

RETAIN AND ATTRACT  
CUSTOMERS ON  
SOCIAL NETWORKS

# SOCIAL MEDIA BANKING

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(Global Customer  
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# 01

## The awakening of social media banking

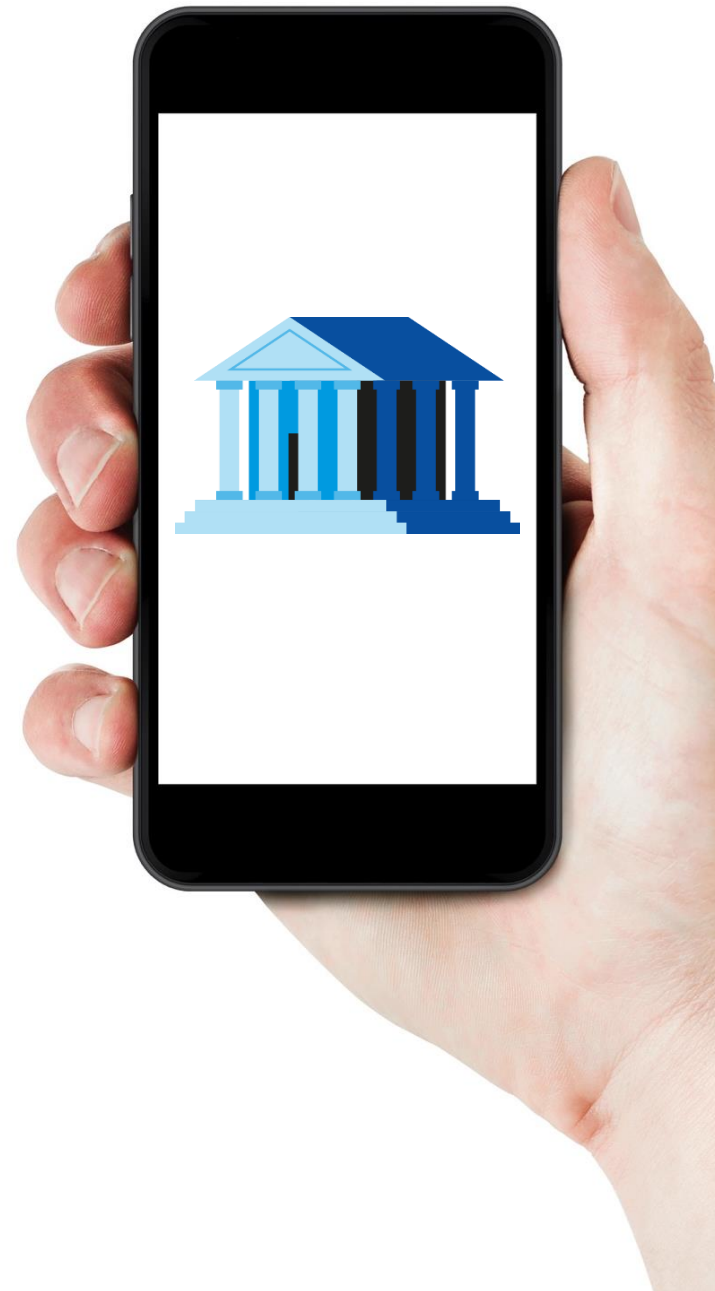
Banks must satisfy the technological demands of their clients and support them via social networks if they are to retain their [loyalty](#). (🐦)

Banks find it difficult to redirect customers to digital channels. These continue to perceive that branches offer better service than online channels for simple and complex transactions alike. So says the [\*World Retail Banking Report 2015\*](#) from Capgemini and Efma, based on a sample of individuals in 32 countries. It also points out that use of internet and mobile banking channels grew significantly in 2015 against 2014, rising from 53.7% to 70.5 % for the internet and 16.1% to 36.4% for mobile banking. However, there has been very little impact on use of branches.

The report also points to banks being "largely unable" to satisfy their clients' technology demands, making them feel

their brands are not right for them. The client experience deteriorated 0.8% worldwide, with the number willing to recommend their bank declining 3.6%. The report emphasizes the need for the financial sector **to work more closely with clients via technology or risk losing their loyalty**. To connect with them digitally.

According to Accenture, **banks must generate stronger ties with clients** by identifying, via social networks, their interests. In the [\*"Banking 2016- Next Generation Banking"\*](#) report, the firm emphasizes the importance of communities, via dedicated forums on issues relevant to specific communities, and getting users





involved (interaction via social networks), to thus **hear their clients' voices via a range of platforms and social networks**, with the feedback serving as a springboard for new initiatives and improvements. As a model for next generation banking, **it discusses "the socially engaging bank" (f)**

**1**

Engaging customers where they spend their time (e.g. on social networks), focusing on personal interests.

**2**

Leveraging influencers.

**3**

Co-creation based on increased customer intimacy.

