

SPECIAL REPORT: NET WORTH

Social Media Wallflowers

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Published: March 26, 2012

While many consumer goods companies have embraced social media sites like Facebook, Twitter and YouTube as new avenues to reach customers, financial institutions, and especially private banks, have been reluctant.

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A survey on the social media activities of 50 leading private banks found that most had developed “amateurish” social media strategies, were “hibernating” on Facebook and displaying “tokenism attitudes” to Twitter and YouTube, according to [assetinum.com](#), an independent financial information portal for investors.

One in three banks surveyed did not have an active Facebook profile, and of those that did, only half reacted to test “friend” requests by [assetinum.com](#) — a clear sign of low interaction with users, said Benjamin Manz, an [assetinum.com](#) managing partner.

And even though 42 out of 50 banks surveyed had Twitter accounts, only 26 banks reacted actively to user Twitter posts and only 13 posted about wealth management topics. Barely half of the banks had up-to-date YouTube channels, with only 15 banks using it to deal with topics related to wealth management.

The Web sites of the banks were also found to be behind the curve on social media: Almost half integrate social media “insufficiently in their Internet presence,” Mr. Manz said, with only 19 banks having blogs and only six of those actively interacting with users.

The results are surprising, when placed against the preferences of the banks’ clients. According to recent research conducted by Scorpio Partnership, a consulting firm, and sponsored by Standard Chartered Private Bank and SEI Global Wealth Service, more than 40 percent of high-net-worth individuals younger than 50 viewed social media as an important channel for communicating with their banks.

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“The high-net-worth individuals who bank with us are no different from any other customers in that they are increasingly active on social media,” said Marged Lloyd, the head of online communications in London at Standard Chartered. “What’s more, high-net-worth-individuals are often characterized by their international mobility. Social media, by its very nature, is largely unrestricted by national boundaries.”

“It is clear,” she added, “that social media can be an extremely effective communications tool for us.”

While Standard Chartered Private Bank has not reached out directly to its high-net-worth clients via social media, a spokeswoman for the bank, Ally Lim, senior manager of corporate affairs, said the private bank was enjoying the spillover effect of the group’s overall social media efforts.

Private banks have several concerns about pursuing social media presence more aggressively, said Mr. Manz of assetinum.com. Those concerns include regulatory issues, “reputational risks” and the belief that social media require “too much time and effort for a ‘playground’ allegedly not to be taken seriously,” he said.

He added that he believed it posed considerably less risk to a bank’s reputation to be present on social media channels than to be absent from them.

“Reputational risks can best be avoided if banks are prominently present on social media channels and can react to accusations,” he noted.

Ms. Lloyd of Standard Chartered agreed. “It’s inevitable that people will talk about us online, so we have made a conscious decision to participate in these conversations in a meaningful way,” she said.

The assetinum.com survey listed some positive examples of banks’ use of social media. The Facebook pages of Royal Bank of Canada and ABN Amro reacted quickly to queries and give clients opportunities to participate in surveys and events, Mr. Manz said.

“Also, they are asking their users beforehand how to implement certain new services — as in the case of a new mobile app for ABN Amro, for example,” Mr. Manz said. “This makes users feel that they are taken seriously.”

Discussing financial topics is not the only reason for private banks to have a social media presence, Mr. Manz said, as the platforms can be used to draw attention to other activities, like sports sponsorships and patronage of the arts.

Standard Chartered uses social media to exchange information about the bank’s sponsorship of the Liverpool soccer club in the Premier League. The bank also maintains a “Food Explorer” Facebook page for India, with restaurant information and deals.

“One thing that has become clear since we began to use social media: Customers now take it for granted that they can communicate with their bank through social channels,” Ms. Lloyd said. “This is how it should be and we will continue to speak to customers through the channels that they are active on.”

A version of this special report appeared in print on March 27, 2012, in The International Herald Tribune.