Summary
• People have been increasingly turning to the short and snappy nature of social media to obtain financial information.
• The pensions industry has lagged behind in its use of social media to engage with savers, due to attitudes and time/cost constraints, but this is starting to change.
• Pensions schemes utilising social media need to tailor their approach on different platforms, for instance talking to younger members on TikTok and older members on Facebook.

Social media: Opening a new world of financial information

Social media has opened up the ease of access to financial information for a willing audience but the UK pensions industry has yet to fully engage with this opportunity, Laura Blows finds

The pensions industry, along with the financial sector generally, can seem inaccessible to those not in the know. It can be confusing and complex with its own complicated language.

Therefore, people have been increasingly turning to the short and snappy nature of social media to obtain financial information. This is given by 'finfluencers' aka 'financial influencers', Editorial credit: Tada Images / Shutterstock.com

Examples of social media platforms

Facebook: A social networking site to connect with people and share information
Glassdoor: A website where current and former employees anonymously review companies
Instagram: For photo and video sharing
LinkedIn: Designed for making business and employment-oriented connections
Reddit: A social news aggregation, web content rating, and discussion website
TikTok: A short-form, video-sharing social networking service
Twitter: For microblogging, enabling users to post and interact with messages known as 'tweets'
YouTube: An online video sharing site

the top tier of which can have hundreds of thousands of followers. For instance, a quick search for on video-sharing social networking site TikTok for #FinTok gives over 353 million results, while discussion site Reddit's subreddit r/personalfinance has over 14.5 million members.

Social media popularity

Earlier this year saw just how much (f)influence social media can have.

In January, the 10 million members of the subreddit r/WallStreetBets instigated a short squeeze on video game retailer GameStop, costing hedge fund managers millions.

This was achieved by the members investing in GameStop, drastically inflating its stock price, while hedge fund short sellers had been targeting these shares in the belief that they will go down in value. The reason for this was seemingly to 'stick it to the man' and/or for amusement.

In GameStop's instance, the Reddit investors may have made themselves money, but these high-risk approaches to investing can go the other way.

One example is Football Index, a 'stock market' where users were able to buy and sell 'shares' in footballers and make money through 'dividend' payments based on players' on-pitch performances and media activity. It had an estimated 500,000 users.

In March 2021, Football Index cut the 'dividend' payments on players, which led to a crash in the value of their 'shares', meaning any potential for profit had all but disappeared. The company then entered administration, a few hours before the Gambling Commission announced that it had suspended its licence. An estimated £90 million has been lost by its users.

According to Charles Stanley Direct investment analyst, Rob Morgan, the GameStop saga was a prime example of retail investors clubbing together over online forum Reddit to boost the share price of the stock, while the Football Index demonstrated the problems with gamified trading.

"Both were hugely risky investments and many investors got their fingers burnt because they rushed in without doing their homework first," he says.

These were high-risk examples, but there was also an increase in 'standard' investments using platforms.

Multi-asset investment platform eToro's UK regional manager, Dan Moczulski, notes that it saw a significant rise in retail participation in 2020, which accelerated in 2021.

"There is a confluence of several macro trends leading to this tipping point, including zero (and negative) interest rates, a deeper understanding of the impact of inflation on the value of fiat currency, an acceleration of digital transformation led by the Covid-19 pandemic, and lowering the barriers to entry through automation, fractional shares and commission-free stock investing," he explains.

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Quilter financial planner,

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Heather Owen, also highlights the 'bizarre' year for financial markets, from the market plunge in March 2020, to the all-time highs for the S&P 500 and Bitcoin. "All the mainstream attention on markets has made people sit up and take notice, some for the first time ever," she says.

A young surge

These first-timers may well be coming from the influx of young people looking to social media for financial information.

According to Phoenix Group research, during the pandemic, 20 per cent of 18-34 year olds used YouTube to access money tips, with 18 per cent using TikTok and 15 per cent Facebook.

These figures match that of debt management company Lowell, which finds that one in five people aged 16-24 now use social media to access financial advice.

Research from Boring Money into nearly 2,000 UK adults that own an investment product also finds that using social media for financial advice is more prevalent amongst younger people. Eight per cent of 18-44s from its research did so, dropping down to 1 per cent for the over 45s.

There are also even younger people with an interest in finance waiting in the wings, with mobile apps allowing under-18s to practice investing growing in popularity.

"Like them or loathe them, the rise of easy-access trading apps has at least resulted in more young people being engaged with their finances and investments. It shows there is a new generation of investors out there who have an interest in making their money work for them," Owen says.

Speaking in March, FCA Consumer and Competition executive director, Sheldon Mills, highlighted that its research findings indicate that this newer audience has a more diverse set of characteristics than traditional investors.

