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INTRODUCTION

Innovative strategies set a company apart from its competitors. Lindsay and Hopkins (2010) said strategy is making the most of a current situation and devising a plan for the future. Likewise, if banks and other financial organizations want to enhance their brands, reduce costs, increase customer satisfaction, boost innovation, increase revenue, and maintain their competitive positions, they need to embrace social media. Social networks are used by marketers to connect and communicate with customers (Mangold & Faulds, 2009). Organizations must be receptive and flexible to remain relevant in the business environment (Bouckenooghe, Devos, & Van den Broeck, 2009). The environment outside of an organization is constantly changing (Burnes, 2004). Banks and financial organizations must decide how they will respond to social media as a disruptive innovation.

This non-empirical paper will discuss financial organizations and the competition they are facing. It will discuss how the financial organizations’ competitors are using social media and other innovative technologies. It will discuss the influence of social media in the financial services industry and how financial organizations are using social media. It will also explain how and why the financial services industry can use social media to market products and services and build brand awareness. Finally, it will also discuss how financial services organizations can use social media to reach out to employees, develop interpersonal social networks, and build effective relationships as part of a successful Integrated Marketing Communication (IMC) program.

Kaplan and Haenlein (2010) said that social media allow firms to engage in timely and direct end-consumer contact at relatively low cost and higher levels of efficiency than can be achieved with more traditional communication tools. Social media is on the top of the agenda for many executives. Decision makers, as well as consultants, try to identify ways firms can make profitable uses of applications such as Wikipedia, YouTube, Facebook, Second Life, and Twitter. Yet despite this interest, there seems to be very limited understanding of the term social media. Mangold and Faulds (2009) found that the tools and strategies for communicating with customers have changed significantly with the emergence of social media. Therefore, when developing and executing integrated marketing communications strategies, marketing managers should include social media in the marketing mix (Mangold & Faulds, 2009).

According to Farshid, Plangger, and Nel (2011, p.220): Social media has changed the way both organizations and their brands interact with customers, as well as the way in which business gets done. The emergence of the phenomenon known as Internet-based social media has made it possible for individuals to communicate with thousands of others about companies’ products, services and brands.

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Organizations use social media not only to reach existing customers and capture new ones, but also to become part of their customers' conversations to build or maintain their brands’ credibility and reputation. When facing disruptive innovations, organizations must be receptive and open to change. In times of change, people are not motivated to change unless there are compelling reasons to do so. Bouckenooghe, Devos, and Van den Broeck (2009, p. 59) said that “a key issue in managing and planning change is creating a basis that supports change.” Therefore, when facing disruptive innovations, organizational success may be related to the internal circumstances under which change occurs, the process of how change is dealt with, and the level of readiness for change in understanding the processes that lead to successful change implementation. The pace of change in the use of social media is increasing and can be generated from both internal and external forces (Burnes, 2004; Kotter, 1995; Luecke, 2003). In developing a social media strategy, organizations must be and flexible in order to remain relevant in the business environment (Bouckenooghe et al., 2009).

SOCIAL MEDIA

Kaplan and Haenlein (2010, p. 61) defined social media as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allows the creation and exchange of user-generated content.” Jue, Marr, and Kassotakis (2009) defined social media as the various electronic tools available to help accelerate and improve the ability to connect, communicate, and collaborate. Ryan and Jones (2009) defined social media as the umbrella term for web-based software and services that allow users to come together online and exchange, discuss, communicate and participate in any form of social interaction. That interaction can encompass text, audio, video and other media, individually or in any combination.

Weinberg and Pehlivan (2011) found that both large and small organizations have jumped on the social media bandwagon. In many respects all types of social media have been lumped together as one phenomenon. Kietzmann, Hermkens, McCarthy, and Silvestre (2011) said that the ways firms can monitor social media activities vary in terms of their function and have an impact to develop a congruent social media strategy for their community. Hanna, Rohm, and Crittenden (2011) found that companies need to consider both social and traditional media as part of an ecosystem whereby all elements work together toward a common objective. Social media allows consumers to become more active in creating marketing content with companies. Companies are using online social marketing programs to reach consumers online.

