

The State of Social Media in Banking

Results of an American Bankers Association
research study



American
Bankers
Association®

The American Bankers Association asked nearly 800 banks how they are managing social media programs, what results they're getting, what they wish they could do better, and what the future is likely to bring.

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About the American Bankers Association Research Study

The State of Social Media in Banking, a survey initiative by the ABA's Endorsed Solutions Group, examines how banks are taking advantage of social media, where they see challenges and opportunities and what the future is likely to bring. The ABA Benchmarking & Survey Research group collected survey data from nearly 800 banks—financial institutions of all sizes—those with less than \$250 million under management (20%), \$250 to \$499 million (25%), \$500 to \$999 million (24%), \$1 billion to \$9.9 billion (26%) and more than \$10 billion (5%).

Social media for social capital

Innovative banks are shedding the industry's stodgy reputations with personable new images created and nurtured on social media outlets. For example:

- Central National Bank in Waco, Texas, found YouTube stardom with its satirical video on why banks close for Columbus Day.
- First State Bank, headquartered in Gothenburg, Neb., holds a quarterly contest with a local business customer in which each promotes the other's business on social media.
- Every week a bobblehead figure of Mark Mohr, CEO of First Bank Financial Centre in Oconomowoc, Wis., pops up somewhere in the world in a "Where's Mark Wednesday" Facebook promotion. The first person to guess the location wins a \$10 gift card.

Banks are using their social media accounts in creative ways to educate, inform, entertain and celebrate. "Join us at the monthly street festival this Friday night." "Open an account designed for teens and young adults and get a free selfie stick." "Check out our tips to accelerate your path to home ownership." "Click to find out more about small business loans." "The bank's mascot visited patients and staff at the local children's hospital today." "Join us in congratulating our employees who completed the wellness challenge."

Social media tweets and feeds are helping to transform bank personas from anonymous institutions into friendly and approachable members of the community.

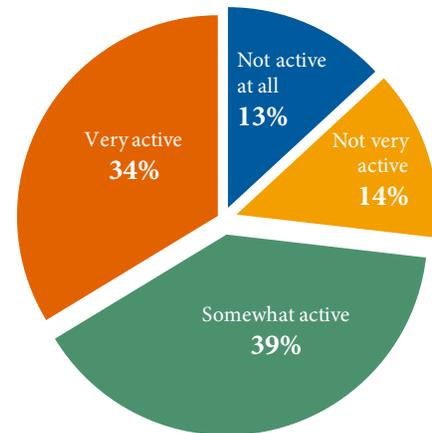
"Banking is more than just the rates we pay on deposits or charge for loans; there's the social capital that we provide a community," says Jill Castilla, president and CEO of Citizens Bank of Edmond, Edmond, Okla., a social media leader. "Social media really highlights our role in the community, augments that social capital and sustains us when we have challenges."

Castilla led her Oklahoma bank from having no social media audience to more than 50,000 views on YouTube and 49,000+ followers who engage with the bank through Twitter, Facebook, YouTube and Instagram. Social media promotions boosted the bank's monthly community appreciation event, "Heard on Hurd," far beyond expectations. In 2106, more than 200,000 attended the event which had a \$5 million economic impact to the community.

With great content and strategy, banks can win big with social media, reaching customers in an engaging, interactive and personal way.

Figure 1:

How active do you feel your bank is currently in social media?



"Banks are often viewed as cold and impersonal. We see social media as an opportunity to portray the warmth and culture that we have here."

Jeff McCarthy,
vice president of marketing,
First Bank Financial Centre

Too great a force to ignore

Regardless of whether a bank decides to actively participate, its customers and others are commenting on the bank through social media. “There’s a myth that as a bank, if you don’t speak in social media, then nobody will be talking about you, that if you don’t start that conversation, then no conversation exists,” says Ryan Bell, Chief Product Officer and Chief Technology Officer for Gremlin Social. “We’ve pretty much dispelled the myth that you can somehow be a bank and not participate in social media.”

Who would want to avoid it, when the numbers are so compelling? For very little cost, banks can reach a large and fast-growing target audience—mobile, online and socially connected.

The number of active social media users has surpassed 2 billion and is expected to reach 2.44 billion by 2018.¹ This is not just the playground of millennials. Users of all ages are well represented in the social universe, especially on the big three: Facebook, LinkedIn and Twitter. Those between the ages of 25 and 44 comprise the largest share of users, but consider that 62% of online adults that use Facebook and 20% that use LinkedIn are 65 or older.²

Across all demographics, a growing number of users are relying on online sources, including social media, to support their buying or investment decisions. According to a recent report from Google:

- 65% of online consumers look up more information online now than they did a few years ago.
- 66% of smartphone users turn to their phones to look up something they saw in a TV commercial.
- Searches for businesses “near me” doubled in the past year
- 82% of smartphone users use a search engine when looking for a local business.
- 82% of smartphone users consult their phones while in a business deciding what to buy.
- Mobile conversion rates have increased 29% in a single year.
- One in three millennials say they have purchased a product as a result of watching a how-to video.³

¹ “Digital in 2016” report, We Are Social

² Social Media Update 2016”. PewResearch Center.

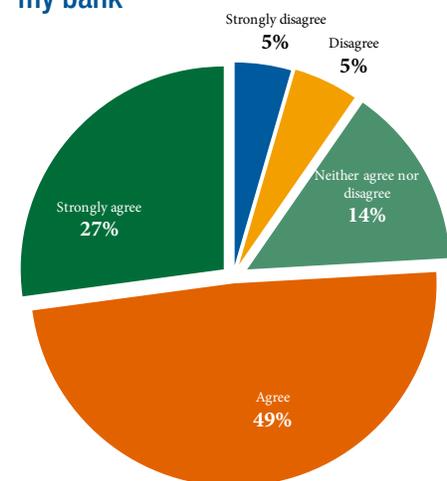
³ “Shape Consumers Preferences in their I-Want-to-Buy Moments, June 2016, ThinkwithGoogle.

Are banks taking full advantage?

Three out of four (76%) agree or strongly agree that social media is important to their banks. A small group (14%) was ambivalent, neither agreeing or disagreeing, while only one in 10 respondents feel social media is not important to the bank. The nonbelievers might be the same group that hasn’t tried it yet; 9% of respondents said their banks do not use social media and 5% said their bank plans to use it in 1-2 years.

