Annex A – Studentship Application Form

Title of proposed research – Management & business pathway
Investing or gambling? An exploration into the growth of commission-free trading and investing apps and social media 'finfluencers' amongst 18–35-year-olds in the UK.

Your research proposal.

IMPORTANT: There is a <u>strict</u> 1300-word limit, fully inclusive of everything except references. This includes all the written text, quotes, in-line citations, section headers, captions, the contents of tables and any foot-/endnotes. Each figure/graphic should be counted as equivalent to 200 words. Tables should be counted as the number of words they contain. Proposals that are found to be overlength will be rejected. Remember that if you are applying to one of our interdisciplinary programmes, a clearly articulated interdisciplinary approach should be evident.

Abstract:

Historically investing and trading were considered the pursuit of only the wealthy few, guarded behind the ramparts of Wall Street and the Square Mile. However, the combination of disruptive technology from fintech start-ups and social media has brought the financial world to the masses, giving access to an increasing number of young people to be actively involved in security markets, such as stocks and cryptocurrencies. This convergence of easy-to-access apps, gamified design, sophisticated algorithms, and social media 'finfluencers'/online communities are potentially blurring the line between traditional long-term investing habits and short-term speculative gambling behaviour. Here hype and 'get rich quick' sentiments potentially push younger adults into more high-risk investing products. Deploying a digital ethnographic approach, empirical research will explore this emerging area of interest to help build on and fill a gap within existing knowledge as well as provide real-world impact by influencing policy and regulation.

Retail investing; Trading; Gambling; Cryptocurrencies; Meme-stocks; Fintech

Background to proposed research:

For many industries, the Covid-19 pandemic has been an extremely challenging period; yet some have flourished. For instance, it has brought with it a financial windfall for the global gambling industry. With record-breaking gambling revenue reported by Las Vegas casinos in 2021 (Forbes, 2021), to a rise in numbers participating with online gambling in the UK over lockdown (Emond et al., 2021), there is much evidence showing a substantial increase in people consuming gambling products over the past two years. This has correspondingly led to reports of more individuals seeking help from gambling recovery organisations. What is particularly interesting is that helplines have seen a new type of caller since the pandemic: those trading stocks and cryptocurrencies (Financial Times, 2021).

Showing similarities, the financial industry has also seen huge gains over the pandemic, with all-time highs taking place in 2021 across stock markets and cryptocurrency markets alike. This has led to an exponential rise in new customers, with adults aged under thirty-five in particular getting introduced to the concept of investing and trading, lured in by the recent popularity of meme-stocks and cryptocurrencies. For example, Robinhood, one of the most well-known commission-free trading apps, added 12.5 million new users over 2020 and 2021 (Statista, 2022), with a median age of customers being 31 (Reuters, 2021). In addition, it is thought that 50% of all current Bitcoin holders have come into the market in 2021 (Bloomberg, 2021). As a result, this surge in first-time investors is disrupting the world of finance, driven by the popularity of a new wave of commission-free app-based brokerage companies like Robinhood and Etoro, as well as online financial communities such as WallStreetBets on Reddit and 'finfluencers' (influencers on social media platforms providing financial content) sharing stock picks and opinions on Youtube and TikTok. For young adults then, the smartphone has become the tool of choice for participating in and learning about investing and trading.

This connection with the gambling industry, especially sports gambling, is further highlighted with the use of extensive affiliate marketing programs to garner new sign-ups and multi-million-dollar sponsorship deals, such as crypto.com's recent foray into Formula 1, basketball and football (Forbes, 2021).

