



WHITE PAPER

Investing in social

Advocacy, innovation, and cultural transformation
in financial services



Executive summary

Digital transformation and the adoption of innovation technology has proven a cultural challenge for the global finance industry. Sparked by insights that less than 50 percent of the general population across the Asia Pacific trust financial institutions or their leaders, as well as by the growing importance of employee advocacy to the bottom line, Hootsuite partnered with Telsyte to survey more than 100 financial services leaders about opportunities for innovation across the region. The results reveal significant opportunities for social media in financial organisations, particularly through an increased focus on employee advocacy.

Key findings include:

73%



of leaders also believe that **enabling employees to be advocates on social media** will help improve brand perception

>50%



of leaders across Asia Pacific believe that their organisation's social media restrictions or inaction are resulting in **missed business opportunities**.

Perceived barriers to innovative implementation of social media initiatives include:



53%

Corporate policies



49%

Legacy attitudes



48%

Legislative requirements



Leaders are starting to understand social media's ability to transform perception of financial institutions

More than 90 percent of leaders see social media as essential for marketing, sales, and internal and external communication, while 80 percent see social media as key to corporate branding and employee advocacy. And 73 percent of leaders also believe that enabling employees to be advocates on social media will help improve brand perception. Despite this, **only one in three organisations has a formal employee advocacy program in place**—and only 16 percent of organisations provide employees with access to a centralised social media or employee advocacy platform.



Culture, corporate policies, and legislative framework perceived as largest barriers to innovation and technology adoption

For half of the surveyed leaders, corporate policies (53 percent), legacy attitudes (49 percent), and legislative requirements (48 percent) are perceived to be the biggest barriers to social media adoption. And **one in three leaders believes social media restrictions have negatively impacted the perception and reputation of their organisation.**



Restrictive strategies result in missed opportunities

Eighty-three percent of leaders see themselves as advocates for their organisation, and given the opportunity, would participate in employee advocacy initiatives. But only half believe their organisation is innovative in its use of social media—and even less (33 percent) believe the financial services industry is innovative in the space. Most importantly, over 50 percent of leaders across Asia Pacific believe that their organisation's **social media restrictions or inaction are resulting in missed business opportunities.**

Investing in social

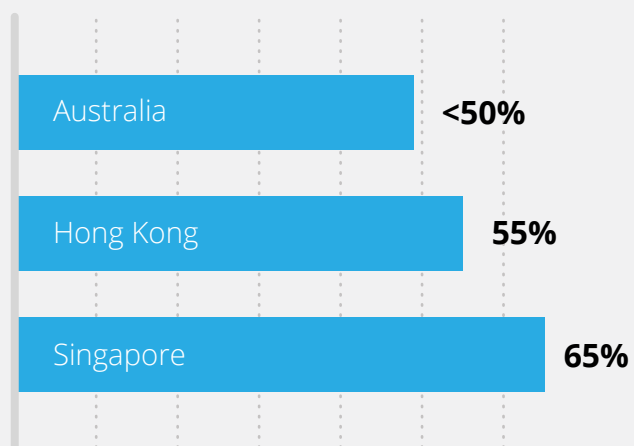
Advocacy, innovation, and cultural transformation in financial services

Reputation and social media in financial services

Reputation drives business results, and nowhere is the power of reputation—or lack thereof—more clearly on display than in the financial services industry.

Globally, financial services ranks the lowest of all industries in levels of public trust¹—and that's had a big impact on business for the world's largest financial services brands. Currently, less than 50 percent of Australians trust financial service institutions. In Hong Kong and Singapore, both of which have traditionally been highly regarded in global financial services circles, trust is just 55 percent and 65 percent respectively.²

Public trust in financial service institutions:



Source: Edelman. *Trust in Financial Services: Top Insights for Communicators*. 2017

While trying to recover from the reputational losses and long list of accompanying scandals from the global financial crisis, traditional financial services businesses still face strong headwinds. These include keeping pace with digital disruptions and innovators, recruiting talent, and the ongoing struggle to motivate and harness the potential of their employees.

But as with every crisis, challenges bring with them new opportunities. In the case of the financial services industry, disruptive technologies such as social media are proving they have a big role to play in the future of the industry.

The role of the social CEO in brand reputation and employee engagement

A company's reputation starts with its CEO and leadership team. But less than half of the general population in Asia Pacific regions trust the CEOs of financial service institutions.³ And many CEOs in financial services have been all too comfortable following the lead of other industries rather than being torchbearers of innovation.⁴

Companies with leaders active on social media are **perceived**

23%

more positively

than companies with inactive leaders

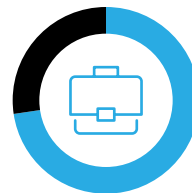


Read the full report on [The Social Executive](#)

Dwindling trust and defensive innovation posture are affecting financial services businesses that once seemed bulletproof. CEOs and executives now need to take the lead in disruptive thinking, including the use of digital tech to reverse downward reputational trends.

