Impact of microblogging platform on investment decisions in retirement and pension products

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Abstract

This research paper seeks to analyse the effects of microblogging, particularly involving websites like twitter and reddit, on investment decisions especially as they relate to retirement and pension. With the new digital interfaces helping the user to surf the internet more and more, microblogging sites have become important public spheres where individual investors, financial advisors, stock market experts and others are expressing opinions and analysis. This paper seeks to understand the implications and impact of the content shared on these platforms to investors' decision making, perceived risk and confidence in retirement solutions. In this research, social media posts with topics on retirement investment are analyzed qualitatively while quantitative surveys are conducted on individual investors. The study reveals that microblogging platforms affect investors' decisions in relation to perceived financial gains and implicated risks. But at the same time, this work also reveals threats resulting from increased influence of fake news and its instability factor and differing in content. The findings can be useful for financial planners, government officials and shareholders interested in exploring the impact of microblogging for decisions related to retirement investment and the possibility of using social media in raising people's financial literacy and increasing their awareness.

Introduction

Digitalization has impacted the way that people use technology to gather information and decide about their money. However, in the past few years, social networking sites like twitter, Reditt etc, have become quite important source of real time information, trading tips and market mood. These platforms are immediate, concise and user interactive allowing the rapid flow of ideas and commentary between platform users including individuals, professional traders and financial personalities. Since they are public platforms which majority of people are using, microblogging sites are assuming significant decision control over investment in various financial products such as retirement and pension plans.

Retirement and pension investment is all about the long-term planning for the financial future and ensures to unplanned noninvestment cash flow, the much spoke about risk tolerance and anticipated returns and future liabilities. Before, the only available information could be got from the financial advisors, institution reports and self-made research with regards to these products. It is important to note that, in recent times, there has been a rising interest in microblogging utilities where the users can in fact, share information and profile several events on retirement planning, thus, shifting dynamics of investment choices.

It is against this backdrop that this study aims at examining the effects of information an opinion posted on micro-blogging sites in decision making concerning retirement and pension products among investors. More specifically it focuses on how these platforms influence the risk perception, trust and decision making among investors. To investigate how discourse on social media influences retirement investment, this research adopts a cross-sectional study design that entails analyzing microblogs while only sampling individual investors and administering an online survey.

It is therefore important for various receiver different such as investors, financial gurus, and policy makers to understand this effect. It can serve as a guideline to investors to understand microblogging platform influences in their decisions to invest. Based on these findings financial advisors, and other institutions interested in the data provided by these platforms, can develop strategies on how to present information to clients, and possibly, how to minimize risks connected with it. Furthermore, it can help policymakers think about how they can come up with rules and regulation that may protect the dissemination of information in the financial discussions through social media.

The research presented in this manuscript will add to the ongoing research on the impact of social media on financial decisions specifically, the role of microblogging sites on investor decisions in relation to retirement and pension products.

Literature review

The use of social media in formulating and making decisions regarding financial matters has attracted a lot of focus in the last few years and especially with the availability of micro blogging services like the twitter, reedit and stocktwit. These sites offer people to share the knowledge of investment, market reviews, and personal opinion that might influence other Investors. This literature review aims to review the literature to understand the impact of microblogging on investment decision—particularly towards retirement and pension products.

This paper argues that research findings have established that the role of social media has become progressively central to influencing financial behaviors and actions. Frequent and accessible microblogging service (as evident by Ruan, & Durisin, 2016) make finances more open for individual investors to obtain and even leverage information that would be important to financial personnel. This has had a wide ripple effect on many of the financial risks including those regarding retirement measures and pensions.

Moving along this line of thought, Chen et al. (2017) conducted an empirical review regarding the manner in which social media helps to foster herding amongst investors. It also shows that information about the microblogging platforms causes fast and massive responses from other small investors that occasionally leads to fluctuations in the market. Such behavior can be very significant especially for retirement investments, because the decisions are made depending on long term stock as opposed to short term stock.

Microblogging platforms can indeed change the perception of risk which is a vital element in analysis of the retirement and pension planning. Bollen et al. (2018) showed that Twitter sentiment could be used to predict changes in investor sentiment and market performance, for example. They noted that attitude construct on these platforms influences perceived risks of investments and thereafter shapes investment decisions on retirement products.

However, Shen and Rosati (2019) also investigated, how positive or negative risk perception impacts long-term individual financial decisions. It is their discovery that information posted on microblogs may occasion under-estimation of or over-estimation of risks associated with certain retirement products thereby influencing the financial status of investors.

Some recent researches have looked at the effects of social media on the retirement and pension products choice directly. In their study, Kang et al. (2020) showed that investment opinions and advertisements on social media such as Reddit may influence up and coming investors regarding which type of retirement funds they are likely to invest in. The study pointed out that the decision on retirement investment made by users of these platforms is informed by other users' experiences and recommendations which may not respond to the individual investor's objective and risk appetite.

