

The background of the slide is a faded, grayscale photograph of three people in an office setting. A man in a suit is leaning over a desk, looking at a laptop. A woman with glasses is sitting at the desk, looking towards the man. Another person is partially visible in the foreground, looking down. The overall tone is professional and collaborative.

# **Navigating the Compliance Risks of Social Media**

March 5, 2019

*Presented by: Riley Key*

# Agenda

1. Use of Social Media
2. Identifying the Risks
  - Understand How Your Company Uses Social Media
  - Understand the Risk Posed by Social Media's Unique Features
  - Understand Each Social Media Platform Your Company Uses
3. Managing Compliance Risk
  - Perform a Social Media Risk Assessment
  - Enhance Social Media Risk Management Program
  - Enhance your Social Media Policies and Procedures
  - Ensuring Ongoing Compliance

# Use of Social Media

# Definition of Social Media (At Least According to Your Regulators)

Social media **IS** “interactive online communication in which users can generate and share content through text, images, audio, and/or video.”

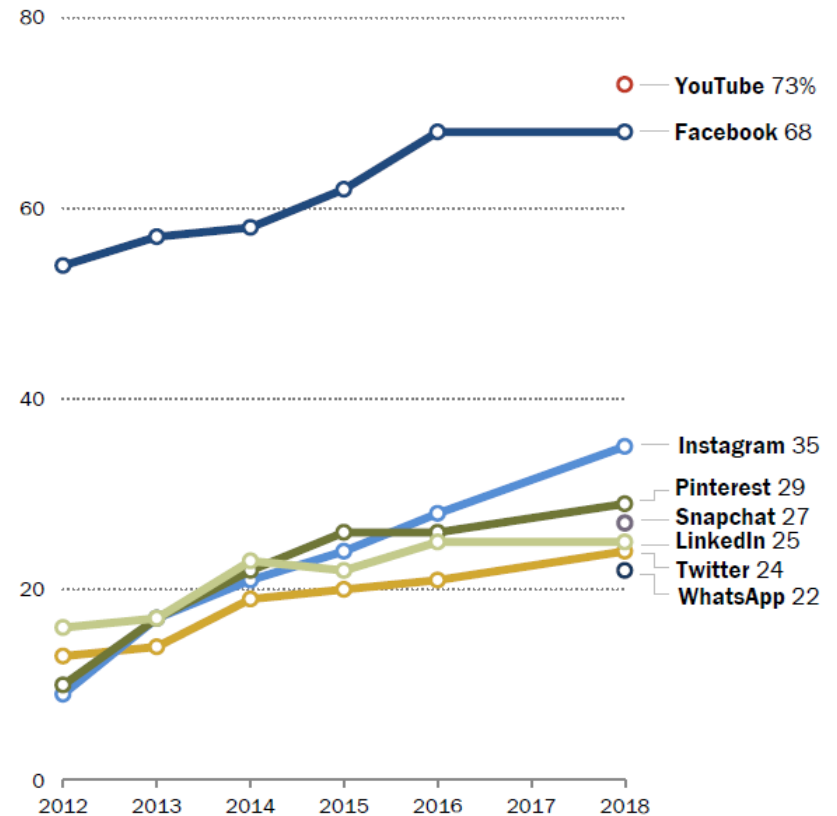
Social media **IS NOT** traditional electronic mail or text messaging.

Your financial institution should view social media through three lenses:

1. Managing social media content on sites hosted by your company
2. Addressing social media content on sites that are not hosted by your company
3. Use of individual social media profiles for information

