



A Discussion of *Social Media Livestreaming: Investor Information or Persuasion*

ABFER Webinar Series
November 2025

Charles M. C. Lee (UW and Stanford)

Discussion Outline

1. Digitization of Financial Markets

Provide broader context for this paper

2. Motivation/Contribution

Locate this study in context of prior work

3. Methodology/Results

Research methodology, results, & inferences

4. What I learned & what I wish I could learn more about

The Digitization of Financial Markets

The informational underpinnings of markets: how investors learn about & analyze securities (e.g., individual stocks, mutual funds, ETFs) are changing quickly. Important financial portals in China:

Platform	Main Functions	Notable Features
Eastmoney	Stock/fund data, trading, news	Comprehensive finance portal
Tencent/Sina Fin.	News, quotes, info aggregator	Large user base, broad coverage
Ant Financial	Payment, wealth management, lending, insurance	Alipay, Yu'e Bao, fintech innovations
Tiantian Fund	Mutual fund trading, analytics	Owned by Eastmoney, fund research
Xueqiu (雪球; Snowball)	Forums, analysis, portfolio sharing	Social investing and data tools
Guba (股吧; Stock Bar)	Stock forums & sentiment	Crowd-sourced investor opinions
IIPs (sponsored by SZSE & SSE)	Corporate responses to investor postings	Investor initiated postings & official corporate replies
Weibo, WeChat, Douyin	Similar to Twitter & TikTok	Social apps for microblogging

1. News & information aggregators

2. Commercial portals; provide security-specific information + other financial services (links to investments)

3. Social investment forums

4. Investor postings & corporate replies

5. Microblogs: Can be used by firms to disseminate news

Motivation/Contribution

1. **We need to understand market digitization**

The landscape is changing quickly. Which financial portals are important? How do investors respond to “digital nudges” on the key platforms? What types of nudges have a bigger effect?

2. **Research that focuses on investor reactions to “digital nudges” can be valuable**

They provide a direct link between specific signals and observed actions.

3. **Investor actions that have “market impact” are especially important**

Especially if the induced actions affect market outcomes.

For all these reasons, I find this study well-motivated and believe it has potential for significant contribution

Research Questions

What we might be interested in understanding about the role of each financial portal

1. Do they “affect” investor behavior?

Do investors use them? Do investors respond to “digital nudges” on these platforms? What types of nudges have a bigger effect?

2. Do they “inform” or “persuade”?

Do the induced actions lead to improvements in investor utility/decisions?

3. Do these induced actions have “market impact”?

*

Do the nudge-induced actions have economic consequences for resource allocation decisions by other people? (e.g., do they affect stock returns? Fund flows? Other economic outcomes?)

Key Findings in this Paper

1. Does livestreaming “affect” investor behavior?

- Yes, livestreaming increases inflows to the featured funds
- *The evidence is very convincing*
- *Inflows increase sharply in quarter & revert to normal by $q+2$.*
- *Figure 1, Table 4 (“class in cart” findings; placebo test)*
- *Intraday Flows: 55% increase in a P (becoming “Hot”)*
- *Sections S2, S3, S4 (PSM, entropy balancing, starts/stops)*
- *Tables 7-9: the role of the manager (Vocal variance; attractiveness etc.)*

Commentary:

- *This finding is very clear and “persuasive”*
- *Investors are clearly moved to action by livestreaming sessions (i.e., this “digital nudge” works well as a piece of advertising)*
- *Later tests are almost an overkill (unless submitting to a marketing journal)*
- *Currently 92pages long; 67 pages without Supplementary material)*

Key Findings in this Paper

2. Does livestreaming “inform” or “persuade”?

- *Do investors who watch the livestream make better decisions?*
- *Apparently not, as investors end up buying high-fee funds with strong trailing performance that subsequently underperform*
- *Table 5: fund inflows are approx. 50% more responsive to past returns if fund was featured in a livestream session*
- *Table 6: Livestreaming funds earn positive abnormal returns in months $m-5$ to month m (or $m+1$); they earn negative abnormal returns in months $m+3$ to $m+5$)*

Commentary:

- *Again, the evidence on persuasion is very clear*
- *The tests are well executed & the findings suggest livestream-induced trading leads to worse decision*
- *But the novelty of the economic insight is less clear*
- *(A) What is new about this livestream setting?*
- *(B) Can these tests reject the “inform” hypothesis?*
- *(C) Why do the funds subsequently underperform?*

Key Findings in this Paper

What is new about this livestream setting?

- *These findings are very consistent with the effect of print advertising on mutual funds' future performance and fund flows (Jain & Wu, JF 2000): funds that advertise have higher fees and tend to underperform.*
- *"The contribution of our paper over the existing fund marketing literature is to examine a fundamentally different communication mechanism that, ex ante, is plausibly informative instead of persuasive." (p.12)*
- *"livestreams often provide general investing advice that plausibly help investors make wiser buying decisions" (p.3) [If so, how would you measure & test for this...]*
- *"theory provides compelling reasons why livestreaming can be informative about funds' future performance." (p.8) [Theory?]*
- *"China's regulators... permit livestreaming for the purpose of investor education..." (p.10). [I wish there can be a quote here...]*

Key Findings in this Paper

What is new about this livestream setting?