## Case studies

“How banking got agile” is another research paper from Accenture, describing how the German bank [Fidor](#), among others, has harnessed social networks to create what it calls “[banking with friends](#)”. ([in](#))

Based in Munich, the bank only operates online. **Its clients chat with their bank consultants** should they have any questions or want to share ideas. Fidor has no sales staff. It relies on its online community to recommend it to others and propose product innovations.

As an example, Accenture points out that the bank allows its clients to play online games (a virtual forex market) and help finance interesting projects via crowdfunding, all as they check their bank accounts.

Clients can login via **Facebook** and allow '**likes**' to **determine the interest rate on their accounts**; the more different customers who “like” the rate, the higher it goes. Fidor Bank also partners with a German peer-to-peer lender to help its customers make loans among themselves.





Social networks offer banks **access to customers' social profiles, allowing for greater insights into their behavior.**

They can then personalize offers for each customer.

Another example that “How banking got agile” discusses is CBA, Commonwealth Bank of Australia, the first bank in the country to launch a near-field communications payments solution.

The *CommBank Kaching* app enables customers to pay anyone they choose through mobile, email or Facebook contacts. They can also use the CommSec app to buy and

sell stocks on the go, while the *Property Guide* app from CBA offers real time real estate information.

In India, Kotak Mahindra Bank launched its Jifi Saver [account, which can be opened and managed via Twitter and Facebook.](#)

These banks have harnessed **social networks not only to understand and listen to consumers,** but also as a vital means of securing their loyalty by making operations more efficient and reducing risks.





# 02 THE CHALLENGE OF SOCIAL MEDIA BANKING: Strengthening private networks to engage customers

Facebook and Twitter are used to spread messages but, for the time being, they do build loyalty with bank customers. Only 2% of users who click on a 'Like' in Facebook [revisit the corporate site.](#) (🐦)

Most banks have opened accounts on Twitter and Facebook and are increasingly active in them. **These networks are useful for spreading their messages but fail to interact with customers.** The challenge, according to the expert Juan Liedo, Manager at Ibermática Social Business and CRM Unit, is to "build customer loyalty in the digital realm, which manages content and also ensures they participate. Public networks are good channels for attracting, disseminating information and listening but they have their limitations in getting close to the customer".

In Liedo's opinion, **neither Facebook nor Twitter are the proper channels to talk**

**with customers.** "Banks have to be on public networks to spread messages but when asked why not create communities to act with them on Facebook, I reply that if you create private communities, you have to keep the data. Facebook handles the user experience; a hypothetical closure of the site could leave you with nothing. It doesn't let you tag or segment users in the way you want either".

In this respect, he stresses "people go to Facebook to interact, conversely you go to a private community in the common interest". [The study \*Game-Changing Social Strategies for Financial Services\*](#) highlights that **only 2% of users who click on a 'Like' in Facebook revisit the corporate site.**







Liedo reflects in the [report](#) *Social Banking- Social Business Networking* in the financial sector the characteristics of [private communities](#) (f) and what they contribute with respect to the public:

- 1** They recruit customers without relying on public networks, making it easy to generate a **more focused level of connection in the common interest**.
- 2** They avoid the irrelevance of many of the conversations in public networks.
- 3** They get the **customer data** that may end up in a CRM solution. Data in a public network belong to that network.
- 4** They make it possible to **manage the user experience**, without relying on what Facebook can do, which usually changes without asking.
- 5** They facilitate **conversing in a more personalized** or private way with customers, segmentation and auto-segmentation to increase the efficiency of the content and support strategy.



# Successful models

Liedo highlights the following companies that have launched [successful models](#): ([in](#))



## 1. **Charles Schwab**

The leading broker in the United States **uses a social environment to better engage with customers**. In the environment product support is provided, customers share information, help each other, and are educated on the organization's offering. The initiative is part of an **acquisition, retention and customer loyalty strategy**. Customers who sign up to the community end up buying 80% more products from the company.

## 2. **Bankinter Labs**

The bank uses a **Social Business strategy in the innovation process**. Share some innovation initiatives with customers (Open innovation, co-creation) in a social setting.

**Foster co-creation**. Customers participate with innovative ideas and rate the products. With these ratings the company takes less risks as they know what customers want and this reduces costs.

## 3. **Bank of America**

The bank has created a community of small businesses and startups where mutual support is provided to increase sustainability. SMEs consume training content prepared by the bank as part of their **Social Marketing** strategy. The initiative helps to create a better business environment (making SMEs more sustainable), while **the bank knows its customers better, improves acquisition and segments them and makes them more loyal**.

#### 4. [Caixabank](#)

This is one of the pioneers in the use of social media. Its community, called [Ahora](#), directed to the senior world is a **loyalty tool**. Users make relationships, consume lifelong learning content and receive promotions.

"In Spain we are behind in relation to the USA for example in the use of private channels and corporate social platforms. In them, the customer can read private reports from banks to participate through forums".

