

## FINANCIAL SERVICES AND SOCIAL MEDIA – A CONCEPTUAL PERCEPTIVE

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### Abstract

Social media has altered the financial-services sector in many important ways in which, from rising client service to making a complete subdivision of financial-technology suppliers. Social media is not any longer a selection, it's an obligation. Businesses nowadays cannot survive while not social media because it has grown up in purposeful technology and reach over the past decade. Social media could be a tool that helps enterprises adds connected environments. Facebook, Twitter, Instagram, and different social platforms have modified the approach banks and different corporations maintain relationships with their customers, moreover as however, they supply fantabulous client service. Future enterprises area unit learning to leverage the ability of social media additional usually to interact with customers by adding social media pages as bonafide communication channels. Social media holds numerous opportunities for acknowledged monetary corporations to grow their audiences and build loyal relationships. Marketers will use digital channels to deliver individualized messages and period care. They'll additionally use them to achieve customers wherever they're already active, comfy, and prepared to converse. Most of those corporations' area unit exploitation social media over the normal business models. Responding quickly and in real-time on Facebook or Twitter to unravel a customer's drawback will build trust, foster loyalty, and boost the company's name. Although most industries are exploiting social media vastly to promote their business to their audience, the finance trade remains to create its thanks to it, rather slowly. However, monetary marketers should realize the necessity to use social media to promote their products and services to their addressees.

**Keywords:** Social Media, client Service, Business, Monetary Services trade.

## **Introduction**

### **Social Media Trends for the Financial Services trade**

The monetary services business has tight social media, victimization it to attach with their customers and build their standing. However, simply several short years are gone, banks, MasterCard corporations, and investment companies were nervous regarding paddle into the often-unpredictable waters of period communication with their customers. As several monetary brands begin to adopt digital and social media ways, here are four that have been identified:

**A slow start out of the gate and a race to the destination:** Due, in part, to strict business rules, monetary services are slow to adopt social media. However, currently, that rules have wedged, and monetary services have seen that social media is here to remain; the business is seeing thirty-first growth on social networks – way higher than average. Financial services square measure quickly creating their presence celebrated on Twitter, Facebook, and alternative social networks. They're live-tweeting, sharing new merchandise, and even creating recommendations. Part of the explanation for the surge in social media adoption is thanks to the very fact that customers square measure turning to digital banking in an exceedingly huge method. A McKinsey report suggests that at intervals successive 5 years, digital sales might account for quite forty p.c of recent flow revenue inbound areas and client segments.

**A firm understanding of the rules** Financial services square measure one amongst the foremost regulated industries within the world, and their activities on social media are not any exception. Strict recordkeeping and management restrictive necessities concerning social media imply that any monetary service that desires to tweet, post updates, or snap Instagram photos should be high of rules. The SEC, FINRA, IIROC, and alternative organizations have created social media tips for monetary establishments wanting to leverage the ability of period communication with their customers. Some common rules embrace retentive records of all communications on social channels, pre-approval of bound messages by brokers or partners, acceptable coaching for social media representatives, and a lot of.

**An emphasis on client service** The human bit is what sets nice monetary establishments except for the pack. Brands like TD North American country Trust, Yankee specific, and Chase understand this, and square measure mistreatment social media to individualize their electronic communication and tailor client service to every individual client. Financial brands square measure staying aloof from the impersonal, big-box feel and instead use social media for a hotter

association to their customers. They're able to answer queries, facilitate issues, and supply recommendations in an exceedingly rather more personal method than merely speech communication "call our 1-800 numbers."

### **Mobile-friendly apps**

According to a recent study by Adobe, monetary service mobile apps square measure the amount one most-opened sort of app by customers. Customers use these apps 30% a lot of often than the other class of app. Two major reasons why customers square measure turning to mobile banking and finance is probably going thanks to security, and the way simple it's to log in compared to an internet site. These apps firmly store their personal information and need only 1 click to access all of their banking or investment wants. Whether mistreatment social media for client service or specializing in building out exceptional mobile apps, the monetary industry is popping to digital and social media to stay competitive. A decades-old company, like Transamerica, is mistreatment social information to guide their promoting ways nowadays. And trends across the business indicate that this stress on digital is merely reaching to grow.

