(F)influenced?

#SocialTrading: Using social media for financial information and investing advice. Exploring the impact of financial influencers on young adults' investment decision-making.

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Abstract

The dissemination of personal finance information by so called finfluencers has steadily been increasing in recent years. As young adults have grown up with digital technologies and use social media platforms daily, it comes to no surprise that they have adopted social media for gathering financial information and investment advice. In fact, the combination of different factors such as the recent Covid-19 pandemic, the easy access to financial markets through trading platforms and social media fueled investment hypes have caused the emergence of a new wave of young and inexperienced retail investors who have developed interest in investing their own money. While investing in different asset classes can help young adults to accumulate wealth over time, seeking investment advice on social media can be hazardous to their financial health as finfluencers tend to recommend high-risk investments and oftentimes do not have the proper financial education and experience to give financial recommendations. Thus, as younger people are said to be more susceptible to the opinions of others and are prone to follow the investment behavior and actions of finfluencers, this retail investment boom has raised concerns about unsafe and unsound investment strategies.

Thus, the purpose of this research was to determine what role finfluencers play in the investment decision-making of young adults to assess whether using social media as a preferred financial information source is indeed a cause for concern. A total of 12 in-depth interviews were conducted with young adults ages 18-25 from eight different countries who use social media for personal finance purposes. The thematic analysis that was conducted on these interviews revealed that young adults only trust sources from verified financial experts. In addition, the qualitative data also revealed that finfluencers do not pose a risk to the financial wellbeing of young adults in this study. Quite the contrary, finfluencers guide and support young adults in their own investment decision-making process and give them perspective and a sense of direction. In effect, rather than being influenced, one can conclude that young adults are inspired by the investment ideas that finfluencers share and by their impressive track record in the investment field.

KEYWORDS: Social media, investment advice, decision-making, financial influencer, young adults

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1. Introduction

Besides resulting in a global health crisis, the economic fallout from Covid-19 led to high unemployment rates and rattled financial markets of both developed and emerging countries (Jones et al., 2021). Financial markets worldwide fell sharply and suffered heavy losses in what is perceived as one of the biggest and fastest bear markets in history (Dąbrowski, 2021). The resulting bear market, defined as a period of falling asset prices by 20% or more, caused major stock market indices such as the *MSCI World*, *Dow Jones*, *DAX*, *FTSE*, and *Hang Seng* to plunge between 20-40% in March of 2020 (Gonzalez et al., 2005; Statista, 2022a). Moreover, in the same month, the cryptocurrency market lost nearly 21 billion dollars in total market cap (Umar et al., 2021). Due to plummeting financial markets, a new wave of young retail investors emerged who saw this crash as a good time to enter equity and cryptocurrency markets (Reinicke, 2021). While financial technology companies (Fintech) enabled new retail investors to participate in financial markets by making investing more accessible and affordable, this surge was not only driven by user-friendly trading applications and cheap asset prices, but social media played a significant role in this trend too (Nourallah & Öhman, 2021). As a matter of fact, "social trading", a term that refers to the proliferation of financial content and investment advice by so-called "finfluencers" (financial influencers) via social media platforms such as YouTube, Instagram and TikTok is said to have sparked young people's interest in personal finance (Hendry et al., 2021). Besides attracting and stirring young people's attention towards investing, empirical findings indicate that the opinions and recommendations of finfluencers impact the investment decision-making of young adults (Chairunnisa & Dalimunthe, 2021; Subramanian & Prerana 2021).

1.1 The investment decision-making process

Making investment decisions, or the allocation of resources into different financial assets, is a complex task that requires a due diligence check of potential investment opportunities. Investment research is an extensive and meticulous process which includes studying and analysing the performance of various financial instruments to assess whether they are worth investing in (Jaiyeoba & Haron, 2016). While there are different types of financial assets to choose from, fixed income, equity and derivatives are the three commonly distinguished types. For instance, fixed income items such as government or corporate bonds generate returns in the form of fixed periodic interest rates. An equity investment, on the other hand, involves purchasing shares of a company in the stock market with the goal of making profits either from dividends or from the sale of the holdings at a later point in time when the market price has increased. Derivatives, which are financial contracts such as options or futures, provide contract payoffs determined by the value of an underlying asset. For example, when entering a derivative agreement based on a futures contract, investors can lock in a fixed price of a commodity, stock, or other financial asset to buy or sell at a future date. This allows investors to speculate on the price movement and profiting by correctly guessing the price direction (Bodie et al., 2002).

As the mentioned investment types above only represent a small fraction of the available options, it is important for investors to properly inform themselves before selecting any financial asset. This decision-making process oftentimes involves the use of either fundamental or technical analysis through which investors can evaluate an asset's strengths, weaknesses, and growth prospects. While fundamental analysis is a method of studying and determining the asset's intrinsic value based on measurable characteristics (such as a firm's financial statements), technical analysis seeks to forecast price movements by examining price and volume data displayed on charts (Thakkar & Chaudhari, 2021). Virlics (2013) notes that to make good investment choices, investors should not only properly assess publicly available information on financial assets, but they must also be able to understand them and make sense of it. Even so, while the thorough assessment of information *should* be an essential step of financial decision-making, Kusumaningrum et al. (2019) note that "investment decision making is often influenced by intuitive thoughts or emotions rather than logic" (p.10).

1.2 Traditional finance and behavioural finance: Opposing views

During the 1990s, financial researchers and practitioners started gravitating towards models of behavioural finance to make sense of investor and market behaviour as they realized that many of the proposed principles by traditional finance, including the efficient-market hypothesis (EMH) and the idea of the rational investor, do not accurately mirror the reality. For instance, in efficient markets, asset prices fully incorporate and reflect all available public information and rational investors make their decisions based on prudent fundamental analysis of a given asset (Raut & Kumar, 2018). However, in the 1980s, the occurrences of financial anomalies such as volatility (unpredictable and excessive price fluctuations) contradicted the theory of market efficiency and the notion of rational investing (Shiller, 2003). Contrary to traditional economic theory, behavioural economics incorporates both psychological and sociological perspectives and alleges that personality traits, behavioural biases and social interactions frame the decision- making process of investors (Raut & Kumar, 2018).

Not only has extensive research shown that investors take decisions under the influence of a mix of behavioural biases, but recent studies stipulate that finfluencers particularly trigger a bias called “herding/crowd following” (Chairunnisa & Dalimunthe, 2021; Jain et al., 2015). Furthermore, studies have demonstrated that social media sentiment (the opinions, attitudes, and feelings of people towards an investment choice) affect market volatility (Betzer & Harries, 2022; Long et al., 2021). In effect, on several occasions it was observed that after a finfluencer shared advice on a specific stock or cryptocurrency, the asset price changed considerably (Jain et al., 2015). This evidence suggests that investors are swayed by the opinions of finfluencers and take their advice regarding a specific investment opportunity. While researchers agree that the environment on social media significantly contributes to the emotional cycle of investor decision making, research on the interplay between social media and investor behaviour is still at a nascent stage (Cao et al., 2020). Moreover, not only is scientific research on financial influencers scarce, but their impact on investor’s decision-making process, especially on that of young adults, is not well understood yet (Estelami & Florendo, 2021).

1.3 Social and scientific relevance

The influx of young and inexperienced investors in combination with the boom of financial influencers has raised concerns among regulatory agencies and industry groups in terms of potentially harming the financial well-being of young adults (Hendry et al., 2021). Apart from the fact that influencers have the capability of influencing consumer’s buying decisions, Holienčinová and Kádeková (2018) note that especially the younger generations have been found to be more susceptible to follow the advice shared by influencers. This is particularly worrying since many of these financial influencers are not professionally qualified and do not have sufficient knowledge to give financial guidance (AFM, 2021). Considering that young adults often lack knowledge of basic financial concepts themselves, using social media for personal finance and trusting "finfluencers" can lead to poor decision-making and considerable financial losses (OECD, 2020).

In addition, the sharing of investment recommendations and hyping financial assets on social media platforms has resulted in retail investors favouring riskier short-time investments over more secure long-time investments in hope to get rich quick (Reuters, 2020). In the past, several actions of financial influencers, including those promises to become rich quickly, have caused investment bubbles to inflate rapidly. These asset bubbles are especially detrimental for investors who join the frenzy too late when the bubbles are already about to burst (Teeter & Sandberg, 2017). This kind of market manipulation has stressed the need for adequate investor protection and thus regulatory bodies have highlighted the importance of tougher social media regulation, as well as integrating financial education into school curricula (ESMA, 2021; Hendry et al., 2021).

Nonetheless, to protect young adults and equip them with the necessary knowledge and skills needed to navigate the investment jungle and be able to make sound financial decisions, it is necessary to understand young adults' relationship with social media as an educative and informative tool when it comes to investment decision-making. This includes finding out what draws young adults to social media for personal finance matters and what the role of finfluencers is on their investment-decision-making process. Furthermore, since it seems like finfluencers are perceived as credible information sources for financial advice, it is crucial to determine what factors build trust in finfluencers. Thus, considering the influential power of influencers and the risks that are attached to following bad financial advice, it is imperative to shed some light on this unexplored phenomenon. Furthermore, the findings of this research can contribute to existing academic literature by focusing on young adults which are an understudied population regarding the field of behavioural finance (Wong et al., 2021). In addition, while there are some recent studies that have specifically focused on young adults as a study group, most of the researchers employed quantitative research methods. Hence, the qualitative data gathered in this study can be useful for practical application as it may provide interesting insights into how young adults interact with finfluencers and how easily they are influenced by following them on social media. This kind of data can especially be useful for policy makers as it reveals whether finfluencers in fact represent a threat to the financial well-being of young adults or if this concern is unfounded. Moreover, the information gathered in this study may also benefit young adults themselves as financial literacy program developers and educators can better understand the educational needs and wants of younger generations when it comes to learning about financial topics.

1.4 Scope of research

As discussed in the previous section, the aim of this study is to investigate the new phenomenon of the social media finfluencer and to better understand their influence on the investment behaviour of young adults. This is explored through in-depth interviews with young adults ages 18-25 who participate in financial markets and use social media for personal finance and investing advice. In depth-interviews are the appropriate method for this kind of study since it provides information about the social world by asking people about their experiences, opinions, and perspectives (Johnson, 2001). In addition, qualitative research can answer questions as to why people behave in certain ways and decide to take part in certain actions (Rosenthal, 2016). Thus, by employing in-depth interviewing as a qualitative research technique, empirical data gathered will provide insight into the unexplored intertwinement of social media and behavioural economics. This exploratory research study is guided by the following overarching research question and two subsequent sub- questions:

What is the role of financial influencers in the investment-decision making process of young adults?

