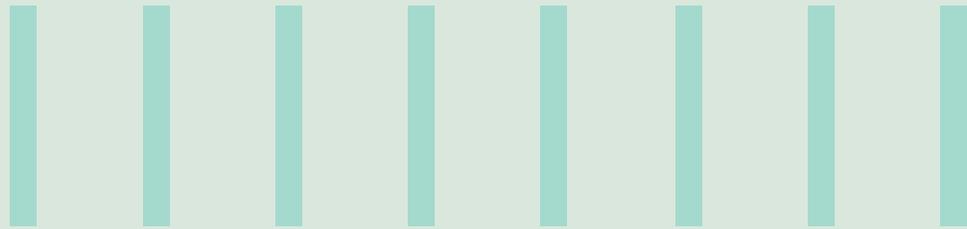


HERALDING NEXT-GENERATION BANKING WITH SOCIAL MEDIA



Social media in banking – the current landscape

Over the last decade, social media has evolved from being a slightly recognized collaboration platform to an integral part of the daily lives of millions of people around the world. It has become a necessity and a 'must have' capability for most businesses including banks. It is of strategic importance for banks in customer acquisition, product sales, decision analysis, and analytical modeling, in credit scoring, behavioral scoring, servicing, and sentiment analysis across different lines. While some banks have begun embracing social media, many are still in the planning phase while others are awaiting regulatory approvals mandated in some geos.

Clearly, social is an imperative to meet new customer demands but banks are slightly reluctant to invest in social platforms. Many factors are responsible for this; top ones include:

- Migrating branch banking to online and mobile can be tedious
- Increase in operational costs
- Not able to make a trade-off on new investments vs sunk costs
- Changes in the way the bank functions to enable customer self-service, communication, customer engagement, customer need analysis,

social chatter generation, employee engagement, customer education, building communities, etc.

- Lack of regulatory guidance
- Risk involved in transacting on social platforms

Banks have now begun shifting their objectives from merely establishing a social presence to using the platform for business, much akin to the way banks adopted social during the days of Web 1.0. In fact, the trends in banks adopting social media are similar to the evolution in the usage of the web.

