An Exploratory Study of the Effects of Social Media Use on Financial Anxiety

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Abstract

Researchers have documented the growing reliance on social media by consumers. Simultaneously, the number and sophistication of consumers' financial choices in the marketplace have significantly grown. In this paper, the relationship between social media use and consumers' level of financial anxiety is examined utilizing a national sample of American consumers. The findings reveal a strong correlation between heavy social media use and financial anxiety. Financial anxiety is found to be further affected by gender, one's level of financial literacy, and the amount of time spent per day on social media. The correlational findings, obtained through cross-sectional data, are significant as this is the first study to explore how social media usage and financial anxiety are intertwined.

Keywords: financial anxiety, social media, financial wellbeing

1. Introduction

Consumer reliance on social media has grown over the years. It is estimated that nearly two-thirds of the world's adult population utilizes some form of social media on a regular basis (DataReport, 2025). Information disseminated through social media can influence consumers' sentiments on a range of topics, from their views on political figures to their preferences for consumer-packaged goods and automobiles. Social media postings have the potential to impact consumer opinions beyond the level of influence achieved by traditional forms of media, such as TV and radio, due to the personalized nature of the medium. The increasing role that social media influencers can have on public sentiment has been of growing concern, as accuracy and objectivity can easily be compromised, leading to the potential for public misinformation (e.g., Aïmeur, Amri, & Brassard, 2023).

At the same time that social media use has exploded, the complexity of financial decisions facing consumers has also grown. The availability of peer-to-peer lending platforms, complex insurance schemes, and new and poorly understood financial products such as cryptocurrencies characterizes the growing complexity of consumers' financial decisions today. It is therefore not surprising that many consumers find themselves having difficulty understanding the benefits and drawbacks of the financial choices they face on a daily basis (Estelami, 2009; Estelami & Florendo, 2022). As a result, research in consumer well-being, financial anxiety, and financial literacy has significantly grown in recent years.

One of the fundamental concerns with the growing reliance of consumers on social media is whether or not such reliance is correlated with other dimensions of a consumer's life (Alsubagh, 2015; Kim and Lu, 2025). Consumers who rely heavily on social media as an information source may view the medium as sufficiently trustworthy to make important decisions based on posted information. They may also exhibit behaviors that are motivated by observing other social media users' views, expressions, and behaviors, which may or may not be well-informed or well-intended. In the specific context of financial decisions, this relationship is important to understand, from both industry and consumer protection perspectives, in order to reduce consumer hardship and financial difficulties.

Therefore, there is a need to empirically determine whether individuals who are heavy users of social media experience higher levels of financial distress, specifically in the form of financial anxiety. This paper will address this question using a national survey of American consumers. We will first discuss the impact that social media use has on consumer finances. We will then examine cross-sectional data from an American consumer panel of 744 individuals and develop a model that quantifies the effects of social media use on consumer financial anxiety. The

results reveal statistically significant relationships between financial anxiety and both social media use intensity and the length of time spent on social media. The effects of other covariates, such as financial literacy, age, and gender, are also empirically established. The paper concludes with a discussion of the implications of the findings for practitioners and researchers in the field of consumer finance.

2. The Role of Social Media in Consumer Financial Decisions

Social media has consistently grown in its popularity among consumers of all ages. Today, it is estimated that nearly 80% of American consumers – adults and the youth – utilize social media on a regular daily basis (Pew Research Center, 2024). This growth is largely attributed to the interactive form of this medium, and the sensation that it creates among its users that they are not only consuming, but also contributing to the posted content. Through this effect, social media has fundamentally challenged traditional forms of media, such as television and radio, by changing how information is produced and shared. In contrast to information and news disseminated through traditional media outlets that rely on professional journalistic guidelines, social media posts can be produced by any user with a valid account, regardless of the poster's credentials or qualifications. As a result, the quality and accuracy of information posted on social media can, in some cases, be highly suspect and lack authenticity (Rossini et al., 2018; Williams, 2017).

Despite the shortcomings of social media and despite the general understanding of the uninformed or ill-intended motives that may be associated with some social media postings, consumers continue to rely on this medium for both ordinary and significant life decisions. Social media has also caused information overload in consumers' decision environment. Immediate access to various social media sources and the abundance of social media postings on these sites can overwhelm consumers attempting to absorb the information (Dihr et al., 2018). Determining which postings are accurate and helpful and separating them from the massive volume of information available can produce information overload, which may result in decision anxiety for many consumers.