Figure 2:

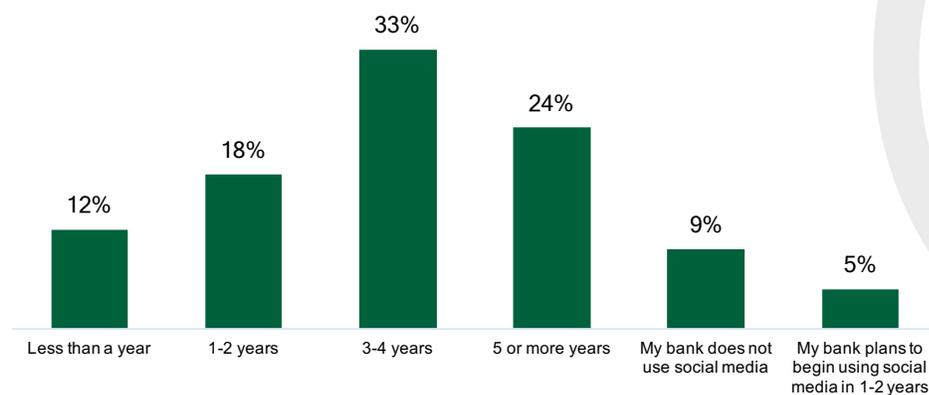
Social media is important to my bank



Overall, banks' use of social media is still in its formative stages. Only one-quarter of respondents said their banks had been using social media for five years or more. One-third (33%) had been using social media for three to four years, 18% for one to two years and 12% were just getting their feet wet, in it for less than one year.

Figure 3:

How many years has your bank been using social media?

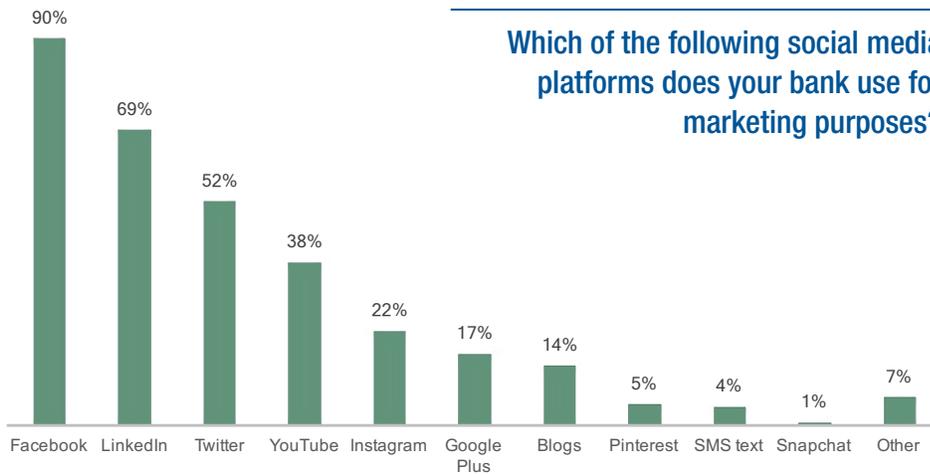


For many banks, the first step is convincing the leadership team that a social media program is worthwhile. “We had to educate the Board and the senior management on how we could get a return on it,” says Derek Randecker, vice president at First State Bank in Omaha, Neb., which has been using social media since 2009. “If we were going to spend time, money and effort on social media, they wanted to know what the payback was going to be for the bank.”

With several years of experience in social media, First Bank Financial Centre in Wisconsin falls into that middle category. “When I joined the bank three years ago, the bank was on social media but didn’t really have a cohesive strategy and plan for what to do,” says Jeff McCarthy, vice president of marketing. “I took the opportunity to staff the team a little differently, to bring in somebody with social media expertise and launch the dedicated effort that we’ve now had for about a year and a half.”

A phased entry such as this is typical. “We have been using Facebook pretty much since I got to Citizens Bank of Edmond in 2009—starting a Facebook page and updating it regularly,” says Castilla. At her previous bank in Minnesota, Castilla had seen the power of Facebook to develop community relationships. Coming to Citizens Bank in a turnaround situation, with little marketing and advertising budget, Twitter and Facebook were used heavily for public relations.

Figure 4:



Banks' top preferred social media platforms are Facebook (90%), LinkedIn (69%) and Twitter (52%), followed by YouTube (38%) and Instagram (22%). Pinterest and SMS text barely register at 5% and 4% respectively. As for Snapchat, the transient image messaging and multimedia mobile application hasn't gained much traction with banks at this time.

At FirstBank in Denver, Colorado, the use of each social media varies. "We leverage all the platforms but we have slightly different strategies for each of them," says Gordon Banks, senior vice president for marketing. "For example, for Instagram, we have a very specific program and promotion that we do in our market."

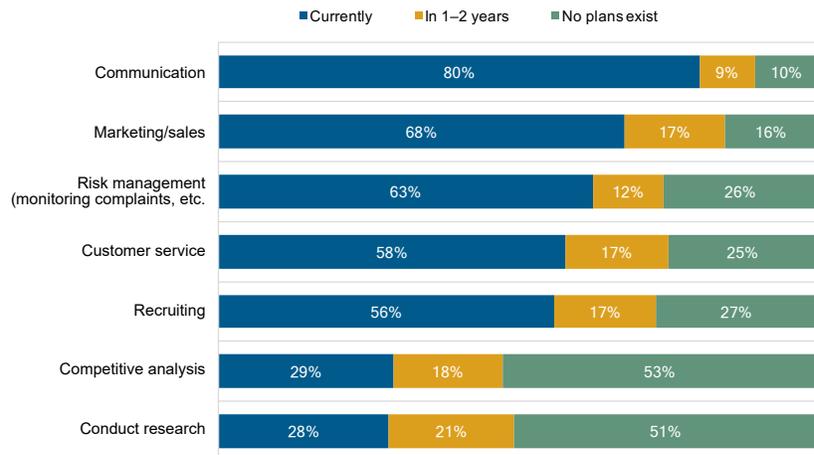
Even those banks that are using one or more social media platforms are not necessarily tapping all its potential. About three-quarters of them (73%) are somewhat or very active, while 27% are not very active or not active at all on their social media accounts.



How are banks using social media?

Figure 5:

Does your bank use social media for the following activities?



Surprisingly, more than one-quarter of respondents said their banks had no plans to use social media for monitoring customer complaints, providing customer service or recruiting—areas where banks are seeing significant success.

When asked to rank from 1 to 10 the reasons their banks use social media, topping the list was (1) community engagement, followed by the (2) desire to deepen existing customer relationships by providing such content as financial tips and updates on new products or services. Banks have largely steered clear of advertising due to concerns about regulatory compliance. See Figure 6 for a full listing.

