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Finfluencer Followers and Social Media Scrollers:

The Profile, Patterns and Pitfalls of Social-Media-Informed Retail Investors

Summary

This research brief examines the demographic characteristics, investment knowledge and fraud vulnerabilities of retail investors who reported using social media to inform their investing decisions or making investing decisions based on the recommendation of a social media personality (*i.e.*, finfluencers). It uses data from the FINRA Investor Education Foundation's 2024 and 2021 National Financial Capability Study (NFCS) Investor Survey.

Key Findings:

- **Demographics**: Social media users and finfluencer followers were predominantly younger, male, had lower portfolio values and were more likely to be a person of color than those who do not use social media or finfluencers to inform their decisions. Nearly half reported not identifying as "typical investors."
- **Knowledge-Confidence Gap**: Social media users and finfluencer followers often exhibited overconfidence, with more rating their subjective knowledge high and scoring low on objective investment knowledge tests compared non-users/non-followers.
- **Fraud Risk**: Social media users and finfluencer followers reported substantially higher fraud exposure and victimization. Among those targeted for fraud, 68–69 percent of users/followers lost money versus 26–29 percent of non-users/non-followers.
- **Information-Seeking**: Social media users consulted an average of 7.6 information sources versus 4.0 for non-users and were more likely to check the background of a financial professional (36 percent vs. 14 percent). Despite conducting more due diligence, however, social media users reported higher fraud victimization rates.

- **Non-Monetary Motives**: Social media users reported significantly stronger motivations beyond profit motives for investing, including entertainment (59 percent vs. 18 percent for non-users), social activity (59 percent vs. 11 percent) and supporting personal values (66 percent vs. 31 percent).

These findings present both opportunities and challenges. Although social media may be successfully engaging a new population of market participants, these investors may also face elevated fraud risk due to knowledge gaps.

Introduction

Social media constitutes an increasingly relevant information source for investors. Survey data from the 2024 NFCS Investor Study—which provided the primary source of data for this brief—show that 29 percent of retail investors[1] reported using social media or message boards for investment decisions, a proportion that rises to 60 percent among those aged 18 to 34. Part of this trend has included the rise of "finfluencers," social media personalities who dispense a wide range of financial advice and education. Twenty-six percent of survey respondents reported making investment decisions based on recommendations from a social media personality—61 percent among investors aged 18 to 34.

Social media has had a clear impact on financial market dynamics, as illustrated by several well-publicized meme stock episodes, including the GameStop trading frenzies of 2021 and 2024. Research has found that social media content predicts both stock returns and trading volume, in addition to capturing information relevant to the financial value of companies.[2] Social media has become an important communication channel, not only for individual investors but also for financial services firms.[3]

This brief focuses on the retail investors who use social media or finfluencers to inform their investment decisions. What are their demographic characteristics, such as age, gender, race/ethnicity, education and wealth? Do they share any distinguishing psychographic characteristics? For example, does their financial literacy level differ from that of other investors? Is social media a substitute for or complement to other information sources? Are these social media users more or less vulnerable to financial fraud? Finally, do they share any distinctive investing motives and values?

Social Media Use And Finfluencer Following

Two items in the NFCS Investor Survey capture how investors use social media to inform investment decisions. First, an umbrella question asks: "How much do you rely on each of the following when making decisions about what to invest in?" This question has 11 categories, including "recommendations from financial professionals

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1 In the NFCS Investor Survey, investors are defined as survey respondents who report owning non-retirement investment accounts. Most also own retirement accounts.

2 See Cookson, J. A., Lu, R., Mullins, W., & Niessner, M. (2025). *Market signals from social media* (FEB-RN Research Paper No. 63/2025). SSRN. https://doi.org/10.2139/ssrn.5187350; Chen, H., De, P., Hu, Y. J., & Hwang, B.-H. (2014); Wisdom of crowds: The value of stock opinions transmitted through social media. *The Review of Financial Studies*, *27*(5), 1367–1403. https://doi.org/10.1093/rfs/hhu001; and Cookson, J. A., Lu, R., Mullins, W., & Niessner, M. (2024). The social signal. *Journal of Financial Economics*, *158*, Article 103870. https://doi.org/10.1016/j.jfineco.2024.103870

3 FINRA, Podcast, *Finfluencers: New Marketing Strategies Meet Existing Compliance Obligations* (June 25, 2024); CFA Institute Research & Policy Center, *The Finfluencer Appeal: Investing in the Age of Social Media* (2024); and International Organization of Securities Commissions (IOSCO), *Finfluencers: Consultation Report* (Nov. 2024).

who advise you personally," "investment research and tools provided by your brokerage or financial advisory firm" and "social media groups or message boards where people post investment ideas." Response options include "a great deal," "somewhat" and "not at all." Additionally, all survey questions offer "don't know" and "prefer not to say" response options. We define a **social media user** as someone who selects "a great deal" or "somewhat" when indicating their reliance on "social media groups or message boards where people post investment ideas." We define a **non-user** as someone who selects "not at all" to this item.

The second survey item captures how investors use social media personalities—a.k.a., finfluencers—for investment decisions. Our measure of finfluencer follower comes from the question "How often do you make investment decisions based on recommendations from a social media personality?" Response options include "frequently," "sometimes" and "never." We define a **finfluencer follower** as someone who selects "frequently" or "sometimes" to this question, and a **non-follower** as someone who selects "never" to this item.

Table 1 provides a breakdown of social media users and finfluencer followers as a percent of respondents. Overall, 29 percent of investors reported being social media users, while 26 percent reported following finfluencers. There was substantial overlap between the two groups. Sixty-eight percent (20.0/29.4) of social media users were also finfluencer followers, while 77 percent (20.0/26) of finfluencer followers used social media groups or boards.[4] The "other" category included participants who responded "don't know" or "prefer not to say" to the respective question (or declined to respond). There was little change in social media use between the previous survey wave in 2021 and the most recent wave in 2024, from 30 percent to 29 percent, respectively.

Table 1. Percentages of Social Media Users and Finfluencer Followers

		Finfluencer Follower			
		Non-Follower	**Follower**	**Other**	**Total**
Social Media User	**Non-User**	62.4%	5.3%	0.4%	68.1%
	User	8.8%	20.0%	0.6%	29.4%
	Other	1.5%	0.8%	0.3%	2.6%
	Total	72.7%	26.0%	1.3%	

