

The Millennial Minute

Finfluencers – Scammy or Savvy?

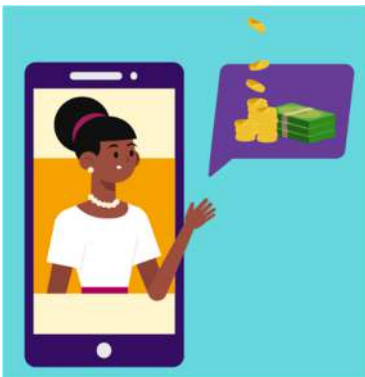
Written by Ashley Nichols – Client Service Associate for the Biddle Johnston Wealth Management Team

Social Media has been a staple in many of our lives over the last two decades. From its humble beginnings in the late nineties/early two-thousands (like Friendster, LiveJournal and MySpace), social media has evolved into an all-encompassing package that delivers news, local events, friend connections, recipes, music, fashion, social commentaries, and so much more.

With its ever-growing popularity and content – millennials and gen z are turning to social media for advice on nearly every aspect of life. We go to TikTok for coverage of world events, Facebook for finding out what our families are up to, Instagram and Pinterest for recipes, and more. If it's a subject of interest, you can guarantee there's a social media following for it – and with it, comes the influencers.

Today, with the ever-rising cost of living and inflationary pressure, younger generations turn to social media for cost saving tips, tricks, and information. As I've mentioned in the last MM articles, this has led to the rise of the Influencer, who uses their content to push products or ways of life onto you.

If you're wise with your wallet, avoiding paid partnership content that is trying to sell you a physical "thing" can be as easy as swiping away from those ads as soon as the pop up. Though annoying, it does



bring a slight sense of nostalgia to when I flipped through TV channels during my favorites show's commercial breaks back in my younger years (the late 1900's, as my kids like to remind me). Spotting these ads is very simple because these are companies that are giving an influencer money to advertise a product.

It's when an influencer is advertising themselves that it can become a problem. **Those influencers who show off a certain lifestyle or tote the same advice over and over again to you in hopes that you'll buy their courses, books, even investment products.** Most notorious for this, in my opinion, would be the Finfluencer.

Yes, the Finfluencer, aka the Financial Influencer, will come onto your Facebook feeds, your Tik Tok "For You Page", your Instagrams ads, and talk at length about how they **"got themselves out of debt with this one easy trick"**, **"turned \$4,000 into \$100,000 with this one investment"** or **"retired at 35 using these simple money hacks"**. Their buzzwords are never-ending, and their stories are gussied up to sound almost too good to be true, yet so easy to attain, so long as you are doing exactly what they say or paying for their online courses or self-published books. As young adults are eager to master their finances and reach their financial goals as quickly as they can, being roped in to a Finfluencers "words of wisdom" can be as easy as one 30-second video.

Not all Finfluencers are the same! In the masses of thousands of voices, there are a select few who are actually out to help their listeners and subscribers. Caleb Hammer, for instance, has a Youtube channel where he helps young adults pull themselves out of crippling debt and steer them towards saving for retirement. Tori Dunlap has amassed a huge following since beginning her financial education blog out of

college and has since published her book “Financial Feminist” and started her own podcast and website “Herfirst100k.com” where she empowers people – women especially – to take charge of their money and make it work for them. Jeremy Schneider provides fundamental investment advice through visual learning, which can be a great place to start for any junior investor.

Finfluencers like these provide general advice over a broad spectrum of situations, and do not sell a “one size fits all” solution to generating wealth. They speak with clarity and will often attend and speak at accredited financial events or be featured on popular media shows with other experts in the field.

So how do you differentiate the savvy finfluencer from the scammy finfluencer?

There are a lot of things to consider when deciding on a credible finfluencer:



- **Do they have financial credibility?** While you don’t necessarily need credentials, you should consider a finfluencers education and their real-life experiences. This can impact their validity on the subject of finance.
- **Do they give investment advice?** If a finfluencer is telling you to buy a stock “because it can’t fail”, or they tote the popular hashtag “#buythedip”, they likely don’t have the education required to give proper investment advice – and, in fact, should NOT be giving investment advice at all, as it can have legal ramifications.
- **Do they offer transparency?** Finfluencers need to be upfront about how they are making their money. If it is through a paid partnership, it should be clearly stated in their videos.
- **Do they have a bias?** No financial product or service can be a “one size fits all” solution, and the finfluencers who state as such are most likely being paid to do so.
- **Are they from your country of residence?** Finance varies from country to country. What works in one country may not be offered or even legal in another. Registered accounts especially vary by country. Ensure the financial advice your consuming is valid where you live by doing your own research or consulting a financial professional.
- **Do they use pressure tactics?** Some finfluencers can use scare-tactics to manipulate you to paying for their service or product upfront. They may stress that you’ll be at the forefront of a new venture and will cash in big, but you must act now! If a finfluencer makes you feel anxious, they are probably supporting – whether knowingly or unknowingly – a scam that is built around getting your money for high-risk ventures.

And remember that these financial influencers are not covered by any consumer protection laws. If you incur losses by following their advice, you will have very limited ability to recover anything that was lost. **Be diligent and do your own research before buying in to what anyone is trying to sell to you.**

Don’t allow yourself to be easily swayed by social media. There are too many “know nothings” out there who can spin a good story in order to gain your trust. Do your research, ask questions, ask for their data, or consult with a financial professional before deciding where to put your hard-earned cash.

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