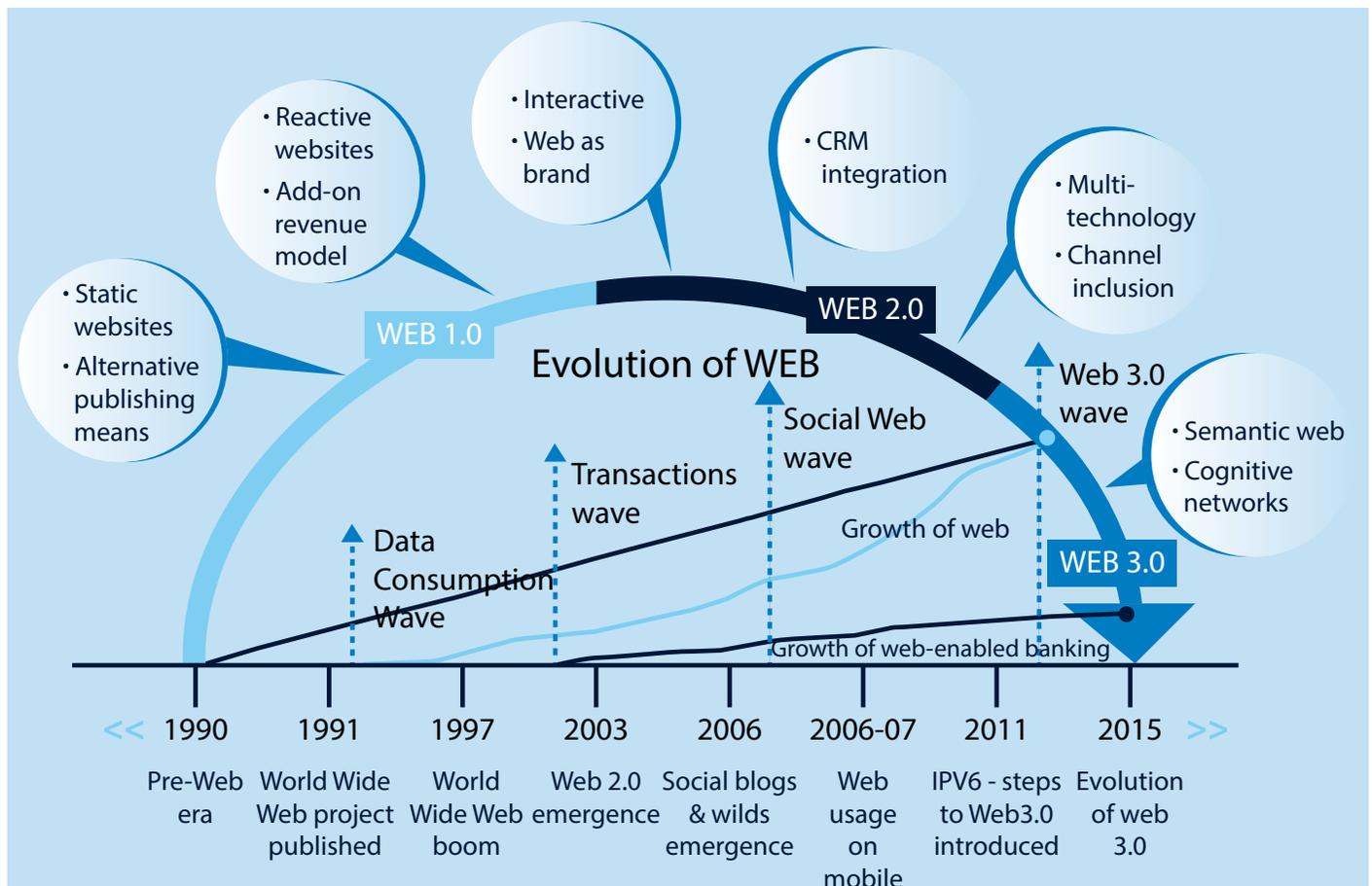


Figure 1: Evolution of the web and how it correlates to the evolution of social media



tumblr.

LinkedIn

facebook.



Pinterest

YouTube
Broadcast Yourself™



Two major drivers: Customer centricity and need analysis

A significant portion of many banking customers' daily lives revolve around social media. These customers look at social platforms for engagement and services. They expect to bank, shop, and find answers to their queries, on these platforms. Take the case of payment transactions where customers using

social media need not login to internet banking portals to register the biller and complete a bill payment transaction. Some banks allow customers to tweet the bank to check their account balances. A handful of pioneering banks in India are providing all basic internet banking capabilities to

customers through Facebook - linked bank app login. These banks apps further enable customers to converse, chat, and receive advice, from their banking contacts on products and services. They also serve as platforms for the customers to share feedback and communicate their needs.

2014 social media banking capabilities according to geo

Based on a recent survey conducted by Infosys on banks' social media capabilities, providing social media capabilities came out as an aspect of strategic importance to the banks in 2014-15. Banks are yet to start their social media offerings, transacting capabilities but are in line in offering product information, customer service which is more of static information push, and a combination of static and dynamic information.



Figure 2: Ratings of banks from different geographies on the dimensions of social media in Banking

(Source: Based on a recent survey conducted by Infosys on banks for social media capabilities)

Transacting on social media is still a privilege, offered by only a few banks. The ones that have mature presence are looking to diversify and scale on existing platforms to provide more complex products and services including commercial and business banking capabilities. North American banks followed by Asian banks are pioneers in establishing social presence while actively servicing customers on social platforms. Surprisingly, there is no major gap in the perceived importance of social capabilities

and spending in this area is bound to increase across all geos in the coming years.

Marketing, sales, and servicing touchpoints of these banks are being upgraded to collaborate effectively with customers on social channels. There are several examples: Citibank, Singapore, promoted its Clear Platinum Card through a Facebook game which shows the gaining importance of personalization using gamification principles. CIMB Malaysia promotes financial literacy among millennials

using videos and online games. Business drivers in the current environment are differentiation, innovation in social banking, group banking, group buying, contextualization, community fund raising, personalizing products, and services.

