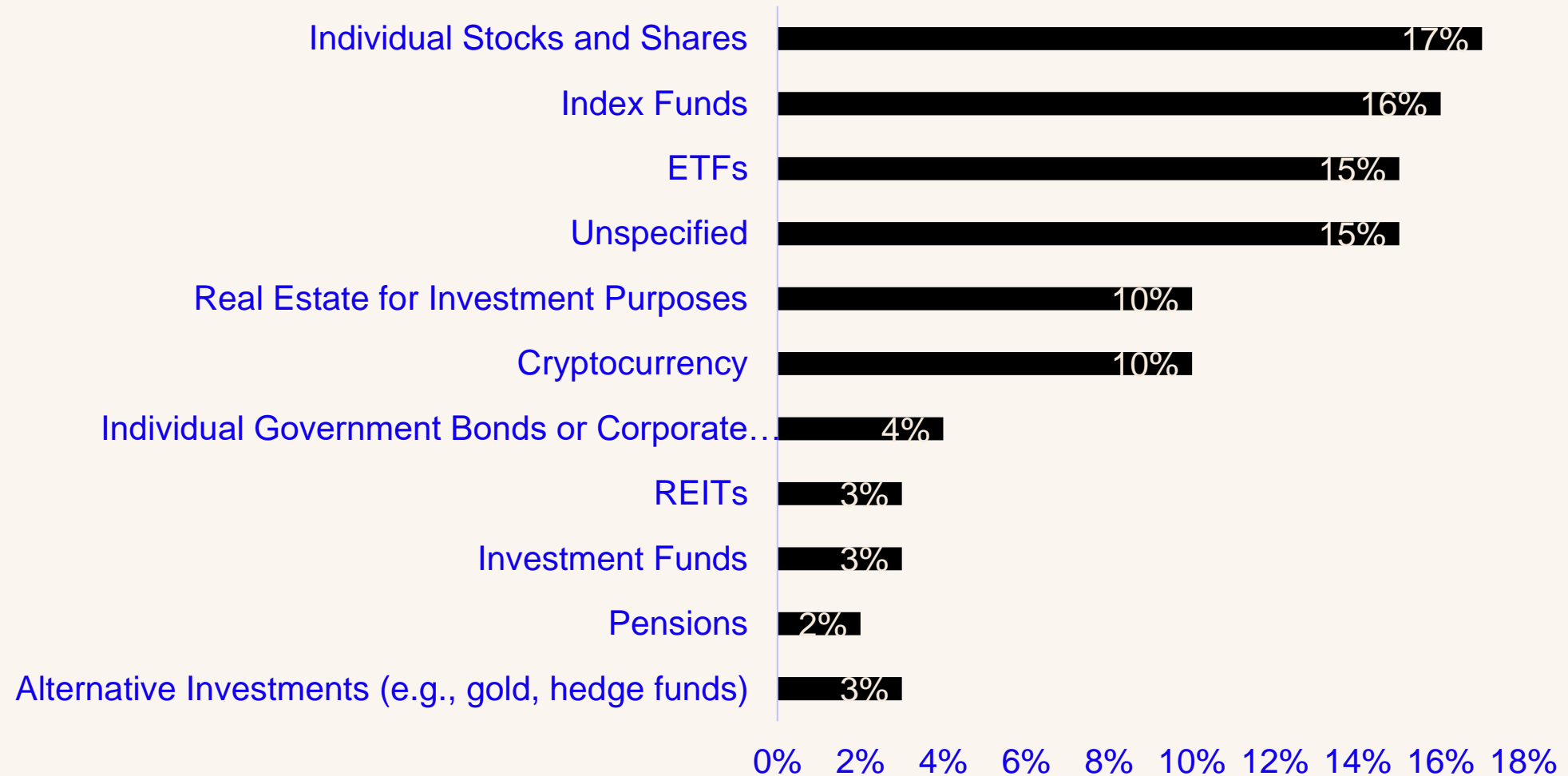
Engaging content. Finfluencers were seen to incorporate GIFs, memes animation and even humour into information provided.

*"I follow Finanz Kroko and Finanz Raketen. I follow a lot of finfluencers. They often work with diagrams, which I find very appealing. They try to explain complex topics through pictures."
(25-year-old male investor in Germany)*

Relatability, comfort and preference with digital engagement.