In the specific context of financial decisions, researchers have, in recent years, begun to examine the influence that social media can have on the quality of consumer decisions made. Florendo and Estelami (2019) examined consumers' reliance on social media when making financial decisions. Using a national sample of American consumers, they found that heavy reliance on social media in such contexts is more prominent among those with conservative political views who distrust mass media news sources. In a more recent study, Kim and Lu (2025), used the American National Financial Capability Study data to examine 11 different social media platforms that commonly serve as sources of information for investment decisions. The authors discovered that investors who used social media to obtain investment information were more likely to invest in high-risk financial products such as cryptocurrencies (versus less risky investment options such as mutual funds). Such investors also firmly believe in investing more in cryptocurrencies in the future. Psychological factors, such as cognitive style and need-for-cognition, have also been shown to affect reliance on social media when making financial decisions. In general, those with higher degrees of analytical thinking tend to rely less on social media. For example, Estelami and Florendo (2022) show that individuals with greater levels of need-for-cognition tend to rely less on social media for financial decisions, as do those who are more financially literate.

Research domains other than consumer finances have also shown that excessive reliance on social media can harm consumers. For example, Barari (2023) demonstrated how social media influencers, who can be either actual human beings or AI-generated personas, can negatively impact customer well-being. Research has also shown that for specific segments of the population, such as the youth, social media use can produce addictive tendencies. Al-Samarraie et al (2022) evaluated 45 studies on social media addiction amongst young users. The authors categorized young users' addiction to social media and offered prevention techniques to parents and platform providers to combat youth addiction. In other contexts, social media can be used to deliberately misinform the public, for example by spreading rumors, thereby shifting public views on matters of great national importance. For example, strategic use of social media has been shown to affect the results of political campaigns and election outcomes (Williams, 2017). Social media sites have also been shown to have the potential for being targeted for misinformation, requiring proactive implementation of detection techniques, some using artificial intelligence algorithms to combat such efforts (Aïmeur, Amri, & Brassard, 2023). The potential for inflicting harm, both at the individual and the public levels, is further compounded by a lack of rigorous regulatory oversight on social media sites and the unverifiable identities of some entities posting on these sites.

The effects of social media on consumer finances and anxiety related to financial decisions may be affected by the consumer's demographic profile. One such factor is gender. While no research currently exists on the relationship between gender and the level of financial anxiety resulting from social media use, research findings are abundant on

gender-based differences in financial decision making. Research has shown that males are more likely to undertake risky financial decisions, while females are more attentive to properly weighing the elements of risk in such decisions (Barber and Odean, 2001; Olsen and Cox, 2001). In addition, females tend to be less susceptible to misinformation and scrutinize ambiguous information more thoroughly than men. As a result, it may be expected that females will exhibit a weaker relationship between social media use and financial anxiety. In addition to gender, a consumer's age may affect the relationship between financial anxiety and social media use. While social media penetration is known to be greater among younger segments of the population (Social Media Fact Sheet, 2018), the wide adoption of social media sources across age groups has made it a standard means for information acquisition for older consumers as well as the young. Consumers in higher age brackets, having more extensive experience in decision making, may be more skeptical of information disseminated in social media settings (Heinonen, 2011). As a result, the influence of social media on their decisions as a potential catalyst for financial anxiety may be less pronounced when compared to the influence experienced by younger consumers.

An emerging empirical question from the above discussion is regarding the relationship between the level of a consumer's utilization of social media and the feelings of anxiety they may experience regarding their finances. It is possible that heavy users of social media who may be unknowingly exposed to inaccurate or ill-informed postings regarding financial matters are at greater risk of making sub-optimal financial decisions, leading them to experience greater levels of financial anxiety. By relying less on objective sources of financial information, such as financial news sources and qualified financial advisors, these individuals may be deprived of the necessary information to make sound financial decisions in their daily lives. Furthermore, it is possible that, as affirmed by past research, heavy users of social media may suffer psychological harm through the medium, which may affect their general level of anxiety as well as anxiety they experience associated with their finances. Given the above, this study aims to examine the strength of the relationship between social media use and financial anxiety.

3. Methodology

The data for this study were collected through an online survey panel administrator (MTurk), which has been used extensively in prior academic studies. MTurk maintains a panel of American consumers who regularly complete surveys in return for financial rewards, which in this case was $1.25 per respondent. In total, 744 respondents completed the survey. The average age of the respondents was 31.6 years. The sample was 64% male, and 91% of the respondents were employed full-time or were self-employed. The survey instrument consisted of multiple sections. The first section asked about the respondent's demographics. The following sections asked about the respondent's social media habits, the length of time they spend on social media every day, and a series of questions probing their knowledge of personal finance and their feelings about the state of their finances.