With the financial services industry undergoing an internal cultural transformation powered by digital, there is an increased focus by executives on organisational structure, leadership, and a culture that will engage and retain employees. Among financial services Institutions in APAC, 73 percent believe social media is important to corporate branding and 63 percent believe it is important to staff retention.

Leaders in search of ongoing success in this rapidly changing business ecosystem need to place a higher premium on agility and experimentation, prerequisites for disruptive innovation.⁵ That means not only practicing at the forefront of innovation themselves, but spurring innovations from their own teams. Leaders must look beyond the obvious developments of the day and demand foresight from across the organisation, including middle management and the growingly restless millennial talent pipeline.



73%

believe social media is important to corporate branding



63%

believe it is important to staff retention

But when FSI profits continue to pour in, why change? There has been little incentive for financial services leaders, let alone middle management, to pivot. Years of success have obscured the darkening storm clouds on the horizon for traditional financial services institutions that don't prepare for digital transformation. For those that are prepared? Those storm clouds mean one thing: an opportunity for growth.

Unlocking potential in the frozen middle

“The essential idea (of the frozen middle is) that whatever initiative top management decided the company would pursue, it would be slowed to a standstill by the unwillingness and inability of the company’s middle management team to carry it out.”⁶

Although this definition was fashioned more than a decade ago, never has the “frozen middle” had more potential to hold back—or propel—progress for the financial services sector. Even the largest financial institutions are being forced to undergo a significant cultural transformation.

One way to transform that “frozen middle” into a powerful catalyst for growth is by empowering non-digital natives with the social media skills to drive digital transformation within organisations.

With its reach and influence growing daily, social media is playing a key strategic role in the ongoing effort to restore and build corporate reputation and trust. But more than 50 percent of financial services leaders also believe that organisations are missing significant opportunities by failing to adopt progressive social media practices.

Leaders recognise that social does move the needle when it comes to reputation, branding, sales, and employee retention. But translating that insight down and across the org chart presents many challenges. This is especially true for large institutions with many layers of middle management, where motivating change and innovation presents a costly challenge.

Perceived barriers to innovative implementation of social media initiatives include:



49%

Attitudes and preferences of senior executives



48%

Compliance and legislative regulations



53%

Corporate policies

However, all of these perceived barriers are already being overcome by innovators across the industry who are realising advances in social media management.

Overcoming barriers, driving results

Every enterprise requires a corporate strategy for social media, with risk management as one of its cornerstones. An executive sponsor from marketing or corporate communications is often critical in gaining strategic alignment, but stakeholders from across the organisation should be collaboratively involved in the following:



Agreeing on the corporate purpose, strategy and KPIs for adopting social media



Claiming the corporate geography on the different social channels



Education and training for both risk mitigation and employee advocacy



Monitoring access, content, and applications across the social channels



Developing and executing an implementation plan for the strategy, including a crisis communications and response plan



Following up on the execution and measuring success based on established KPIs

While there are differing expectations surrounding disclosure, fiduciary duty, privacy and archiving requirements, implementing strong governance, education and centralised social media management platforms is allowing organisations to mitigate operational and reputation risk—and drive results on social media.

But no matter how promising or forward-looking an innovation may be, the job of carrying it out falls to a company's middle management, and their specific roles and responsibilities. If they don't get with the program, nothing will get done.⁷

#FinTech continuing to attract talent

The innovation vacuum created by an industry that's struggled through tech shifts is creating space for digitally savvy FinTech upstarts to grab an ever growing piece of the \$15 trillion financial services pie.

One of the most notable trends of the past decade has been the increase in the significance that CEOs attribute to technology. Ten years ago, leaders put technology sixth on the list of most important external factors they expected to have an influence on their enterprises. Now, it consistently tops the list.⁸

In the Asia Pacific

88%



of FSI leaders believe that financial services businesses are at risk of being lost to FinTech companies within the next five years

Innovation continues to open up new choices for both customers and employees in the financial services industry. Homegrown and international startups focused on capitalising on innovation are taking advantage of customer pain points—and taking the profits of traditional financial institutions along with them. And they're often doing it with the help of social media.

