

# Social Network Banking: A Case Study of 100 Leading Global Banks

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## ABSTRACT

Social media is widely recognized as a challenging new communication technology in both economic and social contexts. The present article explores how banks have exploited this technology in the range of consumer retail banking services offered by 100 leading global banks on the three major social networking sites (SNS): Facebook, Twitter, and YouTube. Viewing social network (SN) banking as a separate delivery channel and offering a working definition of SN banking, the article shows that banks have been more cautious than other businesses in using SNS. The available services are classified on nine main dimensions: marketing, financial education and advice, information support, customer support, sales representativeness, customer engagement, online recruitment, survey and polling, and other services. The scope of these SN banking services is for the most part non-cash-based. Conclusions, implications, and recommendations are discussed and future research priorities are identified.

## KEYWORDS

Retail Financial Services, Social Media, Social Network Banking, Social Network Sites

## 1. INTRODUCTION

Social Networking Sites (SNS)—defined as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of User Generated Content (Kaplan and Haenlein, 2010, p. 61)—provide huge business potential and have emerged as a new medium of expression and interaction that allows both individuals and companies (including banks) to initiate and maintain new and real sets of relationships (Chen and Beaudoin, 2016; Chen et al., 2012). SNS allow users to connect with networks of individuals through online platforms such as Facebook (Chung et al., 2016). Consequent to these developments, the accessibility of information on social media about the products and services is greater than it ever has been before, and customers are now frequently asked to “like” companies on Facebook, to “follow” companies on Twitter, or to “connect” via LinkedIn (Agnihotri et al., 2016). Referring to digital and social media as significant developments for the banking and finance industry, Bill Gates of Microsoft Corporation once predicted that “in the 21<sup>st</sup> century, there will be a lot of banking but no banks” (Shaikh, 2016, p. 15).

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These empirical studies as well as predictions such as this from one of the most successful entrepreneurs of the digital era clearly endorse the view that the growing virtualization of banking services will disrupt the banking business models and reduce the need for branch-oriented banking, radically transforming banking delivery methods, and creating a new type of banking that can be easily accessed through various delivery channels and portable devices (Shaikh, 2016). The services offered through mobile and social media are considered disruptive, because they have the potential to replace other banking channels and making branch-oriented banking redundant.

Over the last two decades, SNS such as Facebook, Google+, Myspace, Pinterest, Snap (formerly known as Snapchat), YouTube, LinkedIn, Twitter, Yammer, and the recently introduced Musical.ly have attracted considerable interest from disparate disciplines, generating a plethora of research investigating the adoption and usage of SNS as well as their disruptive effects on the industry. However, there has to date been little empirical investigation of the use of SNS for banking purposes. Much of the existing academic research in this area has focused on identity presentation and privacy concerns (e.g., Debatin et al., 2009; Jeong and Kim, 2017), or on social and ethical banking (Ghazinoory et al., 2016). While previous studies have investigated the use of SNS in education (Greenhow and Lewin, 2016), in government departments (Alam and Walker, 2011), in tourism and hospitality (Leung et al., 2013) and in other sectors, the use of SNS in retail banking remains largely unexplored.

In addition, the European Commission's regulatory guidelines (the Revised Payment Services Directive, also known as PSD2) (EC, 2016) further augment the significance of SNS for banking purposes. Due to be published in early 2018, the PSD2 will require banks to provide access to consumer data for third-party app developers and service providers such as Facebook. This initiative will end the banking companies' monopoly regarding their account holders' information and payment services and will allow previously restricted non-banking actors like Facebook, YouTube, LinkedIn, and Twitter to incorporate payment functionality into their own social media apps, so providing a wide range of banking and other financial services for their registered users—for example, by using their Facebook credentials to access banking information. These regulatory developments and the explosive growth and usage of SNS are changing the game, and they will have a major impact on retail business (Davis et al., 2014).

Given this changing new environment, we consider the present research both timely and imperative. The study has two principal aims. First, it seeks to address the current research gap in this area by organizing, summarizing, and segregating the current range of banking services offered by top global banks on popular SNS such as Facebook, YouTube, and Twitter. As well as highlighting the similarities and differences among banking services offered on these sites, the study evaluates them in terms of the service areas mentioned in the existing literature. This comparative evaluation reveals the distance between potential and actual banking services, and the challenges and opportunities for banks in augmenting their activities on SNS. Second, we enhance understanding of the term *social network banking* by offering a working definition and envisaging it as a separate digital banking delivery channel.

To achieve these aims, we conducted a broadly-based content analysis of SN banking services offered during the period January–June 2015 by 100 leading global banking institutions, which were selected using the popular Financial Brands (2015).

In the next section, we provide the working definition of SN banking (Section 2). This is followed by a description of the research design and methodology (Section 3), findings and discussion (Section 4) and conclusion (Section 5).

## 2. SOCIAL NETWORK BANKING: CONCEPT AND DEFINITION

One of the intriguing advantages associated with SNS is its increasing use as a new tool for “social bank marketing,” “social direct marketing,” “social financial marketing,” or “social interactive marketing.” This approach offers several benefits for the financial industry, such as increased convenience and

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