View Point

Social Media in Financial Services:

Do it Now or Do it Later

Introduction

The social media hype built nicely from 2009 into 2010 and resulted in companies in every sector dipping their toe into social channels. Marketing led the way using channels such as Facebook, YouTube and Twitter to monitor chatter, promote the brand and push product offers. All of that is about to change. According to the Council on Financial Competition, in a December 2010 survey of functional management, 80% of distribution and channel management executives and 53% of marketing executives selected social media as a major focus over the next year. The time is now!

Maximizing the use of social media is, however, still a little beyond the current reach of financial services companies. There are three good reasons for this.

Financial industry companies are constrained. First of all, there's regulatory compliance. The rules around giving information and advice are complex at the best of times and social channels just open up a Pandora 's Box of potential nasties. Have you ever seen BASEL III explained in a tweet? Second, since much of the information that passes between the consumer and the company is *personally identifiable information* (PII), it cannot be discussed openly in a public environment and therefore used to help customers with answers.

Social media is a different channel. With a style and etiquette all of its own, there is need to conform to non-established and rapidly changing norms. This often runs counter to traditional bank thinking and can make a venture into social media engagement feel like turning a freighter with a rowboat.

Use of online channels must be integrated. Customer experience is the current buzz in every sector as banks struggle to keep the customers they want. What the customer experiences across online touch points has a very real impact on their perception and, therefore, their loyalty.

In this View Point, we'll take a look from customer perspectives and outline a future approach to adopting sound customer-centric practices in this maturing area. We'll center around three elements which are sufficiently representative to be adapted for individual institution use. The corporate website is already in place, Facebook has become the social networking standard – good for clear sound messages and engagement, and Twitter is unique in offering a broadcast channel to followers for whoever will listen.

Trio of Options for Social Media in Banks

Corporate Website

This is probably the most obvious and under-used of online resources when it comes to a social media interaction. It is a directory of company and product information and a portal for customers to access their own information and carry out transactions. The customer can do all of this at their own convenience, and do a transaction at a time that suits, night or day.

For the institution, the website is like having a branch open at all times, available to anyone who's looking for information, and is a bastion of corporate security in the midst of cyberspace chaos for account holders that need to do stuff. The website makes offers, shouting the latest and best promotions available.

It's not, however, very interactive and could be more helpful.

Future Thinking:

Advice

The website is a commonly used, comfortable place to go to for information – but what about advice? Is what I am seeking on your website, which is actually the best place for me to find like-minded people (because they're also your customers)? A couple of questions could be asked: Is any peer help available? Is the advice on the website relevant to me?

Other people just like me may already have the answer – I just need to know I can find them and discuss in a secure environment. People are social by nature and like to help – just give them the setting. Providing community space, where tips and techniques can be shared between customers, will nurture and possible even encourage their connection with the brand.

SOCIAL MEDIA CAN NEVER BE RIGHT FOR BANKS AND CARD ISSUERS, RIGHT?

A question answered over the phone helps only the asker. In a community setting, allowing customers to ask each other questions may naively reveal too much PII, or result in advice given out of context (so is bad advice). But a setting where a customer can ask a question in public, and receive a public answer from an expert, should impact phone volumes and give customers an opportunity to consider options based on situations close to their own before they engage and decide.

Interaction

Beyond carrying out payment and similar transactions, web 2.0 technologies allow interactions that can bring a new dimension to customer engagement. Tried and tested add-ons allow customers to suggest product improvements, and vote on them. To comment on, and rate, other customers' tips, and give feedback about expert answers. This interaction will enhance the institution's online authenticity ranking with customers.

Naturally, encouraging customer contributions and more open interactions is a step in a new direction, however, many banks have already done this by engaging in Facebook discussions and responding to customer tweets. A professionally moderated community, with clear rules of engagement and terms of service, can greatly improve customer engagement and be used to create user feedback streams that will improve user experience and loyalty.

Facebook

Having become the most used social network on the planet, Facebook has been adopted as the channel of choice for many companies wanting to engage in a setting of their customers' choosing. Most financial companies with a corporate presence in Facebook have thousands, if not tens of thousands or even millions, of friends.

