Journal of Economics, Business, and Government Challenges

Volume 7 Nomor 2 April 2024
DOI: doi.org/10.33005/ebgc.v7i01.1529
Page: 48-53

ISSN (Cetak): 1979-7117
ISSN (Online): 2614-4115

From Advice to Action: How Finfluencers are Reshaping Investment Behavior

Fani Khoirotunnisa[1]
Faculty of Economics and Business, UPN Veteran Jawa Timur, Indonesia.
fani.khoiro.mnj@upnjatim.ac.id

ARTICLE INFORMATION

Received: -

Revised: -

Accepted: -

Keywords: finfluencer, financial advice, gender, investment behavior, social media

ABSTRACT

This study explores the role of financial influencers (finfluencers) in shaping personal finance and investment behaviors, with a focus on gendered communication strategies. As social media platforms become key sources of financial advice, finfluencers have expanded access to financial information, reaching wider audiences. The study reveals that men emphasize data-driven, quantitative aspects of investing, while women often use narrative-based approaches, reflecting gendered norms in financial advice. While finfluencers contribute positively to financial literacy, the study also identifies biases and stereotypes that influence how advice is perceived and acted upon. By analyzing finfluencer content, the study shows how they reshape financial subjectivities—how individuals think, feel, and act regarding finances. The findings suggest that while finfluencers increase financial participation, they also reinforce biases, posing challenges for equitable financial education. The study calls for further research and regulatory measures to address these issues and better understand the long-term effects of finfluencers on financial behaviors.

INTRODUCTION

The digital revolution has fundamentally altered the way individuals access and process financial information (Koskelainen et al., 2023). Social media platforms, once primarily used for social interactions, have become powerful tools for financial education and investment advice (Olajide et al., 2024). A key player in this digital transformation is the rise of financial influencers, or "finfluencers." Leveraging social media platforms like Instagram, TikTok, and YouTube, finfluencers share financial advice, tips, and insights, effectively bypassing traditional financial institutions and advisory models (CIRO, 2023). This shift has democratized financial knowledge, breaking down barriers and making financial concepts accessible to a much wider audience, including individuals who may have never before considered investing or personal finance management. By offering easily digestible, relatable content, finfluencers have enabled people from various backgrounds to engage with complex financial topics that were traditionally reserved for experts or professionals.

However, with the rapid growth of the finfluencer space, there arises a pressing need to understand the true impact these influencers have on their followers' financial behaviors and decision-making processes. While finfluencers have undoubtedly broadened the reach of financial literacy, they also present challenges regarding the quality and reliability of the advice they offer, particularly as many lack formal financial qualifications (Espeute & Preece, 2024). This study delves into the role of finfluencers in shaping both personal finance and investment choices, with a particular emphasis on the gendered communication strategies they utilize. Research indicates that financial advice is often influenced by gendered stereotypes, which may affect how advice is framed, presented, and ultimately received by audiences. Men in the finfluencer space typically focus on data-driven, quantitative aspects of investing, often emphasizing logical, analytical decision-making processes. On the other hand, women tend to incorporate more narrative-driven, relational approaches, using personal stories, emotions, and experiences to convey financial concepts. These differences not only reflect societal norms and expectations about gender but may also influence how financial advice is perceived, trusted, and acted upon by followers (Ben-Shmuel et al., 2024).

This study critically examines how finfluencers impact their followers' financial subjectivities—shaping not only how individuals think about finance but also how they feel and act regarding their financial decisions. Although some argue that finfluencers contribute to enhanced financial literacy and greater inclusion in financial conversations, others raise concerns about the risks of misinformation, oversimplification, and the potential reinforcement of harmful stereotypes. In particular, there are growing fears that financial advice offered by finfluencers may not always be well-researched or unbiased, leading to decisions based on incomplete or misleading information (CySEC, 2024). Thus, this research aims to investigate both the positive and negative ramifications of finfluencers on financial behaviors. By analyzing the content and strategies used by finfluencers, the study seeks to offer deeper insights into how they are reshaping the financial landscape and the broader implications for the dissemination of financial knowledge in the digital age.

RESEARCH METHODS

The research design employed in this study is a literature review. This approach involves systematically searching, reviewing, and analyzing various sources, such as journals, books, and other published works, relevant to the research topic to develop an article focused on a specific issue (Snyder, 2019). The articles included in this study were identified using keywords like "financial influencer" and "influencer." To ensure relevance and quality, the selected papers meet the following criteria: they are original research articles published within the last five years (2020–2024), available in both Indonesian and English, involve social media users as study subjects, and are fully accessible in text format. The references used in this study are open-access research articles retrieved from platforms such as Sage and Google Scholar.

