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 **VALUE PARTNERS**
MANAGEMENT CONSULTING

Financial services and social media: 'like' or dislike?

Concept Research Briefing

London, 12th June 2013

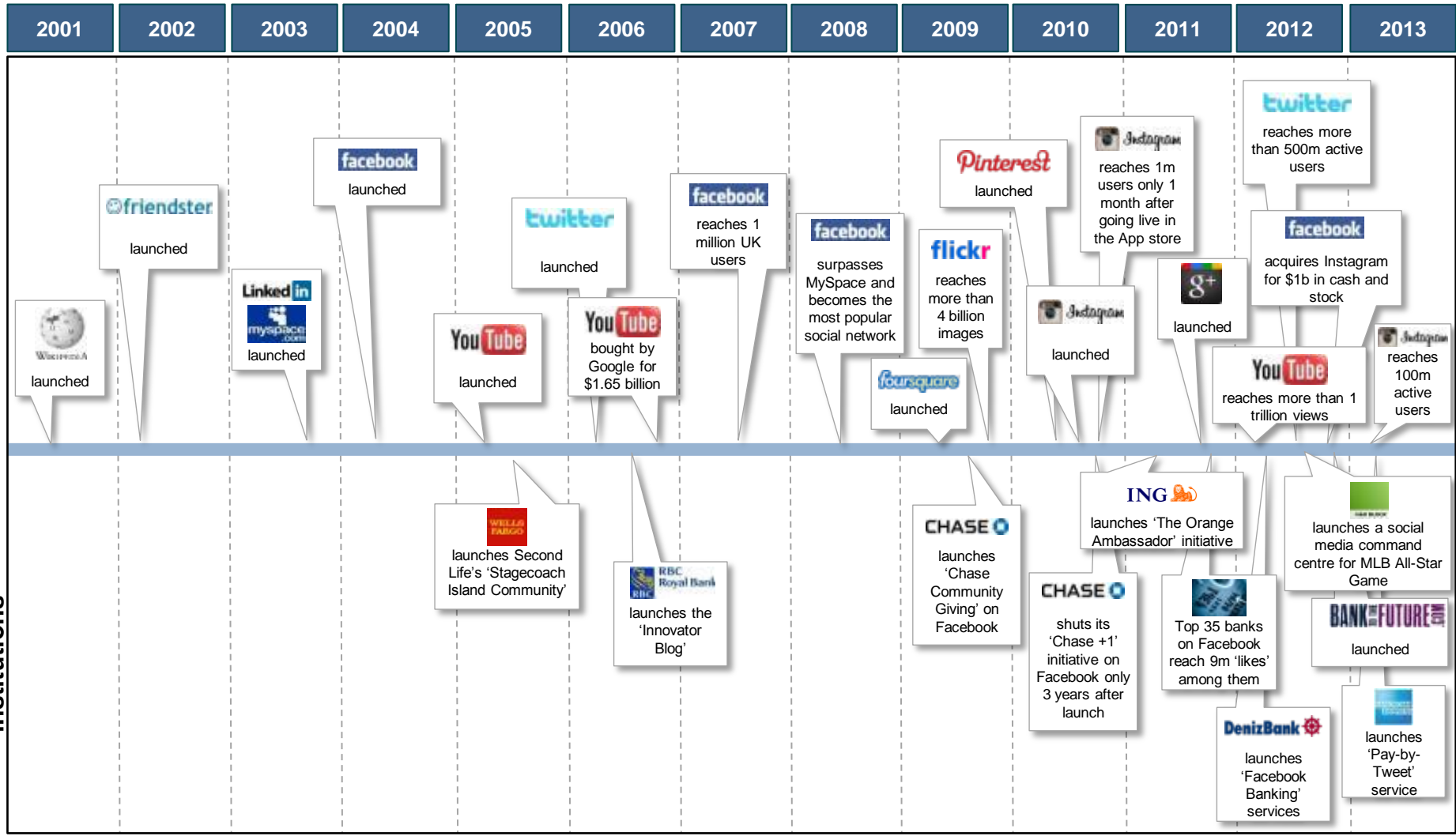
Introduction

- FS Club and Value Partners are developing a joint piece of research initiative on social media
- The report would be 30-50 pages long with detailed content regarding the role that social media may play in the strategies of financial institutions
- The report is currently a work in progress
- This would be in the form of a report, which could be marketed at numerous events and/or through the FS Club Network
 - Looking for a sponsor to jointly take the research to market



































Social media is an hot topic. It continues to gain momentum, banks are getting to grip with it but have yet to master it

Rise of social media
Selected examples of involvement from financial institutions



Preliminary research indicates that financial institutions are generally using social media in one of six ways