Many of these have little 'friendly' to say. Facebook is a good place for promoting both brand and products. The Marketing team wants to engage customers in a discussion, and facilitates by switching this feature on.

What follows is like a feeding frenzy. "My bank sucks" says one, "I hear you" says a second, "they never listen", "their ads say…" and so on. Once started, the contributions feed and incite new levels of wrath and stepping into this to offer calming words can create a more intense, and positive, buzz.

Future Thinking:

Friends

Befriending an institution on Facebook is not like making a connection with someone as an individual. So befriending someone gives access to their network but doesn't mean that you have to allow them to post on your wall or offer them discussions, where some can pour boiling oil on the brand and the genuine effort to serve customers.

Friends certainly tell each other the truth, otherwise what kind of friends would they be? But they don't gang up on each other and say the truth in an uncaring or destructive way. So an institution's friend is different and should be treated with respect, and care, and caution. Unless you know them really well,

they are but acquaintances and so engagement must be mild but authentic, and focused on leading to your own domain – the company website, which is a much safer and more secure environment in which to interact. If they're serious, they'll come!

Feedback

One of the important elements of Facebook is the dialogue. But that's not to say the dialogue has to take place in Facebook. Replacing the 'Discussions' menu option with two others is a good start. We'll call these 'Feedback' and 'Ask a Question'.

Feedback is an opportunity for customers to vent, something that they are willing do in Facebook, so lead them to your own "decorporated" feedback page where they can do so freely, but in your environment. Act promptly to engage through moderators skilled in the social skills and ensure that they are treated with respect and answered authentically. Offline if they will permit to keep the mood out of the public environment.

Ask a Question feeds your own website community, drawing users into an environment where you have much greater control, and can display the kind of caring attitude they no doubt expect from you. Ensure that every question receives an answer one way or another, either online or off, so that no-one can say "of course, I never expected an answer from them".

In every case, a complaint or question deserves a response and social channels have raised customer's expectations that they'll have one from you.

Twitter

People tweet because they can. They'll tweet about anything and the broadcast goes as wide as their network extends (and further if re-tweeted). From the mundane to the sensational the billions of messages sent give instant news headlines to anyone who cares to listen.

Like Facebook, Twitter is a great way to reference items of interest, but in just 140 characters. As you can't say a lot there's value in leading followers to where the meat can be found. So your (new improved) website or Facebook site, or YouTube channel are obvious choices.

But a tweet can be a cry for help ("I've tried everything else, maybe this will work?"), or a shout of indignation ("can you believe what they've done?") and, occasionally, praise. Serving customers through Twitter is extremely constraining because 140 characters is too few to exchange enough information for complete resolution. Inevitably the PII necessary to do anything meaningful makes continuing in public impossible and the issue has to be taken private to be concluded.

Future Thinking:

Simplicity

Just because you can use a tool to do lots of different things does mean to say it's always the best tool for the job. Twitter is a great tool for broadcasting short pieces of information, but it's not for delivering customer service and complaints management.

Adopting a standard approach to complaints aired through Twitter could be as easy as "Sorry to hear there's an issue – best resolution path is xxxxxxxx, please contact us". Anything beyond this is adding unnecessary complexity, and potentially causing irritation. Reaching out must be timely and resolution fast. In the public domain, the need for urgency far outpaces a complaint raised through traditional channels.

Reciprocation

The etiquette of Twitter requires that a grievance aired in public is responded to openly once resolved. Reaching out and acknowledging failures, and resolutions, and comments, and thumbs up makes Twitter into the closest it will be to a discussion, and a conversation, and a forum.

Avoidance

There can be no doubt that customers have always had grievances with institutions, as well as with every other sector that provides products and services. Web 2.0 and social media has created a paradigm shift in power away from complaints being hidden from public view, or aired only when a law suit is pursued or press article published. The consumer now has POWER. And will exercise it.

This troubles executives because they haven't yet fully grasped the shift. The tone and style of social media is about authenticity, about having a conversation, and not about smooth words and corporate-speak. George Orwell, in his book "1984", looked ahead to an environment where individuals were continually under scrutiny and control. He didn't see that the consumer would have a voice so powerful that it could facilitate revolutions, destroy corporations, and sack leaders. Many in the banking world still live in fear of a scandal as Wikileaks founder Julian Assange revealed in December of 2010 that his next target will be a major US bank. He hasn't said which bank will be exposed or when the reveal will happen, but he compared the information the documents contained with the Enron scandal. And, he promises, the information will be shared via every form of social media possible.

