



The Financial
Services Forum

hearsay social.

SOCIAL MEDIA AND COMPLIANCE

Best Practices for Implementing a Successful Social
Media Program Across UK Financial Services Firms

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FOREWORD

Why is social media use for UK financial services professionals so critical?

The short answer: Social media is becoming table stakes for both customers and prospects who are already using it and seeking to connect with a service provider online during their research journey.

A recent Capgemini/RBC World Wealth Report stated 70% of clients would use social media as a channel by 2017. Another 90% of clients want tailored news and research shared via digital channels. Of all wealth advisers in the UK, 57% are active on at least one social media outlet. This is only set to increase.

However, according to a social media survey by PAM Insight in 2014, compliance and regulatory concerns still present one of the biggest barriers to social media adoption among UK advisers. Another survey by Intelliflo showed that only a quarter of UK-based financial firms have introduced formal policies setting out social media best practices.





To assist with this challenge, and in the interest of creating an on-going dialogue within the industry and with regulators, The Financial Services Forum partnered with Hearsay Social to create an industry working group for the purpose of providing continual ideas, practical tips, and best practices for implementing social media programs in a compliant manner.

While social media can help generate business, provide a better understanding of clients' needs, and attract forward-thinking professionals to a firm, the question remains: how can companies protect themselves on social media yet still use the digital medium effectively?

In this paper we turn these ideas into practical action by looking at four overarching compliance pillars: Policy, Training, Supervision, and Record Keeping. Together, we hope to provide a starting point, building on the lessons learned at different points along the social media spectrum.

In the end, we hope these guidelines will allow compliance and marketing teams to do what they do best: uphold the firm's reputation and keep its employees accountable, transparent, and driving new business.

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POLICY	TRAINING	SUPERVISION	RECORD KEEPING
<ul style="list-style-type: none"> Gain executive sponsorship Set and document a social media policy Establish a dedicated project team Include a list of permitted and non-permitted social networks 	<ul style="list-style-type: none"> Train employees on the policy Train employees on the functionality of each social network Identify behaviors to encourage/avoid Provide ongoing training and support 	<ul style="list-style-type: none"> Implement a sound and secure supervision system Distinguish between promotional and non-promotional activity Pre-approve static or evergreen content Build a library of "prohibited" words Supervise employee communications and communicate what is being supervised 	<ul style="list-style-type: none"> Capture and retain social media communications, including content from advisers/agents and responses to content As a best practice, retain records for 3-5 years
			

What is social media?

According to the Oxford English Dictionary, social media is defined as “websites and applications that enable users to create and share content or to participate in social networking.” This includes blogs, social networks (Facebook, LinkedIn, Google+), microsites (Twitter), and video and image bookmarking sites (YouTube, Instagram, Pinterest).

Social media is used in financial services firms for a number of reasons:

- Provide powerful modes of communication for sharing relevant, engaging, and educational information
- Improve client retention
- Help form stronger client relationships
- Increase brand awareness
- Recruiting

In this document we don’t look at any specific social networks. Rather, this document provides guidelines for implementing any social network within the framework of FCA’s guidance.

1. GETTING STARTED: CREATING A SOCIAL MEDIA POLICY



The first step in any successful social media program is to have a formal policy in place. A social media policy serves two purposes: 1) it focuses the organisation on the “why” or the main goals and objectives of the program, and 2) it provides social media guidance on how social networking should be conducted. Moreover, having a policy provides employees with more clarity, which can have a huge impact on social media adoption.

Key Questions to Consider

Why is a social media policy required? Determine whether it will have more of a protective slant or be more proactively used for sales and marketing communications.

Who is the policy aimed at? Consider the different job roles and responsibilities and distinguish between those actively managing the corporate accounts from high-profile thought leaders and employees.

Who is responsible for setting and maintaining the policy? At a minimum, there should be a dedicated person or team taking “ownership” of the policy to create, maintain, and publicise.

What should the policy contain? It’s important to define social media at the board level and identify the platforms relevant to the business and how they ought to be used. For instance:

- Are blog sites included? If so, which ones?
- Is Facebook allowed during working hours?
- Is there a corporate Facebook account or just Twitter and LinkedIn page?
- Is there an outright ban on social media in the workplace – apart from the corporate account?

How strict are the boundaries between professional and personal communications? For example:

- What channels are used for business?
- What channels are used for personal?
- What are the requirements for each channel?
- What company information can be used publicly or privately?
- Who is allowed to share social media content on behalf of the company?
- What disclaimers should be included on social media profiles, e.g. 'My views are my own' as a requirement on profile biographies?

How often should it be updated? As a general rule, your policy should be updated at least once a year, depending on the nature of your organisation and considering the changes taking place within the industry.

How detailed should it be?

- The nature of social media and how it is used, the rapidly evolving nature of the sector suggests a more flexible, principles-based framework will be more effective than prescriptive rules set in stone.
- But perhaps some basic dos and don'ts are worth including.