Financial literacy was measured by asking ten questions, based on the instrument developed by Lusardi and colleagues (Lusardi, 2007; Lusardi, Mitchell and Curto, 2010). The ten questions probed the respondent's knowledge of basic financial matters, using categorical (multiple-choice) response scales. The financial literacy of each respondent was quantified by counting the number of correct responses, such that the lowest possible score was 0 and the highest score – reflecting the case where the respondent is able to answer all ten questions correctly – was 10. The list of the ten questions used is provided in the Appendix.

Financial anxiety was quantified by utilizing a multi-item scale consisting of the following questions: "Thinking about your personal finances makes you anxious," "Because of your money situation, you feel like you will never have the things you want in life," and "You are concerned that the money you have or will save won't last." These questions were inspired by prior financial anxiety research (AFM and Limbu, 2024; Xiao and Meng, 2024) and the responses were captured using 1-to-5 response scales, with 1 signifying "strongly disagree" and 5 signifying "strongly agree". The financial anxiety level for each respondent was computed by averaging the responses for the three questions and exhibits a high level of measurement reliability as evident in a Cronbach's alpha coefficient of 0.76.

Social media use was quantified on two dimensions: time and intensity. The time dimension was quantified by asking the respondent about the total number of minutes spent on social media every day: "How much time would you estimate you spend on social media each day?" with an ordinal categorical response scale used to capture the response. The second dimension used to quantify social media use captures the intensity of the respondent's social media engagement with social media as it relates to their financial lives. This is quantified consistent with prior studies in this field (e.g., Florendo and Estelami, 2019; Kim and Lu, 2025) using a multi-item scale consisting of the following four questions: "You pay close attention to the number of likes, retweets, and/or comments that you receive on social media," "You are likely to consider shopping for a product or service you've seen on social media,"

"You often rely on social media when making decisions about your finances," and "You sometimes feel pressure to post interesting content on social media." Similar to the financial anxiety scale described above, 1-to-5 response scales were used to quantify each response, and the average of the responses across the four questions was used to represent each respondent's social media usage intensity. The resulting multi-item scale produced by averaging the responses across the four questions yields a high level of measurement reliability, as evident by a Cronbach's alpha value of 0.79.

4. Results

We will first examine the measured variables individually, after which their inter-relationships will be examined using bivariate and regression analyses.

4.1 Univariate Analysis

Across the sample, the average financial anxiety score (quantified on a 1-to-5 scale) was 3.75 (standard deviation =0.83). The average financial literacy score (on a 0-to-10 scale) was 6.23 (standard deviation=3.47). In terms of the intensity of social media use, the average score (on a 1-to-5 scale) was 3.82 (standard deviation=0.77). The average number of minutes spent per day on social media was 161 (standard deviation=124), and 8.4% of the respondents were heavy users of social media, reporting that they spend over 6 hours per day on social media.

4.2 Bivariate Analysis

To examine the relationship between financial anxiety and the length of time spent on social media average financial anxiety levels were computed for each time category. These are shown in Figure 1. As can be seen, there is a general increase in the level of financial anxiety with increased time spent on social media. The group experiencing the highest level of financial anxiety are the heavy users – those spending in excess of 6 hours per day on social media. The differences in financial anxiety levels across the time categories are statistically significant ($F_{6,730}$=8.96; p<.01) suggesting a positive relationship between time spent on social media and financial anxiety.

