



## THE ROLE OF SOCIAL MEDIA IN PROPAGATING FINANCIAL SCAMS AMONG GEN Z

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### **Abstract:**

*This research paper explores the intricate relationship between social media platforms and the proliferation of financial scams, with a specific focus on Generation Z. As a generation deeply entrenched in the digital age, Gen Z has become increasingly vulnerable to scams facilitated through online channels. This paper delves into the mechanisms, tactics, and consequences of financial scams targeting Gen Z via social media, shedding light on the importance of financial literacy and awareness for this demographic.*

### **Introduction:**

In recent years, the rise of social media has transformed the way we communicate, share information, and conduct business. However, this revolution in connectivity has also paved the way for a surge in financial scams, particularly targeting the impressionable and digitally native Generation Z. As a generation that grew up with the internet, Gen Z is more accustomed to navigating the virtual world, but this familiarity does not necessarily translate into immunity from financial scams. This paper aims to dissect the complex interplay between social media and financial scams among

Gen Z, emphasizing the need for education and awareness.

### **The Influence of Social Media Platforms:**

#### **1. Social Media's Ubiquity:**

Social media has become an integral part of the daily lives of Generation Z. Unlike previous generations, Gen Z has grown up in a world where platforms like Facebook, Instagram, TikTok, and Snapchat are not just tools for communication but also sources of information and entertainment. They spend a significant portion of their time scrolling through newsfeeds, watching videos, and

interacting with their peers on these platforms. This constant engagement with social media has made them susceptible to the various influences and messages that populate these platforms.

## **2. Scam Facilitation:**

Social media platforms, designed for connectivity and sharing, have inadvertently become a breeding ground for financial scammers. The open nature of these platforms, where anyone can create an account and reach a wide audience, makes it easy for fraudsters to create a facade of legitimacy. Scammers often pose as trusted individuals or entities, luring Gen Z with enticing promises of quick wealth, exclusive opportunities, or limited-time offers.

Scammers leverage the viral nature of content sharing on social media, using persuasive techniques to spread their fraudulent schemes rapidly. They exploit the sense of urgency, excitement, and fear of missing out (FOMO) that often accompanies posts and messages on these platforms.

## **Types of Financial Scams Targeting Gen Z**

### **1. Investment Scams:**

Investment scams often promise high returns with little to no risk, a proposition that naturally appeals to Gen Z, who are eager to secure their financial futures. These scams are often presented in a convincing manner, featuring professional-looking websites, glossy marketing materials, and charismatic individuals who claim to be financial experts.

Some common tactics include using social media ads or influencers to promote fraudulent investment opportunities. These scams can range from Ponzi schemes to fake stocks, preying on the desire for financial independence and wealth accumulation among Gen Z.

### **2. Crypto Scams:**

Cryptocurrency scams have proliferated on social media, exploiting the fascination Gen Z has with digital currencies and blockchain technology. Scammers often promise astronomical returns in exchange for investments in fake or non-existent cryptocurrencies. They also impersonate influential figures in the crypto world, like Elon

Musk or Vitalik Buterin, to lend credibility to their schemes.

The appeal of crypto scams lies in the potential for quick gains, making them especially enticing to Gen Z, who are drawn to the idea of disrupting traditional financial systems.

### **3. E-commerce and Shopping Scams:**

Gen Z's online shopping habits have made them susceptible to e-commerce scams, which often manifest as fake online stores or counterfeit products. Scammers leverage the visual and interactive nature of social media to showcase attractive products at unbeatable prices, capitalizing on Gen Z's preference for online shopping convenience.

These scams result in financial losses and disappointment, as victims receive subpar or non-existent products after making purchases through links shared on social media.

## **Psychological Manipulation and Vulnerabilities:**

### **1. Behavioral Psychology:**

Scammers employ behavioral psychology techniques to manipulate Gen Z's decision-making. They exploit cognitive biases such as the fear of missing out (FOMO), optimism bias, and

confirmation bias. By creating a sense of urgency or excitement, scammers encourage impulsive actions, making it difficult for Gen Z to critically evaluate the legitimacy of offers or investments.

Understanding these psychological vulnerabilities is crucial for Gen Z to recognize and resist manipulation.

### **2. Trust and Authenticity:**

Social media has seen a decline in trust, with fake news, misinformation, and scams eroding the authenticity of content. Gen Z, often raised in an environment where skepticism is encouraged, may still fall victim to scams due to cleverly disguised deceit.

It's important to educate Gen Z about the importance of verifying information and sources, encouraging critical thinking and healthy skepticism.

## **The Consequences of Falling Victim:**

### **1. Financial Losses:**

Financial scams targeting Gen Z can result in significant monetary losses. Scammers manipulate victims into making investments or purchases that ultimately lead to financial ruin. These losses can be devastating, especially for young individuals who may have limited financial resources.

Statistics show that Gen Z has lost millions collectively to various scams, emphasizing the need for heightened awareness and protection against fraudulent schemes.

## **2. Emotional and Psychological Toll:**

Beyond financial losses, falling victim to scams can take a toll on Gen Z's emotional and psychological well-being. The realization that they've been deceived can lead to feelings of embarrassment, shame, and guilt. Victims may also experience stress, anxiety, and depression as they grapple with the consequences of their actions.

In some cases, the emotional trauma can be long-lasting, affecting relationships and overall mental health. Recognizing and addressing these emotional consequences is vital for recovery.

## **Combating Financial Scams:**

### **1. Education and Awareness:**

To protect Gen Z from financial scams, a comprehensive approach is needed. Educational institutions, parents, and social media platforms should prioritize financial literacy programs that teach young individuals how to recognize scams, assess risks, and make informed financial decisions.

Awareness campaigns should highlight the red flags associated with common scams, emphasizing the importance of due diligence and skepticism when encountering offers that seem too good to be true.

## **2. Regulatory Measures:**

Governments and regulatory bodies must adapt to the digital landscape to combat online financial scams effectively. This includes stricter enforcement of existing laws and regulations related to fraud, advertising, and consumer protection.

Moreover, social media platforms themselves must take a proactive role in identifying and removing scam-related content. Improved reporting mechanisms and content moderation can contribute to a safer online environment.

## **Conclusion:**

In a digital world where social media is deeply intertwined with our daily lives, Generation Z finds itself exposed to a plethora of financial scams. This paper has elucidated the mechanisms through which social media platforms enable the propagation of scams among Gen Z. It has also underscored the importance of

education, awareness, and vigilance in protecting this vulnerable demographic from falling victim to financial fraud. As Gen Z continues to navigate the virtual realm, safeguarding their financial future requires a concerted effort from educators, regulators, and social media platforms alike.

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