Social media provide an organization with the ability to engage employees, enable dialogue with customers, and develop collaboration (Safko & Brake, 2009). Social media platforms enhance the power of online communities by promoting deep relationships, allowing fast organization, improving the creation and synthesis of knowledge, and permitting better filtering of information. The willingness to engage in open conversations through social media is vitally important for building trust. Social media offer customers an increased level of disclosure, peer review and transparency in order to increase the level of trust. Social media is a fast-growing technological tool (Kaplan & Haenlein, 2010). Many organizations are using social media a major part of their marketing strategy (Safko & Brake, 2009). One problem faced by many decision-makers is identifying ways firms can make profitable use of social media such as
Facebook, Twitter, Google, MySpace, and YouTube, among others. Social media allow organizations to connect with customers, employees and potential champions of change.

Wheatley and Kellner-Rogers (2000) said that social media allow organizations to reach out to the employees, build other interpersonal social networks, and build effective relationships. The concept of social media has changed rapidly. In the past, companies relied on websites to communicate with customers. Social networking sites create the potential for effective two-way communication by allowing marketers to be in constant touch with their customers and get as many views and information from a customer perspective as possible. Two things are important for the use of social networks for integrated marketing communication: simplicity and the ability to attract attention (Svatosová, 2012).

INNOVATION

Yu and Hang (2010, p. 436) said that “according to Christensen, disruptive technologies are technologies that provide different values from mainstream technologies and are initially inferior to mainstream technologies along the dimensions of performance that are most important to mainstream customers.” First, disruption is a process. Second, disruption does not always imply that the emerging business will replace the original business. Third, disruptive innovation is not equal to destructive innovation. Christensen and Raynor (2003) concluded that disruptive innovation is a process and not an event. Christensen (1997) found that most companies are adept at handling sustaining innovation or evolutionary changes. Yet, it is how a company deals with disruptive innovations that causes the major dilemmas. Christensen's disruptive innovation model provided an explanation for the inability of well-managed companies to stay atop of their industry when confronted with new, ground breaking technological innovations.

According to Raynor (2011), Christensen described how large, successful incumbent organizations in all types of industries had been toppled by much smaller start-ups. Raynor (2011) gave four predictors of innovation success: an existing business that launches a sustaining innovation can expect to succeed; an existing business that seeks to break apart or split up its own customer base can expect to fail; an entrant that goes after the most cherished component of the market can expect to fail; and an entrant that catapults a disruptive innovation can expect to succeed. Disruption theory explains how large well-entrenched companies can sometimes be toppled by small up-starts and new entrants (Raynor, 2011).

Disruption happens as a process rather than a single event. Wessel and Christensen (2012) said that disruptive innovations are like missiles launched at your business. These researchers believe that in order to determine whether a missile hit your organization directly, grazed your organization, or missed your organization altogether, your organization needs to do one of three things: Identify the strength of your disrupter’s business model. Identify your own relative advantages. Evaluate the conditions that will help or hinder the disrupter from adopting as their own your organization’s current advantages in the future. Organizations should remember that the disrupter’s advantage is enhanced by its ability to maintain radically low prices as it seeks to increase its share of customers. At the same time, an organization’s advantage stems from how well it satisfies the needs of its present customers. An organization can increase its chances for future success by adjusting its present business model to changing market conditions.
According to Kanter (2006) innovation gets rediscovered as a growth enabler every half dozen years. When disruptive innovations first appear they are rejected by some financial organizations that adapt the wrong strategy by investing only in ideas they think will produce blockbuster results. Some innovative opportunities are rejected because at first glance they appear too small. Other innovative ideas that would enable organizations to grow are strangled by the strict performance criteria their existing businesses must follow. Kanter (2006) said that innovation does not enable growth for most banks because the existing corporate structure, controls, and incentives work against innovations. Established companies can avoid falling into the classic traps that stifle innovation by widening the search for new ideas, loosening overly tight controls and rigid structures, forging better connections between innovators and mainstream operations, and cultivating communication and collaborative skills. Not every innovative idea has to be a blockbuster. Sufficient numbers of small or incremental innovations can lead to big profits. Transformative ideas can come from any function. To innovate successfully, banks and financial organizations should replace common mistakes with potent remedies. One remedy would be to initiate frequent conversations between innovators and business managers via social media.

