



Banking Socially

*Social media marketing has just started to take off and, as the number of Internet users rises, banks will increasingly start to rely on online modes of marketing especially through social media. **By Manjari Juneja***

With loyalty to brands decreasing over time, companies are struggling to figure out how to reach customers where they are, listen to what they are saying and act on the same. Social media offers another venue for banks to stay in touch with customers and prospects. Considering the amount of time that's being spent by consumers on social media sites, this medium cannot be ignored by banks anymore. Moreover, it is a good platform for banks to gather information on customer preferences, obtain feedback and run exclusive campaigns.



Globally, Internet penetration is on the upswing as is the use of smartphones. This means that social media is poised to play a crucial role in shaping a service provider's reputation. Social media architecture emphasizes collaboration and provides greater visibility for User Generated Content. Through this medium, banks can leverage their brand interests, increase visibility for their product offerings, run surveys, deepen traction and use customers as social brand ambassadors.

Some Indian banks are already using this channel to connect with their customers. With 2,091 followers and 4,100 tweets on Twitter, ICICI Bank primarily aims to listen to customer complaints and receive feedback on services such as online and mobile banking. The micro-site format enables it to facilitate customer service and gauge the level of customer satisfaction in near real time. HDFC Bank has over 11,000 fans and it is able to generate considerable interest on its Facebook page. With regular updates on the latest deals and credit card tips on shopping, the bank is able to sustain regular conversations with customers and encourage repeat purchases on credit cards, in particular.

According to a recent Datamonitor report on social media usage in the Indian BFSI sector, 33% of respondents felt that social media could be used for community-building and marketing and promotion, while only 22% felt that it could be used for product research and customer service. Other areas where the respondents felt that social media would be useful included alumni engagement, recruitment and relationship management.

For banks, the use of social media would lead to improved marketing, capturing consumer perceptions, brand building and increased product research. It would also help establish a relationship with customers. Such platforms also bring transparency to banking transactions.

Rajesh Rajan, Managing Consultant- Advisory, PwC, said, "Social media is the need of the hour. India has a population of 1.7 billion with 50 million active Internet users out of which 41 million are active on social media sites. In other words, 60% of Internet users get access to information from social media sites. One-third of India's social media users are using micro-blogging sites like Twitter, Facebook or LinkedIn. Social media is a distribution strategy platform for companies to improve their awareness level among customers. Institutions looking for rapid expansion or quick feedback about a particular product can get that through social media."

Navin Chandani, Managing Director - Marketing Services and Business Information, Experian Services India Pvt. Ltd., said,

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"Quite a few financial institutions around the globe are slowly embracing social media in order to listen to their customers and using these platforms to share information with them. Rather than using it as part of customer service or for product innovation, social media needs to be integrated throughout the marketing process." For e.g. banks can integrate their e-mail marketing programs and social media to share news or offers and to seek feedback from customers on new product launches and also build new online programs with the help of responses from these e-mail campaigns.

Harshal Pendse, Director, Sales Consulting, Oracle India, added, "While the banking sector has been slow in adopting social media and understandably so given the private nature of the information involved, banks can look at social media as a tool for enabling internal processes and enhancing greater collaboration within the enterprise."

Sunil Kripalani, Vice-President Global Sales & Marketing, eScan, added, "Social media is a great way to reach out to various markets and individuals. The move to social media will allow companies to gain a larger fan base and help spread awareness about running campaigns and offers. The most obvious benefit is the ability to connect to customers that leads to business development and it makes sense for banks to join the conversation in order to build relationships, learn what customers are thinking and provide customer service."

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Mng. Director - Mktg. Services &
Business Information,
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Benefits of social media for BFSI

Karthi Marshan, Head Marketing, Kotak Mahindra Group, said, "Unlike FMCG brands, BFSI brands already have one-to-one relationships with their customers. Even our regulators require us to 'Know Your Customers'. Social Media further enables this one-on-one engagement. It also forces brands to be accountable. If you have a service deficit, you want to be where customers are talking about it so that you can hear them out and initiate an immediate service recovery. Being online with the customers gives you a real time platform to engage with them in case of any problems and solve these before they threaten your equation with the customers."