RECOMMENDATIONS

- Set a clear and concise written policy that provides a framework for social media usage.
- Gain executive sponsorship. At a minimum, a C-level member of the firm should at least support the policy. Senior stakeholders have the ability to lead by example to provide influence for others to follow.
- The policy should be the rules of engagement in the workplace.
- Form a working group that spans departments across legal, sales, IT, human resources, sales, and marketing.
- Identify a list of permitted and non-permitted social networks.

2. TRAINING: EDUCATING ADVISERS ON SOCIAL MEDIA POLICY AND COMPETENCE



The key to a successful rollout and adoption of a social media program is to provide ongoing training to your advisers and principals to ensure an effective and compliant policy. The FCA requires staff training so employees can understand the difference between appropriate and misleading content as specified in their latest guidance. This is especially important when employees use the same social media accounts for both business and personal purposes, where the lines between work and play can easily become blurred.

Consider how your organisation's program is positioned and promoted internally.

Key Questions to Consider

Who should receive training? Normally firms would offer different levels of permitted social networking and tailored training for each level:

- For instance, those responsible for updating the corporate account, media spokespeople, and heads of department will be given a certain depth of training.
- Sales professionals, relationship managers, and advisers will need a different type of training.
- All other staff, operating on their own personal terms, will be trained differently.
- Depending on the level of expertise on social media, provide a basic guide to the various social media platforms, their strengths and weaknesses, and defining features.

How will training be conducted? Consider how the training is presented internally and draw on live examples of people—inside or outside the organisation—whose social profiles are seen as exemplary.

How will training be updated and maintained?

RECOMMENDATIONS

- Train people on basic functionality of each platform—how to set up an account, how to write a successful profile entry, how to submit a public vs. private entry, recommended usage, and tone.
Different members of staff will have different levels of knowledge and experience with social media and their roles will warrant varying levels of involvement—your training should reflect this.
- Describe behaviors to encourage/avoid:
 1. How to gain followers, effective use of lists/groups/hashtags.
 2. Controversial phrases or peers to avoid.
 3. Provide ‘good’ and ‘bad’ examples of each—in financial services or other sectors to illustrate the point.
- Emphasize common-sense behaviors rather than being too prescriptive. One user in our discussion groups called it ‘the Daily Mail test’: With every tweet, retweet or reply, blog, comment, endorsement or status update, consider if it landed on the front page of the Daily Mail that day? The FCA stipulates its approved persons regime sees people behaving as ‘fit and proper’ considering their ‘honesty, integrity, and reputation’—this criteria applies both inside and outside the office environment—social media-based behavior included.
- Conversely, the policy should not be based purely on fear:
A constituent of any training should be supporting colleagues to remain comfortable with using the chosen format. At one end social activity needs to be meaningful, but it should not so daunting a task to ‘tweet’.
- Encourage ‘reciprocal mentoring’ between the more active social networkers and those less keen (but perhaps could benefit from being more active users).

- Understand the reservations: fear, embarrassment, pressure, etc.
 1. *People are comfortable with email because they (wrongly) assume it to be private. While cases of email activity have been known to go viral, the capacity with social is so much greater, faster and broader—therefore the risk of ‘getting it wrong’ is greater—there is more at stake.*
 2. *Consider a role-play exercise with some hypothetical scenarios to get people thinking about some potential hazards of social media—or indeed opportunities. This might include playing out different scenarios A and B (from list of recommended behaviors) and compare the different outcomes.*
- Be clear.

Insights from European participants suggested that more regulation about social media would have little positive impact on social media use in the workplace. But clearer regulation would help a great deal. People need to know where they stand.
- Provide ongoing training and support. People are often given training at the beginning of their tenure with a firm, but are often not provided with ongoing training and support.

3. SUPERVISION: PROHIBITING UNSUITABLE CONTENT



The FCA guidance states the need for a robust approval process, ensuring that even the most diligent of advisers’ interactions are always checked and signed off—yet this is where social media and the normal ‘sign off’ conventions present a conflict of interests. The immediacy of social media makes it virtually impossible to have all activity run through a proper compliance check before it gets posted. All ‘proactive’ or planned promotional media, such as blogs, campaigns, and articles can obviously be complied in the normal manner.

For more ‘reactive’ activity, such as discussion or debate, comments, ‘Like’ or other opinion-forming content, a retrospective check may be more realistic.



Example of a non-compliant promotional tweet



Example of a fair, clear, and not misleading tweet.

Source: Financial Conduct Authority, Social Media and Customer Communications, March 2015

Key Questions to Consider

What is the firm's preferred approval method? Approve everything before it is posted; publish first and monitor for specific keywords; or a combination of styles based on content or other criteria?

Should the firm conduct random social media spot checks?

How will the firm treat static versus dynamic content?

Who is responsible for the supervision? One person may hold responsibility for all activity in the corporate account but if a larger firm with more social media 'players', then that becomes more difficult. For some organisations supervision will be allocated to a specific department.

How frequently will monitoring take place? An organisation might take a more scrupulous approach earlier in the process and then ease off. Are certain users/departments/topics monitored more closely than others?