From a preparedness standpoint as evident from the above graph, one can infer that banks have realized the necessity to hop on to the social bandwagon. To start with, banks are keen on offering social connect capabilities to their customers followed by servicing and transacting capabilities.

From the customer's lens

Collaboration has been a big reason for the growth in use of social channels. Usage has also extended to satisfy a plethora of needs from communication, connecting with people, news, e-commerce, advertisements, offers, receiving services on products, support on services, transactions, rewards, and so on. Here's a categorization of customers' social banking preferences.

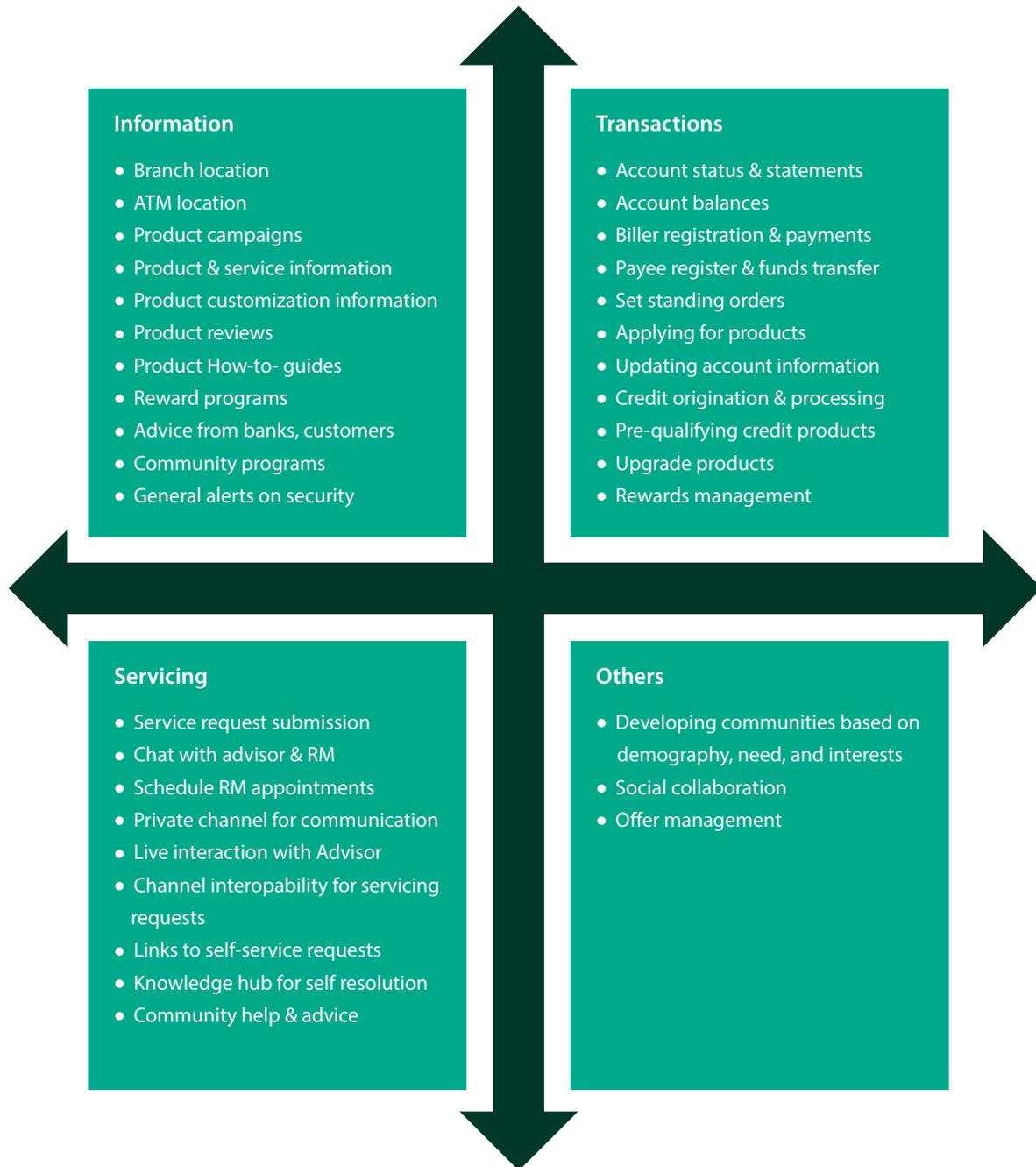


Figure 3: Social capability categories

Social capability categories

The digital age has overhauled consumer behavior and continues to change behavioral tendencies with a fast drift to technology advancements. The screenagers from Gen Y to the baby

