

## 6 steps every financial professional should take to be safe and successful on Facebook

Key issue: Know when you're public and when you're private

By Clara Shih, CEO of Hearsay Social, provider of social media solutions for financial services. She wrote *How to Make Money Marketing Your Business on Facebook* (Financial Times Press, 2011) and *The Facebook Era* (Prentice Hall, 2009.) This article is a companion to an earlier article, *6 Steps Every Financial Professional Should Take Before Using LinkedIn*

The last few years have marked a dramatic shift in how people communicate with friends, colleagues, clients, and prospects. Nowhere is this more evident than in relationship- and referral-driven businesses such as financial services.

A recent study found that four out of five financial professionals have a social media account. Client-facing financial professionals in the investment, trading, retail, and commercial financial services verticals find they must master friend requests, status updates, news feeds, and "likes" to drive business and maintain the perception of relevance. With more than 500 million people spending a stunning 700 billion minutes per month on Facebook, you can't afford to be absent from the conversation.

In researching and writing my books, and in my subsequent work with many financial professionals, I have developed these six steps to help make you both safe and successful on Facebook:

1. Understand the regulatory requirements (even if they don't directly apply to you today).

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act has raised the bar for regulatory oversight of financial professionals. FINRA Regulatory Notice 10-06 published in January 2010 provided early insight into how registered reps should interpret financial regulations in the context of social media. While FINRA's rules currently apply only to broker-dealers, regulators have signaled that these or similar rules will be extended to other financial professionals in coming months. Moreover, approving, monitoring, and archiving social media communications with the public is a good governance practice that all financial firms should adopt to ensure transparency, good record-keeping, and fair dealing.

"Be authentic yet respectful of the norms and etiquette of your client base. ... If your clients tend to use Facebook more sparingly and are more conservative in their tone and actions, you may wish to do the same";

—Clara Shih, Hearsay Social For starters, NASD Rule 2210 makes a distinction between static and interactive content. Static content, such as Facebook profiles, are considered advertisements that must be pre-approved by a principal of the firm before they are shared. Interactive content like tweets and posts need only be monitored. Be sure to have your profile information and marketing campaigns pre-approved by a firm principal or the bank's compliance department. SEC Rule 17a-4 and NASD Rules 2210, 2211, and 3110 also require that broker-dealers retain communications with the public for a minimum of three years. Suitability rules and consumer complaint rules must be observed, just as they would for any written or other online interaction. Apply the training you've received on other modes of communication, such as email and mobile devices, to social media use. Make sure to register or disclose your Facebook page for monitoring and archiving if your bank requires it.

2. Clean up your act. If you are joining Facebook for the first time, understand that different audiences see things differently on this platform. Make be you understand what content will be visible to the general public; what can only be seen by other Facebook users; and what only Facebook friends can view. Social media content is stored in perpetuity, even when you change your settings or revise static content. Invest the time to adjust your account and privacy settings before jumping into professional networking on Facebook.

Maybe you already had a personal Facebook page and want to expand it for professional use. When doing so, make sure your profile information, profile photos, tagged photos, quotes, notes, blog links, wall posts, and groups reflect the professional persona you wish to convey. If you prefer or require a more distinct separation between your personal and professional identities, you may wish to create a Facebook Business Page for the latter.

Be authentic yet respectful of the norms and etiquette of your client base. For example, if your clients are constantly logged into Facebook and posting updates frequently, you may consider a more aggressive Facebook strategy. On the other hand, if your clients tend to use Facebook more sparingly and are more conservative in their tone and actions, you may wish to do the same.

3. Build your "friend" base.

The average Facebook user has 130 Facebook friends. Typically, Facebook Business Pages enjoy far more

&ldquo;fans.&rdquo;

Before you begin to use Facebook to drum up business, be sure you first build an authentic base of friends or fans. Not surprisingly, studies show that people are more willing to &ldquo;like&rdquo; Business Pages and &ldquo;friend&rdquo; users who have been liked and friended by large groups of their peers. It&rsquo;s simple human psychology showcasing social proof at work.

If you&rsquo;re part of a larger brand, chances are good your firm already has a Facebook Business Page. Depending on your corporate policy, you may be able to use this as a source of leads, ideas, and content posts. For example, a quick Facebook search reveals that Raymond James has 818 &ldquo;likes&rdquo;; SunTrust Bank has 3,000 &ldquo;likes&rdquo;; JPMorgan Chase & Co. has nearly 30,000 &ldquo;likes&rdquo;; and Capital One has 153,879 &ldquo;likes.&rdquo; While not all of these companies are actively engaging in social media, they all have substantial fan bases from which to draw support for content, campaigns, and business connections.

Find out what&rsquo;s allowed by your firm and then start &ldquo;friending&rdquo; away.

To see a larger version of this illustration, [click here](#) or on the image

#### 4. Choose your applications wisely.

Not all applications are created equally. Find applications that present value to your business rather than getting bogged down by clutter, time-wasters, and spyware that will tarnish your professional reputation. Perform due diligence for each application that you allow to access your data. The business section of Facebook&rsquo;s apps directory provides ratings and reviews for business applications that you may find useful.

Just as you use Facebook to prospect customers, other companies are looking to use your personal and professional information to their advantage. Some of my favorite business apps are:

- &bull; Social RSS to link your blog to your Facebook Page.
- &bull; Polls to solicit community feedback.
- &bull; SlideShare to share educational videos or PowerPoint presentations (though, again, be sure any static content you post has first been pre-approved by a principal of your firm).

#### 5. Use Facebook to strategically grow your business.

Social media can provide a tremendous competitive advantage in growing your book of business. For example, you can use Facebook to:

- &bull; Prospect new customers.
- &bull; Request personalized introductions from mutual friends.
- &bull; Stay top of mind.
- &bull; Stay apprised of life milestones (e.g. new addition to the family, wedding, or kid beginning college) that may present new business opportunities or signal a need for financial services.

Business milestones &mdash;employer or job title changes; joining a board; moving to a new city; or being involved in a merger or IPO&mdash;often present opportunities to sell, up-sell, or, at a minimum, reach out to build rapport. Leverage real-time updates from social networking sites to continually prioritize your prospecting and relationship-building activities.

To see a larger version of this illustration, [click here](#) or on the image

#### 6. Educate yourself, your clients, and your prospects.

Your Facebook profile is a public representation of your professional brand and provides an ideal platform for you to share your knowledge and expertise on financial matters.

Warning: A sales pitch doesn&rsquo;t work in any social medium. Rather, posting valuable, informative content builds credibility. Examples include providing a link to the latest research report on a particular asset class or sharing a point of view on market developments.

As a financial professional, you can win followers and build trust over time by providing quality answers to posted questions or commenting when you can present a unique angle. Perhaps equally as valuable, you can educate yourself on the issues most pertinent to your business and see how your products and services stack up against the competition.

Like the Internet a decade ago, social networking sites such as Facebook offer a wealth of opportunity and time savings for financial professionals. Of course, Facebook is not a replacement for traditional prospecting and relationship-building methods. The best social media strategy is one used in conjunction with offline interactions.

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