WealthBriefing

New Report Chides Firms For "Amateurish" Approach To Social Media

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Group Deputy Editor in London
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Most firms are dealing with social media "quite clumsily", with the vast majority of wealth managers and private banks having serious difficulties, according to a new study by Swiss consulting firm Assetinum.

Having assessed 50 of the world's largest private banking and wealth management firms on a 100-point scale, the average score was just 43 points - an average rating made even more disappointing by the fact that the criteria for being awarded points were relatively easy to fulfill, Assetinum said .

Some private banking and wealth management firms are however doing well, with Citibank leading the way with 84 points. In just one example of Citi's efforts in this area, the Wall Street giant has recently developed a social media offering for the children of its ultra high net worth clients allowing them to do things like recommend restaurants.

The rest of the top ten ran: Société Générale (83 points), ABN AMRO (82), Barclays (80), Wells Fargo (76), Standard Chartered (73), Deutsche Bank (70), Vanguard (70), Commonwealth Bank (69), Nordea (68) and Royal Bank of Canada (68).

Although these institutions have thrown their weight behind social media development, the industry is however awash with laggards in this space: 27 of the firms analysed did not reach half the maximum points in the Facebook category; 25 fell short of this mark in the website and mobile category; 25 scored less than half in the Twitter assessment, and for YouTube and LinkedIn the corresponding figures were 29 and 21 poor-scorers.

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The rise of social media is an incredibly wide-reaching phenomenon - the full implications of which will probably only emerge several years hence - and Assetinum notes that banks are increasingly recognising this paradigm shift in their media "behaviour". In short, they know that digital media is not only used for searching for information, but is also intrinsic to reputation-building and preservation, as well as for client acquisition.

"For a surprisingly high amount of banks a convincing social media strategy is still not distinguishable," said Benjamin Manz, managing partner of Assetinum. The fact that this is the case of course stands in stark contrast to the fact that clients themselves are demanding ever more transparency and information content via these channels, as numerous studies have shown.

The consultancy is adamant that firms should be prominent on social media outlets so that they can head off situations which are potentially damaging to their hard-won reputations. Here, Assetinum says that time is of the essence as it takes time to build an active online community, echoing comments made by executives to this publication about building momentum in this space.

Facebook "hibernation"

Among the surprise findings of the survey was that a third of all those firms studied did not yet have an active Facebook profile and on average only a third of the possible score was achieved. Ironically, Goldman Sachs was one of these, despite the institution having put together a well-publicised special purpose vehicle in order to give its private clients access to the site's shares. RBC, Nordea and Standard Chartered were however praised for creating a real dialogue with their users and encouraging participation - an approach which is of course standard in other sectors. True interaction was however in short supply when it came to the private banks and wealth managers studied as only 18 (55 per cent) of those firms with an active Facebook presence reacted to a test request made by Assetinum.

Twitter "tokenism"

The report's authors were just as scathing when it came to firms' use of Twitter, as while 42 out of 50 banks have a Twitter account, only 26 (or approximately half the banks) react actively to user tweets and only 13 of 50 consider wealth management topics.

The picture for YouTube was just as bleak: only half the firms studied have an up-to-date YouTube channel and of these only 15 give special consideration to wealth management issues.

One bright spot was the fact that all bar one of the firms assessed (Bank J Safra) have an active LinkedIn profile, but again this tool is not being used optimally as only 14 banks present additional content and only eight were seen to be actively cultivating interaction with LinkedIn users.

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Poor integration

As other studies have also found, wealth management firms are broadly underperforming when it comes to the user-friendliness and functionality of their websites, and Assetinum also found poor integration between firms' social media presences and their sites. It found that only 19 firms have their own blogs and only 6 facilitate interaction between users and the institution via an interactive blog or chat facility. Furthermore, only 33 banks featured a subsite on wealth management or private banking topics. Even more disappointingly in a time where smartphones are ubiquitous, only 22 of those institutions studied have a smartphone-optimised website and 14 did not have a mobile app at all.

The use of social media within wealth management is a hot topic and one that is fraught with debate on compliance issues and whether this channel is merely a fleeting fad which does not warrant significant investment. However, numerous research reports suggest that today's clients, who are used to the advanced offerings from the consumer sector, will be increasingly intolerant of the reluctance of wealth managers to engage in this way.

Numerous senior executives have told this publication that a cultural shift is needed which recognises the importance of social media and indeed all digital channels when engaging with existing and prospective clients. Advocates of social media believe that its use goes right to the heart of brand values and that firms need to show that they are where their client base is - networking online. In the words of Pat Allen, a veteran marketing manager and chief executive of Rock the Boat Marketing, a Chicago-based financial services marketing consulting firm, social networking "shows that you're available, you're accessible and that you're paying attention."