

The Role of social Medias in financial services

Zahra Dastgheib Shirazi

MA in Communication Sciences, Central Tehran Branch-Islamic Azad University, and expert at agriculture bank,

Received: March 28, 2015

Accepted: May 31, 2015

ABSTRACT

Now a day the social Medias has changed to a new and important skill for every body and even for those who don't have a much understanding. In the recent years, millions of users from all over the world have accessed to social Medias and networks which causes these Medias attract the attention of modern communities and individuals and to catch a considerable popularity on specially among the young generation. Correct recognition of these Medias causes for users to have a useful and effective utilization over the past. Now a day the institutions of financial services are calculated as one of the first users of social Medias. The institutions with social Medias are able to gather the complaints of customers (critics and opinions) better in the online world and they reply them before it blemishes their fames. The social Medias also liaise with socializing online communities. Social Medias are collective instead of being individuality. Many of people speak with lots of individuals and they are able to do their affairs in a special time, place and way they want. Connection by the way of email, weblogs, wikis, websites, movies and photos sites and social Medias doesn't need to go to a special place. This work is possible in the personal environments of people- Facebook, my space, link den, twitter and etc. the power of online Medias cannot be disregarded in the united world of today. The companies of financial services need to use of the big powers of social Medias in such an environment for the increase of customers services, management of their fame and earning competitive advantage. Social Medias make the services of customers humane, near trading to their stock holders and cause to access more information.

1. INTRODUCTION

The use of social Medias absolutely has increased in a period of time. The industry of financial services have attended more or less in social Medias, this industry have had a mutation towards in 2013. KPMG in its recent report on the impact of social Medias in financial services shows that banks (like other industries) will have a special exceptional opportunity for supervising the social networks, analysis of the process and interaction with customers for making relation.

The social Medias are a perfect way for customers to earn more information about financial services and profound relations. Social Medias are such a platform that they incur success for many of companies in the future. In the ground of financial services, the initial projects of banks follow the understanding of customer's opinions about the banking products and experiences of services. The social services completed a more active role for quick replying to the feedback of customers. Now a day, social Medias in all over the world are overworking for the strategy development of connected (online) customers.

Iran has a powerful station of young users (under 35 years old) of social Medias a part which obviously illustrates the future customers. The financial institutions which want to remain should set a strategy development in their preferences and optative, in which they develop a channel and interacting strategy that is able to treat a various selection of needs from the customers with their selection. The financial institutions will be able to perform their interacting strategy to both of their current and future customers by understanding the basic forces of social networks interaction.

Social Medias describe more presences of the customers, in Facebook, twitter, link den- some unlimited of the present data allow to be used those customers profiles with a level of details that was unimaginable even till to some years ago. Access to developed analysis, profusion of accounting power and cheap storage, developed search and scan capabilities will let a bank to use of them really for customers to register the services. The financial institutions are capable of promoting satisfaction and pleasure of the customer to a new level and maintain it by the operational models.

The financial institutions need to put the use of social Medias in a formula as an important device. The financial institutions, for supervising the various needs of staffs will use experience, innovation and outlook for different financial servicing while maintaining the trust and safety of the customers.

2. Literature and review of text

Some of pundits prefer to use the term of social networks instead of using social Medias whereas the network function of this group from Medias.

The social networks are often made by those people who have in common profits. This can be social and special profits of the consumer. Making relation can be performed the profits of the consumer, structural relation and trading by this social networks (Berger and Mesrashmit, 2009). One of the reasons for popularity of the created Medias by user is the easy use of them and the conditions are controlled by users. This is also a quick way to interact with others and use of information. The consumers access to a plenty of information (Shao, 2008).

* **Corresponding Author:** Zahra Dastgheib Shirazi, MA in Communication Sciences, Central Tehran Branch-Islamic Azad University, and expert at agriculture bank, email: shirazi_91@yahoo.com

Hojatallah Nicki Maleki as a teacher of the first session of the professional contour of virtual space methodical trainings with the topic of recognition of the social networks a meeting of the activists and the virtual space authorities of Mashhad city defined the Media, a device, and a storage channel and transmitting data and information and stated that: these social networks are among the modern collective Medias which are tracked in the late 20th century by the concept of internet, that have a plenty of audiences as a collective Medias. Being Interacting, flexible and accessible and also have the possibility and capability of making changes and not being sequent are the instances of indexes and characteristics of a social Media. Therefore by passage of time and use of what more of people from these Medias, their audiences change to producers and consumer of these Medias (Nicki Maleki, 1392).

