

Finasana Empowers Young Self-Directed Investors Deemed Vulnerable by FCA Report

LONDON, UNITED KINGDOM, January 6, 2022 /EINPresswire.com/ -- The Financial Conduct Authority (FCA) released a [report](#) examining the behaviours and motivations of self-directed investors who make high-risk investments. According to the research, a younger, more diverse group is engaging with higher risk investments, spurred by the accessibility of investment apps and financial advice on social media. □



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*Gabi Slemer, CEO & Founder,
Finasana*

However, the FCA notes that higher-risk products may not be appropriate for this consumer group. Almost two-thirds say that significant investment losses would have a "fundamental impact" on their lifestyle and future.

The Gen Z, Millennial, and first-time investors that make up this group are targeted by finfluencers – financial influencers. At best, finfluencers aim to empower their followers with simplified personal finance and investment guidance and inspiration. At worst, they provide

unqualified, prescriptive advice without a disclaimer, sometimes even promoting specific investment products for their own financial gain.

Finfluencers are rife across YouTube, Instagram, Twitter, Reddit, and TikTok. On TikTok, hashtags #StockTok and #FinTok have been viewed over 1.4B and 420M times, respectively.

"Financial literacy is important, and seeing younger people explore the idea of investing their money is a good thing," said Gabi Slemer, CEO of financial wellness platform [Finasana](#). "But they need to understand the risk. If something sounds too good to be true, it probably is, regardless of what some finfluencer says."

FCA's research found that young investors were motivated by emotions, citing the thrill of investing and social influences like perceived status as key factors in their investment decisions. Among those engaging with high-risk products, challenge, competitiveness, and novelty were more important than practical reasons for investing, like saving for retirement. Thirty-eight percent of survey responders failed to mention one functional purpose for investing.

"The right investment decisions can help us achieve financial balance and freedom, but investors

must be mindful,” said Gabi. “What is their risk tolerance? Is their portfolio diversified? If they choose to make a high-risk purchase, can they afford to lose the money they invested?”

Young investors have high levels of confidence in their decision-making and knowledge. Yet, FCA’s research demonstrated little awareness of or belief in risk. More than 40 percent claimed that “losing some money” was not a risk of investing.

This finding may be bolstered by over-simplified and disclaimer-free advice from finfluencers. Cryptocurrency trading platform Plaxful analyzed 1,212 videos from popular TikTok finfluencers and found one in seven encouraged users to make a financial decision without including a disclaimer. Although representing a small fraction of the finfluencer space, this misleading content attracted 28.4 million views and 3.6 million likes.

Further, just one in ten finfluencers investigated had qualifications listed in their TikTok profile or on their website. However, this may not deter young investors; according to FCA’s survey, 78 percent trust their instincts when buying and selling investment products.

In response to the rise of unfounded, high-risk financial advice and get-rich-quick scams on the platform, [TikTok updated its branded content policy](#) to prohibit “all financial services and products.” This includes cryptocurrency, forex trading, investment services, and trading platforms.

“The rise of the finfluencer shows there’s a huge appetite for financial education among Gen Z and Millennials. But unfortunately, some people are taking advantage of that,” said Gabi. “Financial influencers pushing high-risk and scam investments without flagging the risks aren’t empowering their followers. Instead, they’re harming them, often unknowingly. Many finfluencers believe in what they’re saying, but they might not have the qualifications or experience to give sound and comprehensive financial advice. ”

FCA’s research will inform a new campaign designed to warn consumers against making high-risk, high-return investments that may be unsuitable for their needs. Younger investors often have low levels of financial resilience and are particularly vulnerable to investment losses.

“After seven years on Wall Street, I started Finasana to give people the tools they need to make smart financial decisions that work for them, whatever their income.”

Finasana lowers the barriers to professional financial guidance by providing an accessible platform for individuals to turn to with all their money questions. Additionally, users can access a comprehensive library of content relating to financial wellness, budgeting, spending, saving, borrowing, and investing.

Unlike information published by many finfluencers, Finasana’s content is developed and reviewed by qualified financial industry experts.

"It's the best of both worlds. Our content is convenient and easy-to-understand, but it's also factual and reliable." Video and audio content are supplemented by hands-on activities, templates, and quizzes, which is available to subscribers on Finasana's website, or on the Android and iOS apps.

About Finasana:

Finasana is a financial education and wellness platform. Through a comprehensive library of virtual lessons on personal finance topics and 1:1 guidance, Finasana works with consumers, universities, and corporations to create a world of confident investors and reduce money stress. Finasana champions simplicity and accessibility to make financial literacy attainable for everyone through six categories: investing, budgeting, financial wellness, saving, spending, and borrowing. The app is available on the Apple App Store or Google Play.

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