Web 2.0 Technologies in Internal and External Communications in the Banking Sector

MARTON SAKAL, Ph.D.
ASSISTANT PROFESSOR
e-mail: marton@ef.uns.ac.rs

PREDRAG MATKOVIĆ
e-mail: pedja_m@ef.uns.ac.rs

PERE TUMBAS, Ph.D.
PROFESSOR
e-mail: ptumbas@ef.uns.ac.rs

SUMMARY

In a setting where the market-based economy is gradually yielding to a network-based economy, and social and economic relations are increasingly based on networking, banks are not exempt from changes brought about by developments in ICT and the Internet permeating every pore of social and economic life. Over the past few years, Web 2.0 technologies have made a significant impact on internal and external information flow in banking organizations, changing their analogue nature into digital, through blogs, wikis, multimedia sharing and social networking sites.

Key words: financial institutions, banking sector, Web 2.0, blogs, wikis, multimedia sharing, social networking, Web 2.0 applications/services.

Journal of Economic Literature (JEL) code: O33, O39, M39

INTRODUCTION

The assertion that achieving satisfactory business results in conditions of continuous change is unimaginable without the use of information and communication technologies (ICT) is established as an axiom nowadays. This observation refers both to changes related to simple, structured tasks and to changes of the highest complexity related to strategy and organisation. However, the mere introduction or raising the level of ICT implementation in the business process is only a prerequisite, but not a self-sufficient measure: it is necessary to change thought and business behavioural patterns in order to attain the set business objectives. Only such behaviour of business entities may result in "changing the shape of competition, the dynamics of the customer relationship, the speed of fulfilment, and the nature of leadership" (Kalakota & Robinson 2002, xix).

The desired business operation described in the paragraph above is e-business. It can be freely said that e-business is the dominant form of business operation where man's social needs will still be satisfied by means of computers and the Internet. For the past few years, Web 2.0 applications and services have become the key technologies for meeting individual needs via the Internet.

The focus of this article is placed on implications of Web 2.0 technology for external and internal information flow in financial institution, and the key hypothesis is the claim that Web Revolution, manifested in an increasing representation of Web 2.0 technologies, can be channelled and driven towards the common interests of both providers and users of financial services and products.

WEB 2.0 APPLICATIONS AND SERVICES

How difficult (or even impossible) it is to define Web 2.0 is aptly illustrated in a statement by Sir Tim Berners-Lee, the father of the World Wide Web: "…I think Web 2.0 is of course a piece of jargon; nobody even knows what it means" (Farber, 2006). Still, the common denominator of most interpretations of the concept of Web 2.0 is the view that (with reservations) it is the second generation of WWW, which, compared to Web 1.0, places greater emphasis on active participation, collaboration, sharing ideas and knowledge, thus enabling, as stated by Dybwad (2005), "…collaborative remixability — a transformative process in which the information and media we've organized and shared can be recombined and built on to create new forms, concepts, ideas, mashups and services" (Dybwad, 2005).

Web 2.0 users are not required to possess engineering knowledge of background technologies. The most popular categories of Web 2.0 applications (often referred to as building blocks concatenated into Web 2.0) include

blogs, wikis, social networking, tagging and social bookmarking, multimedia sharing, podcasting, RSS, etc. Owing to the rapid development of ICT over the past few years, these categories of Web 2.0 have become ubiquitous, thus contributing largely to accomplishing the goal of ubiquitous, i.e. pervasive computing (Mahadev, 2001; Sakal, 2007).