SOCIAL MEDIA: DISRUPTIVE TECHONLIGIES AND SUSTAINING TECHNOLOGIES

Kostoff, Boylanb, and Simons (2004) concluded that disruptive technologies can be either a new combination of existing technologies or new technologies whose application to problem areas can cause major technology product paradigm shifts or create an entirely new industrial setting. Disruptive technologies can be scientific discoveries that break through the usual product/technology capabilities and provide a basis for a new competitive paradigm. Discontinuous innovations can be products/processes/services that provide exponential improvements in the value received by the customer. Disruptive technologies are by their nature nascent and only can be revealed as being disruptive in hindsight. Sustaining technologies are those that improve the performance of established products through the current technology product paradigm. In contrast to sustaining technologies, which improve the performance of established products, disruptive technologies often provide value parameters not recognized by the mainstream market. Successful companies often fail to invest aggressively in nascent disruptive technologies, to their long-term demise and dismay (Christensen, Craig, & Hart, 2001).

Managers are unwilling to support disruptive innovations because they usually do not fulfill the needs of the firm's existing and most profitable customers and they offer a much lower profit margin than sustaining innovations do (Enders, König, Jelassi, & Hungenberg, 2006). It is not always easy to distinguish disruptive from sustaining innovation. Disruption is a relative term (Christensen & Raynor, 2003). Even though a particular innovation is disruptive to one company in an industry it might be sustaining to another. For example, throughout the second half of the 1990s, the Internet was believed to be a disruptive innovation to almost all industries while in reality, it turned out to be of sustaining nature in many industries. The Internet had a sustaining impact in that it strengthened the position of the established market leaders.
DISRUPTIVE TECHNOLOGY IS A TERM THAT IS USED TO DESCRIBE AN INNOVATION THAT IMPROVES A PRODUCT OR SERVICE IN WAYS THAT THE MARKET DOES NOT EXPECT, TYPICALLY BY REDUCING COSTS, INCREASING REVENUE, TRANSFORMING BUSINESS PROCESSES OR REALIGNING STRATEGIES FOR A DIFFERENT SET OF CUSTOMERS OR CUSTOMER EXPECTATIONS. IN THE FINANCIAL SECTOR CONTINUOUS INNOVATIONS AND IMPROVEMENTS ARE ESSENTIAL. IN THE FUTURE, NOT ONLY MUST BANKS AND FINANCIAL ORGANIZATIONS LISTEN TO THEIR CUSTOMERS, BUT THEY MUST ALSO USE SOCIAL MEDIA TO RESPOND TO THEIR CUSTOMERS. COMMUNICATION WITH CUSTOMERS, EMPLOYEES AND INDUSTRY EXPERTS CAN PROVIDE CRITICAL INSIGHT INTO HOW TO IMPROVE EXISTING PRODUCTS OR TO MOVE IN NEW, MORE HIGH-DEMAND DIRECTIONS. SOCIAL MEDIA APPLICATIONS ARE INTRODUCING ORGANIZATIONS TO A NEW LEVEL OF CONSUMER AND EMPLOYEE DEMAND, INTERCONNECTEDNESS, AND ECONOMIC OPPORTUNITY (QUALMAN, 2009).

Banks historically were insulated from competitive threats due to the need for a local presence. This has changed with technology and nonbank businesses providing new options for safeguarding and managing people's finances, customers will continue to depend on banks only so long as banks can provide service and value that cannot be found anywhere else. There are many pressures now on banks' operating models: consolidation trends, regulation and new technology. Yet the innovation imperative remains. The banking industry must innovate and rethink what, where and how it serves an increasingly informed customer base. Those banks unable to adapt in time and develop and execute a credible strategy will be at risk (Carter, 2013). Banks and financial organizations should view social media as a way to offer online innovative products and provide an exceptional customer experience as competitive advantages. Carter (2013) said that to survive banks and financial organizations must continue to innovate. Innovation is not just limited to disruptive technology changes, which seem to be the domain of nonbanks. Innovation in financial services includes shifts that improve all products, services and sales channels. Companies that seek to grow must face the innovation paradox: their current success depends upon improving what they now do well, but their future success requires creating entirely new capabilities (Putz & Raynor, 2005).

