While the arrival of the likes of Twitter, Facebook and YouTube in global treasury services is not likely to help foment revolution, banks’ use of social media channels and features to service corporate customers does promise to introduce profoundly more interactive relationships. Banks have been reaching out to consumers through social media for a few years now, but the uptake at the business-to-business level has been slow. Security is a concern, and the more experienced executives running corporate finance departments—a polite way of saying the 50-plus crowd—tend to show less enthusiasm for adopting the latest technology. Nevertheless, at least a few national banks plan to launch social media initiatives this year that are intended to facilitate the flow of ideas between the bank and its treasury customers as well as among those customers.

Cash management banks aim to expand the sharing of ideas from—and among—their corporate clients.

—BY JOHN HINTZE
Social Media

Banks routinely engage in meetings with corporate clients in person or through webinars to discuss initiatives and allow clients to share their experiences. Such meetings are limited by space, time and the number of participants. Wells Fargo, for example, started up advisory councils in 2003 made up of more than 100 representatives from treasury clients, including big and small companies and governmental institutions. The councils meet once or twice a year to talk about services and such issues as how to integrate acquisitions most effectively.

However, the bank wants to harness the collective wisdom of the thousands of corporate customers that use its wholesale banking platform, Commercial Electronic Office (CEO), and eventually enable all of its CEO customers to participate. Wells Fargo will get more customer input, while customers will gain a broad array of peers with whom to converse and consult.

“It seemed like a logical extension to move to an online forum, so if someone has a question or idea but is not physically sitting in the room, it can still be addressed,” says Jeff Tinker, senior vice president and national sales manager at Wells Fargo Treasury Management.

Banks are also using social media channels such as YouTube, Facebook and Twitter to drive traffic to their Web sites. The initiatives to launch advisory committees into the social media realm, however, appear to be the near-term focus for several banks.

“They’re taking a process they already have in place—obtaining feedback from treasury customers—and making it more collaborative and providing more transparency,” says Stessa Cohen, an analyst at Gartner Group. Banks have aggressively pursued social-media channels aimed at consumers, Cohen says, but notes, “on the business side it requires a bit more thought in terms of how to go about doing it, and there are bigger risks and privacy concerns than on the consumer side.”

Michael Connolly, treasurer at Tiffany & Co., says he participates in the Association for Financial Professionals’ online discussion groups, in part because he’s “comfortable” with the groups’ composition and knows many of the members personally. He says discussion groups over social media channels such as LinkedIn raise concerns about just who will see the information—a hurdle banks will have to overcome as they launch their own social media initiatives.

Bank of America has implemented open social media channels that are aimed at retail customers and sole-proprietorship businesses, where the decision maker will be using the service directly. However, its surveys of corporate clients, ranging from small businesses to large corporates, have found those executives already use social-media channels outside the bank.

“They felt that in delivering such a solution a bank would be overstepping its bounds,” says Milton Santiago, head of global treasury product portal strategy at Bank of America Merrill Lynch.

Why are these social media networks so popular?
Because users can quickly and easily communicate.
—BANK OF AMERICA’S SANITIAGO

“I see it more as a resource to read about issues and current events as opposed to an open sharing of thoughts and questions,” Connolly says. “My primary concern is there is a lack of certainty as to how closed the group is.”

Another factor is the perception that resistance to social media channels generally increases with age, Tinker notes. In fact, the bank’s surveys of business customers have found those over 45 years of age are more skeptical about the value of channels such as Facebook, Twitter and the business-focused LinkedIn. “But when we started talking about replicating what we’ve accomplished in person-to-person meetings, that knocked down some barriers,” Tinker says.

So rather than launching an information sharing and discussion channel, Bank of America queried business customers about the social media features they find most valuable and sought to incorporate those features into its electronic offerings. Facebook’s feature showing which users are currently logged in, or the ability to respond to messages via text messages, e-mails or other means without going outside the application are prime examples.

“Commercial and middle-market customers want to spend as little time as possible in a solution because they have to move on to the next activity,” Santiago says.

Bank of America has been testing social media features over both its mobile and Web banking applications, called CashPro Online, for more than six months. Such features, and especially the user patterns they foster, have been incorporated into three new applications for the global treasury management and online banking channel B of A launched in November.

