

Stock tips from TikTok? The platform brims with financial advice, good and bad



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One TikTok influencer adopted the guise of a 7-year-old in pigtails to demystify investment advice. Another appraised the field of S&P 500 investment funds in 56 seconds. A third presented the ultimate Chipotle hack: A sort of reverse-engineered burrito that costs four dollars.

TikTok has emerged as an unlikely mecca for personal finance advice, under the hashtag FinTok. Content creators with such handles as @YourRichBFF and @JohneFinance have collected millions of followers and tens of millions of views with quick, breathless videos that offer tips on everything from credit card rewards to haircut costs to cryptocurrency, often in less than a minute.

As with TikTok generally, FinTok trends young. Many content creators are in their 20s or early 30s. They market themselves not so much on academic credentials or professional training as on lived experience and relatability: A self-made millionaire at 30. A six-figure saver at 25.

In a September survey by WallStreetZen, three-quarters of Gen Z respondents said they learned about personal finance from social media, especially TikTok.

FinTok: Financial advice on TikTok ranges from benign to risky

Much FinTok content seems innocuous, even inspirational: Who couldn't use some help in balancing their budget?

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But some videos veer into potentially risky advice about investments, insurance, and taxes, topics that might better be left to the pros.

"It's scary, because it's so unregulated," said Catherine Valega, a certified financial planner in Boston, Massachusetts. "And the people who post, you click through, and maybe they've paid off a student loan, but they have no credentials, in most cases."

Where, then, to draw the line between good FinTok and bad?

Thousands of TikTok videos offer affirming, uplifting advice for young spenders and savers: How to write a monthly budget. How to start an emergency fund. Where to find high-yield savings. The fundamentals of investing.

Checkbook math, as the subject was once known, eludes many young Americans. In a 2022 survey by the National Endowment for Financial Education, only 14% of adults said they had access to financial education in high school, and 15% in college. Most of us seem to pick it up at work, from a mentor, or on our own.

"I didn't know what to do with my salary."

Michela Allocca, 28, entered the workforce with a finance degree but no real sense of personal finance.

"I didn't know what to do with my salary. I didn't know I should be investing, beyond my 401(k) match," she said. "There wasn't any real, relatable resource for me to go to, so I didn't know how to navigate all of these things."

Allocca figured it out. She amassed \$100,000 in savings by age 25, on a five-figure salary. Today, she posts on TikTok as @BreakYourBudget, engaging more than 800,000

followers with short videos about polishing a resume, handling workplace emotions, renting vs. buying, and opening a CD (but not the musical kind).

Like many successful FinTok creators, Allocca sells personal-finance templates, dashboards and courses. She has published a book, titled "Own Your Money." She also earns income from branding deals, making videos that function both as advice and advertising, and that are labeled as such.

Her video on certificates of deposit references Ally Bank, a paid partner. A post on credit card rewards cites Credit Karma.

Allocca said she has learned to walk the line between offering benign financial tips and pedaling investment advice, which she views as the province of trained advisers.

"I generally ebb away from talking too much in-depth about investments," she said. "I don't know your life, so for me to say, you should go invest in this or that ETF, I can't really do that in good conscience."

FinTok influencers occupy a gray area between tips and advice

Allocca occupies a gray area in the universe of investment advice and financial planning. Certified financial planners have special training, much like accountants and lawyers.

By contrast, "a lot of social media experts have no more training or experience than you might, on a particular topic," said Christine Kieffer, senior director of investor education at FINRA, the Financial Industry Regulatory Authority.

For many TikTok viewers, formal credentials don't much matter. Successful influencers seem not to trade on pedigree, even when they have it.

One top host, Vivian Tu, is a University of Chicago graduate, former J.P. Morgan trader and Forbes 30 Under 30 honoree.

On TikTok, though, she is Vivian, Your Rich BFF, "Ex-Wall Streeter Helping YOU get Rich," smiling in a photo as she fans a wad of cash.

Another FinTok influencer, Parii Bafna, offers only this modest claim: "I'm a real person."

If young TikTok viewers don't care about the bona fides of content creators, industry experts say, then they should at least consider the attendant risks in the content itself.

A 50-second video that encourages the viewer to take out a CD or open a high-yield savings account would seem to have little downside. A post that touts individual stocks, on the other hand, could bring either weal or woe.

"There's this vagueness between financial coaching and financial advice," said Kevin J. Brady, a certified financial planner in New York City. "Financial coaching, there's no specific investment advice: Here's how to budget. Here's how to get your debt paid down."

Brady said viewers should beware of a post that offers specific instructions on investments or taxes.

"I'm not saying that TikTok is automatically wrong, but be more cautious. That stuff is where you can really go wrong," he said.

"Social media is public, but finances are personal."

Financial planning is a dialogue between planner and client that yields advice tailored to the individual. TikTok, by comparison, is a mostly one-way street.

"Social media is public, but finances are personal," Kieffer said. "So we really need to be thinking about whether what is right for someone else might be right for our own situation."

TikTok has one undeniable advantage over the financial planning industry: It offers advice for free.

Yet, TikTok users do have other options.

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The government offers a host of free resources for financial planning, including tools from the Consumer Financial Protection Bureau and the Financial Literacy and Education

Commission.

Public libraries can be a trusted resource on consumer finance. And FINRA has a personal finance page.

“It’s okay for the internet and social media to be one source,” Kieffer said. “It just shouldn’t be your only source.”