Globally, the value of the the FinTech sector is poised to hit the \$1 trillion mark in very short order. Now, nearly 90 percent believe that traditional financial institutions are already losing significant swaths of revenue to FinTech innovators with more than 30 percent of consumers already open to using non-traditional financial service offerings. Funding of FinTech startups has increased at a compound annual growth rate (CAGR) of 41 percent over the last four years, with over US\$40 billion in cumulative investment. And in the Asia Pacific 88 percent believe that financial services businesses are at risk of being lost to FinTech companies within the next five years, which is up nearly 10 percent year to year.⁹

Employee base as good as gold in financial services

The ability to innovate has a significant impact on trust and reputation—not only with customers and investors, but with employees too. Companies that fail to innovate are not only losing potential profits and brand equity; they're failing to develop and attract the kind of talent that will strengthen their competitive advantage in the future.

In this digital age, brand reputation is affected not only by leadership, but potentially by every employee in the organisation with a social media account. Regardless of whether or not businesses want their employees to be active on social media, they are.

Organisations need to harness the power of employee advocacy like they would any other resource.

In 2017, for the first time, more than half of the world is connected to the internet, with penetration hitting 3.82 billion, or 51 percent of the global population. Also in 2017, **social media use hit a milestone, increasing to more than 3 billion users globally** for the first time.

This acceleration shows no signs of slowing, making social media fertile ground for innovation and access to customers and markets. Leaders in this space are overcoming the perceived risks of social media, and a growing number of companies are now offering solutions that address regulatory and compliance concerns around use of social media in the financial services industry. And while executives remain trusted spokespeople, it's employees, not executives, who are the most trusted to communicate on performance, business practices, and culture.

And more is needed from the executive in order to empower (and attract) employees to contribute to this because it has a significant influence on reputation, brand perception and business results.

96 percent of professionals see benefits from using social media for business development.

Employee engagement on social media increases visibility, facilitates client engagement, and attracts new business. In fact, programs that encourage employee participation on social media are twice as likely to be high-growth (greater than 20 percent growth, year-over-year).



of professionals see benefits from using social media for business development

Social media empowers anybody to make their voice public on any topic. In fact, “micro-influencers” (people with social networks of around a thousand people) are now more likely to influence buying decisions than large brands or advertisers. And the good news for financial services institutions is that those micro-influencers can include employees working at every level of the organisation.

Brand, reputation, and regulation increasingly impacted by social media

Increasingly, executives are reassessing their strategic direction and exploring non-traditional avenues for growth in the financial services sector. They're actively pursuing opportunities to play a new or different role in the digital ecosystems they inhabit.

When it comes to employee advocacy programs, organisations need to start with big-picture thinking: long-term strategy focusing on plays that will shape and define the future of their businesses.

Approximately 82 percent of financial services leaders believe social media can positively impact brand perception and trust. However, 86 percent also believe that their organisation is too restrictive when it comes to social media.



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86%

also believe that their organization is too restrictive when it comes to social media

64 percent of companies with a formal advocacy program credit employee advocacy with attracting and developing new business, and nearly 45 percent attribute new revenue streams to employee advocacy. Plus, nearly 70 percent of employees involved in social media advocacy at work report that it helped their own careers. Yet 50 percent of Asia Pacific FSI leaders still haven't even heard of employee advocacy or the benefits it could provide to their team.

50% 

of Asia Pacific leaders in FSI **still haven't even heard of** employee advocacy or the benefits it could provide to their team

Social media clearly has a growing role to play in the success of FSI organisations. Social media connects organisations to both current and future consumers in a way that financial services traditionalists must take advantage of, or risk losing further returns. Employees at every level need to see the path ahead and understand how they can benefit from new opportunities on social media. But nearly 60 percent of those surveyed believe they're missing those opportunities. An advocacy program that includes social media is a progressive place to start the transformation.

Approximately 33 percent of financial services leaders say their firm has a formal advocacy program in place, but 60 percent indicate the program is exclusive and accessible only to selected people within the organisation. And while managing risk is important, the growth of these types of programs is to. 70 percent believe that employee advocacy could improve the perception of their company and 60 percent believe that it can improve culture, employee engagement and retention.



of financial services leaders believe that employee advocacy could **improve the perception** of their company

The importance of employee advocacy strategy is growing, as is awareness of its effectiveness. 50 percent of respondents indicated that their organisation encourages employees to share work-related content on their social networks, but they are not supplied content to share, nor do they have access to a solution that allows them to do so safely or effectively. And only 16 percent of organisations provide employees with appropriate social media management tools, despite rapidly evolving technology.

Most leaders realise that there is a need to adopt an individualised approach to customers and get more input from those customers. The most sophisticated leaders already see this and are using social media to help employees connect personally with customers. By contrast, only half of market follower CEOs consult their customers, and only a quarter tap into the advantages presented by social media. Employee advocacy takes organisations one step closer to detecting what markets really want—and pay for.