Liedo notes that in these private networks it is not only the customer who is invited to participate in the bank's decisions but also employees.

**"They bring ideas to the bank, are innovative and because of the communities, they feel more loyal to the companies for which they work"**.

Examples of banks that empower employees are: [TD Bank](#) (the sixth largest bank in North America, with more than 80,000 employees) that uses *Social Business* in building internal loyalty, it **has a corporate social network where employees have social profiles**, labeled with their areas of interest and expertise, share knowledge and collaborate in communities.

[Deutsche Bank](#) or [UBS Bank](#) have also created a corporate social network to improve collaboration, communication, knowledge management and innovation.

**"We have the technology, what's needed to get closer to the customer is a good strategy"**, Liedo points out.





# 03 How banks interact with their customers on the social networks

Although the banks are already present on Facebook, Twitter, YouTube and other social networks, there is still a lot of work to be done in the so-called transformation of social banking, including the design of a clear strategy if they want to build loyalty and approach the customer through [these channels](#). (🐦)

## “They communicate via Twitter but do not interact”

*This is the main conclusion of the work entitled Characteristics and determining factors in non-financial information in social networks: the case of Twitter and CSR, by Pablo Gómez Carrasco, Beatriz García Osma and Encarna Guillamón, which has won the fourth UAM/ Accenture award.*

In its analysis of the current relationship between the financial institutions and their stakeholders on the social networks in terms of Corporate Social Responsibility, the study highlights that **conventional banks communicate but do not interact with their customers**. (f)

The analysis was made by studying one million tweets from 40 banks over three months to discover whether they shared the interests of the public and of outsiders. One of the study's conclusions is that “Companies **are not reaping the potential benefits of these communications channels** which allow an ongoing interaction with the stakeholders and insist on continuing to use traditional one-way communication strategies”.



Pablo Carrasco, one of the researchers, [explains in this interview](#) that companies “develop **excessively traditional and defensive communication strategies** the new media -where communication with customers and stakeholders can be much easier and more direct- which produces a negative result. The tweets show that people reproach them for talking about different issues and not clearly answering what they are asked”.

Another of the study's conclusions is that the **size of the company** "is the determining factor in explaining the number of messages generated about an organization on Twitter, whereas the fact that a company runs **promotional campaigns** with substantial impact in the media, **is listed on the stock exchange** or belongs to a controversial subsector do not significantly influence the number of messages they generate”.

The study points out that it is necessary to have a different style of communication in order to approach the customers: “Companies' communication strategy does not appear to be in

line with what stakeholders are demanding”. And he also warns: “**The social networks are a difficult resource for [companies to control](#)**”. ([in](#))

## Information on Facebook, Twitter and YouTube in conventional banking

Facebook is the main network for conventional banking in Spain, With almost 426,455 potential customers, **the banks publish an average of 40 contents a month; BBVA** is particularly notable for its activity, and publishes four times more than the average. The report entitled *Ranking of the conventional bank in social media in Spain* by [Alianzo](#) -based on 16 banks- also notes that banks offer their customers articles from their blogs, information from their websites, cultural and sporting news, competitions and contents from their financial products via Facebook. **Santander and La Caixa** account for half the audience.



In the United States, **Bank of America** reigns supreme on Mark Zuckerberg's network: it has half the audience of these single users in the conventional banking sector in the United States, with over 4 million potential customers. Twitter is where the American banks publish most of their content, with an average of four a day for an audience of over one and a half million customers.

Returning to Spain, the single audience on **Twitter** is 167,232 users and BBVA, Santander and **Bankinter** share 55%. It is used as a **customer service network**. All the banks send around nine tweets, with the exception of Sabadell -the most active- which sends an average of 28. **Sabadell** is also the bank that publishes most videos on YouTube -an average of 23- and has 51% of the total **Youtube** audience for banks, which is 51,471 single users in Spain. **The videos that arouse the most interest involve market analyses and corporate information.**

Another [study](#), *Top 10 Retail Banking Trends and Predictions for 2015*, highlights that the trend for banks in the near future will be **to take account**


**the customers' ideas and point of view when providing a service**, and also that all digital channels will be reinforced with significant investments in order to better understand the customers' lifestyle and satisfy their needs in order to gain their loyalty. In order for this to work, it points out, it is not enough simply to be on Facebook, Twitter or YouTube; **each bank must have a clear digital strategy in terms of their customers.**





## 04/INTERVIEW

**"The challenge is to unite the public world of social networking with the private world of finance**

Privacy, data, competition in the technology sector in the financial world, among other things, Manolo Moure, member of the BBVA Global Customer Solution team discusses the [challenges of social media banking](#). (  )

## What are the challenges of social media banking?

First it has to be stressed that social networks are centers of interaction and information exchange where people, who can be trusted or not, share very personal things. Banks act in a completely different way. It's a very closed world. Nobody likes to talk about their finances, not even to their friends or family. This is something that happens in all countries including Spain and the United States. The challenge is to unite that world that is becoming more public with a world which is very private. There is no need to move money in social networks. The challenge is to get the right balance between these two very different worlds.