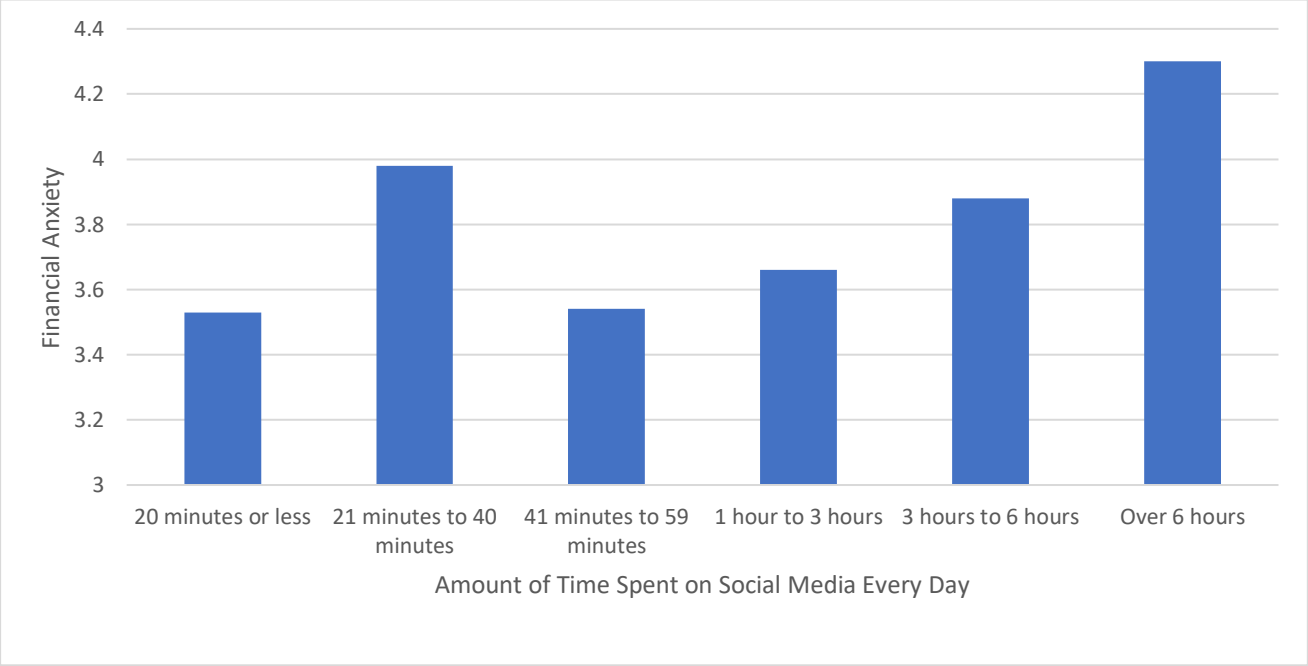

Figure 1. Relationship Between Time Spent on Social Media and Financial Anxiety

To explore the relationship between financial anxiety and the intensity of social media use correlation analysis was carried out. Since both measures are on a continuous scale, the Pearson correlation coefficient was computed. The resulting value of 0.68 is statistically significant (p<.01) and indicates a strong relationship between financial anxiety and intensity of social media use.

Further analysis was done to determine the role of consumer demographics on financial anxiety. The average financial anxiety measure for female respondents was found to be 3.62, and for male respondents it was found to be

3.83. This difference, which is statistically significant at the p<.01 level (t_{742}=10.98) indicates a higher level of financial anxiety for men. To examine the relationship between financial anxiety and age, the Pearson correlation between the two measures was computed. The resulting correlation was found to be 0.024, which is not statistically significant (p>.1), thereby indicating that no relationship exists.

4.3 Regression Analysis

In order to further explore the drivers of consumer financial anxiety, regression analysis was conducted. The dependent variable was financial anxiety, and the predictors were social media use intensity, length of time spent on social media, financial literacy, age, and gender (coded as 1 if the respondent self-identified as male, and 0 otherwise). Since about 10% of the sample reported using social media heavily (for more than 6 hours a day), a dummy variable was created to reflect heavy social media use, which took on a value of 1 if the respondent is among such respondents, and it took a value of 0 otherwise. In order to ensure that multicollinearity would not contaminate the regression results, the condition number between the predictors was computed and found to be 1.39, indicating that the results would not be affected by multicollinearity (Hair et al., 2007). The regression analysis results are shown in Table 1.

Table 1. Regression Analysis (Dependent Variable: Financial Anxiety)

	Parameter Estimate	Standard Error	t-value	p-value
Intercept	0.894	0.157	5.70	<.01
Social media usage intensity	0.709	0.030	23.47	<.01
Heavy use of social media (dummy variable set to 1 if respondent spends over 6 hours on social media)	0.174	0.084	2.07	<.05
Financial literacy	-0.014	0.007	-2.07	<.05
Gender (dummy variable set to 1 if respondent is male)	0.111	0.047	2.39	<.05
Age	0.004	0.003	1.61	p>.1