FINANCIAL ORGANIZAIONS MARKETING STRATEGIES

Mintzberg (1994) said that strategy formulation is not an isolated process. On the contrary, strategy is interwoven in all that management does. Managers face many challenges as they craft and execute strategies that are capable of moving a company in the intended direction. Strategy is concerned with competing against other firms that are trying to control the same market space. An effective strategy cannot be developed without thinking about the competition. Strategy describes a company’s competitive advantage – how it will seize market share and outperform rivals. Mangold and Faulds (2009) found that the tools and strategies for communicating with customers have changed significantly with the emergence of the phenomenon known as social media.

According to Johnson, Christensen, and Kagarmann (2008) business success originates with the creation of value for customers. An effective business model identifies ways to solve problems or satisfy the needs of customers at a profit. A successful model not only defines what is sold but also mandates how it is sold. Margretta (2002) concluded that although every viable
organization is built on a sound business model, a good model is not enough; a competitive strategy is needed to explain how you will do better than the rivals. “A good business model answers Peter Drucker’s age-old questions: Who is the customer? And what does the customer value?” (p. 87). Delivering a strong customer value proposition is like a two-way street. While delivering a strong value proposition to customers, a business must also have a profit formula that delivers value to the company.

Johnson, Christensen, and Kagermann (2008) concluded that in order to be successful, a company must align its strategy, model, resources, and processes to satisfy customers’ needs while making a profit. Collis and Rukstad (2008) showed that Wells Fargo Bank competes in the brokerage business as part of its tactic to cross-sell services to its retail banking customers. This was done to boost profit per customer. It aims to sell each customer at least eight different products. That is the mutual benefit of cross-selling. The brokerage's means for achieving this cross-selling was to use the company's database of 23 million customers, many of whom who have Wells Fargo mortgages. The firm's IT system allows a bank clerk to know a limited amount of information about a customer (name, birthday, and so on) and appear to be familiar with him or her, which is quite different from the ongoing individual relationships that Jones and Merrill brokers have with their clients.

Although social media is a relatively recent phenomenon, it is becoming an important part of any business’s marketing strategy. According to the 2012 Social Media marketing Report, 94% of all business with a marketing department used social media as part of their marketing platform (Bosari, 2012). In the current business climate more than a traditional website is required. Social media has become an important part of an integrated marketing communications strategy. Social media cannot be ignored by a successful company when setting its business strategy. The Internet is not only a passive medium but it also offers the possibility of mutual communication and feedback. These attributes are an important factor in marketing which increasingly tries to use them to its advantage. The Internet has become powerful independent marketing tool. The advantages offered by social media have caused banks and financial organizations to clearly define their image and identify new business opportunities in the markets in which they operate. In order to remain competitive, businesses must not only understand and master new skills, but they must also fundamentally rethink and revise their business strategies and rethink the role of marketing in their marketing strategy (Kotler and Keller, 2007). Like other industries, banks and financial organizations marketing activities must be continuously improved and transformed in order to increase the chances of success. Banks now realize that consumers are no longer to be the object of marketing communication but now they are the subject. In the era of social media, consumers shape brands and products and the methods of communication in the markets (Prikrylová & Jahodová, 2010).

Although banking is one of the older and most prestigious industries, it is still struggling with the idea of using social media as a mainstream channel to reach out in the same way that other companies reach out to customers over the internet. There are at least five reasons why banks and financial organizations have been reluctant in developing and adopting social media strategies: 1) financial service organizations worry about the risk of brand damage; 2) financial services organizations worry about cost of compliance and customer services issues if they switch to a social media strategy; 3) banks and financial services managers believe that social
media will create the burden of monitoring new KPIs based on engagement metrics and Facebook likes. A metric is any single variable that is measured (e.g., number of posts, number of website visitors. On the other hand a KPI is a unique form of metric identified by a bank or financial institution essential to its assessment of social media and related benefits (Sterne, 2010). In order to be a KPI, the metric must indicate how well your organization’s goals are being served. Sterne (2010) stated than an organization’s focus should always be on either on increasing revenue, lowering costs, or improving customer satisfaction. If the metric you are measuring cannot be connected back to income, then management must be very clear as to why they are taking time to measure it. It would be great if an organization can accomplish all three; 4) financial services organizations often fail to see that social media is not just another marketing channel; and 5) financial services organizations want to know the return on investment before adopting social media. The following is an explanation of each of these concerns.

