

I Like Your Effort

by [Steve Brown](#)

The growth of internet use for almost every function in life is simply astonishing in scope, as demonstrated by some recent research by the social media management company Social Assurance. They reported that of the 3,000 bank and credit union Facebook pages they monitored over a three month period, there were 1.9mm interactions for an average of 633 interactions per institution (or about 7 interactions per day per institution). We follow a fair number of financial institutions on Facebook and while browsing around the other day (among the usual sidebar ads for weight loss and lip plumping products); there was an ad for a banking compliance newsletter. The ad said "Stay up-to-date on banking compliance regulations and more with this monthly newsletter!"

We were impressed to find a compliance product ad on Facebook and clicked on the ad assuming this must be a very forward-thinking company. We expected to find slick graphics and nicely placed visual explanations of the company's approach to compliance, etc., but instead were routed to a check-out page filled with fine-print text and a red "Add to Cart" button and a price north of \$500. Within the tab for reviews, one found the statement "Currently there are no reviews for this product." We are sure the newsletter is worthy of the asking price, but we just wanted a bit more information. While it is probably an inexpensive solution to simply link an advertisement to the checkout page on the company's website, we expected a more polished sales pitch once we clicked on the link--otherwise, why bother?

The audience a company will reach through a Facebook ad has different expectations than someone perusing a banking publication. Even if the person browsing Facebook is a banker, their state of mind is different while checking out their friends' travel pictures than when they are reviewing the latest publication from the Federal Reserve. When a company uses a new advertising resource, it should introduce the material in a way that reflects the viewer's preferences and state of mind at that moment. If you put an ad on a social media site that looks like a regulatory report, chances are that even an interested viewer will be less inclined to stay there for very long.

Despite this, we were impressed that the ad was routed to our page, as we are a lot more interested in banking regulations than other ads we saw; however, the screening system is not perfect. The reason we saw the ad in the first place is that Facebook has an algorithm that controls which people see an advertiser's content. The algorithm chooses ads based on the Facebook user's friends, whether they have interacted with that advertiser's content, whether the content has generated interest in the user's social network and whether the user interacts with similar content or photos elsewhere. The fact that we follow numerous bank pages is probably what brought the compliance newsletter to us.

Everyone is inundated with advertisements no matter where they go, but social media can be a useful way to get your information to the audience that is most interested. If your bank plans to go this route, we suggest your message be well thought-through and up to date, and be attractive aesthetically. Be sure to provide a place where people can ask for more information, and you are well on your way to successful social networking.

BANK NEWS

M&A Size

Hovde research finds that since 2000, bank sellers over \$1B in assets have captured a 32% premium over those with assets less than that. Meanwhile, selling banks in metropolitan MSAs over the same time period have captured a 19% premium over banks in rural areas.

Customers

A Bain & Company study of bank customers' worldwide finds 33% purchased a product from a bank other than their primary one in the past year.

TBTF

The 15 largest institutions grew 55% over the past 6Ys.

Cyber Risk

Regulators are warning banks to ensure systems and processes are robust in this area and are thoroughly tested. Criminal efforts have focused in particular on distributed denial of service attacks, malicious software, mobile device attacks, account takeovers, fraudulent funds transfers, coordinated ATM cash out attacks and targeted attacks against bank employees to steal or destroy data, or disable systems. Banks should be sure to upgrade beyond Windows XP and have adequate vendor security and resiliency.

Dodd Frank

Davis Polk reports that as of Dec. 2, 280 rulemaking requirement deadlines had passed (about 70% of the 298 total rulemaking requirements). Of these, 165 rules have been finalized, 56 deadlines have been missed and do not yet have a rule proposed, 112 deadlines have been missed but do have rules proposed, 55 have a future deadline and do not have a rule proposed yet, 10 have a future deadline and do have a rule proposed.

Farm Lending

Farm incomes are expected to reach their highest level in 4Ys this year.

BYOD

Research finds more than 50% of the US adult population connects to the internet through a smartphone or tablet and 60% of businesses allow employees to access company networks using their personal devices.

Balance Sheet

The Fed's balance sheet is \$3.9T in size.

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