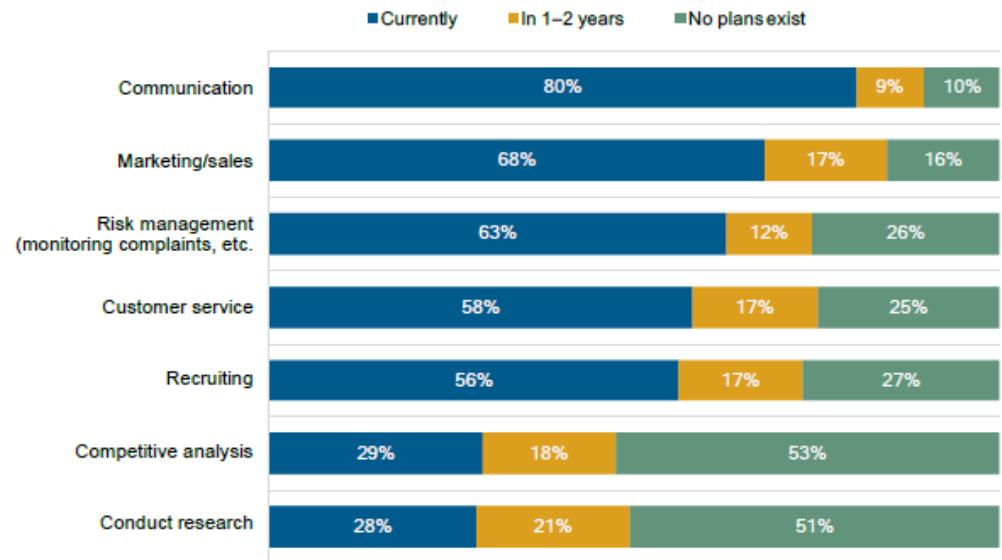
# Prevalence of Social Media

- 73% of adults use more than one of the platforms listed, and the typical American uses three
- 74% of Facebook users and around 60% of Instagram and Snapchat users visit the sites daily
- Social Media isn't going anywhere:
  - 88% of 18- to 29- year-olds use some form of social media
  - 78% of 30- to 49-year-olds
- 18- to 24- year olds:
  - 94% use YouTube
  - 80% use Facebook
  - 78% use Snapchat
  - 71% use Instagram
  - 45 % use Twitter



# How Financial Institutions Use Social Media

- In 2017, the ABA surveyed nearly 800 banks on how they used social media
  - 9% said their banks do not currently use social media
  - 24% said their bank had been using it for 5 or more years
- Financial institutions have seen success in monitoring complaints, providing customer service, and recruiting
  - More than 25% of respondents did not use social media in this way



