

Banks large and not so small turn a-Twitter

by Laura Glasser

Published: August 28, 2009

Tags: banks, social media, Twitter

The finance world is jumping on one of the biggest trends the Internet has ever seen: Twitter.

Used for a range of functions from marketing to customer education, big banks such as Wells Fargo and Bank of America are actively using the micro-blogging sensation to "tweet" their finance news and respond to customers' questions, or even explicit rants, about their institutions.

"I think it's a great idea," said Carmen Efron, president of Connecticut-based bank consulting firm CF Efron and Co. "Say you have an interest rate that you just dropped .25 percent; you want to get that out there and this is the best way."

She added that using social networking sites such as Twitter, which allows users to post a message up to 140 characters long, is a good way for banks to attract the younger, tech-savvy crowd and secure them for future business.

Wells Fargo, Wachovia and Bank of America have employees dedicated to managing their Twitter feeds and responding quickly to customers who post anything negative about the banks.

In the finance world, early adopters of Twitter have the advantage of little competition in the area, said Rob Haufler, director of marketing at Somerset Mortgage Bankers in Melville.

Of all financial companies on Twitter nationwide, Somerset has the largest number of followers, with 9,370, according to information technology news site ComputerWeekly.com.

"My opinion is we're in the bottom of the first inning; we have a whole game left of this," Haufler said. "I see social networking being huge."

Aside from customer service, Haufler uses Twitter to educate consumers on anything going on in the mortgage world and to announce special promotions. For example, on its Twitter page now, Somerset is offering a coupon for a free in-home mortgage consultation.

Haufler said Twitter is important to Somerset's overall business in the post-mortgage-meltdown world because it's another source for tapping potential borrowers.

"A loan officer making seven loans per month used to need a certain amount of leads to get those seven loans," he said. "Now that loan officer needs triple the amount of leads to get the same amount of loans; Twitter's helping with that."

Haufler said Somerset's online traffic is up about 8 percent since he started using Twitter. "It's the best return on investment of any marketing we're doing," he added. Long Island-based commercial banks, however, have yet to jump into the social networking fray.

That doesn't surprise Art Loomis, president of Albany-based Northeast Capital since banks in the local region also haven't adopted mobile banking, which was the last big technology upgrade for big banks.

"Community banks tend to be followers of technology, not leaders," he said. "A community bank's real niche is that customer touch, so all the Internet stuff helps the younger folks, but most of your really valuable banking customers are older."

The customers secured through social media wouldn't become profitable to a bank for about 10 to 15 years, and since many institutions are now short on cash because of the recession, time and resources would be better spent targeting the over 50 crowd that makes community banks the most money, Loomis said.

Effron added that social networking sites such as Twitter are not helpful to small business-centered banks, as many of the Island's institutions are.

"You have to look at who this appeals to and it's the younger, emerging customer," she said. "This is not a commercial banking approach."