First, financial service organizations worry about the risk of brand damage. In the past, banks did not view delivery as a cohesive strategic requirement, but saw it as a collection of disparate services. In 2013, consumers have been spoiled by the superior delivery of services providers outside of the financial industry. As a result, banks and financial organizations are being pressured to improve product and service delivery and provide a seamless experience across channels (Shingrue, 2012). Banks and financial organizations can no longer only use traditional media to capture attention. Marketers must focus on both capturing and continuing attention via engagement. This calls for a blend of both traditional and social media. Consumers’ opinions actively influence brand messages and help dictate product and service offerings. Social media helps companies determine future product and service offerings. The uses of both traditional and social media allow companies to develop integrated communication strategies to reach consumers on a variety of platforms. Social media has changed the way in which organizations interact with customers, as well as the way in which business gets done.

Second, financial services organizations worry about cost of compliance and customer services issues if they switch to a social media strategy. Van Ert (2013,p. 15) said that “as of February 2013, there were more than 500 million Twitter users online and more than one billion Facebook users, that’s simply a market that bankers cannot afford to leave untapped.” Social media allows banks to become more accessible and relatable to their customers. By observing what is being said over social media, banks and financial organizations can measure and assess market trends and deliver the products and services that their customers need. According to the Federal Financial Institutions Examination Council (FFIEC) website, one of the principal ways risk can increase is from “poor due diligence, oversight, or control” of the social media activities of financial organizations. The agencies expect that all financial institutions they supervise will effectively assess and manage risks associated with activities conducted via social media. The Federal Financial Institutions Examination Council (FFIEC) was established on March 10, 1979, pursuant to title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA), Public Law 95-630.

On January 22, 2013, the Federal Financial Institutions Examination Council (FFIEC) website reported the proposed guidance on the applicability of consumer protection and compliance laws, regulations, and policies to activities conducted via social media by banks, savings associations, and credit unions, as well as nonbank entities supervised by the Consumer Financial Protection
Bureau and state regulators. The FFIEC identified the following as essential components for any social media risk management program: (a) A governance structure that establishes clear roles and responsibilities, as well as controls and ongoing assessment of risk in social media activities; (b) Policies and procedures regarding the use and monitoring of social media and compliance with all applicable consumer protection laws, regulations, and guidance; (c) A due diligence process for selecting and managing third-party service provider relationships in connection with social media; (d) An employee training program that incorporates the institution’s policies and procedures; (e) An oversight process for monitoring information posted to proprietary social media sites; (f) Audit and compliance functions to ensure ongoing compliance with internal policies and all applicable laws, regulations, and guidance; and (g) Parameters for providing appropriate reporting to the financial institution’s board of directors or senior management and which enables the periodic evaluation of the social media program’s effectiveness.

Loop and Malyshev (2013) stated that certain lessons can be drawn from the guidance issued by the Federal Financial Institutions Examination Council (FFIEC). First, companies and professionals in unregulated industries are wise to develop a social media policy to avoid reputational risk, and with an eye to potential litigation down the road. The reputational risks include fraud and brand identity, the activities of third parties contracted to manage the online identity of the company, privacy concerns arising from users posting sensitive information on the company's page, and consumer complaints made directly on the social media website and how the company responds to such complaints. Therefore, in order to satisfy the requirements of the FFIEC proposals, as well as guidelines issued by the Financial Industry Regulatory Authority (FINRA), and the Securities and Exchange Commission (SEC), financial companies may avoid liability by observing the following core principles of an effective management of social media policy: well thought out, and detailed, written policies regarding use of social media by employees, training of personnel regarding applicable laws and rules, and effective supervision by management. Under the FFEIC, the FINRA and the SEC rules, the ultimate responsibility for this implementation and supervision rests with the company's upper management. Although a company as a whole can be harmed by the employees' actions, and it is important for higher management to be involved in the formulation and delegation of supervisory authority for the social media training programs. Ultimately, a company’s social media policy is only as effective as its implementation and supervision.

The third reason banks and financial organizations have been reluctant in developing and adopting social media strategies is that their managers believe that social media will create the burden of monitoring new KPIs based on engagement metrics and Facebook likes. According to Issues & Trends (2011), the metrics measured will depend on the goals and objectives initially identified. However, when starting out, financial organizations can measure social media impact by looking at how far messages are traveling, the gain in visitors to their Web site, the number of engaged discussions, and the number of users who return to financial institution social media sites.