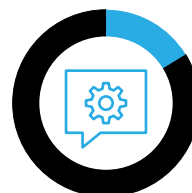
60%

believe that employee advocacy can improve culture, employee engagement and retention



50%

of respondents indicated that their organisation encourages employees to share work-related content on their social networks, but they are not supplied content to share



Only 16%

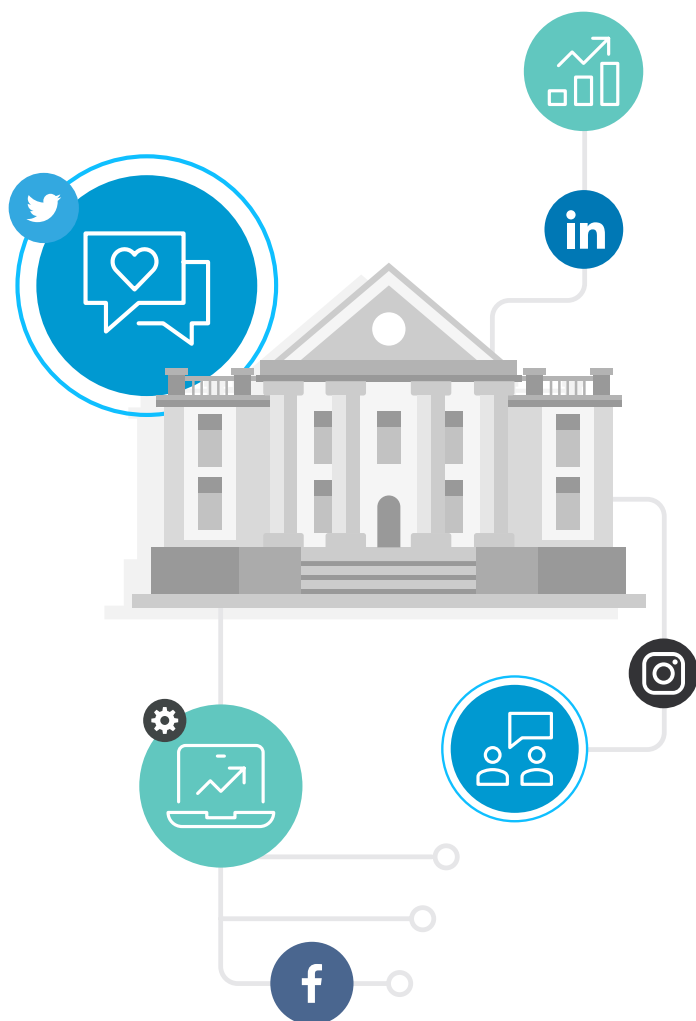
of organisations provide employees with appropriate social media management tools, despite rapidly evolving technology

The time is now for financial services to get on social

From digital currency to big data and social media marketing, the long-held rules of the financial services game are changing. Without enterprise-level social media strategy that includes a formal employee advocacy program, financial services organisations will be left wondering why they continue to lose public trust and the market share that goes with it.

But for forward-thinking organisations that are ready to get social, the sky's the limit.

Learn how leading financial institutions are building their brand and managing risk on social: hootsuite.com/financial-services



Methodology

This report was produced by Telsyte using primary research conducted by Telsyte analysts, who drew upon years of experience monitoring emerging technology markets and forecasting consumer and business technology trends.

Statistics in this report are drawn from Telsyte & Hootsuite Financial Services Social Media and Employee Advocacy Survey, APAC, August 2017.

The research captured insights from a sample of 109 respondents who are directors or above, across leadership, marketing, sales, and human resources within finance and insurance organisations with over 200 employees across financial hubs in Australia, New Zealand, Hong Kong, Singapore, Malaysia, and Indonesia.

Survey sample



Territory

ANZ	57
ASIA	52



Gender

Male	57%
Female	43%



Age

<24	1%
25 to 34	23%
35 to 44	38%
45 to 54	31%
55 to 64	7%



Role

CxO	23%
Marketing Leaders	36%
Sales Leaders	25%
HR Leaders	13%
Other	3%



Org size

<200	18%
200 to 999	23%
1000 to 4999	28%
5000 to 19999	18%
>20,000	13%

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About Hootsuite Enterprise

Partner with Hootsuite to accelerate your social transformation



Hootsuite is the most widely used platform for managing social media, loved by over 10 million people around the globe and trusted by more than 800 of the Fortune 1000. Hootsuite Enterprise empowers organisations to execute business strategies for the social media era and scale social media activities across multiple teams, departments, and regions. Our versatile platform supports a thriving ecosystem of social networks complemented by 200+ business applications and integrations, allowing organisations to extend social media into existing systems and programs.

Along with our channel and agency partners, we help organisations build deeper relationships with customers, stay connected to the needs of the market, grow revenue, and draw meaningful insights from social media data. Innovating since day one, we continue to help organisations pioneer the social media landscape and accelerate their success through product training, group training and tailored organisational training, as well as security and compliance services.

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