
SOCIAL MEDIA FOR COMMUNITY BANKS

by [Steve Brown](#)

Last week the Banc Investment Daily sat down with Clara Shih and Ally Basak Russell of Hearsay Social in a multipart series to take place over the next several weeks to better learn how banks might want to be thinking about social media. Clara was just named one of BusinessWeek's Best Young Tech Entrepreneurs of 2011 and is the bestselling author of *How to Make Money Marketing Your Business on Facebook* and *The Facebook Era* (used as a textbook at Harvard Business School). Ally is a member of the Illinois Bar and is an expert at social media compliance and regulation. Their company, Hearsay Social, specializes in social media marketing and compliance for some of the largest banks in the nation.

BID: Why should banks care about social media? Clara: It's about being where your customers and prospects are. With over 700mm active users on Facebook and LinkedIn, bankers, small business owners, investment advisers and business employees join to stay connected and top of mind. Four out of five financial professionals are now on at least one social networking site. Banks need to leverage the power of these networks.

BID: Why now? Clara: LinkedIn's successful IPO underscored the importance of social media and how sites like LinkedIn, Facebook and Twitter are transforming customer relationships. Last year, 2010, was about social media strategy. 2011 is about social media execution. Looking ahead, these social media sites are now being connected to other applications that specialize in payments, lending, marketing, business development and other functions so that a bank's presence in social media is now magnified. Banks cannot afford to ignore social media like banks could not afford to ignore the internet.

BID: What should banks be doing on social media? Clara: Social media is being used across virtually all client-facing functions like marketing, sales, customer service and recruiting. Most banks start with customer service. Even if you have no official presence, customers may already be discussing your brand online, so the first step is to respond and be part of the conversation. A basic sales use case generally revolves around learning about clients, staying in touch, and building your personal banker brand. Social media is one of the few channels where it is acceptable to communicate with your customers and potential customers once per day. You can't do that in person and you can't even do that over the phone. That's a powerful communication channel.

BID: What is the risk to banks? Ally: The real risk is not doing anything and letting social media pass you by. It is no longer about 20-somethings, but about better accessing the baby boom generation as this market demographic is what has fueled the social media explosion for the past several years. Last year many banks experimented with social media. This year, banks now need to build infrastructure around their social media plan and start to leverage the effort to the bottom line. Once online, banks need to address regulatory compliance. The SEC has already issued several sweeps letters to financial firms and social media will be an increasing priority in 2011. The most important requirement is to create and implement a social media plan "reasonably designed" to monitor communications. No matter your regulators, this promotes consumer protection and ensures that banks are monitoring and supervising employee communications.

BANK NEWS

Breach

Citigroup said hackers gained access to information on about 1% of its 21mm North American credit card customers. Hackers reportedly got in through Citi Account Online and viewed customer names, account numbers and contact information (including email addresses, but not social security numbers, birth dates or card security codes).

Durbin

The Senate rejected a plan to delay regulations that would limit the debit card swipe fees banks charge retailers. Debit card swipe fees will now be capped and reduced from an average of 44 cents per swipe to 12 cents (a 75% cut).

Consumer Compliance

Rumors swirled that the White House was considering nominating former Capital One banker Raj Date to head CFPB instead of Elizabeth Warren.

Video Branch

Citizens Bank will test HD video in 5 of its branches in order to provide more efficient staffing and allow better specialization. For example, a mortgage specialist and wealth manager will now be available for full branch hours in each of the 5 locations a feat that was cost prohibited before.

Muni Pressure

The Census Bureau indicates sales taxes account for 23% of all state and local taxes. That isn't great when you consider the National League of Cities reports municipal sales-tax receipts have declined in 6 of the past 10Ys (when compared to the prior year).

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