boomers from the Gen X expect social media to deliver different levels of banking experience. They expect banks to provide transactional and straight through processing capabilities where they can

self-service rather than just links to pages and information. They expect to use social media as a channel to initiate and complete transactions.



Innovations and advancements in social banking

Here are some advancements in social banking.

	Turn enquiries into augmented satisfaction
	Social media management team which includes community managers, product managers, content management teams, online channel managers, infrastructure support teams, security
	Social media governance policies and procedures and integration with governance models
	Social data processing when governed by data / regulatory policies
	Send and receive secure messages
	Semantic search in social media
	Segmentation based on common interests, needs, demographics
	Regional corporate pages to address needs, enquiries, complaints
	Special team of customer service officers, Brand / PR professionals / product specialists
	Social listening tools including social edge, an offering from Infosys
	Overseas queries detection routed to regional / local counterparts for answers
	Average query resolution turnaround time average of 4 hours and looking at reducing it further
	Opening a service channel on phone, internet, mail, branch to complete it
	Integration with core banking, CRM, workflow to derive insights and provide transactional capabilities

Figure 4: Social platform goals

Social strategy

A clear social media strategy is paramount to achieving successful adoption by customers. The primary step is to formulate a clear vision with goals. Consider these key principles while drafting your social strategy:

Technology: Plan for an appropriate platform to develop and host social media applications. Strive to improve social listening by using social analytics tools, Big Data technologies, and decisioning tools, integrating them with the workflow, CRM, and core banking platforms. Diversify to other platforms once significant ROI is generated across the existing platform.

Developing capabilities: Banks that are just starting should target basic capabilities such as providing information, transactions, servicing, and social

collaboration on an active social platform that most of its customers have presence on.

Risk management: With social media, the doors to the world are wide open for generating ways to improve banking. But it is vital to understand the risks involved and establish an effective mitigation mechanism.

People power: Social media control and governance is set to play a pivotal role in executing the social strategy for banks. Be conscious of the varied kinds of risks involved in social interactions including sharing of personal information.

Customization and personalization: Both these aspects will be the judging factors for banks in assessing the capabilities offered by banks on social media. Today, a static

page on Facebook with information on the bank's product is a basic feature. But in the recent past, dynamic content has replaced static content followed by transactional capabilities.

In future, collaborative customization will be of prime importance where personal applications will talk to bank's applications and every service and product will be customized in accordance to the need. If a customer is looking for home owner's insurance then the bank's smart analytical application should be able to bundle flood insurance when the customer's house is in a flood zone and suggest the same to the customer with a relevant offer. Customer service teams / product teams on social media will be augmented by intelligent chat tools that can perform customized need analysis.

Personalization of features offered on social media is no longer a distant dream for banks. Many banks including Citibank and ICICI bank offer personalized cards using pictures from Facebook albums.

