

# If you get your financial advice on social media, watch out for misinformation

March 3 2024, by Lindsey Appleyard

---



Credit: Pixabay/CC0 Public Domain

When your parents had financial troubles or questions about planning for the future, they may have sought the help of a financial adviser, their bank, or other professional. Today, many people [turn to social media](#).

TikTok in particular has become a hub of financial advice, from [money saving hacks](#) and personal stories to investment and stock market advice. But this information is not always reliable. A recent report found that more than [60% of videos](#) shared using the hashtag #StockTok contain inaccurate or misleading information.

These days young people experience greater [financial insecurity](#) than previous generations. So it's not surprising that many are anxious about [financial matters](#) and want to [learn more](#) about money.

I've conducted [research](#) with young people aged 18-24 years old about their financial and borrowing habits. Around half of the 80 people my team and I spoke to had used [social media](#) for money advice and financial guidance.

## **Young people's money beliefs**

We observed several trends in the money messages they were absorbing. Many understood the importance of saving but there was a great interest in investing. Some perceived that if they didn't invest in the stock market or cryptocurrency, they would be at a significant disadvantage compared to their peers. One 24-year-old participant described investing as a "rat race", and said that politicians and news coverage of inflation added to the pressure.

Many interviewees had strong views on home ownership—property was viewed as "an investment", while renting was seen as "wasting" money. Some we spoke to suggested that greater protection from significant and unaffordable rent increases was needed, so that they could have an opportunity to save more.

Some reported feelings of "fomo" (fear of missing out) if they didn't invest in cryptocurrency. On social media, they saw influencers

promoting their luxury lifestyles, shopping hauls, holidays and new cars supposedly funded by their "savvy" investments. However, our participants were also aware that such content could be a ploy to get people to pay for a course on how to invest, which funded the influencers' lifestyle rather than crypto. One participant said,

"Even my [younger] sister, she's even investing in things like crypto coins, and she knows nothing about it, so I think it's the younger generation, everyone knows about it, but I don't know enough about it ... to invest confidently."

Investing in something just because others are is not a reason to do the same. Not understanding the risks involved in investing as well as the potential benefits is dangerous. Cryptocurrency is often touted as an easy way to make money on social media because it is highly volatile. But, because the value can rise and fall dramatically, investors can lose all their money.

Researchers have argued that regulators should [track emerging trends](#) on #FinTok and #StockTok to proactively regulate consumer finance information and products where needed.

[Buy Now Pay Later](#) (BNPL) is an example of an unregulated financial product promoted on social media that can cause financial harm if people do not understand that it is a credit product and how they should use it. [Evidence suggests](#) that people are paying off their BNPL loans using credit and deepening their debt.

## **Sifting through financial advice online**

As I found in my research, young people do not know where to go for financial advice—but this isn't necessarily their fault. The UK financial services landscape is hugely complex, so it is not surprising if you are

not sure who to trust or where to get accurate information.

The independent, government-backed website MoneyHelper is a good place to start. They have specifically created a guide for young people on [how to support themselves](#) financially and produced a beginners [guide to investing](#).

MoneyHelper is active on [Twitter](#), [Facebook](#) and [YouTube](#), but could expand to TikTok and Instagram, meeting [young people](#) where they are and helping them make good financial decisions.

TikTok has urged users to [#FactCheckYourFeed](#), to encourage people to use [critical thinking](#) when it comes to news and other informative content on the app. When engaging with financial advice, this can mean asking yourself the five w's—who, what, when, where and why:

- Who is this person? Are they a regulated financial advisor?
- What are they saying?
- When was this posted?
- Where are they getting their information?
- Why are they sharing this? Is it an ad or are they asking me to sign up to something?

Think about your financial goals and what small steps you can take to help you reach those goals. For example, if you are under 40 years of age, you can save £4,000 tax-free each year in a [Lifetime ISA](#) where the government will add a 25% bonus (up to £1000) each year.

Before you make any financial decisions, either talk to someone about your finances before you take action or look at the resources available at independent, charitable organizations such as MoneyHelper, Stepchange and Citizens Advice.

This article is republished from [The Conversation](#) under a Creative Commons license. Read the [original article](#).

Provided by The Conversation

Citation: If you get your financial advice on social media, watch out for misinformation (2024, March 3) retrieved 28 April 2024 from <https://phys.org/news/2024-03-financial-advice-social-media-misinformation.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.