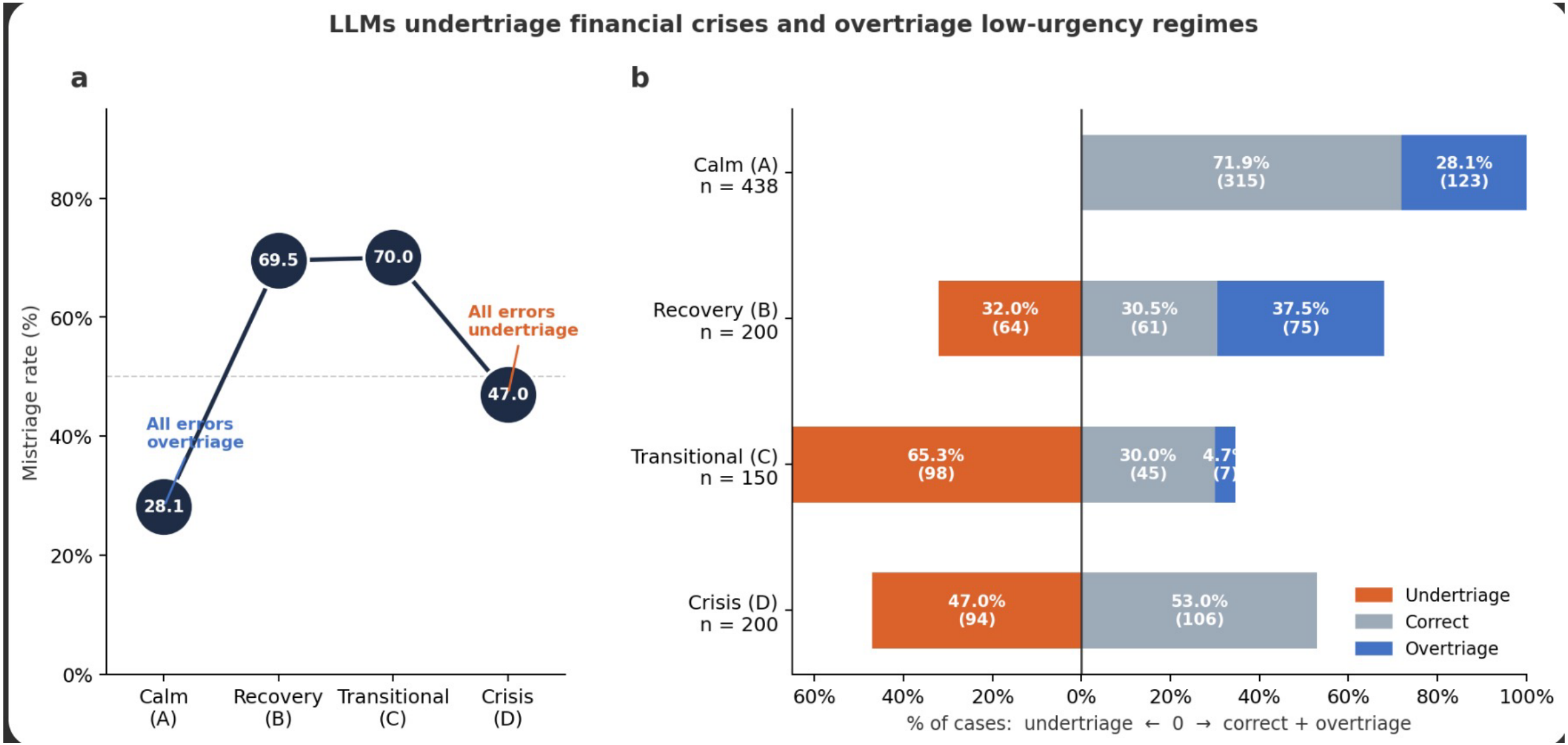

LLMs undertriage financial crises and overtriage low-urgency regimes
a
Mistriage rate (%)
80%
60%
40%
20%
0%
69.5
70.0
47.0
28.1
All errors undertriage
All errors overtriage
Calm (A)
Recovery (B)
Transitional (C)
Crisis (D)
b
Calm (A) n = 438
Recovery (B) n = 200
Transitional (C) n = 150
Crisis (D) n = 200
71.9% (315)
28.1% (123)
32.0% (64)
30.5% (61)
37.5% (75)
65.3% (98)
30.0% (45)
47.0% (94)
53.0% (106)
Undertriage
Correct
Overtriage
60%
40%
20%
0%
20%
40%
60%
80%
100%
% of cases: undertriage ← 0 → correct + overtriage

