

NO ONE LIKES RANTING

by [Steve Brown](#)

The story of an Arizona restaurant that has found its moment of fame in its use of social media recently piqued our interest so we thought we might share. The restaurant in question had received mediocre / poor reviews online for some time and in an attempt to remedy the situation, participated in a reality TV show called "Kitchen Nightmares." Things did not go well on the TV program for a number of reasons, including the owners berating a customer who complained and then emptying the tip jar into their own pockets rather than giving the tips to employees at the end of a shift - odd indeed. The action that really took the cake was when the owners posted a number of obscenity-filled rants on the restaurant's page on Facebook, insulting customers and even threatening legal action against reviewing sites Yelp and Reddit. That is one way to handle things, but probably not the best to capture and retain customers if you ask us.

We have discussed the use of social media for banks and this story brings a few thoughts to mind on how best to approach doing so. Social media can be a great way to communicate with customers and interest new ones, but it is a poor idea to attack when you hear news you might not like. Most businesses would certainly like to avoid a headline like the one from the Huffington Post: "Delusional Restaurateurs Freak Out On Facebook".

If a bank decides it wants a social media presence, it is a good idea to start with an overall idea of what you hope to accomplish and to design your posts along those lines. Social media is a great place to communicate the bank's community involvement, with pictures of employees participating at fund-raisers and community events (Susie Teller wins the 10K race to benefit the hospital and the like). It is also a great place to communicate special expertise (Serving small businesses in Yourtown since 1963), current promotions (We just opened a branch in your neighborhood, so come visit us to get to know our team). It can also be a place to remind customers of holiday closings or special events (Hotdogs at the downtown branch today).

Using Facebook as an example, it is also a place where customers can post on the bank's site, but that can get tricky. We've seen helpful postings on bank sites where customers alerted a bank that their web site was down. These allowed the bank to notify other customers that they were aware of the issue and working on it with an estimated solution time.

We have also seen customers complain. Here, the bank should have someone monitoring social sites to be sure there are no spam or profanity postings and to maintain a civil tone. This also allows the bank to quickly address any posting that needs attention and to show customers you really care.

One of the most important things your bank can do is to promote customer and service, however, so the manner in which you deal with complaints may be one of the best uses of social media. If a customer complains, address the issue by offering to meet with the customer to rectify their difficulties and have a person call the customer. If the customer persists or becomes abusive though reasonable efforts have been made, then of course delete the posts and move on. In this way, you show other customers you care and demonstrate your team's competence in such matters. That allows your social media presence to expand and your reputation to remain pristine.

BANK NEWS

Tighter Technology

A financial services industry survey by Deloitte finds the top audit findings related to technology in the past year were: excessive access rights (36.3%); excessive developer access to production systems/data (29.4%); forgetting to remove access privileges following an employee transfer to another department or termination (29.0%); lack of sufficient segregation of duties (28.2%) and audit trail/logging issues (25.2%). You might want to double check to see how your bank doing in these areas.

TBTF

FOMC Vice Chair Yellen said in a speech that she favors forcing the largest banks to hold more capital vs. taking steps to break them up, calling for "either a steeper capital surcharge curve or some other mechanism for requiring that additional capital be held by firms that potentially pose the greatest risks to financial stability."

Deregistration

Analysis by SNL Financial finds about 29% (116) of publicly traded banks and thrifts with less than 1,200 shareholders that were legally allowed to deregister have done so, leaving 279 still filing with securities agencies that are eligible to deregister.

Social Banking

A study by Efma and Wipro Technologies finds the social media services used most frequently right now by banks are Facebook (84%); Twitter (63%); YouTube (54%) and LinkedIn (42%). Meanwhile, banks are using Facebook to monitor customer comments (80%), respond to customer comments (79%), provide advisory services to customers (43%) and as a community for customers (35%).

Fined

The Financial Industry Regulatory Authority (FINRA) ordered Wells Fargo Advisors to pay a fine of \$1.25mm and to reimburse \$2mm to 239 customers. FINRA also ordered Merrill Lynch to pay a fine of \$900,000 and to reimburse \$1.1mm to 214 customers. The fines and restitution settle claims brokers employed by both securities firms wrongfully pushed some investors into mutual funds that did not meet their risk tolerance or investment objectives.

Marketing Expenditures

A study by Efma and Wipro Technologies finds banks spent their marketing dollars in 2012 on advertising (55%), sponsorships (17%), direct mail (12%) and other (16%).

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