Figure 6:

Rank, in order, the reasons your bank uses social media: (Rank 1–10 with 1=top reason)

| |
|--|
| 1. Community engagement |
| 2. Deepen existing customer relationships (e.g., providing updates on new products/services, financial tips) |
| 3. Thought leadership/brand awareness |
| 4. Send general alerts to customers (e.g., branch closings, holiday hours, changes in hours, etc.) |
| 5. Attract new customers |
| 6. Respond to customer service needs |
| 7. Employee or potential employee engagement |
| 8. Advertising depository products and service |
| 9. Advertising investment services |
| 10. Advertising trust and wealth management services |

We interviewed social media leaders across the banking industry for more detail on how their banks are using social media.

Social media for community engagement

“People bank with community banks because they know you and, through social media, they feel like they have met us,” says Castilla. “It’s like going to a million chamber of commerce events and shaking everyone’s hand.”

In 2014, Citizens Bank of Edmond started a street festival called “Heard on Hurd,” every third Saturday from March through October. “That’s when we ramped up our use of Instagram and the hashtag #jointhehurd, where attendees can share their photos of the event, which amplifies the awareness,” says Castilla.

“It’s really like a bank customer appreciation day—planned and run by bank staff—with live music, three dozen food trucks, three dozen pop-up shops to show the bank’s support for small business and how the bank can help build community. We take no sponsorship for this event and do very little advertising, yet it has grown organically into an event we can hardly believe.” The bank keeps a modest profile at Heard on Hurd, preferring to showcase the community. And the community is loving it. The bank anticipated 300 to 500 attendees at their first block party. They got 3,000. The summer 2016 events each drew 20,000 to 30,000 people.



“We’re a relatively small bank from a small suburb of Milwaukee. When we first got into social media a year and a half ago, not a lot of people knew about us. So we used social media as a way to showcase some of the great things the bank and its employees are doing in the community.”

Jeff McCarthy,
vice president of marketing,
First Bank Financial Centre

Figure 7:

Social media activity from TheBank of Edwardsville, promoting their chili cook-off.



Likewise, TheBANK of Edwardsville in Edwardsville, Ill., has elevated community engagement on social media to an art form. Scroll through the bank's Facebook feed for just 60 days and you'll see posts about:

- **Employees** volunteering at an annual chili cook-off, taking the ALS ice bucket challenge, participating in a food pantry fundraiser, running a 5K to raise money for a sports foundation, hand-delivering school supplies to a high school, grilling burgers at the annual Troy Family Festival of Fun to benefit the local VFW post and participating in a benefit lunch to support the Special Olympics.
- **TheBANK** hosting a Red Cross blood drive, participating in a community awareness event, hosting a Pokémon hunt with giveaways, providing title sponsorship for the Edwardsville Rotary Criterium Festival, sponsoring an American Legion regional baseball tournament, presenting a \$1,000 check to the school that had the highest percentage of students complete its online financial literacy program, and receiving one of ABA's 2016 Community Commitment Awards for its role in developing a fully bilingual banking center.

If you lived anywhere near Edwardsville and you hadn't heard of TheBANK, one look at this Facebook page would give a clear impression of community-mindedness and explain why the number of page likes is equivalent to 10 percent of the city's population.

Social media for deepening customer relationships

Showcasing community spirit is a great start—a natural fit for social media—but the medium holds so much more potential for building the business. First State Bank, headquartered in Gothenburg, Neb., holds a contest with a local business customer each quarter where they each promote the other's business through paid social media. "For one contest, we partnered with a local sports bar in town," says Randecker. "All of a sudden, we have 3,000 followers on our Facebook page hearing about the sports bar and 15,000 of their followers learning about First State Bank." The feedback from their business customers has been incredible because they see the bank's paid social media as investment in helping them raise awareness with consumers.

Bell of Gremlin Social recommends a social media presence that strikes the right balance of content around fun, financial dreams, financial education and personal finance. He suggests banks share original content as well as industry content, and that they educate, engage and promote products in ways that serve rather than are self-serving.

"Our philosophy is that if it's always just about us, people are going to stop following us," says First Bank Financial Centre's McCarthy. "If consumers did us the favor of following us, we have to provide them some information and tools they can use." His bank achieves that balance in part by linking from social media to a blog that provides advice on financial services matters.



Social media for recruiting

Facebook, Twitter and LinkedIn have proven to be valuable platforms for finding qualified job candidates, especially if social media represents the institution as a great place to work.

“We built an #AvidiaLife feed that shows a behind-the-scenes view of everything that goes on at the bank and have been able to use it to acquire new talent by showing what our corporate culture is like,” says CarrieAnne Cormier, vice president for retail operations and strategy at Hudson, Mass.-based Avidia Bank. “We have actually had people who have reached out to us that want to work here because of what they have seen online.”

First Bank Financial Centre has found similar success. “We are growing significantly here, and our HR department was having a hard time keeping up and finding the right candidates for the right positions,” says McCarthy. “So we started partnering with HR, boosting some posts on Facebook [for the HR team] and featuring a job-of-the-week opportunity. The last one we did, we spent about \$50 to boost a post and reached about 14,000 people who generated about 500 comments and shares—and this is a bank that has about 1,200 followers. More than 300 people actually clicked on the post to find out more about the position. So for us, that’s a really powerful tool to help find qualified job candidates.”

Social media to attract new customers

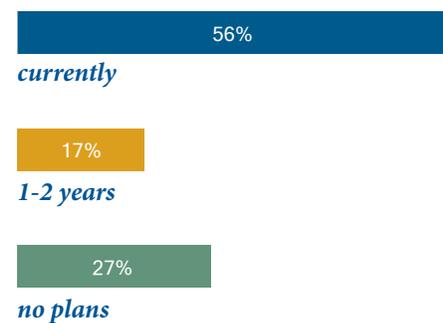
“In the last year, we’ve gotten about 3,400 visitors linking to our website from social media,” says McCarthy. “About one-third of those were first-time visitors to our site, so we’re exposing new people to our brand. Of those, eight people applied for a loan. We do believe social media is starting to be a business generator for the bank and will continue to be so as time goes on.”

Banks can bring in visitors by showcasing their lighter side. For example:

- First Bank Financial Centre’s “Where’s Mark Wednesday” feature on Facebook has made its CEO something of a celebrity. “Mark gets recognized at conferences and professional association meetings,” says McCarthy. “This fun contest has humanized our bank, showing our CEO as an approachable guy with a sense of humor, the kind of guy you’d like to sit down and have a cup of coffee with, and that’s not the general impression people have of bankers. It has been a real win for us.”

