



Role and impact of social media on banking industry

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Abstract

The government of India has been curiously taking various steps to bring to technological advancements in the banking sector in India. Introduction of debit cards, credit cards, NEFT, RTGS, Jan Dhan yojana, White label ATMs, mobile banking, internet banking and many other major initiatives to enhance banking in India have great responses from the consumer's end. There is no doubt in the fact that the next generation Banking has been derived by the usage of mobiles, technology, digitalization, social media, etc.

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Analyzing market performance via social media has attracted a great deal of attention in the finance and machine-learning disciplines. However, the vast majority of research does not consider the enormous influence a crisis has on social media that further affects the relationship between social media and the banks. The paper presents the current status of use of social networking sites by the public and private sector banks in India. New private sector banks (ICICI Bank and Axis Bank) performed well as compared to other banks. In general, the banks were not fully harnessing the utility of social media and a great opportunity exists for the banks for improvement in their usage of social media networking.

Keywords: digitalization, white label ATMs, banking sector, private sector banks, public sector banks, social media, social networking sites

Introduction

The government of India has been curiously taking numerous steps to awaken technological advancements within the banking sector in India. Introduction of debit cards, credit cards, NEFT, RTGS, Gregorian calendar month, Dhan yojana, White label ATMs, mobile banking, web banking and plenty of different major initiatives to reinforce banking in India have its nice responses from the consumer's end. There's little doubt within the proven fact that successive generation Banking has been derived by the usage of mobiles, technology, digitalization, social media, etc.

Social Media is changing into an integral a part of life on-line as social websites and applications flourish. Most ancient on-line media embrace social elements, like comment fields for users. In business, social media is employed to promote product, promote brands, connect with current customers and foster new business.

What is social media?

Social media is a series of websites and applications designed to allow people to share content quickly, efficiently and in real-time. Most people today define social media as apps on their smartphone or tablet, but the truth is, this communication instrument started with computers. This misconception stems from the fact that most social media users access their tools

via apps. In fact, 50% of online users never engage social media.

Social Media are computer-mediated technologies that facilitate the creation and sharing of information, ideas, career interests and other forms of expression via virtual communities and networks. Social media facilitate the development of online social networks by connecting a user's profile with those of other individuals or groups.

Users typically access social medial services via web-based technologies on desktop, computers and laptops or down load services that offer social media functionality to their mobile devices such as smart phones and tablet computers. Wen engaging with these services, users can create highly interactive platforms through which individuals, communities and organizations can share, co-create, discuss, modify user generated content or pre-made content posted on line. Social Media Changes the way individuals and large organizations communicate. Social Media differ from paper based media (e. Newspapers, Magazines and other related business communications) or traditional electronic media such as T.V broad casting in many ways including quality, frequency, interactivity, usability, immediacy and permanence. Some of the most popular social websites are Baidutieba, Face Book, Gab, Reddit, Snapchat, Tumbir, Twitter, Viber, VK, Wechat, Welbo, WhatsApp, Wikia, and You tube. These social media

websites have more than 100,000,000 registered users. In America, a survey reported that 84 percent of adolescents in America have a Face Book account. Over 60% of 13-17-year-old have at least one profile on social media with many spending more than two hours a day on social networking sites.

Social media users in India

In India now has 462 million active internet users (out of global total of 3.63 billion). Internet usage is growing in India at a rate of 90 percent while the global average is just 19 percent. India's web users have 153 million active social media accounts (from a global tally of 2.43 billion). India has 1.01 billion mobile connections. India has 153 million social media users of which 130 million are on mobile. Indians active social media users are up by 23 percent since March 2015 compared to 26 percent global rise.

Impact of social media in India

If a question ascends why this media is becoming so widespread in India, it is because of interaction, live chat, status apprisers, image as well as video sharing are few examples for popularity of social media. More over multiple roles played by social media beyond its care role of mere communicating information are another aspect of its popularity.

Social media and business

Role of Social Media in business and consumer market in India cannot be under estimated. It is the change in consumers business. Social media represents low-cost tools that are used to combine technology and social interaction with the use of words. These tools are typically internet or mobile based.... Social media gives sellers a voice and a way to communicate with peers, patrons, and potential consumers.

