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The Shifting Locus of Authoritative Advice for Gen-Z and Their Financial Lives: An Opportunity for the Credit Union Sector?

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The Shifting Locus of Authoritative Advice for Gen-Z and Their Financial Lives: An Opportunity for the Credit Union Sector?

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Abstract: Gen Z are reshaping the way financial advice is sought and acted upon. Moving away from traditional sources like family, banks, and financial advisors, younger generations are turning to social media platforms like TikTok and Instagram, where financial influencers —"finfluencers"— offer accessible, though often unregulated, advice. While this shift has democratized financial education, it has also introduced significant risks to advice-seekers, including misinformation, high-risk investment recommendations, and a lack of regulatory oversight.

For Credit Unions, this transformation presents challenges and opportunities. Younger audiences often see traditional financial institutions such as banks as outdated, inaccessible, and misaligned with their values. However, Credit Unions, with their ethical foundations and community focus, are well-positioned to fill the trust gap created by the shortcomings of both traditional institutions and finfluencers. By engaging with young people *where* they seek advice - on social media - Credit Unions can offer relatable, trustworthy, and sound financial guidance that aligns with their mission to promote financial literacy and inclusivity.

This white paper explores ways in which Credit Unions can respond to this shift in advice-seeking behaviour to revitalise and grow their memberships. Discussions with UK-based Credit Unions reveal cautious optimism about engaging in the finfluencer space, with several recognizing the potential to use social media platforms to amplify messages of fairness, community, and responsible financial management. However, barriers such as limited digital innovation capacity, regulatory concerns, and a general lack of awareness about the finfluencer phenomenon remain.

To address these challenges, we propose a coordinated approach for Credit Unions to build capacity and credibility in the digital advice ecosystem. This includes developing sectoral guidelines for engaging responsibly with finfluencers, pooling resources to experiment with digital campaigns, creating a practical playbook for social media engagement, and modernizing product offerings to align with Gen Z's preferences for fast, convenient, and values-driven services.

By strategically entering the online advice ecosystem, Credit Unions can not only mitigate the risks of misinformation but also position themselves as a trusted alternative to both traditional institutions and unregulated finfluencers. This approach offers a pathway for Credit Unions to expand their membership, strengthen their community impact, and secure their relevance in an increasingly digital world.

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1. Introduction

Traditionally, young people have relied on parents, educational institutions, and conventional financial advisors to guide their financial decision-making. Whether opening a savings account, learning about pensions, or planning for investments, the locus of authoritative advice was firmly rooted in family wisdom and institutional trust. Yet, over the past decade, with the advent of social media, digital platforms, and the rise of financial influencers—or "finfluencers"— the landscape for advice-seeking and giving has fundamentally shifted [1], (Mölders et al., 2024).

Younger generations, especially Gen Z and Millennials, are turning to non-traditional and often unregulated sources of advice, primarily on social media platforms like Instagram, TikTok, and YouTube[2,3] (Manfredo, 2023; Mölders et al., 2024). The advice being sought ranges from notionally sensible thrift-focussed and conservative saving strategies that emphasise a 50/30/20[4] income allocation (TradeRepublic, 2024), to risky investment advice centred around cryptocurrency, Forex and contracts for difference (CFDs)[5] (Kollewe, 2024). This shift is driven by a combination of dissatisfaction with traditional financial institutions[6] (Clere, 2022), generation-specific ethical preferences[7] (Pašiušienė et al., 2023), a desire for more relatable and accessible content[8] (Wigley and Kantaria, 2023), and the rapid digitization of information channels. This change in advice-seeking behaviour has been profound; according to Forbes[9] (Egan, 2023), nearly 80% of young adults now turn to social media for financial guidance, often preferring advice from influencers who present themselves as relatable and aspirational peers, in contrast to distant and often inscrutable 'experts.'

While the positive benefits such a shift has produced must be acknowledged, namely, that young people are taking agency and ownership over their personal finances and financial education, they often lack the experience or sophistication to discern good advice from bad. This uncertainty is amplified further by the social and psychological dynamics that undergird social media platforms: algorithms reward excess and exaggeration in all forms[10] (The Conversation, 2023), and therefore those curious about developing a sound personal finance strategy can soon enter the orbit of finfluencers who promote financial products that no credible - and certainly no regulated - financial advisor or family member would advocate.