Taher Roshandel Arbatani confirmed in his first national conference of economics, management and Islamic Iranian culture in Ardebil that today the social Medias have formed the real virtual culture in Iranian society. The youngsters and teenagers have melted in such a culture making which is exactly the real virtual culture and in fact the young stratum has given opportunity of cultural offensiveness to these Medias. Such a culture made the youngsters of country depressed and prohibits them to try really and in fact such a Medias want this happening. He believes that instead of ending any rarity namely culture on country, special consciousness should be regarded in cultural programs (Roshandel, Arbatani, 1393).

Foster Franciscossi and Vest state that there are different kinds of social Medias and can classify them in the case of their amount of social attendance, Media's riches and personal reveal (Foster, Franciscossi and Vest, 2010). Wikipedia is an instance of social Media's channels which is weak in social attendance and Media's riches.

The page is open and editorial and its content is written by many stranger internet volunteers collectively. The articles have written to more than 270 languages and anyone can cooperate by accessing to internet (Wikipedia, 2011). Weblogs have a middle status and users share texts and pictures in it and people can comment on the contents. Weblogs are the most online popular platforms of the personal press (Foster and colleagues, 2010).

Links (for making relation between weblogs) and the opportunity to speak are the unique characteristics of weblogs (Burdy, 2005). YouTube and Facebook are among those which have the most use of Medias and social attendance. These channels of social Medias try to repeat a 3 dimension interaction like live chat, photos, movies and sharing texts (Foster and colleagues, 2010).

Researchers have classified the interaction levels that people create in social networks. Some of the consumers lurk in social networks, it means that they observe others, but cannot produce the content. Newbies are those who just start to comment in a social network, but it doesn't show any sign of their commitment. The expression of "famous individuals" is given to very knowledgeable members in the topic of discussion. Then "mingles" (the less activist normal users) points to those who don't attend orderly, " fans" are the interested members, while "solo" is a person who accesses to secret information (inner) like managers and have a professional knowledge. Both of "fans" and "solos" have a powerful emotional and social relation with network (Quantine and Harich March, 2012). Based on Quzint, people are inclined regularly more to join a community rather than to cooperate. Nearly 1 one percent of members on the wall send a remark, photos or movies or reply to the topic of discussion. Quzint knows these communities not entirely but rather similar communities.

Some consumers might have tried a product before, and can thus recommend it, or not recommend it to other consumers. Positive word-of-mouth can be viewed as a customer's willingness to recommend a product to others (Gruen, Osmenbekov and Czaplowski, 2006). WOM of this nature is motivated by the desire to spread knowledge, help others, or even warn them against poor service and products (Kozinets, de Valck, Wojnicki and Wilner, 2010). Word-of-mouth is viewed as a social force that has a huge impact on consumer's purchase decisions.

Some scholars have even argued that WOM is more influential than traditional marketing tools (Kozinets, de Valck, Wojnicki and Wilner, 2010).

Research also shows that marketers should not panic by negative word of mouth. A little negative WOM together with positive adds credibility. Other researchers argue that it is the volume of WOM, and not their negative and positive valence that matters (Kozinets, de Valck, Wojnicki and Wilner, 2010). Agresta and Bonin Bough (2011) suggest that if inappropriate comments from a customer occur in a business-sponsored community, the advice is to not respond, or respond offline. The reason for not responding is that a business does not want its social media space to be crowded with information of no value. If the complaint or negative comment is based on inaccurate information, the business should answer immediately and try to correct the misinformation. If someone is just looking to steer up trouble, a business should not respond. This is because a response might just encourage the person to a negative discussion that will color the social media room. A suggestion from practitioners is to encourage the customers to make contact with the company through a more private line, where the problem can be dealt with away from the public sphere (Agresta and Bonin Bough, 2011).