Those features are particularly helpful when clients are using small-screen mobile devices.
For example, an executive receives a message seeking a wire-transfer approval but has a question. On the same screen she clicks an icon to bring up a contact list and calls the correct contact to answer the question. When she hangs up, the wire-transfer screen reappears and she can press the approval icon to transfer the funds, all without leaving the application—similar to the multiple communication choices Facebook provides.

Or an executive may be looking at the image of a check and wants to share it with colleagues in accounts payable to show it has cleared. The new mobile apps now allow sharing images via e-mails, Santiago says, and as executives become more comfortable with the capability, it can be extended to other messaging options.

"Why are these social media networks so popular? Because users can quickly and easily communicate," Santiago says, adding that clients say the social media workflow patterns the bank has incorporated seem designed to meet their business needs.

And those features’ “discoverability”—their intuitiveness—has been important in today’s troubled economy, where employee turnover may be high and new or existing employees have limited time to learn new duties. “It’s easier for associates to learn about the product, because these patterns are so common,” Santiago says.

He adds that Bank of America’s advisory committee meetings still take place in person or via Cisco TelePresence, which lessens geographical constraints but still requires participants to attend at a specific time. Social media channels on the other hand enable participation at virtually any time and from anywhere. In today’s busy world, as upper-level executives become more comfortable using social media channels, a virtual setting to provide and exchange ideas would appear almost inevitable.

Tinker says Wells Fargo used feedback from its dozen advisory councils to design the mobile services offered to commercial customers, providing the features they requested, such as access to previous day and intraday balances and the ability to approve wires and reset passwords. The advisory councils also helped the bank craft transition guidelines for customers navigating the changes resulting from Wells Fargo’s integration of Wachovia, telling commercial customers what was changing, how to use the new services, and how to contact with questions.

And, says Tinker, council members’ ability to exchange ideas about how to tackle regulatory, technology and other issues has been invaluable for participants. “Knowing that we sponsored other council meetings where there was that kind of interaction, folks asked how they could also get plugged into those groups,” he says.

To facilitate that exchange of ideas, Wells Fargo started up a social media service resembling a rudimentary Facebook that lets members of its advisory committees communicate virtually. The bank has temporarily suspended that service while it decides on the technology to build a more robust platform providing access to all CEO customers.

Tinker says the technology decision—likely to be made in the first quarter—has less to do with the user interface than the “ease with which customers can get around” and communicate with each other.

Citigroup has targeted the first quarter to launch a social media channel designed to foster collaboration with clients in a secure environment and will use its own vendor-built proprietary channel instead of an existing service such as LinkedIn. Citi has also experimented with other social media to engage corporate customers in the last several years.

“For us, the next step is to create closed communities for these groups of individuals who either work together or know each other from the more traditional channels and feel very open about having a dialogue,” says Leslie Klein, global head of marketing for Citi Global Transaction Services (GTS).

Those communities are likely to be highly popular if GTS’s internal social media program is any indication. It allows GTS’s 20,000 employees to collaborate. Starting two years ago, for instance, GTS introduced “jam session” Web sites where employees can communicate with one another about such topics as sales, operations, technology and even how to best serve a specific client. Klein says one three-day jam session generated more than 6,800 postings from 4,000 employees in 88 countries, ranging from entry-level analysts to C-level management.

For external clients, GTS leverages its expertise by producing videos providing up-to-the-minute news and “thought leadership,” which clients can access wherever they are. GTS has also been using Twitter for a year and a half to augment its public relations efforts, and while those tweets have been picked up mostly by journalists, industry analysts and associations, the articles and reports they write are ultimately read by existing and prospective clients, Klein says.

Meeting with executives on Citi’s consumer banking side, which has more experience with social media programs, GTS decided to try their recommendation that it follow tweets of its key clients, who in turn would likely begin to follow the bank’s tweets.

“Nine times out of 10 the person or client company would end up following GTS’s tweets,” Klein says.

So in August, ahead of GTS’s major conference season, the Citi team researched the Twitter “handles” for its top customers and followed them, prompting most to sign up for GTS’s tweets. In addition, GTS saw strong “retweeting” activity—for example, half of the 86 tweets sent by GTS were retweeted by others. Klein says studies the bank conducted last year on how corporate clients consume information revealed more than half of executives no longer rely solely on print.

“They’re certainly starting to rely on digital media to consume information, and how that impacts their purchasing decisions is still evolving,” Klein says. “I think we’re still inventing how these channels will be used.”