The turbulence and uncertainty caused by the collapse of authority in the finance sector creates an opportunity for credible values-driven financial services firms. Specifically, we suggest that Credit Unions could harness the shift in advice-seeking behaviour to bridge the gap between disfavoured traditional financial institutions and credible/ethical organisations that retain some form of authority with the

[11] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4398463
[22] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4398463
[3] www.kansascityfed.org/Payments%20Systems%20Research%20Briefings/documents/9838/PaymentsSystemResearchBriefing23Baird1011.pdf
[4] E.g., www.tiktok.com/@traderepublic/video/7394477494285520160
[5] www.theguardian.com/business/2024/oct/22/uk-watchdog-interviews-20-social-media-finfluencers-under-caution
[6] https://fintechmagazine.com/articles/ibm-research-highlights-disconnect-between-banks-and-gen-z
[7] www.mdpi.com/2071-1050/16/1/352
[8] https://www.weforum.org/stories/2023/11/gen-z-banking-finance-money-trends/
[9] https://www.forbes.com/advisor/investing/financial-advisor/adults-financial-advice-social-media/
[10] https://www.fastcompany.com/90943919/the-science-behind-why-social-media-algorithms-warp-our-view-of-the-world

Gen Z cohort. We argue that to realise the opportunity, Credit Unions should consider how to adapt to the contemporary advice-giving environment and 'join the conversation' where it is happening, in the language that younger stakeholders now expect and respond to. We suggest the current issue holding back the credit union sector is a lack of awareness of their financial services amongst this cohort, and that engaging in the finfluencer space could offer a route to greater market penetration, in turn fulfilling a pillar of the Credit Union sectors missions to provide sound financial education for their members.

This white paper explores the implications of the advice-giving shift, examining the historical context of financial advice, the rise of finfluencers, the evolving values of Gen Z, and the regulatory challenges posed by this new information paradigm. By delving into these areas, we hope to articulate an opportunity for Credit Unions and organisations within the social finance sphere more broadly.

2. Historical Context: Traditional Sources of Financial Advice

In the UK, financial advice has traditionally been a familial affair. Parents played a critical role in instilling basic financial principles such as budgeting, saving, and the importance of avoiding unnecessary debt, often influenced by religious perspectives on borrowing and thrift. According to Gudmunson and Danes (2011)[11], financial socialisation within the family is the primary way young people learn financial behaviours. This approach created a generational continuity wherein financial knowledge was passed down, despite often being limited to the experiences and literacy levels of parents themselves.

Beyond family, traditional financial institutions - banks, financial advisors and to a lesser extent credit unions - held a monopoly on financial knowledge. These entities were seen as authoritative, providing guidance on major financial decisions like home purchases, retirement planning, and investments. Indeed, relationships with such organisations were often highly personal, with bank managers making subjective decisions about who to lend to based on in-person meetings. Trust in financial institutions was historically bolstered by the perception of expertise, professionalism, and the security of face-to-face interactions.

However, as financial markets became more complex and interconnected, the advice provided by these institutions grew inaccessible to the average consumer, particularly younger people. The jargon-heavy language and formal tone of communication used by banks excluded participation from many within the Gen Z cohort, with some fintechs exploiting this opportunity[12] to offer 'solutions' that contain risks, such as frictionless credit which resulted in excess debt accumulation (Team, 2024). Adding to this, is a 'nihilism' towards money and personal finance, shaped in part by the challenging external forces that have reduced the financial wellbeing of Gen Z from falling wages, high rents, Covid and the financial crisis of 2008[13] (Stone, 2024).

[11] https://link.springer.com/article/10.1007/s10834-011-9275-y
[12] https://www.finextra.com/pressarticle/101373/young-brits-find-financial-jargon-harder-to-learn-than-a-foreign-language
[13] https://www.bbc.com/worklife/article/20240731-how-gen-z-became-so-nihilistic-about-money

3. Advice-seeking in the Social Network Age: The Emergence of Finfluencers and Digital Communities

The past decade has witnessed a seismic shift in where and when young people seek financial advice. The platformization[14,15,16] of economic activities allied with the emergence of an economy-as-communication[17,18] paradigm has led to quick-shifting consumption patterns that are heavily influenced by social media, hype, and sensationalism (Srnicek, 2017; Nieborg and Poell, 2018; Moor, 2021).

Building on these social media platforms, a new class of financial influencer - dubbed "finfluencers" - has emerged, apparently 'democratising' access to financial knowledge and expertise. Platforms such as TikTok, YouTube, and Instagram have become go-to sources of information for millions of young people eager to learn about investing, saving, and budgeting, in turn creating a parallel financial ecosystem that can be difficult for more traditional financial services organisations to understand.

Unlike traditional financial advisors who typically cater to older and wealthier clients, finfluencers offer bite-sized, digestible content that is often free to access and then monetised through social media commission, affiliate links, subscriptions to paid-for courses, or, in some instances, fraudulent schemes. Aegon (2022)[19] emphasize that "some of the most successful financial influencers...have gained a large following because their jargon-free videos are easy to understand, while being engaging and educational." Relatability therefore plays a significant role here; influencers often share their personal financial journeys, and in doing so create a sense of authenticity and trust that institutional voices struggle to replicate.

