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NDBF Cautions Investors on the Rise of the “Finfluencers”

November 8, 2022 (LINCOLN, NE)— The Nebraska Department of Banking and Finance (“NDBF”) is joining the North American Securities Administrators Association (“NASAA”) in releasing an Informed Investor Advisory that recommends investors use caution when considering advice from social media financial influencers, or “finfluencers.”

A finfluencer is a person who, by virtue of their popular or cultural status, has the capability to influence the financial decision-making process of others through promotions or recommendations on social media, according to the Informed Investor Advisory. They may seek to influence potential investors by publishing posts or videos to their social media accounts, often stylized to be entertaining so that the post or video will be shared with other potential investors.

“More and more people are turning to social media to get investment advice. Nebraska investors would be wise to consider the source of any unsolicited financial advice and treat any decision with careful consideration before making an investment,” said NDBF Deputy Director Claire McHenry. “Investors should keep in mind that influencers are not subject to the same regulations as licensed financial professionals and may have undisclosed conflicts of interest.”

The advisory includes information to help investors better understand how influencers operate, what to consider when coming across financial advice on social media, and where to go for help with concerns about a possible finfluencer. The advisory also points out red flags to consider including dubious advice, unverifiable or outdated financial credentials, or investment recommendations not backed up by accurate data.

NDBF encourages Nebraskans to review financial opportunities on social media carefully and to check the registration status of the investment and the person offering it by visiting ndbf.nebraska.gov. “Be wary of content on social media promising big or guaranteed returns with little or no risk. If it sounds too good to be true, it probably is,” said Deputy Director McHenry.

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