

Creating a Social Media Presence

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Social media outlets are increasingly becoming the easiest and most favored way for banks to advertise. A Bank can attract new customers over a broader coverage area by using their online presence to garner more attention, and younger customers in many instances are getting their information almost entirely via the internet and streaming services.

In 2013, the FFIEC gave financial institutions guidance for how to use social media while maintaining compliance with current advertising regulations and a way to better understand the risks involved with having a social media presence. The guidance has two main areas of focus: performing a risk assessment and ensuring your bank has policies and procedures for social media in place. Your overall social media goals should include:

- A risk assessment to know what compliance risks are involved;
- A Policy to describe what your expectations surrounding social media will be for the Bank as well as for your employees;
- A governance structure with clear roles and responsibilities defined;
- A process for selecting and managing third-party relationships;
- An employee training program so your employees understand what is expected of them;
- An oversight process for monitoring information that gets posted;
- An audit and compliance function to ensure all applicable laws and regulations are being followed; and
- Parameters for appropriate reporting to senior management and your board of directors.

These basic principles will allow your bank to maneuver through the maze of social media outlets. Even if as a Bank you have decided not to jump into the social media realm, it is still important to understand how social media works, as more than likely even though you are not participating, your customers and potential customers are talking about your Bank through social media. The social media realm will only grow larger, so you should ensure that your Bank has a solid understanding of how your Bank will participate.