THE KEY IDEAS OF WEB 2.0

Anderson (2007) lists six key ideas whose implementation has resulted in the thriving growth of popularity of Web 2.0 applications: (1) individual production and user generated content; (2) harnessing the power of the crowd; (3) data on an epic scale; (4) architecture of participation; (5) network effects; and (6) openness (Anderson, 2007, p. 14). We shall consider some of these ideas in more detail:

1. Individual production and user-generated content: Owing to the proliferation of high-quality and comparatively inexpensive audio and video recording gadgets (notably mobile phones and smartphones), as well as uncomplicated and yet sufficiently powerful open source software, an increasing number of people are creating audio and video contents and sharing them with others. This gave rise to the phenomenon of "citizen journalism" (Gillmor, 2004), or "exposure culture", which "reflects the philosophy of the Web, in which getting noticed is everything" (Wu, 2005).
2. Harnessing the power of the crowd: This basic idea of Web 2.0 refers to three subcategories: Wisdom of Crowds, Crowdsourcing and Folksonomy.
   a) Wisdom of Crowds is the basic idea of Web 2.0-style thinking, starting from the viewpoint that the solution to the problem, proposed collectively but independently by individuals comprising a large group, the so-called crowd, is better in quality than a solution offered by the most intelligent group member. As stated by Anderson (Anderson, 2007), it is cognitive decision marketing similar to that used in the quiz show "Who Wants to Be a Millionaire?", when the contestant resorts to "asking the audience."
   b) Crowdsourcing is based on the idea of outsourcing, but the role of the third party is taken over by numerous amateurs, who prefer the knowledge that their work (photography, graphics, or video recording) was selected from a mass of similar ones to receiving fees for their work. The work of web-based stock photo agencies, where one can purchase royalty-free photographs taken by amateurs at comparatively reasonable prices and use them further in designing web sites, booklets, bindings, etc., is based on this principle.
   c) Folksonomy is a web service that enables web site description by enabling users to add tags (key words). This is a collaborative categorization of Internet locations, which includes three elements: (1) the person tagging; (2) the object being tagged as its own entity; and (3) the tag being used on that object (Vander Wal, 2005). This categorisation being publicly available, folksonomy features as an alternative to web browsers in information retrieval. The best known service of this kind is www.delicious.com.
3. Data on an epic scale: The amount of information available has never been larger, especially since Web 2.0 enabled mash-up through the use of Open API. This has resulted in the recombination of available information, as well as datafication, which means that real information is increasingly difficult, and very often literally impossible to find without web locations such as Google, Amazon, ebay, etc. A substantial problem produced by mash-up is the issue of intellectual property of the "borrowed" information.

The last three principles stated by Anderson (Anderson, 2007) (Architecture of Participation, Network Effects, Openness) stem from Metcalfe's Law, and relate to the economic and social implications of adding new users to a service based on the Internet.

THE MOST POPULAR WEB 2.0 APPLICATIONS AND SERVICES

Blogs

The term "weblog" was first coined by Jorn Barger in 1997 (Wortham, 2007), and, breaking the word "weblog" into "wee" and "blog", Peter Merholz (Merholz, 2002) coined the word "blog" in 1999. Baker and More define weblogs or blogs as "…personal web pages, usually frequently modified, in which an individual posts information about himself or herself or about topics of interest" (Baker & Moore, 2008, p. 81). Baggetun and Wasson (2006) regard blogs as journals: "A weblog is a web page that serves as a publicly accessible personal or group journal for an individual or a group." (p. 454). The same authors argue that that blogs can also be regarded as a knowledge management system "here knowledge elements are annotated and augmented by the readers" (p. 455), while Williams and Jacobs (2004) called blogs an "easy to use form of micro-publishing offering the opportunity for collaborative activity and knowledge sharing".

Blog entries can take on the form of texts and/or multimedia. Posts are ordered chronologically: the latest are the first on the list, while the earlier posts are available through a system of menus and links.

Blogs are tagged, and thereby categorised, and visitors can make comments on a blog entry, thus establishing communication, exchanging ideas and opinions between bloggers and their readers. Offering the readers to make comments on blog entries, the blogger is permanently open to communication, which is one of the most significant aspects of blogging culture.

Stressing the huge potential of blogs, Eide and Eide (2005) label blogs as an "important and influential sociocultural force", listing the following most important positive characteristics:

1. "Blogs can promote critical and analytical thinking. [...]
2. Blogging can be a powerful promoter of creative, intuitive, and associational thinking. [...]
3. Blogs promote analogical thinking. [...]
4. Blogging is a powerful medium for increasing access and exposure to quality information. [...]
5. Blogging combines the best of solitary reflection and social interaction."