# Identifying The Risk

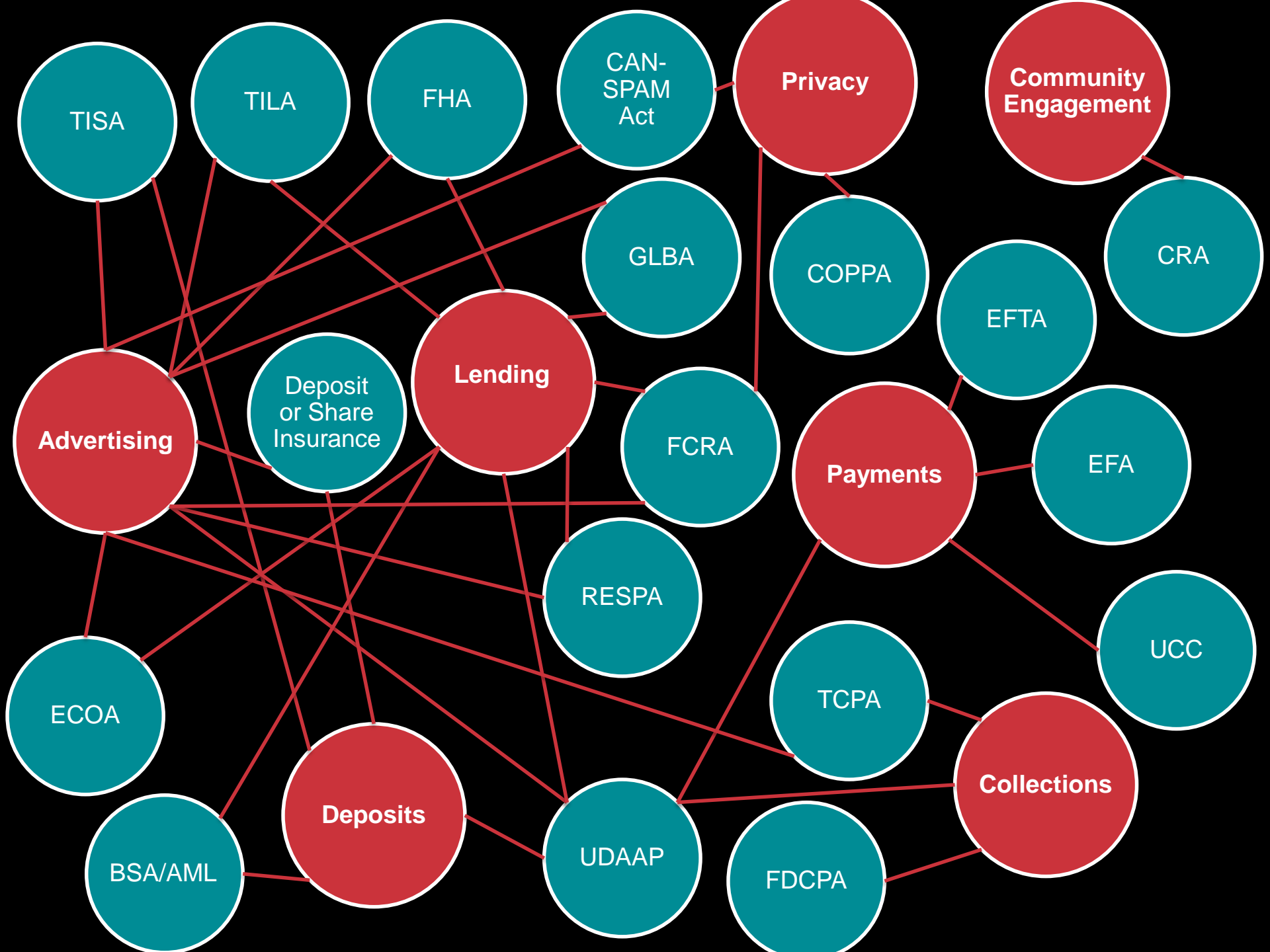
# Risk Associated with Social Media

1. Compliance and Legal Risk
2. Reputation Risk
3. Operational Risk



# Step 1 – Understand How Your Company Uses Social Media

<b>1. Community engagement</b>
2. Deepen existing customer relationships (e.g., providing updates on new products/ services, financial tips)
<b>3. Thought leadership/brand awareness</b>
4. Send general alerts to customers (e.g., branch closings, holiday hours, changes in hours, etc.)
<b>5. Attract new customers</b>
6. Respond to customer service needs
<b>7. Employee or potential employee engagement</b>
8. Advertising depository products and service
<b>9. Advertising investment services</b>
10. Advertising trust and wealth management services



# Step 2 – Understand the Risk Posed by Social Media’s Unique Features

## Ways in Which Consumers Believe Social Has Increased Accountability for Brands

Q3 2017



sproutsocial

[sproutsocial.com/index](http://sproutsocial.com/index)

- Social media is interactive
- Social media is fast and often public
- You don't control the audience
- You are operating outside of your platform

**Bradley**

# Additional Risks Posed by Social Media's Features

## Endorsements

- Endorsements must reflect the honest opinion of the endorser
- Connections between the endorser and the company should be disclosed (e.g. paid advertisement)

## .com Disclosures

- Guidance on meeting clear and conspicuous disclosure standard for online advertisements

## Sweepstakes

- There are a host of legal requirements at both the federal and state level that need to be considered before running a sweepstakes or contest

## Platform Policies

- Always consider the terms of service

# Additional Risks Posed by Social Media's Features - Record Retention

## Regulation Specific

- Regulations generally include specific record retention requirements that you should follow if applicable

## Regulator Specific

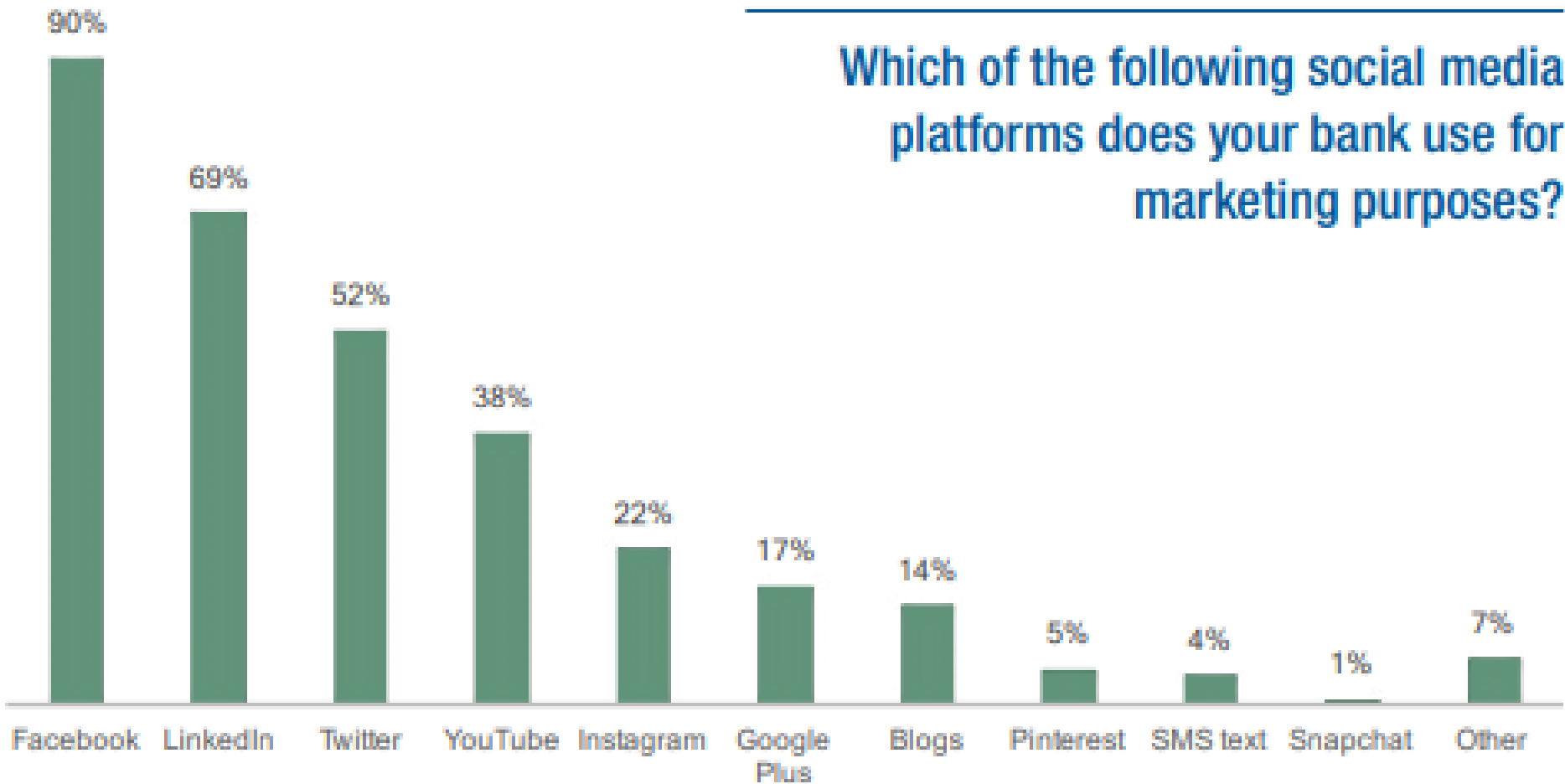
- Regulators also have specific record retention requirements that should be considered