Finfluencing is not without risks. The lack of regulation on social media platforms has allowed misinformation and fraud to proliferate. Unverified and unregulated financial advice can lead to suboptimal choices by inexperienced consumers, such as debt accumulation, riskier investments, or oversimplified explanations of complex financial instruments. For instance, during the GameStop stock frenzy, many nascent investors were swayed by influencers promoting high-risk strategies without fully understanding the consequences. Many lost significant sums in the fallout.

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[14] Platformization refers to the shift in market practice away from a simple buyer/seller relationship to an ongoing, platform-based model wherein companies are perpetually updating their product offerings. It also refers to a wider cultural phenomenon of a similar nature, wherein consumers are not making a singular purchase but rather engaging with a virtual platform, creating a quasi-symbiotic relationship wherein consumers impact product development while actively engaging with the product.

[15] Nick Srnicek. (2017). *Platform Capitalism*. Polity Press.

[16] https://journals.sagepub.com/doi/10.1177/1461444818769694

[17] The 'economy-as-communication' theory defined by Liz Moor (2021) argues that the relationship between communication and economic activity are mutually reinforcing, meaning that while media reports on economic activity, the reporting itself impacts the economic outcomes. In this particular case, when a finfluencer reports on a specific economic action (positive or negative), their published messaging influences the impact and outcome (positive or negative) of that economic action.

[18] https://www.politybooks.com/bookdetail?book_slug=communication-and-economic-life--9780745687018

[19] https://www.aegon.co.uk/adviser/knowledge-centre/insights/what-does-gen-z-want-from-financial-advice#

Longer term financial advising	**Shorter term financial advising**
Social or issue motivated, i.e. gendered (financial feminism), racial, or environmental foci	Motivations tend to focus on 'beating the system', i.e. through shorting markets (GameStop)
Recommendations tend to include traditional financial advice, such as 50/30/20 strategies and maximising pension contributions	Recommendations tend to include higher-frequency trading and riskier financial products, such as cryptocurrency

Figure 1: Spectrum of finfluencer financial advice

Recognising the double-edged sword that finfluencers represent, regulators and policymakers must grapple with how to balance innovation in financial education while protecting consumers from harmful advice. As Hayes and Ben-Shmuel (2024)[20] argue, "finfluencers nevertheless represent a significant, and perhaps positive, shift in the landscape of personal finance and financial education."

In the following section, we will provide an overview of the benefits and harms associated with the emerging Finfluencer phenomenon.

4. The Potential Benefits of Finfluencers

4.1. Democratising Access to Financial Knowledge

One of the primary benefits of finfluencers is that they notionally democratise financial education, making it accessible to a broader audience. Traditionally, financial advice beyond the family has been reserved for those who could afford to pay for professional financial planners. However, finfluencers provide free content that covers a range of financial topics, from budgeting and saving to investing in stocks and cryptocurrencies (though, as noted by Singh and Sarva (2024)[21], financial advice is not necessarily always good).

This accessibility is particularly valuable for Gen Z and Millennials, who often lack the financial literacy necessary to make informed decisions. Studies show that a significant portion of younger adults turn to social media for financial advice because it is presented in a more engaging and relatable format than traditional resources[22] (Espeute and Preece, 2024). By using simple language, storytelling, and visual aids, finfluencers make financial topics that were once seen as daunting more approachable and easier to understand.

[20] https://www.tandfonline.com/doi/full/10.1080/03085147.2024.2381980#d1e234

[21] https://www.proquest.com/docview/3073266800?parentSessionId=uYpyrF%2FYhyRlmIFPPj3BM3tgd6QKS5SFeLMc3I08fI0%3D&pq-origsite=summon&accountid=14540&sourcetype=Scholarly%20Journals

https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/industry-research/finfluencer-report.pdf

4.2. Encouraging Financial Literacy and Empowerment

Finfluencers play a crucial role in promoting financial literacy, especially among younger individuals who may not have been taught financial management skills in school. According to research by Canatan et al. (2023)[23], the popularity of financial content on social media is driven by a desire for self-improvement and financial independence among younger audiences. By breaking down complex topics like investing, credit management, and retirement planning into digestible pieces, finfluencers help demystify personal finance.

Furthermore, finfluencers often share their own financial journeys, including both successes and failures, which can be motivating for Gen Z audiences. This transparency fosters a sense of relatability and trust and has had some success in encouraging followers to take charge of their financial futures. As the World Economic Forum[24] suggest (Bhat and Eckrich, 2024), "finfluencers use relatability and authenticity to show the "real" side of personal finance" and this has distinguished them from traditional financial institutions.

