Tips for Young Investors: Engaging with Social Media Finfluencers

Financial influencers on social media platforms such as YouTube, TikTok, and Instagram play an important role for young investors, providing unprecedented access to information and advice about investments. With increased access, however, comes increased exposure to potential bad actors and questionable advice. Follow these tips to safely navigate the world of finfluencers and better understand financial markets. Use social media to achieve the following:

1. **Enhance and democratize financial literacy.** Take control of your financial well-being. Social media platforms offer an abundance of information and knowledge, ranging from general personal finance to deep dives into specialized investing topics.

2. **Learn about financial market participation.** Curious about how to start investing? Social media has robust resources explaining basic financial topics and supporting young investors by giving them confidence to start investing to reach their financial goals.

3. **Gain exposure to financial products and strategies.** Social media can be a great resource to learn more about different products and how they fit into an investor's personal goals.

4. **Source low-cost or free advice.** Social media enables access to different sources of advice without spending limited resources. But remember, sometimes you get what you pay for.

5. **Connect with like-minded investors.** Social media channels make it easier to align with other investors like you. Whether connecting with an influencer who shares your personal values or joining an investment club to share your love of investing, social media can be a fruitful space to converse and learn about investing.

To safely navigate social media as an investing resource, however, remain mindful of these often-overlooked evaluation areas:

1. **Consider motivations.** Being a financial influencer is like owning a business, and the business of influencing is to sway followers’ buying choices. Typically, finfluencers earn their money by being paid to review or discuss a product, or they receive an in-kind exchange of equal value—or a combination of both.

2. **Be critical of advice.** Be skeptical when consuming finfluencer content and ask yourself, “Is this content authentic or advertising?” Not all paid/sponsored content is disclosed. Use a broad set of sources to gain investing information. If finfluencers make claims about a product or investment, seek out separate information sources to corroborate such claims.
3. **Look for disclosures (or lack thereof).** All financial, employment, personal, and family relationships with a brand should be disclosed. Whenever a finfluencer makes an endorsement, these relationships must be disclosed. All disclosures should be unambiguous and easy to find, read, and understand, and they should be included directly in the endorsement itself.

4. **Question credentials.** Being a finfluencer requires no qualifications. Finfluencers can be everyday people who appear successful and authentic but may be presenting a fake persona. Never rely on follower/subscriber counts as a proxy for investment knowledge or success.

5. **Examine purported performance.** Even the best investors make investments that result in financial loss. Look for finfluencers who divulge the entirety of their investment performance, taking time to talk through gains and losses. There is no such thing as an investment without risk.
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