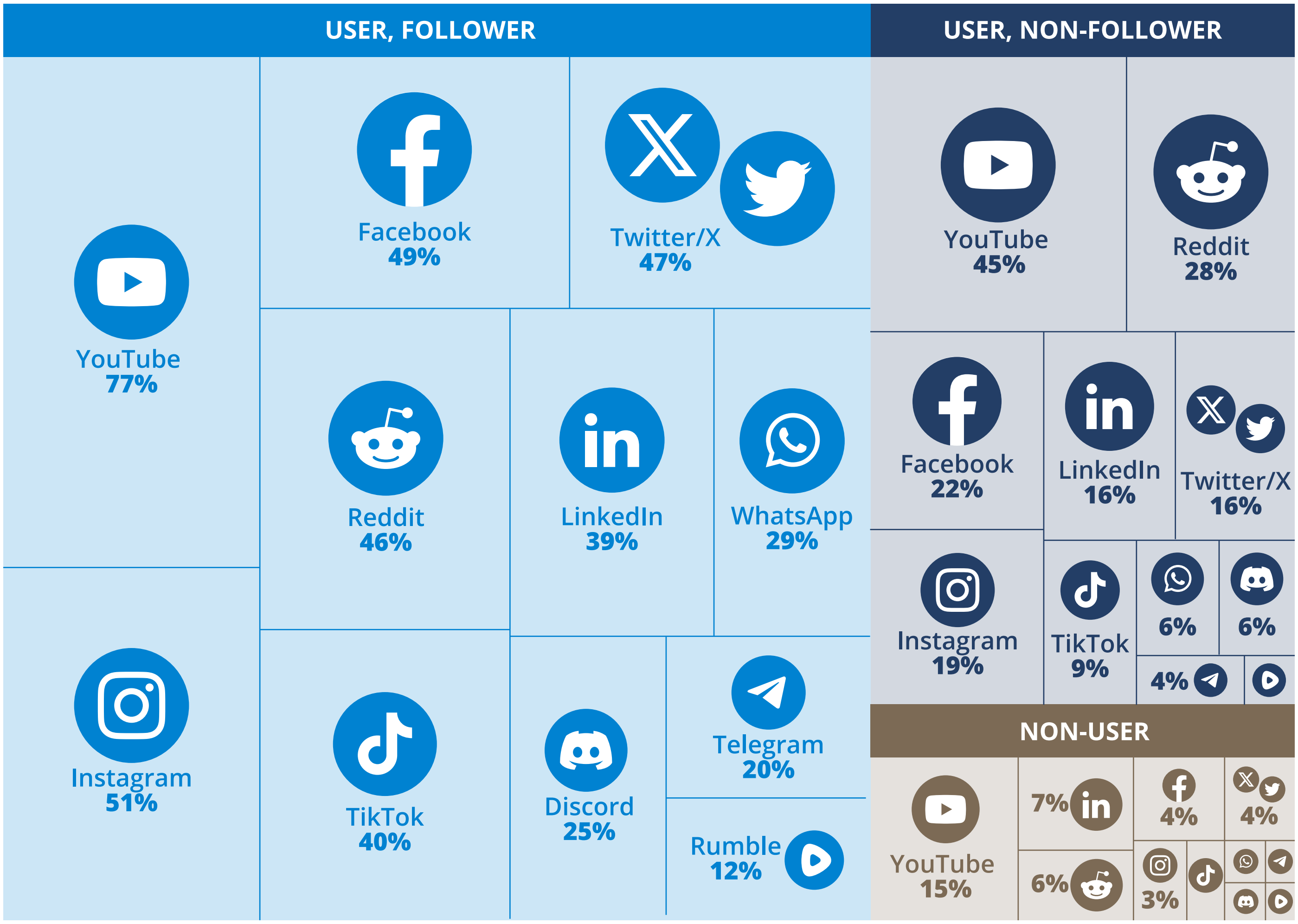
Social Media Channels

The NFCS Investor Survey asks respondents about their use of 11 specific social media channels for information about investing, with the ability to select all that apply. Overall, the five most cited social media channels were YouTube (30 percent), Reddit (15 percent), Facebook (14 percent), LinkedIn (13 percent) and Instagram (13 percent). Figure 1 shows use of social media channels across three subgroups: 1) social media users who follow finfluencers (labeled "Users, Followers"); 2) social media users who don't follow finfluencers ("Users, Non-Followers"); and 3) those who do not use social media ("Non-Users").

[4] Due to the question's wording, we are unable to distinguish between respondents' social media use and their use of message boards.

The top five channels for social media users who *don't* follow finfluencers are similar to those of respondents overall: YouTube (45 percent); Reddit (28 percent); Facebook (22 percent); Instagram (19 percent); and LinkedIn (16 percent). However, the most cited sources differed among finfluencer followers: YouTube (77 percent); Instagram (51 percent); Facebook (49 percent); Twitter/X (47 percent); and Reddit (46 percent).

Figure 1. Use of Channels by Social Media Users/Non-Users and Finfluencer Followers/Non-Followers



Respondents to the 2021 NFCS Investor Survey were similarly asked about their use of social media channels.[5] The use of any listed social media channel increased slightly between 2021 and 2024. In 2021, 39 percent of respondents reported using at least one of the listed social media channels for investment decisions, compared to 41 percent in 2024. However, the average number of social media channels used went down slightly. On average, respondents reported using 1.45 channels in 2021, compared to 1.33 in 2024.

5 Although we assessed how investors use YouTube, Reddit, Facebook, LinkedIn, Instagram, Twitter, TikTok and Discord in the 2021 and 2024 NFCS Investor Surveys, we only asked respondents about Twitch, Clubhouse and Stocktwits in 2021 and WhatsApp, Telegram and Rumble in 2024.

Demographics

In this section, we examine the demographic characteristics of social media users and finfluencer followers. The NFCS Investor Survey includes questions that capture respondents' age, gender, race/ethnicity, education, income and wealth. Our analysis focuses on the percentage of respondents who use social media or follow finfluencers, broken down by demographic characteristics. Table 2 shows social media users and finfluencer followers broken down by gender, race/ethnicity and education. More men reported using both social media and following finfluencers than women. In addition, Black/African American, Hispanic/Latino and Asian/Pacific Islander respondents each had a greater propensity to both use social media and follow finfluencers than white investors. These findings hold after controlling for multiple demographic and psychographic characteristics (see methodology for list of control variables), with one exception. Descriptive statistics suggested college graduates were less likely to use social media and follow finfluencers than non-college graduates, but after controlling for other factors—such as income and wealth—these findings were only statistically significant for finfluencer following.

Table 2. Percentages of Social Media Users and Finfluencer Followers by Gender, Race/Ethnicity and Education

	Gender		Race/Ethnicity				College	
	Male	Female	White	Black/African American	Hispanic/Latino	Asian/Pacific Islander	Some college or less	College grad or more
Social Media User	32%	26%	20%	64%	59%	44%	35%	24%
Finfluencer Follower	29%	22%	16%	64%	60%	41%	33%	19%

Figures 2 and 3 show how social media users and finfluencer followers vary by age and portfolio wealth. Sixty percent of respondents under 35 reported using social media and 61 percent followed finfluencers. In contrast, only 9 percent and 6 percent of respondents 55 and older reported using social media and following finfluencers, respectively. Self-reported portfolio value was generally negatively associated with decision making influenced by social media or finfluencers. Of respondents with portfolio values under $50K, 48 percent and 47 percent reported using social media and following finfluencers, respectively. In contrast, only 20 percent and 15 percent of respondents with portfolio values of $500K or greater reported using social media and following finfluencers.

Descriptive statistics indicated that income also appears to be associated with using social media and following finfluencers. For example, 32 percent of respondents with income less than $50K reported using social media compared to 20 percent of those with incomes of $100K or more. Thirty-four percent of respondents making less than $50K reported following finfluencers compared to 25 percent of those with incomes of $100K or more. However, after controlling for other factors, including portfolio value, income was no longer associated with using social media or following finfluencers. Hence, we conclude that the apparent role of income is more likely driven by the fact that investors with low portfolio value were more likely to use social media or finfluencers for investment decisions than investors with high portfolio value.

