

# The Language of Lies: An Analysis of Deceptive Linguistic Cues on Malaysian Investors' Decision Making

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## ABSTRACT

In our technology-driven era, scams have become an increasingly pervasive threat, impacting countless individuals daily and causing not only financial losses but also emotional distress and a lack of trust in societal systems. Among the plethora of fraudulent activities, investment scams stand out as one of the top three reported types. These scams often involve scammers gaining the trust of victims through investment tutoring before soliciting money. This qualitative study aims to analyse the linguistic cues of deception embedded in investment scams' promotional materials. The significance of this research lies in its focus on linguistic cues that utilise considerable influence over investment decision-making processes. The study used linguistic analysis to examine investment scam webpages from reputable organisations like the Securities Commission Malaysia (SC), the Central Bank of Malaysia (CBM), the Financial Consumer Alert List (FCA), and the Royal Malaysia Police (RMP). The qualitative analysis revealed different linguistic cues used, such as credibility enhancement, expressive language, cognitive biases, and framing effects. These findings illuminate how scammers manipulate language to shape investors' perceptions of promotional materials. By offering insights into these deceptive tactics, the study equips individuals with the knowledge necessary to navigate financial environments with greater awareness and resilience, thereby serving as a crucial tool in the ongoing battle against investment fraud.

**Keywords:** content analysis; decision making; investment scams; linguistic cues;

## INTRODUCTION

Language serves not only as a medium for communication but also as an effective tool which scammers influence, deceive, and establish confidence with their victims. They will employ convincing and sophisticated language to entice gullible people into their traps. This can be found in the investment promotional materials where they will use technical jargon and terminology to influence investors in decision making [3]. The capacity of scammers to adjust their language for various cultural and linguistic contexts increases the efficacy of these schemes across diverse demographics. Moreover, language limitations can render specific groups more susceptible, as fraudsters may leverage linguistic discrepancies to cover up the genuine nature of their activities. In the context of investment scams, many investors were deceived by the scammers through the use of linguistic cues in their promotional materials.

Investment scams pose a considerable risk to financial stability, frequently taking advantage of victims through fraudulent schemes that guarantee substantial returns with minimal risk. Fraudulent activities have become more popular in recent years, especially due to the expansion of online platforms and digital communication channels, which provide fraudsters with better access to potential victims. Prevalent types of investment fraud including Ponzi schemes, pyramid schemes, pump-and-dump schemes, and deceitful investment consultants, all engineered to exploit confidence and mislead individuals into giving their funds. The impacts of falling to these scams can be serious, leading to significant financial losses and mental instability and may also result in extended legal disputes. Study by [14] discovers that the victims often endure negative impacts, particularly on their psychology in which they experience insomnia, sadness as well as suicidal thoughts. Given the escalating threat, it is crucial to identify how linguistic cues influence investors' decision-making.

Investment fraud in Malaysia has emerged as a considerable issue, particularly with the growth of digital platforms and online financial services. From 2019 to 2023, Malaysia has witnessed over 14,000 cases of investment fraud, leading to losses exceeding RM1.34 billion [5]. This phenomenon may result in a serious issue for the economy, society, and the nation, and might negatively impact the individuals who fall prey to such frauds [7]. Therefore, it is essential to propose a solution by analysing how linguistic cues influence investors' decision-making.

## LITERATURE REVIEW

### Language and Deception

Language is described as a set of customary spoken, physical, or written symbols that individuals use to communicate as members of a social group and cultural participants. It is used for a variety of goals, including identity expression, play, emotional release, and creativity. However, language usage can lead to the audience being misled by a piece of information if the person speaking has a negative attitude towards telling the truth or misrepresenting messages [1]. There are several methods for detecting verbal and nonverbal deception in a language, including facial expression, eye gaze, body dynamics, statement analysis, voice pitch, and language patterns used to persuade people to believe in them. Language is a powerful tool for persuading others to conform.

Although language use differs by culture and geography, there appears to be an expected quality to language use because language is widely used to convey interpersonal information, emotions, and sentiments such as guilt, happiness, fear, and positive memories, as well as rational information about the world [2]. Nonetheless, some people purposefully mislead others by delivering information that contains deceptive and inaccurate assumptions, which can lead to a negative outcome if the listeners or audiences make the incorrect decision. As noted by [2], even if the speaker is aware that the statement is false, they will have a strong psychological reaction when they lie in order to make it appear believable and trustworthy. In addition to verbal linguistic elements, nonverbal clues such as body language and facial expressions can be used to detect language use.

