



## **SOCBAN-SOCIAL MEDIA TO DRIVE BANKING ADVANTAGE**

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**Cite This Article:** Dr. S. S. Sreeja Mole, K. Sujatha, U. Susmitha, R. Kaviyaraj & Amritha Devadasan, "SocBan-Social Media to Drive Banking Advantage", International Journal of Advanced Trends in Engineering and Technology, Volume 3, Issue 1, Page Number 38-41, 2018.

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### **Abstract:**

With the fast and wide usage of social media like Twitter, LinkedIn, Facebook, Instagram, etc., business organizations are now adapting these technologies to improve business advantages. Here, the power of social media in general and how they are used by banks to improved products and services to their customers and making their experience easy and responsive is brought out. "SocBan", is a social banking framework and its various components are also proposed. A study has found that even though social media has a capability which is more than enough to address all the technical and business respects of the retail banking, however, the customer expectations from these media and what banks offer to them needs to be analysed deeply.

**Key Words:** Social Network, Banking, Socban Framework & Rule Engine

### **1. Introduction:**

Social media may be defined as a "Media for social interaction, using highly accessible and scalable communication techniques." It transforms people from content consumers to content producers. The concept of social media is one of the top discussed agendas for many business executives at present. With approximately two billion people being using social media all around the globe, banks must seriously contemplate to engage with customers on social channels efficiently. Social media has dramatic impact in the field of banking industry since most of the banks have established their existence in various social sites. Some examples are the Barclays Bank, Citigroup, Inc., HSBC, etc., and all these banks engage their customers on social media through Facebook, Google+, LinkedIn, etc. Banks can be benefited by social media in many ways which makes them think new and enhance their services to attract customers thereby holding their brand names up. Social banking may not transform customers' banking practices overnight, but it can redefine the customer interactions with social media. Banks need to interpret the outreach and potential of social banking and financial social networks. By doing so, they have a better chance of accustom themselves to the demands of the customers. Once banks start entailing themselves with customers, they get access to:

- ✓ A dynamic network which keeps on expanding (or compressing),
- ✓ The ability to record, monitor, and analyze social interactions of a large crowd, their personal preferences and behaviours, and
- ✓ Instantaneous responses and reactions—instant communication from any device is possible.

### **2. Related Works:**

With technology backend, large number of features are also offered by banks.- from bill payments to tax payments, from loan processing to debit cards, from insurance the functional part, banks have modernized. Most banks offer Net banking and similar features sales to credit card offers. Banks have a lot to communicate like anti-phishing warnings and guidance, other security related education, frequent changes in rules and regulations etc. Banks need to find the right way to connect with large youth market. Banks need to communicate information about their various new features and offerings-this is not easy via traditional means. The right way in which this is possible is via social media, platforms where the youth spend most of their time.

A Business Review survey found that 50% of financial institutions polled were currently using social media, 25% planned to use social media. Traditionally, banks have employed a "push" strategy: advertising, direct mail, etc. Now, banks have shifted from "customer service" to "customer engagement," which uses social analytics to gain deep insights into customer behaviour, sentiments.

Intelligent use of social data can generate enormous value for banks. Applying social analytics to the rich data sets present in tweets, blogs, posts, etc. enables banks to derive customer intelligence, understand the need for particular products and services in specific customer segments, develop marketing strategies for a new product launch and manage credit defaults and risks. In this way, social analytics has transformed enterprise customer relationship management into social customer relationship management.

Social media will also bring about new levels of risk. On January 2013, the Federal Financial Institutions Examination Council (FFIEC) released its official guidance on social media for financial institutions, highlighting the applicability of existing laws, regulations and policies that pertain to financial

institutions as they relate to social channels. As such, social media can be likened to a double-edged sword — on the one hand, it can raise the spectre of security and privacy threats for banks and their customers, while on the other, it most assuredly will generate enormous value.

The banks which do not use the social web might be missing their biggest opportunity to connect directly. Customers do not use social media to buy products or services but to build relationships through real involvement in providing precious resources and information. The properly chosen strategy of using social media in banking requires understanding Customers' expectations [1].