## Spoliation

- Anytime you generate consumer facing content, you should always consider record retention practices designed to avoid spoliation

Social Media posts are business records! So, your records retention policy should address social media!

# Step 3 – Understand Each Social Media Platform Your Company Uses



	Facebook	LinkedIn	Twitter
Gender Gap	Women +12%	Even	Women +1%
Age Gap (18-29 v. 50-64)	18-29 +16%	18-29 +5%	18-29 +21%
Income Gap (<30K v. >75K)	>75K +9%	>75K +32%	>75K +12%
Education Gap (High School v. College+)	College +17%	College +41%	College +14%
Racial Gap (Caucasian v. African American v. Hispanic)	Caucasian – 0% African American – +3% Hispanic – +6%	Caucasian – 0% African American – +2% Hispanic – -13%	Caucasian – 0% African American – +2% Hispanic – -4%
Space for Posts	Significant	Significant	Highly limited
Display Varies Based on Device	Yes	Yes	Yes

	Facebook	LinkedIn	Twitter
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Space for Posts	Significant	Significant	Highly limited
Display Varies Based on Device	Yes	Yes	Yes



# Managing The Risk

## Perform a Social Media Risk Assessment

- The risk assessment should:
  - Identify the breadth and depth of social media use both at present and expected future uses
  - Document applicable areas of risk for reputation risk, operational risk, and legal/compliance risk
  - Identify weakness and strengths in current social media compliance program

## Enhance Social Media Risk Management Program

- Based upon your risk assessment, enhance (or develop) the various components of your risk management program to address identified risks
- Your social media risk management program should include:
  - Governance structure
  - Policies and Procedures
  - Employee training program
  - Oversight process for social media posts
  - Audit and compliance testing to ensure ongoing compliance
  - Reporting to board of directors or senior management
  - Third-party vendor management

## Enhance your Social Media Policies and Procedures

- Your social media policies and procedures are intended to address the use and monitoring of social media and compliance with applicable laws
- All social media policies should address:
  - How you use social media, including which platforms
  - Guidelines on posts, including oversight process
  - How and when to respond to certain communications including complaints
  - Each of the risk identified in your risk assessment and how you intend to mitigate them
  - Compliance with all applicable laws and regulations governing your activity
  - How you intend to handle a data breach, account hack, or confidential information leak
  - How you will ensure privacy of consumer information
  - Document retention requirements, including litigation holds

## Ensuring Ongoing Compliance

- You can't set it and forget it!
- An effective risk management program requires ongoing compliance efforts, including
  - An effective oversight process for social media posts
  - Regularly reviewing and updating policies and procedures to address regulatory changes and identified areas of weakness
  - Ongoing training that addresses compliance failures
  - An effective audit and compliance testing program
  - Regular reporting to both impacted business units and the board/senior management
- You have to be able to adjust as new compliance issues arise

# Questions?



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