Figure 2. Social Media Use and Finfluencer Following by Age

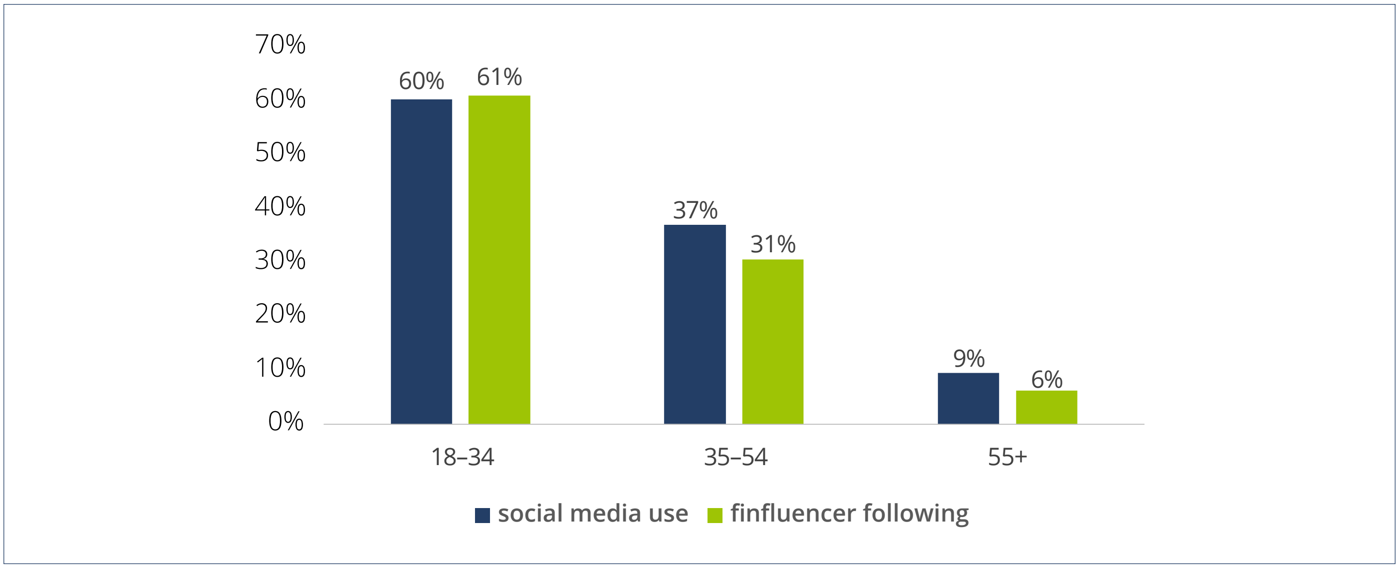
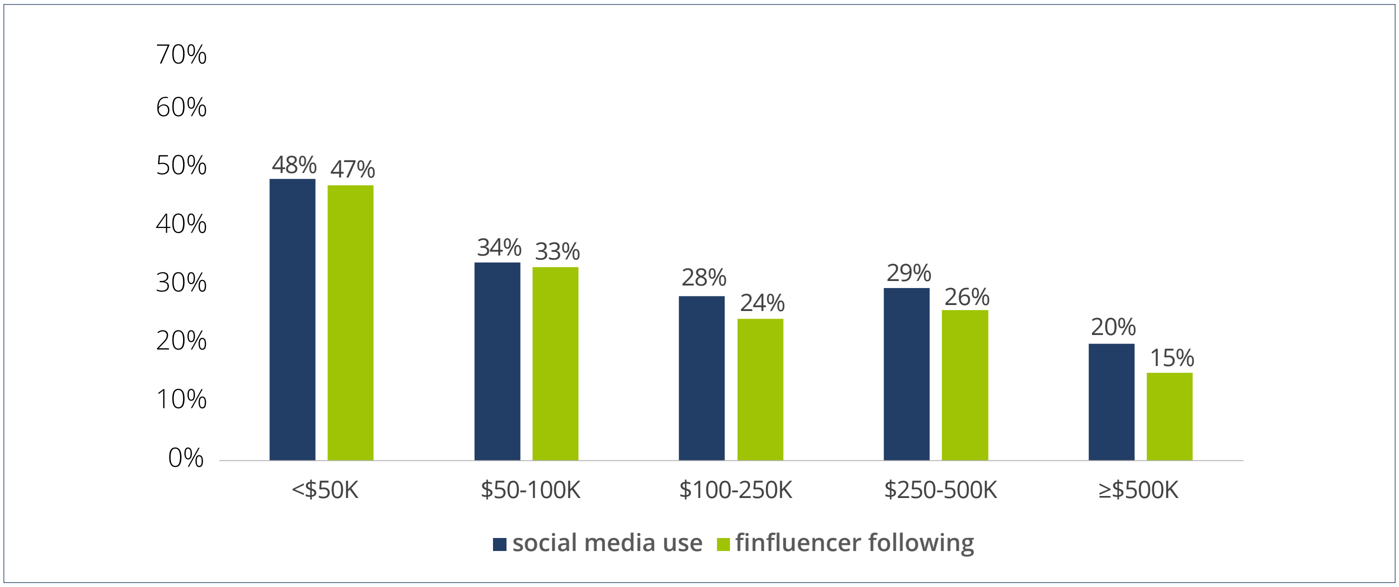


Figure 3. Social Media Use and Finfluencer Following by Portfolio Value



Investor Knowledge

In this section, we examine the investment knowledge of social media users and finfluencer followers relative to other investors. Our goal is to assess the investment sophistication or knowledge of these investors to understand how they might be influenced by information on social media. It could be, for example, that users and followers benefit from educational information about investing on these channels, which raises their investment knowledge. Alternatively, low investment knowledge might cause them to act on inaccurate or manipulative information available on social media.

Our measure of investment knowledge comes from a 10-question quiz included in the NFCS Investor Survey.[6] This quiz covers topics related to stock and bond investments such as asset class returns and risk, margin investment, short sales, fees and taxes. The average score was 4.6 out of 10. The percent of correct responses on this quiz serves as our measure of investment knowledge based on *objective* criteria.

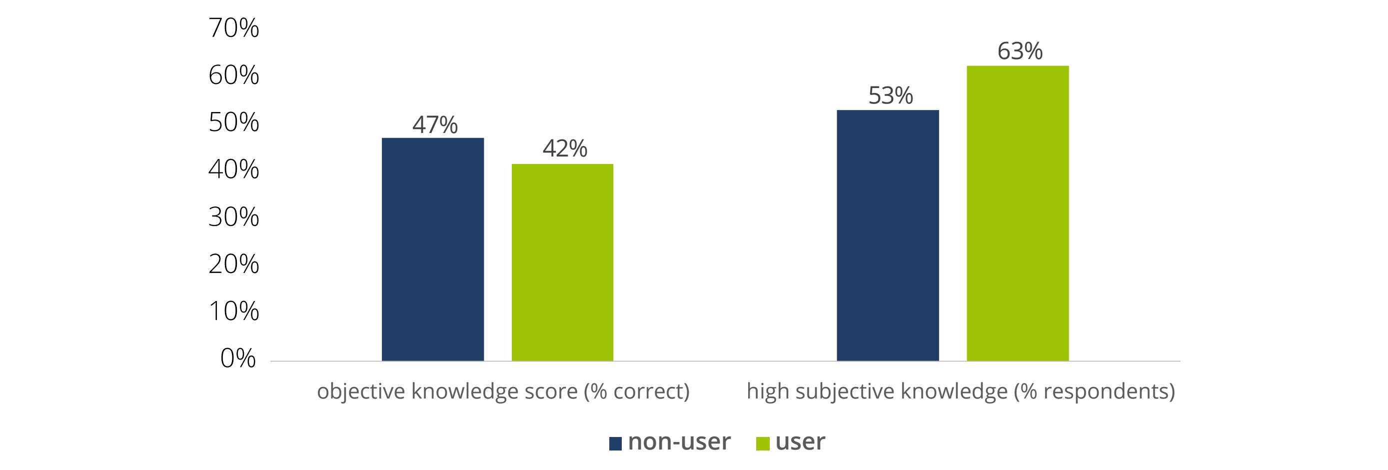
The survey also includes a question on self-assessed investment knowledge where respondents rate their knowledge on a scale from 1 (very low knowledge) to 7 (very high knowledge). This question is the basis for our measure of *subjective* investment knowledge and captures the degree of confidence respondents have in their knowledge. We classify "high subjective knowledge" as a response of 5, 6 or 7 to this question.

Figures 4 and 5 show social media users and finfluencer followers' objective and subjective investment knowledge relative to their non-user and non-follower counterparts. Both social media users and finfluencer followers exhibited lower objective knowledge than non-users and non-followers, respectively. Social media users answered 42 percent and finfluencer followers answered 41 percent of quiz questions correctly, while non-users and non-followers each got 47 percent of the questions correct.

Despite exhibiting lower objective knowledge, both social media users and finfluencer followers reported higher subjective knowledge than non-users and non-followers. The proportion of users reporting high subjective knowledge was 10 percentage points higher for users vs. non-users (63 percent vs. 53 percent) and 14 percentage points higher for followers vs. non-followers (66 percent vs. 52 percent). These findings are also borne out when controlling for other demographic and psychographic factors.

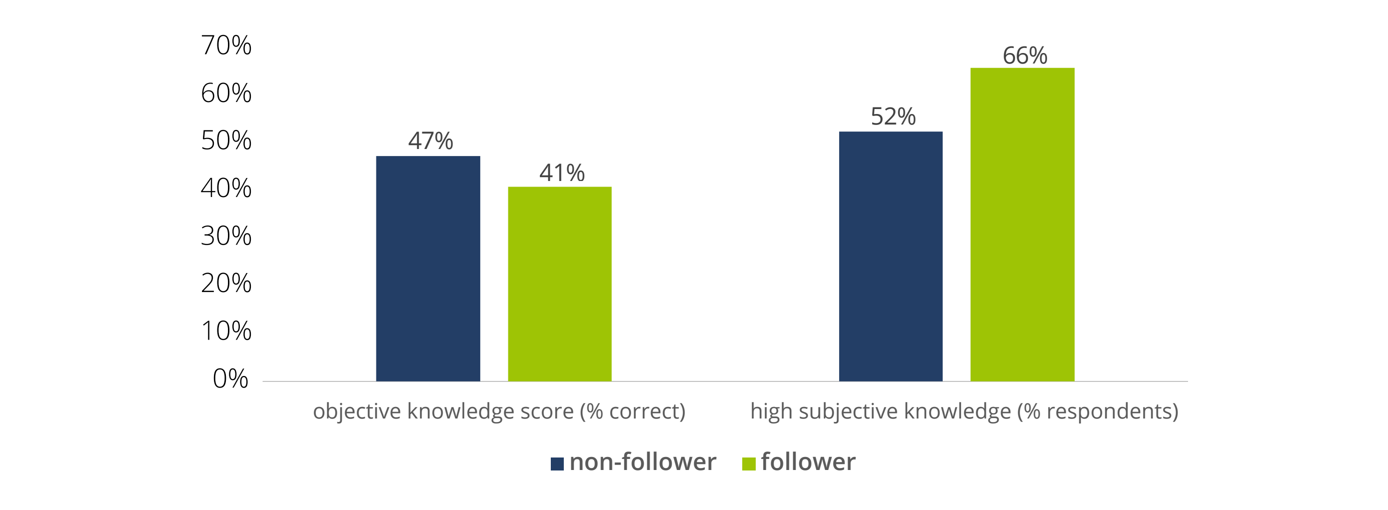
These findings are indicative of overconfidence in investment knowledge on the part of users and followers relative to non-users and non-followers. This overconfidence appears to be related to economically meaningful investment behaviors and outcomes related to fraud susceptibility and victimization, as we discuss below.