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Social Network Analysis (SNA) identifies behaviors by analyzing relationships on multiple levels. Instead of linking only one account with another, it links all accounts that have had some sort of relationship during a given period of time, assesses these relationships and identifies high-risk groups. It can also be used to qualify individuals who request loans and to enhance standard credit scorecard models with variables that evaluate an applicant's social environment. It can also help institutions detect and prevent fraud by going beyond individual and account views to analyze all related activities and relationships at a network dimension.

Sudipta K Sen, Regional Director - South East Asia; CEO & MD, SAS Institute (India) Pvt. Ltd., said, "Social Network Analysis is a powerful tool for understanding the structure of social and organizational networks. Also known as Link Analysis, it helps financial institutions map and measure relationships and flows between people, groups, organizations, computers or other information or knowledge processing entities. In marketing terms, social network analysis can identify the most influential members of a community or social group. These individuals are invaluable if you want to quickly spread a marketing campaign. As leaders, they are well-connected and have a high response level within the community. By marketing to the community leaders, the number of contacts is reduced and the campaign's reach is broadened at a reduced cost. Campaigns aimed at the specific needs of a community can increase group loyalty and create a new draw in the community."

From identifying influential consumers to nabbing fraud rings, social network

analysis digs into social group dynamics and presents a clear picture of connections. Banks use it to detect money laundering. They can maintain information regarding transactions that occur between accounts. If they link these transactions and factor in demographic information as well as the times at which the transactions occurred, they can create a social network that identifies communities or groups of connected people within the network. These communities could be friend groups, family groups who live in separate homes or even groups of individuals that have organized to commit fraud or launder money.

Rivi Varghese, Founder & CEO, CustomerXPs Software Pvt. Ltd., said, "Social media, in the context of banking, is much more than just marketing. For example, if a bank is able to glean that a customer is on vacation from social media, this information can be used as an input for fraud prevention by stopping transactions that appear suspicious, given the social media inputs. This sort of thing can only be done if the bank has a super real-time intelligent system, which is able to get instant insights from every bit of information in real-time. Having such a system also ensures that the bank will be able to connect in a proactive manner with the customer and always be relevant and contextual—be it in terms of offering new products, protecting the customer against fraud or managing the customer's affairs differently when he or she is away. Social media also provides banks with the ability to connect as well as converse with a customer." Seeing you online, the intelligent system can send a message indicating that your balances will soon be low because of some checks that have come in for clearing and alert on a potential shortfall for a payment that is due and communicate this via chat.

Shankar Balu, Director(Sales), South India and Middle East, Aspect Software, added, "Retaining customers is one of the biggest challenges that any organization encounters and being able to retain the customer base helps organizations increase or retain revenue." Social media plays an important role when it comes to market research and in terms of offering exceptional customer service. It can see and influence people's perceptions and improve brand image through word of mouth publicity etc.

To effectively leverage social media to their advantage, banks need to adopt a listen-engage-optimize approach without which a social media strategy will fail to hold the attention of their customers. Through this approach, banks can increase the degree of involvement and engagement at each step of the customer service and retention process.

Sanjay Tugnait, Managing Director, Financial Services, Accenture, added, "Financial institutions need to enable seamless digital experience for their customers through effective digital channels integration."

Dealing with security and privacy concerns

Apart from the benefits of social networking, there are also drawbacks that include a significant rise in malware attacks that can either lead to loss of personal data and even financial losses.

In scenarios wherein there is Facebook integration with traditional banking channels, protecting customer data is the key. There are external and internal threats. Externally, there could be the common hacking, phishing and other disruptive cyber attacks. Social networking sites are also a venue for an institution's own employees to intentionally or inadvertently expose sensitive information. To mitigate internal risks of data leakage, it's important for organizations to spell out social networking policies to employees.

Companies can significantly reduce risk by developing a social media policy that lays out specific employee policies and guidelines. Companies should also implement training to help employees understand best practices in this new world where personal and work content collide both in the workplace and at home. By not employing a policy, businesses leave themselves open to unnecessary risk.

Anand Naik, Director, Systems Engineering, Symantec, said, "Financial institutions can use security technology not just to improve their defensive posture but also correct employee behavior. For example, data loss prevention technology blocks an outgoing e-mail containing confidential data and alerts the sender about the action."

Jayakrishnan Sasidharan, Vice President, Business Application Services, Wipro Technologies,

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said, "There are specific Social media governance policies and regulations that enforce what can be discussed by professionals in the finance domain, with customers on the social media. This is one of the deterrents for some financial institutions to fully embrace social media."

social media sites."