RESULT AND DISCUSSION

Result

After conducting a search for scientific articles on Sage and Google Scholar, four articles that met the predetermined criteria were identified. The selected articles are as follows:

Table 1. Review of 4 Articles

Authors	Year	Aims	Methods	Result
Ambreen Tour Ben-Shmuel1, Adam Hayes1 and Vanessa Drach	2024	Investigating how gender influences the production and consumption of financial advice by "finfluencers" on	This study uses a mixed-methods approach to examine gender dynamics in financial influencer (finfluencer) content and audience responses. A qualitative review of 621	The study reveals gendered patterns in financial advice, with men focusing on quantitative aspects and women using narratives. Audiences subconsciously prefer advice from same-

		social media platforms is the study's goal.	posts identifies gender-specific messaging patterns. The quantitative phase includes a survey on audience preferences for gendered or neutral advice, evaluations of anonymized finfluencer posts based on relatability and practicality, and explicit categorization of posts as masculine, feminine, or neutral. By combining implicit reactions with explicit perceptions, the study provides a nuanced understanding of how gendered financial advice is received and valued.	gender influencers, even when content is anonymized, despite stating a preference for gender-neutral guidance. While finfluencers promote inclusivity and challenge norms, they also subtly reinforce gendered perspectives. These findings highlight biases in the digital financial advice market and offer insights for fostering more equitable financial education.
Adam S. Hayes & Ambreen T. Ben-Shmuel	2024	The article uses a qualitative exploratory approach to analyze how finfluencers shape financial subjectivities through storytelling, language, engagement, and representation. It examines their role in normalizing finance as a mainstream concern and reflects on their impact on financial education, literacy, and equity in the digital era.	The article uses a dual-method approach, combining participant observation and computational text analysis. The authors followed finfluencers on TikTok and Instagram for up to two hours daily from March 2020 to December 2022, selecting 20 finfluencers of each gender with at least 10,000 followers. They also applied Latent Dirichlet Allocation (LDA) to analyze over 1,300 Instagram posts, identifying key themes. This approach provided a comprehensive analysis of finfluencer content and its patterns.	The analysis found that finfluencers shape financial subjectivities through digital storytelling, simplifying concepts with relatable narratives; strategic use of language, slang, and symbols to make finance accessible; participatory engagement that fosters community; and diverse voices that challenge traditional expertise. These channels help reshape how individuals engage with finance, contributing to the financialization of everyday life.
Henning Zülcha, Marius Möldersb, Jannik Fennenc, Julian Mathesc, and	2024	The article aims to establish a quality score for financial influencers (finfluencers) to address concerns	The article uses a mixed-method approach, including qualitative analysis through 12 semi-structured expert interviews to refine a framework for assessing	The study identified 40 quality indicators (KPIs) for assessing finfluencers, with 28 operationalized into the FinQ-Score. It established a multi-dimensional framework consisting of

Christian Pieter Hoffmann		about their credibility, provide an alternative to costly over-regulation, and enhance trust and transparency in the market, helping businesses identify high-quality finfluencers for partnerships.	finfluencer quality, and a multiple-case study to validate this framework by applying it to five German-speaking finfluencers on Instagram, selected based on relevant financial hashtags.	Compliance, Content & Communication, Credibility, Profile Structure, and Engagement. The analysis showed that most finfluencers in the sample had a FinQ-Score above 0.8, indicating high quality, though one finfluencer was excluded for non-compliance. The findings suggest that the FinQ-Score can professionalize the finfluencer market, improve consumer protection, and support beneficial partnerships.
Sue S. Guan	2023	The article aims to explore the impact of financial influencers (finfluencers) on stock market information and price discovery, analyzing how they mediate information to retail investors and influence trading behavior and market dynamics. It also investigates the motivations of finfluencers and how they shape the information reflected in stock price movements.	The article employs a combination of a literature review on finfluencers and their role in market dynamics, case studies including examples like the GameStop trading phenomenon and instances of fraud, and theoretical analysis to discuss the implications of finfluencer-driven trading on market behavior, information dissemination, and stock market participation.	The article identifies the significant role finfluencers play in shaping retail investor behavior and stock price movements, often influenced by motivations beyond traditional financial analysis. It recognizes that while finfluencers can enhance financial literacy and participation, they also introduce risks of misinformation and manipulation. The study emphasizes the need for regulatory frameworks to address challenges like fraud and market inefficiency. Ultimately, the article concludes that the rise of finfluencers requires a reevaluation of traditional theories of information exchange and price discovery in modern stock markets.

Discussion

The literature review conducted by the researchers highlights the significant role of finfluencers in transforming how individuals approach and make decisions regarding personal finance and investments. The findings indicate that finfluencers do more than just provide advice—they influence investment behaviors by altering financial subjectivities, which refers to how people think, feel, and act regarding their financial choices. This influence is particularly evident in the gendered communication strategies employed by finfluencers, with men typically focusing on quantitative, data-driven aspects of investing, while women often integrate more personalized and narrative-focused methods. These gender-based patterns show that, although finfluencers help expand financial literacy, they may also reinforce stereotypes that influence the kinds of financial advice audiences are more inclined to trust or follow (Ben-Shmuel et al., 2024).

The study further highlights how finfluencers use digital storytelling to simplify complex investment concepts, making them more approachable and relatable for audiences, particularly retail investors (Hayes & Ben-Shmuel, 2024). This democratization of financial knowledge is not only fostering greater participation in financial markets but also influencing investment behaviors, as finfluencers help followers feel more empowered to take action on investment opportunities. Their use of vernacular language, internet slang, and symbols helps bridge the gap between financial jargon and the general public, enabling a more accessible and inclusive financial discourse. However, the findings also suggest that, despite their efforts to promote inclusivity, finfluencers may still inadvertently perpetuate biases that influence the types of investments their audiences pursue or the risks they are willing to take.