Figure 8:

Number of respondents whose banks use social media for recruiting: 56% currently, 17% plan to in 1-2 years, 27% have no plans.



- When the Pokémon Go craze broke in July 2016, Citizens Bank of Edmond hosted PokéStops with free water and a giveaway contest. Users could snap a photo of a Pokémon, tag the bank on social media and show it to a banker to get a free gift card to a local café.

New visitors who come for contests or promotions might stay for a closer look at what the organization has to offer financially.

Banks have also had success using social media to establish new business relationships. Avidia Bank actively looks for opportunities to cross-promote local businesses through social media. “We have businesses that want to partner or bank with us because we’re sharing their story,” says Cormier. “We have a cool group of restaurants near us that are new ‘startups’ asking if we can come to their grand opening or an event. Places are choosing to bank with us because we are not just going there to do a cold business development call but going to these businesses to highlight what they are doing in the community.”

Social media for customer service

Some banks fear a social media presence will give customers a high-profile platform to complain. What if someone posts something negative?

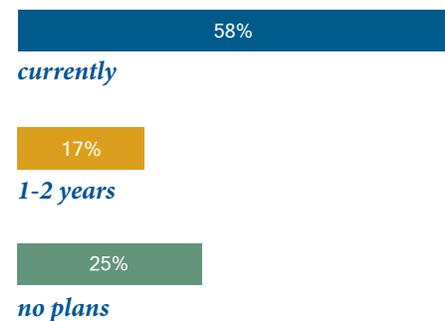
“View it as an opportunity,” says McCarthy. “For instance, somebody posted a complaint that we didn’t have a branch near them, that it’s such a drive to get to our headquarters. We used that complaint as an opportunity to talk about mobile banking and mobile check deposit. ‘Did you know you can do all the banking from your computer and your phone?’ So we tried to turn that critique into a positive. We don’t delete those posts; we address them as quickly as we can. Those negative posts can almost be more helpful than the positive ones, if you handle them correctly.”

Castilla agrees. “In every case we’ve been involved with, the complainers—even the greatest complainers on social media—have turned into advocates for us. They’re the first ones to jump in and advocate to the other complainers. Those who were previously the detractors are now building up the business to a different level that you couldn’t do with traditional marketing.”

According to a report by NM Insight, nearly half (47%) of U.S. social media users today actively seek customer service through social media and 33% of respondents say they’d recommend a brand that offered a quick but ineffective response. “When a disgruntled customer gets a personal contact from the bank’s CEO, they’re impressed,” says Castilla.

Figure 9:

Number of respondents whose banks use social media for customer service



“Even regulators have some concerns about the reputational risk of not being active on social media. It’s about transparency. Whenever you are present on social media, you really see the complaints go down substantially compared to when they think you’re not listening.”

Jill Castilla,
president and CEO,
Citizens Bank of Edmond

Could banks be doing a better job with social media?

Absolutely, says Bell of Gremlin Social, which offers a benchmark assessment service to determine how well organizations are doing in social media. Gremlin analyzes a bank's social media accounts for quality of the content, amount of engagement (likes, comments, shares, etc.), governance, management, monitoring, data retention and other factors that determine the success of a social media program.

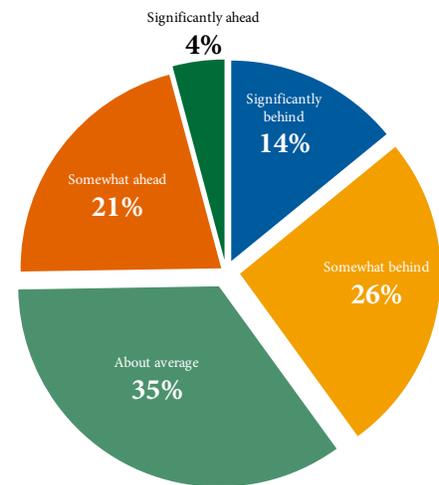
"Banks tend to have an average score of 57 out of 100 on our report card," says Bell, noting that equates to a marketing score of D and a risk score of C-. "Banks are behind the overall business usage of social media, but they have significantly improved since 2009 or 2010, when we first started seeing banks use our products" and that score would have been closer to 35, he says.

"So we're moving in the right direction," Bell says. "The quality of the content is going up, as is the understanding that this is a two-way conversation rather than just broadcasting through a megaphone. Banks are successfully using social media for customer support, driving people to the website and having a positive impact on the brand. A few years ago, it was a matter of understanding all the bells and whistles, best practices, general capabilities and possibilities of social media. Now it's more about measuring results and fine-tuning to improve performance. Banks in general have moved from beginners to intermediates, and some are on the advanced side."

ABA's survey confirmed that impression. When asked whether their bank was ahead or behind its peers in social media use, 35% rated their institutions about average, while 21% said "somewhat ahead" and only 4% said "significantly ahead" of others. Four in 10 respondents said their banks were somewhat or significantly behind other banks in use of social media.

Figure 10:

In your opinion, is your bank ahead or behind its peers' social media use?



"A few years ago, it was a matter of understanding all the bells and whistles, best practices, general capabilities and possibilities of social media. Now it's more about measuring results and fine-tuning to improve performance."

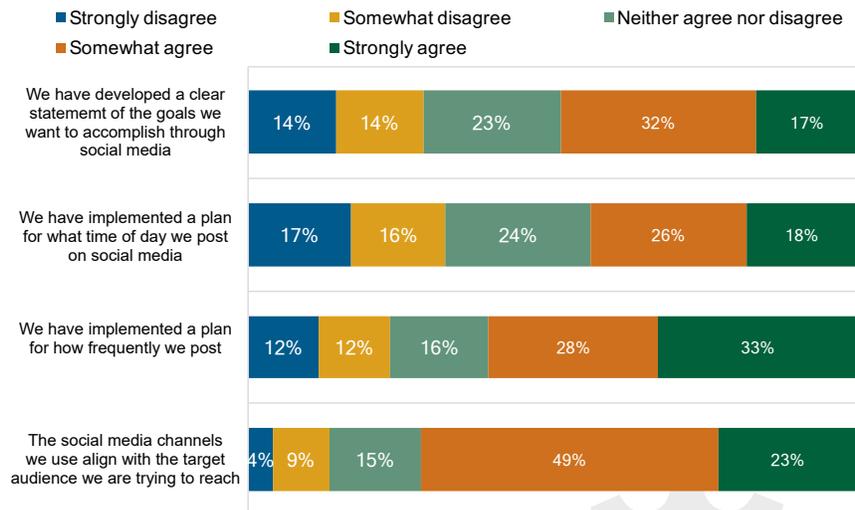
Ryan Bell,
chief product officer and
chief technology officer,
Gremlin Social