## Do you think the customer is prepared to "lose" some of their privacy for further customization?

I think there should be a reflection by the user and also the social networks on what losing privacy means. Networks provide free services in exchange for access to user data that become products. If you get something free, you are the product because the data you generate are very valuable. The user has to reflect on what this loss of privacy means, I think we need more information for the user to decide whether or not to give his/her data or how much.

## In the case of banks, does the customer lose privacy?

The phenomenon is similar in the case of banks. For example, when paying with a credit card the customer profile is enriched with these data. Although banks are historically much more cautious and, unlike social networks, do not take much advantage of the data that can be used to give a more tailored and valuable service. In the case of consumer credit, for example, banks with customer data can offer a lower rate than the generic one. Customers will appreciate this customization and will not feel that their [data is being exploited](#). (f)



Do you think that traditional banks interact with customers on Twitter, Facebook or YouTube or is the communication one way? With the advent of social networks financial institutions have acted like other companies in other sectors. First we thought we had to be on Facebook, for example, and hence our presence. The second step was to listen to our customers, they let us know what they thought of our products. The third was the interaction with them, people want to talk and we had to give them answers. The problem for financial institutions was to believe that social networks were a means of communication and that was enough. But people act



differently in social networks; they don't wait when they ask a question and demand a quick response, banks have to work on interaction [with customers.](#) ( [in](#) )

**What role will social networks play to get closer to customers and which of these do you believe are working or will work better?** In social networks emotions are shared in images – all the steps of an

experience. In the case of Facebook people share their experience in the network. From arranging to go to dinner, the booking, the dinner itself and they are even demanding a tool to manage paying for the dinner without leaving the Facebook experience. The challenge for banks, however, is not taking existing products and linking them up with more akin social networks; they have to listen

to them to offer new products. With respect to users, banks must play an important role in risk management.

People are uncomfortable with risk variables and banks should help them in making financial decisions. This information is provided by financial institutions and not found in social networks.

**Is the threat of Google (Wallet) or Facebook replacing financial institutions becoming an ever greater reality?**

Google and Facebook are companies that financial institutions have to learn from. They have managed to attract customers by giving them something they were demanding: the Google search



engine or a tool for interacting with friends in the case of Facebook. They found those needs and have solved them well since they have managed to fill these gaps and communicate with millions of people. Google or Facebook's challenge when entering the financial world is to make payments work just as well as the search engine and that's nothing trivial.

Vis à vis these tech giants

banks offer experience. In the case of BBVA, 150 years managing finances. BBVA Wallet, for example, is a product designed to stand up to the technological giants when they fully enter the financial world.





# 05/INFOGRAPHIC

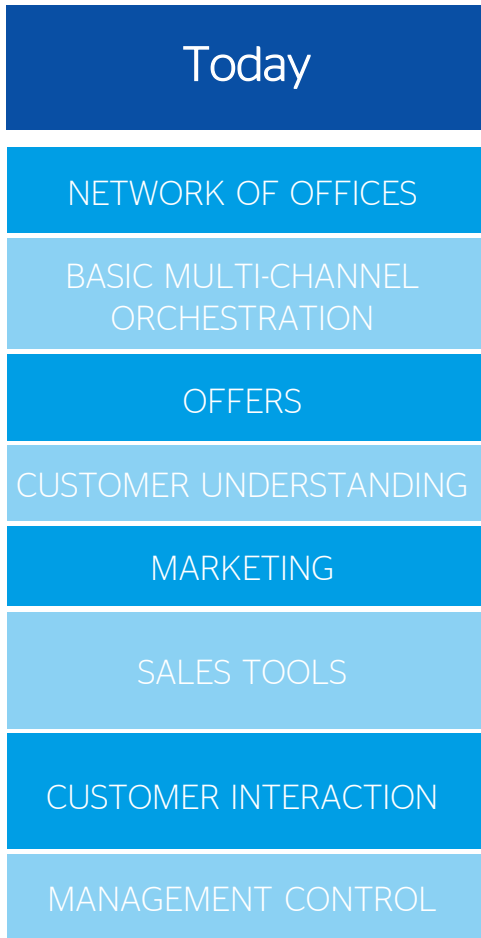
## Social Banking, next generation banking

Each bank needs to define its business model in light of its history, Market, positioning, ambitions, etc. A model based on improved multichannel experiences to interact with customers and meet their needs. This model must take advantage of interactions with social media to increase customer loyalty. To do so, the bank must be committed to an ecosystem that maximizes the power of mobile technology.