A demonstration of finfluencers encouraging Financial Literacy & Empowerment

A subgroup of finfluencers frame financial advice within the framework of social issues, such as 'financial feminists' like Tori Dunlap (*@herfirst100k)*, Vivian Tu (*@your.richbff*), or Tonya Rapley (*@myfabfinance).* With statistics such as 64% of those in debt in the UK being women (AllBright Collective) and one in six women in the UK being impacted by financial abuse (FCA), women's financial health is a realm with unique challenges that can be addressed by targeted financial advice from the represented group, sensitive to specific conditions and experiences.

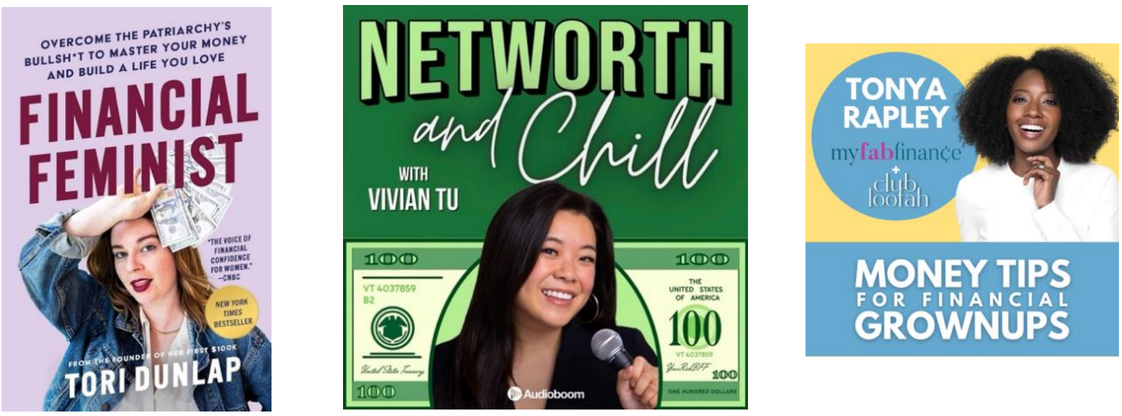

figure 2: Advertisements for three finfluencers; Tori Dunlap, Vivian Tu, and Tonya Rapley

4.3. Fostering Financial Inclusivity

Another significant benefit of finfluencers is their ability to reach underserved communities, particularly those who may not have access to traditional financial services or who are underserved by educational offerings focused on financial literacy. By leveraging the reach of social media, finfluencers can disseminate financial advice to diverse demographics, including those who might not trust or engage with traditional financial institutions. This inclusivity helps bridge gaps in financial education for minority groups, low-

[23] https://aisel.aisnet.org/menacis2023/17/
[24] https://www.weforum.org/stories/2024/07/finfluencer-financial-advice-social-media/

income individuals, and young people who are sceptical of conventional banks.

As the CFA Institute[25] observe in their recent report on Finfluencers (Espeute and Preece, 2024):

"Early participation in capital markets can enhance the ability to accumulate assets and build wealth. Traditionally, increasing youth participation in capital markets has been challenging despite younger investors being at life stages where they can afford to take more risk. Hence, social media and finfluencers could play an important role in educating young people on means to achieve upward mobility and enhancing financial inclusion."

Finfluencers, it is claimed, can address issues relevant to Gen Z communities, such as managing student debt, building credit from scratch, or investing with limited capital, making financial management more accessible and less intimidating.

4.4. Catalysing Positive Financial Behaviour

In addition to increasing awareness, finfluencers might also inspire positive financial behaviours. By regularly discussing topics like budgeting, saving, and responsible investing, they can influence their followers to adopt better financial habits. For instance, many finfluencers promote the concept of "paying yourself first" and encourage followers to prioritise saving a portion of their income before spending on non-essential items.

The parasocial relationships that followers form with finfluencers also play a role in shaping financial behaviours. Unlike traditional financial advisors who can be viewed as impersonal by Gen Z audiences, finfluencers often build more authentic connections with their followers by responding to comments and sharing personal anecdotes with other followers as part of a community. This personal dimension can increase followers' trust and engagement, making them more likely to take actionable steps based on the advice they receive (though we recognise the risks that the enhanced persuasiveness of a finfluencer could be a heightened risk to followers if they are offering harmful advice).

4.5. Conclusion

While there are legitimate concerns about the potential downsides of unregulated financial advice, the benefits of finfluencers should not be overlooked either. By making financial education accessible, promoting financial literacy, and empowering individuals to take control of their finances, finfluencers are playing a novel - and sometimes transformative - role in how younger generations approach money management. The challenge, moving forward, is to harness these benefits while mitigating the risks, ensuring that the financial content on social media is both accessible and responsible.

