From Reels to Returns: The Role of Social media Content in Shaping Investment Choices

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Abstract

Short-form video platforms (e.g., TikTok, Instagram Reels, YouTube Shorts) have evolved into potent sources of financial information and behavioral cues for retail investors. The unique blend of brevity, virality, and algorithmic curation fosters new pathways of influence where financial decisions are increasingly shaped by short, engaging clips rather than traditional information channels. Drawing from behavioral finance theories, particularly attention-induced trading and social proof, this paper examines how exposure to finance-oriented short-form content influences portfolio decisions, risk preferences, and trading horizons. A comprehensive conceptual model is developed linking platform design features (algorithmic feeds, engagement metrics, and creator incentives) to investor outcomes through mediators (attention capture, perceived social norms, reduced deliberation) and moderators (financial literacy, platform intensity, creator credibility). By integrating insights from cross-disciplinary research—finance, psychology, media studies, and human-computer interaction—we identify both risks (herding, impulsive risk-taking, shorter holding periods) and opportunities (increased literacy, democratized access). We further provide regulatory and design implications for enhancing content quality, integrating friction into trading apps, and supporting financial education. This paper contributes by bridging the gap between digital media studies and behavioral finance, presenting a research agenda for scholars and policymakers in the digital investing age.

Keywords: short-form video; finfluencers; attention-induced trading; retail investors; social proof; algorithmic curation; financial literacy

1. Introduction

The rise of short-form video platforms has altered the consumption of information globally, with financial advice and investing tips now embedded in algorithm-driven feeds designed for rapid consumption. TikTok's "FinTok" community, Instagram Reels, and YouTube Shorts provide investors—particularly younger demographics—with condensed, emotionally appealing, and easily shareable investment narratives. These narratives range from basic savings hacks to speculative cryptocurrency advice, each delivered in under a minute. The ease of production and consumption, coupled with low entry barriers for creators, has created an environment where anyone can become a "finfluencer," regardless of formal qualifications.

The consequences of this media shift are profound. Classic behavioral finance research documents that individual investors often overtrade and make sub-optimal decisions due to attention bias (Barber & Odean, 2008). Short-form platforms amplify this bias by providing a

constant stream of highly salient, emotionally charged stimuli. Unlike long-form financial news, short-form content thrives on simplicity and emotional resonance. Messages such as "buy this stock now" or "crypto to the moon" are optimized for virality rather than accuracy. Algorithmic curation ensures that once a user engages with one piece of financial content, the feed provides more of the same, creating information bubbles that reinforce speculative or biased beliefs.

Moreover, platform engagement metrics likes, shares, and comments—operate as powerful social proof cues. When a user sees millions of views on a 20-second video promoting a penny stock, they may infer that "everyone is buying," triggering herding behavior. Coupled with commission-free trading platforms, the distance between exposure to a reel and execution of a trade has shrunk to mere seconds. The GameStop episode of 2021 illustrates how online social communities can amplify trading momentum, though that was primarily driven by Reddit; TikTok and Reels are emerging as the next battleground.

At the same time, these platforms offer benefits. Financial literacy campaigns can leverage short videos to educate underserved populations. Influencers with credentials can break down complex concepts (e.g., inflation, mutual funds) into accessible, engaging clips, democratizing access to financial education.

This duality—potential for both harm and benefit—motivates our research. The aim is to systematically examine how short-form video consumption interacts with investor psychology and platform architecture to shape real investment outcomes. We also seek to articulate practical solutions that balance innovation with investor protection.

2. Related Literature and Background

2.1 Attention-Induced Trading

Investors have limited attention. Barber and Odean (2008) showed that investors disproportionately buy stocks that grab attention due to extreme returns or news coverage. Subsequent studies confirm that brokerage interfaces emphasizing "top movers" induce higher trading volume (Barber et al., 2022). Short-form content, by design, maximizes attention capture through audio-visual triggers, rapid scene changes, and emotional appeals. Hence, these platforms provide fertile ground for attention-induced trading.

2.2 Social Media and Retail Investors

The rise of social media has created new forms of collective investor behavior. Warkulat (2024) demonstrated that social media attention predicts retail risk-taking. Suchanek (2024) analyzed short squeeze events and found that herding behaviors on social platforms amplified volatility across markets. Platforms like TikTok, though newer to the finance scene, represent the next evolutionary step where video virality accelerates information diffusion.
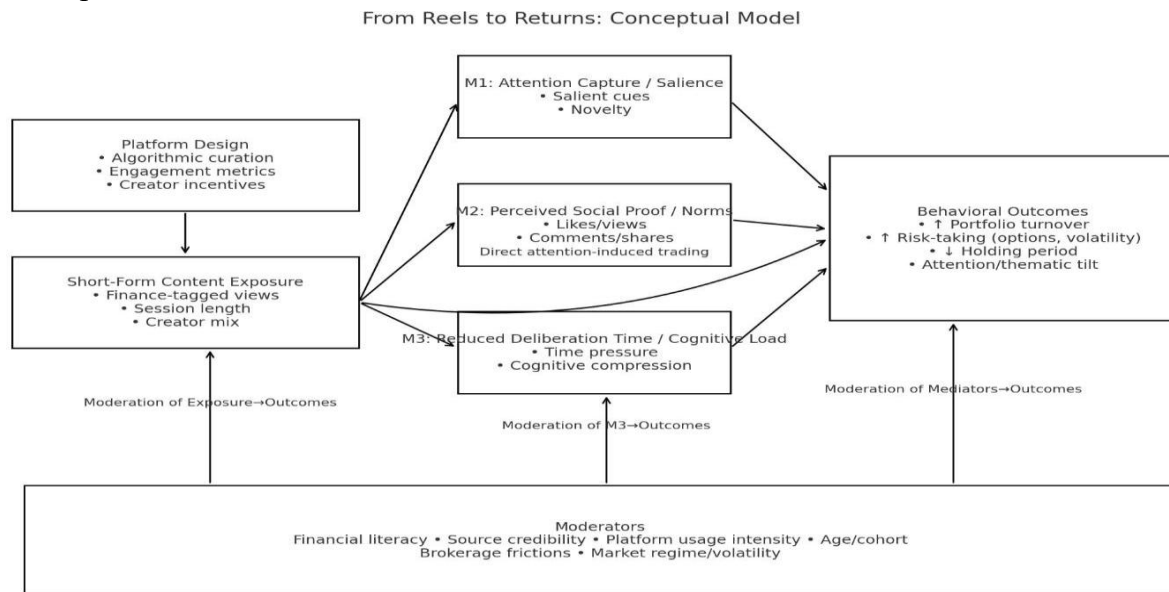
2.3 Cognitive Effects of Short-Form Video