Sub-RQ1: Why do young adults use social media for personal finance?
Sub-RQ2: How do young adults determine a finfluencer's trustworthiness?

This thesis will be structured in the following manner: chapter two includes an explanation of the factors that drove young adults to start their investment journey, followed by an overview of the previous literature and studies that have been conducted on the topic of using social media for personal finance, as well as a theoretical discussion on the finfluencer phenomenon. Moreover, chapter two also includes an excursion through behavioral finance theory. Chapter three will explain the methodological approach and chapter four provides an overview of the main findings. Lastly, chapter five sums up the main findings and provides an extensive discussion of the results and limitations of the study as well as proposing ideas for future research.

Theoretical Framework

1.5 The rise of young retail investors: motivations and drivers

Before diving deeper into the investment decision-making of young adults and evaluating the role of financial influencers in this process, it is important to first take a closer look at the possible causes of this new wave of retail investors. As briefly mentioned in the introduction, various factors contributed to the emergence of young investors such as the Covid-19 pandemic, the popularity and rapid adoption of online trading platforms and social media users creating hype for certain investments. These three factors will be discussed in the following section to provide a bigger picture of this phenomenon at hand.

1.5.1 The Covid-19 pandemic as a unique opportunity to enter financial markets

The Coronavirus pandemic caused economic and social disruption around the world and heavily impacted the public, as well as the private sector (Tinn, 2021). Nonetheless, despite market uncertainty and volatility, the pandemic resulted in a large influx of retail investors who entered the market for the first time in 2020 in what Fitzgerald (2021) calls a "retail investing boom". A retail investor is defined as someone who does not trade or invest professionally but rather for his or her own financial gain and who usually buys and sells financial instruments at a much smaller scale than institutional investors (Hayes, 2021). As governments around the world implemented lockdowns and cancelled most of the sports and entertainment events, Ozik et al. (2021) note that people who were forced to stay home not only started having a lot more time on their hands but also spent less money and were thus able to save more. Moreover, the authors also argue that it was during this period that many people, especially young adults, began paying more attention to their personal finances and became interested in investing their money. This new generation of investors, who are typically younger and more optimistic about the future, realized that industries that had been affected the most by Covid-19, such as the tourism and service sector, would eventually recover and deliver attractive returns to its shareholders (Reinicke, 2021). While empirical research of the impacts of Covid-19 on the trading environment is still evolving, the financial market crash and a sudden drop in equity and cryptocurrency prices certainly proved to be a strong incentive for market participation and was regarded as a unique opportunity to enter financial markets (Tinn, 2021). Nonetheless, it is important to note that fintech trading platforms enabled this wave of novice investors to gain access to the market in the first place (Ozik et al., 2021).

1.5.2 The enabler of market participation: Fintech trading platforms

In 2020, popular investment apps experienced record growth as high numbers of first-time traders opened a new brokerage account (McGabe, 2020). For instance, Robinhood, an American financial app that lets its users invest their money in different securities such as stocks, ETFs, futures, cryptocurrency and other investment options, reported that three million new users signed up in the first quarter of 2020 (Ozik et al., 2021). Other trading apps such as UK-based Freetrade showed a sixfold customer increase and Israeli brokerage company eToro was able to grow its customer base by 40% within the same year (Belton, 2021). Tinn (2021) states that these online trading platforms have significantly lowered the barriers to entry for novice investors with little experience and limited knowledge by providing users direct access to financial markets on their smartphones. Fink (2021) argues that the combination of convenience, ease and low-cost of these platforms is the reason why tech-loving millennials have flocked to fintech companies for personal investing. The author further claims that fintech companies have revolutionized personal investing and have completely changed the investing experience by enabling users to build their own portfolios and manage their own assets with the help of robo-advisors. Essentially, robo-advisors provide financial advice based on artificial intelligence and algorithms, eliminating the need of human intervention in the form of financial advisors (Sironi, 2016).

Nonetheless, although fintechs have been praised for democratizing finance and investing, others have criticized companies such as Robinhood for targeting and attracting young and inexperienced amateur investors by using "gamification" principles (Van der Heide & Želinský, 2021). Deterding et al. (2011) define gamification as "the use of game design elements in non-game contexts" such as education, healthcare and financial services (p. 10). The gamification of trading apps involves implementing game-like features that make the user experience more exciting such as using confetti animation as a user reward for reaching a financial milestone or scratching off what seems to be a lottery ticket when given a free stock for becoming a new member (Barber et al., 2020). The authors further argue that turning investment apps into casino-like games might not only lead to excessive trading and addictive behavior but can result in great financial losses, especially when it comes to inexperienced retail investors. As a matter of fact, gamified investment apps became the center of media attention after a 20-year-old American took his life in June of 2020 after wrongfully believing he had amassed 730,000 dollars’ worth of debt by trading “options”, a high-risk and sophisticated financial instrument (Henderson et al., 2020). Nevertheless, while online trading platforms with game-like interfaces have lured in young and naïve investors by offering commission-free trades and easy access to complex investment products, many claim that social media motivated and influenced young people to start investing and spurred financial market participation via these platforms (Betzer & Harries, 2022; Hendry et al., 2021; Khan, 2021).

1.5.3 The social media fueled investment hype: The case of GameStop

The seeking of social media for personal finance, including financial information and advice has gained traction in recent years (Betzer & Harries, 2022). When it comes to the social media use among young adults, Hendry et al. (2021) report that young investors increasingly take part in what they call “digital finance cultures” which includes the consumption of online financial content on social media and digital media, as well as the participation in financial asset-building through emerging fintech platforms. Moreover, a study by Cao and Liu (2017) revealed that social media is among the preferred information sources for personal finance decisions of young adults. In addition, Wu (2022) notices that due to the proliferation of financial content on social media, young people not only consume financial information more than ever but since they also spend a considerable amount of time online, the constant exposure can also influence their own economic thinking. In fact, 57% of young Indian adults, who participated in a study examining the social media influence on investment decisions, said that social media affects their choice of investment (Subramanian & Prerana, 2021).

The influential power of social media can best be illustrated by the now infamous GameStop incident that took place in January of 2021 in which an online community on Reddit called “WallStreetBets” created a hype around the video game retailer GameStop and influenced retail investors to buy the company’s shares, causing the share price to soar twentyfold (Betzer & Harries, 2022). Not only was GameStop a struggling enterprise, but there was no economic reasoning behind the surge except Reddit users expressing strong enthusiasm for the company as they believed the stock had been undervalued by institutional Wall Street investors (Helmore, 2021). Carew (2021) and Kay (2021) note that the hype that was created around GameStop prompted young adults to invest in the company and become more interested in the topic of investing in general. Moreover, Reddit users would share screenshots of their big trading gains which in turn incited others to invest, in hope of similar returns and further fueled excitement among retail investors (Tan, 2021).

1.6 social media for personal finance- reasons why

Even though young adults seem to have adopted social media as a source for financial information gathering and investing advice, empirical research as to why young adults use social media for personal finance and how the online environment influences their financial decision- making is still very limited (Cao & Liu, 2017; Estelami & Florendo, 2021; Way et al., 2011). Not only is this due to the fact that the investing boom among young adults is a rather recent development, but as Wong et al. (2021) point out, past research in the field of behavioral economics and financial decision-making has always focused on adults. Nonetheless, the next section provides a small literature review of why people may use social media for personal finance to build a theoretical framework for the first sub- question.

1.6.1 The Technology Acceptance Model

The Technology Acceptance Model (TAM), developed by Fred Davis in 1989, is still one of the most influential technology acceptance models and theories used to explain an individual's usage and adoption of a technology (Venkatesh, 2000). According to Davis (1989), two factors influence and determine the behavioral intentions of using a technology. One of them is "perceived usefulness" which is defined as "the degree to which a person believes that using a particular system would enhance his or her job performance" and "perceived ease of use", which the author refers to as "the degree to which a person believes that using a particular system would be free of effort" (Davis, 1989, p.320). Over the years, TAM has been revised and adapted to explain the usage behavior of several different technologies such as social media. For instance, Rauniar et al. (2014) have developed a validated instrument of usage behavior of social media and added additional constructs to Davis' original TAM model which include "the user's critical mass (CM)", "social networking site capability (CP)", "perceived playfulness" (PP), and "trustworthiness (TW)" (p.6). With regards to "the user's critical mass", they note that based on social psychology perspectives, the presence and behavior of others affect individual behavior, and this is why a platform's large user base can influence people to join a network. "Social networking site capability" refers to the platform's valuable features and applications that enhance the user experience, while “perceived playfulness” is indicative of social media’s entertaining quality. In relation to “trustworthiness”, they argue that keeping users’ information confidential is important for building trust in social media platforms and influences the attitude towards social media usage.

With regards to personal finance, a study by Cao et al. (2020), which was based on TAM theory, found that “perceived usefulness” is a motive behind people’s social media use. The authors further observe that people believe that social media is a useful source for helping them make financial and investment decisions and learning new skills. This is also supported by Hoffmann and Otteby (2018) who discovered that “perceived helpfulness” is a strong indicator for the usage of finance blogs as the content provided is typically quick and easy to digest. Moreover, researchers examining the interactions around personal finance on social media have concluded that online communities provide “social support” and create an encouraging environment for individuals by providing information and help and giving valuable advice and feedback (Way et al., 2011). Although “perceived ease of use” was not found to be relevant for social media use regarding personal finance in the study of Cao et al. (2020), Hazari and Richards (2011) argue that some of the characteristics and advantages of social media such as its accessibility, convenience, availability and the zero-cost factor certainly play into the adoption of personal finance investing.

1.6.2 Improving financial literacy

Studies have shown that financial literacy, a term used to describe an individual’s skills and capabilities to make informed and strong personal financial decisions, is low around the world, even in economically developed countries with functioning markets (Lusardi, 2019). Among different age groups, an international survey also revealed that young adults (aged 18-29) score the lowest in financial literacy (OECD, 2020). Serido (2021) calls young adulthood a critical period in life where major developmental milestones are reached. As many young people enter employment and start earning their own money, this time is marked by the transition from dependent child/teenager to financially independent adult which also requires facing new responsibilities. Additionally, this is the period where young people should start saving for retirement and with current low interest rates on savings accounts, investing in asset classes is a good option to do so (Serido, 2021). Furthermore, understanding basic financial concepts of personal finance such as money management, budgeting, saving and investing is paramount to a person’s economic well-being and safeguarding against excessive risk taking, indebtedness and fraud (Makhija et al., 2021). The Organization for Economic Co-operation and Development (OECD) even defines financial literacy as “a core life skill for participating in modern society” that encompasses both knowledge and financial behavior (OECD, n.d.). Since Ali Al Atoom et al. (2021) point out that information and knowledge are the backbone of financial decision-making, developing financial literacy at a young age seems to be crucial. This view is also supported by Yanto et al. (2021) who found out that financial knowledge influences the financial attitude and behavior of the millennial generation.