5. The Negative Impact of Finfluencers: An Overview

5.1. The Spread of Misinformation and Investment Risks

One of the most significant concerns surrounding finfluencers is the dissemination of misinformation, which can lead inexperienced investors to make poor financial decisions. Finfluencers often lack the professional training and regulatory oversight that traditional financial advisors are subject to. As Singh and Sarva (2024)[26] note, many

[25] https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/industry-research/finfluencer-report.pdf

[26] https://www.uowoajournals.org/aabfj/article/id/1039/

finfluencers on platforms like YouTube and Instagram promote investments in volatile assets, often downplaying the associated risks. This unregulated advice can have severe financial consequences, especially for young followers who may lack the financial literacy to critically assess the information.

A study by Kedvarin and Saengchote (2023)[27] highlights how social media platforms like YouTube can propagate herding behaviour, particularly with speculative investments such as meme stocks (i.e., stocks that trade above their estimated value because of viral social media posts) and cryptocurrencies. These trends can result in significant financial losses, as inexperienced retail investors are swayed by the perceived popularity of certain assets, without a thorough understanding of the underlying risks. The case of the 2022 SEC investigation into social media influencers manipulating stock prices underscores the potential for abuse in the absence of regulation.

5.2. Conflicts of Interest and the Principal-Agent Problem

The relationship between finfluencers and their followers often exemplifies the principal-agent dilemma, where the influencer (agent) may not act in the best interest of their followers (principals). As Jantan (2024)[28] shows, many finfluencers generate revenue through sponsored content, affiliate marketing, and commissions from financial products they promote. This can create a conflict of interest, where finfluencers may prioritize their financial gain over the well-being of their followers.

For instance, some finfluencers endorse high-risk investment products because they receive higher commissions, regardless of whether these products are suitable for their audience. The absence of thorough "Know Your Customer" (KYC) procedures, which are standard in traditional financial advisory services, means that finfluencers often recommend investments without understanding the specific risk profiles of their followers.

5.3. Exacerbating the Fear of Missing Out (FOMO)

Social media platforms are designed to be engaging and emotionally stimulating, often leveraging psychological tactics to keep users hooked. Finfluencers, in particular, capitalise on the fear of missing out (FOMO) by promoting time-sensitive investment opportunities or portraying an image of financial success that followers aspire to achieve. The Canadian Department of Financial Protection & Innovation (2023)[29] warns "some finfluencers use scare tactics or pressure to manipulate you into investing or paying up-front for a service that hasn't been performed. If you experience this or simply feel anxiety while interacting with a finfluencer, it is most likely a scam."

5.4. Lack of Accountability and Regulatory Challenges

Despite their significant influence, finfluencers often operate in a regulatory grey area. Many include disclaimers like "this is not financial advice" to avoid legal repercussions, even when their content clearly influences the financial decisions of their followers. Singh and Sarva (2024)[30] emphasize that regulatory bodies such as the Securities and Exchange Board of India (SEBI) are increasingly concerned about the unchecked influence of finfluencers, especially in markets where retail investors form a substantial segment.

The lack of clear regulatory guidelines has led to instances where followers incur significant

[27] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4594081
[28] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4803657
[29] https://dfpi.ca.gov/news/insights/social-media-finfluencers-who-should-you-trust/
[30] https://www.uowoajournals.org/aabfj/article/id/1039/

losses after following misleading advice. For example, finfluencers' recommendations often result in poor investment outcomes[31], particularly for young and inexperienced investors who lack the skills to critically evaluate the advice (Singh and Sarva, 2024). The study also revealed that finfluencers' impact is more pronounced among followers with limited exposure to other sources of financial information, making them particularly vulnerable.

5.5. Psychological and Emotional Consequences

In addition to financial risks, there are psychological consequences associated with individuals who engage in the finfluencer ecosystem. Recurrent exposure to content promoting financial success can lead to anxiety, feelings of inadequacy, and pressure to achieve similar results.

Moreover, the parasocial relationships that followers develop with finfluencers—where viewers feel a personal connection to influencers despite the one-sided nature of the interaction—can further cloud judgment[32] (Baird, 2023). This dynamic increases the likelihood of followers acting on advice without adequately assessing its suitability for their financial situation.

5.6. Conclusion

While finfluencers have undoubtedly made financial advice more accessible, content often lacks the rigour and accountability that traditional financial services provide. The proliferation of unregulated advice presents substantial risks, especially for young investors who may lack the experience to critically evaluate the information they receive. Addressing these issues will require a combination of improved financial literacy, stronger regulatory frameworks, and efforts by platforms to enforce transparency and disclosure among content creators.

