

Social Media and Financial Market Dynamics

Assoc. prof. Pamir DİRİL^{1*} , Erhan ERALKAN² 

^{*1} Depaartment of Clinical Psychology, St Clements University Psychology

² PhD Student in Finance and Economics, St Clements University

<p>Corresponding Author Assoc. Dr. Pamir DİRİL</p> <p>Depaartment of Clinical Psychology, St Clements University Psychology</p> <p>Article History</p> <p>Received: 19 / 01/ 2025</p> <p>Accepted: 01/ 02 / 2025</p> <p>Published: 05 / 02 / 2025</p>	<p>Abstract: This research analyses the impacts of social media on financial markets, focusing on information flow, investor behaviour, manipulation risks, investment strategies, and financial literacy. Social media facilitates access to information but also carries the potential for misinformation and manipulation. The study explores how investor behaviours are influenced in terms of herd behaviour and emotional interactions, emphasising the use of social media analytics in investment strategies and its role in financial education. The findings highlight that social media presents both opportunities and challenges in financial markets. Furthermore, an empirical survey conducted with 178 participants substantiates the real-life effects of social media on financial information acquisition and investment decisions, contributing to a deeper understanding of these dynamics.</p> <p>Keywords: Dsocial Media, Financial Markets, Investor Behaviour, Financial Literacy, Socail Media Analytics, Manipulation Prevention, Influencers.</p>
<p>How to cite: DİRİL, Assoc. prof. P., ERALKAN, E., (2025). Social Media and Financial Market Dynamics. <i>IRASS Journal of Economics and Business Management</i>. 2(2), 1-9.</p>	

Introduction

Social media has revolutionised information sharing and communication over the last two decades. It has not only strengthened personal relationships, but also introduced new approaches to communication, commerce, education and politics. Today, these platforms are used daily by billions of users and have become a central space for sharing views and experiences. Financial analyses, market data and economic news can now reach large audiences instantly through social media. While this has democratised access to information, it has also brought new challenges in terms of information quality and accuracy. Manipulative campaigns and misinformation can threaten the stability of financial markets and investor confidence. Investor behaviour has been transformed by the impact of social media. Analyses, news and opinions of financial influencers shared on social media platforms can significantly affect investors' decisions. This has led to a more visible emergence of tendencies such as herd behaviour, sentiment analysis and manipulation in investor psychology. The aim of this study is to examine the effects of social media on financial market dynamics in a concrete way. The research will address the speed of information diffusion, changes in investor behaviour, market manipulations, the role of social media analytics in investment strategies, and its impact on financial education and literacy. This study aims to understand the opportunities and challenges created by social media in financial markets. The results of the research will contribute to the academic literature and provide practical recommendations for the regulation

of financial markets, investor education and prevention of manipulation.

Social Media and Information Flow

Social media has radically changed the nature of information sharing and dissemination, reshaping communication and information access. These platforms have replaced or co-operated with traditional media channels, enabling information to reach fast and wide audiences . Financial markets have been directly affected by this evolutionary transformation because investors, analysts and financial experts can now monitor information sharing and its repercussions on the markets through social media. By democratising access to information, social media has enabled investors to react more quickly to market movements, thus increasing the transparency and accessibility of markets. However, this rapid dissemination may raise concerns about the quality and accuracy of information. While social media enables the dissemination of all kinds of information, it may also lead to the rapid spread of misinformation and manipulative content. Therefore, checking and verifying the accuracy of information has become of critical importance among social media users.

Impact on Investor Behaviour

Information disseminated through social media greatly shapes investors' decision-making processes. While the rapid flow of information makes investors more sensitive to market dynamics,

it also paves the way for the emergence of behavioural tendencies such as herd psychology, emotional reactions and manipulation.

➤ **Herd Behaviour:**

Social media is highly effective in triggering the herd psychology of investors (Devenow & Welch, 1996). This behaviour is manifested by the tendency of individuals to imitate what others are doing. Social media platforms enable the rapid dissemination of financial information and investment tips, often leading investors to conform to herd behaviour. This phenomenon, especially when combined with the high interaction rates of information and opinions disseminated on social media, causes investors to get caught up in the current.