### **The impact of social media on business**

**Marketing:** It is imperative to incorporate social media as a part of a company's selling strategy. Corporations will implement a data-driven approach with a test-and-learn mindset that helps to arrange the corporate for a dynamic social atmosphere. Selling on social media is far over causing out a tweet a few products; it involves taking note of customers and presenting the company's product or services in an exceedingly way that may meet the customer's desires.

**Client Service:** Most customers expect a quick turnaround from service suppliers. If they find themselves amorous in the merchandise or service however hate that it didn't are available at an inexpensive time or within the secure time, some can vent their frustrations on social media. Corporations should implement social media channels so that they will track such feedback and take steps to resolve issues.

**Development of the latest product/services:** Social media isn't restricted to delivering new products or services however can also be accustomed to style and develop them. Deniz Bank in Turkey modified the approach they supply banking by permitting customers to access their accounts through Facebook. It conjointly permits them to conduct wire transfers and manage daily expenses whereas surfboarding their newsfeeds.

**Cost reduction And potency enhancement:** Banks have begun to use social media channels like Facebook as an economical suggests that of process job applications. In October 2013, ICICI Bank—an international bank in India—launched a mobile app known as Pockets, which grants users access to their online banking accounts with Facebook credentials. The app permits users to perform easy tasks like filling a paid charge card, paying utility bills, and shopping for moving-picture show tickets.

**Create new business models:** Social media platforms in China have taken the initiative to make new business models for banking and money services. As an example, people pays rent victimization Alipay, the bank victimization We Chat's We Bank practicality, and get mutual funds from Baidu.

#### **Uses of social media by financial establishments**

The uses of social media are often classified as either external, wherever the purchasers and different external stakeholders of the establishment are actively engaged, or internal, wherever the activities are directed towards the workers of the firm.

**Resolving client issues:** Social media are often used as a good tool to move with the purchasers concerning queries and complaints. Once the queries or complaints are announced on the social media page, the establishment representative will address them in a timely fashion. If the activity needs any exchange of sensitive info, the establishment might contact the client directly employing a secured channel of communication. Hence, social media are often expeditiously used because of the initial level of question resolution and as this is often a non-core activity that is captive removed from the branch and different delivery channels, it results in value savings for the firm.

**Identify and address public sentiment:** Social media, being multidirectional, permits customers to convey sentiments concerning the firm. Therefore, it might be prudent for money establishments to own a presence on social media to measure the angle of the purchasers. just in case of public airing negative sentiments, the establishment will act fleetly thereby containing the problem.

**Crowd sourcing:** money establishments interact in several non-banking activities like CSR, social and environmental initiatives, etc. Such non-core activities are typically known and dead internally. Customers are often effectively engaged in these activities because it entails the

smallest risk to the establishments whereas permitting customers to develop a robust sense of possession and deciding through such participation.

**Create complete awareness:** the foremost basic use that a social network will serve an establishment is complete awareness. Money establishments will interact with the users of social media in several ways that like by displaying special offers and discounts, asking queries or conducting polls, displaying business connected news and opinions, etc. participating the social media users effectively may increase complete awareness at a considerably lower investment compared to thought media.

**Customer Feedback:** clients UN agency connects with their established financial organization institution establishments on social media might get regular updates on their social media page from the money institution. The exploitation of this feature of social media (particularly social networks), the establishment of financial organization institution establishments might raise the shoppers concerning their opinion on varied product and services offered by the money institution. Leverage the social media platform, the money establishments will accurately gauge the wants of their customers.

**Communicate period updates:** Social media are often used for real-time updates for relevant info. Time-sensitive business knowledge and restricted product offerings are often revealed on the social media page. This could provide the shoppers, UN agency move with the money institution's social media page, a sense of exclusivity since the product and offers are going to be solely displayed through social media and not typical media streams.

**Hire workers:** Social media is dynamical the method money establishments are hiring employees. With the expansion of social media, talent is turning into easier to seek out on skilled social media websites like LinkedIn. Senior management, UN agencies are typically recruited through head-hunters, are currently introduced through skilled social media sites. Hiring through skilled social media sites will facilitate money establishments to bring down achievement prices.

**Employee Engagement:** Employees will use their social media profile to post on the establishment financial organization institution establishment's social media page thereby giving the money institution an additional human feel. Workers get to move with one another resulting in community building and a way of happiness.

**No measurable return on investment on social media engagements:** Financial institutions may feel that social media offers no clear return on investment. Return on investment from social

media initiatives can be calculated by measuring costs saved by using social media over other channels of communication. Financial institutions can identify qualitative parameters that can be influenced using social media such as exposure to the financial institution, customer satisfaction, etc., and use surrogate parameters and available analytical tools to evaluate the same.