FinTok: The Synchronization Machine

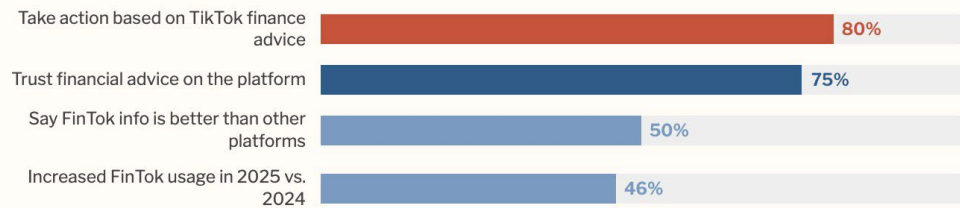
How algorithmic financial content on TikTok is creating correlated retail investor behavior at unprecedented scale

4.7B
#FinTok hashtag views on TikTok
Social Champ, 2025

373%
Rise in financial content on TikTok, year-over-year
TikTok internal data, 2024

416 hrs
Avg. financial content consumed per FinTok user in 2025
Chime / Talker Research, 2025

USER BEHAVIOR — SHARE OF FINTOK USERS



DISPLACEMENT OF TRADITIONAL ADVICE CHANNELS

WHERE AMERICANS GOT ADVICE — BEFORE FINTOK

Family members	47%
Friends	40%
Other social media	40%
Financial websites / blogs	37%

TOP FINTOK SEARCH TOPICS, 2024

Budgeting / saving	25%
Investing	24%
Credit / credit scores	22%
Inflation	20%

The synchronization mechanism

TikTok's algorithm serves identical viral signals to millions of similar users within the same 24-hour window — regardless of content accuracy. Combined with LLM advice channels that compress distinct investor personas toward correlated portfolio decisions, retail investors are now simultaneously exposed to identical financial signals at a scale and speed with no prior historical analog. The relevant question for financial stability is not whether retail herding is new, but whether the friction that previously damped contagion velocity has been structurally removed.