For example, positive news or analyses about a company spread on social media can reach millions of people in a short period of time, triggering a wave of collective investment in that company's shares. Especially among small investors, when a stock or cryptocurrency is widely talked about, there is a desire to invest. This behaviour can lead to sudden price spikes in the markets, but these spikes can also be followed by declines, as a mass sell-off or emotional reaction can spread similarly quickly.

Moreover, the rapid information sharing feature of social media may contribute to the formation of speculative bubbles in financial markets. The value of an asset may suddenly increase due to hype or misinformation created on social media and reach a level that exceeds its real value. When these bubbles burst, investors can face serious losses. This shows that herd behaviour has the potential to increase market fluctuations and volatility.

This effect of herd behaviour highlights the need for investors to critically evaluate the information they obtain from social media. By comparing the information they see on social media with independent sources, investors should conduct their own analyses before committing to a particular asset or investment strategy.

In this context, social media emerges as an effective tool in shaping investors' behaviour. However, being aware of this power, it is important to increase financial education and literacy, teach information verification methods and encourage independent thinking in order for investors to make informed decisions. This approach can minimise the negative effects of herd behaviour and enable investors to make more rational and informed decisions.

➤ **Influencers:**

Financial influencers can have a direct impact on investors' decisions by providing investment advice through social media. (Hirshleifer & Teoh, 2003) These influencers usually have large followings and can shape market trends and investment directions by sharing their own analyses or opinions. The credibility of influencers depends on their financial knowledge and experience, the accuracy of their past forecasts and the degree of transparency. However, it is not always easy to verify the accuracy of information disseminated through social media. By sharing financial information, analyses and investment strategies on platforms, influencers attract investors' attention and can increase the popularity of certain investments. The influence of these influencers can be particularly pronounced among new investors or those less familiar with financial markets. They may make investment decisions based on influencers' information, as it

© Copyright IRASS Publisher. All Rights Reserved

presents complex financial markets in a simplified and understandable way. However, this reliance can sometimes be misleading. Influencers may willingly or unwillingly share misleading or manipulative information. Such information may mislead investors, especially if the influencer has financial conflicts of interest

To assess the credibility of influencers, it is important to monitor their track record, verify from independent sources and increase financial literacy. Before accepting an influencer's recommendations, investors should consider the following:

- ❖ *Historical Performance:* The accuracy of the influencer's past recommendations can give an idea of the reliability of their analyses.
- ❖ *Transparency:* The influencer's open disclosure of financial relationships, sponsorships or conflicts of interest can provide insight into his/her credibility.
- ❖ *Education and Experience:* The influencer's experience in financial markets, education and qualification documents such as licences may give an idea about its reliability.
- ❖ *Sources of Information:* The influencer's explanation of where he/she got the information and the independent verifiability of the information can give an idea of credibility.
- ❖ These assessments may help investors to evaluate information coming through social media more critically. While the influence of social media on financial markets is significant, it is critical for investors to conduct their own research and verify influencers' recommendations with multiple sources to make informed investment decisions

➤ **Sentiment Analysis:**

Emotions expressed on social media can significantly influence market movements. (Tetlock, 2007) Sentiment analysis aims to understand the general emotional sentiment about the markets by analysing the posts of social media users. This method measures market sentiment by analysing the emotional content of comments, shares, posts and other interactions on social media platforms. Positive or negative sentiment can determine the direction of markets; for example, a large number of positive comments or posts about a company can lead to a rise in stock prices, while negative comments can lead to a decline.

The impact of emotions expressed in social media on market movements may enable investors to make buying or selling decisions based on their emotional reactions. However, for sentiment analysis to be useful, the data should be interpreted correctly and contextualised appropriately. For example, negative news about a company spread on social media may cause a sudden drop in stock prices, but this emotional reaction may not reflect the fundamental financial health or long-term potential of the company. Therefore, combining sentiment analysis with technical and fundamental analysis can offer investors a more balanced and informative decision-making process.

There may also be attempts to create manipulative sentiment on social media. This means that investors should be careful, as some actors may create artificial fluctuations in

sentiment to manipulate markets in their favour. Therefore, investors should use emotional data from social media in combination with other reliable methods of analysis and question the source and accuracy of this information.

Social Media Manipulations and Market Effects

While social media accelerates and expands the flow of information, it is also used for market manipulation (Allcott & Gentzkow, 2017). These platforms have become a mechanism that can directly affect markets and lead investors to make wrong decisions.