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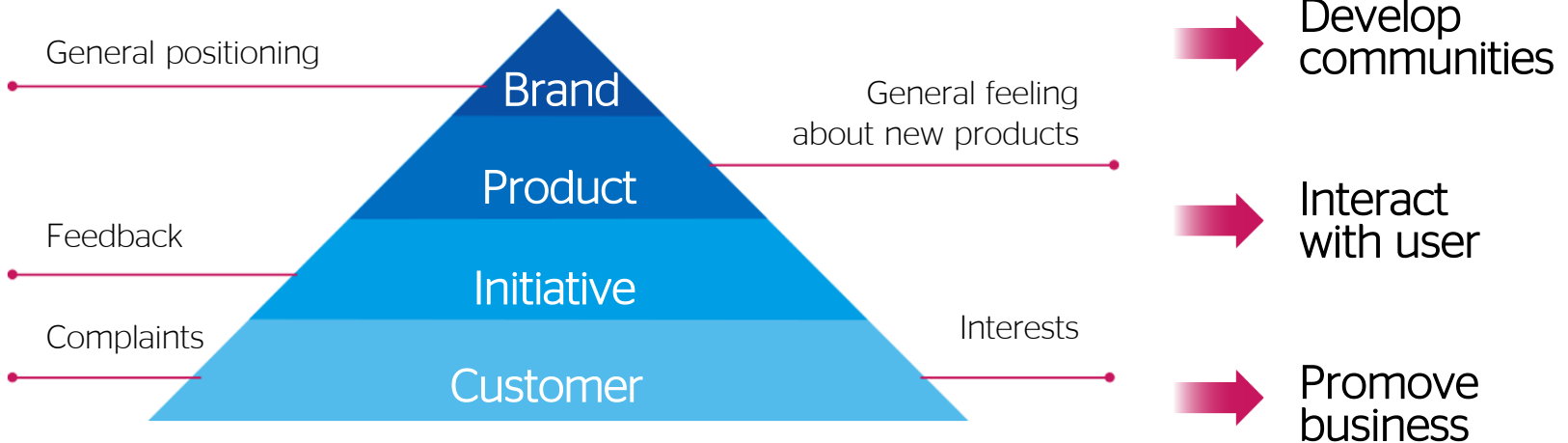
# Banking models