Recently, researchers have paid more attention to communities, and their potential. These communities have been established recently, and they are run with financial support. The fact that consumers do research on new products, and forming relationships with communities, is an important argument to support an online organization that facilitates the expression of speech, of the benefits. Also, the argument that, when relations were formed in these networks, they were established on the basis of social guarantees, copies of which are, by their competitors is difficult. Social networks can be powerful, and create a competitive advantage. However, a social network is not made solely for information sharing, their friends, and the Union will develop, in addition to trust. So, we have to be careful not to indulge in the marketing of these networks, because it will cause it to weaken.

According to Agresta and Bonin (2011), a company should not produce too much content on a Facebook wall. This might be viewed as spam and be annoying to the followers. They rather suggest putting up real valuable content to give the customers something to talk about (Agresta and Bonin Bough, 2011).As mentioned by Berger and Messerschmidt (2009),

more and more consumers have less trust toward information coming from commercial sources. Instead, they go online and search for product reviews created by other consumers, and ask them questions directly. Online communities often attract like-minded users, and are therefore a perfect platform to search for this kind of product information (Agregsta and Bonin, 2011).

When investigating online communities, Quinton and Harridge-March (2010) found that the most useful product and service information came from regular posters in the community (Quinton and Harridge-March, 2010). It also happens that other community users and customers know the answer to something better than a sales assistance that is employed to answer customer enquiries. E-Bay is a leader in this field.

Many consumers view financial services as complex, thus a service that needs pre-purchase information and evaluation. Because financial products are viewed as being complex, they are also high-involvement products. For the financial services marketer it may be difficult to identify true versus not so true, loyal customers. This might be because even if a customer experiences dissatisfying service, many financial service customers stay with their financial service provider simply because switching is too much stress.

3. Prevalence of social Medias in Iran

Iran has nearly 40 million internet users in the present. The factor of internet relevance among Iranian is 53.29 percent and it awaits the numbers of the social networks users in Iran passes from 20 million users. Although finding the exact statistics of Iranian users of this social network isn't possible; because of filtering Facebook in Iran and mutual proceed of Facebook in removing the name of Iran from the list of countries that services them, but the unofficial statistic predicts from 2 million professional and active user and 12 to 17 million of another user. About 75 percent of the users are below 35 years old and they are active internet users who use the sites of social networks like Facebook, twitter, YouTube and etc. and they have live chat with their friends, relatives, colleagues and community, they update their status and also share photos and movies and interact in the other principal activities.

4. Social Media- Aid to financial institutions

- Communication: Social media, such as Facebook, Twitter, LinkedIn, etc., provide connectivity to thousands of investors. Social media provides an opportunity for learning and communicating with consumers. Financial institutions need to communicate with people in a language they understand. Honest communication in society helps to build trust.
- Content: Financial institutions need to develop appropriate content for your target investors. Content needs to comply with the dialogue between investors, to provide financial services. Content needs to be created to organize, for different levels of investors.
- Knowing the Customers: Social media is all about learning about the customers. Social media helps in communicating with the customers – knowing their needs and wants. Financial institutions must be aware of customers' perceptions.
- Publish customer feedback: The financial institutions need to create a blog or a forum. One of the best ways to utilize the concept of social media is to invite and publish customer feedback on the website.
- Solving customer's problem: Customers can post complain or problem, if any and the financial institutions can solve the same through social media. This will help the financial institutions in retaining the business and creating a brand for themselves.
- Influencing customers: Now-a-days most of the customers use social media to buy organizations offerings and at the same time they try to comment and seek recommendations on company products and services.

5. Social Media – Risks involved

Risk-related activities like posting wrong information, revealing unauthorized information, or even using social media in an unethical and manipulative way for one's own benefit, can lead to consequences like regulatory penalties and reputational damage. Financial institutions therefore must be concerned about social media. It is from this point of view that financial institutions need to study issues such as the security of social media, confidentiality of information, and IT compliance regulations to determine how they can influence the policies. This is why regulatory bodies like the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), and Insurance Regulatory Development Authority (IRDA), as well as financial organizations, need to work together, and frame effective measures and mandates to address social media risks. Financial institutions also need to consider implementing a strong governance system that does not allow any information to go un-scrutinized and unapproved on any social media forum.

6. Social Media strategy

In order to adopt social media strategy financial institutions must consider the following factors to reduce social media risks:

- Defining the purpose of using social media – is it for brand recognition, reputation management, or connecting with consumers?
- Approve business-related content before it is posted on social media, and provide social media compliance training to employees.
- Identify user groups who are authorized to post, and define approved channels.
- Involve various departments – Sales and Marketing, IT, or HR – to contribute to policies, and ensure that the use of social media is within boundaries but at the same time not hampering the personal freedom of employees.