	Explanation	Examples	Where
1 Internal Use	<ul style="list-style-type: none"> Blogs help define the organisational culture and can be used by employees to brainstorm with each other Intranet also enables cross-departmental connections 	 - ThoughtFarmer Intranet: Farm Bureau Bank's Intranet, called 'the Insider', was created in mid-2010 and has since then outperformed expectations. The Barnyard is the social heart of the Insider and it is a space where employees can post news, pictures and videos, advertise articles, launch discussions and use the calendar to announce milestones or plan social events. But it is not just the social side that drives engagement, as much of the information on the Intranet is business-related (policies and procedures, project updates and reports), and every department uses the Intranet for a range of critical applications that save time and money.	-
2 Public Relations	<ul style="list-style-type: none"> Financial Institutions can use social media channels to show various aspects of their Corporate Social Responsibility (CSR) Sponsorship activations 	 - RBC Blue Water Project: It consists of a ten-year donations program supporting initiatives that help protect and preserve water  - RBC Green (Twitter): RBC invests in research that foster a deeper knowledge of environmental trends and promote more sustainable business practices  - Amex, US Open 2011: Amex cardmembers were able to customise their experience through the new Course Curator Digital Concierge and get exclusive access to CourseCast TV and Radio	   -
3 Product Awareness	<ul style="list-style-type: none"> The advertisement of new and existing products through social media channels 	 - Product's Facebook Page: Intuit maintains Facebook Pages for many of its products, including 'QuickBooks', 'TurboTax' and 'Mint.com'  - Link, Like, Love: With this Facebook app, Amex cardholders can link their cards to their account, and in return they get deals from Dunkin' Donuts, Virgin America and others  - MasterCard: On its official Facebook and Twitter Pages, MasterCard not only runs many imaginative contests, but also promotes its best initiatives and services	   
4 Consumer Engagement	<ul style="list-style-type: none"> Running competitions and engaging with FS consumers 	 - Chase Community Giving: This Facebook Page lets fans decide the cause and charity to which the Chase donations are made  - Stagecoach Island Community: This is an online virtual world where users can connect with their friends and at the same time learn to manage money  - The Orange Ambassadors (Facebook): ING Direct Canada recently selected its most enthusiastic customers – those who showed an active engagement with ING and other customers – who then became Brand Ambassadors	 - 
5 Recruitment	<ul style="list-style-type: none"> FIs can use social media to post job opportunities by sharing links and news about recruitment campaigns 	 - Bank of America Careers: BoA's Twitter Page is constantly updated and is dedicated to list job postings for those looking for jobs at Bank of America  - HSBC UK Careers: This Page is entirely dedicated to UK customers and shares opportunities, careers advice, updates and news from HSBC world  - RBS Jobs: RBS Jobs offers support to people who are looking for a job at RBS Group and also the opportunity to help take careers further	   
6 Customer Service	<ul style="list-style-type: none"> Helping customers when they have issues/questions about financial services and/or products 	 - Wells Fargo Bank: Wells Fargo provides real-time assistance and helpful tips to its customers on its Twitter Page  - H&R Block: H&R Block uses its official Twitter Page to conduct question-and-answer sessions with their customers on various financial aspects  - NatWest Help (Twitter): Experts are available Mon-Sun from morning to evening to help on any issue/question/problem a NatWest's client may have	  

But ability and demand constraints mean that the perceived benefits of social media involvement are largely unrealised in the context of serious constraints and threats

Ability constraints

- The regulations with which financial services have to comply makes experimental initiatives in social media a potentially dangerous action to contemplate
- A lack of resources in the current economic climate makes many firms unwilling to invest in a social media strategy, especially give the long term nature of any potential ROI – this ROI may also be difficult to prove categorically given the lack of hard revenue data attributable to social media initiatives
- In addition, social media channels must be closely, and constantly, monitored to ensure the protection of customers and the maintenance of brand integrity. This may require additional employee training programmes and the prudent selection of third-party vendors

Demand constraints

- Most consumers are not interested in discussing financial issues, interests and practices in the public domain – challenging for financial service providers hoping to generate positive ‘buzz’ around their brand through a social media presence
- According to a recent survey carried out by BT aimed at tracking consumer attitudes towards customer services and technology in retail banking, the vast majority of people do not consider engaging or sharing information with banks via social media channels a priority, mainly citing concerns around security

Threats

- Involvement in social media carries the security risk of personal details being made available in the public domain
- There is also indirect risk in terms of reputation etc. since social media provides a platform on which financial institutions can be embarrassed, criticised and threatened

This topic is to be investigated To research and highlight the challenges and opportunities faced by financial services in social media, we have developed a white paper focussed on this topic

The objective of this white paper will be to take a holistic view on the engagement of financial institutions with social media to date, and the opportunities and challenges such engagement present for the financial services industry

Contents (draft)

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3. The recent hype surrounding financial services and social media
4. Seeing through the hype
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5. Challenges
6. Opportunities
7. Conclusions