- **Fake News and Manipulation:** False or manipulative information spread on social media can cause serious fluctuations in the markets. (Allcott & Gentzkow, 2017) This information can be spread intentionally and aimed at influencing the value of a particular stock, cryptocurrency or other financial assets.
- **Pump and Dump:** "Pump and dump" is another manipulation strategy carried out through social media. (Leuz et al., 2003) This method aims to increase the value of a certain asset by spreading misleading information, raising prices, and then selling these assets at high prices to make a profit.
- **Regulation and Supervision:** As manipulation in social media has become widespread, regulatory authorities have taken various steps to supervise this area and prevent manipulations. (Cumming et al., 2011) Regulations develop various methods to prevent market manipulation. These include measures such as stricter monitoring of social media platforms, rapid removal of misleading information, and closure and penalisation of accounts that make manipulative posts.

Although social media has opened a new area for market manipulations, both regulators and individual investors should make active efforts to solve this problem

Social Media and Investment Strategies

The dynamic and fast-changing nature of financial markets demands that investors quickly understand and react to market trends and emotional shifts. Social media offers a unique resource to fulfil this need. With modern tools such as social media analytics and algorithmic trading, investors can gain a deeper understanding of market movements and make more informed and data-driven decisions by basing their investment strategies on these analyses.

This section discusses how social media is integrated into investment strategies and the advantages that this integration offers to investors.

➤ **Social Media Analytics:**

Social media analytics is the process of collecting and analysing data from social media platforms and drawing important conclusions from this data. This analysis allows investors to understand not only market trends and general sentiment, but also user behaviour, influencer impact and content interactions.

Because social media analytics plays a key role in financial markets:

- It provides real-time data collection and provides traders with up-to-date and dynamic market information.
- By studying user behaviour and interactions, it determines which factors influence markets.
- It helps to foresee potential investment opportunities and risks.

➤ **Algorithmic Trading:**

Algorithmic trading is an approach that automates investment decisions using large data sets. This method fulfils transactions quickly and flawlessly according to predetermined rules. Social media data is playing an increasingly central role in such systems. Algorithmic trading's use of social media data enables trading strategies to become more data-driven and dynamic.

➤ **Data Collection and Analysis:**

Algorithmic trading systems collect various types of data from social media platforms and analyse this data. This process ensures that investment decisions are more informed:

- **User Shares:** User posts, comments and shares are a wide source of information about the market. These posts give an idea about the general sentiment of the market.
- **Hashtag Analyses:** The frequency and context of use of specific hashtags helps identify trending topics and stocks in the markets.
- **Sentiment Analysis:** By analysing emotional expressions on social media, the overall emotional sentiment of the market can be understood. This helps traders to understand the emotional underpinnings of market movements.
- **Influencers' Impact:** Posts by financial influencers and their influence on the community increase the capacity to predict investment trends and market movements.
- **Trend Analysis:** Trend analysis monitors how often certain topics, companies or sectors are talked about on social media. It helps traders understand which investments are becoming or becoming unpopular in the markets (Tetlock, 2007)

➤ **Real-Time Trading:**

Social media data is extremely valuable for algorithmic trading systems that can instantly react to market events and emotional shifts. This data offers traders the following:

- **Fast Reaction:** Instant information flow enables algorithmic systems to react quickly to market news or emotional shifts propagated on social media.
- **Market Sentiment:** Real-time data from social media reflects the current emotional state of the market, giving traders the opportunity to trade according to these emotions.
- **Impact of News:** Social media increases the speed of dissemination of financial news, and algorithmic systems can instantly assess the impact of this news on the market.
- Thanks to these approaches, algorithmic trading utilises social media data, allowing traders to make faster, more

informed and possibly more profitable investment decisions.

Case Studies

GameStop Incident: The GameStop incident is a striking example of how social media can have a major impact on financial markets. In early 2021, it triggered a dramatic increase in the value of GameStop shares, with investor activity organised primarily through Reddit's WallStreetBets (WSB) forum. Hedge funds had taken short positions against GameStop stock, predicting that its value would fall. (Anand & Segal, 2021) However, investors on the WSB forum began buying the stock en masse to upset this plan. Social media, particularly Reddit, played a key role in organising and spreading this collective action, with the stock price rising from \$17 at the beginning of January 2021 to \$483 by the end of the month. (Bates & Brunnermeier, 2021)

This event clearly demonstrated how social media can shape investor behaviour and how effective mass movements can be in the markets. It also raised the ethical aspects of investment strategies conducted through social media and the risks of market manipulation (McLaughlin & Kincaid, 2021).