What role should it play in your marketing? It's a tool to inform consumers about our products, who we are and what we offer. Social media does that. Here is how:

Social media can be used to provide an identity to who we are and the products or services that we offer. We can create relationships using social media with people who might not otherwise know about our products or service or what our companies represent. Social media makes us "real" to consumers. If you want people to follow, don't just talk about the latest product news, but share your personality with them. We can use social media to associate ourselves with our peers that may be serving the same target market. We can use social media to communicate and provide the interaction that consumers look for.

Social media helps get the word out. First and foremost, in fact, help get the word out about your business. But even more important than the exposure, it provides you with the opportunity to grow relationships with your target audience.

According to the Pew Research Center, 65 percent of American adults use social networks, which means that social media will touch nearly every customer that walks through your door. For most small businesses, Facebook — which has 1.7 billion monthly active users — is the jumping-off point for getting started with social media marketing. With its extensive reach and dynamic functionality, there are very few businesses

that couldn't benefit from having a presence on Facebook. And starting there will make it easier when you want to try something new. Between 2005 and 2015, social media usage among 30-49 ages has increased by 69 points from 8 percent to 77 percent. So, no matter how young or old your target audience may be, chances are most of them are already logging on and waiting for you to get started. Social media makes you more powerful to learn more about your audience, their interests. Also, much of your activity and profiles on social media sites can be made public, meaning they can be indexed by search engines — one more way to make sure your business or organization comes up as the answer when someone is searching for a solution to a problem. Social media users in the US check their accounts 17 times a day, according to an informatic Mobile Intelligence report. While a customer may visit your store once a week, they could see your social media posts in their feed multiple times during the week. Providing stellar customer service is likely already a top priority for your small business. But along with the two-way communication that social media provides, it also offers a unique opportunity to step up your customer service game and provide instant gratification to your target audience. This will allow you to showcase just how much you care about providing a memorable experience and will ensure that no customer inquiry goes unnoticed. And by monitoring social media for customer feedback and offering a response, you can drive real business results. Businesses that engage with customer service requests via social media earn 20-40 percent more revenue per customer, according to Bain and Company. Today, more and more Indians are smartphone users and more and more businesses are offering mobile-friendly experiences. The benefit of the increased presence of mobile activity in our daily lives is huge for small businesses. Most major social networks, including Facebook, Twitter and Instagram, offer free mobile apps that let business owners manage their presence on-the-go. More importantly, these apps let customers connect to their favorite sites wherever they are. These users aren't just sharing updates from their own lives, they're searching for businesses, products, and services, and connecting with brands through their social channels. Having a social media presence that's accessible via mobile can improve the chances of business getting found when someone is searching for a place to eat or a product to buy, while on-the-go.

Banking industry and the social media

How many youngsters do we see visiting a bank branch today? Barely a few... It is true that it is much easier to tap them through social media sites than at bank branches. In order to keep pace with these changes, Indian banks are increasingly coming up with technology innovation with the help of mobile, analytics and social media in order to suit their customer needs and serve them more efficiently. Banks are using the Facebook and Twitter platform, not just to brand themselves, improve visibility or cater to customer needs, but are also offering real-time banking and money transfer facilities on these sites.

While these banks are not only promoting their products through the social media platform, but are also using this space to promote their events, let their customers know about

the latest developments at the bank, helping customers resolve queries and coming up with announcements on the progress of the bank, results and so on. There are different tabs giving information on the milestones, various offers by the bank, product suite, events, contests, customer care numbers, testimonials, education materials on their branches and so on. Taking a step further, Indian banks have recently launched a banking service through which you can transfer funds using the social media platform...which means you can send money to anyone with a bank account, if you know the other person's mobile number or email address, or if the person is your friend on Facebook or a follower on the Twitter platform. This means that banks are using the social networking sites not just to brand themselves or analyze customer needs, but are also offering facilities like real-time banking and money transfers. According to market research firm, e-Marketer, India will have the largest mobile phone user base at 145.9 million by 2017.

Last year, the Reserve Bank of India (RBI), in its notification had said that lack of awareness as well as standardization of procedures have led to a situation of slow pick-up of mobile banking services despite the high mobile density in the country. It had then asked banks to provide options for easy registration for mobile banking services to their customers, through multiple channels, thus minimizing the need for the customer to visit the branch for such services.

