Chapter 3

Building Relationships with Web 2.0

This chapter includes the following topics:

- Demolishing Communication Silos
- No Future for the Faceless

There's no question the financial services industry, tarnished by the recent economic crisis, has put a renewed focus on customer relationship management and image restoration. Some organizations are betting Web 2.0 communication tools are the key to regaining their customers' trust and earning new business. Many are also realizing how important these tools are for making a meaningful connection with current employees and boosting their morale and productivity. Others already sense Web 2.0 technology will likely play an important role in attracting and retaining financial talent in the near future.

According to a recent report released by market research firm Corporate Insight, "Social Media: Trends and Tactics in the Financial Services Industry," many major financial services organizations, including banks, brokerage firms, and credit card issuers, are experimenting with social media as a way to improve communication with their customers—particularly those in highly wired Generations X and Y—and to enable dynamic, real-time interaction among investors.[1] Among the tools being explored are blogs, podcasts, and online forums and communities.

This shift toward more personal, interactive communication tactics is significant for the financial services industry, which traditionally has been culturally conservative and generally standoffish with rank-and-file customers. But many well-known players in the industry have started reaching out to consumers more directly through popular social media networks, such as Facebook and Twitter, to strengthen their brand image and connect with and earn loyalty from customers.

For example, Charlotte, N.C.-based Bank of America Corp., one of the first major financial institutions to take the social networking plunge, has received positive media exposure about the valiant efforts of its Twitter rep, David Knapp, in helping to address an array of consumer concerns from questions about the reasons for overdraft fees to complaints about poor customer service experienced at a bank branch.

And since 2008, credit and debit card processor Visa Inc., headquartered in San Francisco, California, has been reaching out specifically to customers in the small business community with its Visa Business Network on Facebook. (Visa's pledge to give $100 in Facebook advertising to small businesses that join the community has no doubt been an effective way to build its following on the social networking site.[2]) As of September 2009, the Visa Business Network had started featuring blogs and Twitter feeds, and approximately 6000 members were actively engaging in the site each month. According to the network's Facebook page, more than 80,000 small businesses have joined the community.

To connect with its future customer base and potential employees, the Royal Bank of Canada (RBC) has been running the "Next Great Innovator Challenge" and related online community site since 2006. Teams of university and college students compete to develop the best suggestion for innovation for the financial services industry and can win financial prizes for their efforts. (In 2009, RBC asked competitors to "suggest innovative methods or tactics to transform the workplace to match the needs of an evolving and increasingly diverse workforce."[3]) Contest participants submit their ideas to the online community and can comment on or vote for others' ideas. RBC provides competition updates to the community by email, blog, RSS, and Twitter.

RBC's competition is not only an effective way to gather new business ideas, but also to engage a younger audience that is traditionally difficult for financial institutions to reach and inspire. San Francisco–based Wells Fargo also has been quite creative in its efforts to earn business from high school and college-age students. It created a free, online virtual world, the Wells Fargo "Stagecoach Island" community, where users can learn money management skills. Members of the community can create an "in-world" character and live in one of four "neighborhoods."(Think of the Electronic Arts computer game, The Sims.) Characters can build a dream home and work in a virtual job to earn "shells" to support the lifestyle of their choosing.

The financial industry is also paying attention to how individual investors of all ages are using social networks online. A 2008 study of U.S. consumers by Cogent Research, *Social Media's Impact on Personal Finance & Investing*, shows that social media influences individual investors' financial decision-making. The research firm reports that one in every four U.S. adults online engages in social media that deals specifically with personal finance and investing. It also found that investors are "highly engaged in social media, peer opinion influences a majority of investment decisions, and social media leads investors to question the accuracy of information delivered by official sources (advisors and investment firms)."[4]

According to Cogent Research, "online communities of like-minded investors are educating each other, and generating and sharing content on specific funds, products, and investment firms. This information is fast becoming a trusted resource for investors.... For example, more than half of high net-worth investors have questioned the accuracy of information received from 'official' sources due to social media, including more than a third of investors who question information from their advisors due to social media."

