

Capital Sources

Banks divided on value of social media

By: Wayne Tompkins

Researcher Peter Stackpole recently asked banking customers to fill in the blank: “A bank that has a presence on a social networking site is _____.”

The positive responses: Ahead of the curve, progressive, up to date, in touch with its customers.

The negatives: Ridiculous, pretty desperate, asking for trouble, not the bank I'd do business with.

While the consumer jury is still out on how banks should tap into the social media phenomenon, if at all, a few local banks are finding some initial success even as they tread carefully around the legal and marketing pitfalls.

Banks and credit unions are realizing that if they don't find a way to leverage social media, their competition will.

“In five years, I would say just about every organization is going to be on social media in one way or another,” said Julia Wakefield, senior account executive at Schwartz Media Strategies in Coral Gables. “We don't push it on all of our clients, but we think it's a really important part of an integrated strategy. There are a million different uses, but they're not all appropriate for all organizations — or their audiences.”

While virtual banking products — the ability to check balances on cellphones, for example — have proven successful, does anyone really want their bank to be a Facebook friend or tweet about new CD rates?

Miami-based TotalBank is taking its time seeking the answer to that question. Like many banks, their strategy is to start slowly in social media and carefully examine what is and isn't working.

TotalBank is converting its Facebook group page to a fan page to take advantage of social media opportunities. The idea is to learn more about who is following the bank and assess its public perception, marketing director Denise Salyards said.

“Initially, to kind of get our feet wet, we are using it more to talk about our involvement in the community,” Salyards said. “It's a way to show that we are an active player in the community. A lot of people don't know that.”

TotalBank's early forays into Twitter have included messages such as “Brickell Branch Office has moved to 800 Brickell. Now with Drive-Thru!” Another notifies followers that is now part of the Publix ATM network. But the bank has posted only one Twitter message in the past 11 months.

TotalBank's Twitter account is being reassigned to the marketing group from the IT group, which was using it sparingly for messages like employee alerts.

“The one thing we're waiting for now is to create a social media policy for our employees,” Salyards said. “We want to make sure that as we move forward that the things we do have appropriate content.”

Employees will also need training to understand that “if they respond in our site that it links to their site, so anything they do on their site can in one shape or form reflect on the bank.”

The banking industry is highly regulated, and there are not a lot of rules out there at this point that specifically speak to social media, Salyards said.

“There's an interpretation process of advertising regulations, for example, and the whole area of information security,” she

DAILY BUSINESS REVIEW

April 21, 2010

Circulation: 34,000

said. “We need to make sure our customers understand that they should never put account information or ask questions about their personal relationship with the bank through this kind of media.”

‘Deeply personal’

At SunTrust Bank, months of research convinced Allison Bennett and her team that “it’s really hard to talk to the masses in social media about what’s best for each person. Think about how deeply personal money is. If you wouldn’t talk about it at a cocktail party, you might not want to talk about it in social media.”

Bennett, the bank’s director of marketing program activation, said SunTrust went in a different direction with its Facebook product that launched on Jan. 25. The site, www.facebook.com/LiveSolid is used as a relationship builder, not as a platform to sell products.

Bennett said the bank was especially interested in how consumers were responding to its “Live Solid, Bank Solid” marketing campaign.

While the bank tended to define “live solid” in banking terms, research found that consumer definitions were more far-reaching.

“It was all about life balance — keeping your priorities straight, having a healthy lifestyle and family relationships. These were thematics that we hadn’t thought of, but really resonated with consumers,” Bennett said.

The bank realized that would be an effective way to participate with consumers and that social media’s interactive nature was the best channel to do that.

“A lot of our competitors have their traditional ‘bank site’ disseminating bank information,” she said. “We felt we had a unique opportunity with our brand to ... help consumers make solid choices, understand decisions and provide them with information that they might not have considered.”

The bank also maintains a Facebook page “primarily focused on news about SunTrust Bank” as well as an “Ask SunTrust on Twitter” product.

The Live Solid Facebook page is mindful not to position itself as talk-to-the-bank, but rather as a vehicle for consumers to talk to one another as the bank feeds tips, content and applications to the site.

“It’s lifestyle related content and they share really good ideas,” Bennett said, noting that the user generated content “is often as valuable as anything we may put out there. They share ideas and it’s a community of people who have the same life values. This was a way to make a brand impression and converse with people. It’s a wonderful way to learn what’s on their minds.”

Since its January launch, the site has recorded more than 100,000 responses, split about evenly between repeat and unique visitors. It’s adding about 20,000 visitors a week, Bennett said.

Talk to the bank

She said that while SunTrust believes there are many promising talk-to-the-bank opportunities, the bank has decided to hold off on venturing there.

“The voice and tonality here is ‘we’re supportive of your decisions, we want to help you make them, and here are some resources to aid you in the decision making,’ ” Bennett said.

SunTrust’s approach has a fan in Ronald Ladouceur of New York-based Media Logic, who has been working with several

DAILY BUSINESS REVIEW

April 21, 2010

Circulation: 34,000

banks on their social media presence.

“It’s really a good example of how branding has to be done now,” he said of the bank’s Live Solid Facebook page. “Rather than havng the bank be some quasi-human, they’ve actually created a platform where real humans can interact and gain some benefit through that interaction. You have to offer value.”

Banks that have tried to launch a Facebook page without giving the consumer a quid pro quo — a benefit to the relationship — have been torn apart in some cases and have had to retool or withdraw quickly, Ladouceur said.

“It’s made a lot of financial institutions leery about social media.”

Jorge Rey, information security manager at Kaufman, Rossin in Miami, said banking’s inherent issues of privacy and confidentiality also are formidable obstacles for banks to overcome in social media. He said he is not surprised banks are treading slowly and carefully into the field.

“Even though banks are technologically driven, they are not necessarily early adapters of new technology,” he said. “It is difficult for a company not to embrace social media going forward,” but they need to adapt strict approval processes for what content goes on a social media site. For instance, even an offhand news item about a bank’s IT director keynoting an out-of-town professional conference could clue in hackers that the bank’s databases could be more vulnerable during that time.

The social media site itself is also in danger of being hijacked, with false information being disseminated to page members.

Those precautions considered, a small community bank especially could get tremendous mileage from a Facebook group, Wakefield said.

“One way to increase the network’s value and use these to build a community around the brand and increase customer loyalty would be to post news that affects consumer finance, tips on personal finance, special offers at the bank, etc.” she said. “Anything that is relevant and useful to the fans or followers.”

Organizations that serve high-net-worth clients, however, should not expect too many of them to join a public Facebook page, because most of those clients “understandably prefer privacy and anonymity,” she said.

Financial services organizations “need to be excruciatingly careful when using Twitter for that purpose” because of privacy concerns, safety of sensitive information, and the possibility of identity theft.

“It’s got to be useful and relevant information,” Wakefield said. “There are other ways a bank can market itself using social media even if it’s not directly touching consumers.”

Top bank executives, for example, could use Twitter to communicate with other industry leaders and potential clients, establishing themselves as experts in the field.

For any organization, social media increasingly is a phenomena to be ignored at its own peril. “We want to be where our clients are, and we want to provide as many channels as they choose to use,” Bennett said.