### Language Used by Scammers

There are different language strategies used by scammer to deceive their victims such as the use of emotive words. Emotive words refers to positive and inspirational quotes where the scammer will employ modal verbs like 'may' to generalize the phrases such as 'someone' and 'onetime' to generate ambiguity and doubt in their communications. [7] asserts that deceivers suffer heightened levels of anxiety, guilt, and perhaps more emotional intensity than truth-tellers. Additionally, they take pleasure in generating ambiguity in their material by employing fewer words or sentences, or by diminishing the specificity of the details by omitting essential information about the time or location of the occurrence. Deceivers consistently reiterate same phrases and simplify their terminology [2].

Fraudsters frequently provide representations of favourable testimonials from their victims, illustrating successful monetary withdrawals from investments to entice others to pursue a like course. Moreover, they employed language or imagery of opulent lifestyles to entice their victims, deliberately deceiving them into making poor choices. The majority of victims are keen to satisfy their fundamental needs, meet living expenses, and enhance household income to elevate their standard of living, sometimes neglecting to consider prospective risks [15].

Conversely, many scammers exploit religious sentiments in their advertising materials to capture the attention of their victims and enhance their credibility with religious issues, a practice referred to as affinity fraud. For instance, they often employ the expression "do me a favour," which may create the impression that assistance is obligatory. Many of them feigned roles as pastors, preachers, priests, imams, or other religious leaders to solicit contributions for the community or various organisations. They disseminated false information and exploited their victims by asserting that the contributions were intended for the community or authorities. [12] stated that numerous parishioners in Kansas, Nebraska, and Missouri were convinced to invest in a fictitious prime bank trading program by assigning biblical names to their investment funds, suggesting that the funds would serve a religious purpose and, crucially, exploiting the profound trust within the church community.

Moreover, fraudsters often employ religious rhetoric, including phrases like “God desires our prosperity,” “Securing a place in heaven, one dollar at a time,” and “God will enrich you, but requires a modest contribution first,” which influence and persuade victims with strong religious convictions, as faith serves as a potent motivator [14].

## METHODOLOGY

This study employs a qualitative research design to meticulously analyze the linguistic cues of deception embedded in investment scam promotional materials. The qualitative approach is selected for its capacity to yield a deep, nuanced comprehension of the textual and contextual elements that characterize deceptive communication. Data collection involved gathering promotional materials from credible sources, including the Securities Commission Malaysia (SC), Central Bank of Malaysia (CBM), Financial Consumer Alert List (FCA), and Royal Malaysia Police (RMP). These sources were chosen due to their authority and relevance in monitoring and reporting fraudulent activities. The materials, comprising webpages, brochures, and other promotional content, were retrieved from the official websites of these organizations, ensuring the reliability and pertinence of the data.

The analysis followed a structured qualitative content analysis approach, beginning with an initial reading and familiarization with the materials to identify preliminary patterns and themes. An open coding process was then applied to label segments of text exhibiting potential deceptive cues, with the coding process iteratively refined to capture emerging patterns. These codes were subsequently grouped into broader categories representing different linguistic strategies, specifically credibility enhancement, expressive language, cognitive biases, and framing effects. Thematic analysis was conducted to discern recurring themes and understand how these linguistic strategies are employed collectively to deceive investors, highlighting the psychological mechanisms exploited by scammers.

## FINDINGS

The qualitative analysis of promotional materials from investment scams revealed several key linguistic strategies employed by scammers to manipulate and deceive investors. The study identified four primary categories of deceptive linguistic cues: credibility enhancement, expressive language, cognitive biases, and framing effects. Each of these categories plays a crucial role in shaping investors' perceptions and decision-making processes.

One of the most prevalent strategies observed is credibility enhancement. Scammers often use professional jargon, authoritative endorsements, and ostensibly verifiable data to create an illusion of legitimacy. By incorporating references to reputable financial institutions, expert testimonials, and detailed technical information, scammers bolster the perceived credibility of their fraudulent schemes. This tactic is designed to exploit the trust that investors place in authoritative sources, making the scam appear more convincing and reducing skepticism [9]. The analysis has identified 28 expressions consisting of false testimonials in the studied data. Examples of these expressions are:

*“SEPTEMBER WINNER!! Solanki Jignesh Dilipbhai [41207483. Total gain of 63748% \$2,000 IS4 Demo winner 2.” (IS4/216–222)*

*“IS5 – speed and precision! – Ole Einar Bjorndalen – Eightfold Olympic champion, Most decorated biathlete in history of Olympic Winter Games. Ole Einar Bjørndalen – IS5 brand ambassador from 2015 to 2020.” (IS5/100-101)*