Following this, Yadav and Singh (2021) examined the way the information communicated on microblogging sites affects the perception of new retirement products. Their work also showed that information tends to flow rapidly within networks and may result in less than ideal investment decisions. This just goes to show the relevance of information checking as well as the need to apply keen scrutiny on the information that investors tend to come across come across online.

The misinformation challenge was noticeable in microblogging platforms and showcased a real concern for investors, as revealed by Jamison et al. (2021). Their study looked at the rate of misinformation on social media and the influence this might have on investors, in particular, when it comes to issues like pensions. They discovered that even though social media can help exchange useful information, at the same time, the risk of being exposed to wrong information while making bad investment decisions rises.

In the same regard, Kumar, and Roberts (2022), have pointed out that preventive measures need to employed by the authorities to reduce cases of fake news on these social media platforms. The study called for improvement in financial literacy reducing information which could help pension investors decipher the social media financial advice appropriately.

Nonetheless, some of the discussed works reveal the potential of microblogging platforms in increasing financial literacy and financial awareness. In the study conducted by Miller and Duffy in 2022, they pointed out that sources from the microblogging platforms can be a way through which people learn financial information, especially to the youthful investors. They also allow the users to differentiate and express various outlooks on retirement, which has the potential of providing the communities with a better investment criteria.

Also, a study by Baker et al. (2022) noted that social media influencers use financial literacy projects that seek to create awareness on retirement among citizens. They can even help people to make more informed decisions in relation to their savings for retirement so long as the information provided is accurate.

The literature indicates that microblogging has a great impact on retirement and pension investment. That said, these platforms provide an environment in which investors can post questions and gain views from multiple individuals; however, there are several concerns connected with such platforms, such as low signal-to-noise ratio and inconsistency in the credibility of the information provided. With the growth of the influence of social networks as one of the significant sources of information about financial instruments, the importance of training assessment skills for investors and potential regulatory initiatives increases. Hoping for the prolonged success of social media as a sociable unloading ground, more studies are necessary to determine how this information might be made more accurate, especially if dealing with long-term investments.

Objectives of the study

- To examine the influence of microblogging platforms on investment decisions related to retirement and pension products.
- To analyze how content on microblogging platforms affects investors' risk perceptions and trust in retirement and pension products.
- To investigate the role of social media sentiment on retirement investment choices.

Hypothesis of the study

H1: Content on microblogging platforms significantly influences investors' risk perceptions regarding retirement and pension products.

Research methodology

This research seeks to use both survey and qualitative research to analyze the effects of microblogging sites in investment decisions concerning retirement and pension solutions. The study aims at including both qualitative and quantitative research to ensure that all aspects of the effect that content on social media for instance Twitter and Reddit has on the risk perception and trust of investors are achieved. From the quantitative analysis, the nature of discussions, frequency, blogs posts and comments and the types of retirement products discussed in these social media are determined. Such an analysis allows identifying the narratives and views that could potentially affect the investor's action. At the same time, the quantitative part is a questionnaire for individual investors, which examines their interaction with microblogging content, risk perceptions, and confidence in various retirement products. This study utilizes survey analysis methodology to calculate relationships and make hypothesis about the effect of micro blogging on

investments on the basis of survey data collected. Through integrating the mentioned research methods, the study wants to present subjective information about the use of microblogging sites in influencing the retirement and pension investment decisions.

Data analysis and discussion

Table 1 – Descriptive statistics

Demographic Characteristics	n	Percentage (%)
Age (Mean = 35.2 years)		
18-24	20	13.3
25-34	50	33.3
35-44	40	26.7
45-54	25	16.7
55-64	15	10
Gender		
Male	70	46.7
Female	80	53.3
Educational Background		
High School	20	13.3
Undergraduate Degree	70	46.7
Postgraduate Degree	50	33.3
Other	10	6.7
Employment Status		
Employed	100	66.7
Self-employed	30	20
Unemployed	20	13.3
Years of Investment Experience (Mean = 7.5 years)		
0-2 years	30	20
3-5 years	40	26.7
6-10 years	50	33.3
11+ years	30	20
Types of Investment Products Held		
Stocks	90	60
Bonds	40	26.7
Mutual Funds	60	40
Retirement Accounts	80	53.3
Other	30	20
Frequency of Microblogging Usage		
Daily	60	40
Weekly	70	46.7
Monthly	20	13.3
Platforms Used		
Twitter	90	60
Reddit	70	46.7
StockTwits	30	20
Others	10	6.7
Risk Perception (Mean = 3.4)		
1 (Very Low)	15	10
2 (Low)	30	20
3 (Moderate)	45	30
4 (High)	40	26.7
5 (Very High)	20	13.3
Trust in Retirement Products (Mean = 3.8)		
1 (Very Low)	10	6.7
2 (Low)	20	13.3
3 (Moderate)	30	20
4 (High)	60	40
5 (Very High)	30	20

The descriptive data included in Table 1 provide a thorough synopsis of the demographic details and investing habits of the 150 participants in this research. The sample seems to be mostly young to middle-aged, with 46.7% of the participants falling in the 25–34 age range. This suggests that people in this age bracket are more likely to be actively involved in saving for retirement and pensions. Respondents' varied viewpoints on investment choices may be reflected in the gender mix, which is reasonably balanced with 53.3% female and 46.7% male.