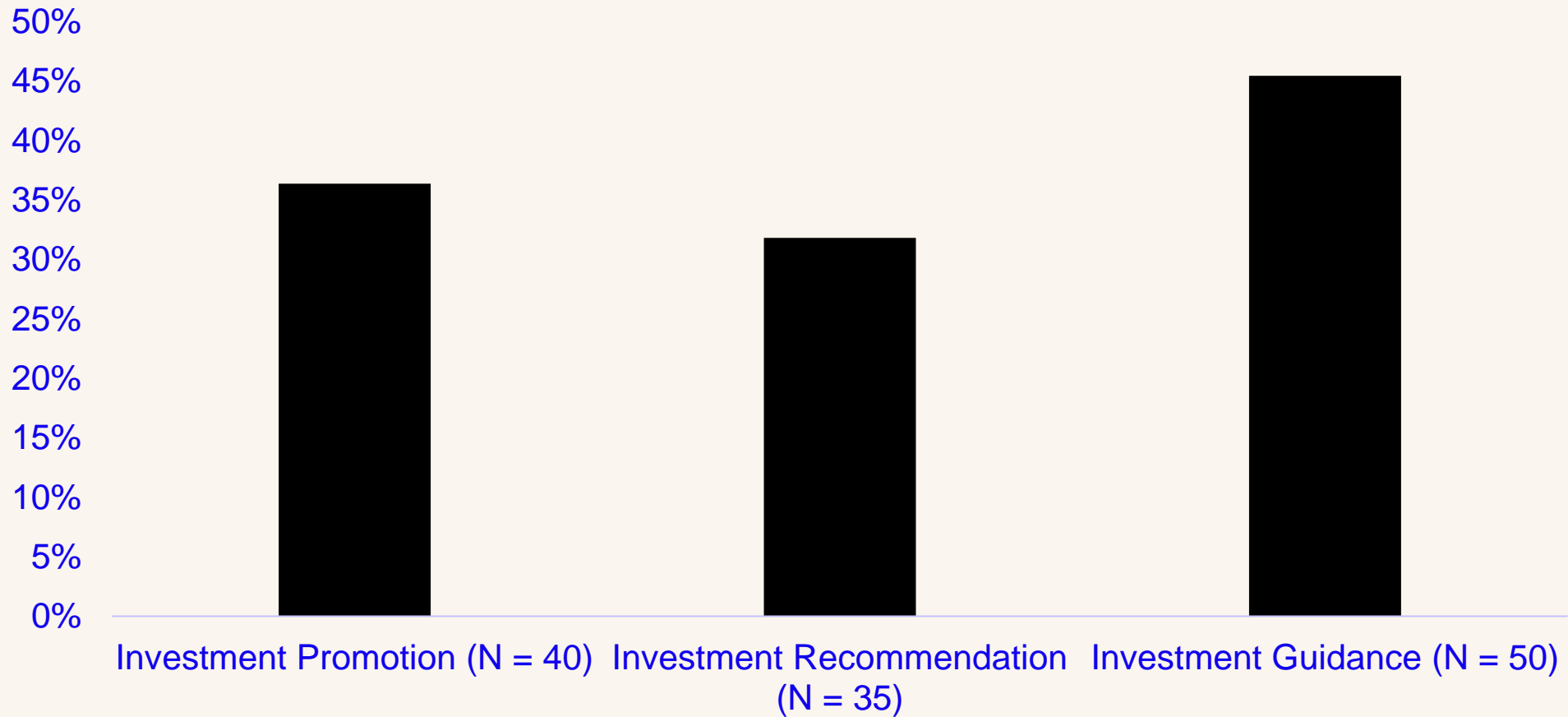
*"I tend to be sceptical when it comes to advisers at banks, more so than people online, whom I consider trustworthy."
(23-year-old male investor in Germany)*

The Most Commonly Mentioned Investments in Finfluencer Content (N = 110)



Note: The content categorisation survey question was, “What type of investments does the content creator discuss? Please select all that apply.” “Unspecified” refers to content where the concept of investing, rather than a specific asset class, is referred to.

