MONITORING YOUR EMPLOYEES' SOCIAL MEDIA ACTIVITY

How to Maintain Compliance and Your Corporate Reputation While Promoting Use of Social Media

WHITE PAPER

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How to Maintain Compliance and Your Corporate Reputation While Promoting Use of Social Media

Creating an oversight process that ensures your employees' social media activities reflect the same level of professionalism and brand continuity as your corporate actions is no easy feat. Social media today presents an influential means for engaging existing and potential borrowers. Simultaneously, without meaningful policies and monitoring, social media activities increase your company's exposure to compliance risk, operational risk and most importantly, reputational risk. As you cultivate your policies and marketing in this area, it's vital to map out how to address the various risks when they arise, as well as establish ongoing training practices to reinforce prevention and resolution of related issues. Developing monitoring and oversight practices that pull from these areas of influence and

contribute to your compliance efforts, to include policies, best practices and training examples, will help to cultivate the most benefit. In other words, monitor based on policy, but be sure to update your policies based on what you learn in the process. Also, use examples of risk scenarios that are identified while monitoring in your training and create best practices that involve monitoring.

This full circle approach will help maintain compliance while engaging your loan officers, with an end goal being to generate social media activity in a professional, compliant framework. As you grow your social media presence and promote activities conducted by your loan officers, focus on improving awareness and understanding of current activities. Your strategy should

support the corporate brand, to include leveraging customer insight and expanding digital communication in an innovative and powerful way.

> **Monitor based on policy, but be sure to update your policies based on what you learn in the process.**

In order to successfully expand your visibility on the numerous social media platforms, you will need to develop real-time monitoring capabilities that instill management confidence by identifying red flags, addressing risk and supporting regulatory compliance.

Successful monitoring and auditing of social media activities is best achieved with

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dedicated tools/resources, whether proprietary or third-party technology solutions, or outsourced third-party services. Ensuring proper oversight is simply too cumbersome to be effectively managed otherwise and as a requirement under the Federal Financial Institutions Examination Council (FFIEC) Guidelines for Social Media Compliance, the importance should not be minimized.

Monitoring vs. Auditing

Social media compliance monitoring has traditionally entailed an internal management process that is designed to oversee corporate digital marketing, a presence on social media platforms, and related activities for compliance with policy. However, with social media outlets and activities expanding at an exponential rate, coupled with increasing regulatory oversight, monitoring has quickly grown to encompass your loan officers' professional and personal social media use. Monitoring can offer substantial benefits, allowing your institution and employees to generate more leads, develop business, and extend your market reach, while identifying risks. With a proactive approach, monitoring will highlight risks, escalate issues and create training opportunities.

Why You Need Monitoring

Monitoring is the key component of any social media compliance program. It is the one way that your organization can manage the numerous internal practices and external regulation. By initiating monitoring capabilities, you will have an approach that identifies issues, supports resolution and helps avoid exposure to risk that can lead to the following infractions:

- ✓ **Violations**
  Social media compliance violations are a major hot button in the finance industry and the CFPB, FDIC and other consumer protection agencies. These entities are actively looking for violations on the platforms that your loan officers regularly use. Persistent, improper activity certainly creates negative exposure for your organization.

- ✓ **Costly Fines**
  Certain social media compliance violations lead to fines in the thousands of dollars, impacting your loan officers and your corporate wallet. With fine thresholds mounting, some may even result in enforcement action and/or cost your company millions over time!

- ✓ **Reputational Damage**
  Your company's reputation is at stake when social media activity is non-compliant, or simply fails to address borrower consumer rights. You need to be in charge of your public image with monitoring and enforcement of policy. Don't leave your reputation in the hands of staff and/or clients.

Auditing, although similar, is a completely separate process. Whether conducted in-house or by a third-party auditor, auditing is more specific in its capacity to track activity, collect data and recognize potential concerns. A closer look at auditing and reviews is provided as a separate Black Knight white paper in this social media compliance series.

What to Look for When Monitoring Social Media Activity

Every company's social media compliance policy differs to a certain extent. Some regulations are industry-wide, while some are program or geographically specific. The result is compliance practices and policies that are unique to your company and your brand. Monitoring significantly assists your organization in managing these areas, while protecting your reputation and perception with the public. Leveraging the benefits, nuances and issues that your organization experiences as you grow social media activities is the true benefit of monitoring.

Backed by a solid and detailed policy, as well as

management's participation and affirmation, monitoring should be managed in a way that supports all of these elements. Keeping a flexible approach and seeking ways to incorporate monitoring, will result in process improvement.

A few key areas to consider are:

1 **Non-Compliant Activity**
The primary goal is to have the capabilities to recognize non-compliant social media activity, so it can be promptly addressed and future problems can be circumvented.

2 **Policy Changes**
External regulations will change, social media channels will advance, and internal policies will need to reflect this overall evolution. These changes need to be understood, communicated down to the employees and monitored by management.

3 **Repeat Offenders**
It's common for mistakes to happen, or for an employee to have an occasional lapse in judgment, irrespective of solid policies and training. Monitoring activities will

assist management in identifying repeat offenders so that additional training and/or disciplinary action can be administered.

Prioritizing Your Monitoring Program

As you build out your monitoring program, it's important to keep from becoming overwhelmed. The prospect of monitoring all of the activity of your loan officers can seem endless at the onset.

> **You will want to monitor the select few that represent the majority of risk for your organization.**

This builds the case for a robust and organized monitoring program. If your due diligence has been thorough, then you will know which activities, and loan officers, should be prioritized for monitoring purposes. Although all actions and staff require monitoring, there will always be a select few that represent the majority of risk for your organization. As your program evolves, identifying key areas for monitoring and auditing will be much simpler and transparent.

The first monitoring factor to consider is activity - homing in on the 20 to 30 percent of loan officers who are most active on social media. Keep a close look on what they've posted in the past and what they continue to post after the compliance policy training is complete. The more active they are, the more attention they will require.

> **The more active your loan officers are, the more attention they will require.**

Significant activity doesn't necessarily correlate to more compliance violations. In fact, you will find that the social media savvy loan officers are often the best at following compliance policies. Therefore, careful and thorough monitoring of all employees when you initiate monitoring and/or provide training is critical to the success of your program, policy administration and risk prevention. Take the time to isolate out those that are not adherent to policy and are repeat offenders. Use this information to update monitoring, training and social media activities.

Using Automated Monitoring Systems to Streamline the Process

More and more financial institutions and compliance managers are taking advantage of the latest technology to aid in monitoring, auditing and reporting processes. Technology not only allows your company to manage more activity, it will also provide you with informative data to assist in growing your social media presence. Most internal monitoring procedures can be readily automated with custom parameters set to clearly recognize violations on the national, state and corporate levels.

"Automation of compliance monitoring removes unnecessary stress on your monitoring practices and the compliance management team," says Michael Stallings, VP, Comergence. "Your institution will be able to streamline reporting, as well as improve organizational communication and oversight. Thus, ensuring that your compliance manager and executive team understand vulnerabilities, risks and opportunities tied to your social media marketing efforts. Greater transparency yields greater results."

Monitoring data can assist in targeting both marketing and compliance oversight activities. With the Black Knight Social Media platform, this effort is simple and immediate.