Nonetheless, personal finance as a school subject is either not being extensively taught or not taught at all (Beck & Garris, 2019; Förster et al., 2019). Consequently, young adults may explore other tools and resources such as online and social media, mass media and magazines to learn about financial concepts and ask their family members, friends or peers for financial advice. This means that most of their financial skills and knowledge are developed and shaped by online communities and interpersonal relationships instead of institutional education programs (Förster et al., 2019). What is more, studies have revealed that using social media for personal finance can improve financial literacy (Cao et al., 2020; (Yanto et al., 2021). In fact, Yanto el al. (2021) argue that the interactive nature of social media fosters collaborative learning and point out that this educational approach of working together with peers enhances understanding and is especially fruitful when it comes to learning financial concepts. Thus, considering the absence or insufficiency of traditional financial education and subsequent low level of financial literacy among young adults, one can assume that one of the reasons why they turn to alternative sources such as social media is to improve their financial literacy and to receive what they perceive as valuable and reliable financial guidance.

1.7 The role of Finfluencers in the investment decision process

As outlined in the previous section, several features of social media platforms have contributed to the adoption of social media as educational technology. Nonetheless, it is important to notice that platforms such as Twitter, YouTube, and Instagram on their own are mere blank canvases that only thrive thanks to the content creators that produce and upload interesting and valuable content to the platforms. People and especially young adults not only consume the content because it may be entertaining, educational, or informative but also because they develop what Horton and Wohl (2016) call “para-social” relationships with these content creators or influencers- a concept that will be further discussed in the next section. Thus, in relation to this research, it is crucial to explain the concept of social media influencers, the relationship they have with their audience and how this may affect economic thinking and investment decisions.

1.7.1 Financial Influencer- A definition

Providing a clear and concise definition of “influencer” is difficult as there is disagreement among researchers about the characteristics of an influencer. For instance, Belanche et al. (2021) define influencers as “opinion leaders” who are neither celebrities nor friends but range somewhere in-between. However, Schouten et al. (2020) strictly separate the notion of “influencer” and “celebrity” as they regard celebrities as people who have gained fame outside the social media realm (through their talent such as sports, music etc.) whereas influencers are intrinsically connected to their social media activities. Holienčinová and Kádeková (2018), however, maintain that influencers can be split into different categories such as celebrities, industry experts, thought-leaders, bloggers and vloggers. Yet, they all share the ability to exert influence on their audience and their decision-making behavior. When it comes to financial influencers, a finfluencer is someone who regularly posts content on their preferred social media channel and shares knowledge on various personal finance related topics such as money management and budgeting or gives investment recommendations based on their own experiences or opinions (Chairunnisa & Dalimunthe, 2021). Subramanian and Prerana (2021) note that these finfluencers not only educate people about different asset classes but oftentimes propose investment ideas that people were unaware of. Moreover, finfluencers also promote courses or trainings and sell self-published books and trading signals (tools that generate signals to either buy or sell) (AFM, 2021). While technically speaking everyone can create content and post it online, influencers have achieved a large reach and popularity by using their expertise and knowledge to generate added value for their followers (Holienčinová & Kádeková, 2018). In this respect, influencers have gained authority status to some degree and are considered experts in a specific field (Croes & Bartels, 2021).

1.7.2 Perceived trustworthiness of influencers

Considering the popularity of influencers on social media, researchers have become increasingly interested in exploring the relationship between influencers and their followers. Horton and Wohl (2016) call these relationships and interactions that exist between social media users and social media figures “para-social” and describe them as symbolic, one-sided and non-reciprocal ties. They further note that in para-social relationships, people get emotionally attached to media figures such as celebrities, fictional characters or influencers through regular and repeated consumption of the produced content. Merz (2019) proposes that there are four stages of “social penetration” (also defined as the process of moving a superficial relationship to intimate levels). In the first stage, people either search for interesting content on social media or they come across an influencer by accident through scrolling on their feeds. They start to follow the influencer or subscribe to their content, but the relationship remains superficial. In the second stage, people evaluate whether the content that is being produced by the creator is in line with their own values and beliefs and in the third stage, people commence interacting with the influencer by liking, commenting and sharing their own opinions and experiences on a discussed topic. At this level of the relationship, the followers already trust the influencer and this feeling of closeness can only be surpassed by the fourth stage in which the “recipients then see digital opinion leaders as complete confidants and feel motivated to entrust their deepest feelings to influencers of their choice by comment or personal message” (Merz, 2019, p. 121). Para-social relationships resemble the interpersonal relationships people have with friends and it is due to this perceived emotional bond that influencers are seen as a credible source of information (Hassan et al., 2021)

Previous studies have shown that influencers on social media, especially micro-influencers who serve a niche audience and focus on one specific topic, are perceived more credible than their celebrity counterparts (Djafarova & Rushworth, 2017; (Holienčinová & Kádeková, 2018). Due to this reason, micro-influencers are also more persuasive and therefore, brands who use influencer marketing to reach their target audience rather prefer to work with micro-influencers (between 10,000 to 100,00 followers) than with mega-influencers (more than 1 million followers) (Park et al., 2021). As outlined by Kapitan et al. (2021), source characteristics such as likeability, trustworthiness, expertise and power affect the persuasiveness of a message. This argument is also in line with the highly cited “source credibility model” from Hovland and Weiss (1951) which states that credibility is determined by two factors: “expertise” and “trustworthiness”. In their work, “expertise” is defined as the ability to make well-grounded statements while “trustworthiness” is achieved by being able to convey information with confidence. As specified by Priester and Petty (2003), influencers gain their follower’s trust by sharing accurate information and by being honest and transparent. Furthermore, when influencers show that they possess knowledge, experience and skills within a given domain, they are perceived as experts by their audience which also fosters trust in the statements made (Eisend & Langner, 2010).

Besides an influencer’s perceived knowledge, Hassan et al. (2021) found that there are two other traits of an influencer that significantly affect millennials’ trust and purchase behavior, namely: confidence and relatability. By means of employing positive body language and emotive words such as “*amazing”*, “*love”*, “*my favorite”* or “*excited*”, influencers are able to present a product or idea convincingly. Moreover, Croes and Bartels (2021) note that young adults can identify with these influencers as they portray to be “ordinary” people who are approachable and genuine. In addition, young people tend to follow influencers who come from a similar demographic background and thus they often share the same opinions and viewpoints (Hassan et al., 2021). In the case of influencers who are not relatable due to their excessive and lavish lifestyle such as Elon Musk, Djafarova and Rushworth (2017) argue that young adults look up to them and see them as an inspiration. Essentially, they wish to be just like them and consequently mimic their behavior. Based on their admiration towards an influencer, young people trust their opinions and statements and even seek the influencer’s approval and affirmation before deciding on a purchase (Djafarova & Rushworth, 2017).

1.7.3 The influential power of finfluencers & potential risks

While social media has become a popular source for financial information and investing advice among retail investors, a report by Connell (2015) highlights the relevance and importance of social media among institutional investors as well. Moreover, one-third of the professional investors acknowledged that information found on social media has influenced their investment decisions. These findings are in line with another study by Ali Al Atoom et al. (2021) that found the relationship between social media and investment decision-making and rationalization to be statistically significant. In fact, Hirschleifer and

Hong Teoh (2003) claim that the effects of external influences on human behavior are powerful and involve nearly every activity which also includes investment decisions. Furthermore, as Hoffmann and Broekhuizen (2009) put forward; “the vast majority of investors does not make their decisions in a social vacuum, but are susceptible to the influences of others” (p. 2). The authors call investing a “social activity” and claim that investors heavily base their investment choices on information and opinions of others.

In fact, several events in the past such as the GameStop incident have exemplified the power and impact of finfluencers on investors’ behavior. This ability to persuade people has particularly attracted the interest of brand marketeers and thus companies across all industries have started to collaborate with influencers to promote their products (Holienčinová & Kádeková, 2018). For instance, the content creator Felix Kjellberg, better known as “PewDiePie” and the most-subscribed individual on YouTube, signed an exclusive deal with the blockchain streaming platform “Dlive” in 2019 (Spangler, 2019). Although Kjellberg himself is not a financial but a gaming influencer, Wu (2022) argues that this collaboration raised awareness of cryptocurrency and Bitcoin among his fans. However, since such partnerships are paid promotional actions, the question of credibility and trustworthiness arises, considering that Kjellberg is no financial expert and experienced crypto investor himself. In fact, the results of an exploratory study from the Dutch authority for the financial markets (AFM) indicates that many finfluencers do not have the adequate financial background and sufficient knowledge to make financial recommendations. What is more, there tends to be an apparent lack of transparency and objectivity which makes the source of information even less reliable (AFM, 2021). While some information of these finfluencers is certainly correct, the circulation of misleading, inaccurate and poorly researched investment advice can have disastrous effects on an individual’s economic well-being (Wu, 2022). In addition, the author claims that the environment on social media including the messages spread by finfluencers have created the impression that trading stocks and cryptocurrency is a simple task. However, the mechanism behind trading is a complex process that (should) involve careful evaluation, as well as thorough assessment of a security’s intrinsic value.

Consequently, social media has given momentum to “get-rich-quick schemes” and “FOMO”- (fear of missing out) culture which oftentimes leads to irrational economic behavior of young adults and bad financial decisions (Dennison, 2018). For instance, in early 2021, Elon Musk, a tech tycoon best known for co-founding Tesla and PayPal, expressed his approval of the digital currency “Dogecoin” on Twitter. Dogecoin was originally created to mock cryptocurrencies such as Bitcoin but after Musk’s tweet, the coin soared up by 800%

within one day (Chohan, 2021). Ante (2021) calls this significant increase in trading volume "Musk-effect" and refers to the entrepreneur's Twitter activity as one of the most influential exogenous factors shifting digital asset prices. Apart from celebrity influencer Elon Musk, many finfluencers promote high-risk investment products such as cryptocurrency (AFM, 2021). Not only is cryptocurrency a highly volatile investment but since it is a digital and decentralized asset based on blockchain technology, it is not controlled by any central authority and thus has facilitated cybercrimes like hacking, phishing and various other financial crimes including "Ponzi" and "Pump and Dump" schemes (Mackenzie, 2022). For instance, in a pump and dump approach, the finfluencer buys a stock or digital asset at a low price and then artificially increases the price by promoting it online and encouraging followers to invest (pump). After the buying frenzy, they sell the overvalued asset at a higher price (dump) which can lead to financial losses of investors (Kamps & Kleinberg, 2018). These scams including "get rich quick schemes" promise high returns with little risk and Padil et al. (2022) argue that especially vulnerable groups such as young novice investors tend to be easy targets. As Dennison (2018) points out, investors are driven by fear and greed, and these two opposing emotional states cause economic bubbles, volatility, and stock market crashes and ultimately result in poor financial decision making. In addition, not only has the immediate access to a plethora of financial information made it harder for retail investors to differentiate between good and bad advice and reliable and unreliable sources, but the anonymity that social media provides protects scammers from being held accountable for distributing faulty information (Wu, 2022). Finally, considering that many finfluencers do not have the qualifications or experience to give financial guidance, the question arises why their followers take their advice and unequivocally trust their judgement.