Jayakrishnan Sasidharan
VP - Business Application Services,
Wipro Technologies



Kripalani added, "Though going Social will help in enhancing the customer experience, it comes with a huge risk. Hackers can easily fool customers into divulging financial information and identity by hacking into the Social Networking accounts of the BFSI organization as any communication that comes through the BFSI organization's social media site will be considered as genuine by its customers. The recent hacking of the twitter account of Foxnews and the subsequent tweets announcing the death of Obama on the fourth of July 2011 is a prime example. For Foxnews, it ended as a major embarrassment, but for BFSI institutions, such breaches may lead to very serious consequences."

Regulations

Many regulatory bodies are waking up to the need for social media compliance. Among the new factors that need to be followed for improving the security of networks, RBI has set guidelines on social media's involvement too, in BFSI. This includes establishing policies and conducting training to minimize the likelihood that organizational personnel would inadvertently disclose sensitive information regarding critical system design, operations, or security controls through social engineering attempts. Any requests for information by unknown persons need to be sent to a central network security location for verification and fulfillment.

Consequently, in addition to simple chat transcripts, businesses will have to archive and supervise everything from social networking groups to retweets. For example, the stock market regulator in India announced a Code of Conduct that includes restricting access to Internet forums for employees and market intermediaries to ensure that unsubstantiated news, which could distort normal functioning and prices of stocks, are not circulated. This comes in the wake of observations that unauthenticated news related to various scrips are circulated in blogs, chat forums or e-mail messages by the employees of stock brokerages and other intermediaries in violation of rules.

The RBI Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Fraud mentioned in the context of customer education that, "With the advent of electronic banking, the customer's experience of banking is no longer fully under the control of the bank. Hence, spreading awareness regarding safe banking among customers becomes imperative for the bank. There is a need for a communication framework which would include strategies to effectively communicate the right message content to the right audience for the bank. Social media could be one of the channels in this regard."

The RBI Deputy Governor, in a recent speech, mentioned that "Social media can emerge as a game changer for banks. It is one evolving channel that might help banks to generate insights on customer attitudes and preferences, which can be used to inform marketing campaigns and help deliver better customer experiences. For banks, use of the social media has its pros and cons. One influencer can drive thousands of potential customers to a Web site. However, that same influencer can spread his or her dissatisfaction, causing erosion in brand equity and profitability. Regardless, embracing social media may not be a choice for banks as of now; though it is an imperative."

Marshan said, "There are no regulations with regards to social media in our industry and even internationally bodies like the SEC and FINRA only provide guidelines. Hence, we feel it is vital to ensure everything we do on social media is exactly what we do in all other modes of communication, which is to stay honest and fair to the customer by not saying anything misleading. However, internally, we have checks and balances in place that form the basis for self regulation. We have a social media policy with guidelines on engagement and communication which covers our employees, communities, partners and vendors. While these are indicative and will keep evolving with the industry, they do provide a solid foundation to our online behavior ethics."

Emerging trends

Banks in India are developing ways to listen to and engage with customers using social media platform. They have leveraged that tool relatively well and created a bond with their customers. However, they are still a long way from integrating this channel with their business and distribution model. This calls for integrating traditional online marketing with social media, thereby resulting in multi-channel integration. This will be the next stage of leveraging social media to the optimum level.

The next few months will see the emergence of new and innovative communication models that leverage the power of social media more effectively. The collaborative power of social media is expected to grow in coming years. With convergence setting in across Web sites and applications developed for smartphones, social media users will be able to do a lot more. Banks will be developing their own applications that will help them collaborate with individual customers to develop customized products for them. This will bring banks closer to their customers as they will be able to offer individual attention to customers. Some of the areas that will see huge demand pull would be P2P money transfer, remote payments of all kinds besides participation in trade—to name a few.

Prabhat Gupta, Country Manager - India, Wolters Kluwer Financial Services, said, "In the context of the banks in India, in the days to come, social media marketing would form an acceptable form of communication with customers, given its wide penetration and easy accessibility. However, given that adverse commentary can destroy a bank's reputation, they need to guard against the possibility of negative publicity spreading through this medium. Another factor could be the potential threat from competitors. Screening the audience and ensuring the privacy of users is, therefore, of utmost importance."

Social media will play a larger role in the overall marketing strategy for the BFSI sector as more and more consumers rely on social media for getting information and peer level recommendations.