Demolishing Communication "Silos"

Web 2.0 is also changing the way some financial services firms and banks operate internally—particularly, how they communicate with and inspire their employees. Organizations are discovering that social media, when used in a controlled environment, is the trick to transcending demographics and engaging workers from Generation Y to members of the so-called Silent Generation (generally defined as those born during the Great Depression and before World War II). It also can help to make a geographically dispersed workforce feel more unified.

Wells Fargo is one financial institution fully supporting its employees' use of social media while on the job. It was actually the first U.S. bank to launch a corporate blog, in March 2006. Today, hundreds of Wells Fargo employees regularly engage in blogging—including video blogging—to share ideas with each other and interact with customers. The company's blogs have become so popular that they are the most-read nonbanking pages on Wells Fargo's website.[5] And ideas and comments submitted by workers via the company wiki are reviewed and discussed regularly by members of the bank's management team.

Another major financial institution in the United States recognized as far back as 2006 that social networking tools—including blogs and online videos—were the answer to boosting employee morale and keeping workers focused on productivity. One primary goal of embracing Web 2.0 technology was to streamline internal communications, so the bank's more than 1000 employees felt more connected to the organization—and each other—and would share news and ideas more easily and in a timely way. The bank did have an intranet, but engagement scores were woeful (less than 50 percent). Plenty of information was posted, but it was disorganized, staid and boring, and no one was paying much attention to it.

The bank developed an internal communications campaign, with social networking tools as the centerpiece, that would compel various groups in its workforce to step out of their comfortable communication "silos" and behave like a community. There was one group of economists who, for security reasons, primarily used its own intranet. There were bank examiners who were always traveling. A few hundred employees—many living out of the bank's home state—worked remotely. Rounding out the bank's workforce were several hundred operational staff who did not regularly access a computer while on the job.

The bank learned through its own research, including staff surveys, that employees were eager to feel more connected to the organization and their colleagues. They also wanted to receive more—and relevant—daily news and information in an engaging, entertaining, easy-to-absorb format.

In response, the bank's internal communications team completely overhauled the intranet and added blogs, videos, and other features designed specifically to engage employees. Email blasts are now sent out regularly to encourage bank personnel to make use of these tools, and many workers now participate in the bank's blogs. (Print communication efforts featuring intranet highlights have been distributed to employees with limited or no computer access so that they are not left out.)

Through the new and improved intranet, the bank's employees receive just as much information as before, but in a different and more meaningful way. And the positive feedback bank management has received from employees shows they not only enjoy the intranet's new format, but also actually look forward to visiting it daily, receiving and reading email blasts, and getting to know their colleagues nationwide better through social media.

No Future for the Faceless

These are social media success stories. But the banks' efforts to proactively embrace and experiment with new and innovative communication tools are extraordinary compared to the financial industry, as a whole, which is only just starting to dip its toe in the water—and most often, just in the interest of marketing. Although many banks expect to reap brand, cost, and customer satisfaction benefits as more consumers engage in Web 2.0-enabled methods of communication, the message to their employees about Web 2.0 and social media is often quite different, although very clear: No.

The 2009 Deloitte report, *Protecting what matters: The Sixth Annual Global Security Survey,* found that 36 percent of CISOs working in the financial services industry believe "the internal threat" represents the greatest risk to security for their enterprise.[6] This threat isn't just about the rogue fraudster who wants to find a clever way to rip off an employer, but everyday employees who inadvertently compromise security through their use of applications and devices not supported by the enterprise.

This is why many financial institutions do not approach their internal communications like the forward-thinking banks discussed in this chapter. Instead, they are either completely restricting or severely limiting the on-the-job use of social media by their employees for fear of losing valuable data, such as customers' personal information. They also worry about violating government regulations by not protecting that information, and possibly, facing significant brand, reputational and financial damage—and legal headaches.