The banks which do not use the social web might be missing their biggest opportunity to connect directly with customers before their competitors do. Social media marketing can not only increase the reach of a bank but also have a positive influence on how customers perceive the bank's brand value. Customers do not use social media to buy products or services but to build relationships. In consequence, banks should focus on building a relationship based on mutual trust through real involvement in providing precious resources and information. This type of activities contributes to improving the perception of a brand by means of positive social marketing. The properly chosen strategy of using social media in banking requires understanding customers' expectations. There has been conducted research on Internet platform content [2].

Over the last decade, social media has evolved from being a slightly recognized collaboration platform to an integral platform of the daily lives of millions of people around the world. It has become a necessity and a „must have“ capability for most business including banks. It is of strategic importance for banks in customer acquisition, product sales, decision analysis, and analytical modelling, in credit scoring, servicing, and sentiment analysis across different lines [3].

Social media is an imperative to meet new customer demands but banks are slightly reluctant to invest in social platforms. Many factors are responsible for this, they are:

- ✓ Migrating branch banking to online and mobile can be tedious
- ✓ Increase in operational costs
- ✓ Not able to make trade-off on new investments versus sunk costs
- ✓ Changes in the way the bank functions to enable customer self-service, communication, customer engagement, customer need analysis

Social media are therefore attractive in many ways:

- ✓ No distinction between content producers and content consumers
- ✓ User-generated contents
- ✓ Free borrowing and sharing of contents
- ✓ Rich user interaction

All these pave the way for banking industry to use social media to drive its business advantage.

The paper proposed by Rachel Louise Ensign (March 13, 2014) [1] says that “one reason many banks have not yet jumped on the social media bandwagon is that they are uncomfortable with the lack of control over content written by users. While it is true that banks cannot fully control third party content, they can and should actively monitor what is being posted on their social media sites and on the internet in general. Banks should develop an internet policy as it relates to employee use of social media on the job”. But the paper proposed has a special framework with “rule engine” as its core part to solve these problems [4].

### **3. Proposed Work:**

Recently, there has been an increased emphasis to get a 360° view of the customers. In order to obtain this complete picture of customers, banks are confronted to address the “what” and the “why” with respect to the customer's banking transactions. Thus combining the customer's banking transactions with the social media activities can help banks get a better 360° understanding regarding their customers.

In order to process and analyze such a huge volume of data, SocBan relies on a component called Rule Engine. The Rule Engine is the core part of SocBan Framework as it plays an important role in each of the tasks performed by this framework, from Case Management component to Transactional component. It interprets the incoming data from social media channels and automatically identifies the genre of the data – such as, customer queries, sales leads or transactions etc. Based on these actions, relevant responses are triggered by the Rule Engine.

SocBan framework mainly depends on three major aspects: Listen, Analyze and provide Insight. Banks can listen (*or monitor*) customer activities taking place on their social media pages. By listening to these conversations or activities, banks can collect valuable and worthy social data of the customers. In the next phase, banks analyze and process this big (*social*) amount of data and couple that with the transactional data and get an insight to the customers' behaviours and make out the context regarding the transactions.

The different Socban Components are:

**Social Impact & Outrun:** Communication over social media will have a strong impact on the brand of the bank. This is mainly because the communications are truly time-saving. As a result, any promotion by a bank or negative feedback can spread over social media within a short amount of time. This limitless reach helps banks in leveraging the social media to reach out to the wider crowd.

