

Social Media 101 for Banks



AN INTERVIEW WITH:

Christophe Langlois **Social Media Evangelist and Founder, Visible-Banking.com** **May 29, 2009**

Christophe Langlois is a social media evangelist with wide experience in the banking sector. He was senior innovation manager at UK bank Lloyds TSB, and before that worked in business development in both telecommunications and banking.

His main blog, Visible-Banking.com, is the leading independent blog focused entirely on social media in the banking and financial services industries.

Mr. Langlois spoke with eMarketer about the motivation for the Visible-Banking.com blog, and how financial firms can use social media to improve business performance.

eMarketer: Your aim is to put social media at the service of banks and other financial firms. Your blog, Visible-Banking.com, offers "a new world of opportunities for the banking industry." How would you assess the financial industry, in terms of familiarity with social media?

Christophe Langlois: Most financial institutions don't really know what to do. There's more awareness than two years ago, but we're still very much in the educational phase: explaining social media and helping firms understand where to start. For example, you don't have a blog just for the sake of it. You need to plan your strategy, develop the content, and so on. And be smart. Don't spend too much money promoting it. If you do it right, people will spread the word.

My emphasis is always on people more than technology. For example, you need to have a champion inside the organization. People are the key, from the advocates within the company to people outside the firm and online.

The important thing is how you, as a company, can engage with people and reward your customers for the time they spend with you. Understanding this is the key to acquiring new customers, retaining them and improving loyalty.

eMarketer: Is a blog the best first step for most banks before they branch out into other kinds of social media, such as pages on Facebook?

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Mr. Langlois: Let’s step back. The very first step to social media should always be to listen and learn. In fact this advice is valid for any industry, not just financial services. You need to understand what’s being said about you online by your clients, your advocates and detractors, wherever they are.

Then participate, engage and respond—whether on an industry blog or on Facebook, Twitter or wherever. Then become proactive. Launch your own blog or create your own online community.

As for Facebook, YouTube, Twitter—yes, generally you should be on those sites, because other people and companies are already doing it. And there will be many pages or groups about you that are unofficial. So if you want to take control of your brand, you have no choice. You should have one official page, group or channel on Facebook and YouTube. For me these would be essential requirements in social media.

eMarketer: Where is the ROI, if most of a bank’s social media efforts don’t lead to greater customer activity—such as new loans or high-value accounts?

Mr. Langlois: Banks put a value on customer advocacy, loyalty and customer retention, but yes, it’s often hard to measure that in terms of ROI. There may be minimal ROI in some respects, but then the investment needed for social media is minimal anyway. It’s also crucial for branding to have a presence in these channels, and it’s valuable to demonstrate transparency.

Yet there are examples of excellent ROI from social media, such as the Servus Credit Union in Canada, which targeted young people under 25 with their “Young & Free” initiative. Through this community, in one year they attracted around 2,000 new checking account customers in this age group and generated \$179,000 worth of unpaid media coverage.

Also, social media is useful in countering negative publicity and putting across a bank’s point of view. If nothing else, you show that you are listening, you are willing to respond. Sometimes there are tough decisions to make, and you may be unpopular. But at least you can explain clearly to people why you did what you did.

There is even greater value from social media for clients in corporate or commercial banking who provide services to the financial industry. The reason: These companies want to network, to demonstrate their expertise and improve their visibility.

They are looking for new suppliers, clients and markets. And these participants are less likely to be abusive in a social media context, to make comments damaging to a brand or company, so such a project is less risky. Creating such a forum positions the bank as a partner, an enabler that is providing something valuable for the whole community. It’s also an excellent tool for capturing customers from other banks.

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So return on investment is complex and difficult to quantify. But it’s critical for banks to experiment, and to get involved. Three years ago, banks could avoid social media. Now, expectations have changed.

eMarketer: Have you see banks using social media to try to counter the very negative impression people generally have of banks as a result of the economic crisis?

Mr. Langlois: Banks do have a problem. They are perceived as trying to make money from their customers. Of course, that is the mission statement of banks. That is their business model—to make money.

But most banks also want to be helpful and transparent, to learn of public concerns, and try to act on them. Many banks are now launching initiatives around saving, or better money management, or providing better tools to help people with their finances. In North America, for example, several banks are asking account holders to share their tips for making their money

go further. They are helping people decide how they can manage in the short term, and still pursue their life goals, such as getting married, sending their kids to university or buying a new car.

eMarketer: So one strategy is to change the way customers look at the problems they have, shifting attention away from the bank and how it is run, and back to the consumer as the focus.

Mr. Langlois: Exactly. One of the best examples of that is the Spanish bank Caja Navarra. A couple of years ago they introduced something called “Civic Banking.” One initiative was to send every customer a letter once a year saying, “This is how much money you have with us, and this is the money we’ve made this year, from your money.” It’s very transparent, very innovative.

Caja Navarra also invests money in civic projects, helping local communities and so on. And every year they ask their customers to vote on which projects should be funded. And they make their platform available to other people or groups that want to create blogs of their own—not necessarily about banking. As of April 2009, they were hosting more than 800 blogs.

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You do need to reward people who engage with your business—giving them visibility, exclusive content, entertainment or the chance to win a prize. In my experience, these are the four incentives that work best.

eMarketer: You have a survey on your site asking people and businesses what their expectations are of a financial firm’s Website and interactive services. What kind of feedback are you getting?

Mr. Langlois: Customer care is vital. And today, we can’t talk about customer care without mentioning Twitter. It is a fantastic tool to monitor people’s perception of your brand in real time and support your clients in a timely manner. It is also a fairly unique and cost-effective way to drive customer retention and customer advocacy. Many financial institutions do use Twitter, but only a few leverage its full potential.

Also, customers put a premium on convenience. So they are interested in being able to bank wherever they are, and whenever they want to. People really want access to banking services through any device.

eMarketer: What examples of social media use by financial institutions have impressed you most?

Mr. Langlois: One really outstanding initiative was created by the North American credit card issuer Advanta. They said to themselves, “We are part of the SME market. We issue credit cards. How exciting is that?” So they said, “We’re going to do something for the whole community of SMEs.”

The result was Ideablob. It’s an online community, a platform that enables anyone to submit an idea for a worthy project. Each month, members of the community vote on which ideas they think are worth funding—and Advanta gives the winner \$10,000.

The community also welcomes people who can give advice to budding entrepreneurs, and encourages feedback on the site and users’ ideas from all visitors and participants.

And of course Ideablob changes the perception people have of Advanta. Advanta is now a significant force in the lives of people in the Ideablob community. This is a smart way to go beyond your core business, and still be relevant.

You are going outside the box and giving people something more desirable. To me, that’s genius. You associate yourself with the best ideas endorsed by the community. Genius.