By understanding the risks associated with finfluencers, policymakers and financial institutions can better protect retail investors while still leveraging the benefits of social media as a tool for financial education.

6. Changing Values Among Gen Z and Young Millennials

Looking at the shifting advice-giving landscape more broadly, the shift towards digital sources of financial advice reflects a deeper change in values among younger generations. Gen Z and Millennials are increasingly prioritising financial independence, ethical investing, and social responsibility over traditional markers of financial success such as stable careers and pensions.

Twenge (2020)[33] highlights that "Gen Z is driven by a desire for autonomy, seeking financial freedom through entrepreneurship, side hustles, and alternative investments like cryptocurrencies." This shift is partially fuelled by scepticism toward traditional institutions, which are seen as slow, opaque, and self-interested. According to the World Economic Forum (2022), more than 70% of Gen Z investors prioritise companies that align with their social and environmental values.

This generation's focus on ethics has led to the growing popularity of Environmental, Social, and Governance (ESG) investing. As a commentator on Finextra (2022)[34] observed "Gen Z is going to hold you to account. Remember they are realists. In banking, tools like bankgreen prove popular for outing 'bad' banks and several "green" challengers are sprouting up to fill the gap." Such activism is

[31] https://www.uowoajournals.org/aabfj/article/id/1039/
[32] https://www.sciencedirect.com/science/article/pii/S000169182202463
[33] https://pubmed.ncbi.m.nih.gov/36101887/

further influenced by Gen Z's exposure to narratives around social and environmental issues[i] (Carnegie, 2022).

7. The Opportunity for Credit Unions

Reflecting on the shifting locus of financial advice, and the changing behaviours of Gen Z, there are clear opportunities for Credit Unions (CUs) to build the sectoral capacity to engage in the 'finfluencer' sphere. By joining the conversation on social media, CUs could interact with a large potential audience by offering a trusted voice that offers sound financial education in a landscape populated by many bad actors. From a strategic perspective, an effective social media presence might also serve as the top of a customer activation funnel; one that could enable CUs to build awareness of responsible finances and a broader membership base.

To explore the opportunity further, we spoke with eight credit unions and one industry body from across the UK (see appendix 1 for details) to gauge awareness of the finfluencing phenomenon and to elicit views on whether it was a viable – and indeed desirable – strategy for growth. The main themes emerging from these discussions are summarised in the following sections, beginning with an overview of positive views on finfluencers and then outlining potential barriers and concerns.

7.1 Exploring the Finfluencer Opportunity

For those in the CU sector who had awareness of finfluencing, there was recognition that it could provide a vital tool for engaging new members As Dermot O'Neil from the Scottish League of Credit Unions summed up, "if Finfluencers result in more people joining credit unions, then I support the principle." There is acknowledgement that younger members (and potential members) do not always want face-to-face interactions, instead preferring social media and other forms of online communication. Indeed, one CU underlined that many existing Gen Z members only belonged to the organisation because of family links, and that activating them as more engaged members would require effort to meet their needs:

"For us as credit unions in Ireland, the majority of our Gen Z membership are there because their parents/grandparents opened an account for them when they were kids. We are very much reactive rather than proactive which often means we lose the competitive edge and we rely heavily on our brand loyalty and reputation which has been built over generations. We are always playing catchup on the technology front which is where the Gen Z market wants to operate. The ability to be social and want to speak to a person is almost a thing of the past so our challenge at present is to be able to meet the technological expectations of that cohort." (Credit Union 3).

This 'lack of awareness' theme was expanded upon by Credit Union 5, who outlined the complex nature of the finfluencer opportunity:

"I see finfluencers as both a potential threat and an opportunity. If we ignore this channel, we risk becoming invisible to younger generations. But by working with responsible influencers who align with our values, we could enhance financial literacy and engage a new demographic, something I would love to do." (Credit Union 5)

The same CU identified the primary value of social media as being able to *"amplify our messages of fairness, community, and trust. We could collaborate on campaigns to promote financial education, savings, and ethical borrowing. By tapping into their platforms, we could reach young people in a relatable way that traditional methods cannot achieve."* (Credit Union 5)

Finally, there was some agreement that through responding to structural issues that are emerging in the new information landscape, CUs can establish a productive niche. For example, Credit Union 6 argues that *"if finfluencers are giving bad advice, there is opportunity for CUs to engage with people who have become financially vulnerable as a result of poor investments and product choice*." This then creates an opportunity for CUs *"to bridge the gap between finfluencers and traditional advice institutions. If the industry as a whole can find a way to do that with the aid of finfluencers, it would be very beneficial in expanding awareness of the purpose of CUs."*

7.2 Barriers

While there are significant opportunities for CUs to engage with finfluencers, there are also challenges and barriers that need to be addressed to avoid harm to young consumers.