- *“Perhaps most importantly, livestreams are explicitly intended to be educational, and research from equity markets finds that firms’ social media usage [emphasis my own] improves investment decisions (Blankespoor et al. 2014; Lee et al. 2015; Jung et al. 2018; Lee & Zhong 2022; Nekrasov et al. 2022; Choi et al. 2024; Crowley et al. 2024; Wong et al. 2024).*
- *Consider the context:*
 - *Blankespoor et al., 2014; Lee et al., 2015, Jung et al., 2018, Nekrasov et al., 2022 [Strategic Twitter Tweets]*
 - *Lee and Zhong, 2022; Wong et al., 2024 [IIPs]*
 - *Choi et al., 2024 [Investor interactions on SAY platforms]*
- *May need to make a stronger case for why we should expect educational benefits from livestreaming*

How would we seriously test the “inform” hypothesis using this platform?

- *Current tests are not designed to find “information” benefits even if they exist.*
- *Since the host platform is commercial, we may be skeptical to begin with*
- *Plus, because the livestreams feature a basket of inherently “bad” funds, how can they inform?*
- *These live streams don’t seem to even talk about expenses & fees!*
- *Also, do they actually respond to live questions? If so, do these change the outcomes?*
- *For example, perhaps some people watched the livestreams and were “informed” in the sense that they elected not to invest in the fund; in fact, they sold all their other stock holdings. Can we design a test to detect that?*
- *Problem is that the findings seem predetermined once we know these funds, as a basket, are a “bad bet.”*

Can investors ever learn anything from this platform?

- *Guo et al., 2025: “Digital Transmission of Financial Knowledge: Evidence from Stock Market Investment”*
- *“randomized data” provided by “an anonymous fintech company... one of China’s largest online investment platforms, which caters to over 1 billion customers, including 711 million monthly active users...”*
- *“(t)his paper’s research question is whether and how digital nudging and transmission of financial literacy on a digital platform lead uninvolved and inexperienced households to invest meaningfully in the stock market.” (p.2)*
- *SETTING & RESULT: Randomly distributed monthly “prompts” on this platform increases investor information acquisition activities and the likelihood of investing. Some evidence the treated investors earn higher Sharpe ratios.*
- *IMPLICATION: In the right setting, digital nudges, even on a commercial platform, may be informative & helpful. I recommend discussing these findings in relation to your own (yikes, add more cites??!)*

Key Findings in this Paper

1. Does livestreaming “affect” investor behavior?

- Yes, it directly increases inflows to the featured funds.
- In short, they are persuasive

2. Do they also “inform”?

- No evidence of any improvement in investor utility.
- However, this conclusion may be context-specific.

3. Do the induced actions have “market impact”?

Do nudge-induced actions have economic consequences for other people? (e.g., do they affect stock returns? Other economic outcomes?)

Tbl 6: Livestreaming and Fund Returns

Panel A: Summary of net-of-fee returns (Return) and abnormal returns (Return – Index Return) of livestreaming funds around livestreams, without risk adjustment or controls

	<u>m-5</u>	<u>m-4</u>	<u>m-3</u>	<u>m-2</u>	<u>m-1</u>	<u>m</u>	<u>m+1</u>	<u>m+2</u>	<u>m+3</u>	<u>m+4</u>	<u>m+5</u>	<u>m(+1, +5)</u>
Return	-0.010 (-0.12)	-0.140* (-1.88)	0.269*** (3.68)	0.387*** (5.13)	0.669*** (7.47)	-0.260*** (-3.75)	-0.520*** (-6.83)	-0.526*** (-7.87)	-0.407*** (-7.49)	-0.417*** (-6.38)	-0.444*** (-8.57)	-2.293*** (-10.15)
(Return – Index Return)	0.331*** (6.11)	0.273*** (4.88)	0.294*** (4.79)	0.372*** (6.79)	0.461*** (6.41)	0.016 (0.33)	-0.278*** (-6.17)	-0.284*** (-5.68)	-0.200*** (-5.21)	-0.303*** (-7.80)	-0.317*** (-8.76)	-1.374*** (-8.22)

Implications:

1. Upon seeing a livestream, investor should sell the featured fund & hold cash.
2. 2nd option: at least sell the fund and buy the index.

Questions:

1. How are livestreaming sessions able to “time the market” so well?
2. Self-selection within the fund family is only a partial answer (it can help explain past returns, but perhaps not future returns)
3. Could this pattern be causal? (i.e., is the induced-trading causing s/t price pressure?)
4. We know about flow-induced-trading (“FIT”) in the U.S. mutual funds, does it apply to China? Does livestreaming make this worse?

What I learned & wish I could learn more

1. Interesting study. Contributes to our understanding of how digitalization is changing financial landscape
2. Adds to our knowledge base on the impact & implications of “digital nudges” (specifically, MF livestreams)
3. Remember to sell the fund, or short the market, when there are lots of livestreams
4. *Might this platform also serve an informational role?*
5. *Do livestreams “cause” the price reversals?*

*Thank you & all the
best!!*