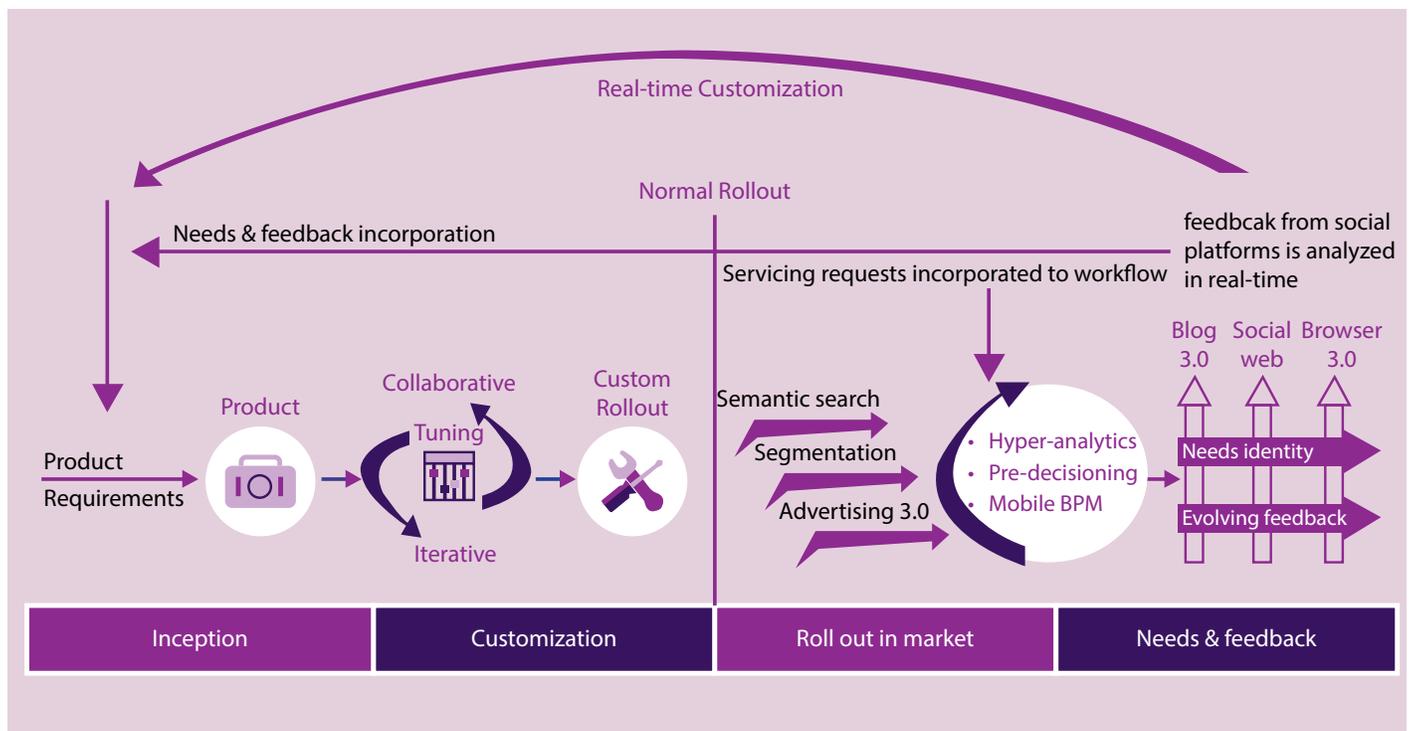


Figure 5: Real-time customization of products and services

Servicing

Most banks now have dedicated teams using cutting-edge analytical solutions accessing social media pages to ensure customer requests that require bank's intervention are addressed. Creating a positive sentiment in the customer world still remains the prime motive followed by churning servicing requests into augmented customer satisfaction. Adding to customer satisfaction is the factor of turnaround time – the time taken to respond to customer requests. The current

average turnaround time is four hours and banks are finding smart solutions to complete these requests much faster. Such tools assist the social media servicing team in using the available customer information with the bank and publicly available data to devise the best way to service customers. Some banks open a service request line on Facebook, Twitter and / or Google Hangouts to converse with and service customers. Some direct them to live chat on the bank's portal while

others have advisors call the customers within short intervals.

Further capabilities include routing the request based on location to the right team based on the product / service. If overseas requests are detected, the local counterparts are roped in. For transactional queries, contact information is gathered for an outbound call while for non-transactional ones, information requests and direct communication is provided on the social platform or directed to personal chat.