7.2.1 Lack of Finfluencing Awareness

There was a mixed understanding of the 'finfluencer' concept, with some credit unions being entirely unfamiliar with the practice and others only having a passing knowledge of the phenomenon. Indeed, Credit Union 1 was shocked that people would seek financial advice on social media, but acknowledged that younger people had different financial behaviours that it was important to understand:

"I will be honest…I hadn't heard the term finfluencers, and having chatted with my colleagues ... I came back, neither had they, based on what I've read so far, I almost find it hard to believe that people would take financial advice from one, without doing their own research after the fact, but I guess that is also a generational thing on my behalf?" (Credit Union 1)

Other credit unions who are aware of finfluencers have started tracking them to assess any potential threats. Credit Union 5 shared that they *"follow a few to keep up to date with what they are saying and to identify the risk that may be posed to us."* In general, however, there is no systematic or in-depth knowledge of the finfluencer space, and those who are aware of the concept are only beginning to explore in more detail.

7.2.2 Negative Perception of Finfluencers

While some credit unions recognise the potential utility of finfluencers - specifically relating to high profile individuals such as Martin Lewis - there are concerns about some individuals working in this space. Credit Union 3 explains:

"I think it's inevitable that finfluencers will have a role to play in the financial services sector, but my fear is around those that have an agenda behind the information they publish. Will it be almost a case of 'product placement' whereby the finfluencer is encouraged to promote a particular organisation even though this might not be in the best interests of those being influenced. Many of these people are not regulated to offer financial advice but that almost seems to get swept under the rug as they depict themselves as the-all-knowing in the world of finance and my fear is that many young people will invest their funds in ways and areas that they themselves are not fully educated about."

Credit Union 2 focusses on the potential naivety of younger financial services users who may not be able to distinguish between good and bad advice: *"They [finfluencers] can be dangerous as they have a lot of influence over the younger generation, they tend to believe everything they are told if its via social media, my generation are a bit more financially savvy and would check facts before taking advice. There has been a lot of bad press - a number of them are not regulated by the FCA and give poor advice."* This is echoed by Credit Union 5 who argues that *"many seem to be motivated by making money for themselves and not being regulated can often give poor 'advice' but I do accept that there are some that are massive and they can be a power for good."* There is, therefore, a potential stigma associated with offering advice in the finfluencer ecosystem owing to the lack of regulation and individuals providing advice that is often a thinly veiled sales pitch for a potentially bad product.

7.2.3 Concern Over Regulatory Risks

Building on aforementioned regulatory concerns, multiple CUs highlight the need to clarify the regulatory position on advice giving, or education, through finfluencer channels. Credit Union 5 argues:

"To succeed, we'd need to address regulatory compliance, ensure content aligns with our mission, and find influencers who share our commitment to ethical practices (a challenge in itself). Additionally, building internal capacity to navigate this digital landscape would be crucial."

Credit Union 2 highlights that a bigger issue may be that *"younger members tend to believe what they hear on social media and may not understand that the advice is not regulated and fall for a scam and potentially lose money."* Building a foundational information literacy amongst Gen Z cohorts is therefore an important first step for CUs in this space, as it is unlikely they will otherwise recognise the value of financial education and advice from this source.

7.2.4 Capacity to Operationalise a Finfluencer Strategy

A common challenge cited by CUs concerns their ability to deliver on any kind of digital strategy. While all CUs recognise the need to maintain competitiveness in terms of digital products and marketing, there are financial and technological constraints that limit activity.

"Some credit unions have started experimenting with social media campaigns that partner with credible, community-focused influencers to reach younger audiences. However, this approach is still in its infancy and not without challenges. We have tried this to an extent, but it takes time and resources, both of which we don't have but it's something I think we should be looking at again, especially with TikTok. (Credit Union 5)

As many CUs emphasise, they *"will need to make big leaps in order to keep up and prevent our membership from aging out, the challenges come not only from appealing to Gen Z but also the technologies required to do so, the cost of these to a not-for-profit organisation and the expertise that will then be required by both staff and board of directors to utilise any new technologies or services."* One interesting suggestion around these problems was looking at ways of pooling *"resources to reach this demographic via social media – it would be an interesting project to explore but would need some tech savvy staff willing to think outside of the current Credit Union thinking to be able to effectively reach this market.* (Credit Union 2).

7.2.5 Barriers Relating to Existing Banking Services

Our discussions surfaced some concern that increasing engagement on social media platforms will raise expectations about the products and services that CUs deliver. As many CUs highlight, they are unable to offer the instantaneous service that many younger financial services customers expect, and therefore, there could be a fundamental mismatch between consumer expectations and service delivery.

