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Money Dysmorphia: How Social Media Can Make Us Feel Behind Financially

Social media is changing the way we think about money, but is it all just an illusion?

As we spend more time online, social media has become a breeding ground for unrealistic financial comparisons. Platforms such as TikTok and Instagram are full of creators pushing new trends, selling the next must-haves, and flaunting expensive hauls of luxury items. And that's where money dysmorphia comes in. The onslaught of these videos may leave some feeling financially inadequate and pressured to recreate these lifestyles. The consumerism and never-ending comparison traps can lead to anxiety, overspending, and growing fears around financial stability.

Although influencers make it seem effortless, their apparent success may not reflect reality. The products and lifestyles influencers showcase are often sponsored or gifted by brands, who also pay them for endorsements. It's important to remember that what we see online isn't always the full picture—especially as we navigate our own finances.

The Social-Media Influence

Social media doesn't just reflect culture—it actively shapes it. These platforms have become digital stages where wealth is often equated with worth. Algorithms prioritize content that's visually appealing and aspirational, which often means luxury lifestyles, designer fashion, exotic vacations, and high-end tech gadgets. This can create a distorted sense of what's "normal" or attainable.

For younger users, who are still forming their financial identities, this constant exposure can be especially damaging. Seeing peers—or influencers their age—seemingly thriving financially can lead to feelings of inadequacy or failure. The curated nature of social media can hide the reality behind the scenes: credit-card debt, brand sponsorships, and staged content. Yet, the emotional impact is real.

Key Points

- Money dysmorphia is a relatively new phenomenon in which individuals feel financially insecure despite being financially stable, influenced heavily by social media.
- Social media platforms can create unrealistic financial comparisons, leading many young people to feel pressured to match perceived lifestyles.
- Reducing social media exposure and focusing on personal financial goals may help mitigate the effect.

Trends such as “get ready with me” videos, “what I spend in a day” vlogs, and “luxury hauls” subtly reinforce the idea that spending is synonymous with success. It can normalize excessive consumption and make frugality or financial caution seem boring or even shameful.

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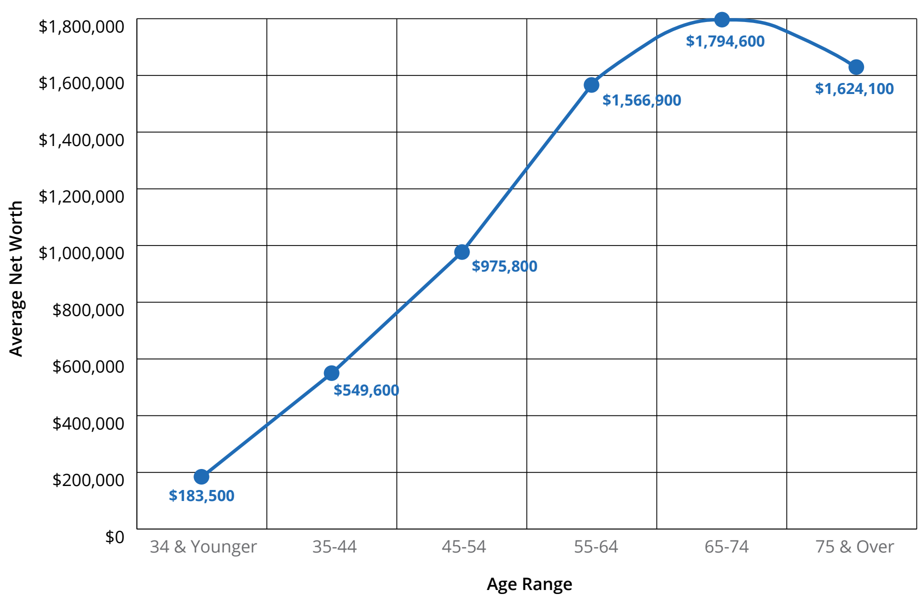
The Impact on Younger Generations

A recent study found that 95% of Americans who experience money dysmorphia are negatively impacted from a financial standpoint because it can lead to overspending, increased debt, and reduced savings rates. The impact is greatest among younger generations, with 43% of Gen Z and 41% of millennials affected. Of those experiencing money dysmorphia, 82% said they feel behind on their finances.

Gen Z and millennials, however, aren’t necessarily falling behind in their finances compared to their peers (**FIGURE 1**). Many are right on track with significant savings, but social media can create a false understanding of what financial stability looks like. A study by Qualtrics highlighted that 37% of respondents experiencing money dysmorphia reported having over $10,000 in savings, with 23% of those having more than $30,000. This is a significant jump in savings compared to the median for Americans, which typically hovers around $5,300.

FIGURE 1:
Despite Feeling Behind, Many Young People Are Navigating Their Finances Effectively
Average Net Worth by Age



As of October 2023. Data Sources: US News & World Report and Federal Reserve. Most recent data available.

Mitigating the Effects

Money dysmorphia is common, but it's also treatable. Reducing exposure to social media can significantly reduce the urge to overconsume and help alleviate the feelings of falling behind financially. This might mean unfollowing accounts that promote excessive consumerism or setting daily screen-time limits to create healthier digital boundaries. Individuals can curate their feeds to include creators who promote financial transparency, minimalism, mental wellness, or who focus less on consumerism altogether.

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Beyond digital habits, it's also helpful to reflect on personal financial goals that are rooted in individual values rather than external expectations. Whether it's saving for a home, paying off debt, or simply building an emergency fund, aligning spending with meaningful goals can foster a sense of control and confidence. Financial peace of mind doesn't come from mimicking someone else's lifestyle—it comes from understanding and honoring your own.

Moving Forward

As you reflect on this issue, consider your own financial situation, and resist the temptation to compare yourself to others. While social media can offer inspiration and connection, it can also lead to harmful financial comparisons and unrealistic expectations. By shifting your focus away from external validation, you can develop a healthier relationship with money and enhance your overall financial well-being.

To learn more about setting financial goals, talk to a financial professional.

Important Risks: Investing involves risk, including the possible loss of principal.

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