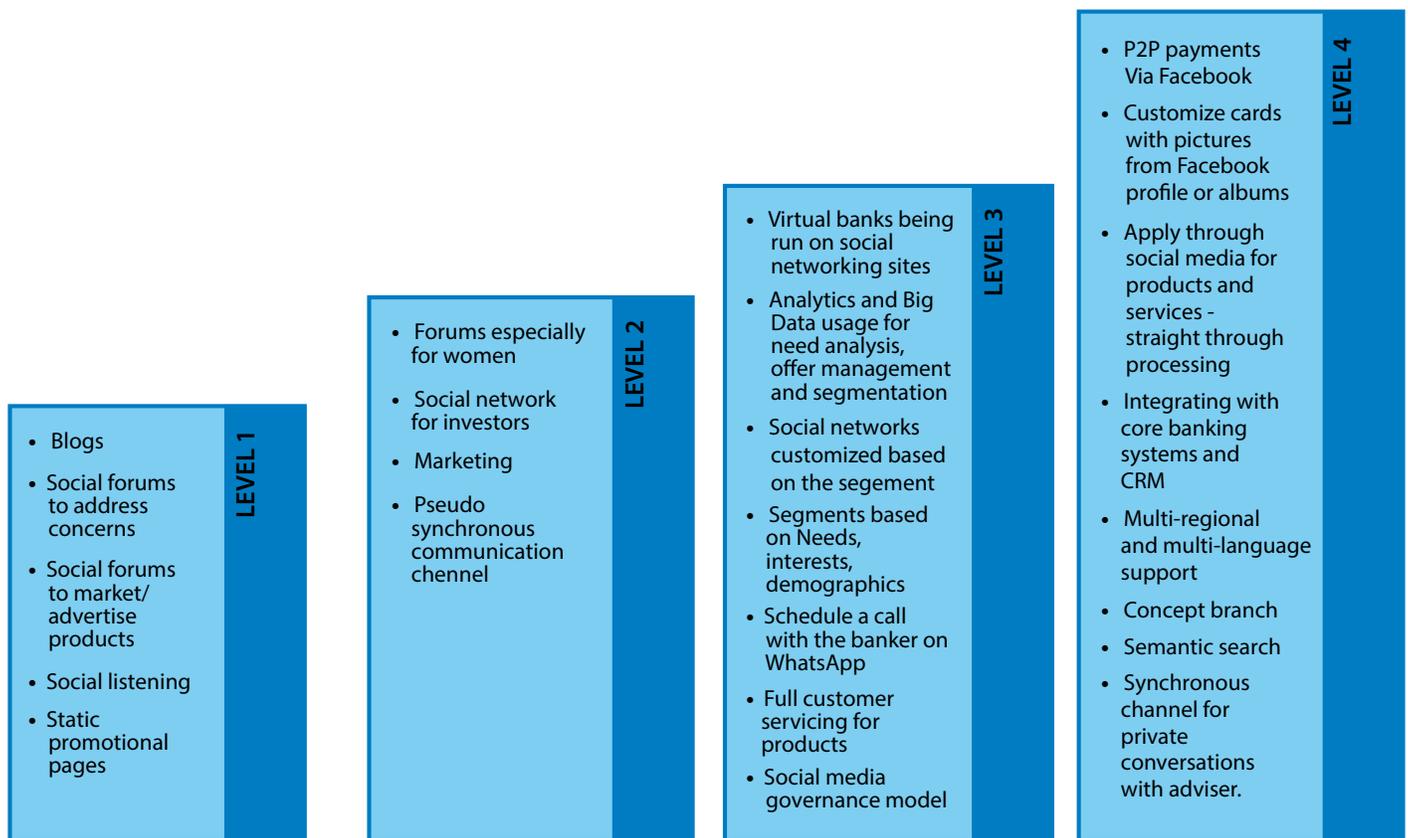


Figure 6: Maturity model for banking capabilities provided on social media platforms



Looking ahead – Six important evolving aspects of social banking

Governance

Banks have formulated governance and updated group policies on social usage to meet various objectives such as communicating with the customers, straight through processing, personal information, customer privacy, marketing, and sales. Here's an example: RBS has a social media governance policy that helps the RBS staff including the RMs and the marketing teams from different divisions promote social media usage on Facebook,

Twitter, and LinkedIn in accordance with the bank's guidelines.

Regulations

Banks are looking at regulatory bodies for guidance on using social media. This is important as platforms become fully mature and infrastructure changes later would be costly and cumbersome. Most banks are following the current best practices in handling customer privacy, data processing, and information sharing.

