RISE OF THE FINFLUENCERS

The Pros and Cons Of Social Media Powered Financial Literacy
Today, We Will Review…

1. What Happened To Traditional Financial Education
2. Defining the ‘Finfluencer’
3. Causes For Concern
4. Where Brands and Mass Media Can Step In
What Is Traditional Financial Literacy?

Financial Literacy refers to the ability to understand concepts such as financial management, budgeting, and investing. Financial education is integral to setting yourself up for future financial success, and financial brands and educational establishments have traditionally been the main sources of knowledge and information on the topic.
In recent years, consumers have become less trusting of traditional sources...

Instead, Consumers Trust Individuals They Know On A Personal Level

Peers play a key role in financial advice
% of Americans who trust the following when looking for financial advice

- Finance Websites/Blogs: 20%
- Banks: 30%
- Family/friends/peers: 47%

of the 16 industry sectors identified by Edelman, financial services ranked 15th in trustworthiness
Turning Away From Traditional Forms Of Education, Younger Generations Embrace New Resources
The Rise of The Finfluencer
Who are Finfluencers?

As the name alludes to, a Finfluencer refers to an influencer who primarily uses social media to promote financial advice, popularized on Instagram & TikTok (aka “FinTok”)

Mixing charismatic personalities with entertainment and education, they have captured the attention of large audiences; more than 1/3 of Gen Z goes to TikTok and YouTube for financial advice
Celebrities are **Not Finfluencers**

There Is An Important Distinction Between Finfluencers And Celebrities Who Endorse Financial Brands
With This In Mind...

Who Are The Top Finfluencers?

Erika Kullberg

An attorney and personal finance expert, Erika reads the fine print of companies to teach viewers practical financial advice and how to save money on purchases.

Mark Tilbury

Touted as a self-made millionaire, Mark focuses his videos on teaching business, personal finances, and investing to younger generations in a simple way.

Duke Alexander Moore

Known as the "Tax Pro for Creators," Duke focuses his videos on making complicated legislation and tax information understandable for a large audience.
The Finfluencer Audience And Profitability Boomed During The Pandemic But Has Shown No Sign Of Slowing

Top Influencers can earn between $275,000 - $750,000 per year from just two sponsored posts a week.
# Finfluencers Meet Gen Z Audiences

Where They Are

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<td>1</td>
<td>Finfluencers have an addressable audience</td>
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<td>Finfluencers establish credibility through relatability</td>
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<td>Finfluencers are easy to access via social networks</td>
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- **75%** Started investing before the age of 21
- **71%** Appreciate financial information coming from someone like themselves
- **46%** turn to social networks for information on investments
Finfluencers Operate Under Less Regulation, Creating Cause For Concern

"Investors should keep in mind that Finfluencers are not subject to the same regulations as licensed financial professionals and may have undisclosed conflicts of interest”

NASAA
North American Securities Administrators Association

"At its worst, however, Finance TikTok perpetuates financial myths, scams, and dangerously misleading information. What users end up seeing often isn’t good advice from trusted sources, it’s just one random person’s experience”

VOX
These Causes For Concern Drive Real Consequences

Eight Finfluencers Charged With Fraud For A $114 Million Pump-And-Dump Scheme

- The scheme was executed across a collective 1.5 million followers from Jan. 2020 through at least April 2022

- Finfluencers coordinated to purchase large quantities of a stock, then leveraged social media to promote the stock and make false claims to drive the value up, allowing them to sell for huge profits
While Finfluencers Have The Capacity To Help Consumers, There Are Risks Consumers Should Be Wary Of

**Exposing Younger Generations**
Spotty age regulations and Gen Z's enduring trust of influencers lead a higher percent of young audiences to seek financial advice from TikTok (34%) and YouTube (33%) than a financial advisor (24%).

**Lacking Required Experience**
Finfluencers are not subject to the same regulations as licensed financial professionals and aren't required to have the same level of expertise in the field.

**Promoting Rewards over Risks**
Content that promises immediate wealth gets the most clicks, so unaccredited Finfluencers focus on telling viewers about the benefits of investing without explaining the potential downsides.
If These Risks Are Properly Acknowledged And Addressed, Finfluencers Are Primed For Brand Collaboration
Finfluencers Unlock Opportunities For Brands to Connect with Younger Generations

Accessibility
As the demand for financial advice grows, social media and Finfluencers allow information to be easily accessible and free for Gen Z and young users.

Trust
Finfluencers tailor their content to Gen Z audiences and focus on making it digestible and relatable for viewers, leading to loyal followers/consumers.

Reach
Finfluencers are able to quickly amass large followings, due to algorithms and “viralability” on social platforms, expanding their reach and awareness to the next generation of wealth.
Brand Opportunity In The Finfluencer Space

1. Establish Credibility Through Mass Media

Leverage mass reach platforms beyond Social to expose your Finfluencer to a larger audience and establish credibility for your brand w/ younger audiences by promoting this partnership.

2. Create Authentic Connections & Engagement

Create educational content not always connected to a product or service to financially empower your audience and build brand affinity; leverage Interactive ad units to help deepen consumer engagement.

3. Personalize Your Approach For Authenticity

Explore partnerships w/ both established Finfluencers who have broad appeal and more niche Finfluencers who better connect with target audiences (Hispanics, Female Entrepreneurs, Small Business Owners, etc.); also consider using data to target these niche audiences with Finfluencer content that will resonate most.

Personalize Your Approach For Authenticity