The Millennial Minute

The Perils of Blindly Trusting Social Media Influencers & TV personalities for Financial Advice

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Last month I discussed the pros of de-influencing yourself, and how it can benefit your spending and overall finances. Watching how you spend your money by being conscious of your TikTok, Instagram, Facebook, X, and other social media applications can have a large positive impact on not only your bank account, but your mental health.

Today, we are going to continue our campaign of caution, and move our focus to the financial side of social media.

In today's digital age, social media influencers and tv personalities wield significant power over their followers, often influencing various aspects of their lives, including financial decisions. From stock picks to retirement planning strategies, these influencers have amassed large followings who look to them for guidance. However, blindly following their advice in matters of finance can be fraught with dangers and pitfalls. In this article, we delve into the risks of relying solely on social media influencers and tv personalities for financial education, stock picking, and retirement planning.

1. **Lack of Expertise**: Many social media influencers lack formal training or qualifications in finance, yet they often position themselves as experts in the field. While some may have personal success stories to share, it's crucial to recognize that success in the stock market or financial planning doesn't necessarily translate to expertise. There is a reason a lot of their podcasts are done in small rooms or while lounging on a couch – they usually do not have the accreditation to display on their desks or walls. Without a solid education and foundation in financial principles, their advice may be based on anecdotal evidence or speculative strategies rather than sound financial principles.

2. **Conflicts of Interest:** While Social Media Influencers are starting to fall into this trend, you see this more often on BNN, CNN, and other news outlets who give financial "experts" a platform to speak. These tv personalities are often sponsored by companies or receive commissions for promoting certain financial products or services. This creates a conflict of interest where their recommendations may be biased towards products that benefit them financially rather than what's best for their audience. It's essential for all audiences to be aware of these potential conflicts and to approach recommendations with a critical eye. **It is far more important to see what a financial expert actually does with their portfolio, as opposed to what they say on their platform.**

3. **Overemphasis on Short-Term Gains:** In the quest for likes, shares, and followers, social media influencers may prioritize short-term gains over long-term financial stability. This can lead followers to engage in risky investment strategies or chase speculative stocks without considering the potential consequences. Sound financial planning requires a focus on long-term goals, risk management, and diversification, concepts that may be overlooked in the pursuit of viral content.

4. Lack of Personalization: Financial advice should be tailored to individual circumstances, including risk tolerance, financial goals, and time horizon. However, social media influencers often provide generic advice that may not be suitable for everyone. **Following a one-size-fits-all approach to financial planning can lead to poor outcomes for individuals whose situations differ from the influencer's narrative.**

5. Unrealistic Expectations: Social media influencers often showcase extravagant lifestyles and highlight their successes, creating unrealistic expectations among their followers. This can lead individuals to take on excessive risk in pursuit of similar outcomes, neglecting the importance of prudent financial management and disciplined investing. The disparity between perception and reality can result in disappointment and financial hardship for those who fail to achieve similar results.

6. Legal and Regulatory Risks: Dispensing financial advice without proper qualifications or licensure can have legal and regulatory consequences for both influencers and their followers. In some jurisdictions, providing financial advice without the appropriate credentials may constitute a violation of securities laws or regulations. Followers who act on such advice may unknowingly expose themselves to legal risks or financial losses.

While social media influencers can be entertaining and inspiring, their advice should be taken with a grain of salt, especially when it comes to matters as critical as financial education, stock picking, and retirement planning. Followers should seek out information from multiple sources, including qualified financial professionals, and conduct their own research before making any financial decisions. By approaching financial advice with caution and skepticism, individuals can better protect themselves from the potential dangers of blindly following social media influencers.

Let’s continue loosening the grip that social media has over us, and spend more time doing our own detailed research, or consulting trusted professionals.