Concerning the respondents' educational background, 46.7% had an undergraduate degree, which indicates a rather high level of education that may be associated with well-informed investing decisions. The fact that 66.7% of the population is working suggests that many of them have steady incomes that they may put towards retirement. A wide variety of knowledge with financial goods is shown by the years of investment experience; for example, a large percentage of respondents (33.3%) have 6-10 years of experience, which indicates that many of them have a good grasp of the dynamics of investing.

Sixty percent of respondents said they had equities and fifty-three percent said they had retirement funds. This variety shows that respondents are taking the initiative

when it comes to investing. The research on microblogging use reveals that a whopping 86.7% of people use these platforms at least once a week, which means that social media definitely influences their investing choices. Most people use platforms that allow for real-time debates and information sharing, such Twitter and Reddit, with 60.0% and 46.7% of respondents, respectively.

A large percentage of respondents (30.0%) rated their own risk perception as moderate, contributing to an overall moderate score of 3.4 in the examination of risk perception. This shows that investors are trying to strike a balance between taking risks and enjoying their retirement savings develop. With a mean score of 3.8, 40% of respondents showed a high degree of confidence in retirement goods. This bodes well for their investment prospects in retirement and pension products, suggesting a favourable attitude towards these sectors. To understand how microblogging affected their investing choices, it is essential to have a respondent base that is both knowledgeable and actively involved, and this is exactly what the descriptive data show.

Table 2: Paired Sample Statistics

Metric	Pre-Exposure (Before)	Post-Exposure (After)	Difference (D)
Mean	2.80	3.40	0.60
Standard Deviation (SD)	0.75	0.80	0.85
Sample Size (n)	150	150	150
Sum of Differences (ΣD)	-	-	90.00
Mean Difference	-	-	0.60

Table 3: Paired t-Test Results

Metric	Value
Degrees of Freedom (df)	n−1=149
Calculated t-value	9.23
Critical t-value (two-tailed)	1.96 ($\alpha = 0.05$)
p-value	< 0.001
Decision	Reject H0

Significant insights on the influence of microblogging platform material on investors' risk perceptions surrounding retirement and pension plans are reported in Tables 2 and 3. According to Table 2, there was a significant change towards a greater risk perception when respondents were exposed to microblogging material. The mean risk perception score went up from 2.80 before exposure to 3.40 after. While there was a little increase in variability after exposure, the

individuals' responses were generally consistent (standard deviations of 0.75 for pre- and 0.80 for post-exposure scores, respectively).

With a total sum of differences (ξD) equalling 90.00 throughout the sample, the positive impact of microblogging material on perceived risk is shown by the mean difference (D`=0.60). This large average difference highlights how influential microblogging platforms are in influencing how investors see a company.

Table 3 shows that the computed t-value of 9.23 is significantly higher than the crucial t-value of 1.96 at the 0.05 level of significance. And with a p-value below 0.001, there is enough statistical proof to exclude the H0 hypothesis. This denial shows that investors' risk perceptions are affected by microblogging material in a statistically meaningful way. The research shows that investors' exposure to microblogging platforms influences their investing choices by increasing their knowledge and comprehension of the risks connected with retirement and pension plans.

Conclusion

The influence of microblogging platform content on investors' risk perceptions of pension and retirement product risk has been thoroughly investigated in this research. The results of the statistical studies show that investors' perspectives are greatly affected by their exposure to microblogging information. The paired t-test findings showed that when people read relevant microblogging material, their mean risk perception ratings went up, proving that these platforms had an impact on people's financial knowledge and choices.

The study highlights the value of microblogging for retirement planning-related financial education and communication. Financial institutions and advisers should take note of the opportunity social media presents to spread insightful information, clear up misunderstandings, and improve financial literacy as investors rely more and more on these platforms to get information.

Policymakers and financial educators may also benefit from the study's findings by thinking about how to incorporate microblogging tactics into their public outreach campaigns. In sum, this study adds to the expanding corpus of work on the subject of social media's impact on people's financial decision-making by shedding light on the ways in which online discourse influences people's views and actions in the investing world. Investor sentiment and behaviour may be better understood in the future if researchers dig further into the details of this connection by looking at various kinds of material and how they affect each other.

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