Crisis scenario management is key. How is negative press dealt with? More or less communication? Who is responsible for dealing with it?

RECOMMENDATIONS

- Make a clear distinction between promotional and non-promotional activity.
- Define what is meant by promotions.
- If policy is clear between which social channels are being used for business, then it should be easy to monitor only business communications.
- Pre-approve static or evergreen content as a way of building a social media presence with minimal exposure.
- Similar to email monitoring, consider building a lexicon library of prohibited words, profanity, and other industry-specific words that should not be used (e.g. 'guarantee'). Have a system in place to monitor based on this lexicon.
- Communicate what is being supervised and how during training—colleagues need to understand the scope of the organisation's activity and where they sit within it.
- Identify a gatekeeper or team of gatekeepers. Social media policy should form part of the broader media and communication guidelines.
- BUT utilise a system that is not people-dependent. Businesses are too transient and control needs to be more automated/widely accessible than limited to one or two users.
- Certain grey areas exist—such as opinion pieces that are neither promotional nor non-promotional and may be taken out of context. If in doubt, check with compliance.

4. RECORD KEEPING: GUARDING AGAINST REGULATORY AND REPUTATIONAL RISK



One of the most important aspects of compliance is archiving to protect a company from legal, regulatory, and reputation risk. The FCA requires financial services firms to retain and retrain its social media communications, including both content from the adviser or agent, and the responses to that content. While the FCA does not provide specifics on length of time records should be retained, generally it is good practice (as is the case in the US) to have a three to five-year retention period for communications with clients and potential clients.

Therefore, financial services companies must keep a record of social media communications and activities, and be signed off by someone with the appropriate level of seniority.

Key Questions to Consider

How stringent does record keeping need to be?

- Perhaps the FCA will track more at the beginning and then ease off.
- Perhaps they will 'dipstick' into certain accounts to get a feel for the type of activity. *However, learning from the US, any organisation must be ready for a full audit trail or spot check if the FCA ever decides to issue a request.*
- Do not assume that a more institutional focus from a business allows for a more relaxed policy. Whether institutional, intermediary, or direct-to-consumer, assume a retail audience will see any activity.

How are they being logged (e.g., third-party software vendor)?

Who is responsible?

How long is the retention period?

How quickly can these records be accessed?

RECOMMENDATIONS

- Do not engage with social media unless there is a system in place, such as a piece of third-party software, to log every single interaction and be able to deliver that on demand.
- Just as email is logged and archived, organisations should have access to a third party system of audit, independent of the social networks themselves, in case the FCA were to issue a request for an audit trail.
- *Tip: Create a grid of what should be archived for different channels on which the company is active: provide at-a-glance overview of the most appropriate channel.*

THE ROAD AHEAD: THE FUTURE OF SOCIAL MEDIA ACROSS THE UK

A 2015 research survey produced by LinkedIn into affluent millennials shows that compared to affluent Generation Xs, affluent millennials are five times more likely to consider social networks as the hub of their financial information in the future.

Following the ongoing discussions among working group participants, it is clearer than ever that social media is no longer a passing fad or millennial generational matter, but increasingly the way of our era. A 2015 research survey produced by LinkedIn shows that compared to affluent Generation Xs, affluent millennials are five times more likely to consider social networks as the hub of their financial information in the future.

Just as email was just getting started over twenty years ago and is now part of everyday consumption, social media will follow a similar path and play a central role in day-to-day client communications.

Social media allows people to engage with individuals rather than organisations and brands marketing to people.

Rather than 'missing the boat' or relegating social media solely under the realm of digital marketing departments, financial services firms must better position social media as central to their communications strategy across all parts of the business.

Until now, corporate social networking was largely the domain of marketing and PR departments. However, the exponential growth of the sector and its rapidly broadening uptake is pushing social media into the wider sphere. Used by marketers, advisers, and clients alike, its reach is growing while its relevance and penetration are increasing.

Data and behavioral trends suggest uptake of social media by clients is moving in the same direction and at a fast pace.

We believe the inroads already made by the FCA in defining its social media guidance should form a solid foundation on which firms can base their social media presence.

Greater clarity around regulation will help financial services businesses to define their propositions, dedicate the right resources, and improve measurability, all in adherence with various compliance requirements.

We are not claiming this work is either exhaustive or set in stone. Rather, we hope it will act as a basic framework which firms can use as a foundation for their social media strategy.

If nothing else, the questions raised by this document could invite a more open and structured dialogue between firms representing the financial services industry and the regulator.

As social media networks and their usage evolve, this document will too. As firms' usage matures, new issues or questions will emerge and the industry's learning curve will continue, albeit perhaps its ascent will be gentler.

We are looking forward to driving that discussion and thank all parties involved for their ongoing time and contributions.

If you are interested in joining the ongoing conversation around social media and compliance, please join the discussion on The Financial Services Forum's website at:

<https://www.theforum.co.uk/knowledge-centre/event/social-media-and-compliance>

Online registration is free.