The fourth reason banks and financial organizations have been reluctant in developing and adopting social media strategies is they often fail to see that social media is not just another marketing channel. Online social networks may not help banks generate additional business directly; it would help in creating brand awareness. Both customer acquisition as well as
retention will present challenges for existing banks. Van Ert (2013) said that banks need to engage in an internal discovery to determine what it is they want to say, who they want to engage with and why. Often banks start a Facebook or Twitter page without having a social media plan in place. Social media is a tool, and it must be used correctly in order to produce the expected benefits. Banks must keep in mind that social media is not the go-to media in all circumstances. Bankers should analyze the target audience and the product they are selling to determine the best possible media venue. Shih (2011) said that in order to be successful in social media, banks should start with the following five essentials: (1) Address regulatory compliance issues. SEC Rule 17a-4 and NASD Rules 2210, 2211, and 3110 require records retention for at least three years on all incoming and outgoing business-related electronic communications; (2) Develop a company social media policy. Policies should include which sites are allowed and under what circumstances or business use cases; (3) Invest in employee training. The best training program highlight compliance risks and the scope of what employees are and are not allowed to discuss are critical elements of a plan; (4) Learn about your customers while engaging them. Social media can help establish credibility and expertise for your brand; and (5) carefully consider security questions. With so much personal data being shared on social networking sites, it is important to recognize the security risks associated with customers using social media sites (Shih, 2011).

Fifth, financial services organizations want to know the return on investment before adopting social media. Financial managers raise the objection that there is no way to measure return on investment (ROI). Brennick (2013) found that 85 percent of U.S. consumers say they would pay five to 25 percent more to ensure a superior customer experience. Although there is no formula that managers can use to calculate how many positive interactions it takes to result in a sale or in a recommendation, financial managers spend time and effort trying to earn their customers’ trust with outstanding service. Banks have found that social media can help identify problems that could lead to dissatisfied customers. Social media can convert a casual shopper into a committed customer. Therefore, even though there is no formula that can provide a numerical ROI in regards to an organization’s social media strategy, banks and financial organizations social media presence can provide real value through relationship building, influencing the buying decision, and greatly enhancing customer service.

Shingrupe (2012) said that banks and financial organizations face fierce competition, regulatory compliance pressures, inefficient processes, and aging technology and customer-retention pressures. Even before the Internet and globalization, banks and financial organizations did not have a good track record for dealing with major disruptive change. Financial organizations must react to the disruptive innovations that are taking place in the market or they may be left behind. Management in banks and large organizations can see disruptive changes coming. Shingrupe (2012) said that although these organizations possess the financial resources and the technological know-how they are slow in formulating strategies to confront disruptive innovations. Managers must not only be open to new ideas and suggestions, but they take the initiatives and prudent risks in pursuing emerging market opportunities. Shingrupe (2012) said to reestablish trust and build loyalty banks must demonstrate radical thinking and vision. Technology-enabled innovation has become the top source of competitive differentiation and will return to the top of the priority list for many banks starting in 2012.
To build loyalty among customers and gain a competitive advantage, banks must demonstrate radical thinking and vision and provide a seamless experience across all channels, including the branch, according to HCL Technologies' Amol Shingrupe. As the complexity in banking grows, customer trust in banks is falling. To reestablish trust and build loyalty, banks must demonstrate radical thinking and vision. Technology-enabled innovation has become the top source of competitive differentiation and will return to the top of the priority list for many banks in 2012. As a result, a number of market trends have become part of the focus for banks. Farshid et al (2011) found that social media has enabled organizations to communicate with thousands of individuals about the companies’ products, services, and brands. In addition to reaching existing customers, social media allow banks and financial organizations to capture new customers while building credibility and reputation. In the past, branding had been mostly concerned with creating value by offering a compelling offer and a satisfying experience that keep people coming back. Today, banks and financial organizations are using social media to determine what individuals are saying about a brand in social media. While financial managers will not be able to control what is said on social media, they can be a part of and help control the direction of the conversations that occur around their brands Farshid et al (2011).