Expressive language emerged as another significant tool in the scammers' arsenal. The use of emotive words and persuasive rhetoric aims to evoke strong emotional responses from potential investors. Terms that convey excitement, urgency, and high returns are frequently employed to create a sense of opportunity and to trigger impulsive decision-making. Conversely, language that induces fear of missing out (FOMO) or highlights potential losses if action is not taken quickly further manipulates investors' emotions, steering them towards hasty investment decisions without thorough scrutiny. The analysis has identified 56 occurrences of expression

that used expressive language. Given are some instances of these expressions:

*“Champion Demo forex trading contest, a long-standing IS12 demo Forex trading contest with \$1,000 prize fund is open! Register for the Forex contest, trade on your demo account like a champion, and win real money! We add prize money to your IS12 trading account—trade on or withdraw them is up to you. Any possible trading techniques are welcome! TAKE PART!” (IS12/36-39)*

*“START TRADING – Download MT\$ then log on to it using the credentials we send you to start trading! Make a deposit into your new trading account using any one of our easy funding methods and get a 20% bonus.” (IS9/31–32)*

The analysis also revealed that scammers strategically exploit cognitive biases, such as confirmation bias and overconfidence. By aligning their messages with the pre-existing beliefs and expectations of investors, scammers make their fraudulent schemes appear more credible and appealing. For instance, emphasizing past success stories that resonate with investors' aspirations for financial gain reinforces the illusion of legitimacy [3]. This alignment with investors' cognitive biases reduces critical thinking and increases the likelihood of falling victim to the scam.

Framing effects play a pivotal role in how information is presented and perceived by investors. Scammers carefully frame their messages to highlight the potential benefits while minimizing or obscuring the associated risks. By selectively presenting information, such as emphasizing guaranteed returns or the endorsement of seemingly reputable entities, scammers create an overly optimistic view of the investment opportunity. This strategic framing influences investors' perceptions, making them more inclined to trust and invest in the fraudulent scheme [3]. The examples of these expressions are as follows:

*“Branded airplane IS5 – Welcome on board of successful trading with IS5 Trading with IS5 means not only convenience and excellent quality of products but also the highest speed of execution. Every day new highs of currency trading become closer and closer for traders cooperating with our company.” (IS5/94-95)*

*“A USD 1,000 Cash Prize, A stunning obelisk award, Entry into the IS4 Hall of Fame. The top 10 traders will also be featured on the IS4 Traders Awards page in recognition of their hard work and superb trading abilities!” (IS4/99–102)*

## DISCUSSIONS

The findings from this study illuminate the complex and multifaceted nature of linguistic deception in investment scams, underscoring the critical role that language plays in manipulating investor perceptions and decisions. The analysis reveals that credibility enhancement strategies are particularly effective because they exploit the inherent trust investors place in authoritative figures and established institutions by using professional jargon, authoritative endorsements, and seemingly verifiable data. This suggests that investors need to be more critical of the sources and authenticity of the information presented to them, while regulatory bodies could develop better verification tools and public awareness campaigns.

Additionally, the use of expressive language to evoke strong emotional responses, such as excitement and urgency, or fear of missing out (FOMO), highlights a strategic manipulation of investors' emotions that can lead to impulsive decision-making. Recognizing this tactic can help investors maintain objectivity and make more informed decisions [1].

The study also highlights the exploitation of cognitive biases like confirmation bias and overconfidence, where scammers align their messages with investors' pre-existing beliefs and expectations to make fraudulent schemes appear more credible and appealing. This underscores a vulnerability in human cognition that financial advisors and educators can address by developing strategies to mitigate these biases. Moreover, framing effects play a significant role in shaping how investors perceive the risks and benefits of an investment, with scammers carefully presenting information to create an overly optimistic view of the investment opportunity.



## CONCLUSION

This finding emphasizes the need for investors to seek balanced information and for regulatory bodies to mandate clear and comprehensive disclosure of both risks and benefits in investment communications. The practical applications of these insights are substantial, as financial literacy programs can use them to enhance investors' ability to recognize and resist deceptive linguistic cues, and regulatory agencies can improve detection and prevention measures. Future research could further explore the effectiveness of interventions designed to mitigate the impact of deceptive linguistic cues and investigate whether these findings are universally applicable across different cultural contexts. In conclusion, this study underscores the sophisticated use of language in investment scams and its profound impact on investor decision-making, highlighting the need for increased awareness and education to combat financial fraud effectively and safeguard investors' financial well-being.

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