The Impact of Social Media Campaigns on the Value of Cryptocurrencies

Cryptocurrency markets are known for their inherently high volatility and speculation risks. These markets are heavily influenced by social media campaigns because social media allows information to spread quickly and widely.

Cryptocurrency projects can attract a lot of attention, especially through communities created on platforms such as Reddit and Telegram, and these communities can directly affect the market value of projects. These communities can cause sudden increases or decreases in the price of cryptocurrency by promoting the project or mobilising for certain actions.

For regulatory authorities, misleading information, manipulation and speculation spread through social media may threaten the stability of cryptocurrency markets. This may lead to a loss of confidence in the markets, which may cause losses to investors. In response, some countries and regulatory bodies have started to develop new strategies and methods to monitor and control information and campaigns spread through social media. These measures aim to prevent manipulative campaigns, protect market integrity and enable investors to trade in a safer environment.

In this context, methods such as social media analytics, sentiment analysis, trend analysis and algorithmic trading are critical to understanding and capitalising on social media influences in cryptocurrency markets. These tools allow traders to better understand the emotional and trending fluctuations of the market, detect manipulations and develop strategies accordingly.

“Social Media and Financial Markets” Field Survey Study

Social media has become an important resource in the field of financial education and literacy thanks to the rapid dissemination of information and its reach to large masses. Within the scope of this study, in order to understand the effects of social media on financial education and literacy more concretely, a

survey was conducted with 178 participants after obtaining ethics committee permission.

- **Methodology:** In order to understand the effects of social media on financial markets and investor behaviour, this study uses online survey method, which is one of the quantitative research methods.
- **Research Instrument:** Questionnaire: Google Forms was used to collect data for the research. This online platform provided easy access to participants and allowed the survey to reach a wide audience. The Google login requirement prevented a participant from participating more than once.
- **Sample:** The research was conducted on 178 people who use social media for obtaining financial information. Participants were selected on a voluntary basis from various age and occupational groups across Turkey.
- **Questionnaire Design:** The questionnaire consists of questions related to the research topic. The questions cover various topics such as the effects of social media on financial information dissemination, manipulation, information verification processes, financial literacy and investment confidence.
- **Response Options:** Response options are designed to enable participants to express their views clearly.
- **Data Collection Process:** The questionnaire was distributed to the participants via whatsapp with Google Forms link. Participants were informed that their names would remain anonymous during the process of filling out the questionnaire.
- **Participation Period:** The questionnaire was left open for 1 week, during which time participants were asked to complete the questionnaire.
- **Data Analysis:** The data obtained were transferred to Google Sheets and analysed using Excel. Methods such as frequency analysis and correlation were used in the analysis
- **Limitations:** Due to the nature of the online survey, only individuals who had internet access, used social media and performed the Google login process were reached.

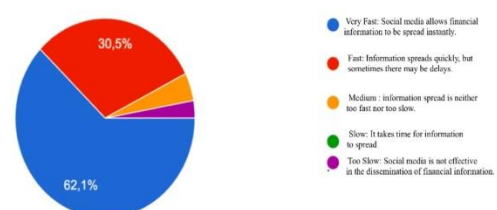
Findings

Survey Questions, Response Distributions and Conclusions

Question 1

How does Social Media affect the speed and quality of dissemination of Financial Information? (Answer this question in terms of speed of dissemination)

Response Breakdown:



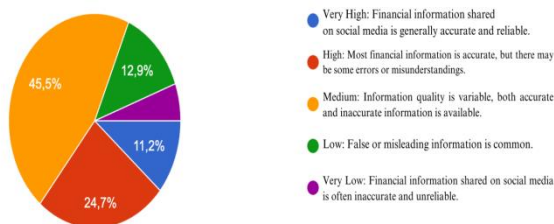
I'll get out:

This question was asked to determine the impact of social media on the speed of financial information dissemination. Of the 178 respondents, 62.1% described the speed of dissemination of financial information by social media as "very fast". This result reveals the capacity of social media to rapidly disseminate information to large masses.