Money on Mobile, authorized by the Reserve Bank of India, enables users to buy goods, products, and services from registered merchants. It's a multilingual app that reaches remote areas of the country to millions of users making online payments available to a wide population.

Mobile wallets in Indian banking industries

State bank buddy

State Bank Buddy, a product of State Bank of India, is an online wallet in India that's available in 13 languages. Users (non SBI account holders too) can send money via Facebook, or to other bank accounts, book hotels or movie tickets and much more!

Pockets- mobile wallet from ICICI Bank

For instance, ICICI Bank has come up with a mobile banking service called 'Pockets', aimed at the youth. Anyone, need not be a customer of the bank, can easily download the e-wallet from Google Play store, fund it from any bank account in the country and start transacting immediately. The wallet allows users to instantly send money to any email id, mobile number, friends on Facebook and bank account. The users can pay bills, recharge mobiles, book movie tickets, order food and send gifts using this e-wallet. Users can choose to add a zero-balance savings account to the wallet, which will allow them to earn interest on their idle money. For each transaction, there is a unique dynamically generated OTP (One Time Password) that is sent to the sender's mobile number, registered with ICICI Bank, to verify that the transaction is initiated by you.

Ping Pay - M. wallet from Axis Bank

Axis Bank too unveiled 'Ping Pay', a unique multi-social payment solution to enable customers, specially the youth and smart phone users, to transfer money and mobile recharge,

person-to-person, including to non-Axis Bank account holders, using social and messaging channels like WhatsApp, Facebook, Twitter, email and phone contact lists. The person-to-person fund transfers through Ping Pay would happen via NPCI's Immediate Payment Service (IMPS) and currently the transaction limit is at Rs 50,000 per day.

LIME- M. wallet from Axis Bank

Axis Bank, 'LIME', an application that offers a mobile wallet, payments, shopping and banking facilities.

This mobile wallet is available for both account & non-account holders and lets a user add money using his or her credit, debit and net banking details. One can also share the wallet with their loved ones or pool in funds into a shared wallet for a particular purpose (Example: Gifts, vacations, etc.)

Citi Master Pass

Citi Bank India and MasterCard recently launched 'Citi Master Pass', India's first global digital wallet for faster and secure online shopping. By using this, Citi Bank Debit and Credit Card Customers become the first in this country to be able to shop at more than 250,000 e-commerce merchants. It ensures faster checkout with a single click or touch and stores all your credit, debit, prepaid, loyalty cards and shipping details in one place.

HDFC Chillr

Chillr is an instant money transfer app created by HDFC to simplify money transfer and payment process for its customers.

Using this mobile payment app, one can transfer money to anyone in their phone book, thereby cutting out on the hassles of adding a beneficiary. It is currently available only for HDFC Bank customers and can be used to send money, recharge, split bills, request funds or transfer and will soon be able to pay at online & offline stores.

Kaypay- Kotak Mahindra Bank Ltd.

Kotak Mahindra Bank Ltd too launched a banking service called KayPay, which allow individuals to transfer funds to each other instantly by just choosing recipients from their Facebook friends list. KayPay offers a safe and secure platform to transact on the social networking site through a two-level authentication – Facebook user id & password and a One Time Password (OTP). Further, both sender and receiver immediately receive notifications via SMS and on Facebook about the transfer. As a onetime process, users need to register their existing bank accounts, which participate in the IMPS (Immediate Payment System) P2M Pull platform by National Payment Corporation of India, on Facebook.

There are some other mobile wallet companies in India and they offer to their customers a digital wallet to store money and make quick payments.

PayTM, Momoe, Mobikwik, Citrus etc., which are introducing cashless payments for fees, bills and other expenses through their mobile wallets.

M-wallet transactions in India, the report adds, are likely to grow at a compounded annual growth rate (CAGR) of over 160% to rise from just over ₹50 crores in 2015-16 to ₹26,000

crores by 2021-22 on the back of growing usage of smartphones, increasing mobile internet penetration, growth of ecommerce and rising disposable incomes. Market value of m-wallet transactions has grown about 20 times to reach ₹20,600 crores in 2015-16 from ₹1,000 crores three years ago.