Culture shifts

Social media is no longer an optional medium for banks. But to adopt it, the foremost requirement is being open to

the idea. Social impact is a reality unlike virtual currencies which may take some time for mainstream adoption. Banks must understand that their customers are actively tweeting or blogging about their products and services. The reach of the internet and messages broadcasted through the medium is anyone's guess. It boils down to being proactive and establishing an intelligent social media strategy or being reactive.

Innovation is 'bare minimal' for differentiation

Consistent innovation is essential to keep your social media strategy abreast

of changing times (Refer to the Maturity Model). One fundamental fact that banks should note is that in a technology - driven world, anything is new until the next improved version is out. And it happens at unimaginable speed. That is why, a constant and vigilant eye on the social pulse is necessary.

The human factor

“Media is an extension of humankind” said Marshall McLuhan. The social media surge can be attributed to the most intrinsic need of human beings - to be heard. Banks must ensure that their social strategy works as an extended arm of their

organizational strategy to reinforce contact with customers. A quicker turnaround time in query resolution, crowdsourcing of ideas for new products, loyalty programs, and other factors can work wonders in customers pledging loyalty to banks. Recently, banks started rewarding customer loyalty at the branch level but this should be expanded to the online medium and specifically, to social banking customers.

Internet of Things

Social banking has unleashed the genie from the bottle. Gartner predicts that more than 26 billion devices will be connected

by the Internet of Things by 2020. Bank infrastructure will need to be spruced up to match the burgeoning number of connected devices. This will also mean managing huge volumes of data. Consider an example: Bank RM can take a request for a dispatch of a new cheque book or educate the customer on the remote cheque deposit feature. We envisage that by the time the Internet of Things takes center stage along with WEB 3.0, we might see the rechristening of banks as “financial service providers”.

Wrapping up

Like it or not, social media is set to change the way banking is perceived. We are already witnessing the rise of uber financial service providers like Moven Bank and Simple which are breaking the traditional set-up while competing with closely guarded bastions of conventional mainstream banks. Reciprocating this are giants like Citibank and Caixa who are tapping instant messaging services to stay connected with their customers.

A recent Infosys analysis revealed that there is hardly any difference in the way banks devise their social strategy and communication for different geos. Innovation in social features is fast becoming mainstream amongst all North American banks with considerable increase in investment in technology and infrastructure. At the same time, banks in other regions are also providing customers with ‘hard to stay away from’ features. Financial institutions of all sizes spread across different geographies are rolling up their sleeves to shed the hitherto conservative image and adopt a fresh look that appeals to ever - changing consumer preferences.

The maturity model to be adopted for the transformational journey has to be driven by a social media strategy based on clear vision. At the same time, banks would have to open up to innovative features and, new business models to sustain and grow organically. Having a sound social strategy remains the focus of all banks across all regions. Banking tends to be relationship-based which makes it vital for banks to use social - media to complement human interaction and strengthen customer relationships.



About the author

Tejasvi Chandrarkar Addagada

Tejasvi is a process and Domain consultant with more than 8 years of experience in assisting banking customers achieve their business needs and goals. Currently, he offers consulting services to financial institutions on Enterprise analysis, benefits management, Requirement analysis, Modeling, packaging, Business process modeling, Workflow modeling, Vendor analysis & selection. Tejasvi Chandrarkar blogs, publishes on technology advancements in financial industry while advising organizations on their way forward. He also has diverse experience in Digital transformation in Banks, while he actively blogs on his experiences and best practices in the industry. For his expert assistance in bringing value to the client, he has received Most Valuable player and client spot awards.

Anish Kanayi

Anish Kanayi is a Sr. Process and Domain consultant in the areas of Banking Operations, IT Product Consulting, Business Analysis and Stake holder management with more than 12 years of experience. His specialties include Business Analysis, Requirement Gathering, Process Modelling, Banking Operations (covering Deposits, Lending, Payments), IT Product Strategy, Change Management, Micro finance, Sustainability initiatives, Stake holder management. He has received several accolades for his services to the customers.

For more information, contact askus@infosys.com



© 2018 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.