Social media in financial institutions is in transition. Although social media is largely perceived as a marketing tool, financial institutions are beginning to explore and invest in the broader applications of a social enterprise.

Organizations that are investing heavily in social media are applying the data gleaned across multiple divisions, changing their approaches to product development, and finding both revenue and cost benefits, according to a UBM Tech survey of more than 300 business technology professionals in banking, insurance, and capital markets.

How can those benefits be captured by the majority of institutions? The findings of the UBM Tech research shed light on current social media practices, plans for expansion, and the challenges standing in the way of transcending the current state of social media efforts to capitalize on the full possibilities presented by social intelligence.

The Social Marketer

A composite profile of the typical social media effort at financial institutions indicates a marketing-led initiative with simple uses – and low expectations. Almost half (46%) of respondents said primary responsibility for social media rests with the marketing department. And, when asked which divisions use social media, 80% answered “Marketing.”

Executive Summary

Social media efforts in financial services institutions are typically marketing-led initiatives that focus on branding and customer awareness without sufficient attention to ROI, according to new research from UBM Tech.

The survey of professionals in banking, insurance, and capital markets, sponsored by Dell, set out to answer key questions on social media use in financial services.

A minority of the financial institutions that responded are taking a broader, enterprise view of social media that seeks revenue and cost benefits across divisions, managed through a social media “command center,” the UBM Tech research found.

This approach reflects the emerging potential of social intelligence, which combines customer relationship data held within the financial institution with social media profile data available through social media channels.
Marketing departments use social media primarily to publish company news as a marketing and branding tool. Respondents listed the top communications uses of social media as company news (67%), community news (49%), advertising (48%), and product announcements (48%). (See Figure 1, below.)

Somewhat predictably, given the primary social media uses cited, most respondents (84%) indicated that brand and customer awareness was the business driver most influenced by social media.

The metrics most frequently tracked by financial services firms include those most easily measured: number of followers (58%), number of comments (53%), and increase in page views to company sites (53%). (See Figure 2, p. 3.)

Most respondents lack a general sense of their organizations’ social media budgets, according to the research. More than half (52%) were unsure of their organizations’ social media investments. Among those who provided an answer, the most common answer indicated investment of less than $25 million.

Similarly, few respondents have a handle on social media ROI (see sidebar, p. 6). More than two-thirds (68%) of respondents said their organizations do not currently measure ROI on social media – and, only about half of those that don’t measure social media ROI today intend to create such measurements. (See Figure 3, p. 3.)
The Social Enterprise

A contrasting portrait is emerging of a “social enterprise” that cultivates social media as a bottom-line benefit.

In that minority of organizations, social media impacts revenue growth and cost reduction, not just branding. The UBM Tech research found that 36% of respondents said social media has an impact on increased revenue. And 30% indicated that social media has an impact on cost reduction. (See Figure 4, p. 4.)

A “command center” enables centralized management and monitoring of social media across an organization. At present, 23% of respondents operate an in-house command center, while an additional 8% have a command center run by a third-party organization.

Responsibility for social media is being centralized using a variety of approaches. For 13% of respondents, the primary responsibility rests with a centralized social media group that operates across divisions. Only 18% report C-level oversight – split evenly among CIO/CTO, Chief Digital Officer, and Chief Customer Experience Officer titles. (See Figure 5, p. 4.)

From these divergent portraits comes an important question: What does the minority know about social media that’s not broadly understood by the majority who have marketing-led social media teams?
Making The Transition To The Social Enterprise

The survey provided some indications of the primary barriers that financial institutions will have to overcome in order to make the transition from “social marketer” to “social enterprise.” Those organizations that decide to capitalize on social intelligence will need to take the following measures.

Learn about new practices. When asked whether they considered themselves “personally knowledgeable about best-practices in social media in financial services,” 44% answered “No” or “Not sure.”

The need for education is clear. In addition to the more than 40% of respondents who said that they’re not personally knowledgeable, many respondents indicated that their organizations are still learning about social media.

