



ASIC
Australian Securities &
Investments Commission

Committee	House of Representatives Standing Committee on Economics
Inquiry	Review of the Australian Securities and Investment Commission Annual Report 2020
Question No.	ASIC27QW
Reference	Written
Topic	TikTok financial influencers
Committee Member	Mr Jason Falinski MP

Question:

Is ASIC undertaking any compliance action or overview of TikTok financial influencers?

Answer:

We are currently undertaking a review of selected financial influencers ('finfluencers') to understand their business models and how the financial services law applies to this activity. We are also engaging with a selection of social media platforms and their moderators to consider if ASIC's [RG 162 Internet Discussion Sites](#) requires updating. Our selection of finfluencers is not targeted specifically at TikTok, although it is being included in the review as we note that some of the finfluencers have a presence on TikTok.

Background:

We are observing increased discussion about finance and investment on social media sites. This includes the growth in the number of online finfluencers across platforms such as Facebook, Reddit, Instagram, YouTube and TikTok. This has been in response to the rapid growth in the number of new and younger investors accessing markets and financial products.

Increased levels of retail investor participation and interest in investment is to be encouraged, but we want this to occur in an informed, safe and sustainable way. This contributes to market integrity and confidence for all investors.

We are observing that many younger and first-time investors are accessing information from online forums – some of which may provide some useful information about the range of investments or products available. However, some of the finfluencers appear to be providing advice and are getting paid by other financial product providers to promote their products. As most finfluencers do not hold an AFS license (and not subject to an exemption) they are not subject to the requirements that apply to licenses – including having adequate arrangements to manage conflicts of interest or to provide financial services efficiently, honestly and fairly.

We are concerned that inexperienced investors may be increasingly acting on financial advice from unlicensed providers. This may result in conflicted or poor advice being provided to users who may suffer financial loss. It also provides finfluencers with a competitive advantage as they are not subject to the costs and burden of regulation that other AFS licensees are required to comply with.

We are monitoring developments in this space and commencing engagement with finfluencers to understand their business model and how they are considering the application of the licensing framework in the Corporations Act. We are also engaging with selected AFS licensees who are paying finfluencers to promote their products on social media, including TikTok.