



Should You Take Investment Advice From TikTok?

Description

Traditionally, if you wanted investment advice, you'd schedule an appointment with an advisor, sit back in a comfy wingback chair, and talk about your goals, your income, your investments. But if you're the average teenager, no such appointment seems necessary: you just need to watch a few TikTok videos.

Under FinTok, the financial branch of TikTok, you can watch short videos on every financial topic, from credit cards to real estate to investments.

But here's the thing: most of this advice is coming from non-experts — that is, people who have no qualifications, no certificates, and no former experience advising clients. The advice might seem fine, but it could be teeming with misinformation. It might seem helpful — insightful, even — but it could be reiterating financial myths that hurt you more than help.

Should you take investment advice from TikTok?

Take it with a grain of salt.

To be sure, there is great investment advice on TikTok. There's also terrible investment advice from TikTok users who very clearly have a shallow understanding of how the stock market works. Some TikToks are insightful — surprisingly so. Others simply regurgitate financial advice found elsewhere, formatting it in an entertaining and easy to digest manner.

My biggest beef with FinTok: many investment videos seem to encourage day trading, options trading, and short-selling without giving much voice to the dangers and risks of these investing strategies.

My second beef: these same videos make these investment strategies look *easy*, even though, in practice, they're complicated to do well, let alone repeatedly over time.

My third and last grievance over FinTok is that creators can easily package misinformation in a manner that's casual, funny, entertaining, and, sometimes, cinematographically impressive. The videos might

make you feel comfortable lowering your guard, making you more susceptible to receiving terrible advice.

How to critique investment advice

The first question you should ask is, who's posting this FinTok? What are their qualifications? Are they a certified professional or just an influencer? Of course, a person's qualifications don't automatically render the advice truthful. But it's a good first step in determining a person's authority.

Once you figure out the creator's qualifications, dig deeper into the content, especially if the creator gives only incidental or anecdotal evidence to back up their claims. For instance, they might suggest you engage in options trading simply because they earned \$20,000 in three days by buying calls. But don't fall into the trap of believing *you* can earn that much if you repeat the creator's trade. Understand the risks and rewards of whatever investment advice you hear, then make an informed decision yourself.

That's perhaps the most important advice of all: think for yourself. Do your own research. Steer clear of "get-rich-quick" schemes and dig below the surface of "easy" investment strategies.

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