

Banks on social media:
Opportunities and Potentials



In the last few years, social media is marching in triumph. Day by day we see impressive numbers of users, reached by a company, which is really hard and expensive to achieve in other channels. Furthermore it's a two way communication: compared to the display-type messages and ads (banners, pop-ups, marketing messages, etc.) users can (and will) respond to all of our published content on these networks. Most of the companies already realized: joining social media is not an advantage anymore, but being out of it is a heavy loss. It's also important to mention that using social media without a well-built, mature marketing/pr plan does more harm than good. So, the question is:

How can a bank use Facebook?

Banks can use Facebook in two different ways: as a new communication channel or as a common advertising space. Let's see the opportunities they have!

Most of the companies that decided to be a member of Facebook, want to see something like this:



To reach the crowd, the most important is to understand the motivation of the user's behavior. Facebook is just a framework without any content. At this point, we can say it's very similar to the World Wide Web. Most of the content we find on FB has been generated by users, but the chance to find something depends on its curiosity, not on the relevance with our search. It's the main difference between the WWW and Facebook. While on the Internet, most of our visitors came from the search engines (organic) and from ads displayed near relevant content, on Facebook we have none of these. The only option to get 'Fans' and 'Likes' to upload and share such content that is curious on its own!

Let's see the types and the results we can achieve by them:

→ Funny content:

These can be pictures, videos (even ads), applications (mostly games). If the post is funny enough, it has a good chance to grab the attention and to spread out very fast. Even so, it's a quick process, generally lasts only few days. Another problem is, that most of these contents would appear as user posts linked from outer sites, so the usage of brand names, logos and slogans in the content is highly recommended.

Result: It's more PR than marketing, good to advertise the brand.

→ Interesting content:

News, announcements, tips, tutorials. These news related posts have to be astounding, like "We have the best APR in the USA, according to..." or "Sample Bank helps Katrina victims, recommend Your favorite charity!". The tip & help type posts are generally interactive, like answering the users questions (but not by linking one of the bank's homepages) and useful, for example tutorials about "What should be considered before applying for a mortgage?".

Result: It is also a PR tool, mostly good to gain reputation for the brand.

→ Sweepstakes and promotions:

It became one of the most popular advertising tools on Facebook. Banks can post their new campaigns for example: "Like this post and get a 2% cash back from Your Deluxe Student Loan!" or "Sample Bank gives away 5 iPad after every 1000 likes for Christmas!". With a proper starting date these FB campaigns could be popular for weeks.

Result: It's both marketing and PR. Banks can promote their products and mark themselves out from other financial institutions.

→ Useful applications:

Yet, almost none of the financial institutions provide this kind of apps on FB, despite the fact that it is the most valuable category. Here we can find calculators (FX, currency, loan rates, etc.), PFM (demo, using data uploaded by the user), micropayment solutions, best financial product finder, etc. Most of these tools already exist on other channels (mostly on mobiles), but are only available for the bank's customers.

Result: These applications can promote the bank or a specific product as well. Fewer users would use them, but these tools help to attract and keep new customers.

→ Financial services:

This category is similar to the previous and also very valuable. Banks could not only offer applications, but real financial services as well. For example, online financial product application could use lot of the data from the user's info page. Online customer center is also a great opportunity, such as small amount transfers, which are typically made by friends or family. Simple financial actions could be performed easily: an application which adds a button to the Sample Bank customer's profile. One click on the "I want to send money", choosing a friend from a drop down list, entering the amount and in the pop-up internet banking window, after logging in, we are done.

We have to admit that the above listed ideas – though some of them are excellent marketing tools – are largely about improving the relationship with customers and prospects.

Now let's see how banks can use Facebook as an advertising space.

This function is very similar to Google AdWords. Advertisers can target their commercials by several filters (age, location, education, word, interests, etc.). Based on this information, banks can reach their customers easily. The main difference between Adwords and FB ads is that in Google, advertisers know nothing about the individual user, only the target of their current search, while in FB you know nearly everything about the users, but nothing about their current needs. Although a lot of essential information can be found on FB posts (e.g. "I want this car!" or "Uh, Hawaii looks beautiful, I wish I can afford to make a trip there.") FB hasn't exploited them yet, due to privacy problems.

Facebook worth...

We can see that Facebook is a treasure in the hands of a good marketing division, but we have to admit, its place is only secondary, right after Google. As long as Facebook remains more a social network than a search engine, it will never become an alternative to Google but an essential extension of it. At the same time, banks have to understand that the young generations who will become their customers in the next few years use Facebook as their primary online surface, a portal that becomes more and more universal. Even if the financial institutions will separate their core services from social media in the future, they have to understand how it changes their users. This improvement in communication must be a process of continual improvement.



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