There's clearly work to be done. Only a minority of respondents strongly agreed with the following statements that characterize a robust social media strategy:

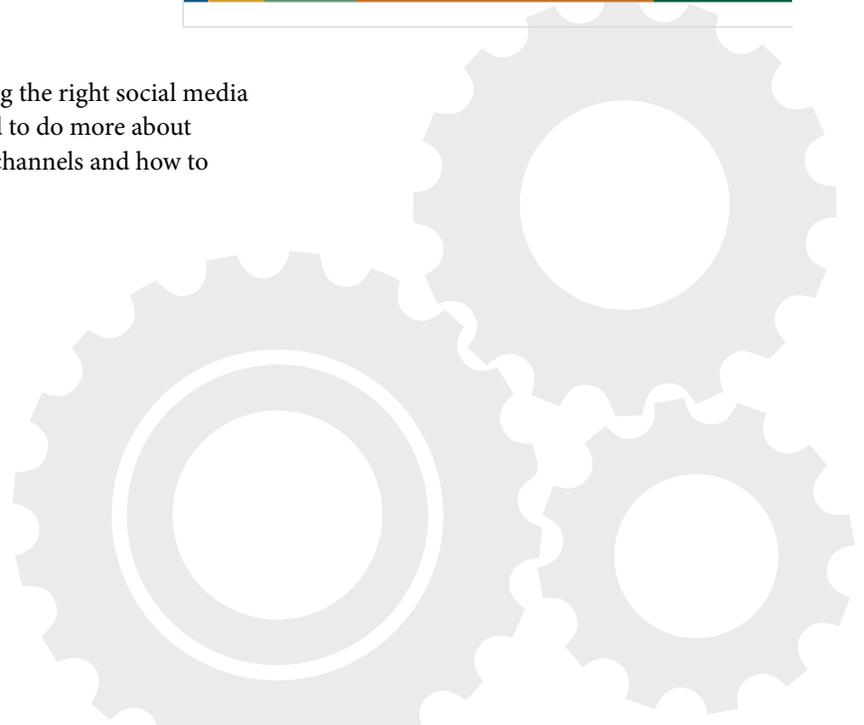
- We have developed a clear statement of the goals we want to accomplish through social media. (17%)
- We have implemented a plan for what time of day we post on social media. (18%)
- We have implemented a plan for how frequently we post. (33%)
- The social media channels we use align with the target audience we are trying to reach. (23%)

Figure 11:

Please state the degree to which you agree or disagree with the following statements about your bank's social media use



By and large, banks have done well choosing the right social media channels on which to focus. Now they need to do more about establishing a plan for what to do in those channels and how to manage it.



What banks wish they could do better

When asked to name the one thing they would change about their banks' use of social media, survey respondents offered 600 answers that generally revolve around the desire to have more and do more:

- Be more active and expand the ways social media is used, such as for recruiting.
- Grow the number of followers, likes, clicks, etc., especially among younger consumers.
- Do more paid advertising on social media sites.
- Get more employees engaged in posting and sharing content.
- Have more resources to apply to social media, particularly to generate more original content.
- Develop a greater ability to measure ROI and use analytics to gain new insights.
- Provide more direct communications about the bank's products and services.
- Formalize the social media program, with well-established policies and systems.
- Reduce the burden of compliance—the processes of approvals, archiving and record-keeping.

One respondent said, "I would toss out our social media policy that states that the bank won't use social media now or in the future."

Addressing issues of governance and control

Regulatory concerns over social media

Many banks are wrestling with the fact that social media can by default be considered advertising, subject to regulations that were written for print, radio and television. Within a single social media platform, content is displayed differently on a cell phone, tablet or PC. How does a bank establish consistency in the way the FDIC and Equal Housing Lender logos are displayed? How can it fit all the required disclaimers in 140 characters? It can't.

Listen and reply. Now.

The push for more time and resources is well founded. "In social media, people really expect quick response," says McCarthy, noting that Facebook actually ranks your responsiveness and assigns a score. "If they reach out to you on social media and they don't hear from you for two or three days, they think you're not listening. If it's two or three weeks, they don't see the value, they think you don't care, and that can hurt your brand image. You almost do more harm than good trying to get into these platforms if you don't allocate the resources to the program."

"The 2013 FFIEC guidance applies to all banks—even if they are not active on social media. All banks should be monitoring for comments and complaints, and have a plan to respond."

Denyette DePierro,
vice president & senior counsel,
Payments & Cybersecurity,
ABA

In December 2013, the Federal Financial Institutions Examination Council (FFIEC), released guidance on the applicability of consumer protection and compliance laws, regulations, and policies to activities conducted via social media by banks and other financial institutions. However, this guidance is intentionally vague due to the ongoing change in social media channels. Compliance officers are being told to use their best judgment and the resulting ambiguity creates conflict between compliance officers and marketing.

For MVB Bank in Fairmont, W. Va., the decision to become active on social media wasn't made until after careful consideration. "It took fifteen months to go through the compliance committee, enterprise risk, the Board and the executive team," said Aly Gregg, who was the bank's senior vice president of marketing at the time. "We worked through our internal processes and when the FFIEC came out with their recommendation, we used those to develop our policies and procedures."

Many banks avoid the regulatory issues by choosing not to talk about products or services. They will post about community engagement, financial education and contests, making social media more social than business.

One survey respondent said, "Our compliance officer requires everything be approved before posting—everything, even lenders saying, 'Come by booth 234 and see us at the ABC Conference ...' We can't take full advantage of trending topics because sometimes we don't get approval to post until after the event has passed and is no longer timely or trending. This is why we don't use our social media for any advertising at all; compliance makes the easiest things difficult, and we don't have time to jump through all the hoops that would be required with actually advertising something. Very frustrating"

A tool for social media governance

For many banks, the content creation, approval and posting process is highly manual. A team member creates a post in Microsoft Word and sends it to the compliance team for review. A compliance officer amends or approves it and sends it back, and then the content is recreated in the social media platform. However, there's no guarantee that what was approved was what was posted, and process controls are difficult to show to auditors.

In 2015, First Bank Financial Centre implemented the Gremlin Social platform to manage that process. "Now approvals happen in Gremlin Social, posts are done in Gremlin Social, and everything is documented and time-stamped, so we have airtight documentation of any social media post, start to finish," says McCarthy. "Our compliance team appreciated us bringing that tool here, and we believe we are assured of being compliant."