Figure 4. Objective and Subjective Investor Knowledge by Social Media Use



[6] The NFCS Investor Survey includes 12 questions aimed at assessing investing knowledge. We excluded one question on options because the authors of the NFCS view this as an extra/bonus question. And we excluded a question on the relationship between inflation and investing because 2024 was the first wave in which it was included. The full quiz can be found in *Investors in the United States: A Report of the National Financial Capability Study*

Figure 5. Objective and Subjective Investor Knowledge by Finfluencer Following



Information Sources

In this section, we examine how social media users and finfluencer followers utilize information sources when making investment decisions. We seek to understand the extent to which these investors draw from a variety of sources versus relying exclusively on social media. Using the question "How much do you rely on each of the following when making decisions about what to invest in?," we analyze respondents' use of 11 distinct information sources. One category—"social media groups or message boards where people post investment ideas"—serves as our measure for social media use. The remaining 10 information sources are:

1. Recommendations from financial professionals who advise you personally
2. Investment research and tools provided by your brokerage or financial advisory firm
3. Popular investments displayed on a mobile trading app you use
4. Business and finance articles in print or on the Internet
5. TV programs about business and finance
6. Radio programs about business and finance
7. Online videos about business and finance
8. Podcasts about business and finance
9. Financial newsletters or online resources that you pay for
10. Information from friends, family, colleagues

The possible responses to each item are "a great deal," "somewhat" and "not at all." We count a respondent as using a source of information for responses of "a great deal" or "somewhat" and not using a source for a response of "not at all."

Both social media users and finfluencer followers report using more sources of information than non-users and non-followers, respectively. On average, social media users report using 7.6 of these 10 sources, while non-users report using only 4.0 sources. Finfluencer followers report using 7.5 sources, while non-followers report using 4.2 sources, on average.

Figures 6 and 7 show how the information sources investors use differ between social media users and finfluencer followers relative to their non-user and non-follower counterparts. Both social media users and finfluencer followers are more likely to report using each information source than non-users and non-followers, respectively. The differences, however, are small with respect to the use of financial professionals, with 77 percent of social media users vs. 69 percent of non-users using financial professionals. Similarly, 77 percent of finfluencer followers reported using financial professionals, while 70 percent of non-followers reported the same. These differences are much greater for reliance on mobile apps (79 percent of social media users vs. 19 percent of non-users), online videos (86 percent of social media users vs. 26 percent of non-users), and podcasts (73 percent of social media users vs. 21 percent of non-users). These differences are of similar magnitude when comparing finfluencer followers vs. non-followers.

Figure 6. Other Information Sources by Social Media Use

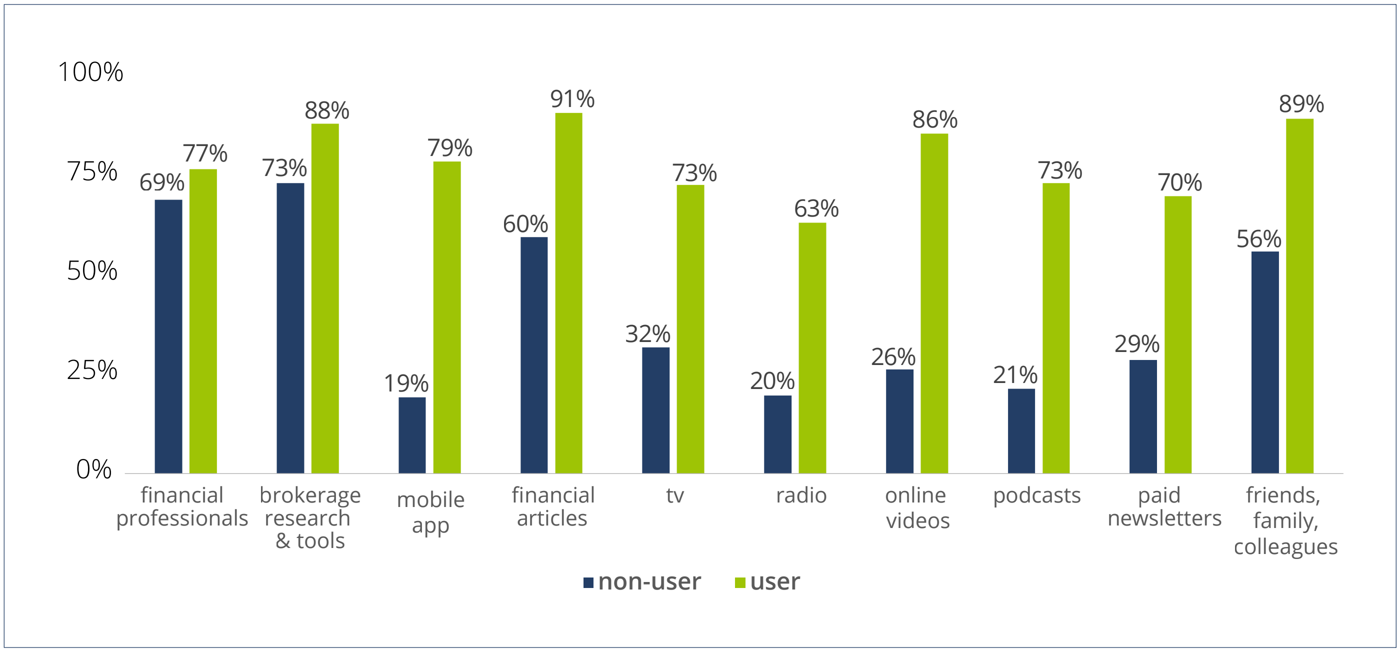
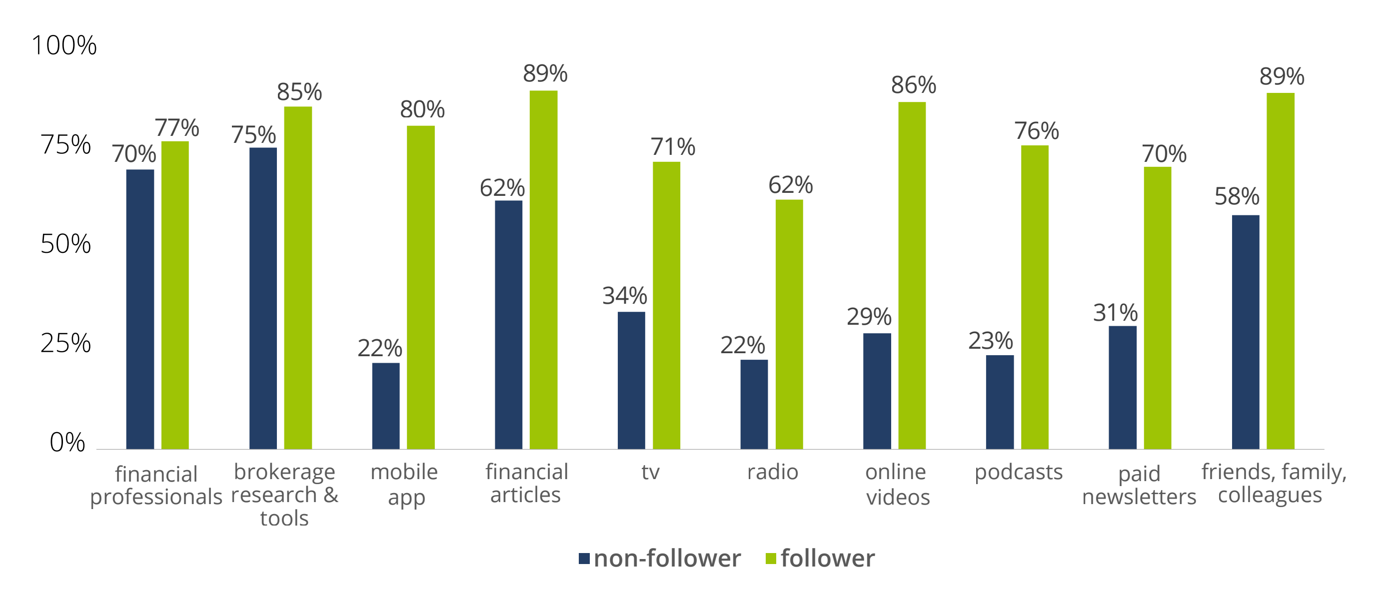


Figure 7. Other Information Sources by Finfluencer Following



Overall, our analysis paints a picture of social media users and finfluencer followers as more engaged in research and due diligence than non-users and non-followers. Indeed, this pattern also holds for background checks of financial professionals. In particular, 36 percent of social media users and 41 percent of finfluencer followers report checking the background, registration or license of a financial professional with a state or federal regulator, a much higher proportion than for non-users (14 percent) or non-followers (13 percent).