$F_{5,733}$=126.58; R^2=0.463

The regression analysis achieves a good level of model fit (R^2=0.46) and is statistically significant ($F_{5,733}$=125.6). Consistent with the bivariate analysis results shown earlier, the relationship between the intensity of social media use and financial anxiety is positive. This is evident in the positive coefficient for social media use intensity, which is statistically significant (p<.01). Similarly, the length of time spent on social media positively contributes to financial anxiety, as evident by the positive sign of the coefficient for heavy use of social media and its statistical significance (p<.05). In addition, financial literacy has an expected negative relationship with financial anxiety (p<.05), indicating that those who are more financially literate are less anxious. Furthermore, the positive and significant (p<.05) sign of the coefficient for gender indicates that male respondents express higher levels of financial anxiety. This is consistent with past research related to gender-based differences in disciplined financial decision making (e.g., Barber and O'Dean, 2001; Florendo and Estelami, 2019), which may contribute to increased propensity among males to find themselves in financial distress and anxiety. Age was found to not have any statistically significant effect on financial anxiety (p>.1). Based on the t-values associated with each predictor, one can conclude that social media use intensity has an overwhelming effect on financial anxiety, followed by gender, length of time spent using social media, and financial literacy.

5. Discussion

The main contribution of this study has been to unearth the nature of the relationship between social media consumption and financial anxiety. The results indicate that heavy use of social media can negatively influence consumer well-being. Social media intensity as well as excessive amount of time spent on social media both increase the level of consumers' financial anxiety. The other drivers of financial anxiety exhibit relationships that are consistent with prior studies on consumer finances. Specifically, the results indicate that increased levels of consumer financial literacy are associated with lower levels of financial anxiety. Furthermore, males exhibit higher levels of financial anxiety.

The findings of this study open new avenues for research. One question of relevance is the nature of the causality of the relationship between social media use and financial anxiety. The methodology used in this study has been correlational, which cannot empirically establish causality. Therefore, while higher levels of financial anxiety are

observed for those who are heavy users of social media, future research may need to utilize longitudinal methods or experiments in order to establish this relationship unequivocally. Future researchers may also need to examine factors other than those studied here, which may contribute to financial anxiety resulting from excessive social media use. Therefore, future studies can measure a larger battery of consumer characteristics to explore potential causal relationships. Psychographic factors such as need-for-cognition and cognitive style may be promising avenues for advancing this line of research. Furthermore, it is important to acknowledge the limits of survey data obtained using panels, such as those provided by MTurk. Although such panels are heavily relied upon in consumer research, the limits of their representativeness may require follow-up studies utilizing different data collection methods.

In addition, since anxiety is an individual psychological state that varies across individuals, general measures of anxiety levels may be needed in order to determine if people who are naturally more anxious are also more likely to be financially anxious. This would help in further quantifying the individual effect that excessive social media use may have in causing financial anxiety. Future studies can also examine the role of additional variables, such as prior exposure to financial education programs, consumer alertness to the harms of social media, self-discipline, and consumers' degree of trust in social media information. Research can also focus on intervention means that may encourage lower levels of social media use to lower consumers' financial anxiety levels and to hopefully improve their overall mental and financial well-being. It is hoped that the findings of this study inspire others to continue work on this important path.

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Appendix

Questions Used to Quantify Financial Literacy

(1) Suppose you had $100 in a savings account and the interest rate was 2% per year. After five years, how much do you think you would have in the account if you left the money to grow?

□ More than $102 □ Exactly $102 □ Less than $102

(2) Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After one year, would you be able to buy more than, exactly the same as, or less than today with the money in this account?

□ More □ The Same □ Less

(3) Buying the stock of an individual company usually provides a safer return than a stock mutual fund.

□ Agree □ Disagree

(4) If interest rates rise, what will typically happen to bond prices?

□ They will rise □ They will fall □ Do not know

(5) Which of the following statements describes the main function of the stock market?

□ The stock market brings people who want to buy stocks together with those who want to sell stocks

□ The stock market helps to predict stock earnings

□ The stock market results in an increase in the price of stocks

□ None of the above

(6) Which of the following statements is correct? If somebody buys the stock of firm B in the stock market:

□ He is liable for firm B's debts

□ He owns part of firm B

□ He has lent money to firm B

□ Do not know

(7) Which of the following statements is correct? If somebody buys a bond of firm B:

□ He is liable for firm B's debts

□ He owns part of firm B

□ He has lent money to firm B

□ Do not know

(8) Normally, which asset displays the highest fluctuations overtime?

□ Stocks □ Savings accounts □ Bonds □ Do not know

(9) When an investor spreads his/her money among different assets, the risks of losing money:

□ Decrease □ Increase □ Stay the same □ Do not know

(10) Considering a long time period (for example 10 or 20 years), which asset normally gives the highest return?

□ Stocks □ Savings accounts □ Bonds □ Do not know