


# Chapter 6

## The Role of Social Media in Empowering Digital Financial Literacy

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### ABSTRACT

*This systematic review examined the role of social media in enhancing financial literacy among individuals by collecting and reviewing 60 articles published from 2021 to 2023. The findings revealed that social media has a positive impact on financial literacy through the dissemination of financial education, promotion of financial awareness, and sharing of financial experiences. The review also identified digital financial literacy, entrepreneurial learning, and financial knowledge as significant determinants of financial literacy, while demographic characteristics, social media usage behavior, risk attitude, and overconfidence played a role in determining financial literacy. The study recommends that financial institutions, policymakers, and educators leverage social media for promoting financial literacy, and social media usage skills to improve financial literacy among individuals. Overall, the study suggests that the use of social media can democratize financial literacy and enable individuals from diverse backgrounds to access financial education and information.*

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## **INTRODUCTION**

Social media platforms have gained immense popularity in recent years and are now an integral part of people's daily lives. With more than 3.8 billion active users worldwide, social media is a powerful tool for communication and information sharing. Social media platforms like Facebook, Twitter, Instagram, LinkedIn, and YouTube have revolutionized the way people interact with each other, and it has become a key source of information for individuals. In recent years, the use of social media in the financial sector has increased significantly. Financial institutions, as well as individuals, are utilizing social media to educate, promote, and sell financial products and services. This trend has led to the emergence of a new term called "social media financial literacy."

Financial literacy is the knowledge and skills required to make informed and effective decisions about money management. It includes understanding financial products and services, managing money, making investments, and planning for retirement. Financial literacy is essential for individuals to make informed decisions about their financial well-being. However, studies have shown that a significant proportion of the population lacks financial literacy, which can lead to poor financial decisions and outcomes. In recent years, social media has emerged as a powerful tool for promoting financial literacy.

Evaluation of social media and its impact on financial literacy:

Social media can be an effective tool for promoting financial literacy. Social media platforms provide an opportunity for financial institutions to engage with customers and provide financial education. Social media platforms allow financial institutions to disseminate information about financial products and services, and customers can ask questions and receive immediate responses. This interactive communication can help individuals better understand financial products and services and make informed decisions.

Additionally, social media can help individuals access financial education resources. Many financial institutions, government agencies, and nonprofit organizations offer financial education resources through social media platforms. Social media can help individuals access these resources and learn about financial topics such as budgeting, investing, and debt management. Furthermore, social media can also help individuals connect with peers and experts who can provide financial advice and guidance. Social media platforms allow individuals to join groups and communities focused on financial education and connect with financial experts. These connections can help individuals learn about financial topics and get advice from experts.

However, social media also poses some challenges for promoting financial literacy. The information provided on social media may not always be accurate, reliable, or unbiased. Financial institutions may use social media to promote their products and services, which can be misleading for individuals who lack financial literacy. Additionally, the overwhelming amount of information available on social media can make it challenging for individuals to distinguish between reliable and unreliable sources of financial information.

Social media has the potential to be an effective tool for promoting financial literacy. Social media platforms provide an opportunity for financial institutions to engage with customers and provide financial education. Social media can also help individuals access financial education resources and connect with peers and experts who can provide financial advice and guidance. However, social media also poses some challenges for promoting financial literacy, including the accuracy and reliability of information provided and the overwhelming amount of information available. Therefore, it is essential to ensure that the information provided on social media is accurate, reliable, and unbiased to promote financial literacy effectively.

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