Out of the fundamental ideas of Web 2.0 concept (Anderson, 2007) stated in Section 1.1, wikis as well as blogs confirm the effectiveness of Harnessing the power of the crowd.

Wikis

To a certain extent, wikis resemble blogs. Mattison (2003) contends that both wikis and blogs are about collaborative work and examples of groupware, but "a wiki can be a blog, but a blog does not have to be a wiki". Leuf and Cunningham (2001), the originators of the wiki concept, defined a wiki as "…freely expandable collection of interlinked web pages, a hypertext system for storing and modifying information - a database, where each page is easily edited by any user with a forms-capable web browser client" (p. 14). Having posted an entry on a blog, the author enables readers only to comment, but not to change the post or other readers' comments. Wikis are far more open than blogs, and allow their users to change what was written by other users. Generally speaking, all wiki visitors can participate in creating wiki contents, and practically, wikis are under permanent revision. Unlike blogs, wikis have a history function, directing readers to previous versions of pages, and a rollback function, restoring previous versions. On the one hand, proponents of wikis point to their ease of use, extreme flexibility and open access, but on the other, they are subject to malicious actions and vandalism (Bogatin, 2006).

Wikis share the positive characteristics attributed to blogs. Financial institutions' wikis may serve as shared knowledge repositories "with the knowledge base growing over time" (Godwin-Jones, 2003, p. 15). According to Kokkinaki (2009), "…wikis improve teamwork skills, critical thinking skills, group processing and social skills…they promote better comprehension, active processing and positive interdependence while at the same time they can be used as a digital environment for 'problem sharing' and prompt feedback" (p. 1121).

Evans (2010) states the figure of 16 million articles available on Wikipedia.

Multimedia sharing and Social Networking Sites (SNSs)

Anderson's ideas (Anderson, 2007), serving as the basis for Web 2.0 (discussed in Section 1.3 of this article), particularly the idea of individual production and user generated content, have undergone a high degree of personalisation through multimedia sharing sites (such as YouTube, Flickr, etc.) and social networking sites, such as Facebook, MySpace, Twitter, LinkedIn, etc.

The statistics below support the above assertions: According to Facebook Press Room data (Facebook, 2010), Facebook currently has more than 500 million users, half of whom are regular. An average user has 130 friends, and is linked to 80 community pages, groups and events, creating 90 items of content monthly. Over 30 billion items of content (such as web links, blog posts, news stories, picture albums, notes etc) are shared per month. Evans (2010) states that Twitter had 75 million users in February 2010, hosting more than 4 billion images. More recent data, from May 2010, report a rise in the number of Twitter accounts to 160 million (Bianchi, 2010). As for Youtube, over 2 billion items of video footage were watched in May the same year, the average visit time of this site was 15 minutes, and 24 hours of video footage were uploaded per minute (Metekohy, 2010). To compare, the same author states that 20 hours of video clips were uploaded in May 2009, and 13 hours in May 2008. According to Evans (2010), LinkedIn has 50,000.000 members.

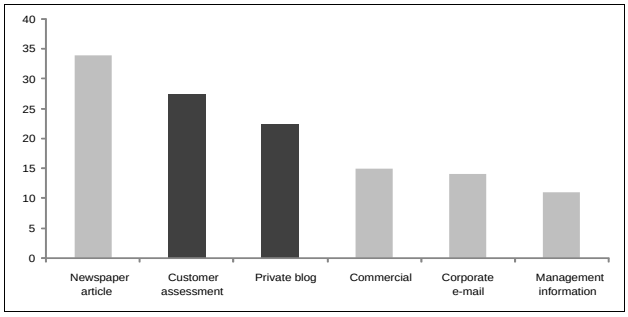
The concepts of social tagging, social bookmarking, tag clouds, folksonomy and collabulary (a collective vocabulary) (Anderson, 2007, p. 9) are organically related to multimedia sharing sites.