1.8 Investor decision-making through the lens of behavioural economics

As discussed in the previous section, the existing literature on influencers' perceived credibility suggests that expertise and knowledge are key components for building trust. However, the apparent lack thereof among some financial influencers cast doubt on this claim. Interestingly when it comes to financial influencers, a study by Kadous et al. (2019) revealed that low source credibility does not influence the persuasiveness of investing advice on social media. Investors even admitted that they disregard source credibility to a certain extent and follow the advice despite a person's questionable credibility. While this revelation appears to be rather illogical, one of the core ideas of behavioral economics is that investor behavior is not always rational and is affected by behavioral biases (Shiller, 2003). Moreover, as research suggests that influencers affect behavioral intentions (Sánchez-Fernández & Jiménez-Castillo, 2021), the next section will provide a brief overview of behavioral economics and a discussion on how social media interactions can cause decision-making biases.

1.8.1 Behavioural biases and herding behavior

Contrary to the belief of neoclassical economics which suggests that an individual acts rationally (also referred to as *homo economicus*), considers all available information and makes decisions based on self-interest that provide the greatest financial benefit, behavioral economics asserts that the individual decision-making process is influenced by cognitive and non-cognitive factors (Urbina & Ruiz-Villaverde, 2019). According to the field of behavioral economics, cognitive functions such as memory and reasoning and non-cognitive factors like emotions and culture all affect human behavior and thus investors are often susceptible to the pitfalls of cognitive biases and prone to making mistakes (Kraaijeveld & de Smedt, 2020; Taffler, 2017). While traditional economic theories are normative, behavioral economics takes on a descriptive approach by drawing on both psychological and economical elements to explain irrational economic behavior (Heukelom, 2014). For instance, given the vast amount of information available, people are not capable of processing all the information provided to them and hence tend to use mental shortcuts to make judgements quickly and efficiently (Badshah et al., 2016). Based on the assumption that economic agents are not rational utility-maximizers and use heuristics to make decisions, researchers have started examining behavioral biases and exploring the interplay between online activity and financial market performance. As a result, over twelve different behavioral biases have been identified that affect investor decision- making (Jain et al., 2015).

Since the research focus of this project lies on the finfluencer phenomenon, only herding bias will be discussed in further detail since it said to be triggered by social media among others. According to Qasim et al. (2019), “herding behavior means following the other investors action with no due diligence” (p.82). In other words, investors choose to imitate the behaviour of other people instead of relying on their own judgment and grounded analysis (Nofsinger, 2018). With regards to social media platforms, finfluencers showcase their own trading behaviour online and make recommendations on different asset classes while their followers are influenced by their behaviour through observation (Chairunnisa & Dalimunthe, 2021). In effect, several studies have revealed that social media sentiment significantly affects financial markets (Betzer & Harries, 2022; Long et al., 2021). Tinn (2021) also observes that new retail investors increasingly rely on social media sentiment instead of unbiased fundamental information and notes that both positive and negative signals on social media can impact price movements. In relation to cryptocurrencies, Kraaijeveld and de Smedt (2020) point out that Twitter is a "rich source of emotional intelligence, as investors frequently express their sentiment" and even claim that the inherent volatility of the cryptocurrency market is prompted and fueled by messages posted to Twitter (p.2).

While the price of a commodity is determined by demand and supply in conventional economic theory, research on cryptocurrency markets has shown that investor sentiment on social media has a direct impact on asset prices (Thies et al., 2021). This relationship between social media activity and stock/crypto purchase contradicts the law of supply and demand as a fundamental economic principle. And yet, even though there have been several cases (such as the GameStop event and the Musk effect) where social trading has moved financial markets and challenged the traditional view of *homo economicus*, Betzer and Harries (2022) highlight the fact that there is still little empirical evidence for this proposition. Moreover, considering that financial influencers are a new phenomenon, there is little research regarding the interpersonal influence on investments as a product category (Chairunnisa & Dalimunthe, 2021). Nonetheless, by investigating the impact of stock influencers on millennial's herding behavior, the study results of Chairunnisa and Dalimunthe (2021) revealed that uncertainty drives herding behavior of young investors. The authors further argue that due to low levels of financial literacy, young adults are insecure and do not have faith in their own decision-making capabilities and are therefore more dependent on the investment opinions and beliefs of strangers online. Thus, herding behavior is seen as mental shortcut for them as it facilitates financial decision-making. In addition, they tend to listen to the opinions of finfluencers to validate their own choices and strategies in order to reduce investment risks.

Methodology

To answer both the research question and sub-questions, a total of twelve in-depth interviews were carried out which allowed for rich and exhaustive exploration of finfluencers and their impact on young adult's decision-making. In effect, in depth-interviews are particularly useful when investigating a research topic that is new as it provides the researcher with a clearer picture of a certain phenomenon (Boyce & Neale, 2006). The steps that were involved in the research process, including design, sampling collection, operationalization, data analysis and ethical considerations are further described and explained in the subsequent chapter of this paper.

1.9 Research design

As the aim of this study was to make sense of the relationship between young adults and finfluencers and properly understand the role of these financial gurus in young adults' decision-making process, an in-depth and lengthy conversation was needed to properly capture the beliefs, opinions, behavior, experiences and attitudes of participants. While quantitative research is more reliable, it is often too narrow to cover the full spectrum of a phenomenon. In contrast, qualitative methods bear the opportunity to obtain detailed information about a topic (Brennen, 2017). Moreover, taking on a qualitative approach may help researchers to access the underlying thoughts and emotions of participants which was highly relevant in this case as the act of investing itself is an emotional experience which appears to be further increased within the social media environment. In addition, these findings are not only important as they contribute to existing knowledge, but they provide a greater understanding of human behavior than numerical data (Kalra et al., 2013).

Moreover, the reason for selecting in depth-interviews instead of focus groups lied within the assumption that money is a sensitive subject. Especially the topic of investing involves emotional high and lows that is reflected in gains and losses and while people might enjoy boasting about quick and big wins in front of others, they might also be less willing to share their experiences of falling prey to investment scams or following ill-advised recommendations that led to losing money. Furthermore, since the aim was to interview both male and female participants, the concern was that within a mixed-gender group, women may feel insecure and intimidated by their male counterparts when it comes to discussing their investment behaviour and decision-making process. This concern stems from the fact that some women could consider themselves not to be as investment savvy as men since research has shown that women tend to lack confidence around finances (Almenberg & Dreber, 2015).

1.10 Sampling

Before recruiting the participants and conducting the in-depth interviews, Boyce & Neale (2006) argue that it is essential to first create a sampling criterion for participants who take part in research. This involves determining what kind of information is required to answer the research question and who are the people who can provide this information. For the purpose of this study, it was decided to interview young adults between 18 to 25 years of age. The rationale behind this choice has to do with the fact that first, one must be of legal age to open a brokerage account on trading platforms, and second, young adults in this age range are less experienced and are thus not only more prone to consult sources such as social media for investment guidance but are also more susceptible to follow advice proposed by finfluencers (Chairunnisa & Dalimunthe, 2021; Holienčinová & Kádeková, 2018). Besides the age criterion, it was vital for participants to use social media for personal finance and follow a finfluencer to get financial information or investment advice. However, before selecting these participants, it was important to properly define the term social media beforehand. Thus, properties proposed by Obar and Wildman (2015) were used as a guide for the purpose of this research to discern social media platforms from other forms of media. According to the authors, social media platforms are characterized by user-generated content (UGC) which allows for greater user interactivity including liking, sharing and commenting posts. In addition, these platforms simplify the formation of social networks with the creation of user-specific profiles which enable users to connect with others by composing a list of “friends” (e.g., Facebook and Snapchat), “followers” (e.g., Instagram and Twitter), “contacts” (LinkedIn) or “subscribers” in the case of YouTube. Moreover, to be eligible for research, participants had to have their money invested in some type of asset class such as stocks, bonds, mutual funds, ETFs, or cryptocurrency.

To recruit participants, two non-probability sampling methods were used: purposive sampling and snowball sampling. The benefit of purposive sampling is that it enables researchers to choose participants who meet the selection requirements and who are believed to be able to provide valuable information and rich insights (Alkassim et al., 2016). Nonetheless, as Gill (2020) points out, one of the disadvantages of this method is that sourcing information-rich subjects might be difficult. As it was assumed that people who use social media for personal finance generally spend a lot of their private time on these digital platforms, it was decided to primarily recruit participants on social media platforms such as Facebook, Instagram, and LinkedIn. Both Facebook and Instagram are among the most popular social media platforms based on the number of active users per month (Statista, 2022c). In addition, LinkedIn can be used to source candidates based on specific characteristics and interests. Once a small number of participants were recruited, they were asked whether they know other people who might be interested in taking part in this study and who also fulfil the requirements. Furthermore, drawing on Hoffmann's and Broekhuizen's (2009) definition of investing as a "social activity", it was concluded that people who participate in financial markets would have friends or would know other people who do the same. This type of technique, referred to as snowball sampling, is a quick and efficient way of recruiting more participants, nonetheless, one of the drawbacks is that the quality of referrals may be poor (Gill, 2020).

Although gender and a specific nationality or geographical location was not relevant in the selection process, it was made sure that the sample would reflect the diversity of the population as greater diversity is said to improve the accuracy of research evidence (Allmark, 2004). Thus, out of a total of twelve participants, an equal amount of both female and male participants were recruited with a total of eight different nationalities including: Dutch (2), Austrian (1), Australian-Taiwanese (1), Irish (1), German (4), Romanian (1), Croatian (1) and Belgian (1). An overview of the sample is provided below in table 3.1 which also features more information about the social media platforms used for personal finance, as well as the asset classes included in their investment portfolio and the start date of their investment journey. While this kind of information does not contribute to answering the research question, it provides interesting additional data that can be compared to the theoretical ideas discussed in the theoretical framework. For instance, as outlined before, many researchers saw Covid-19 as an external enabler of investment practice among young novice investors and as can be observed below, nine out of twelve participants indeed started investing after or during the pandemic.

