
It's a Bird, a Plane or Social Media Gone Bad

by [Steve Brown](#)

This year fans from around the world are paying homage to Superman on the occasion of his 75th anniversary in the comics. That's a long time for the Man of Steel to have spent saving the world from death and destruction. The good news is that despite some close calls, he's always managed to bounce back.

To us, Superman is sort of like the banking industry. It's hard to believe that 12Ys have passed since the Enron Corporation filed for bankruptcy, showcasing one of the largest corporate disgraces in US history. Since then, of course, there have been plenty of other black marks on the industry including Bernie Madoff, LIBOR manipulation, the credit crisis and the rogue trader who cost UBS a few billion dollars.

There will always be some level of corporate malfeasance out there, despite the good guys' best efforts to keep such despicable behavior in check. But there's another danger lurking today, one that's not as blatantly wicked as Evil Superman, but which has the power to do great harm if not used properly. We're talking here about social media.

Make no mistake - we think banks can and should be using social media. Used smartly, it has a lot of potential for good. Social media marketing can generate more business exposure and keep your team in touch with customers wherever they may roam. It can help with lead generation, gathering marketplace intelligence and reducing marketing expenses.

But, there's also the potential for social media to do great damage to a bank's reputation, so banks have to tread carefully to avoid the kryptonite. Indeed, over the past few years there are several examples of banks retreating from intended campaigns or having to pick up the proverbial pieces because things went unexpectedly awry.

Last month, for example, officials at JPMorgan were forced to cancel a proposed Twitter Q&A campaign after being inundated with thousands of angry tweets over the course of several hours. The bank was hoping to have a productive session between participants and Vice Chairman Jimmy Lee, but it turned into something quite different when Twitter users commandeered the forum to condemn the bank for various alleged bad behaviors. Ultimately, the bank pulled the plug on the feed and retreated.

In July, Bank of America similarly found itself in the hot seat, after an activist in the Occupy movement posted a tweet with a picture of himself being chased away by police from one of the bank's New York offices. The protester was clearly making mischief, but Bank of America ended up with egg on its face after its auto-responder kicked into action, tweeting boilerplate responses that highlighted the bank's commitment to customer service and setting off a real firestorm in the process.

Community banks are arguably less likely to suffer major media setbacks due to social media glitches, but the potential for business interruption and reputational risk is still a concern that shouldn't be taken lightly.

Wouldn't it be nice if, like Superman, banks could travel back in time to correct past mistakes? Unfortunately, real life isn't the comics and the aftermath of social media buffoonery isn't easily erased. You shouldn't avoid social media and you don't have to be overly concerned, but do we suggest you have good controls in place as you fly around the internet for your bank.

BANK NEWS

Competition

US Bank has introduced a credit card specifically targeted at non-profit organizations and small municipalities called the Community Credit Card. The Visa card is tied to the organization and has no annual fees and no late fees and is focused on religious organizations; cultural groups; foundations; social services; educational institutions; local, state, federal municipalities; schools; city or county offices; fire, police, and sheriff's departments; and public housing administrations.

Small Biz

A Bank of America survey of small business owners finds 87% of those who applied for a loan in the past 2Ys were approved and 21% plan to apply for a loan in 2014. When asked what they think is the most important factor to get a loan, owners said cash flow available to cover the loan (24%), credit score (23%), track record of ability to repay previous loans (22%), annual revenue (13%) and personal finances (8%).

Customers

MasterCard said it will require companies that use debit cards to pay employees to offer employees a choice of debit cards, direct deposit or check. MasterCard is responding to requests by state and federal officials to take more action around payroll cards to expand employee choices.

Mobile

A Harris Poll finds 64% of people surveyed expect tap-to-pay smartphone payments will eventually replace plastic cards (credit and debit) and 59% it will eventually replace cash. About 29% said the transition will happen in 5Ys or less.

Bitcoin Update

The strange twists and turns continue around this digital internet currency as: former Fed Chair Greenspan called it a "bubble" and said it is difficult to determine its "intrinsic value;" China has ruled it is not a currency and banned its banks from doing business in it; Bank of America has predicted it will become a "major means of payment for ecommerce;" current Fed Chair Bernanke said the Fed has no plans to regulate it; the ABA said bank interest in doing Bitcoin transactions is "not high" on the list of priorities; the Treasury is warning anyone using Bitcoin they will need to comply with regulations as a money transmitter and with anti-money laundering rules; China banned its country's Bitcoin exchanges from accepting new inflows of cash and Denmark is working on standards around virtual currencies as it clamps down.

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