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## Bringing financial services out of its shell

*Financial institution brands have been known to lack social media foresight for a number of reasons such as regulatory concerns and unimaginative marketing. **Franchesca Hashemi** examines a report delivered by **Innovalue** on how to engage effectively in the rapidly growing environment of digital consumption*

Financial institutions and social mediums have a challenging relationship: it is not a natural marriage, to say the least.

Research by **Innovalue** and Locke Lorde, a strategic management and advisory firm rooted in finance and international law firm respectively, list key areas where significant gains can be made: "Talent recruitment, employee engagement and empowerment, market intelligence and product design, credit scoring and analytics, awareness, marketing and consumer engagement".

The report entitled *Financial Services and Social Media* includes a wealth of solutions that will help financial providers to build a loyal online following.

### **The Future's in the Past**

Presently there are more than one billion active Facebook users around the world and the company is worth nearly \$245bn, according to FB Tech 30.

**Innovalue's** research shows almost 2.1 billion people are now engaged in social networking, with approximately 1 billion people registered to a Youtube account. A further 28% of time spent online is on social media, of which more than half is on Facebook, according to wearesocial.net.

Yet as social media and banking analysts, The Financial Brand, state on its website: "As social media marketing continues to gain steam in retail banking, financial marketers need to pause and think about how they use social channels and whether this activity is really adding any value."

For instance, there are 100 hours of video uploaded to YouTube every minute, **Innovalue's** research found, and this particular channel has had a profound impact on culture.

Photographs and moving images are fundamental to user engagement on social media. Mobile app Vine, a short-form video service that plays clips of footage which its users produce on 6 second loops, garners 1 billion hits per month. Interlink Vine with Twitter and you'll find that 12 million Vine videos are posted via the little blue bird icon every month, according to a New York Times blog from 2013.

Elsewhere, Twitter and Instagram, of which their respective defining features are breaking news and alluring pictures, provide financial services with an unorthodox platform to post all sorts of content.

The Financial Brand gives another piece of advice in this respect: "People don't want to hear only about banking. Instead of boring readers with posts exclusively about your bank's hours, rates, or services, try to entertain them.

"Use a casual, conversational tone. Post content in varied forms -- text, photos, videos."

For example, a well-executed and witty Instagram account from a legacy bank has potential to achieve unparalleled popularity.

In order to do this, however, **Innovalue** reasons that operational challenges preceding "real time interaction", paramount to credibility, come into play:

In 2013, Instagram - or "Insta" as its largest demographic say - hit 150 million monthly users, according to its own figures. Today, in 2015, current statistics stand at 300 million users, with 75 million using their account every day.

### **Financial Services Brands on Social Media**

Just over 1% of Facebook's users 'Like' the card payment brand Visa however nearly double this number 'Like' Redbull, according to **Innovalue's** figures.

Similarly, Starbucks' updates adorn just under 3% of Facebook user's timeline, with huge graphic images of colourful Frappuccinos and seasonal hot drinks enticing users to 'share' the post, 'comment' on it and ultimately buy the product.

Innovalue warns the sector risks "lags behind" its commercial peers. However, it should be noted that Red Bull boasts a string of sponsorship deals which enhance its online popularity.

The irrefutably "cool" Red Bull Music Academy, which brings together alternative musicians, has more than 244,000 Facebook likes. 'Red Bull' as the umbrella company draws in 43 million. Within this arm, Red Bull TV, racing, adventure, games, hiking, and sky-diving exist. It prove collaboration and association work exceptionally well in the realms of social media.

**Innovalue's** research shows approximately 0.03% of the Twitter population follow Red Bull's Twitter account, which is more than Visa, American Express, Bank of America and the insurer State Farm.

This illustrates the importance of commercial popularity, which is prerequisite of successful online campaigns.

However, as **Innovalue** explains, negative press received by the industry, due to 'scandals' and public criticism, restricts the popularity of the financial institutions sector. To achieve social media success, this must be addressed.

### **In Other News**

Pew Research Centre found that 72% of online adults use video-based websites, such as

YouTube, Vine and Vimeo. This figure is more than double the number recorded between 2006 and 2013.

Picking up on the cross functionality of video, Lloyds Bank celebrated its 250th anniversary with an advert which found resounding praise on the Twitter sphere.

Here examples of enthusiastic Twitter users commenting on the ad while sharing Lloyds' hashtag.

- #lloyds what's the name of the song in Lloyds bank ad? Goose bumps every time I hear it!
- From the #Lloyds ad! Beautiful tune. I just used #Shazam to discover Wings Acoustic [soundtrack] by Birdy.

In this scenario, a 250 year celebration that focused on the customer gained Lloyds traction, both in the press, digital and social media.

**Innovalue** also references MasterCard's "imaginative" social media competitions, which give the brand a contemporary edge. In 2012, MasterCard co-sponsorship of the Brit Awards provided millennials with reason to click the brand's Facebook page and stay abreast of the campaign's developments.

According to the report: "The advantages of social media over traditional communication channels include its universal reach, its 'non-corporate' atmosphere and the speed of discussion."

If financial institutions want to garner more social media shares and likes, it may be a question of investing in trendy social media managers. Efforts to do so 'empower' employee, brand and company, **Innovalue** state.