Table 3.1 - Research sample

	Name (Pseudonym):	Age:	Nationality:	Social media platform(s) used:	Asset class(es) invested in:	Started investing in year:
1	Anke	25	Dutch	Instagram, Facebook, YouTube	ETFs, Crypto	2021
2	Christina	23	German	Instagram, YouTube	Single stocks	2020
3	Riley	25	Irish	Reddit, YouTube	Single stocks, Crypto	2020
4	Annika	21	German	Instagram, YouTube, LinkedIn	Single stocks, ETFs, index funds, Derivatives, Crypto	2019
5	Barbara	24	Romanian	YouTube	Crypto	2021
6	Louise	23	Belgian	YouTube	ETFs	2022
7	Max	25	Austrian	YouTube	ETFs	2021
8	Julian	24	German	YouTube, Twitter	Crypto	2020
9	Lukas	25	German	YouTube, Twitter	ETFs, single Stocks, crypto	2017
10	Bart	22	Dutch	Twitter, YouTube	Single stocks,	2020

					crypto, funds	
11	David	23	Croatian	YouTube	Single stocks, Crypto	2021
12	Edward	24	Australian-Taiwanese (+ Irish passport)	LinkedIn, YouTube, Reddit	ETFs, single stocks, options	2017

1.11 Data Collection

To gather qualitative research data from in-depth interviewing, a semi-structured interview (SSI) guide was developed which is typically characterized by a mixture of closed- and open-ended questions (Ritchie & Lewis, 2003). This kind of topic guide also allowed for probing and further exploration of new ideas and themes that emerged during the interviews and as DeJonckheere and Vaughn (2019) notice, particularly lends itself to explore participants' feelings, thoughts, and beliefs about a sensitive topic. The content of interview guide was based on the findings and concepts of the theoretical framework and included an introduction/ice breaking session, a set of general/background questions about participants' investor behaviour, three topics including: social media use for personal finance, trustworthiness of finfluencers, role of finfluencers in the investment decision-making process, as well as a final note/wrap up section (more information on the development of the interview guide can be found under operationalization. Moreover, for the complete interview guide, see Appendix A).

As Majid et al. (2017) note, qualitative inquiry and the development of an interview guide could pose some difficulties for inexperienced qualitative researchers, thus, it was decided to conduct a pilot interview first. According to the authors, pilot interviews are not only important for practicing interviewing, but they are also useful for testing the questions. The pilot interview took place face-to face in Rotterdam, Netherlands, and was conducted with a 24-year-old Dutch-Colombian male who also fulfilled all the requirements for participation. Furthermore, after conducting the pilot interview, the interview guide was revised and restructured. For instance, the section with the general/background questions was shortened considerably as these questions did not add any value and were not helpful in answering the research- and sub-questions. Moreover, the wording of some of the questions was changed and simplified to increase clarity and better understanding. Although English was the native language of only two participants, all 12 interviews were conducted in English as the rest of the interviewees felt confident enough to carry out the interview in a foreign language. In addition, since their foreign language skills were good enough, no intelligibility issues were experienced during the interviews. To be able to conduct interviews with people from distinct ethnic backgrounds and geographical locations, most of the interviews took place online via the video conferencing application Zoom, during a period of two weeks in April 2022, and lasted between 44- 72 minutes. Interviews were either recorded directly in Zoom or, in case of the personal interviews, with the iPhone voice memo application. Although conducting interviews face-to-face allows the researcher to establish rapport with respondents and interpret non-verbal cues better, online interviews made it possible to reach young adults from different parts of the world and collect their views.

1.12 Operationalization

All interviews started with an expression of gratitude for taking part in this research, followed by an introduction of the researcher and a short summary of the research project including an overview of the topics that would be discussed during the interview. Next, the three topics and the corresponding set of questions of the interview guide were discussed and served the purpose of answering both the research question and the sub-questions. The aim of the first topic, social media use for personal finance, was to find out which social media platforms young adults use for financial information gathering and why they choose to use these specific platforms to research possible investments. Furthermore, as the previously discussed literature on financial literacy suggests that social media helps people improve their financial knowledge, participants were asked whether they have benefited from social media in this regard. In addition, participants were invited to recount their positive and/or negative experience with social media for personal finance purposes to evaluate whether finfluencers have been able to help them in financial decision-making or if taking their advice has caused them financial harm. The second topic, trustworthiness of finfluencers, focused on exploring young adults' relationship with finfluencers and their perceived trustworthiness to find out if they indeed relate to them and have created an emotional connection. As previous research in this area demonstrated that perceived expertise is especially important for building trust, participants were asked whether they believe that the people they follow online are experts in the field of finance and if yes, how they identify expertise. The questions developed for the third topic, role of finfluencers in the investment decision process, served the purpose of learning more about young adults' investment decision process and the role of finfluencers in this process. By asking them what steps they take, the information gathered was then later used to assess whether young adults in fact tend to rely on social media sentiment instead of fundamental information or if they do some proper research on the recommended financial asset before committing to an investment. Moreover, to evaluate whether young adults imitate the trading behavior of finfluencers and follow the crowd, participants were asked if they have ever experienced FOMO or if they have invested in hyped stocks or cryptocurrencies before. The table below servers as an exemplification and overview of how concepts were defined and measured.

Table 3.2- Concepts of Measurement

Concept	Definition	Sensitizing Concepts
Social media use for personal finance	Reasons, benefits and preferences for using certain social media platforms for personal finance purposes	Different reasons are possible here, e.g., interviewees could mention accessibility, ease of use or comprehensibility of information received.
Trustworthiness of finfluencers	Trust or confidence to follow a finfluencer's advice	Interviewees mention reasons why they trust finfluencers, e.g., financial education, experience in the field of investing. And/or mention reasons for distrusting them.
Role of finfluencers in the investment decision process	Perceived influence and importance of finfluencers	Interviewees' opinion of how much finfluencers influence their own

	in investment decision-making	decision-making and how they use the content/advice, e.g., to copy investment behavior, to gain insights, to validate their own investment ideas or strategies etc.

1.13 Analysis

In order to make sense of the information that was gathered during the interviews, thematic analysis (TA) was carried out which is a data analysis method to identify common themes and repeated patterns within qualitative data such as in-depth interviews. Thematic analysis not only the most common used method of analysis in qualitative research, but it is "the most useful in capturing the complexities of meaning within a textual dataset" (Guest et al., 2012, p.11). Furthermore, Braun and Clarke (2006) argue that "thematic analysis works both to reflect reality and to unpick or unravel the surface of 'reality'" (p. 81). While the existing literature suggests that finfluencers play a substantial role in the investment decision-making process of young adults, it is important to uncover the truth. In addition, as there is mounting concern about the influence of social media personalities on investor's behaviour, especially with regards to young adults' susceptibility to follow the advice and opinions of influencers, it is crucial to analyse if these concerns are justified.

Hence, as thematic analysis reports and reproduces the reality of participants, it was deemed as the most appropriate method to be used. This procedure of thematic analysis (TA) that was developed by Braun and Clarke (2006) involved the following six-step process: *familiarization with the data*, *transcription of data*, *searching for themes*, *reviewing themes,* and *writing up the report.* The first phase, which is defined as familiarization, included transcribing all recordings either with the built-in transcription function within Zoom or with the transcription software program Descript. Albeit Descript and Zoom are both very convenient tools and present a quick way to transcribe data, oftentimes the results are not precise enough. Consequently, the first phase was followed by several rounds of reading through all the data, making notes on apparent patterns, and simultaneously listening to the recordings to revise the transcripts using a pure verbatim protocol. The interview recordings, the complete transcripts, and consent forms were stored in an additional folder to preserve total anonymity of all participants. In the second phase, the twelve transcripts were uploaded to the data analysis and research software Atlas.ti to systematically code the data. This stage is also defined as initial or open coding and refers to the practice of identifying interesting and salient parts of the data (Braun & Clarke, 2006). Once the initial codes were produced, the third step was to create potential themes based on the previously defined codes and assign these codes to each theme. The fourth phase involved reviewing the potential themes and checking them against the coded data and the entire data set to ensure that the developed themes accurately represent the data. Afterwards, the themes were properly defined by assigning a clear name to each theme with the goal of providing a compelling narrative to answer the research question.

In total, four themes emerged from analyzing the qualitative data which include: *source of inspiration* with two sub-themes and five codes, *source superiority* with two sub-themes and five codes, *perceived expertise* with one sub-theme and three codes and finally *humility* with no sub-theme and two codes. An overview of the themes, sub-themes and codes can be found in appendix C. Following the fifth phase, the final phase includes the production of the report based on the thematic analysis that was carried out and the literature that was used (Braun & Clarke, 2006).

1.14 Ethical considerations

As already mentioned in section 3.1, money is still regarded as a sensitive subject in many cultures and even treated as a "taboo" (Alsemgeest, 2016). This means that conversations about money management and how individuals invest their savings can be very personal and must be approached accordingly. Hence, creating a space where participants felt comfortable and confident enough to talk about personal finance and share their opinions was of utmost importance. To safeguard the participants' trust and to make them feel at ease, the confidential and voluntary nature of the study was explained to them before the interview commenced, and consent for recording and transcribing the interview was obtained. Furthermore, to avoid issues regarding research ethics in collecting data, an informed consent form was sent to them via email prior to conducting the interviews. The consent form, which can be retrieved from Appendix B, included details about the study objective and asked for permission to record, store, and process the audio files.

Results

The following chapter serves as a presentation of the results that have been obtained after conducting the twelve in-depth interviews and subsequent thematic analysis. The produced themes, sub-themes and codes and that are mentioned in this chapter reflect the most salient and important concepts that were gathered from the data set and provide an answer to the following research question: *What is the role of financial influencers in the investment-decision making process of young adults*, as well as an answer to the two sub-questions: *Why do young adults use social media for personal finance?* and *how do young adults determine a finfluencer's trustworthiness?*

1.15 Source of inspiration

During the interview stage and during the thematic analysis, one of the most persistent themes that emerged from the data was *source of inspiration*. On the one hand, financial influencers seem to stimulate young adults' interest in financial topics and investing by producing content that is not only interesting and informative, but also encourages them to take control of their finances and start thinking about wealth accumulation through investing. On the other hand, besides creating content that is inspiring, financial influencers seem to be a source of inspiration themselves as young adults in this study look up to them and are impressed by their substantial track record within the financial domain or by their mission to financially educate their audience. Participants of this study explained that they like to observe the investing behaviour of their financial role models to profit from their experience and knowledge. Furthermore, the young adults expressed that the investment ideas or recommendations proposed by finfluencers give them a sense of direction and guide them in their own investment decision process. Nonetheless, all 12 participants highlighted the necessity of critical thinking when it comes to following financial influencers online and stressed the importance of carefully vetting the source of information, as well as developing an investment strategy that suits their own personal circumstances and financial goals. A more detailed description of the two sub-themes *guidance* and *critical thinking* can be found below.