In terms of average wallet spend for retail as well, the numbers are likely to balloon from ₹500- ₹700 before demonetization to ₹2,000 - ₹10,000 in the near term, says the report. Sunil Kulkarni, deputy managing director of India's first mobile wallet Oxigen.

Today, leading private sector entity, ICICI Bank has the largest number of fan base, over 3.5 million (₹35 lakh) fans, followed by their counterparts like Axis Bank, HDFC Bank with a fan base of over 3 million (₹30 lakh) fans and 2.2 million (₹22 lakh) fans, respectively. Not just private sector entities but leading public-sector entity, State Bank of India (SBI), too is aggressively using the Facebook medium to promote its products and services, offers and make announcements. The bank has over 24 lakh fans, visiting its Facebook page, on regular basis.

According to a report by consulting firm Zinnov released mid-2016, investments in the fintech sector crossed \$1.3 billion. Mobile wallet start-ups have received the most funding - they have been using this capital to both aggressively market as well as improve the ease of using their technology. Compared to say a Paytm, SBI's wallet 'SBI Buddy' and ICICI's 'Pockets' have much less brand recall.

Thus, the day you will walk around without a physical wallet and pay your local dhobi and kirana store uncle using a mobile wallet is not so far.

How private funded M. wallets threatening the banks

Privately funded start-ups like PayTM, Momoe, Mobikwik, Citrus etc., are now threatening the banks from three sides.

One, banks are worried about relationship with their customers being upended. Banks had failed to notice India's demographic shift; the young did not want complicated KYC norms even for small transactions such as mobile recharges. They love the app economy and the convenience it provides. Wallets stepped in to provide a better payments experience.

The result was a slipping market scenario for traditional banks. The banking industry's business model majorly centers on retail as well as corporate lending and not small value transactions. However, according to some estimates, the payments market is a mammoth \$500 billion opportunity today when domestic and international remittances, government, utility bills as well as merchant payments are included.

New payment categories have come into being as well -- taxi payments were always in cash a couple of years ago. Today, tech savvy customers are paying their maid or a driver through money transfers. Many more new categories could emerge. If these start-ups, armed with private equity money, were to garner a major share of this pie, it would be more than an opportunity lost for traditional banks.

The third threat, and a more serious one, is about data. What happens when users start trusting payment companies? The fallout of such a scenario - where both trust and transactions move to wallet companies - would reflect in a bank's visibility

of customer data or their behavior patterns. That, in turn, would reduce a bank's ability to cross sell or up sell other products.

They may, in fact, become reliant on wallet companies for such data. Payment companies, for instance, will be in a better position to judge the credit worthiness of many retail customers the banks are after.

Going forward, the margins of many banks could slip due to competition. As smart phones become more affordable and pervasive, experts see fintech start-ups scale massively. And if traditional banks don't align their cost structures with current realities -- especially the public-sector ones -- they can find themselves in a quagmire with only "restrictive practices" as aid.

While these numbers indicate the growing need for secure, faster and efficient payment methods for online marketplace, efforts to make payments to individual or brick & mortar stores is also increasing. Start-ups and huge corporates are constantly on the lookout for customer-friendly technology, thereby giving more power to the customer.

Security threats in mobile wallet

If an unlocked phone falls in the wrong hands, that person would need to break into two levels. While there are two factor authentications for loading an M. wallet, there are no such checks and balances while unloading it. Moreover, if you send money to an incorrectly typed account number, you cannot retrieve it. Mobile wallet players, for their part, point to the huge growth projections. The mobile-wallet market in India, says a recent report by trade body Assocham and business consulting firm RNCOS, is expected to hit ₹1,51,200 crores by financial year 2022 from just about ₹150 crores now.

While security concerns could be real, there is more to it than meets the eye. There is an imminent threat from fintech start-ups to the Indian financial services industry as we see growing disintermediation in mobile payments, financial product comparison/aggregation, lending, and remittances.

Content promotion through social media

It's more important to understand the customer's ideas and create content that moves people through the sales. For good growth, banks need to target key audiences with relevant content which can speak their specific needs at each and every stage.

