Tweeting To Your Heart's Content

by Steve Brown

We're all busy people, but every so often we take a break to ruminate about how much more work we seem to have gotten done in pre-Internet times when surfing was something you did in the ocean and being social meant talking to someone in the same room. In one recent survey of CFOs by Robert Half Management Resources, nearly a third of respondents pointed to non-business related Internet use, including social media, as the biggest time-eater at work, surpassing hobnobbing with co-workers, ranked by 27% as the greatest time-waster.

We've been thinking more about Internet and social media use at work in the wake of a recent decision by Morgan Stanley to allow its 16K+ financial advisors to craft their own messages on their work Twitter accounts, as opposed to using canned tweets pre-approved by the brokerage giant. Rest assured, there's still a pre-approval process before individual messages can be posted, but at the very least it allows for some more creativity by those approved advisors who have taken the firm's required online training course.

The decision highlights the tightrope financial services companies are balancing on as they struggle to give workers more freedom to use social media while at the same time follow regulations, shield themselves from potential risk and encourage the most effective use of employees' time. As banks grapple with these issues, we thought some perspective might be helpful.

Social media has been cast in the spotlight as a low-cost, high-value option for companies of all kinds to gain a broader audience and connect with customers and prospects. And it's no secret that social media use by banks is on the rise. According to a recent ICBA study there are 1,773 banks on Facebook and 706 banks on Twitter.

What we find so intriguing is that despite its popularity and rising use, 52% of consumers believe banks use of social media is ineffective and 87% find banks use of social media annoying, boring or unhelpful, according to a March report by Carlisle & Gallagher Consulting Group.

These findings drive home the importance of making words count. Bankers need to make certain that social media communications aren't being diluted by constantly shelling customers with a barrage of useless information. This is true whether the social media message comes from a central source at the bank, or individual employees.

Another thing to note about social media is that it hasn't proven particularly effective for dispute resolution. Indeed, the Carlisle & Gallagher findings show that 90% of consumers prefer to discuss their problems in private with their bank and 68% of consumers would never use a social media channel to solve a problem with their bank.

It's also worth pointing out that social media campaigns tend to work best when there's consistency, when you're offering something unique and you're reaching your target audience. Taking the time to determine your social media strategy from the corporate level down helps ensure your efforts aren't for naught.

Don't get this messaging wrong, however. We are not social media-phobes and we don't decry its use or its usefulness for banks. We only caution you to use it with purpose and to try saying more with less. Otherwise like standing at the water cooler, it may amount to just a waste of everyone's time.

BANK NEWS

M&A

The Bryn Mawr Trust Co. ($2.0B, PA) will acquire insurance broker and risk claim management company Powers Craft Parker & Beard (PA) for an undisclosed sum.

Fed Speakers

Multiple Fed Presidents were out recently talking about timing of rate hikes: St. Louis Fed President Bullard said rates should increase beginning late in Q1; KC President George said investors were too complacent about rising rates; SF President Williams said he expects rates to rise in the summer of 2015; and Fed PA President Plosser said the Fed may need to raise rates very quickly in the future if economic strength continues.

Heavy Borrowing

Corporate bond issuance has jumped to $995B so far this year amid low rates and is on track to pass the $1T mark, according to Dealogic. If so, it would be the fastest pace in history. Companies are using the money to do acquisitions, expand facilities, extend debt maturities, refinance existing debt, pay dividends and buy back stock.

Biz Customers

A Financial Planning Association survey finds the biggest issues small business owners say they face are developing a retirement plan and exit strategy (42%), managing cash flow (23%), tax issues (14%), health insurance (6%) and raising working capital (6%).

Fined and Banned

Standard Chartered Bank has reportedly reached an agreement with New York banking regulators and will pay a $300mm penalty and suspend currency exchanges in the U.S. related to high risk retail clients doing business through its Hong Kong subsidiary. The fines relate to AML.

Teller Training

A program called BankWork$ seeks to train tellers and then find jobs for 2,000 graduates each year in banking positions by 2018. Next year the program opens in 15 cities throughout the country and major banks like Bank of America, Wells Fargo and others have pledged $1mm each over 5Ys to support the rollout.

Chip Cards

The Wall Street Journal reports U.S. lenders will issue 575mm credit and debit cards with chips in them by the end of next year, or about 50% of the 1B cards in circulation. Large scale card thefts at retailers have led card companies to speed up delivery to end customers.