Investment Fraud

To understand the extent to which social media users' and finfluencer followers' vulnerability to investment fraud compares to that of other investors, in this section we examine the relationship between investment fraud victimization or susceptibility and use of social media or finfluencers for investment decisions.

The NFCS Investor Survey captures three items related to financial fraud. First, it asks respondents whether they believe they were targeted in an investment fraud or scam in the past year. Only six percent of respondents said "yes," while 89 percent said "no" and 5 percent said "do not know" or "prefer not to say." The low rate of self-reported fraud targeting is surprising given the high prevailing rate of spam communications through text, encrypted chat applications and email. It is possible many respondents may not have included these non-individualized spam communications (which are deployed en masse to large numbers of people) in their definition of fraud targeting. Second, those who reported having been targeted by fraud were then asked whether they had lost money in a fraud or scam. Of those targeted, 55 percent said "yes," 43 percent said "no" and two percent said "do not know." A subsequent question—asked of all respondents—gauges vulnerability to investment fraud, asking respondents if they would invest in an offer that has the hallmarks of investment fraud. Specifically, the question asks: "If you heard about an investment opportunity that promises a guaranteed, risk-free 25 percent annual return every year for the next 5 years, would you invest in it?" Fifty percent said "yes," 21 percent said "no" and 30 percent said "do not know" or "prefer not to say."

Figures 8 and 9 below show the proportion of respondents who answered "yes" to the above questions about fraud targeting, losses and vulnerability for social media users vs. non-users, and finfluencer followers vs. non-followers. The proportion of respondents who reported losing money in a fraud only includes those respondents who received this question (*i.e.*, answered "yes" to being targeted for investment fraud). These bar charts show that both social media users and finfluencer followers were more likely to be targeted for fraud and more likely to incur losses when targeted. They were also more vulnerable to a hypothetical fraudulent investment.

Figure 8. Fraud Exposure, Loss and Susceptibility by Social Media Use

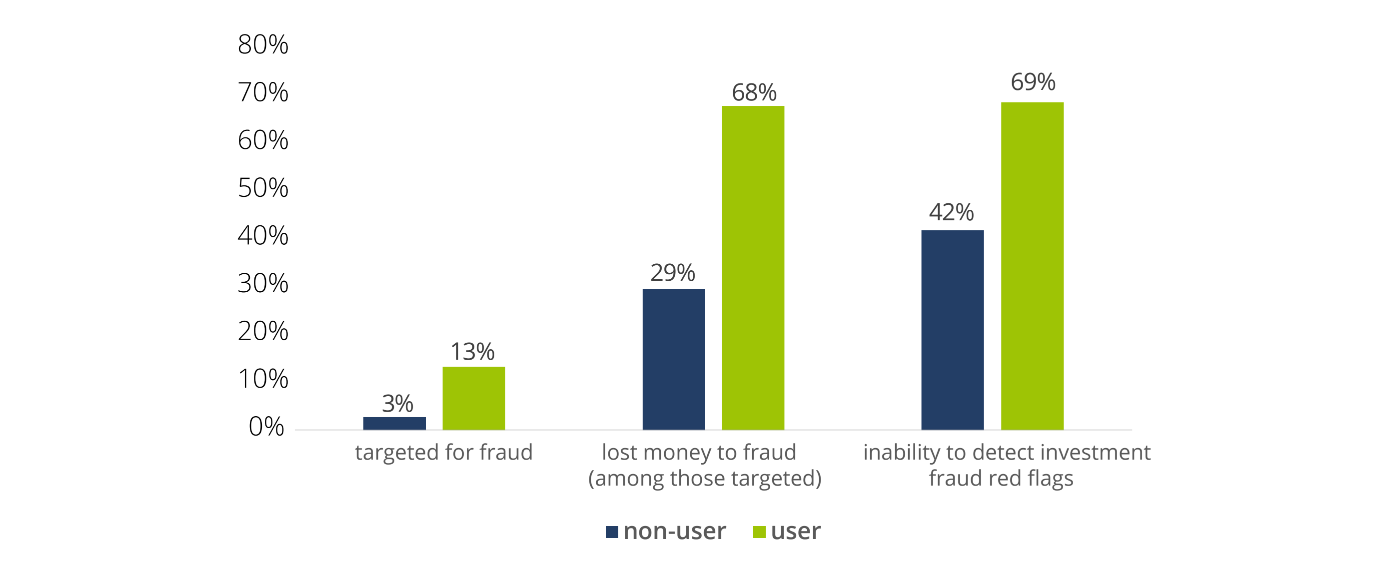
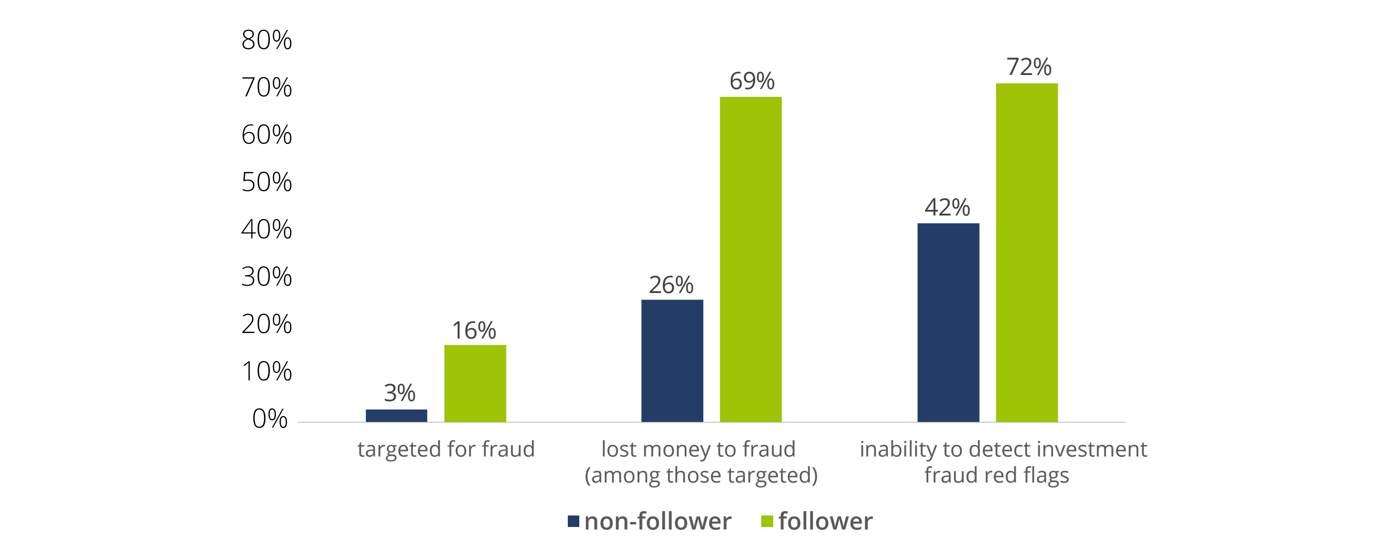