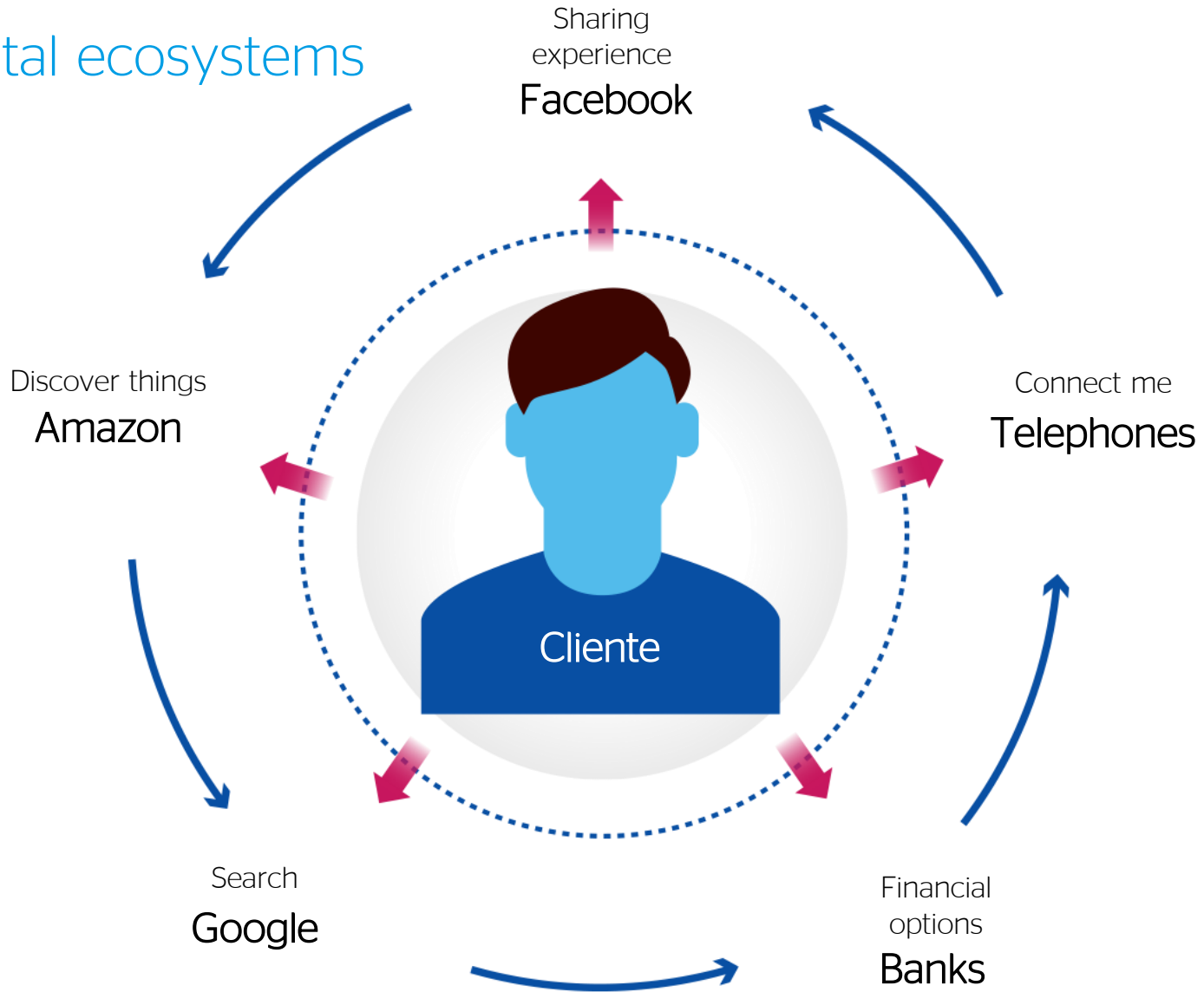
## Multi-channel



## Social Networks



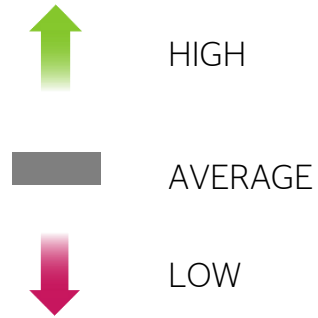
# Digital ecosystems





# Combination of abilities

Next generation banking models represent greater maturity levels in most of the action areas. Each bank can develop the identified abilities differently, although a strategy must be defined and a clear proposal to create customer loyalty. The maturity levels vary depending on the abilities of each model: basic, multi-channel, social or digital ecosystem.



Areas	Basic	Multichannel	Social	Digital
Branch optimization	↑	↑	↑	↑
Marketing	↑	↑	↑	↑
Multichannel orchestration	↑	↑	↑	↑
Sales tools	↑	↑	↑	↑
Customer insight	↑	↑	↑	↑
Intelligent interaction	↑	↑	↑	↑