Question 1(b)

How does Social Media affect the speed and quality of dissemination of Financial Information? (Answer this question in terms of information quality)

Response Breakdown:



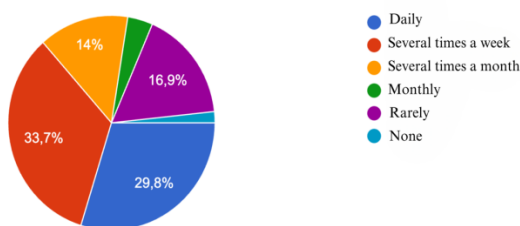
I'll get out:

This question was asked to assess the impact of social media on the quality of financial information. In our survey, 45.5% of the respondents rated the quality of financial information on social media as "medium" and stated that the quality of information is variable and both correct and incorrect information is disseminated through social media. This finding shows the bidirectional effect of social media on information flow: On the one hand, it provides quick access to information, but on the other hand, it points to uncertainties in information accuracy and quality. This situation highlights the need to critically evaluate the financial information that users obtain through social media.

Question 2

How often do you get information about financial issues on social media and what kind of sources does this information usually come from? (Answer this question in terms of frequency of information acquisition)

Response Breakdown:



I'll get out:

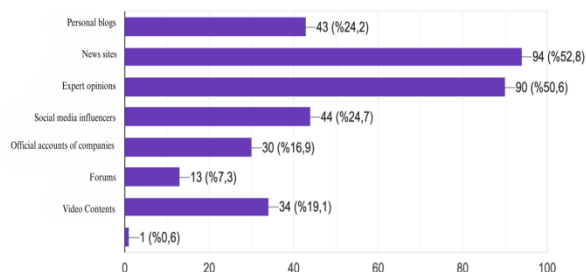
This question was asked in order to understand the frequency with which the respondents obtain financial information from social media. According to the survey results, 33.7% of the respondents stated that they use social media "several times a week" to obtain financial information. This finding indicates that social media is regularly used as a source of financial information

and that investors or those seeking financial information follow social media platforms on a weekly basis.

Question2(b)

How often do you get information about financial issues on social media and what kind of sources does this information usually come from? (Answer this question in terms of information sources)

Response Breakdown:



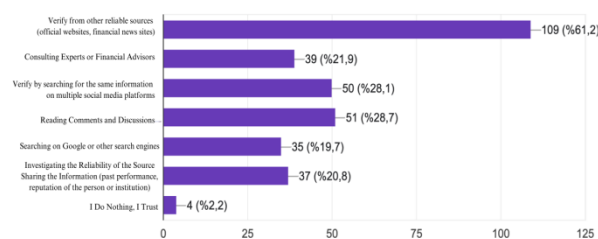
I'll get out:

This question was asked to understand the types of sources used by the respondents to obtain financial information on social media. While 52.8% of the respondents stated that they obtained their financial information from "news websites", 50.6% stated that they obtained this information from "expert opinions". These results show that social media users give importance to traditional media sources and professional analyses for financial information. The high preference for information from both news websites and expert opinions shows that social media is an effective broadcasting channel for such sources.

Question3

What steps do you take to check the accuracy of financial information you see on social media?

Response Breakdown:



I'll get out:

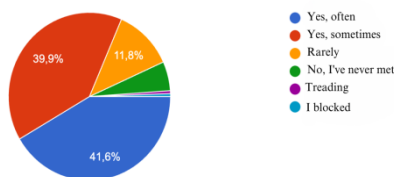
This question was asked in order to understand how the participants verify the accuracy of the financial information they encounter on social media. According to the results of the study, 61.2% of the participants stated that they use "verification from other reliable sources" for fact-checking. This finding suggests that social media users are proactive in verifying information and use additional sources to prevent the spread of misinformation. This approach shows that a more conscious and critical approach is accepted in financial decision-making processes.