Figure 9. Fraud Exposure, Loss, and Susceptibility by Finfluencer Following



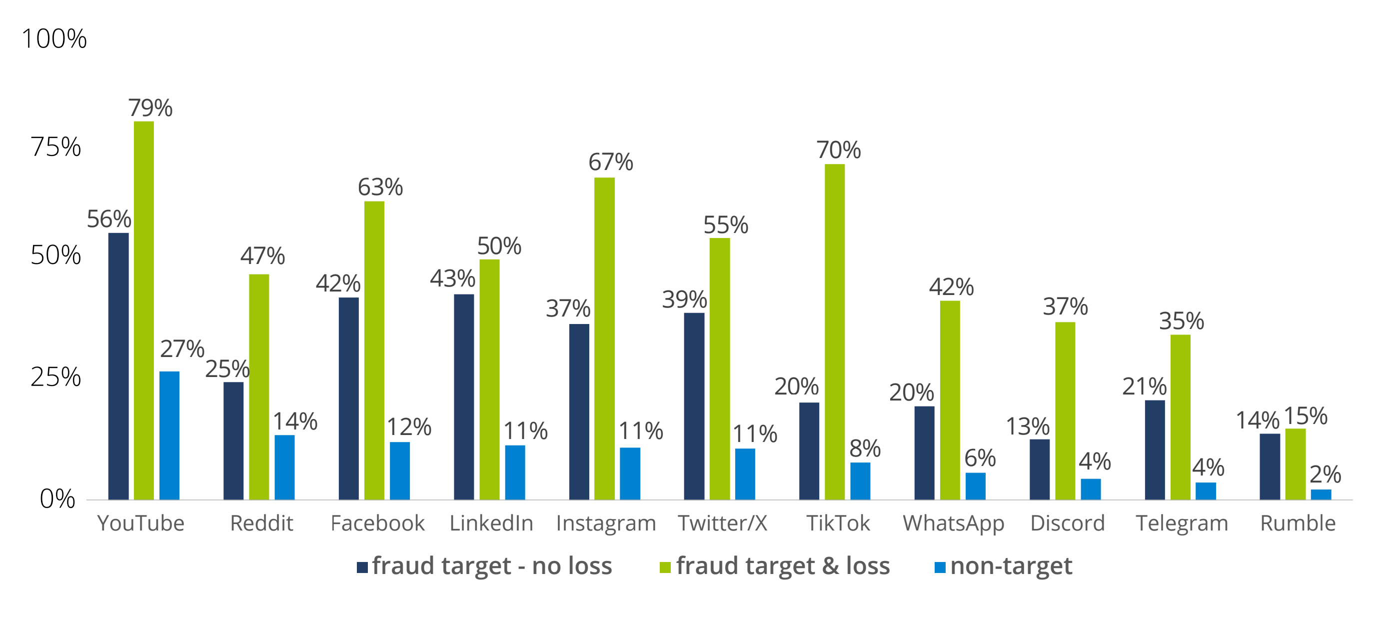
Social media users and finfluencer followers were not only more likely to indicate interest in participating in a fraudulent investment than non-users and non-followers, but also less likely to select “do not know” (DNK) or “prefer not to say” (PNS), a likely indicator of higher confidence in their answer. When asked if they would invest in this “opportunity,” 13 percent of social media users responded DNK or PNS, relative to 37 percent of non-users. Similarly, 9 percent of finfluencer followers responded DNK or PNS, compared to 37 percent of non-followers. These findings are consistent with the lower objective investment knowledge and higher confidence among social media users and finfluencer followers discussed above.

Losses from investment fraud and an inability to detect the red flags of investment fraud were significantly more likely among social media users and finfluencer followers—even when controlling for other factors, including investment knowledge and age.

Social Media Channels and Fraud

In this section, we analyze which social media channels those who report being targeted in a fraud or incurring losses as a result of a fraud use most. The following bar chart shows use of social media channels for three subgroups: 1) respondents who reported being targeted in a financial fraud and losing money; 2) respondents who reported being targeted in a financial fraud but *not* losing money; and 3) respondents who reported not being targeted in a financial fraud.

Figure 10. Social Media Channel Use for Fraud Victims, Targets and Non-Targets



As noted above, respondents could choose multiple social media channels. That said, the most cited channels among investors who reported losing money to fraud were YouTube (79 percent), TikTok (70 percent) and Instagram (67 percent).

Non-Monetary Motives

In this section, we seek to understand the non-monetary motives of social media users and finfluencers followers to assess possible non-monetary benefits that these investors may be deriving from their investment activities. The NFCS Investor Survey includes the following question on motives for investing: "How well does each of the following describe why you invest?" The following non-monetary categories are provided under this question:

1. For entertainment/excitement/fun/playing a game
2. My peers are doing it/social activity/connecting with others
3. To make a difference in the world/support values I care about/be socially responsible
4. To learn about investing

Survey response options include 1 = "does not describe at all," 2 = "describes somewhat" and 3 = "describes very well." Those who selected "describes somewhat" or "describes very well" for a particular motivation were classified as being motivated by that factor.

Figure 11 shows the percent of social media users vs. non-users who indicated a non-monetary motive, and Figure 12 shows the same for finfluencer followers vs. non-followers. A greater proportion of both social media users and finfluencer followers than non-users and non-followers reported each non-monetary motive for investing. Indeed, social media users reported 2.7 non-monetary motives, on average, while non-users reported 1.2 such motives. Similarly, finfluencer followers reported 2.9 non-monetary motives, on average, while non-followers reported 1.3 motives. The differences were particularly stark for motives related to entertainment and social activity. For example, there was a 48-percentage point difference in the proportion of users vs. non-users (59 percent vs. 11 percent) who cited social activity as a motive for investing and a 52-percentage point difference in the proportion of followers vs. non-followers (64 percent vs. 12 percent).

Figure 11. Non-Monetary Motives for Investing by Social Media Use

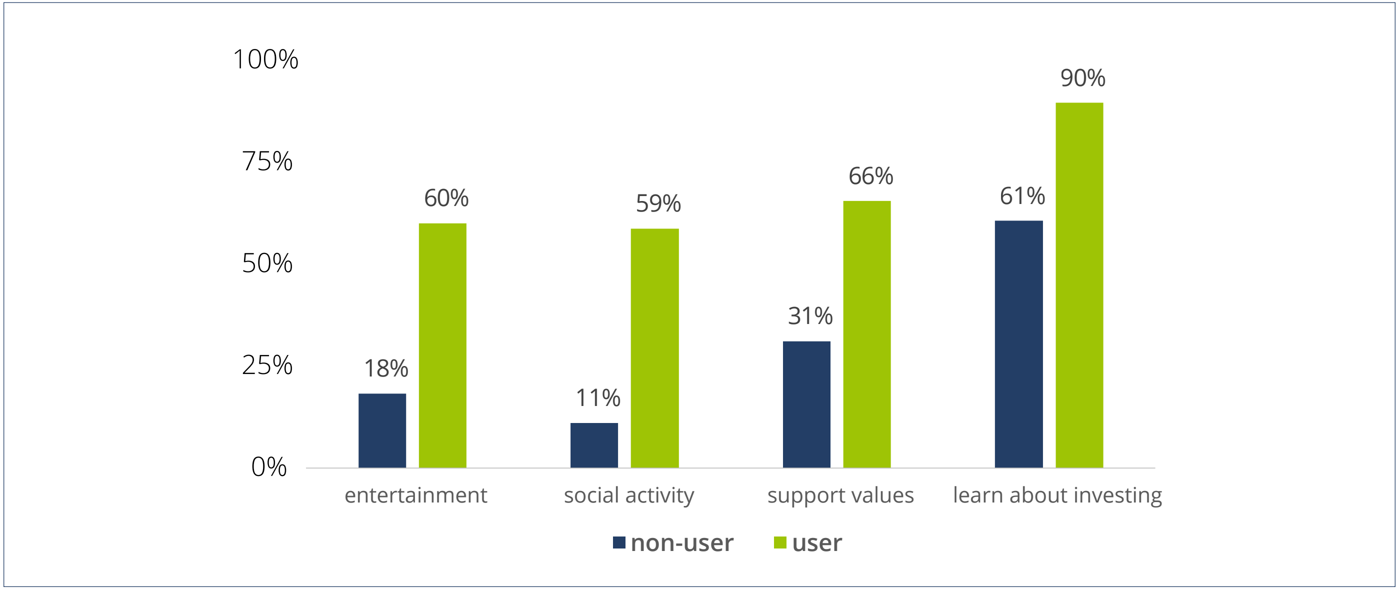
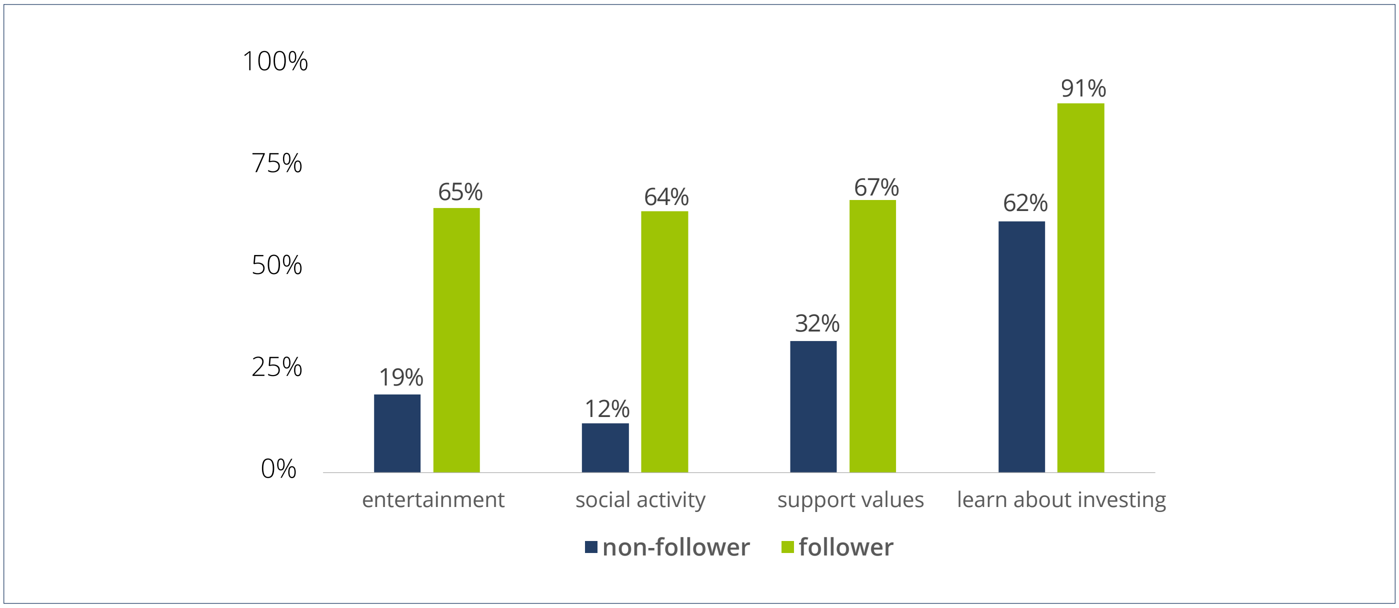


