

Social media for financial services: all the good and none of the bad

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Social media is an excellent marketing tool, but in the wrong hands, it can also be severely damaging. Especially in the highly-regulated financial services industry. Fortunately, most financial planners worth their weight know better than to post pics of wild bachelor parties to Instagram or to weigh in with controversial political views on Facebook. But in financial services, it's not only the obvious errors that can land you in hot water.



William Iven

As citizens of the western world, we cling to our freedom of speech, but the law has other ideas. Because comments employees make on social media (in or out of normal working hours) can besmirch an employer's reputation, companies aren't only allowed to regulate social media use – they'd be crazy not to.

Line in the sand

A comprehensive social media policy is a 'line in the sand' that covers all aspects of social media use so that both employers and employees know exactly what's on and what's not. Like any important document, it must be drawn up by experts from various departments of the business (IT, marketing, HR) not to mention a lawyer who's well versed in social media.

Because social media is constantly changing it makes sense to keep the policy as general as possible and to update the policy regularly. Done right, a social media policy can assist in fostering a company ethos that espouses gratitude, care and inclusivity.

Regardless of the industry you're working in, all social media policies should cover defamation (a published [we're all publishers now] false statement that harms a person's reputation) as the employer can be held responsible – and be forced to cough up – if the statement is made on company time and/or equipment.

The same goes for hate speech, which is soon to be criminalised and is classed as an utterance that 'insults a person by race, gender, ethnic or social origin, colour, sexual orientation, religion, belief, culture, language, HIV status, nationality or gender identity'. You couldn't make it broader if you tried...

Copyright, logos, trademarks

Copyright is another seriously important issue. Grabbing a few photos off the internet to illustrate a blog post or copying and pasting an excerpt from a published article into the company newsletter isn't just lazy, it's considered theft.

The policy should also include a list of people who are authorised to speak on behalf of the company on social media platforms and an outline of how customers' details will be protected. It should regulate how the company's logos and trademarks can be used while also defining appropriate channels of communication.

When it comes to the financial services industry, the regulations regarding fit and proper ways in which to behave have the biggest impact on the use of social media. Advisers must always behave in a manner that shows they take managing clients' money seriously. So, no pics of that toga party – even if they are hilarious.

Breach of contract

Even more importantly, social media is never the place to give advice. There is simply zero chance that you can get insight into someone's full set of financial circumstances from a few tweets or Facebook comments.

What's more, any advice could be shared, shared and shared again and be on half a million smartphones before you can say 'breach of contract'. Even scarier is the fact that simply sharing a link advocating an investment strategy can be seen as giving advice and could quite conceivably result in a lawsuit.

I know this may make for scary reading but – wherever you fit in on the pecking order – don't let any of it frighten you. A good social media policy allows all parties to mitigate the potential risks of social media while also making the most of its incredible marketing pull and leaving space for folks to have some fun.

And remember. Brands that aren't on social media run the risk of being out of touch. And ending up out of business.

The big takeout

Social media is here to stay, and modern-day employment contracts should govern its use so that both employers and employees know where they stand. Nowhere is this truer than in the strictly regulated financial services industry, where one wayward tweet could result in a very expensive lawsuit.

ABOUT LINDA GRAHAM

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