1.15.1 Guidance

The sub-theme *guidance* was developed as young adults of this study view financial influencers as mentors who guide them in their own financial journey. A guide or a mentor in this respect also serves the function of a motivator. Since young adults in this study use social media daily, the repeated exposure to messages of finfluencers, which include budgeting tips, financial freedom and wealth accumulation, motivates young adults to take action. The first code, *motivation*, refers to the fact that young adults are triggered by the content of finfluencers and get motivated to take their personal financial matters into their own hands. Louise remarks: "…it is definitely a motivator. When I started to see the person talk about it, I'm like, okay, yeah, maybe I should think about financial independence…". Furthermore, seeing other people talk about their financial gains and profits on social media prompted young adults to start investing their own money. Riley notes the following:

…people's experience, testimonials I found were really strong, like when I was going into Reddit and I was reading people saying that, oh, I just bought my first house because, you know, I dunno say a Bitcoin or whatever went up and then they cashed out and they bought their house. So, it was kind of inspiring (Riley)

Besides acting as a motivator, young adults in this study also explained that finfluencers share with their followers their own investment strategies, illustrate best practices, draw attention to investing pitfalls and share their own personal experiences and wrongdoings, so beginners can learn from them and refrain from making the same mistakes. As can be inferred from table 3.1, nine participants have less than three years of investment experience and although two participants already commenced their investment journey in 2017, all participants remarked that they consider themselves novice investors with limited experience. Hence, young adults in this study believe that following financial influencers can help them to successfully manage their own personal finances. In fact, the data gathered from the in-depth interviews indicates that young adults use social media to observe the investment behaviour of financial experts to learn from their experience and expertise. This revelation is covered under the code *observation of the investing behavior of financial role models*. In essence, finfluencers seem to be popular among young adults in this study because they use their knowledge and competence to generate added value. This added value comes in the form of support when it comes to their own investment decision making. This is exemplified by the following quote from Lukas: "…when it comes to investments, I look up to [them] and try to understand how they made it". He further adds: "…that's how I, I do my decision as well. Like I'm not super smart, honestly. So, I check check how the other guys are doing it…".

In addition, the data revealed that the first step in the investment decision making process of young adults is to come up with or find an investment idea and according to young adults, social media is a fruitful place where investment ideas are exchanged shared. This was coded under *investment ideas*. However, it is important to notice that all participants reported that they use a mix of different sources for gathering financial information and advice. Thus, their investment ideas do not only originate from social media but friends, family members and the work environment all contribute to the development of investment ideas.

Nonetheless, young adults in this study also explained that most of their friends and family members are not financially savvy, thus, eight participants stated that they would prefer to take financial advice from social media instead of their friends and family. This stems from the fact that young adults regard financial influencers as experts in the investment field and believe that the investment ideas proposed by them are worth looking into. In fact, several of them have invested in certain stocks or crypto coins that were recommended to them by finfluencers in the past. For instance, Christina recounts the following positive experience: "…somebody was recommending a stock that I had never heard of, uh, before, but I thought, hmm, okay, let's look into it, actually that's the stock that I made most return on".

1.15.2 Critical Thinking

According to participants, learning how to successfully invest is a lengthy process that includes developing certain cognitive skills, such as the ability to think analytically and logically when evaluating a certain recommendation. Furthermore, they are also conscious about the fact that investing in financial markets is an emotional and risky affair and understand that social media interactions can cause decision-making biases. Thus, to shield themselves from poor decision making, young adults in this study mentioned that *critical thinking* is imperative for navigating social media and not letting other people's opinions control their own investment behavior. However, 11 out of 12 participants agreed that financial influencers do influence their investment decision making to a certain degree (at least on a subconscious level). Nonetheless, they stated that they would never follow an advice that they see on social media blindly-at least not without doing their own research first and properly assessing the information received. However, three participants did confess that they have fallen victim to an investment hype in the past and have followed a finfluencer's advice without researching the proposed idea first. Yet, they maintained that having gone through this painful experience of losing money has enhanced their critical thinking skills.

In addition, the data also revealed that after having found an interesting idea, the second step of the investment decision process of young adults involves extensive information gathering about a particular idea to evaluate whether the financial asset could be a profitable investment. While young adults also use social media to gather more information on an idea, for instance by reading different opinions on the proposed stock or crypto coin on their preferred social media platform, they underline the *importance of using a variety of sources and cross-checking information*. As Riley notes: "…I don't think it's very wise just to get all of your information from one source, you should always have two or three sources before making any financial, any financial decision". This code was developed because young adults in this study believe that using a variety of sources helps them discern good from bad advice and helps them verify the information received from a finfluencer which in turn can diminish the effects of bias and making bad decisions. This seems to be an important component in their investment decision-making process as it not only contributes to their overall understanding of the market situation but also helps them in avoiding making irrational and emotional decisions that could lead to financial losses. Edward explains this as follows:

> …the goal is just to get as much information as I tangibly can, and then be as well-informed as I can when making my own investment decisions and then hopefully, you know, being able to cut losing positions without being too emotionally attached…(Edward)

Moreover, young adults explained that whenever they feel unsure about the veracity and truthfulness of a financial advice, they do background checks on the finfluencer to find out who this person is and if this person is capable of giving sound financial advice. These background checks involve looking the person up on LinkedIn where they can find more information on their educational background and experience. Furthermore, they also google these online personalities to determine whether they have been linked to some sort of fraud or scam in the past.

In line with the importance of a due diligence check, participants of this study also underscore the *importance of autonomy* when it comes to making financial decisions. This code was generated because young adults expressed that while they use social media to get inspiration, they still decide for themselves what they ultimately want to invest in. They also argue that their investment behavior does not reflect the behavior of a sheep that blindly follows the herd leader. In that sense, they do not buy what others are buying and sell what others are selling just because they were told so. David's account supports this notion: "[The finfluencer] is someone presenting, that's it. It's not someone persuading, that's a big difference". He further adds:

They like talk about certain things, but then I have to assess it myself, you know what I mean? So, I still think for myself, of course. But they're just like, uh, a shortcut from me analyzing certain things and they gimme perspective (David)

1.16 Source superiority

The second most salient theme that emerged from the data was *source superiority*. Several qualities of social media seem to make this medium one of the preferred choices among young adults to use for financial information gathering and investing advice. As a matter of fact, the two sub-themes *perceived ease of use* and its *usefulness* make social media superior to any other source that is currently available to young adults. These qualities and advantages are further discussed below.

1.16.1 Perceived ease of use

With regards to the question why they follow finfluencers and educational finance accounts on social media, a common and recurrent answer was due to social media's *accessibility & convenience*. Not only do they receive financial information and advice for free but since they are already spending a considerable amount of time on these platforms anyway, it is convenient for them to use platforms that satisfy both their social need and their need to get informed and educated about financial matters. Hence, several participants reported that since they use these platforms regularly or even daily, the easiest way of getting finance related news and a short summary of the most relevant financial information is through social media. This is exemplified by the following quote:

So, um, the accessibility is just there. It's convenient and I don't want to allocate too much time time to my personal finance, cause I'm not at that stage where I have to be thinking about retirement or something. This is just something I want to get better at. So I don't necessarily sit down for like an whole hour and go over all the news. And if I do get my news, it's just from convenient sources, like LinkedIn, where I just browse for five minutes, get a lot of load of information and then continue (Edward).

Moreover, besides its accessibility and convenience, the learning experience on social media is also more pleasant. Participants in this study explained that personal finance is something dry and boring and that reading books about this topic is cumbersome as financial concepts are more difficult to understand in written form. In contrast, the content creators on social media platforms such as YouTube and Instagram make use of visuals and animations when explaining financial concepts and participants stated that they prefer this easy and simplified approach for personal finance learning over any other format. Especially YouTube seems to be a highly popular platform when it comes to financial education. Not only is YouTube the only platform that is used by all 12 participants but they expressed that in the beginning of their investment journey, YouTubers were helpful in explaining the basics of investing by providing a summary that was both concise and comprehensible. For instance, Barbara narrates: "…I like watching it because when you watch, like the guy can show you a graph or something and it's also easier, I feel like it's easier to grasp the knowledge than like reading a book and quicker". These respective findings were labelled: *enjoyable to consume & easy to understand*.

1.16.2 Usefulness

Moreover, not only did the participants tell that social media is convenient to use, but they also believe that these platforms are inherently useful and valuable for personal finance purposes. In fact, participants are convinced that social media is a useful medium to learn about finance theories and use it to become more financially literate. These statements were coded under *improving financial literacy.* All twelve participants disclosed that they did not have a subject in secondary school or high school that covered the basics of economic theory or personal financial management. Moreover, eight participants stated that while growing up, the topic of wealth accumulation was never touched upon. When asked whether they think that social media has improved their financial knowledge, all participants agreed, and some even claimed that social media has made them a better investor. Julian notes the following: "…YouTube has like a huge amount of free content that you can consume to educate yourself regarding these financial topics and things like that, or technical analysis topics, fundamental analysis topics".

Nonetheless, the in depth-interviews also revealed that young adults do not use all social media platforms to improve their financial literacy. For instance, while YouTube was praised for creating an enjoyable learning experience, social media platforms such as Twitter, LinkedIn and Reddit are predominantly used for receiving *up to date news*. This means that besides the usefulness of social media in financially educating young adults, some platforms are used because they supply young adults with breaking news that might impact financial markets or, in case of cryptocurrency or stocks, inform them about new upcoming projects or undervalued stocks. For instance, Barbara notes:

> …crypto is such a new, um, I know it's so new that like, I know what, what kind of good books are there? You know, especially like every day, every day a new project is coming up or like it's gonna come up and like the best way is like, yeah, social media is like up to date, you know? (Barbara)

Moreover, the data gathered from the participants suggests that young adults follow financial experts on social media because they believe that these people have access to nonpublic and thus insider information. Hence, the code *insider information from financial experts* was created because young adults in this study use social media to access exclusive finance and industry news that no other information source such as books or newspapers are able to provide. This seems to be important in young adults' investment decision making as it gives them an indication what financial assets might be a profitable investment opportunity. In essence, they believe that since these people have access to insider information, they can anticipate what cryptocurrency or stock has the potential of becoming the next Bitcoin or Tesla. This is illustrated by the following quote:

> …investment is also made by networking and these guys, have networks, like deep into the industry and they are way ahead of every normal human being cause they have like, um, their buddies in the Silicon valley, they are up to date and they see what's coming next. (Lukas).