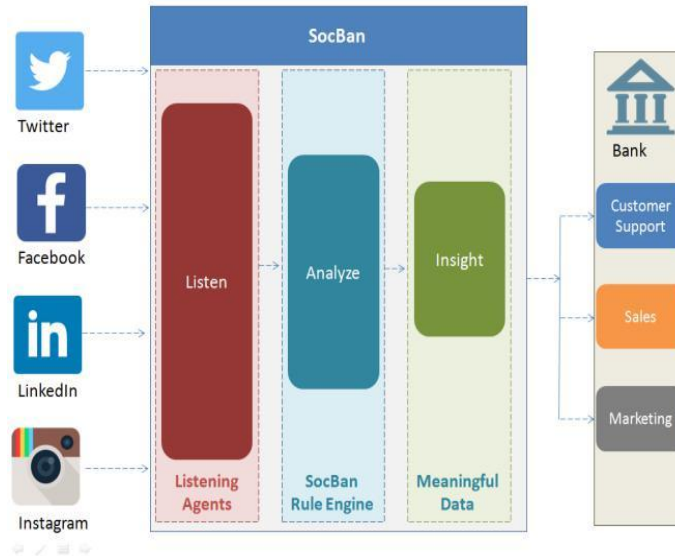


Figure 1: SocBan Framework

**Sentimental Analysis:** One of the many reasons why social media has become so popular, so quickly is its openness and transparency. Social media, in essence, has given a voice to each and everyone; irrespective of which strata of society they belong to. This “opinion” of the people can have both; positive and negative impact on the banks.

**Client Engagement:** Any bank, independent of size, is basically intrigued by expanding the client base and wallet share. Keeping in mind the end goal to accomplish this, opportune and compelling engagement with the client is basic. By drawing in with the clients over online networking, dissecting the posts and remarks, banks are in a vastly improved position to survey the client's utilization purpose and administration her appropriately.

**Case Management Framework:** Constant correspondence is a characteristic component of online networking. Banks can use this to react to client inquiries starting from online networking. Banks can react to the inquiries in an opportune and customized way.

**Transactional Framework:** Banks can use the accommodation, omnipresence and entrance of online networking and dispatch constant saving money administrations. Normal managing an account administrations like store exchange, charge installments, portable/DTH energize, financial records adjust, check status, check book reordering and review last 3 exchanges can be propelled in a protected situation.

**Competition Assessment:** Aside from checking and investigating the action of their own clients, banks can likewise screen the exercises of its adversaries via web-based networking media. Thusly, banks can get to the market pulling forces, torment focuses and strategically pitching openings.

**Auto Response System:** Tending to basic client inquiries by means of telephones, messages or in-person can be an expensive suggestion to the banks. Banks can utilize the online networking to right away send exact reactions to client inquiries, decrease manual intercession and enhance productivity of bank partners.

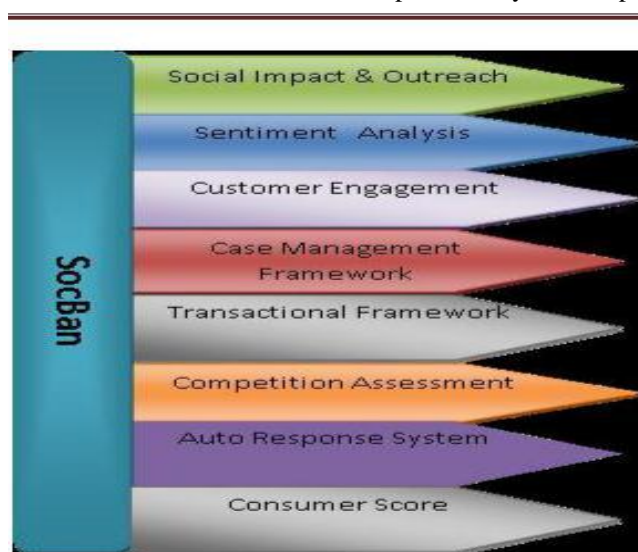


Figure 2: SocBan Components

**Customer Scores & Profiling:** Connections, posts and exercises on the web-based social networking stages can give banks an understanding into the client's practices and inclinations;; like the what sports, cooking, eateries, and so on does the client like. Since SocBan has the capacity to extricate "important information" from web-based social networking and in light of this make a profile of a client. SocBan can likewise figure statistic, social and general scores for each of the clients. Control Motor assumes a vital part in the score calculation.

#### **4. Conclusion:**

In future, social media would become a widely accepted part of retail banking sector. Banks must focus on their knowledge of social media in order to use its fullest advantage. However, there is still a gap between customers' preferences and the services currently being provided by the banks. Not only has it made the banking more advantageous. It is as simple as clicking that "like" button on your friend's new picture album or re-tweeting that tweet you liked so much!

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