

## Social Media and Household Overspending: Platform-Specific and Generational Evidence from the 2021 NFCS Investor Survey

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Overspending has emerged as a growing financial concern in the digital economy, where social media platforms increasingly blend entertainment, advertising, peer interaction, and shopping behaviors. This study examines whether social media use is associated with household overspending and financial strain, and whether these relationships differ across platforms and generational cohorts. Drawing on Social Comparison Theory and the Differential Susceptibility to Media Effects Model (DSMM), the study evaluates how platform exposure may contribute to financial vulnerability through mechanisms such as social comparison, fear of missing out (FOMO), and consumer influence.

Data were drawn from the 2021 National Financial Capability Study (NFCS) Investor Survey merged with the State-by-State Survey. After accounting for missing responses, the final weighted sample consisted of approximately 2,780 respondents. Two dependent variables were examined: household overspending and difficulty covering expenses. Independent variables included the number of social media platforms used, platform-specific use across eleven platforms, and interactions between platform use and age groups. Control variables included gender, education, and income.

The findings show that overspending varies substantially across generations, with younger adults reporting the highest levels. Greater social media exposure was positively associated with overspending and financial strain. Each additional platform used was associated with a nearly 2-percentage-point increase in the probability of overspending, while individuals using multiple platforms were increasingly likely to report difficulty meeting expenses.

Platform-specific analyses revealed important differences across social media environments. Facebook demonstrated the clearest overall positive association with overspending in pooled models. Interaction analyses further showed that TikTok, Instagram, Twitch, Facebook, Discord, and Twitter/X were more strongly associated with overspending among adults aged 18–34. Among adults aged 35–54, TikTok, Instagram, Facebook, LinkedIn, Twitter/X, and YouTube were significantly associated with higher probabilities of overspending. In contrast, no statistically significant platform effects were observed among adults aged 55 and older.

The findings support theoretical expectations that social media environments amplify financial vulnerability through social comparison and media susceptibility mechanisms, particularly among younger and mid-life adults. Entertainment- and peer-oriented platforms intensify overspending risks more than professional or information-oriented platforms do. Implications are discussed for financial counselors, educators, policymakers, and social media platforms seeking to reduce financially harmful digital consumption behaviors through targeted interventions, consumer protections, and improved financial education initiatives.

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