Banks are embracing such platforms. In ABA's survey, 55% of respondents said their banks were using software or technology from a third-party provider to help them monitor or manage social media content or compliance.



Who can post on social media on behalf of the bank?

For most banks (75%), social media strategy and content are managed by the marketing director or vice president. One bank in five assigns this responsibility to someone else, such as a manager in marketing, IT or compliance. Only 10 percent of banks turn to an outside marketing firm, in part because of fears that external agencies might not be well versed in the compliance issues.

More than one-third of respondents in the survey (36%) said client-facing employees (such as personal bankers, loan officers and financial advisors) are not allowed to use social media for business purposes. Another 28% said employees can post, but the rules are unclear, while 26% said employees are encouraged to post and the bank provides social media training to employees.

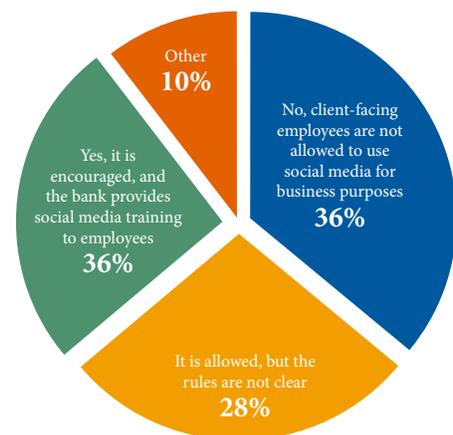
There seems to be a greater prohibition on client-facing employees posting content for business purposes on their personal social media accounts. More than half of banks represented in the survey (58%) say no. Another (17%) allow employees to publish content but are unclear on how to manage it, while 14% of respondents said their banks encourage employees to post bank-related content on their personal pages, profiles and feeds, and provide training for it.

At First Bank Financial Centre, only McCarthy and one designated social media specialist can post as the voice of the bank. McCarthy relies heavily on the branch teams to send photos and content that can be turned into social media posts, and five lenders can post as themselves, but everything goes through the Gremlin Social approval tool. “We do encourage sharing and liking the bank posts,” McCarthy noted. “We’ve got 300 employees and all 300 are sharing the posts, so all their friends are seeing our content as well, and it benefits the organization as a whole.

“The challenge is that we can’t require employees to update their LinkedIn profiles in a certain way. We can’t require them to use a certain profile photo or job description. What we can do is offer our team as a resource to help them craft their updates to be consistent with what other employees are doing.”

Figure 12:

Does your financial institution allow client-facing employees (i.e., personal bankers, loan officers, financial advisors) to use social media for an online business presence, such as a LinkedIn profile or business-purpose personal Facebook page?



“Our officer group receives face-to-face training during their onboarding as it pertains to the use of LinkedIn. Other training/tips are conducted via email and memos as well as some video. We do encourage all employees to follow FirstBank on the different social media platforms we use. There are social media policies in the overall Employee Handbook.”

Gordon Banks,
senior vice president
of marketing,
FirstBank

Developing employee advocates and brand ambassadors

Avidia Bank decided to create brand ambassadors, called the Avidia Smarties, who could represent the bank in person as well through various social media channels.

“We really saw an opportunity for connecting with our customers and doing it in a way that was different than the other community banks,” says Avidia’s Cormier. “There is a lot of traditional marketing out there with many banks just posting their CD rates or auto loan rates. But when customers are on social, I don’t think that is what they want to see. They want to see a fun and relatable brand and that can’t always be done by someone sitting in a back office in the marketing department just doing posts.”

The ‘Smarties’ have grown from a team of four to 12 employees, mostly retail employees selected from Avidia’s various branches and has been instrumental in driving engagement. “When we post a picture of an employee or something that they are doing, we see a huge lift in engagement in social. Not only do people ‘Like’ a post, they are commenting and we see a lot more traffic to our site and other channels.”

“If you clamp down on social media too much, you might find that one person becomes the bottleneck of content distribution for the bank,” says Bell. “The next phase is team member advocacy—expanding social media out of the marketing department and letting your employees and managers be the face of the company going forward.”

Start with the people who already speak on behalf of the bank in other venues—such as your relationship managers, sales team, loan originators and financial advisors. These people have experience in representing the bank; social media is just another tool.

“That’s a big step in control—crossing the line between business accounts and personal accounts of employees,” says Bell. “You have to have a system, process and guidelines in place for how employees might post about the bank. Very often there’s no policy in place, or there’s a general communication policy for electronic media, but social media has some unique qualities that are different from email.”

Bell advises giving employees good training on the bank’s social media policies as well as providing preapproved content they can use—perhaps a content library of 30 messages created by the marketing department and approved by the legal team. By giving employees a choice from approved content, a bank can engage a broader pool of employees to be social media advocates, without fear.

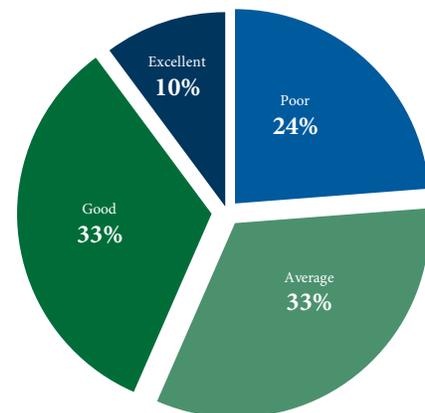
The gap in social media training and policy

Although 90% percent of survey respondents said their banks have written social media policies and procedures, they gave only fair to middling grades on the quality of the bank’s training on those policies and procedures.

One-quarter of respondents (24%) rated their institution’s training as poor, 33% said average, 33% said good and only 10% believed employee training on compliant and effective use of social media for business purposes was excellent.

Figure 13:

Please rate the quality of employee training and education at your bank on compliant and effective social media use for business purposes?



Is social media delivering results?

44% of respondents reported being somewhat satisfied with the results of their social media efforts (only 9% were extremely satisfied). Another 23% were neither satisfied nor dissatisfied. Nearly one-quarter (24%) were somewhat or extremely dissatisfied.