Question 4

While obtaining financial information on social media, have you ever felt that you have encountered any manipulation or

misleading information? In such a case, how did you react or what did you do? (Answer this question in terms of encountering manipulation or misleading information)

Response Breakdown:



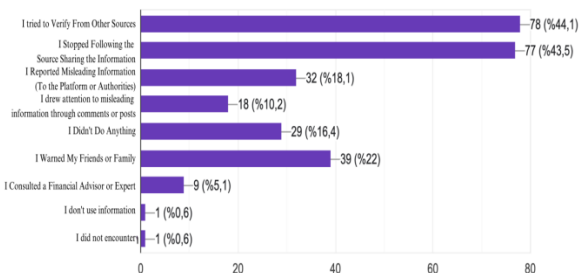
I'll get out:

This question was asked to understand the participants' experiences of encountering manipulation or misleading information on social media. According to the survey results, 41.6% of the participants stated that they "often" encounter manipulation or misleading information, while 39.9% answered "yes, sometimes". These results reveal that manipulation and misleading information is a common problem encountered when obtaining financial information on social media platforms. This situation emphasises that consumers of financial information should be careful against such content and develop information verification strategies.

Question4(b):

While obtaining financial information on social media, have you ever felt that you have encountered any manipulation or misleading information? In such a case, how did you react or what did you do? (Answer this question in terms of actions taken)

Response Breakdown:



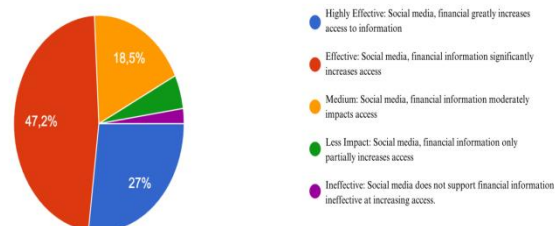
I'll get out:

This question was asked to understand what action the participants take when they encounter manipulation or misleading information. According to the survey results, 44.1% of the participants stated that they "tried to verify from other sources", while 43.5% stated that they "stopped following the source that shared the information". These responses indicate that social media users take steps to verify information and question source reliability as an active defence against misleading or manipulative information. These actions reveal that users adopt a more critical and conscious approach in the process of obtaining financial information.

Question 5

How do you evaluate the potential of social media to increase access to financial information? Do you think these platforms are useful for financial literacy? (answer this question in terms of access to financial information)

Response Breakdown:



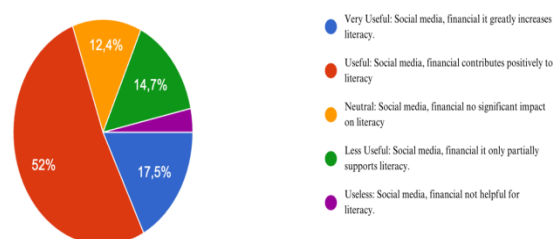
I'll get out:

This question was asked to assess the role of social media in access to financial information. According to the survey results, 47.2% of the respondents answered "Effective: Social media significantly increases access to financial information". This finding shows that social media has the capacity to provide financial information to large masses and that these platforms play an important role in access to information. Social media has the potential to democratise access to financial information by providing faster and wider dissemination compared to traditional media channels.

Question5(b):

How do you assess the potential of social media to increase access to financial information? Do you think these platforms are useful for financial literacy? (Answer this question in terms of financial literacy)

Response Breakdown:



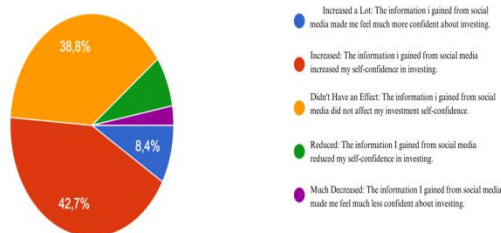
I'll get out:

This question was asked to assess the impact of social media on financial literacy. According to the results of the study, 52% of the individuals answered "Useful: Social media makes a positive contribution to financial literacy". This result shows that social media platforms support the dissemination of financial information to large masses and the use of this information for educational purposes. Social media allows users to improve their financial knowledge and capabilities through various educational content, analyses and expert opinions. This contributes to the increase in financial literacy.

Question6:

How has the increase in sharing financial information on social media affected your confidence in investing.