Figure 12. Non-Monetary Motives for Investing by Finfluencer Following



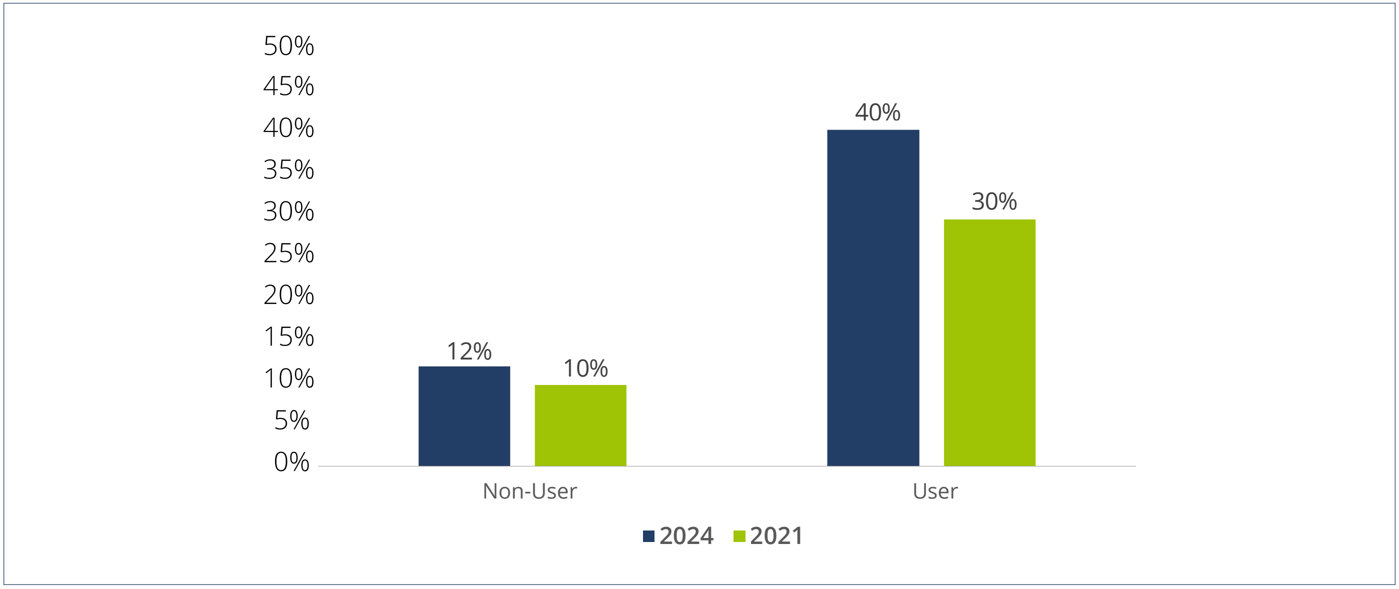
ESG Motives

The NFCS Investor Survey also asks respondents about the importance they place on environmental, social and corporate governance (ESG) issues when making investment decisions. Responses are provided on a Likert scale from 1 (“not at all important”) to 10 (“extremely important”). The 2024 NFCS Investor Survey report documented a decrease in respondents’ stated importance of ESG issues since the previous survey in 2021, particularly among young investors.[7] The bar chart in Figure 13 shows the percentage of social media users and non-users in both 2021 and 2024 who responded 8, 9 or 10 to the question about ESG importance. One can see that stated ESG importance was higher among social media users than non-users in both 2021 and 2024. Currently, the percentage of social media users who consider ESG important (by our definition) is 30 percent vs. 10 percent of non-users. In addition, the stated importance of ESG decreased by 10 percentage points among social media users—decreasing from 40 percent to 30 percent. By comparison, the decrease in ESG importance among social media non-users was only two percentage points over this time period.[8]

[7] Lin, J. T., Bumcrot, C., Valdes, O., Mottola, G., Sarver, S., Ganem, R., Kieffer, C., & Walsh, G. (2025). Investors in the United States: A Report of the National Financial Capability Study. FINRA Investor Education Foundation. www.FINRAFoundation.org/InvestorReport2024

[8] We are unable to compare these changes among finfluencer followers and non-followers because the question on social media personalities was first asked in 2024 as mentioned previously.

Figure 13. ESG Importance by Social Media Use in 2024 vs. 2021



The decrease in stated ESG importance appears to be primarily a function of age, as can be seen in the bar charts below. Figures 14 and 15 show stated ESG importance by age and social media use for the 2021 and 2024 surveys, respectively. ESG importance declined by 14 percentage points from 46 percent to 32 percent for social media users aged 18 to 34. However, it decreased by an even higher amount—19 percentage points—among social media non-users of this same age. Therefore, younger investors reported lower ESG importance whether they were social media users or non-users. In contrast, there was only a one one-percentage-point difference between 2021 and 2024 for both social media users and non-users aged 55 or above. Therefore, the change in stated importance of ESG was negligible for older investors.