Now-a-days Visiting branches by customers are very less in number. They can open accounts on mobile phones, and apply for loans at work on their lunch break. By digital channels effective prospecting can be accomplished cost effectively but in this regard the banking services has lagged behind. Banks have failed to allocate sufficient budgetary resources where users spend most of their time.

This is why a content marketing strategy is more important than ever before. Now that people can be targeted in digital channels with amazing accuracy, it makes financial sense to move budgets away from traditional media towards content marketing strategies that focus on generating leads, growing relationships and improving the bottom line.

Social media now has the potential to play a meaningful role in banking services marketing plan. Social media presents

opportunities for banks to generate meaningful connections with customers and members, attract desirable consumers and achieve ongoing business initiatives. With improved targeting, enhanced advertising, compliance support and more.

Social media marketing for banking

Through social channels banks must make the customers. If the traditional banking system of savings accounts or other mortgage loans have no place in social media like twitter, Facebook etc., are of no importance then it must create in such way to attract the customers which is to be approachable, relevant and interesting. This is how social media marketing allows banks to communicate their prospective customer and can achieve good business results.

Today Social media is universal and pervasive, so banks can rely on it, understanding the capabilities and opportunities of various social media platforms. With a unique ability to establish and maintain relationships, banks need to embrace, resource and advocate for social media as an integral ingredient in their overall marketing strategy.

It is very critical and Herculean task to know people's changing sentiment. McKinsey & Company found that the main reason people switched banks was due to their emotions. Soothsaying this kind of insight with current initiatives can avail achieve business objectives. If banks want to increment incipient savings account apertures, then they must share branded or industry articles (besides competitor references) and it can expound how to establish an efficacious savings strategy to inculcate community and people, now, can associate with a particular bank with the topic of interest.

Social media permits users to distribute messages to individuals based on highly specific criteria, including geographic location, age, gender, career, education and interests-among another significant user information. Such specificity increases the relevance of a given communication, improving the effectiveness of a particular bank efforts. Further, through social media, banks are able to match their marketing messages to younger audiences, higher income individuals, or even people in certain life stages in a defined area enhancing message impact considerably.

Online networking can grow your range and fortify your advertising message by coordinating flawlessly with other computerized and conventional strategies.

Social media influencers

Online networking influencers is a term given to individuals who are entirely dynamic via web-based networking media and are trailed by countless. They appreciate a ton of clout among their devotees and can impact the states of mind and conclusions of their online supporters. A decent illustration can be-famous essayists, VIPs, sports identities, government officials, craftsmen, industry specialists and so on. One great survey from such source can work preferred and be more viable over costly ads. Be that as it may, this can likewise be a twofold edged sword, as one negative survey from them and you stand the danger of losing a decent number of planned customers, who are a piece of their adherent's rundown.

Verifying value

As of late, social media platforms have made significant

advancements to improve their reporting capabilities. Offering comprehensive, granular insights while connecting seamlessly to website analytics solutions such as Google Analytics, social media analytics allow banks and credit unions to understand the value of their efforts.

Because analytics record data from click to conversion, users can view detailed post insights including impressions, engagement and likes. Furthermore, banks can evaluate key performance indicators such as website visits, new account openings, online loan application submissions and more that occurred as a result of the social media outreach.

The ability to measure direct conversions and ROI is sometimes dependent on the capabilities of third-party platforms, so banks will have to work closely with account origination, loan application and any other providers to successfully implement tracking. Once in effect, users can set up custom events and reports to efficiently track the achievement of defined goals.

Conclusion

Social media platforms offer protection against various forms of unfair use by presenting an array of privacy policies, terms of use and technical functionality. While these guidelines are valuable, banks can draft a customized set of rules and regulations to carefully address items that are of particular importance to the institution. Covering areas from confidential content and illegal activity to offensive conduct, these "personal rules" can be surfaced in the designated sections of the bank's social properties, as well as on the banking website for additional protection.

Referencing existing social media polices can also help guide their efforts. For additional assurance, banks can work with their marketing team or experienced agency to develop content calendars in advance.

At the outset social media can help to improve individuals' sense of relatedness with real or online communities and social media can be effective communication (or Marketing) tool for corporations, entrepreneurs, nonprofit organizations, including advocacy groups and political parties and government.

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