
USING NETWORKING SITES IN BANKING

by [Steve Brown](#)

If you want to find out if you are 6 degrees separated from Kevin Bacon or if you are looking to add more banking contacts, social networking may be for you. While we have covered MySpace and the famous "Poking Wars" of Facebook in the past, today we highlight a trend that is growing among bank sales and marketing professionals - LinkedIn and Plaxo.

We have received an ever growing number of "invites" from both of these sites from bankers who have joined them and now feel there is a critical mass to make it worth your while as well. In fact, we just landed our first client we can attribute to these sites. That client was a lost professional contact that showed up and started working at another bank. If it can drive sales for us, surely it can drive sales for you. For the sake of discussion, we will focus on LinkedIn, the most popular professional site for bankers.

With over 14mm users LinkedIn is the largest business-oriented social networking site. It allows members to connect with other members in a professional networking setting. Members can see how these connections were made (school, interest groups, past employers, etc.) and whether they were direct or through other connections. When other users view your profile, they will be able to see why you joined LinkedIn and the extent of your network. While the uses for these social networking sites vary, given the troubled times of banking, we see more and more bankers reaching out to other bankers, potential customers, vendors, possible joint venture partners and financial experts, in an attempt to increase their social support group.

LinkedIn does a couple of things really well; that we believe makes it worthy of your time to consider. For starters, the site is secure, so connections are made only with permission. There is also no exchange of any critical personal information. The site is also focused and tends to be largely professional in nature (there is some social interaction, but nothing like Myspace). The user interface is straightforward and easy to understand, so the learning time to gather a large network is relatively quick and painless. This format is all about community and LinkedIn has found great ways of showing you what's happening in your personal network, as well as your extended network. Watching these connections being made is mind boggling and after a couple connections, you realize the power of professional networking. Finally, after a couple uses, bankers will likely establish a minimum level of trust. With few exceptions, we have found that members who connect with one another have been extremely conscious of their use of questions and how they got the connection in the first place. When a "message/answer/deposit" comes through the service and gives you information about valuable ID protection on your premium business checking account, you know it's for real. In addition, we are impressed with how many connections have been made with banking examiners through LinkedIn (this allows us an informal way to gather opinions on the different aspects of banking).

Tomorrow, we will give you some tips on how to effectively build a network of bankers in LinkedIn. Being a LinkedIn member will not give you the opportunity to be "friends" with Tila Tequila, but it could provide a new business opportunity and a format to leverage banking intelligence you can use.

BANK NEWS

Better News

Almost 300 of the companies in the S&P 500 index have reported 2Q earnings. As of 2Q, earnings were down 19% on average from a year-ago, however that is a sharp improvement from the 26% drop in the 1Q and the 31% slide in the 4Q of 2007 when the credit crisis was at its peak. While not great, the trend is getting better.

Consumer Pullback

A study by Javelin Strategy & Research on credit card usage finds consumers are cutting back on non-essential items in reaction to higher oil prices, more expensive food and lower home prices. The study found 37% of people have reduced spending, 54% are spending less on luxury items and 57% are eating out less.

Small Business

About 33% of small businesses had problems with cash flow in the past 90 days, down from over 40% at the end of last month. Though over 25% of small businesses extended credit to customers in July, 28% reported economic conditions affecting their business to be improving.

International

New rules requiring heavier monitoring of international automated clearing house transactions will take effect in March, though 25% of bankers do not expect to be ready for processing IAT transactions by this time.

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