

California DFI – Social Media Guidance

Developing a Social Media Plan

In the December 2011 issue of the *Monthly Bulletin*, the DFI discussed social media in general and the results of the IT Survey on this topic. In this installment the DFI will discuss social media plans. As noted previously, only 28 percent of financial institutions stated they had a social media plan. As with implementing any new activity, a financial institution should have a formal plan that establishes goals and objectives.

When preparing to be involved in social media, management and the Board should consider the following questions:

(1) What does your financial institution expect to gain from using social media? (2) How will the plans be implemented and over what period of time? (3) Who are the “target” viewers? (4) What types of bank activities/postings are planned? (5) What types of social media do you plan on using and how do you plan to use them? (6) How will the social media activities be managed and by whom – internal and/or external? (7) Who will the social media staff report to within your financial institution? (8) Who and how will these activities be reviewed/audited?

After determining the types and uses for social media, your financial institution should perform a risk assessment based on the complexity of your goals and objectives prior to implementation. This assessment should identify all key risks (e.g., reputational, legal and operational) for which risk mitigation strategies should be developed and incorporated into the social media plan. By establishing a social media plan, you can gauge whether your goals and objectives are meeting your expectations and adjust accordingly.

As with any technology used, there are risks that your financial institution may be subjected to if the technology is used improperly. This requires establishing appropriate social media policies, standards, and procedures, which will be discussed in a subsequent issue of the *DFI Monthly Bulletin*.

Developing a Social Media Policy

In the March 2012 issue of the *Monthly Bulletin*, the DFI discussed what goals and objectives management should consider in developing a social media plan. In this installment the DFI will discuss social media policy information. A well thought out policy that establishes guidelines for all employees on appropriate conduct is important to have in place prior to implementing social media activities.

Financial institution management should ensure they cover all applicable Social Media activities when establishing policies and procedures. The following are key elements that should be addressed:

- Description of the approved Social Media Activities (e.g. Facebook, LinkedIn, Twitter, Yelp, etc.)
- Establishment of responsibility for the social media program oversight
- Establishment of the appropriate reporting authority
- Designation of staff members authorized to manage and respond to social media inquires and postings
- Specification of type of use for social media (business use only?)
- Guidelines for personal use, if allowed

- Definition of permitted content (e.g., communications, product promotions or advertisement, customer education, etc.)
- If advertising products and services, inclusion of applicable consumer protection laws and regulations requirements (e.g. FDIC insurance, Truth in Lending, etc.)
- Employee training program
- Social media procedures to detail how activities are to be performed
- Description of reporting metrics to monitor the social media program's goals and objectives
- Regular review and updates for the policy and procedures

Financial institutions may have a separate social media policy or include the above contents within other policies. Regardless, the above elements should be addressed, along with any unique social media activities to be used by the financial institution. Lastly, the financial institution can incorporate social media training with other regularly scheduled training, e.g. GLBA, etc. to ensure employees understand the approved activities.

In a subsequent Bulletin, the DFI will discuss monitoring the Internet for consumer postings on your financial institution.