Professionally, and continually, monitoring for comments requires dedication borne out of seeing value in doing this. Just as a gardener tends a garden, ruthlessly removing what shouldn't be there and nurturing what should be, social channels deserve full attention and focus. Serving customers is the way that institutions succeed. Anything else is self-service.

Getting from Here to There
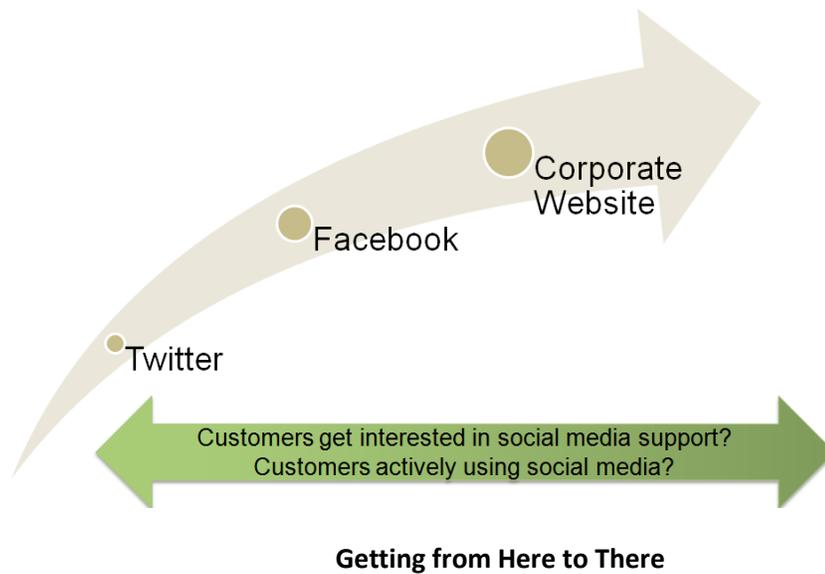
In Summary

Companies will inevitably stop trying to be everyone's friend and get down to the business of doing what they do – selling products that satisfy customer needs. Listening to customers is a good way of doing this and social channels provide the perfect place to do this, hearing their unabridged and unfettered thoughts on everything in life. Social channels also offer a great way of people interacting with people, even in a regulated industry.

Keep control while allowing people to do what they like to do…

1. Use Facebook and Twitter – to announce company and product information, sponsorships, thoughts on the course that regulation is taking and how it impacts the customer. And as a doorway to your improved corporate website when more community features are available, and complaints can be lodged, acknowledged, and handled promptly.
2. Monitor social media – the powerful tools available give up-to-the-minute insights into what people are talking about online, as well as highlighting instances that need to be corrected.
3. Create space on your website where customers can go to ask for and provide help. Sure, there will be good reason to limit (or, rather, guide) discussion but a good community team will build the health of the community, give good guidance, be popular with members and deliver value through expertise and commitment.
    a. Provide expert advice, give them the option to choose what to listen to from advisors via webinars, podcasts,
    b. Choose a tweet – let customers sign up for a notice

Social media is a great opportunity not to be 'me, too' but to be current and engage with customers at their convenience. But the secret to success is not overly promotional messaging from PR and Marketing departments, and carefully chosen words from Legal, but the authenticity that users of social media demand. Create a playbook that gives latitude and guidance, but does not restrict. A mistake may

happen, that's ok, with so much information on the highway, and the mistake will be short lived and will make you look real. Escalation can be dealt with as part of the guideline.

Being honest, current, timely, caring and real is possible by choosing the right team of mature, knowledgeable, socially-savvy people. Manage the channel expertly by understanding how your customers interact with you via this new method. Provide them the channel of their choice in a way that is cost effective and good for your brand. When embedded with the contact center, there are many benefits – like understanding escalation practices of the bank, resources that understand current policies, and working with experts who can help with the translation of the expertise into a practical scenario. The more you understand about what is needed, as experts we will come to an agreement with you and them move forward.

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