1.17 Perceived expertise

When participants were asked what characteristics are important to them when choosing which financial influencers to follow, *perceived expertise* originated as a dominant theme from all the collected responses. This theme was further broken down into the following sub-theme: *experience & knowledge*. In fact, both of these attributes seem to foster trust of financial influencers among young adults. This sub-theme and the corresponding codes are explained in greater detail below.

1.17.1 Experience & knowledge

The word “track record”, which is indicative of past achievements , cropped up in several different conversations with participants and seems to be a strong trust component since they view their past performance as an indicator of likely future performance. Hence, the code *a good track record* was created. Essentially, a good track record, such as successful career in finance, gives young adults in this research project more security in placing their trust in certain finfluencers since these people are usually also celebrities and their financial accomplishments have been covered and verified by other, more credible, and legitimate sources such as Forbes or Bloomberg. The following quote underlines this finding:

…they normally have a proper track record. Okay, they worked for the Black Rocks in the world. Um, yeah, or in other investing companies and, um, they, they wrote books or, um, I don't know, they have podcasts and so it's more or less, they, they already showed how they make business…(Lukas)

Moreover, as Edward notes: “So I would trust in financial experts that I understand and believe have a good track record based off any publicly available information that I can find on them, mostly within the realm of expertise”.

While showcasing one’s experience in the financial domain appears to be important in building trust, the participants acknowledged that some of the features of social media, such as the possibility of creating an anonymous profile on Twitter and Reddit, pose difficulties in ascertaining whether somebody has a good track record. Nonetheless, in the case where a finfluencer’s track record cannot be assessed outside of social media, the trust component can still be achieved by proving their expertise on social media. According to participants, this is done by consistently posting valuable and accurate content over a longer period. Thus, in the absence of publicly available information or when influencers use a username that make them unidentifiable, young adults tend to go through earlier posts to check whether their price predictions were correct or if their content reflects truthful information.

Furthermore, besides a good track record, participants contended that if a finfluencer can show that he or she has had some proper financial education or has considerable experience in the investment field, then they would trust that person. Christina notes: "…for me, it's very important that they are experienced, um, educated on the topic…" and Riley adds: "…I suppose if you have someone that has a background in finance, I will take their advice, or if you're an older person, I will take advice from an older person as well…". These statements were coded under *financial education*. Most notably, many participants argued that older people are more trustworthy since it seems like they equate age seniority with superiority in knowledge and experience. Moreover, as all participants saw themselves as novice investors and claimed to be inexperienced, they feel more confident about the statements made by an older person. In conclusion, all participants in this study explained that they only follow finfluencers and take their advice into consideration when at least one of both components (either experience or knowledge) are present.

This finding also ties in with the last code that was developed: *presenting facts instead of irrational exuberance.* Young adults in this study explained that they expect a trustworthy finfluencer to present financials that make sense or at least they want them to be able to explain their thought process and show how they arrived at a conclusion by supporting their arguments with technical charts or an industry overview. In contrast, when a finfluencer is too excited about an investment idea, young adults become wary. Moreover, young adults in this study do not trust finfluencers who promise high investment returns without delivering any proof of why their investment idea might be so "great". Moreover, they claim that people who have the need to draw attention to themselves are usually not "real" financial experts as they try to cover up their lack of knowledge by creating noise. In fact, most participants remarked that they can identify the black sheep and untrustworthy finfluencers based on their language, writing style or the quality of the content that they put out. Bart notes:

> …the type of language that an account uses, I think is quite telling of the intentions that an account has, so for example, if an account is writing in all caps and with a, um, how

do you call them, exclamation marks behind their sentences and saying, invest in this and make a hundred percent in two weeks on this and or over promising, then it's just, I, then I immediately see that it's not trustworthy (Bart)

1.18 Humility

The last theme that emerged from the qualitative data was *humility*. The in-depth interviews with young adults showed that they value a person's modesty when it comes to presenting themselves as a financial expert. In line with the findings of the previous section, young adults do not trust finfluencers who are overconfident and label themselves as "financial advisors" or "financial influencers". Furthermore, they reported that when a finfluencer would recognize that they are only human and would admit that they make mistakes despite being knowledgeable and experienced, their likeability factor automatically increased. Hence, the code *acknowledgment of not being perfect and prone to error* was created as this seems to enhance a finfluencer's credibility. Furthermore, by portraying themselves as humble and down-to-earth, finfluencers appear to be more trustworthy to boot. As Barbara points out: "…he is also so humble, you know, saying that he's not a financial advisor and yeah, it just makes you trust him". In fact, young adults in this study mentioned that they are oftentimes concerned about a finfluencer's hidden agenda for promoting certain investment products. For instance, when a finfluencer recommends a certain stock, cryptocurrency or ETF, they question whether the reason for advertising this particular asset stems from the fact that they are invested themselves and want to artificially increase the price to make a profit. Nonetheless, when finfluencers display humility and point out to their followers that their advice might be wrong, young adults tend to believe that the recommendation is not based on the intention of monetary gain. This is exemplified by the quote below:

They want to sort of, they want to put forward that their, it's possible that their piece is flawed, and they might not be perfect. I tend to trust those types of sources more because it completely erodes the possibility that these people have an ulterior motive…(Edward)

In addition, people who are too cocky or pushy and try to pressure followers to invest in a certain asset are seen as suspicious. According to participants, these people are not only less credible, but they have an ulterior motive for "helping" others. Moreover, as mentioned before, young adults not only see critical thinking as an imperative part of their investment decision making but they also prefer to receive information that engages them and requires *self-determination*. This code was created because young adults find finfluencers who disseminate information that promote self-reflection in financial decision-making more trustworthy as it makes them more likeable. As Annika notes: “…I like this, this questioning part, like being critical about what you could potentially do with some strategies and your money…”. In contrast, direct advice, which can also be seen as lecturing or telling others exactly what to do is seen as untrustworthy. Julian remarks: “Like if people give you direct advice, I would probably never trust that. Like if people say buy this and that at this and that level, um, I would probably not do that…”.

Conclusion

The aim of this research project was to explore the phenomenon of financial influencers and their role on the investment decision making process of young adults. This was done by conducting twelve in depth-interviews with young adults and engaging them in an exhaustive conversation about their social media use and their interaction with these finfluencers in relation to their investment behavior. The biggest takeaway of this research project emerged when it came to answering the following overarching research question: *what is the role of financial influencers in the investment-decision making process of young adults?.* As can be inferred from the results chapter, social media sentiment, or the opinions and advice spread by finfluencers are a *source of inspiration* for young adults in this study. In effect, instead of being *influenced*, one can argue that young adults are *inspired* by the investment ideas of financial influencers and by their past achievements or mission to create financial awareness. Moreover, the qualitative data clearly revealed that the investment advice and recommendations of finfluencers serve the purpose of *supporting* young adults in their own investment decision process.

With regards to the first sub-question: *Why do young adults use social media for personal finance?*, one can conclude that young adults use social media for personal finance for different reasons. First, as digital natives, social media is both accessible and convenient to use. Second, young adults not only find social media useful for learning about financial management practices, but they also consider the content on social media platforms such as YouTube more palatable to consume as the visual aspect facilitates the understanding of complex financial products. In addition, besides developing their general financial literacy, young adults observe the investment behavior of financial experts to learn from their experience and knowledge. And last, social media possesses superior qualities that drive consumption of the content created by finfluencers. Effectively, young adults prefer to use social media because they regard it as a useful tool to access the latest news and updates and insider information from financial professionals and celebrity investors.

In relation to the second sub-question: *how do young adults determine a finfluencer's trustworthiness?*, it was found that young adults trust financial influencers who can prove their financial expertise either by having a finance related background such as financial education or extensive professional investing experience or by showing a track record of online activity in the form of providing accurate price predictions or truthful and factual content. Moreover, humility and the authentic acknowledgment of making mistakes also fosters trust in young adults and reduces mistrust. In addition, as young adults in this study place great importance on autonomous thinking, they value and trust finfluencers who create content that requires them to think critically and reach their own conclusions.

1.19 Theoretical & practical implications

The findings of this study align to some extent with prior research that has been conducted regarding social media use for personal finance and financial decision-making among young adults. For instance, the results of this study are in line with Hazari's and Richard's (2011) argument which states that the reasons for the adoption of social media as an information gathering tool is because of its accessibility, convenience, availability and zero-cost factor. Furthermore, the results are also consistent with Fred Davis' (1989) TAM theory as *perceived ease of use & usefulness* are among the reasons why young adults in this study use social media for personal finance purposes. Furthermore, as financial influencers seem to support young adults in making informed and well-grounded investment decisions, the findings also reinforce Hoffmann's and Otteby's (2018) notion of *perceived helpfulness* and coincide with the observation made by Cao et al. (2020) in that social media is perceived as a beneficial source of gathering information about investment practices.

Furthermore, as suggested by Cao and Liu (2017) and Förster et. al (2019), young adults effectively use social media to financially educate themselves as both governmental institutions and most parents have failed to do so. In fact, the results have indeed confirmed that financial education is lacking, at least in European countries as 11 out of 12 participants grew up in countries such as Germany, Austria, the Netherlands, Romania, Ireland, Belgium and Croatia. Nonetheless, while previous research and the Organization for Economic Co-operation and Development (OECD) have highlighted the importance of developing financial literacy early on, as it is crucial for sound financial decision-making, the results from this study indicate that young adults can make good investment decisions despite the apparent deficiency. Moreover, although Chairunnisa and Dalimunthe (2021) have argued that young adults are more prone to follow an influencer's suggestions and are easily swayed by the opinions of others due to low levels of financial literacy, the results of this investigation imply otherwise. In effect, even though young adults referred to themselves as beginners, the qualitative data revealed that they are knowledgeable enough to notice that their own cognitive biases and social media sentiment may affect their financial decision-making. In addition, young adults in this study are very much aware of the risks of following dubious advice and try to refrain from imprudent and rash decision making to the best of their abilities. These results indicate that learning financial concepts at school may not be as important as previous literature has suggested. Moreover, it shows that the attainment of financial literacy can be achieved through different alternative sources such as social media. Furthermore, social media may even provide a more suitable learning environment for personal finance than educational institutions as the learning experience on these digital platforms is not only more enjoyable but may also yield more fruitful learning outcomes which reinforces the statements made by Yanto el al. (2021). This insight can be interesting for educators and financial literacy program developers as incorporating the use of social media in financial education might improve understanding and increase motivation. What is more, as participants stated that consuming the content of finfluencers has improved their financial knowledge, one should even consider promoting following financial influencers on social media.