Research from psychology and neuroscience shows that heavy short-form video use correlates with reduced attentional control (Xie et al., 2023) and heightened impulsivity (Zhang et al., 2025). These findings align with observed investor behaviors—impulsive trades, shortened horizons, and overreaction to cues. Chiencharoenthanakij et al. (2025) provide additional evidence linking short video use to inattentiveness, a critical mechanism in heuristic-driven financial decisions.

2.4 Finfluencers and Misinformation

CFA Institute (2023) highlights the rise of finfluencers and the associated risks of misinformation and conflicts of interest. Regulatory authorities, such as the Ontario Securities Commission (2025), warn about the credibility gap between credentialed and non-credentialed creators. Yet, these same reports recognize the potential for educational gains when qualified influencers use short-form media responsibly.

3. Conceptual Framework and Hypotheses
3.1 Conceptual Model

From Reels to Returns: Conceptual Model

3.2 Hypotheses

- **H1:** Short-form finance content exposure is positively associated with purchases of high-salience assets.
- **H2:** Exposure predicts increased portfolio risk via FOMO and social proof.
- **H3:** Exposure shortens holding periods and increases turnover.
- **H4:** Financial literacy attenuates the relationship between exposure and risky behavior.
- **H5:** Source credibility moderates the effect of exposure, with credentialed creators reducing harmful outcomes.
- **H6:** Brokerage frictions moderate the immediate effect of exposure on impulsive trades.

4. Methodological Blueprint

We propose a mixed-methods design combining panel data with experimental validation. Observational data can be collected from brokerage platforms in collaboration with social media companies, while controlled experiments can manipulate exposure to short-form videos with varying levels of urgency and credibility.

Measures
- **Exposure:** Time spent on finance videos, creator types, and session switching rates.
- **Mediators:** Attention capture (latency, recall), perceived norms (surveyed), deliberation time (response windows).
- **Outcomes:** Turnover, portfolio volatility, holding periods, thematic tilts.
- **Moderators:** Literacy, source credibility, demographic segments.

Analytical Tools
- Fixed effects panel regressions.
- Mediation and moderation analysis using PLS-SEM.
- Experimental causal inference.

5. Results Synthesis

Drawing from recent empirical studies, we summarize: - Attention & trading: Robinhood outages reduce trading in attention-heavy stocks. - Social media & herding: Reddit and Twitter attention drive correlated trading activity. - Cognitive effects: Short-form media reduces attentional control, consistent with faster, riskier trades. - Finfluencer reach: Surveys reveal measurable shifts in behavior influenced by content credibility.

6. Discussion

We interpret results through our conceptual model. The evidence shows that short-form video creates an environment where salience, urgency, and social validation converge, often undermining rational deliberation. However, credible creators can deliver literacy gains, suggesting a dual-pathway framework: one path toward impulsive trading, another toward educational empowerment.

7. Policy and Design Implications

We recommend regulator–platform collaboration to: - Mandate disclosure of creator conflicts. - Promote credential verification. - Introduce optional frictions (cool-off timers, confirmation prompts). - Provide contextual labels for high-risk claims.

8. Limitations and Future Research

We acknowledge sample bias, rapid platform evolution, and cross-platform differences. Future research should apply natural experiments (e.g., sudden algorithm shifts) to strengthen causal claims.

9. Conclusion

Short-form video content is transforming the information ecosystem of retail investing. By capturing attention, compressing decision cycles, and broadcasting social proof, these platforms shape investor choices in profound ways. Our findings highlight both risks and opportunities, underscoring the need for regulatory foresight and responsible platform design. The framework and hypotheses presented here pave the way for future empirical studies that will deepen understanding of this digital frontier. Short-form video platforms like TikTok, Instagram Reels, and YouTube Shorts are reshaping the retail investing landscape by becoming influential sources

of financial information and behavioral cues. Their unique combination of brevity, emotional appeal, and algorithmic curation captures investor attention and accelerates decision-making processes, often at the expense of thorough deliberation. This dynamic fosters increased trading activity, heightened risk-taking, and shorter holding periods, driven in part by social proof and FOMO. However, these platforms also offer promising opportunities for democratizing financial literacy and expanding access to investment education, particularly among younger and underserved demographics.

Our conceptual framework highlights the dual pathways through which short-form content impacts investors: one toward impulsive, potentially harmful behaviors, and another toward informed and empowered decision-making—depending on factors such as creator credibility, financial literacy, and platform design features. Recognizing this complexity is critical for regulators, platform designers, and educators to craft interventions that mitigate risks while harnessing the educational potential of short-form media

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