Response Breakdown:

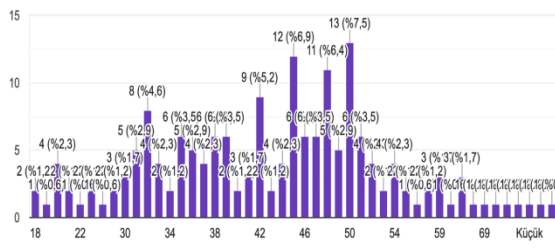


I'll get out:

This question was asked to understand the impact of financial information shared on social media on individuals' investment confidence. According to the survey results, 42.7% of the respondents answered "Increased: The information I obtained from social media increased my investment confidence". On the other hand, 38.8% of the respondents answered "It had no effect: It did not affect my investment confidence". These findings suggest that a significant portion of financial information provided through social media has a positive impact on investors' self-confidence, but almost the same proportion of respondents feel that this information does not have a direct impact on their investment decisions. This bidirectional effect emphasises that the quality and accuracy of social media content may vary depending on individual investors' own analyses and experiences.

Age

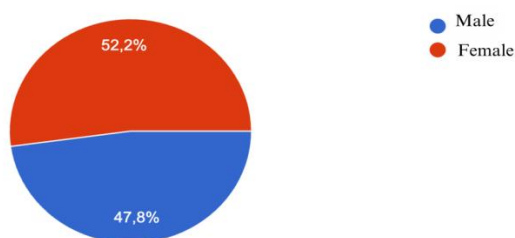
Table 1 Age Distribution



The majority of the participants were between the ages of 30 and 50.

Gender

Table 2 Gender Distribution



52.2 per cent of the participants were male and 47.8 per cent were female.

City

Istanbul, Ankara, Trabzon, Rize, Çanakkale, İzmir, Mersin, Bursa, Muğla, Şanlıurfa, Sakarya, Mardin, Samsun, Gümüşhane,

Gaziantep, Malatya, Kars, Eskişehir, Diyarbakır, Kayseri, Kırklareli, Çankırı, Çorum, Zonguldak, Antalya, Osmaniye, Kocaeli and Aydın provinces participated in the survey. There are also 2 participants from Baku, Azerbaijan.

Profession

Our Survey Teacher, Civil Engineer, Doctor, Lawyer, Family Counsellor, Academic, Civil Servant, Dietician, Higher Education Student, Tourist, Tradesman, Insurance Agent, Survey Engineer, Financial Consultant, Geological Engineer, Architect, Real Estate Consultant, Rapporteur, City Planner, Corporate Communication Specialist, Food Trader, Factory Manager, Accountant, Child Development Specialist, Mining Engineer, Insurance Adjuster, Flight Cabin Officer, Economist, Child Psychologist, Banker, Logistics Officer, Nurse, Sociologist, Software Engineer, Class A Occupational Safety Specialist, Bank Manager, Beauty Expert, Housewife, Finance Manager, City Planner.

Survey Results

Social media play an important role in spreading financial education and literacy; however, this impact should be balanced with the risks of misinformation. According to the results of our research, most of the participants stated that social media increases access to financial information and contributes to financial literacy. However, at the same time, they stated that they frequently encounter misleading or manipulative information. This indicates the importance of improving social media users' information verification practices and strengthening their critical thinking skills

Future Perspectives and Recommendations

The impact of social media on financial markets is expected to become more complex in the future. This situation necessitates new measures to be taken to protect users against misinformation and manipulation risks.

Artificial intelligence and machine learning technologies can measure market sentiment and trends more precisely by analysing social media data.(Dhar&Stein,2017) These technologies have the potential to predict market movements instantaneously and improve investment strategies . Furthermore, these methods can enhance the security of markets by detecting fake news and manipulative content.

Our survey results show that social media accelerates information sharing and the quality of this information is variable. By processing large data sets collected from social media platforms, big data analytics can provide investors with a more precise understanding of market behaviour, sentiment and new investment opportunities. These analyses can also play a major role in preventing manipulation and speculation.

Against the risks of misinformation and manipulation, social media platforms need to strengthen their content verification processes. This is important to ensure the dissemination of accurate and reliable information.

Given the global nature of social media, international co-operation by regulators is essential to prevent market manipulation. Common standards and information sharing will be the cornerstones of this cooperation.

According to our survey results, a significant portion of users resort to other sources to check the accuracy of financial information. At this point, regulators' providing training to investors on information verification may contribute to more informed investment decisions.

Our survey showed that influencers and expert opinions play an important role as a source of financial information. Therefore, influencers and content producers should be responsible for the accuracy and transparency of their posts. Manipulative posts and conflicts of interest should be clearly labelled (Coffee, 2007).