Figure 14. ESG Importance by Age & Social Media Use in 2021

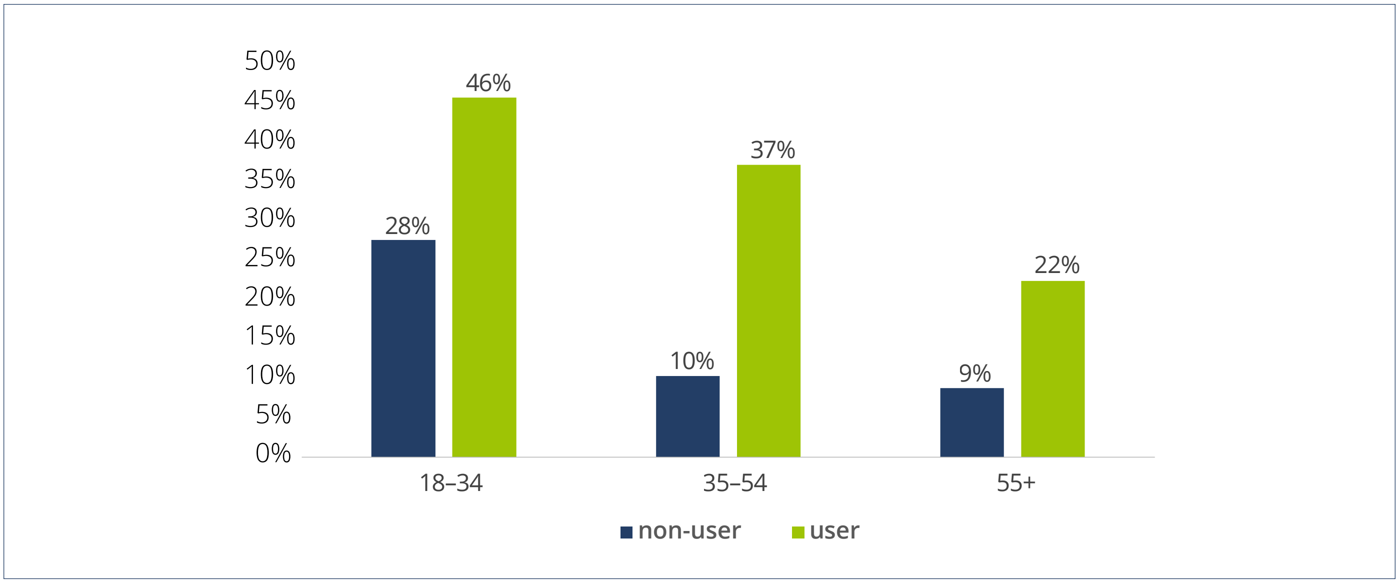
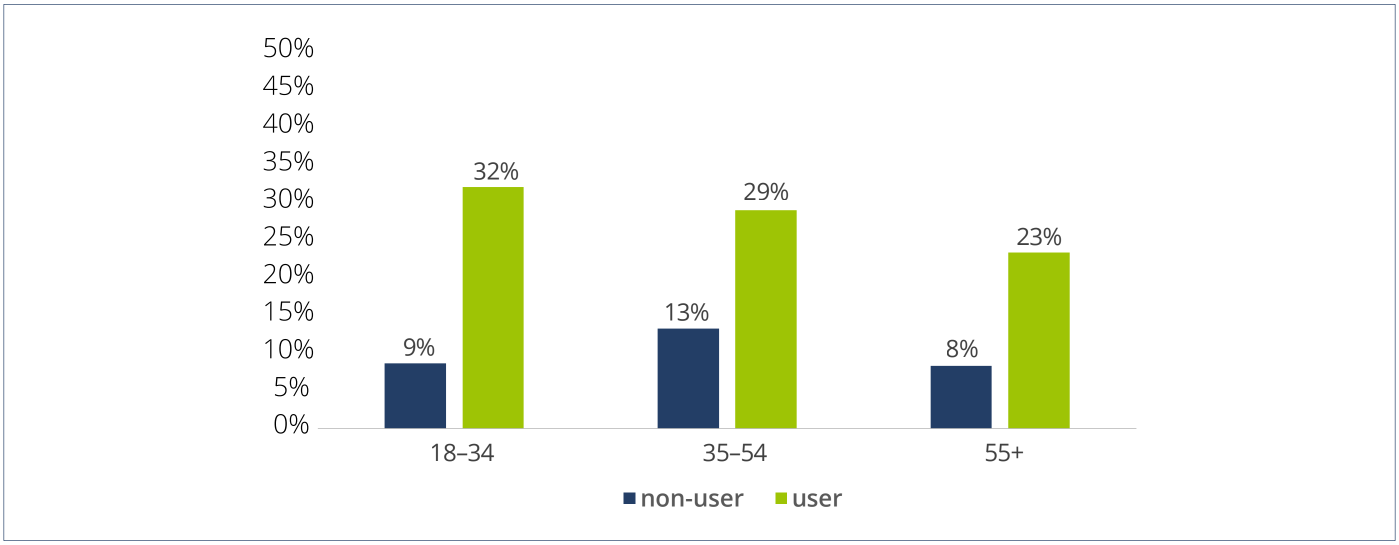


Figure 15. ESG Importance by Age & Social Media Use in 2024

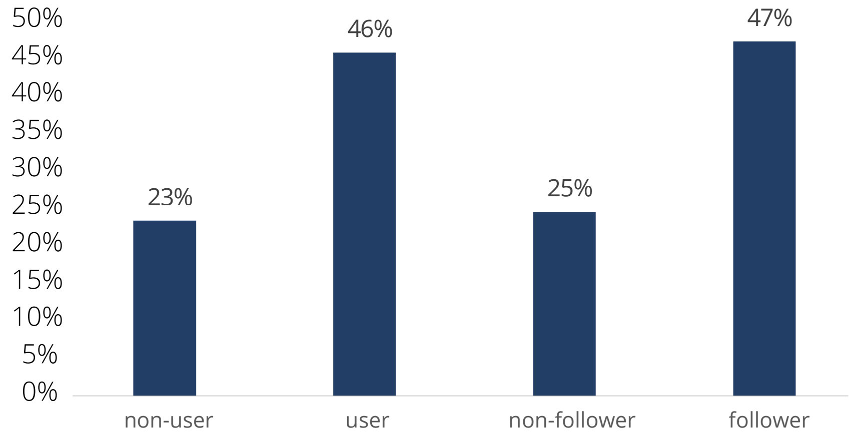


Investing and Identity

We examine to what extent social media users and finfluencer followers, relative to other investors, identify as investors. An interesting, related question is to what extent these investors find affinity from social media use and finfluencers focusing on investments.

To do this, we use a survey question that asks: "How strongly do you agree or disagree with the following statement? 'People like me aren't usually investors'" with response options ranging on a scale from 1 ("strongly disagree") to 7 ("strongly agree"). Figure 16 shows the proportion of social media users/non-users and finfluencer followers/non-followers who agreed that people like them are not usually investors (*i.e.*, provided a response of 4, 5, 6 or 7 to this question). Twice as many social media users (46 percent) as non-users (23 percent) agreed that people like them are not usually investors. The same pattern held for finfluencer followers (47 percent) relative to non-followers (25 percent). It could be that investors who use social media or finfluencers are turning to these channels to find affinity group representation where it is otherwise lacking. Social media may be beneficial in terms of broadening financial market participation among groups with lower participation rates. However, the extent to which this hypothesis holds true remains an important open question for research.

Figure 16. Proportion Who Agreed "People Like Me Aren't Usually Investors"



Conclusion

This brief examines the characteristics, behaviors and outcomes of retail investors who use social media to inform their investment decisions and/or base their investment decisions on recommendations from finfluencers. We find that these investors are predominantly younger, male and more likely to be Black/African American, Hispanic/Latino, or Asian/Pacific Islander and less wealthy than other investors. They demonstrate a concerning pattern of overconfidence: scoring lower on objective measures of investment knowledge than other investors while, on average, rating their investment knowledge higher. This manifests in heightened vulnerability to fraud, with both groups more likely to report fraud targeting and fraud-related financial losses and less likely to detect the red flags of investment fraud.

Social media users report conducting more due diligence than their peers, relying on an average of 7.6 information sources compared to 4.0 for non-users. We also found social media users report significantly stronger non-monetary motives for investing, including entertainment, social connection, values alignment and learning. Nearly half reported that they do not consider themselves a "typical investor," suggesting that social media might provide affinity group representation and broaden market participation.

Social media's role in investing presents both potential costs and benefits. These platforms appear to be drawing in investors who might otherwise remain on the sidelines, providing educational content and fostering community. However, the combination of low objective knowledge, high subjective confidence, and demonstrated fraud vulnerability raises concerns that suggest the need for further research on these issues.

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Methodology

This brief uses data from the 2021 and 2024 NFCS Investor Survey, with a sample size of 2,824 and 2,861, respectively. Both surveys were self-administered online to respondents between July and December of their respective years. To be included in the study, respondents had to report owning non-retirement investments. The vast majority of respondents also own retirement accounts. Survey weights intended to approximate the investor population in terms of age and education were applied to the analyses. Breakdowns of sub-populations may not necessarily be representative. Multivariate analyses controlled for the following characteristics: gender, race/ethnicity, college education, age, annual income, and value of non-retirement investment portfolio. Please contact the authors for regression output.

More information about the NFCS, including survey instruments, data sets, and detailed methodological information, can be found at www.FINRAFoundation.org/NFCS.

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