Consequently, it is perhaps not surprising that an 'always on' culture has now embedded itself within the industry. Whether it is a constant stream of financial advice content via social media, cryptocurrency markets open 24 hours a day, 365 days a year, gamified app design, or smartphone notifications and alerts, it has never been as easy to be constantly checking up on and participating in various global financial markets. The real danger consequently is that through these dynamics an asymmetrical power imbalance is created where technology can potentially enable trading and investing to be more addictive by design in the pursuit of profits for companies, just like gambling institutions (Schull, 2014). For example, as Mills and Nower (2019) research shows, trading high-risk stocks and cryptocurrencies are strongly linked together and to gambling behaviour, "appealing to gamblers that are exhibiting greater problem gambling severity" (p:abstract). Delfabbro et al. (2021) study also shows a connection between sports betting and cryptocurrency trading where "gambling and problem gambling rates were highest among those who reported both activities" (p:abstract). And COVID-19 research from Hakansson et al. (2021) highlights an increase in day trading over lockdown which is "suspected to cause more addictive behaviour, financial difficulties, and poor mental health" (p:1). Despite more studies being carried out, overall, there is still a lack of research in this area (Hakansson et al. 2021). And after carrying out this preliminary literature review on the topic, no academic research could be found currently that related directly to commission-free trading and social media 'finfluencers'—most commentary being confined to news articles.

Consequently, research is needed to help unpack and better understand the effects and implications on this new and rapidly evolving area. This is particularly important now, as the boom in retail investing is starting to show many similarities to the overall boom in online gambling. As a result, it is now imperative that researchers provide critical thinking through empirical research to ensure individuals are being properly informed and safeguarded, and adequate regulation is keeping pace with this emerging topic that is inherently more alluring, high risk and volatile.

Indicative questions:

- Question 1: What are the impacts of commission-free trading apps on investing behaviour?
- Question 2: What are the similarities/relationships between commission-free trading apps and problem gambling behaviour?
- Question 3: What are the impacts of social media 'finfluencers' on investing behaviour?
- Questions 4: What are the similarities/relationships between social media 'finfluencers' and problem gambling behaviour?

Methodology:

My research will be using a progressive methodological approach known as netnography.

Netnography can be defined as "a qualitative, interpretive research methodology that adapts the traditional, in-person ethnographic research techniques of anthropology to the study of the online cultures and communities formed through computer-mediated communications" (Jupp, 2006). The method is particularly suited to studying phenomena where an interrelationship exists between both the online and offline worlds, as both can help triangulate findings and insights (Kozinets, 2015). Specifically, netnography is a qualitative method built around the belief that online environments are credible research field sites where people engage and discuss freely, resulting in useful observations and interpretations into consumer behaviour and cultural meanings (Kozinets, 2015).

Through this methodology I can immersive myself into the cultural spaces populated by trading communities using commission-free trading apps and engaging with social media 'finfluencers'. Principally, this will be driven by participant observation, and semi-structured interviews and informal interviews where appropriate. This will enable me to gather data effectively in places which can otherwise be challenging through other methods due to the nature of online communities.

A key ethical consideration is what constitutes consent in these online environments. The idea of 'lurking' within these public arenas will be avoided. In other words, I will always be identifiable as a researcher when interacting and engaging with individuals and communities.

Expected Outcomes:

My research will add valuable insights into a rapidly expanding, yet greatly under-researched, areas of commission-free app-based trading platforms and social media 'finfluencers' and their effects on adults aged under 35-years-old new to investing. This will bring this new form of potentially problem gambling behaviour into relevant academic areas and extend existing knowledge. Depending on what findings the data point to, this research will also have the scope to meaningfully impact and shape future policy in the UK. In other words, if a strong argument is found to link current practices of commission-free trading apps and 'finfluencers' to gambling behaviour, then tighter restrictions would suddenly apply to these companies and

persons. Thus, better protecting inexperienced adult investors who are considering entering high-risk securities such meme-stocks and cryptocurrencies and complex financial instruments such as Contracts-For-Difference.

Timetable:

		2022	2023	2024	2025
Set up the research	Settle in	■			
	Research training	■	■		
	Scope the literature	■	■		
	Develop a research framework		■		
	Refine the reserach questions		■		
Field work	Develop reserach methods		■		
	Ethical approval		■		
	Data Collection			■	
	Data Analysis			■	
Write-up	Write up results			■	■
	Write-up discussion and conclusions				■
	Write introduction chapter				■
Finalising	Proof reading				■
	Final editing				■
	Prepare submission				■

Word count (please complete): 1295

References (Bibliography) (not included in your Word count)

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