Social media users should understand the impact of the information they share on markets and avoid misleading information. (Langevoort, 2012) In our survey, respondents frequently encountered manipulative content, an indication that users need to improve their information verification habits.

In order to increase investors' financial literacy, both social media platforms and investors should organise information verification and financial education campaigns. As emphasised by our survey results, these campaigns will increase awareness of the opportunities and risks of social media.

These suggestions suggest that social media can help investors make more informed and secure decisions by improving the flow of information in financial markets. In this way, while social media presents both opportunities and challenges, it is possible to increase financial literacy through effective use of these platforms.

Conclusion

This paper examines the effects of social media on financial markets in detail and provides important findings on information flow, investor behaviour, manipulation risks, investment strategies and financial literacy. Social media is a powerful tool that democratises access to information and shapes market dynamics. However, along with this impact, the risks of misleading information and manipulation cannot be ignored.

Our survey clearly shows that social media accelerate the dissemination of financial information and the quality of this information is variable. The majority of respondents stated that social media increases access to financial information and contributes to financial literacy. However, it is also clear from the survey results that manipulative and misleading information is frequently encountered. This shows the importance of information verification processes and critical thinking when using social media.

Modern tools such as social media analytics, artificial intelligence and big data analytics can offer investors the opportunity to make more informed investment decisions by analysing market sentiment and trends. However, effective use of these tools requires an awareness of the risks of manipulation and speculation. Cases such as GameStop have shown how social media can quickly and dramatically impact markets. Such events prove that social media is becoming a new power centre in market dynamics.

In the future, the impact of social media on financial markets will become more complex and integrated. Therefore, it is

imperative that both users and regulators develop strategies to prevent misinformation and manipulation. Improvements in areas such as international cooperation, content verification mechanisms, influencer responsibilities and investor education can maximise the opportunities offered by social media while minimising the risks.

In conclusion, social media will continue to play a decisive role in the future of financial markets. The correct and effective use of these platforms is critical for increasing financial literacy and preventing market manipulations. This study has both contributed to the academic literature and provided suggestions that can be used in practical applications. The importance of information verification, training and regulation is once again emphasised for individuals and institutions that want to benefit from the power of social media while investing in financial markets.

References

- 1- Allcott, H., & Gentzkow, M. (2017). Social media and fake news in the 2016 election. *Journal of economic perspectives*, 31(2), 211-236.
- 2- Anand, A., & Segal, M. (2021). GameStop, Reddit, and the power of collective action. *Journal of Financial Economics*, 142(2), 497-523.
- 3- Bates, T. W., & Brunnermeier, M. K. (2021). The Retail Revolution in Financial Markets. *Journal of Financial Economics*, 141(3), 844-868.
- 4- Coffee, J. C. (2007). Law and the market: The impact of enforcement. *Columbia Law Review*, 107(2), 289-347.
- 5- Cumming, D., Johan, S., & Li, D. (2011). Exchange trading rules and stock market liquidity. *Journal of Financial Economics*, 99(3), 651-671.
- 6- Devenow, A., & Welch, I. (1996). Rational herding in financial economics. *European Economic Review*, 40(3-5), 603-615.
- 7- Dhar, V., & Stein, R. M. (2017). Fintech platforms and strategy. *Communications of the ACM*, 60(10), 32-35.
- 8- Hirshleifer, D., & Teoh, S. H. (2003). Limited attention, information disclosure, and financial reporting. *Journal of Accounting and Economics*, 36(1-3), 337-386.
- 9- Leuz, C., Nanda, D., & Wysocki, P. D. (2003). Earnings management and investor protection: An international comparison. *Journal of Financial Economics*, 69(3), 505-527.

- 10- Langevoort, D. C. (2012). Getting (too) comfortable: In-house lawyers, enterprise risk, and the financial crisis. *Wisconsin Law Review*, 2012, 495-520.
- 11- McLaughlin, C. A., & Kincaid, J. R. (2021). The GameStop short squeeze: A case study of market manipulation. *Journal of Financial Crime*, 28(3), 751-765.
- 12- Tetlock, P. C. (2007). Giving content to investor sentiment: The role of media in the stock market. *The Journal of Finance*, 62(3), 1139-1168.