The Financial Services/
Social Media Guidance Landscape

February 2014

DREW DARNBOROUGH (US) drew@brandwatch.com | Tel: +1 347 982 0468
JOEL WINDELS (UK) joel@brandwatch.com | Tel: +44 (0)1273 358624

The Financial Services/
Social Media Guidance Landscape 2014

Finance brands face far stricter regulation than in most other sectors, and the dramatic changes in the way businesses are expected to communicate with customers brought by the advent of social media are proving to be quite a challenge for some time.

The most recent guidance is from the Federal Financial Institutions Examination Council (FFIEC) and was published at the end of 2013. The documentation is designed for US financial brands, but with the UK-based Financial Conduct Authority (FCA) and other overseas bodies also expected to release similar, updated guidelines soon, examination of the FFIEC regulations should provide some globally relevant and valuable insights.

With assistance from financial services specialist **Danielle Sheerin** of digital transformation consultancy NixonMcInnes, we've put together a short digest of the meaning behind the documentation, along with some practical advice on how to ensure your institution is compliant.

> This document is designed to complement our full report on the intersection of social media technologies and the financial services sector, which details the specific challenges and advantages that FS brands face, with corresponding advanced advice, original research and sophisticated insights tailored to help businesses maximize the opportunities social media offers.

In brief, the guidance states that financial institutions are expected to manage risks associated with all types of consumer and customer communications, no matter the medium. It also suggests that financial brands are expected to use the guidance in their efforts to ensure that their policies and procedures provide oversight and controls commensurate with the risks posed by their involvement in social media

Interestingly, there are no new requirements that apply directly to social media, meaning guidance is never specific to a network or platform. Therefore, applying the rules to financial promotions made using new media is no different to financial promotions using any other medium.

The implementation of social media strategies and programs is discussed in moderate detail, such as the need to remain aware of the risks involved in digital media. Indeed, the document states that all financial service institutions should be proactively managing the risks associated with social media, whether they are active on social media or not.

This means that even if financial service brands are not active on social media, this should be because they have made a decision not to be active for clear, well-documented business reasons. It should not be an omission or oversight.

More than anything, what the FFIEC guidance encourages is some common sense due diligence for financial service firms with regard to social media.

Key Recommendations

The main recommendations from the FFIEC guidance (in plain English) are:

- Make sure that all your communications are compliant
- Have a social media strategy
- Monitor social media activity around your brand
- Have processes, guidelines and training that provide the appropriate controls
- Have an audit trail
- Measure and report activity against your strategic goals

The **FFIEC** also states that you should provide "appropriate reporting to the financial institution's board of directors or senior management that enables periodic evaluation of the effectiveness of the social media program and whether the program is achieving its stated objectives". Pioneering financial organizations seeking to capitalize upon the huge advantages available by harnessing the power of social media, yet also remain compliant, can find detailed information on achieving these goals in our free financial services social media report, downloadable here.

In summary, these guidelines are not a significant obstacle to financial brands that wish to improve their business operations, and ultimately their bottom line, using social media.

Major Benefits of Implementing a Compliant Social Listening Program

Significant investment in marketing campaigns is often undertaken by financial organizations, and social data provides a solid resource for measuring the impact each campaign has, granting brands extremely granular insights into the ROI of each marketing dollar spent. Customer expectations for brands' social support have grown more demanding, but implementing a cohesive system in which service reps are empowered to communicate directly with customers can drive brand loyalty, customer satisfaction and referrals.

In a sector plagued by regular controversy and public distrust, keeping a handle on brands' reputation is integral. Establishing a robust strategy, process and listening program will ensure any potential crisis is mitigated before it escalates. Researching a brand's customers, its market and its competitors grants it with the power to better optimize product offerings and understand the genuine perception of its services and communications, to an unprecedented level of granularity.

A number of pioneering financial organizations are employing the use of command centers to catalyze the process of becoming a social enterprise, and to streamline the distribution of information throughout the company, including seamlessly exposing the insights gleaned from social data to the C-suite.

Authored by Brandwatch and NixonMcInnes. Brandwatch is the world's leading social media monitoring and analysis platform, and NixonMcInnes is an award-winning digital transformation consultancy specializing in people and culture.