"They tend to skew more towards being female, under 40 and from a BAME background. This newer group of self-investors are more reliant on contemporary media (eg YouTube, social media) for tips and news. This trend appears to be prompted by the accessibility offered by new investment apps," he said.

However, turning to social media for financial information is not without risk. Along with the prevalence of online scams *[see our scams special about this from page 52]*, younger investors may have the lowest levels of financial resilience, making them more vulnerable to investment loss, Mills warned.

"Research showed that a significant loss could have a fundamental lifestyle impact on 59 per cent of self-directed investors with less than three years' experience, who are more likely to own high-risk investment products, compared with 38 per cent of investors with greater than three years' experience," he said.

Case study: The PPF

"Social media is another important way for us to communicate with our members, levy payers and other key audiences, and a great way to have more of a conversation with them rather than just 'one way transmission'. It's been particularly important in the last year as a way to share information quickly and effectively and help us get information to the right people in a timely way," PPF director of communications and brand, Jenny Peters, says.

The PPF has greatly strengthened its social media presence over the past two to three years.

"The PPF can be quite a complex organisation to understand so we use social media to explain things in a simple way and guide our different stakeholders to new information to help them keep up-to-date with changes that might affect them," she explains.

It uses different social media channels to engage with different stakeholders. Facebook and You Tube are its member channels, with Facebook, as its primary social media channel to reach out for its members, being a good way for members to communicate with the PPF.

Meanwhile, Twitter is used for engaging with pension influencers, journalists and policymakers. LinkedIn is used for job seekers, employees, levy payers and arm's length bodies, while Instagram and Glassdoor are used by employees and job seekers and provide insight into its company culture.

The types of conversations the PPF is having on social media are "many and varied", Peters says, such as "highlighting member updates, changes to the levy, consultation responses, engaging with and supporting other industry players, directing people to our website, member feedback, sharing our views on issues, our culture and ways of working, and providing more information about how we're funded and work".

As an example, last year the PPF launched a Covid-19 'Where to get help guide' to help pension savers at the peak of the first lockdown. "We used our social media channels to let people know this exists and received a high level of engagement. We'll also often share information from others that we think our audience would find helpful."

Social media is a fast-moving area, Peters says, "and the more engagement and feedback we get the more we can evolve what we do to be relevant and useful".

"We want to keep building on the way we communicate, using graphics and multi-media which becomes easier and easier as more and more people have access to greater technology."

Warnings

In April, Blacktower Financial Management Group group managing director, John Westwood, acknowledged that personal finance advice provided on TikTok's #FinTok is one of the platform's growing trends, and that "there is no wonder that this is well-received by younger generations, as the advice is given in a short, snappy, and fun context", he said.

However, Westwood warned: "The surge in the number of people offering financial advice is worrying for impressionable audiences, as many users are presenting misleading and damaging information that encourages young people to make drastic financial decisions without consulting experts. The FCA needs to clamp down on this type of content."

According to Phoenix Group's research, 46 per cent of its respondents believe online platforms and social media providers should take some responsibility to protect users.

To that end, TikTok for example recently launched a public service announcement (PSA) that appears on some of the most commonly searched hashtags relating to financial advice. For instance, when searching #FinTok, a PSA appears, which reads: 'Before following any financial advice, keep in mind that all investments involve risks and consider doing your own research.'

TikTok's guidelines also state that users should not post, upload, stream, or share content that depicts or promotes phishing or investment schemes with promise of high returns, fixed betting, or any other types of scams.

In December, its guidelines were also updated to include a ban on content that depicts or promotes Ponzi, multi-level marketing, or pyramid schemes.

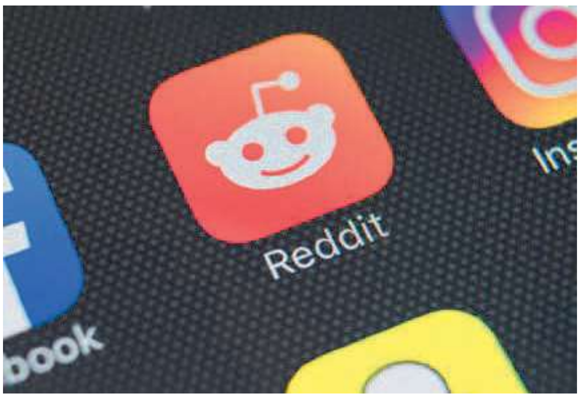
TikTok also uses a combination of technology to automatically flag content to its moderation team for review, along with reports from its community, to determine content to be removed.

Moczulski also acknowledges that "as the retail investment market matures and platforms like eToro scale, we have a greater responsibility to ensure that our users are well educated and aware of the risks".

This is does by providing a variety of free education tools, such as a demo account to practice on, online guides, client webinars and analyst insights.

