

## The State of Social Media in Financial Services



Retail banking is now witnessing a change similar to when banks began embracing the Internet in the 1990s. Back then, banks actively pursued the opportunity but their efforts lagged that of other industries and consumer demand.

Fast-forward to 2011, where social media is providing retail banking with a similar opportunity; some **750 million consumers spend nearly 4 hours/week on Facebook**. Many banks are embracing social media because this is where the customers are – especially the younger generations they covet so highly. Because more and more consumers expect businesses to listen, engage, and provide personal attention through social networks, banks have begun to adopt these practices to win new customers and deepen existing relationships.

*“The banks without a social media strategy are being shortsighted and are placing themselves in a dangerous and vulnerable position compared to competitors who have realized that social media can and must play an intrinsic role in their business.”*

*–Martha Bennett, Ovum analyst  
February 2011*

### Aligning social media with critical banking objectives

At Beyond the Arc, we’ve found that financial institutions that use social media effectively are aligning their efforts with three key business objectives:

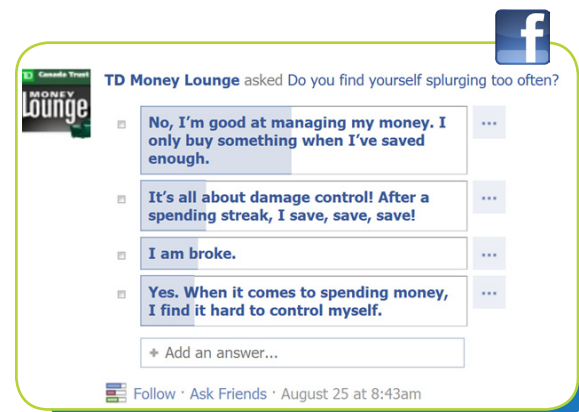
1. **Customer acquisition:** Engaging brand advocates to acquire new customers and increase loan portfolios.
2. **Community engagement:** Building strong customer relationships through engaging member participation.
3. **Customer service:** Providing prompt, personal attention for questions or complaints.

### 1 Customer acquisition – opportunities in social media

- Target Generation Y (e.g., providing the proper message, via the appropriate channel).
- Offer expert advice (e.g., get a will, plan for retirement, purchase a house).
- Showcase social responsibility (e.g., school fund raising, philanthropy).
- Issue cross-promotions (e.g., Partner with life insurance firms).

#### Example 1: TD Canada Trust Money Lounge on Facebook

TD Canada Trust goes where it’s customers are, Facebook! Not only do they provide expert services and tap into new media used by Generation Y, but they also provide engaging content to keep their audience coming back for more.



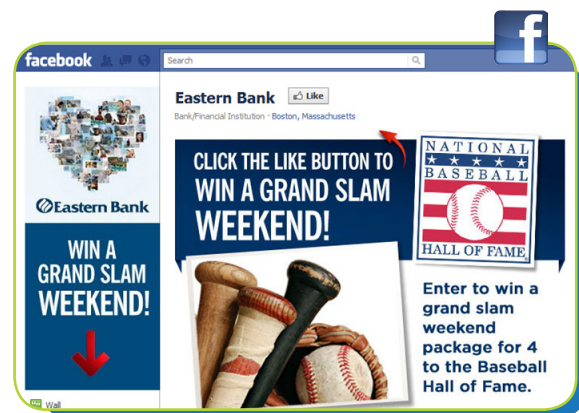


## 2 Community engagement – opportunities in social media

- Target key demographics with sponsorships that align with their interests (e.g., Chase Corporate Challenge, Bank of the West Tennis Classic).
- Build engagement by aligning your brand with industry celebrity events (e.g., AmEx Rewards and Beyoncé, Eastern Bank and the Red Sox).

### Example 2: Eastern Bank on Facebook

Eastern Bank set up a great Facebook fan page, aligning the bank with the Boston Red Sox. In August 2011, the bank announced their “Grand Slam Sweepstakes” on Facebook. To enter, participants are required to first “Like” Eastern Bank on Facebook, then enter basic information to win. As of August 31, they have over 7,100 Facebook “Likes”, a large number given the size of the bank and the short timeframe of the sponsorship.



## 3 Customer service – opportunities in social media

Bank of America (@BofA\_Help) and Wells Fargo (@Ask\_WellsFargo) are just two of the many banks using Twitter to help customers by providing quick responses to questions about their accounts, online banking, and more. Many credit unions are tweeting as well, including information about special rates, loans, and other information for customers.

### Example 3: Bank of America manages customer service issues from Twitter

Bank of America monitors its Twitter platform and responds to customer complaints, offering solutions for service breaks.



**Customer:** @BofA\_Help you guys won't let me CLOSE this account!! I had a cashier's check deposited Monday. I STILL can't get my money.

**BofA\_Help:** @[customer] I work for Bank of America. What happened? Anything I can do to help?

## Driving business value with social media

Social media is quickly evolving past the novel and into mainstream usage for financial services institutions. To align social media efforts with key business objectives, banks should conduct **social media benchmarking** to define key performance indicators that can guide a strategic approach to the channel. Not only will this kind of strategic engagement provide a wealth of insightful consumer data, it could help improve the customer experience, strengthen loyalty, and attract new business.

### Let's Talk

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