Moreover, while Holienčinová and Kádeková (2018) have stated that younger people are more credulous and more susceptible to the opinions of influencers, the findings of this study suggest that the young adults interviewed do not take part in herding behavior. In fact, young adults do not follow advice blindly but rather tend to thoroughly assess recommendations by consulting a range of other sources. This shows that young adults are not as gullible as assumed and that some of the concerns regarding their financial wellbeing are unwarranted. Thus, taking these findings into consideration, one should perhaps rethink the importance of learning about finance theory to make prudent financial decisions and instead focus on teaching and learning critical thinking. Moreover, as previously stated by AMF (2021), the dangers of taking advice from financial influencers stem from the assumption that financial influencers are not equipped financial advisors. However, the young adults in this study do not take advice from "ordinary people" but rather follow people online who are verified financial experts. Hence, these findings confirm what Croes and Bartels (2021) have said in regards to influencers being perceived as experts in a certain domain. For policy makers this means that tougher regulations of social media might not be necessary as it is more important to teach young adults how to detect fake news and misinformation instead of restricting access to a source of information that is clearly perceived as valuable in the eyes of young adults.

When it comes to determining a finfluencer's trustworthiness, these results are consistent with the statements made by Eisend and Langner (2010) and match the "source credibility model" from Hovland and Weiss (1951) as they confirm that being experienced and knowledgeable is extremely important when it comes to winning the trust of young adults. Moreover, finfluencers are not only perceived as more likeable when being humble but this trait also builds trustworthiness which coincides with the results of the study by Priester and Petty (2003). Nonetheless, although Hassan et al. (2021) found that the employment of emotive language and words are perceived as something positive and even drive purchase decisions of millennials, when it comes to investing, the opposite seems to be true. This proves once again that young adults in this study can differentiate between good and bad advice as they understand that emotional investment advice should be avoided.

1.20 Limitations & recommendations for future research

Even though this study contributes to academic research in that it sheds some light on the unexplored phenomenon of financial influencers and their impact on financial decision making of young adults, it must be noted that this study has its limitations. For instance, the methodological choice of selecting thematic analysis to analyze the qualitative data has its shortcomings in relation to reliability. This is due to the fact that interpretation is subjective and dependent on the researcher (Guest et al., 2012). Thus, to avoid bias in future research, reliability could be improved by having two different researchers code the data.

In addition, the participants were all highly educated, and one can assume that college students are taught how to source check and think critically which enables them to make informed and thoughtful choices. Thus, for further research, it would be interesting to select participants from different educational backgrounds, as well as focus on young adults without a tertiary education degree as this could yield different results since the important component of critical thinking might be missing.

Furthermore, while participants claimed that they were inexperienced investors and financially illiterate, throughout the interviews it became clear that they underestimate their own financial capabilities and know a lot about different concepts of behavioral finance such as the emotional psychology behind investing. In effect, it could be interesting to investigate why young adults are self-conscious when talking about their investment knowledge and financial competence.

In addition, the sample group was quite homogenous in terms of demographic characteristics. Although the study included participants from different nationalities, all participants are Europeans which means that the research findings are based on participants from western countries who are not only educated but pertain to industrialized, democratic and relatively wealthy societies. Thus, since this could have affected the results, for further research, it is advised to choose a more heterogenous sample group that is racially and ethnically diverse.

Furthermore, another limitation of this study is the small sample size that hardly represents and encompasses the opinions and beliefs of all young adults when it comes to financial influencers and their role in their decision-making process. Furthermore, as has been mentioned several times in this paper, empirical research addressing the interplay between finfluencers and financial decision making, especially when it comes to young adults, is still scarce. Thus, this research topic must be further investigated as this researcher is of the opinion that consulting finfluencers for financial advice is an inexorable trend among young adults and predicts that the importance of social media as an informative source will only continue to grow.

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Appendix A- Interview Guide

Beginning of the interview

- Greet the participant and introduce yourself including giving background information on the scope of the research
- Thank the participant for taking the time to be a part of this study
- Emphasize that there are no right/wrong answers (make sure participant feels comfortable to talk to you)
- Ask for the consent for recording the interview
- Assure the confidentiality of the data
- Make sure participant signs consent form for gathering data before the interview

Ice Breakers: (Dependent on participant)

General Questions

- Since when do you in invest?
- Why did you start investing your money?
- Do your family/friends invest as well?
- What asset classes are you currently invested in?
- What Trading platform(s) do you use?
- What is your investment plan? Long-term/ Short-term?
- Do you invest your own money?
- Did you learn about personal finance and investing in school?
- Did you talk about investing & financial topics at home?

SUB-RQ1- Why do young adults use social media for personal finance?

- Which social media platforms do you use for personal finance?
    - Follow-up question: why do you predominantly use platform xy?
    - Do you also think that this platform is the best for…
- What are the reasons for you to use social media to inform yourself/ get investment ideas/ read the news etc?
- Has social media helped you to improve your financial knowledge? Do you think it is helpful for that purpose?
- Do you think social media has made you a better investor?
- Do you have a positive/negative experience that you can share from using social media?
- Except social media, what other resources do you use for finding information on personal finance and investment ideas/advice?
- What do you prefer? Receiving financial advice from family and friends or social media?

Questions- Finfluencer

- Who are the financial influencers/experts that you follow on social media?
- Why do you follow these finfluencers? How did you come across them?
- How often do you “interact” with them? Watch their content/ visit their site etc.
- Do you just consume their content or are you an active participator?

Sub-RQ2: How do young adults determine a finfluencer’s trustworthiness?

- What characteristics are important to you when it comes to following finfluencers?
- Do you think that the influncers that you follow are financial experts?
- How do you determine if someone is an “expert” in their field?
- What do you know about the educational background and the investing experience of these finfluencers? Have you ever done background checks?
- How do you determine whether an expert is knowledgeable or experienced enough to give advice?
- What makes a Finfluencer trustworthy?
- Can you recall an occasion where you have doubted a finfluencer’s advice? What made you suspicious?
- How do you differentiate between good and bad investing advice?
- Who do you trust more when it comes to investing advice? Family members/friends- or finfluencers?

Questions- decision making Process

- How would you describe your decision-making process? What steps are involved in deciding?
- Do you do some proper research on the advised asset class, stock, ETF etc. before going ahead and making the purchase?
- Have you followed a finfluencer’s advice in the past? If yes, do you regret your decision?
- Do you think finfluencers influence your investment decisions?
- What is your opinion about buying stocks or cryptocurrency or any other asset class based on a social media hype? Have you done that before as well?
- Do you experience any IFomo? (Investors fear of missing out) when consuming content of finfluencers? For instance posts about getting rich quick?

Final Question: Do you think schools should introduce a subject that covers personal finance topics?

Appendix B- Informed Consent Form

Project Title and version	Master Thesis Iliana Güntert #SocialTrading: Using social media for financial education and investing advice. Exploring the impact of Finfluencers on young adults' investment behavior.
Name of Principal Investigator	Iliana Güntert
Purpose of the Study	This research is being conducted as part of the Media & Business Master's program. I am inviting you to participate in this research project about social media and investment behavior of young adults. The purpose of this research project is to explore the role of social media and financial influencers in the investment-decision making process of young adults.
Procedures	You will participate in an interview lasting approximately 45-60 minutes. You will be asked questions about your use of, experience with and opinion of social media as an informational source for personal finance topics and for obtaining investment advice. Sample questions include: "Why do you use social media for personal finance?" You must be at least 18 years old and use social media for personal finance related topics. You must also have invested your money into an asset class (equities, bonds, commodities, crypto etc.)
Potential and anti-cipated Risks and Discomforts	There are no obvious physical, legal, or economic risks associated with participating in this study. You do not have to answer any questions you do not wish to answer. Your participation is voluntary, and you are free to discontinue your participation at any time.
Potential Benefits	Participation in this study does not guarantee any beneficial results to you. As a result of participating, you may better understand and reflect upon the influence of social media on your own investment decisions. The broader goal of this research is to understand the interplay between social media and behavioral finance.

Sharing the results	The researcher has no intention to share the findings of this exploratory research outside of the scope of the master's program. However, if friends and family members, as well as participants of this research, wish to read the final version of the thesis, the researchers will share the results with them.
Confidentiality	Your privacy will be protected to the maximum extent allowable by law. No personally identifiable information will be reported in any research product. Moreover, only trained research staff will have access to your responses. Within these restrictions, results of this study will be made available to you upon request. As indicated above, this research project involves making audio recordings of interviews with you. Transcribed segments from the audio recordings may be used in published forms (e.g., journal articles and book chapters). In the case of publication, pseudonyms will be used. The audio recordings, forms, and other documents created or collected as part of this study will be stored in a secure location in the researchers' offices or on the researcher's password-protected computers and will be destroyed within ten years of the initiation of the study.
Right to Withdraw and Questions	Your participation in this research is completely voluntary. You may choose not to take part at all. If you decide to participate in this research, you may stop participating at any time. If you decide not to participate in this study or if you stop participating at any time, you will not be penalised or lose any benefits to which you otherwise qualify. If you decide to stop taking part in the study, if you have questions, concerns, or complaints, or if you need to report an injury related to the research, please contact the primary investigator: *Iliana Güntert* *+49 177 1978362* *619343ig@eur.nl*
Statement of Consent	Your signature indicates that you are at least 18 years of age; you have read this consent form or have had it read to you; your questions have been answered to your satisfaction and you voluntarily agree that you will participate in this research study. You will receive a copy of this signed consent form. I have been given the guarantee that this research project has been reviewed and approved by the ESHCC Ethics Review Committee. For research problems or any other question regarding the re-search project, the Data Protection Officer of Erasmus University, Marlon Domingus, MA (fg@eur.nl). If you agree to participate, please sign your name below.

<table>
<tr><td>Audio recording
(if applicable)</td><td colspan="2">I consent to have my interview audio recorded
☐ yes
☐ no</td></tr>
<tr><td>Secondary use
(if applicable)</td><td colspan="2">I consent to have the anonymised data be used for secondary analysis
☐ yes
☐ no</td></tr>
<tr><td rowspan="3">Signature and Date</td><td>NAME PARTICIPANT</td><td>NAME PRINCIPAL INVESTIGATOR
Iliana Güntert</td></tr>
<tr><td>SIGNATURE</td><td>SIGNATURE</td></tr>
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Appendix C- Coding Schema

Main Themes	Sub- categories	Codes
Source of inspiration	Guidance	Motivation
		Observation of the investing behavior of financial role models
		Investment ideas
	Critical Thinking	Importance of using a variety of sources & cross-checking information
		Importance of autonomy
Source superiority	Perceived ease of use	Accessibility & Convenience
		Enjoyable to consume & easy to understand
	Usefulness	Improving financial literacy
		Up-to-date news
		Insider information from financial experts
Perceived expertise	Experience & knowledge	A good track record
		Financial education
		Presenting facts instead of irrational exuberance
Humility		Acknowledgment of not being perfect and prone to error
		Promoting self-determination