- Create and define a compliance framework within the organization, and consistently revise it based on evolving trends and the growing maturity of social media.
 - Implement policies, and ensure that the right controls and systems are in place within the organization.
 - Deploy automated social media compliance solutions and tools, wherever possible, to achieve operational efficiency.
- In Iran, for monitoring social media activity, the stock has already taken significant measures to ensure the correct delivery of financial services by financial institutions. However, it will take some more time for these requirements to become full-fledged mandates.

7. Conclusion

Financial services companies are focused on increasing the integration of their products with established social networks. The ever-growing influence of social media on consumer behavior presents companies with opportunities and risks while the massive amount of content enables the identification of previously unknown patterns, preferences and trends. To put it simply, using social media analytics to inform business strategy is just good business.

Most of the users of social media in Iran are close to the age of 25 years therefore financial institutions should align their social media initiatives to the characteristics and requirements of this age group. Social media offers significant upside in terms of customer/employee engagement and feedback and can be utilized to reinforce relationships with internal and external stakeholders.

In Iran, social media is a recent phenomenon and gauging the return on investment in social media can be challenging. The risks involved in social media can be reduced by implementing a carefully drafted plan identifying performance parameters and monitoring the same. A continuing challenge will be identifying appropriate uses of social media that go beyond traditional advertising and branding.

REFERENCES

1. A. McWilliams, D. Siegel, Corporate social responsibility and financial performance: Correlation or misspecification? *Strateg. Manag. J.* 21 (2000) 603-609
2. A.M. Kaplan, M. Haenlein, Users of the world unite! The challenges and opportunities of social media, *Bus. Horiz.* 53 (2010) 59-68
3. Agresta, S. and Bonin Bough, B., 2011. *Perspectives on social media marketing*. Boston: Course Technology, a part of Cengage Learning.
4. Bashir Hasan, Afrasiabi, Mohammad Sadegh, 2011, works in social media, *Media Journal*, Vol 21, No. 3 and 4.
5. Berger, C.S and Messerschmidt, M.C., 2009. Babbling before banking? Online communities and pre-purchase information seeking. *International Journal of Bank Marketing [e-journal]* 2 (6)
6. De Chernatony, L and Segal-Horn, S., 2001. 'Building on services' characteristics to develop successful services brands'. *Journal of Marketing Management [e-journal]* 17(7/8)
7. Ellis-Chadwick, F, McHardy, P and Wiesehofer, H., 2002. 'Online customer relationships in the European financial services sector: A crosscountry investigation' *Journal of Financial Services Marketing [e-journal]* 6 (4)
8. *Journal of Marketing [e-journal]* 74 (2) Parasuraman, A., Zeithaml, V,A and Berry, L,L., 1985. A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing [online]*
9. King, B., 2010. *Bank 2.0: How customer behavior and technology will change the future of financial services*. Singapore: Marshall Cavendish Business.
10. Kozinets, R.V, de Valck, K, Wojnicki, A.C and Wilner, S.J.S., 2010. Networked Narratives: Understanding Word-of-Mouth Marketing in Online Communities.
11. Management System of Internet penetration in Iran, <http://www.iriu.ir/matma>
12. Niki Malaki, Hojjattollah, 2013, social networking Most online media in the country, the leading specialist of cyberspace, Javan Information Center.
13. Quinton, S and Harridge-March, S., 2010. Relationships in online communities: the potential for marketers. *Journal of Research in Interactive Marketing [online]*
14. Roman, S., 2003. The Impact of Ethical Sales Behaviour on Customer Satisfaction, Trust and Loyalty to the Company: An Empirical Study in the Financial Services Industry. *Journal of Marketing Management, [online]*
15. Roshandel Arbatani Taher, 2014, social media form, self-called culture in the community, the Mehr news agency.
16. Z. Xiang, U. Gretzel, Role of social media in online travel information search, *Tour. Manag.* 31 (2010) 179-188.
17. Zuccaro, C and Savard, M., 2010. Hybrid segmentation of Internet banking users. *International Journal of Bank Marketing [e-journal]* 28 (6)