When asked to indicate their organizations’ level of social media expertise, only 23% of respondents said “skilled,” 32% said “proficient,” 35% said “learning,” and 8% said “little to none.” (See Figure 6.)

These results raise new questions: Do those who claim to be personally knowledgeable about social media know how to establish a social enterprise? Are they...
knowledgeable about social media marketing? Are the “expert” or “proficient” organizations good at applying social media in new and innovative ways, or are they good at promoting company news over social media channels?

**Expand the range of communications.** Although most financial institutions currently offer a limited range of communications through social media (mostly company news), there is broader industry recognition of the need for expanded communications capabilities.

The UBM Tech research presented a list of 11 communications-related activities, and most respondents marked every single one of the listed capabilities as being important to the future of the organization. As such, expect changes to the composition of social network messaging by financial institutions: more events, alerts, and announcements; more participation by company executives; and more recruitment. (See Figure 7)

**Build an ROI case.** Most organizations have yet to build a solid ROI case for social media. The good news is that, of the 32% of respondents whose companies have measured ROI for social media, only one in five reports a negative ROI.

**Capture better metrics.** The best way to build an ROI case is through metrics. However, the easy metrics – number of followers, comments, and page views – are not enough to support a robust ROI case or to track the performance of an advanced social media program.

---

**FIGURE 7 How important do you consider these capabilities to the near-term future of your organization?**

<table>
<thead>
<tr>
<th>Capability</th>
<th>Not important</th>
<th>Neutral</th>
<th>Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company news</td>
<td>11%</td>
<td>14%</td>
<td>75%</td>
</tr>
<tr>
<td>Promoting upcoming events</td>
<td>11%</td>
<td>17%</td>
<td>72%</td>
</tr>
<tr>
<td>Product announcements</td>
<td>14%</td>
<td>15%</td>
<td>71%</td>
</tr>
<tr>
<td>Recruitment</td>
<td>18%</td>
<td>22%</td>
<td>60%</td>
</tr>
<tr>
<td>Thought leadership from company executives</td>
<td>22%</td>
<td>19%</td>
<td>59%</td>
</tr>
<tr>
<td>Alerts about events that affect risk (e.g., natural disasters)</td>
<td>23%</td>
<td>19%</td>
<td>58%</td>
</tr>
<tr>
<td>Advertising/sponsored posts</td>
<td>24%</td>
<td>18%</td>
<td>58%</td>
</tr>
<tr>
<td>Service availability announcements</td>
<td>25%</td>
<td>17%</td>
<td>58%</td>
</tr>
<tr>
<td>Community building</td>
<td>22%</td>
<td>21%</td>
<td>57%</td>
</tr>
<tr>
<td>Community news</td>
<td>19%</td>
<td>26%</td>
<td>55%</td>
</tr>
<tr>
<td>Merchant rewards and loyalty programs</td>
<td>36%</td>
<td>19%</td>
<td>45%</td>
</tr>
</tbody>
</table>

*Data: UBM Tech survey of 339 business technology professionals in financial services organizations, October 2014*
Only a minority of respondents have tackled the harder-to-measure metrics. Only 28% of respondents, for example, have the capability to track through from a message on social media to the sale of a product or service. (See Figure 2, p. 3.)

Part of the problem is that the more complex metrics require changes to business processes – a change that’s difficult to initiate from within a social media silo located in the marketing department. Another difficulty is that advanced metrics may require a new layer of automation with access to human intelligence to classify data points. For example, sentiment analysis on comments requires classification, whether manual or automated, to code a given message as positive or negative in tone.

**Go beyond communications.** The key to the social enterprise is not just managing the messages between an organization and its customers, but also understanding customers’ interactions with other people and organizations. The resulting information also has the potential to support not just the marketing function but virtually every division within a financial institution.