As well as this, light subject matters will rejuvenate a financial brand's online reputation. Jason DeMers of Forbes Magazine calls this the "humanisation element".

### 'The Social Media Opportunity'

Recruitment and employee engagement should work cohesively for optimum productivity, the report discloses. This works both practically and empirically, as advertising job openings through the brand's social media account is a positive conversation starter.

It allows vast amounts of skilled and technologically savvy people to view a vacancy. This in turn increases brand awareness while 'empowering' existing employees, who may choose to share the job link on their personal account.

The go-to business community is LinkedIn, which is designed for professionals. It networks more than 264 million customers across 200 countries, including 39 million students or graduates, according to LinkedIn figures.

It should be kept in mind however that "social recruitment" can be applied in any capacity the financial brand sees fit.

LinkedIn, Facebook and Google+ provide environments where employees can discern specific information about potential recruits, as well as providing an analytical space to conduct research.

**Innovalue** lists opportunities surrounding "credit-scoring, fraud prevention and analytics" that help financial services make good choices.

According to the report, payday loan provider LendUp checks the Twitter footprint of potential clients for "economic stability".

There are a number of tools referenced by **Innovalue** that help the social media checking process: microfinance, research on behavioural consumption and social media data.

### **Product Awareness, Marketing and Promotion**

Producing and distributing marketing messages on social media can generate user engagement and encourage new audience to join in. However, customisation and insightful posts, which take into account the social platform you are posting, are key to influencing relationships.

Fidor has successfully investigated the potential Facebook brings to a financial provider.

The German bank also utilises aspects of **Innovalue**'s remaining five 'strategic applications': "Consumer engagement/ loyalty building, Customer Service/ Consumer Education/, Public Relationship and Social Responsibility, and Payment Initiative."

Research by UK-based Kantar Media TGI from the first quarter of 2014 found that social media users are more likely to embrace financial innovation technologies.

The same study found that people who log onto a social media platform at least twice a day are 22% more likely than an average consumer to stay abreast of new technologies, and 22% more likely to use contactless payment.

It should be stated however that payment services must be authorised in the EU, and as **Innovalue** states: "The reporting and capital requirements accompanying such Authorisation form a very high bar for organisations to enter."

### **Regulation, Security and Constraints**

Data concerns and security are major issues for the financial services and social media. There are slews of regulatory bodies that keep in check British institutions as well as their global arms.

From the Financial Services and Markets Act 200 (FMSA), which a company's online presence can be held accountable and Data Protection Act (DPA) to the FCA (Financial Conduct Authority) and ASA (Advertising Standards Agency), digital marketers must ensure that rules which apply on paper are carefully considered and applied accordingly online.

Pew Research Centre found that 86% of internet users have at some stage attempted to hide their online footprints: "From clearing cookies to encrypting their email, from avoiding using their name to using virtual networks that mask their internet protocol (IP) address."

Recently, the FFIEC (an American financial regulator), released guidelines governing social media use by the financial industries both domestically and abroad.

According to **Innovalue**, the FFIE proposed: "Financial institutions must have a formal written social media strategy that is aligned with the global goals and objectives of the organisation."

**Innovalue** also stress that customer "culture" must be taken into account, as this helps the brand see through media hype and adhere to legal challenges.

### **Data**

Protecting customer data is tantamount to the image of financial institutions. Yet the very nature of social media, its openness and instant conversations, means that negative interactions will happen.

Complaints directed at the institution should not be covered up by a social media manager. Leaving negative user comments on a business page, as long as there is a helpful reply below, show good will and a keen interest in maintaining healthy customer relationships.

Yet **Innovalue** reports that "uncontrolled and unaddressed complaints" are difficult to moderate or control. This is factually true, however allowing bad press, as long as it is doesn't infringe anyone's rights, conveys commitment to customer satisfaction.

A survey carried out by Forrester showed that 8% of US social networkers, who interact with financial firms, do so primarily to 'post reviews, complaints and questions', while 15% preferred to be 'alerted to promotions and special offers'. The contrast proves that it isn't all doom and gloom for the sector.

In the UK, only 9% of Forrester's respondents agreed that communication with banks via social media is central. Contrastingly, 24% of respondents in Honk Kong wanted their financial.

Wells Fargo challenges the undertone of this sentiment with its stealthy online persona, including 733,00 Facebook likes, a Twitter account, LinkedIn, YouTube channel with 2.6 million views, 7 active education-based blogs and a totally unique online community developed by the brand called Stagecoach Island.

The survey aimed to give a rounded idea as to what customers want from technology and retail banking, as a singular entity.

**Innovalue** sums up: "The vast majority of people do not consider engaging or sharing information with banks via social media channels a priority, mainly suggesting concerns around security."

However, the report cites the financial crisis and well-publicised scandals as reasons why customers are disinterested in pursuing social media relationships with them: "Consumers consequently lost their trust in financial institutions; social media can give financial providers new means of engaging with them in an appealing manner that can help restore lost confidence."

People will continue to use social media as long as it exists. Therefore if a financial brand wants to remain relevant to potential customers, it must sign up to social media.