"Our out-date technology and speed of applications. Our mobile App needs updating it has limited functionality. Younger members want everything instantly and we cannot currently offer the turnaround time that younger members expect. Everything they do tends to be digital, and we are not there yet unfortunately with what we can offer. (Credit Union 2).

While these limitations are clearly a barrier to attracting more Gen Z members, some credit unions see the opportunity to evolve the engagement channels as they transform product offerings:

"I think in the medium term we need to look at expanding away from the basic saving and borrowing offerings. We are very limited in the

products and services we offer, and we should be more open minded into fitting around the needs of the market rather than expecting our members to keep availing of the same services. ... I have a Lifetime ISA with Moneybox and I have to say I find their app very impressive, from educational content to breaking down financial jargon to allowing you to invest in particular industries and companies. This is where they have their finger on the pulse as I believe Gen Z will have more considerations when choosing who to bank/invest with and things like green/environmentally friendly investments may be more appealing to this cohort." (Credit Union 3)

As with many things in the CU sector, however, these aspirations are tempered by the limited budgets available to invest in technology-driven innovation activities. As the Scottish League of Credit Unions concluded, the sector needs to ask "where do CUs fit in the lives of those [Gen Z & Millennial] generations?"

8. Recommendations

Reflecting on the views of credit unions, we recognise the need for caution and the necessity for developing digital innovation capacity to build a new CU membership within the Gen Z cohort. As many of the CUs we spoke to recognise, there is a need to adapt to meet the needs and challenges of younger people, particularly as they are exposed to a fast-changing and often malign information ecosystem. We therefore propose the following actions to help the sector grow and meet the emerging needs of this demographic.

1. **Establishing sectoral guardrails for engaging in the finfluencer ecosystem:** we recognise the caution and trepidation with which many CUs approach advice-giving/education in unregulated and often challenging social media platforms. We see the provision of sound financial education as an opportunity, particularly in a space where vulnerable young people may be exposed to life-changing bad advice. We therefore suggest that a fundamental action is to engage with the FCA to produce a sector-wide advice paper that creates a set of guardrails for engaging in the finfluencer space. This, we suggest, will provide comfort for CUs who seek to experiment with this activity.

2. **Pool resources to experiment with finfluencing at a hyper-local, regional and national level:** CUs typically do not have the resource or capacity to develop their own finfluencer strategies. We therefore suggest that coordinating bodies (such as the Scottish League of Credit Unions) seek grant-funding to pilot a social media/finfluencer project. This would bring together the necessary groups to develop and test approaches to member engagement on social media platforms at different levels of activity (hyper-local to national).

3. **Develop a playbook for the sector:** these pilot activities can feed into a CU finfluencer 'playbook' that will outline the strategies and operations necessary to develop an online audience, and the steps required to turn these audience members into new CU members. Diffusing a tried and tested approach for undertaking finfluencer activity will partially derisk this activity and will lower costs associated with entering this space.

4. **Create a range of products/services that meet the needs of Gen Z:** it is evident from our research that raising awareness of CUs is only part of the issue facing many organisations in the sector. There is an urgent need to adapt products/services to meet younger customer demands, particularly with the rise of neo-banks, buy-now-pay-later, cryptocurrency and other financial innovations. While the ethical positioning of CUs is a key asset, there is a need to make products faster and simpler to attract and retain Gen Z members. If this is not undertaken in conjunction with a finfluencer strategy, there could be a significant misalignment of the customer-value fit, and this would lead to a failure of any finfluencer work.

9. Conclusion

The shifting locus of financial advice highlights the evolving preferences of younger generations in an increasingly digital world. As Gen Z and Millennials turn away from traditional sources of advice, the rise of finfluencers and other digital communities reflects their desire for accessible, relatable, and transparent information. We suggest that Credit Unions are uniquely positioned to step in to the gap that has emerged between traditional financial institutions and the unregulated online finfluencer ecosystem. By building a presence in the online discussion, CUs can raise awareness of their unique offering and expand their membership. After reviewing the finfluencers ecosystem and engaging with a range of UK CUs, we outline four initial steps that that can be taken to help organise the sector to take advantage of the opportunity.

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Appendix 1

Organisations consulted about the opportunity for finfluencing in the credit union sector.

Organisation	Location	Size
Credit Union 1	Northern Ireland	14,000 members
Credit Union 2	Wales	15,500 members
Credit Union 3	Northern Ireland	9000 members
Credit Union 4	England (South West)	Unknown
Credit Union 5	Scotland	11,500 members
Credit Union 6	England (North)	37,000 members
Credit Union 7	Scotland	Over 1000 members
Credit Union 8	Northern Ireland	Unknown
Scottish League of Credit Unions	Scotland	30 credit union members

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