*One of the biggest areas we’re seeing in the coming 12 to 18 months is...*
social profiling, in which customer relationship data is matched up with social identities,” said Sameer Kishore, Dell Services’ vice president of banking, financial services, securities, and insurance. “This combination drives social intelligence, which has quantifiable benefits from better message targeting and greater conversion.”

Stay abreast of the regulations. Regulations are a top barrier constraining the ability of financial institutions to communicate more effectively using social media, according to 46% of survey respondents.

As more financial institutions discover the possibilities inherent with incorporating social media data into social intelligence, it will become increasingly important to understand, not only the legally permissible uses of data, but also the line defining what customers will accept as reasonable. Financial institutions will need to comply with a wide range of opt-in requirements, data protection provisions, and data secrecy regulations, and these will differ on state-by-state and country-by-country levels.

Look beyond financial services. Survey respondents were generally satisfied with their organizations’ social media presence compared to their industry peers. When asked to rate their organizations’ social media presence on a scale between 1 and 7, more than half (53%) rated their organization on the

44% of respondents lack confidence in their knowledge of best-practices in social media for financial services.
high end of the scale (from 5 to 7), while only 28% put themselves on the lower end (1 to 3). (See Figure 8, p. 7.)

Outside financial services, companies have taken large strides toward the vision of building a social enterprise. “Across industries, there are similar business processes involved with getting closer to customers, driving customer engagement, and rewarding customer loyalty,” Kishore said. “We have specific expertise across industries ranging from healthcare and life sciences to retail and manufacturing, and we are bringing those best-practices to financial services.”

**Foster agility in social media capabilities.** Over the next 12 months, most respondents (53%) said their organizations would increase investment in social media for communications. Slightly fewer expect higher investment in customer knowledge (46%) and in social network monitoring (44%). Very few respondents (7%) expect decreased investments in any of these areas. (See Figure 9, above.)

Of those who expect increased investment, most expect either a small increase of under 10%, or a moderate increase of 10% to 25% of budget. That sounds like a reasonable increase – except for the problem of trying to match annual budgets to the fast-changing world of social media. “Given the speed of movement in the entire digital world, budgets need to be allocated on a much faster cycle,” Kishore said.

There are still big unknowns in the industry: How fast is social networking going to mature? What features and capabilities will become common? Which non-financial industries will be able to disrupt the marketplace by offering financial services? How fast are other industries going to move, and how will that affect customers’ perception of the capabilities of financial

---

**FIGURE 9** Over the next 12 months, how much do you expect the level of investment in your organization's development of social media capabilities to change in each of the following areas?

<table>
<thead>
<tr>
<th>Area</th>
<th>Decline in investment</th>
<th>Steady investment (no change)</th>
<th>Increased investment</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications – delivering useful content and fostering conversations and connections through social media</td>
<td>6%</td>
<td>27%</td>
<td>53%</td>
<td>14%</td>
</tr>
<tr>
<td>Customer knowledge – incorporating social network data into core business processes</td>
<td>6%</td>
<td>31%</td>
<td>46%</td>
<td>17%</td>
</tr>
<tr>
<td>Social network monitoring – keeping track of mentions and other metrics</td>
<td>7%</td>
<td>34%</td>
<td>44%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Data: UBM Tech survey of 339 business technology professionals in financial services organizations, October 2014
services in social media? If events progress faster than anticipated – a good planning assumption – then financial services organizations will have to be ready to intensify their efforts on a faster timetable.

Get a strategy. As the top answer, “Strategy” was ranked as a key success factor in using social media effectively by 79% of respondents.

A sound strategy will be one that supports an ROI-based business case with verifiable metrics, and one that takes into account where social media capabilities are headed rather than where they’ve been.

ONLY 28% of respondents have the capability to track from a message on social media through to the sale of a product or service.

Dell Inc. listens to customers and delivers innovative technology and services that give them the power to do more. Dell Services’ innovative offerings help industries such as financial services to transform to meet growing demands and manage their futures. Visit Dell.com/financial-services.