**Risk of leakage of sensitive information through social media:** Financial institutions hold sensitive information of their customers which, if leaked, can have negative consequences. To avoid the leakage of sensitive information, financial institutions should ensure that the social media team within the financial institution does not have access to sensitive customer information. The financial institution must also place necessary warnings on the landing page of the social platform to inform customers against posting personal information on the social media page.

**Unappealing to consumers who engage in social media:** Social media users may not be inclined towards engaging with financial institutions on social media. Financial institutions can authenticate their social media engagement by advertising it through mainstream media. Offers exclusive to social media users may appeal to the customers. Content provided by the financial institution on the social media page must be both interesting and relevant to the financial institution's customers.

**Loss of control of content on social media:** As social media is a public domain and anyone is free to voice their opinion on it, financial institutions may worry about the lack of control over the comments posted on their social media page. To avoid the loss of control of content, financial institutions can take a fair, balanced, and neutral tone while approaching social media. Functionality to block spam and inappropriate content, provided by social media sites, can be used by the financial institutions. Customer negativity can be swiftly addressed by responding to the complaint and ensuring customer care immediately contacts the customer.

#### **Deterrents to the use of social media**

**Social media is taken into consideration new and unexplored:** Financial establishments may consider online media to be uncharted domain under the misgiving that web-based media is as yet advancing and it is judicious to connect simply after it has arrived at a full-grown stage. Social media has now been available for more than 5 years with foundations from all areas effectively captivating in it. Monetary organizations can dissect the socioeconomics of their clients and contrast it and the socioeconomics of the web-based media clients and decide if web-

based media is the correct fit. Online media may keep on growing, however, they as of now give a phenomenal stage to monetary organizations to draw in with clients and it is now being utilized effectively by monetary establishments worldwide.

**No quantifiable degree of profitability via web-based media commitment:** Financial foundations may feel that online media offers no unmistakable quantifiable profit. Quantifiable profit from social or web-based media activities can be determined by estimating costs saved by utilizing online media over different channels of correspondence. Monetary organizations can recognize subjective boundaries that can be affected utilizing web-based media, for example, presentation to the monetary foundation, consumer loyalty, and so on, and utilize substitute boundaries and accessible scientific apparatuses to assess the equivalent.

**The danger of spillage of touchy data through web-based media:** Financial foundations hold delicate data of their clients which, whenever spilled, can have negative results. To evade the spillage of touchy data, economic organizations ought to guarantee that the web-based media group inside the monetary establishment doesn't approach delicate client data. The monetary establishment should likewise put fundamental admonitions on the presentation page of the social stage to advice clients against posting individual data on the web-based media page.

**Unappealing to buyers who participate in web-based media:** Social media clients may not be slanted towards drawing in with monetary establishments via online media. Monetary foundations can validate their web-based media commitment by promoting it through the traditional press. Offers elite to web-based media clients may speak to the clients. The content gave by the monetary foundation on the online media page should be both intriguing and pertinent to the monetary establishment's clients.

**Loss of control of substance via social media:** As web-based media is a public space and anybody is allowed to voice their assessment on it, monetary foundations may stress over the absence of control on the remarks posted on their web-based media page. To dodge the deficiency of control of substance, monetary establishments can take a reasonable, adjusted and nonpartisan tone while moving toward online media. Usefulness to hinder spam and improper substance, given by the web-based media locales, can be utilized by the monetary foundations. Client cynicism can be quickly tended to by reacting to the objection and guaranteeing client care promptly contacts the client.

## Conclusion

Online media is not a substitute for traditional established press yet it can increase the endeavors of the traditional press. Web-based media as of now has infiltration in India of more than 45 million clients and is relied upon to develop to more than 88 million inside the following 2 years, demonstrating an enormous potential for monetary establishments. As the web and web-based media client base are prevalently beneath the age of 35 years, monetary foundations ought to adjust their online media activities to the qualities and necessities of this age gathering. Online media offers critical potential gain regarding client/representative commitment and input and can be used to fortify associations with inner and outer partners. Web-based media is a new wonder and checking the rate of profitability in web-based media can be testing. These dangers can be moderated by executing a painstakingly drafted plan distinguishing execution boundaries and checking the equivalent.

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