The FCA's research found that, for many investors, emotions and feelings such as enjoying the thrill of investing, and social factors like the status that comes from a sense of ownership in the companies they invest in, were key reasons behind their decisions to invest.

"This is particularly true for those investing in high-risk products for whom the challenge, competition and novelty are more important than conventional, more functional reasons for investing like wanting to make their money work harder or save for their retirement. Thirty-eight per cent of those surveyed did not list a single functional reason for investing in their top three reasons."



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There may be risks and concerns, but people wouldn't flock to social media for finance tips if it was all risk with no reward.

"The market for financial hints, tips and guidance on social media is booming. Young people clearly like content that is simple, digestible and relatable, but not too flashy or corporate," Owen says.

Pensions challenge

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The pensions industry is still getting to grips with communicating in this way.

According to Quietroom development lead, Joe Craig, the pensions sector tends to forget who they are competing with. "It's not really each other. It's the other sources of information and 'advice' that real people have in their lives. That's obviously Twitter, Reddit, Facebook, TikTok etc but it can also be people's dads, who are still the go-to source of financial advice for lots of younger members of pension schemes," he says.

"You've always had people being more willing to take advice from, say, the owner of their local chip shop. Now they have the same relationship with people they don't see face to face, but who relate to them in the same way. They use everyday language, they tell a story that brings people in, instead of holding them at arm's length, and they're far easier to reach. Being easier to reach might mean they're on an app they already know and like, which they are comfortable using. Because of that, there's already a level of built-in trust."

In contrast, regulated financial service companies end up using language that pushes people away instead of bringing them in – partly because they are regulated, Craig adds. "It's also very difficult to put yourself in the position of someone who knows less than you do and explain something in a way that they'll feel a connection with – so the whole industry suffers the combined effect of 'the curse of knowledge' plus the fear of regulation."

Traditional companies are also pre-occupied with 'owning' content, he adds. "They love to have a 'hub' on their site, for example. That usually becomes a dumping ground of unrelated information. They pull users towards it with, email newsletters, effectively acting

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as teasers. Everywhere else in our online lives we digest the information directly, without a teaser pulling us there first. So, for example, an Instagram post or a TikTok video is useful in and of itself."

Other barriers to pension schemes effectively using social media are that of time, effort and cost.

"Pension schemes quickly realised that one of the great challenges was that they need to feed the beast and resource activity around social media," CEM Benchmarking principal, John Simmonds, explains. "Effectively using social media takes a lot of time and dedication and cost, so that is a hurdle. Also, measuring its success is difficult, as for instance, the number of followers you have is not necessarily the number of scheme members you have."

It is little wonder then that Craig declares the pensions industry as not very active with social media "with a lot of schemes actively resisting it, to their cost".

For those schemes that do not want to get mired in social media conversations directly, he recommends instead supporting those few members that are more active than the rest on social media in trying to help everyone else in their scheme.

"But this misses one big thing, that being seen to be trying to help would be the strongest foundation for building trust with members," he warns.

The finance industry has an extra challenge in engaging people via social media, Owen adds, as "the reality of successful investing is that it takes a long time to achieve results. But 'get rich slow' is a boring message to get across to young people, and one that providers will struggle to get traction with on social media unless they find creative ways to boost engagement".

It is not a surprise that younger people are sourcing information from wherever they currently spend their digital time, Boring Money CEO, Holly Mackay, adds. "Yes there is a plethora of poor information out there, but we cannot just tut and tell people to come and digest our much more erudite PDFs instead. We have to roll up our sleeves, get the right teams and skillsets internally, and take the message out to where our customers are."

And, as Moczulski warns, "we mustn't underestimate the knowledge of retail investors. Information is no longer held by the few but is widely accessible to the many".

'Rolling up our sleeves' and interacting with people about pensions on social media "can go a long way to demystifying pensions and opening this important dialogue between savers and financial services professionals", PensionBee chief engagement officer, Clare Reilly, says, noting that it has a highly engaged community of followers and supporters "across all our social media channels, such as Facebook, Instagram, LinkedIn and even TikTok".

Benefits

Engaging with members in this way can bring a number of benefits, Simmonds says. Along with reminding members of their benefits, staying in touch with deferred members, educating them and minimising opportunities for scammers, the scheme can also communicate positive messages such as its efforts to tackle climate change.

Once up and running social media can be an effective engagement tool, he says, "but there is no silver bullet to getting that engagement".

"There are tips and tricks, but frankly it is just a case of hard work to get people to engage. You just need to keep reminding people to follow you on channels and subscribe. We have to get serious about resourcing this properly. Pension schemes have to decide if they want to meet members on social media platforms. And if so they have to spend time, effort and money to do so."