FEDERAL RESERVE — CAPITAL MARKETS STABILITY

AI Edge, Mimicry Contagion & Emergent Market Fragility

▶ Play | ⏸ Pause | ↺ Reset

TURN 25 | REGIME CRITICAL ZONE | NET FLOW +26.1%

AI PARTICIPATION

6%

18 AI agents (amber rings)

+42 humans now mimicking

0% — diverse 50%

HUMAN OBSERVATION LAG

How quickly non-AI agents notice and copy the AI edge

Slow Fast

OBSERVATION MODEL

Spatial | Global

Proximity-based — wave spreads outward from AI agents

ACTIVE PARTICIPANTS

300 of 300

HUMAN ALPHA REMAINING 81%

MIMICRY SPREAD (HUMANS) 15%

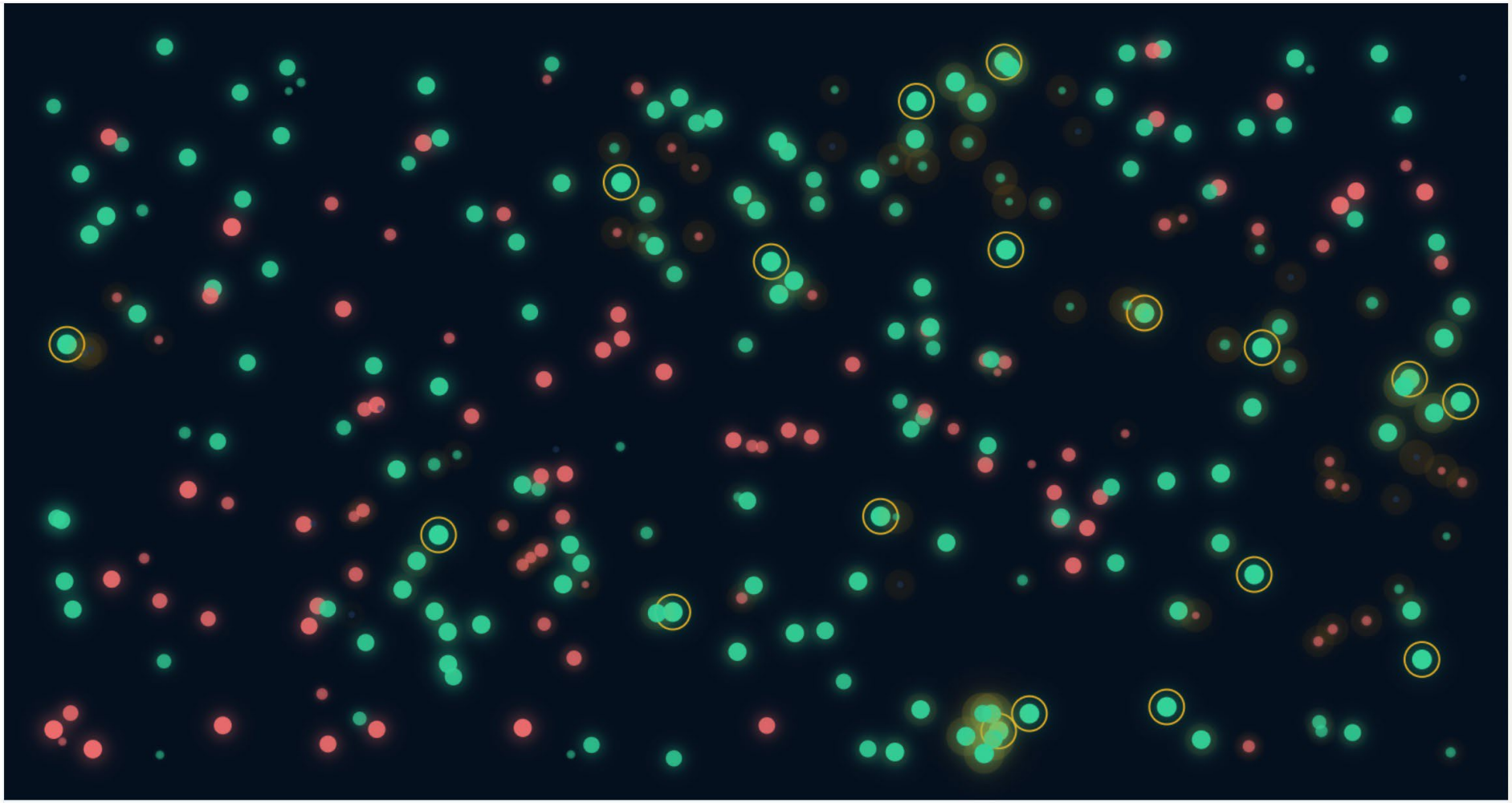
EFFECTIVE MARKET SYNCHRONY 20%

FRAGILITY PRESSURE 31%

CANVAS LEGEND

- Buying
- Selling
- Neutral
- AI agent (amber ring)
- Mimicking human (orange halo)

AI agents outperform → nearby humans copy → contagion spreads peer-to-peer. Fragility far exceeds what AI headcount alone implies.



NET ORDER FLOW — LAST 90 TURNS · SYNCHRONIZED SPIKES = MARKET STRESS

AI Does Not Need to Dominate Markets to Destabilize Them

Agent-based stress test: shared AI edge → human mimicry → market synchrony

01 AI Edge

A small set of AI agents trades from a shared high-confidence signal, generating consistent alpha visible to other market participants.

02 Human Response

Non-AI agents observe outperformance and begin copying—locally at first, then peer-to-peer. Mimicry grows from observed alpha and spreads through market visibility.

03 Fragility

The market synchronizes well beyond the AI headcount. Fragility is measured as synchrony plus concentrated order flow—a much larger footprint than AI participation alone.

Key Finding

The destabilizing jump occurs when humans begin copying a visible AI edge—not when AI dominates. A modest AI footprint produces a synchronized trading footprint far larger than its market share.