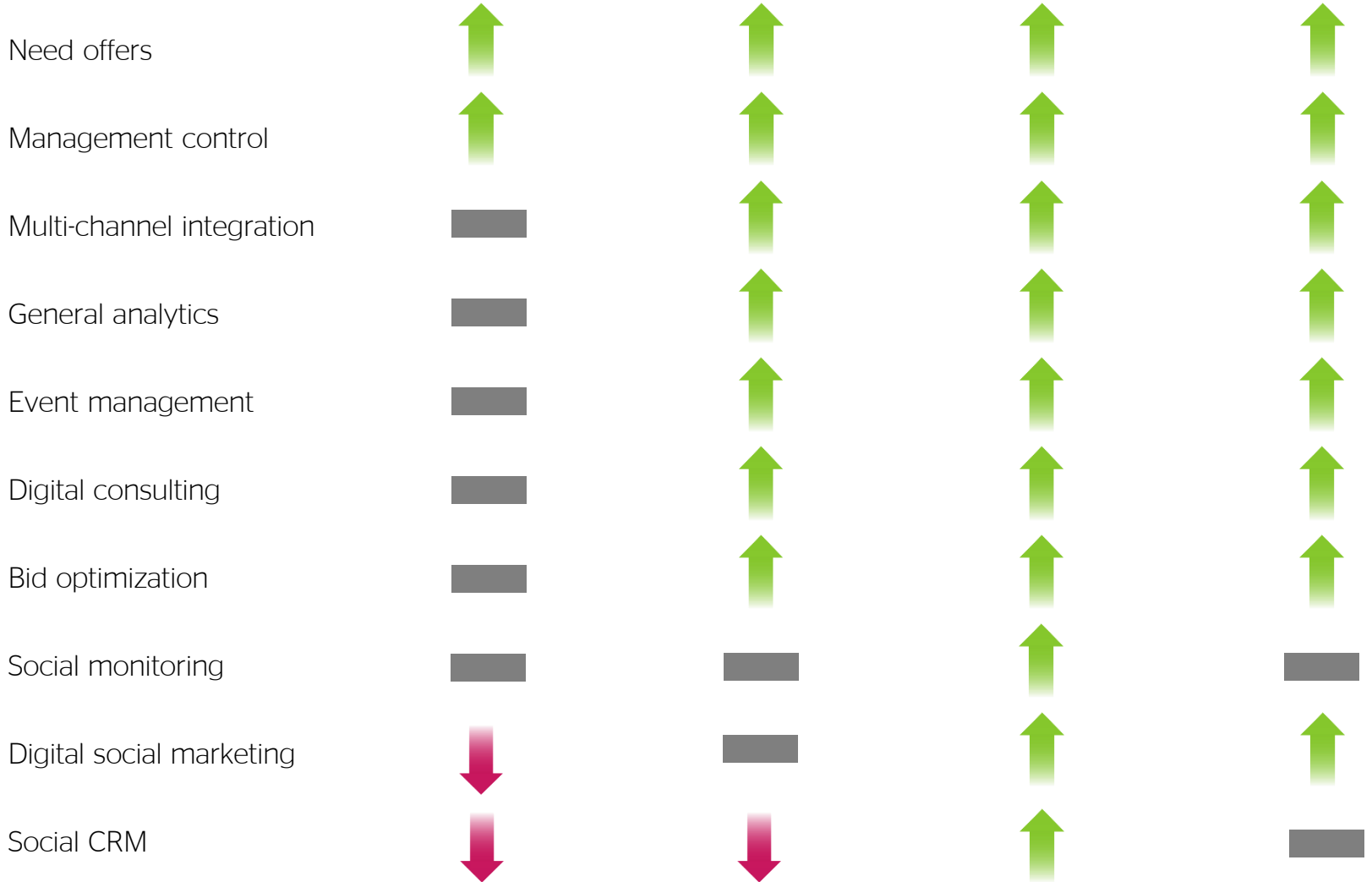
Areas

Basic

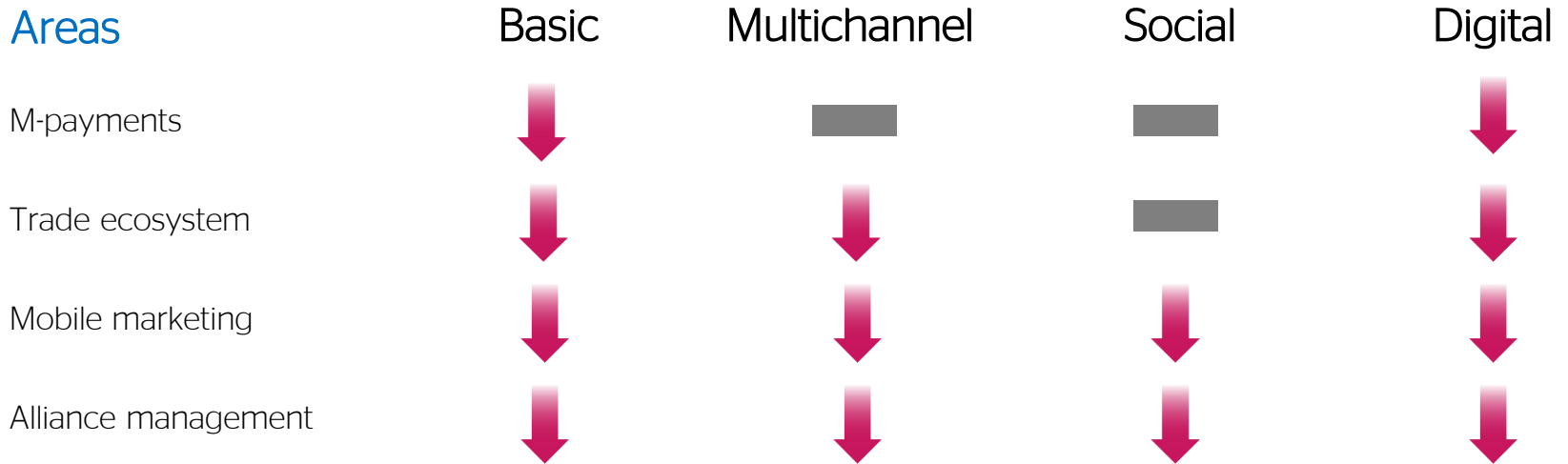
Multichannel

Social

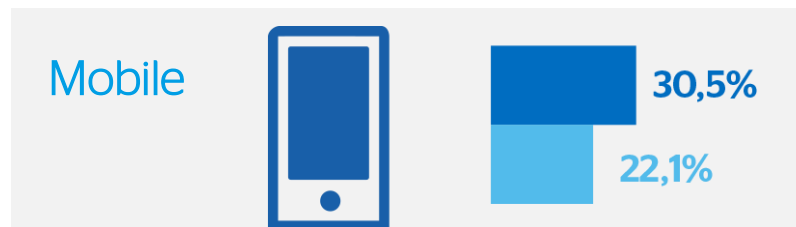
Digital



## Areas



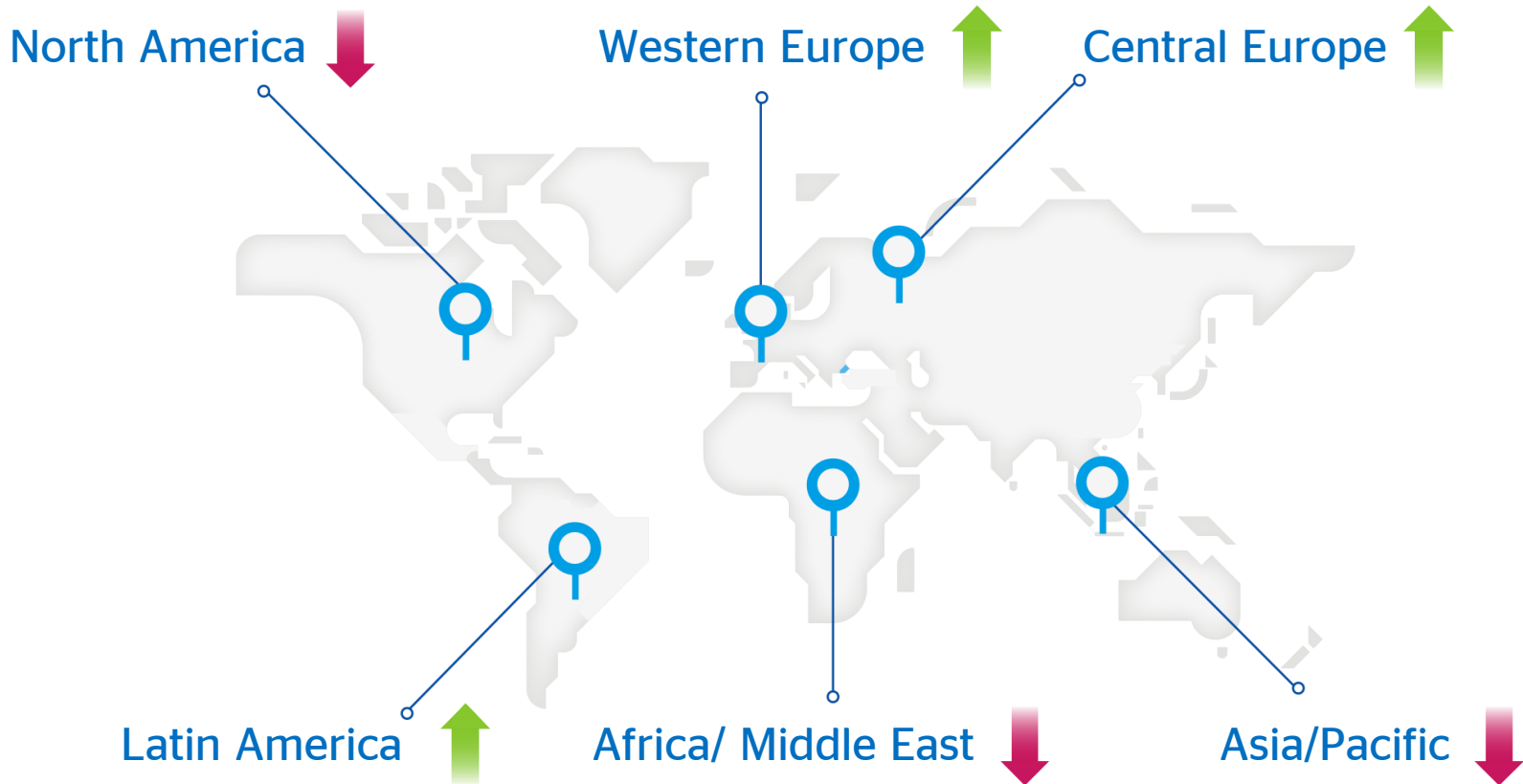
## Technology use



# Customer experience (CEI)

Social banking customers indicate a less positive customer experience, highlighting the risk of banks losing customers and profitability. This new reality forces banks to digitally transform, as well as taking advantage of social networks.

↑ CEI increase since 2013  
↓ CEI decrease since 2013





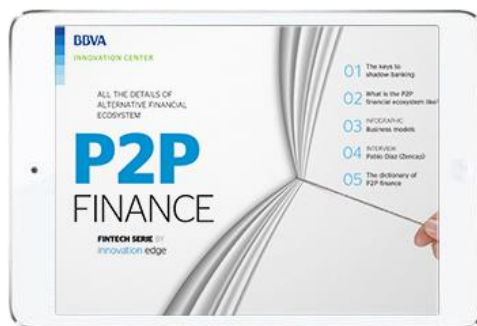
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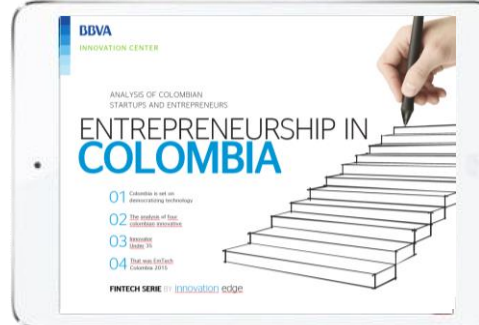
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