Hintze (2011) stated that Bank of America has implemented open social media channels that are aimed at retail customers. Citigroup is using its social media channel to foster collaboration with clients in a secure location (Hintze, 2011). Bussmann, Hyde, and Sandrock (2012) stated that social media will allow banks to benefit by using direct, unfiltered feedback they receive from their customers to develop and improve their services. Banks can reach more customers by starting blogs that enables discussions of specific economic developments, new services, or research topics that interest their target customers. Some of the potential benefits offered by social media include: revenue growth, increased transparency, trust, and convenience. Social media allows banks to close the online communication gaps which could lead to gains in efficiency and effectiveness. Bankers can use social media as a relationship-building tool to become more transparent and build trust. Bankers can also use social media to gather both primary and secondary data in order to insure that programs, products, and services are consumer oriented.

Bussmann, Hyde, and Sandrock (2012) said that another benefit provided by social media relates to prospecting clients. People who use social media to find information about bank products are 18 percent more likely to become a customer or go through with a purchase than those who use other research tactics. Banks with an active social media presence can capitalize on this higher conversion rate. Banks and financial organizations can reap large benefits by observing what's being said over social media; companies can gauge market trends and deliver the products and services customers need. Bankers have the ability to monitor and determine who has recently graduated from college and who is buying a home, which then enables banks to customize messages and transform social media into a powerful marketing tool. Van Ert (2013) said that banks need to engage in an internal discovery to determine what it is they want to say, who they want to engage with and why. It is important to develop a target audience, a unique voice and a purpose. Fagen et al. (2012) define and suggest that the use of social media progresses through four stages: exposure, influence, engagement, and action. Exposure may be defined as the number of times content on a social media application is viewed. Influence is the number of people who have contact with the social media application. Engagement is the number of people...
who participate in creating, sharing, and using content and the degree to which they influence others. Smith (2010) reports that among Internet users, Blacks and English speaking Latinos use social media applications more often that Whites and minority Americans and are more like to use social media to keep abreast of activity in their neighborhoods.

CONCLUSION:

Financial organizations can no longer take a wait and see approach to marketing since US bank regulators have proposed new rules to guide the way financial organizations market their products and services through social media outlets such as Twitter and Facebook. Lindsay & Hopkins (2010, p. 285) said “it will always appear that myopia is the ultimate killer of disruptive innovations.” The condemnation of business myopia has been popular since the research of Ted Levitt five decades ago. Social media is one phenomenon that is giving rise to disruptive innovation. Social media can play an important role in differentiating brands and making them relevant to consumers. Whether a bank’s ultimate goal is enhancing its brand, reducing costs, increasing customer satisfaction, boosting innovation, or driving revenue, social media can be a valuable pursuit. Banks and financial organizations should include social media in the promotion mix when developing their integrated marketing communications strategies (Mangold & Faulds, 2009). Castronovo and Huang (2012) said that social media can be used to accomplish one of three goals for a business: building awareness, increasing sales, or building loyalty. It has been said that the age of interrupted marketing is over, with future marketing efforts taking the form of community creation and one-to-one relationship building to sell products and develop brand loyalty (Hennig-Thurau et al., 2010). In the past, banks and financial organizations used social media to understand customers’ opinions about bank products and services. In the future, it will not be enough to merely incorporate social media as stand-alone elements of a marketing plan. Banks and financial organizations must understand that effective social media strategies involve taking their message directly to consumers. Fagen et al. (2012) said that the use of social media should be valued for its potential to engage with audiences for enhanced communications and improved capacity to promote programs, products, and services. The current consensus is that social media marketing works to effectively develop brand loyalty through word-of-mouth referrals and communication, when it is properly executed. Proper execution involves the integration of all of a firm’s marketing efforts within one coherent strategy, with social media acting as the means through which all efforts can be coordinated. A successful IMC program incorporates both traditional and alternative strategies including: CRM, brand communities, search engine optimization, viral marketing, guerilla marketing, and events-based marketing in order to maximize the impact of the overall marketing strategy.

This non-empirical paper discussed financial organizations and the competition they are facing. It discussed how the financial organizations competitors are using social media and other innovative technologies. It discussed the influence of social media in the financial services industry and how financial organizations are using social media. It also explained how and why the financial services industry can use social media to market products and services and build brand awareness. Finally, it also discussed how financial services organizations can use social media to reach out to the employees, develop interpersonal social networks, and build effective relationships as part of a successful Integrated Marketing Communication (IMC) program.
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