The analysis also touches on how finfluencers are fostering a sense of community through participatory engagement. By encouraging followers to share their own investment experiences and strategies, finfluencers create spaces where individuals feel supported in their investment journeys (Guan, 2023). This sense of belonging and shared learning helps reduce the perceived barriers to investing, making it more likely that followers will move from simply receiving advice to taking tangible action in their investment decisions. However, this participatory approach also carries risks, as it can lead to the spread of unverified or biased investment strategies, further underscoring the need for transparency and regulatory oversight.

The study's identification of the FinQ-Score and its operationalization of quality indicators provide an essential tool for navigating the increasingly crowded world of finfluencers (Zülch et al., 2024). This scoring system could help both investors and businesses identify credible, high-quality finfluencers who provide sound investment advice, while also serving as a safeguard against misinformation and manipulation (Rangapur et al., 2023). Nevertheless, the findings stress the need for further regulation to ensure that finfluencers remain accountable for the content they share, particularly given the significant influence they hold over retail investor behavior and market movements.

Ultimately, the study suggests that finfluencers are not only reshaping investment behavior but also transforming the very landscape of personal finance. The growing influence of finfluencers on retail investors signals a shift in how investment decisions are made, moving away from traditional financial institutions and expert advisors toward a more decentralized, peer-driven model of information exchange. This shift challenges existing theories of financial decision-making, particularly in the context of price discovery and market behavior, as digital platforms and influencers become key players in shaping investor actions. Therefore, the rise of finfluencers requires a reevaluation of the mechanisms through which financial advice is disseminated and acted upon, as well as a closer look at the broader implications of this shift for market dynamics and the future of financial education.

CONCLUSIONS

In conclusion, this study shows that finfluencers are reshaping how individuals engage with personal finance and investments by influencing their financial behaviors and mindsets. Using gendered communication strategies, they impact how financial advice is received, with men focusing on quantitative aspects and women using more narrative approaches. While finfluencers promote financial literacy and participation, the study highlights the need to address biases and stereotypes in their content. It also calls for greater transparency and regulation to ensure their influence leads to positive and equitable financial outcomes, challenging traditional financial advisory models in the digital age.

However, this study has some limitations, such as its focus on a specific set of finfluencers and the potential bias in content analysis due to the subjective nature of interpreting gendered communication. Future research could explore a broader range of finfluencers across different platforms and cultures to gain a more comprehensive understanding of their impact on financial behaviors. Additionally, further studies could investigate the long-term effects of finfluencers on investment decisions and financial literacy, as well as the role of regulation in mitigating potential harms associated with their growing influence.

References

Ben-Shmuel, A. T., Hayes, A., & Drach, V. (2024). The Gendered Language of Financial Advice: Finfluencers, Framing, and Subconscious Preferences. *Socius*, *10*. https://doi.org/10.1177/23780231241267131

CIRO. (2023). *Finfluencers in Investing*.

CySEC. (2024). *CySEC INVESTOR GUIDE The dangers of social media : Unveiling the world of finfluencers*. 1–6.

Espeute, S., & Preece, R. (2024). *The Finfluencer Appeal: Investing in the Age of Social Media*. *January*, 1–54. www.cfainstitute.org.

Guan, S. (2023). The Rise of the Finfluencer. *SSRN Electronic Journal*, 489–563. https://doi.org/10.2139/ssrn.4400042

Hayes, A. S., & Ben-Shmuel, A. T. (2024). Under the finfluence: Financial influencers, economic meaning-making and the financialization of digital life. *Economy and Society*, *53*(3), 478–503. https://doi.org/10.1080/03085147.2024.2381980

Koskelainen, T., Kalmi, P., Scornavacca, E., & Vartiainen, T. (2023). Financial literacy in the digital age—A research agenda. *Journal of Consumer Affairs*, *57*(1), 507–528. https://doi.org/10.1111/joca.12510

Olajide, O., Pandey, S., & Pandey, I. (2024). Social Media for Investment Advice and Financial Satisfaction: Does Generation Matter? *Journal of Risk and Financial Management*, *17*(9), 410. https://www.mdpi.com/1911-8074/17/9/410

Rangapur, A., Wang, H., & Shu, K. (2023). *Investigating Online Financial Misinformation and Its Consequences: A Computational Perspective*. *1*(1), 1–32. http://arxiv.org/abs/2309.12363

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, *104*(August), 333–339. https://doi.org/10.1016/j.jbusres.2019.07.039

Zülch, H., Mölders, M., Fennen, J., Mathes, J., & Hoffmann, C. P. (2024). Finfluencing Charlatans Beware: Introducing the Finfluencer Quality Score (FinQ-Score) to Foster Trustworthiness and (Business) Partnerships. *SSRN Electronic Journal*, *April*. https://doi.org/10.2139/ssrn.4800441