However, despite the resistance many organizations have toward the use of Web 2.0 technology in the workplace, it's only a matter of time until they realize the restrictive policies imposed on employees must change. They will find they must engage fully in social media, internally and externally, if they want to stay competitive and attract and retain skilled talent—especially from Gen Y. They also need to seriously weigh the advantages collaborative Web 2.0 tools and technologies can provide to the organization, including cost savings and enhanced workforce productivity and innovation.

Very soon, there will be no place for the faceless financial institution of the 20th century. No one will tolerate having to press pound to talk to a customer service representative, or contacting an impersonal general inbox from which they receive no reply. The next generation of customers will expect to engage in meaningful dialogue with their financial services providers—in real time and with real people.

In fact, a 2010 Cisco Internet Business Solutions Group survey report about post-recession growth opportunities for banks predicts that, "to be successful with younger customers, a new approach to retail banking is required. Younger customers want banks to address their needs using the tools they and their peers have adopted, including mobile devices, video and social networking—and they are willing to switch to banks that embrace these technologies."[7]

In addition, the workforce of the (very near) future is not likely to devote their time and talent to an employer that resists change and wants to keep workers from reaching optimal levels of productivity and creativity. Thus, firms unable to reinvent themselves so they are relevant to customers and employees in the Web 2.0 world are likely to struggle—and risk fading away.

Endnotes

[1] "Corporate Insight Report: Social Media Redefining Retail Financial Services," *Wireless News,* November 1, 2008.

[2] "Visa Launches the Visa Business Network on Facebook; First of Its Kind Network Built on Facebook," Business Wire, June 24, 2008.

[3] "Next Great Innovator" competition blog, Royal Bank of Canada, September 23, 2009. http://blogs.rbc.com/innovator/.

[4] "Social Media Sharply Influences Investment Decisions According to New Study from Cogent Research," Business Wire, May 8, 2008.

[5] "Social Media and the Banking Industry," SocialMediaToday.com. http://www.socialmediatoday.com/ClientFiles/2b461d74-0b05-4149-a6fd-33257181a2c7/SMbanking_v1.pdf.

[6] "Protecting what matters, The Sixth Annual Global Security Survey," Deloitte. http://www.deloitte-ftp.fr/Publications/Mar_09/globalsecuritysurvey_2009.pdf.

[7] "The Next Growth Opportunity for Banks, How the Post-Crisis Financial Needs of Younger Consumers Will Transform Retail Banking Services," by Jörgen Ericsson, Philip Farah and James Macaulay, Cisco Internet Business Solutions Group, February 2010. http://www.cisco.com/web/about/ac79/docs/fs/nextgrowthopportunityforbanks.pdf.

References

"Bank of America on Twitter Solving Readers' Problems," by Ben Popken, January 23, 2009. http://consumerist.com/5137806/bank-of-america-on-twitter-solving-readers-problems.

BofA Help on Twitter. http://twitter.com/BofA_help.

"Creativity Where You'd Least Expect It," by Steve Crescenzo, *Journal of Employee Communication Management,* March/April 2008.

"Face-to-face king at the Fed," (Interview with Catherine Cummings), MyRaganTV.com, Ragan Communications. http://www.ragan.com/ME2/Sites/Default.asp?SiteID=2DE73B54303942C4AC9E7EC3867DBF9E&Itemplay=58DAD73558564A1EB1D5CE7FC2BA5C63&tag=federal.

"Have You Visited Bank of America's Twitter Branch?," CreditMattersBlog.com, April 7, 2009. http://www.creditmattersblog.com/2009/04/have-you-visited-bank-of-americas.html.

"How the Chicago Federal Reserve raised its employee engagement by 52 percent," by Jane Irene Kelly, www.ragan.com, Ragan Communications, February 2009.

"Visa Jumps Into Social Media with Facebook Network," Small Business Trends, June 24, 2008.