The UK is a little bit behind other mature pension scheme markets such as the US, Canada and the Netherlands in its use of social media, Simmonds adds, "because we are underinvested in pension scheme administration compared to these other countries".

PLSA director of policy and advocacy, Nigel Peaple, notes how social media is a great source of information on pensions, enabling people to access lots of helpful information and guidance online; including tips on pension saving, interactive tools and also more general money management information.

He also adds that the use of social media is not restricted to Millennials or Generation Z; "people from all walks of life, backgrounds and ages access information in this manner these days. The pensions sector recognises this shift in behaviour and is doing more within social media nowadays through advertising and using platforms to answer general questions".

Often the starting point for pension schemes to engage with social media was the realisation that they were being talked about on social media and not part of the conversation themselves, Simmonds says, "so a lot of early steps into social media was to respond to the narrative being created about the scheme by members".

Approach

Pensions schemes taking the leap into social media also need to be wary of thinking of it as one single entity.

"It's naive in 2021 to think a company or pension scheme can have a single approach to social media. You need a social media strategy that incorporates and approach for every channel you're on," Craig says.

Making Giants conducted some social listening into discussions around long-term savings on social media in the UK at the start of the year. In a two-week window, it found over 3,000 conversations taking place on the topic of long-term savings on Twitter.

To reach those only just starting their lifetime savings journey, Making Giants highlights that "TikTok harnesses the huge power that video has for education and it means we can start talking to much younger audiences about their money, in a format that they're accustomed to".

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It also recommends Facebook as still a great 'allrounder', particularly for reaching people aged over 55.

On its website, multi-channel marketing form Kagool notes that there is an ongoing shift from Facebook to Instagram for financial services' audiences.

"It's not just beauty, food or consumer friendly brands that are moving into the Instagram space, banks, insurance companies and the like are waking up to the opportunity. The average follower count for the financial services industry is 38,595," it says.

A simple approach to targeting social media may not be best, but simple messages within the platforms are the most appropriate.

"The pensions industry is becoming more and more active in the social media space and we very much enjoy following the news updates and conversations taking place," PPF director of communications and brand, Jenny Peters, says. "We're seeing more engagement, and as we all focus on clearer, less complex communications, conveying important messages in a succinct way is a good challenge for us all."

Written by Laura Blows

Case study: Teachers' Pensions

Teachers' Pensions began its social media journey in 2016, with a Twitter, Facebook, YouTube and LinkedIn account.

"We wanted to be able to reach out to our almost 2.2 million members in an environment they were engaging with," says Capita head of engagement and marketing, Kerry Tate-King *[Capita handles the administration of the pension scheme].*

As well as organic and paid-for social adverts, it responds to member queries via social media and uses it to help facilitate conversations between members.

It aims to highlight the benefits of the pension scheme, from starting in teaching through to retiring, especially the benefits of being in a defined benefit scheme. Tate-King states one of its biggest aims at the moment as trying to break down member confusion over the pension and how it is calculated, and find a way to make pension jargon easier to understand.

"More recently we have moved from 'pension heavy' content to more posts about the teaching lifestyle. It has been great to see members engaging with those posts and it helps us get to gain further insight about our audience which enables us to create content that works best for them," she says.

"To give an example of the success of some of our content, last year we ran our first social-only lifestyle campaign," Tate-King adds. "The theme of this was 'everyday matters' and it ran over three weeks, utilising both paid and organic social. We were very aware of using imagery that best reflected schools/situations as they were at the time during the Covid-19 pandemic. The campaign was to engage with teachers, showing every day of their teaching career was important and made such a massive impact. It then highlighted how during this time, with each day their pension would be growing."

It has found through external research and its own metrics that its younger audience is on Instagram, followed by Twitter and then the older/retired members are primarily engaged on Facebook. "This segmentation impacts both the organic and paid for content that we run," Tate-King says.

Its social media journey continued in 2018 with the launch of its Instagram account, in a further effort to engage with younger members. Meanwhile, LinkedIn is used as a way to reach its employer audience, who are more finance/HR related, rather than teaching.

"We will also add in employer posts to Twitter if it feels relevant. However, we have found in the past that too much crossover between the member/employer segments causes confusion, so we try to ensure any employer posts on Twitter are clearly labelled as such," she adds.

"We're looking forward to using more video formats in the future, including colleagues answering pension-related questions on the platforms. As the video format is so important for social engagement, we want to ensure we're building the library of resources members need to fully understand their pension and how to access the information they need."

In return, Teachers' Pensions has found social media to be a great way for us to get to know its members and understand more about their journey.

"Their feedback helps to feed not just our social media planning, but other aspects of what we deliver, such as website content. We feel social has been invaluable to our engagement journey over the past five years and we look forward to its continuing growth and success," Tate-King says.