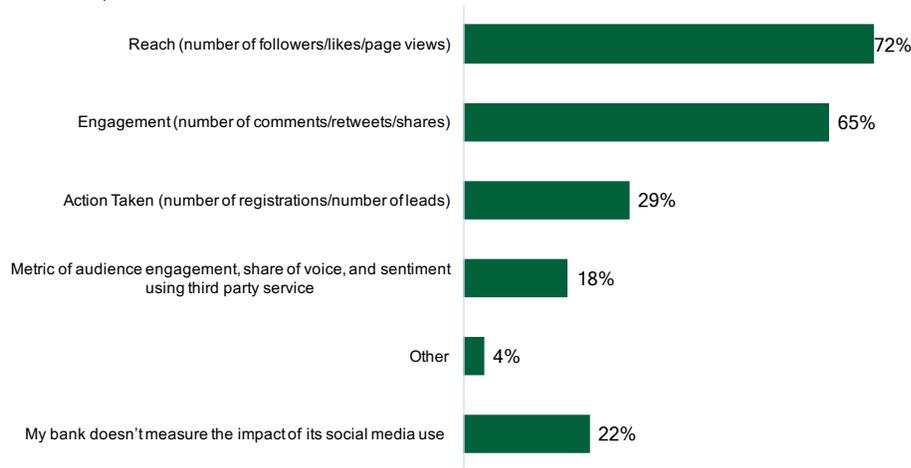


Figure 14:

How does your bank evaluate or measure the impact of social media?

This lukewarm report card may be a reflection of the way social media is being measured. For starters, 22% banks surveyed don't even measure the impact of their social media use. It's hard to be pleased with results you don't know about.

None of these measures links social media activities to business results. Sometimes that connection is clear—a campaign led to “x” clicks on the blog which led to “y” click-throughs to an online loan application, for example. At FirstBank in Colorado, they strive for tangible results. “We do look at followings and likes and overall reach but we also run account acquisition programs through social media,” says Gordon Banks. “We are able to track the acquisitions very accurately and have seen excellent results.”

But more often the benefits are intangibles—awareness, relationship-building, goodwill—that lead to business wins in ways that are almost impossible to trace.

“It's hard to evaluate the impact in terms of the bottom line,” says McCarthy, “but you can get some handle on whether you're succeeding by whether your social media footprint is growing. In the last year our Facebook page likes doubled and the number of followers on our LinkedIn page is up tenfold. We also look at our engagement levels—likes, shares and comments—relative to other banks. There are banks that have 20,000 or 25,000 likes on Facebook that have 40 or 50 engagements per week. It's not unusual for us to have 300 or 400 engagements per week. That means people are valuing the content, sharing it with their friends and commenting on it. Our engagement levels are showing that we're having a conversation with people.”

Those conversations have value

“Consider that 77 percent of consumers are more likely to purchase a product when a friend has mentioned or recommended it,” says Bell. “Social media has enabled banks to build relationships with their customers and also to leverage the relationships that employees have with their connections to influence their buying decisions in a subtle way.” That circle of influence is there, but it’s hard to track. Bell pointed to a case study Gremlin Social conducted where a community bank was active building a social media presence that led to 3,800 new accounts in the review period.

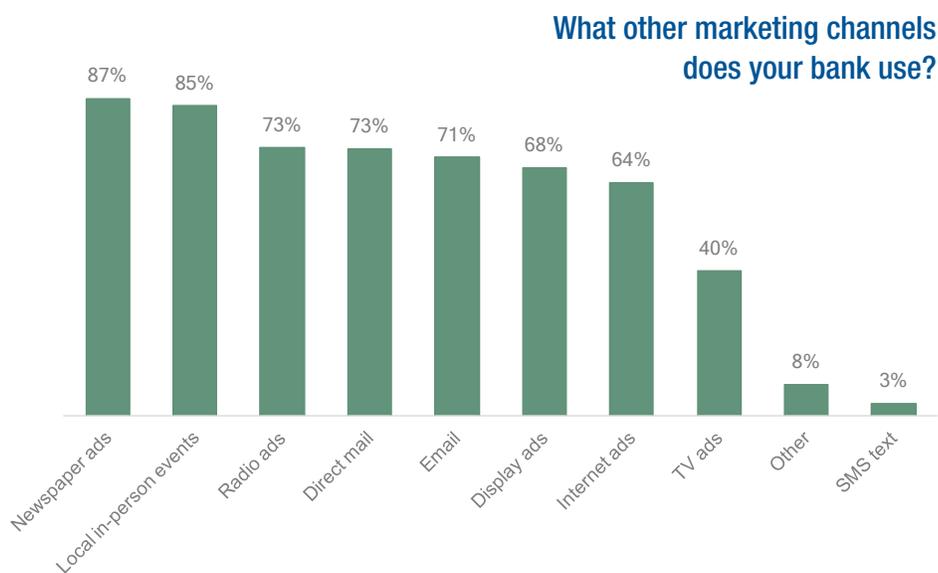
“We track all those metrics—clicks and likes—but for me the value is the conversation,” says Castilla. “For example, if 5,000 people saw you at a Chamber of Commerce meeting, what really matters is who you interacted with. So I would be cautious about really leaning on statistics. You may get brag numbers that you got a million interactions this month, but that’s not as meaningful as having great deep conversations with someone, building a relationship where 50 or 100 people tell the newcomer, ‘You should bank at Citizens Bank of Edmond.’ The magic, the secret sauce of social media are those interactions. It’s about building relationships and building communities.”

“Our generation is very reliant on online evaluation, and social media allows you to drive building brand advocates, so you’re not the only one saying your CDs and loans are great, but you have a community out there saying that for you.”

Jill Castilla,
president and CEO,
Citizens Bank of Edmond

Return on investment is strong because the investment is small

Figure 15:



It is likely banks will continue to shift marketing dollars away from traditional channels in order to reach prospective customers. When First State Bank in Nebraska recently purchased a smaller bank, they learned it was advertising in the local newspaper’s TV guide for \$6,000 a year. “We shared a newspaper article about us purchasing the bank on our Facebook page and paid \$50 to boost the post,” says Randecker. “We ended up having the post viewed by 30,000 people and the town’s population was around 23,000. It really showed there were other ways to more effectively reach our audience.”

Social media delivers a lot of bang for the buck. “We always walk a line on return on investment on marketing activities,” says Castilla. “With social media, the investment in time and money is very, very small. We still spend about \$25,000 on traditional advertising, mostly as a courtesy to the local newspaper and billboard companies, but we have shifted our entire advertising and marketing focus to using social media as the foundation. Social media has really been the salvation of our marketing plan.

“I think one of the reasons that our social media presence works so well is that we’re not trying to achieve X, Y and Z, like how much volume did we get from going to that Chamber of Commerce luncheon or doing that Habitat for Humanity thing,” she says. “It’s about authenticity and social value. People contact the bank about loans not because Citizens Bank of Edmond competes with big banks on loan rates, but because they want to be a part of what the bank is doing through the community, as seen through social media.”

