

ARE YOU AN INFORMED INVESTOR?

Financial Advice via Social Media: The Rise of the "Finfluencer"

Social media has become more saturated with financial content than ever before, leading to the rise of the financial influencer or “finfluencer.” This investor advisory explains what financial influencers are, what you should keep in mind when you are exposed to financial influencers’ content, red flags to watch out for, and resources available to you.

WHAT IS A FINANCIAL INFLUENCER ("FINFLUENCER")?

A finfluencer is a person who, by virtue of their popular or cultural status, has the ability to influence the financial decision-making process of others through promotions or recommendations on social media. They may influence potential buyers by publishing posts or videos to their social media accounts, often stylized to be entertaining so that the post or video will be shared with other potential buyers. They often use these viral videos and social media postings proclaiming cryptocurrency trading services or promoting easy plans for paying off your house, car, or student loan debt using language such as “Five easy tricks to financial freedom.”

The financial influencer may be compensated by the business offering the product or service, the platform on which the message appears, or an undisclosed financier.

RED FLAGS

- Dubious advice
- Lack of credentials
- No data to support claims

WHERE TO GO FOR HELP

If you have concerns about a finfluencer, you should act. You can contact the social media platform through which the finfluencer is spreading their message to make the platform aware of your concerns. Reputable social media platforms have no interest in being conduits for fraud, and the platform may shut down the finfluencer if the platform finds violations of its policies or misconduct by the finfluencer. In addition, you can contact the Utah Division of Securities at 801-530-6600.