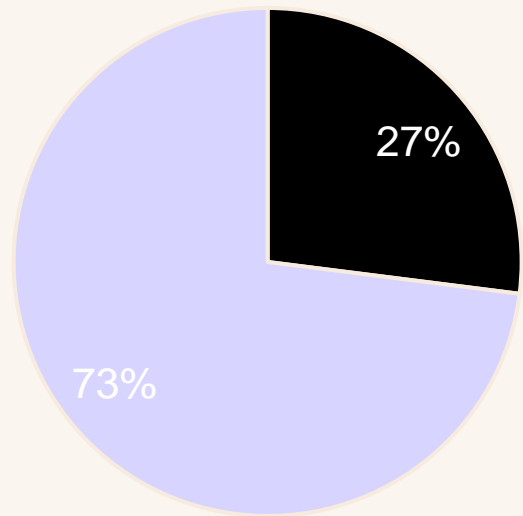
Types of Content Produced by Finfluencers



Note: The content categorisation survey question was, “What terms best describe the content viewed? (Select all that apply).” Investment guidance is an exclusive category. Investment promotions and recommendations could be selected together. Therefore, figures do not add up to 100.

Affiliate Links and Disclosures

Proportion of Content Sampled Containing Affiliate Links (N=110)



- Contains an Affiliate Link
- Does Not Contain an Affiliate Link

YouTube Advertising Disclosure Tool

Paid promotion

If you accepted anything of value from a third party to make your video, you must let us know. We'll show viewers a message that tells them your video contains paid promotion.

My video contains paid promotion like a product placement, sponsorship, or endorsement

By selecting this box, you confirm that the paid promotion follows our ad policies and any applicable laws and regulations. [Learn more](#)

Nature and Extent of Disclosures

- The prevalence of disclosures was low: <50% of promotions contained a disclosure, and <25% of recommendations contained a disclosure.
- This is concerning given the ease with which these platforms enable content creators to include disclosures, as illustrated below.
- The most common disclosures were that a influencer “was not a professional financial adviser,” followed by disclosures that “some of the content may contain affiliate links.”

Examples of good practice seen in Finfluencer content

Some Finfluencers were observed to provide important messages to safeguard consumers.

“You should only invest once you have paid off any high interest debts and have built an emergency fund... Always do your own research before investing into anything.”

Finfluencers highlighted the importance of making informed financial decisions

“Educate yourself on investing first...research before investing into anything to understand what you’re getting yourself into...Take your time to think before purchasing an investment because once you’ve bought it, it’s too late.”

Engaging content. Finfluencers were seen to incorporate animation and visuals to explain key concepts.



Examples of poor practice seen in Finfluencer content

Improperly disclosed conflicts of interest.

“If you have 50k, buy a rundown property for £100k ... get a bridging loan if you don't have cash. ...I have my own bridging loan company.”

– Finfluencer content on real estate investing

Recommending potentially harmful practices in investment content.

“Within the space of a month, you could easily turn £100 to £500 using match betting, maybe even £1000 if you really went for it. And all that is, is placing bets above outcomes on a race, football game and tennis matches and collecting as many bonuses as possible... you don't need to know anything about sports.”

– Finfluencer content on the best way to invest £100

Framing investing as a way to ‘get rich quick’ and downplaying risks.

“\$100,000 in SCHD should be your goal... This one will change your life if you do exactly what I say and follow these steps. You'll be able to build the life you always dreamed of and quit that 9-5 and do what you actually want to do.”

- Finfluencer content on investing in Schwab US Dividend Equity ETF (SCHD)

Key Recommendations

1. **Social media platforms** should enhance procedures and controls to ensure influencers are making adequate disclosures when promoting products. This could make use of AI.
2. **Firms** should provide Finfluencers with compliance training covering the importance of adequate disclosures, review Finfluencer content before and after it is posted to ensure the content has not changed and keep record of all social media posts in which a Finfluencer is used.
3. **Regulators** should record data on complaints and whistleblowing activities received regarding Finfluencers, including the platforms involved (if not already doing so). This data should then be aggregated and publicly reported.
4. **Regulators** should also make and maintain contact with Finfluencers to make them aware of the existing regulatory framework, in addition to providing greater clarity in regulations as pertaining to the legal status of new intermediaries such as Finfluencers.
5. **IOSCO** could design a common definition of an investment recommendation and work with national regulators to transpose the definition into their laws.

<https://rpc.cfainstitute.org/>

Thank you