The bank’s social media presence has also led to increased local media attention for the bank, creating a rippling circle of mentions, interviews and free advertising.

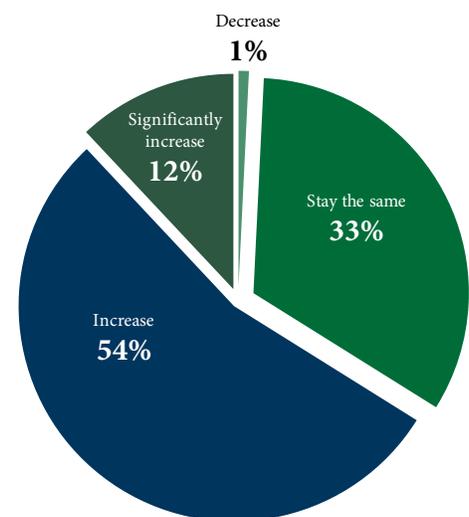
What does the future hold?

One thing is clear: Banks will continue to invest in social media. More than half of the banks surveyed (54%) expect to increase spending on social media resources in 2017; 12% will significantly increase that budget. One-third (33%) will hold the budget steady and only 1% of banks plan to reduce social media investment.



Figure 16:

Is your bank planning to increase or decrease spending on social media resources next year?



New channels. “We’ll keep an eye on up-and-coming platforms and assessing whether we should be there,” says McCarthy. “For example, as a team we can’t figure out how to add value in Snapchat, so we’re not there. Who knows; the next big thing in five years might not even exist yet.”

“We are a bank that likes to experiment,” says Castilla. “So when there’s opportunity to expand into other social media platforms, we’ll always be looking at the next great thing. Someday down the road it will be a whole new suite of social media platforms.”

Growth in followers and engagement. “I see our program as in its infancy,” says McCarthy. “I’m working hard to grow our base of followers, so we are constantly trying to think of new ways to generate that interest. If we can keep up our level of engagement with a larger number of followers, we’ll be very happy.”

More mobile. Fully 90 percent of survey respondents agree or strongly agree that in five years customers will use mobile devices as their primary source of bank communication. Banks need to be agile and mobile-friendly to meet those customers’ expectations.

More video. “You get a good response with text, a better response with images, and even better response with video,” says Bell. “The trend is toward more video, particularly experimenting with live video. For instance, if the bank is involved in a charity event or breaking ground for a new branch, you might want to broadcast that on Facebook.” Central National Bank in Waco is one of the banks that has seen tremendous success using video, especially videos which poke a little fun at the bank. “You can do so much with video across all social media platforms,” said assistant vice president Bryan Fonville. “It’s also a nice way to show the human side of banking.”

More advertising. It will cost more to be seen. In 2016 Facebook announced an update that prioritizes posts from friends and family over those from businesses. In 2017, Facebook will likely move even more to a “pay to play” platform, emphasizing the need for brands to use paid advertising to reach consumer news feeds. Mobile ads, which command a higher price than those shown on desktops, accounted for roughly four-fifths of Facebook’s revenue in Q1 2016⁵.

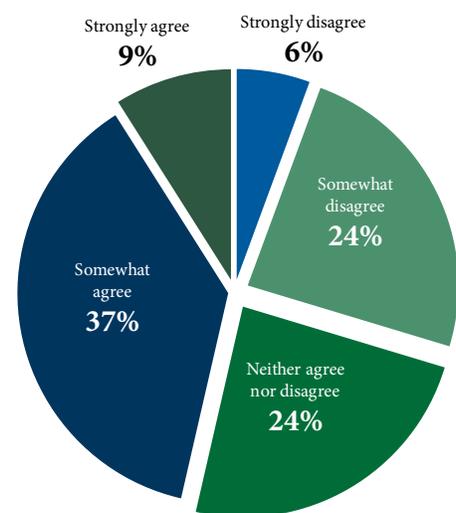
More process controls. “Initially people were trying to manage social media solely through policy and process management,” says Bell. “The wheels weren’t greased to make the approval process and content distribution efficient. The mere clumsiness of the process takes time, and time is money.” Money spent on software to manage social media will save hidden costs in compliance or reputational damage later.

“We are satisfied where we are using social media but we are not going to be resting on our laurels. There are still a lot of opportunities for us to take advantage of as new platforms and new capabilities in social media come to fruition.”

**Gordon Banks,
senior vice president
of marketing,
FirstBank**

Figure 17:

Please state the degree to which you agree or disagree with this phrase:
In 5 years, customers will use social media as their primary source of bank communication



⁵ Facebook Revenue Soars on Ad Growth, Wall Street Journal, April 28, 2016

Top 10 takeaways

- 1. Social media is a powerful way to boost the brand.** Even small banks have raised their profiles to thousands of likes and tens of thousands of views with community-minded posts and viral videos.
- 2. Social media programs are still maturing.** Most banks have been in social media for only a few years, while many are just starting. Of those who are in, a large percentage are not using it very actively yet.
- 3. There's a lot of work to be done in strategy and implementation.** Only a small number of banks have established clear plans, goals, governance and training programs for their use of social media.
- 4. Banks are foregoing opportunities.** About one-quarter of banks have no plans to use social media for managing complaints, customer service or recruiting—areas where other banks are seeing notable successes.
- 5. Giving employees a voice can be a great benefit.** The risks of expanding employee advocacy can be mitigated by providing preapproved content, strong policy and good training.
- 6. Governance concerns can be resolved with management software.** About half of banks use software or technology from a third-party provider to help monitor or manage social media content or compliance.
- 7. Clicks and views are less meaningful than engagement.** Awareness and goodwill generated with social media leads to deeper conversations that lead to business wins.
- 8. Social media can be the foundation of an advertising program.** Most banks use newspaper advertising (87%), in-person events (85%), radio (73%), direct mail (73%), email (71%) and other outbound channels, but for very little investment, a social media presence can create a two-way conversation that draws mainstream media attention and free advertising.
- 9. Social media will get more costly.** Channels such as Facebook are changing their algorithms in ways that pressure commercial enterprises to pay for views, either by advertising or boosting posts.
- 10. Banks can't afford not to be in social media.** A bank's brand and market are out there on social media, for better or for worse. You are being talked about. You might as well know what is being said, so you can help shape the conversation and benefit from it.

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“When you go down the street, there are 10 banks consumers can choose,” says McCarthy. “Some people really like to work with friends and neighbors, and if we can showcase that personality in a fun and engaging way, that’s a real win for us.”

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