THE ROLE OF WEB 2.0 IN EXTERNAL AND INTERNAL INFORMATION FLOW AND EXCHANGE OF FINANCIAL INSTITUTIONS

The relationship between Web 2.0 applications/services and financial institutions was analysed through the prism of new ways of gathering and displaying financial organisations' external and internal information. To this end, we used available statistical data, primarily related to banking, for several reasons: every third European is currently using online banking, and this is expected to rise to 60% by 2020 (Meyer, 2010). Moreover, a high number of bank account holders use the Internet:

according to O'Brian and McCarthy (2011), in the UK, where as many as 73% of residents use the Web, 54% of account holders use Internet banking, while 80% of them are informed about online banking services.

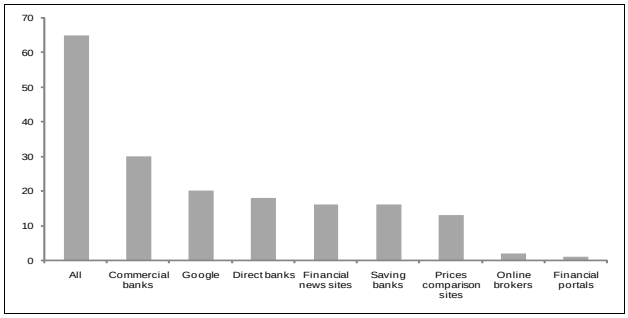
Interactive Web 2.0 applications have altered the way financial service users gather information about services and providing institutions. This has transformed users from passive consumers of information created by professional editors into active creators and users of word-of-mouth information. Information is consumed from online communities and customer reviews. Private posts are read, and, naturally compared critically to official information published by financial institutions in the form of advertisements, e-mails, brochures, official web presentations, etc. Sources trusted by German Internet users when gathering information on financial services and products are shown in Figure 1.



Source: Heng, 2008, p. 6.

Figure 1. Sources trusted by German Internet users (%).

Referring to research results announced by the Institut für Medien und Konsumentenforschung IMUK GmbH, Meyer (2011b) states that German financial service users utilising social media are characterised by a stronger demand for financial information (20.6% respondents) compared to those who do not use social media (13.4%). In a study published earlier discussing the habits of German Internet subscribers, the same author (Meyer, 2010), gives the figure of as many as 65% subscribers using the Internet for researching financial products, 13% for purchasing financial products, and 2% using mobile banking. In the same publication, Meyer writes about the methods of gathering information on financial services employed by German Internet users, as shown in Figure 2.

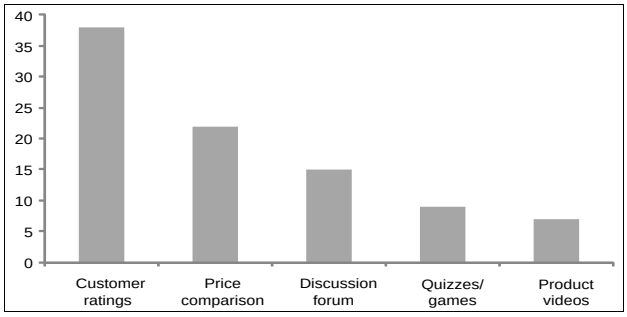


Source: Meyer, 2010, p. 4

Figure 2. Financial research by German Internet users

As Figure 2 shows, carrying out competitive price analysis and other ways of comparing competing financial services seems to have become quite easy. As it were, financial institutions are under meticulous scrutiny, exposed to publicly available comments and criticism more than ever before, with numerous ways for users to express their discontent and annoyance, resulting in an increasing degree of transparency in service pricing, lowered margins, and multiple rises in reputational risks. In most cases, information is only a few clicks away, and users tend to gather it before making decisions on specific financial services. This also means a multiple increase in the power of the financial service user, confirming Robin Morgan's well-known statement that "Information is power" (Hillard, 2010, p. 6).

Figure 3 illustrates the content and functionality that US customers expect from bank portals in their banks.

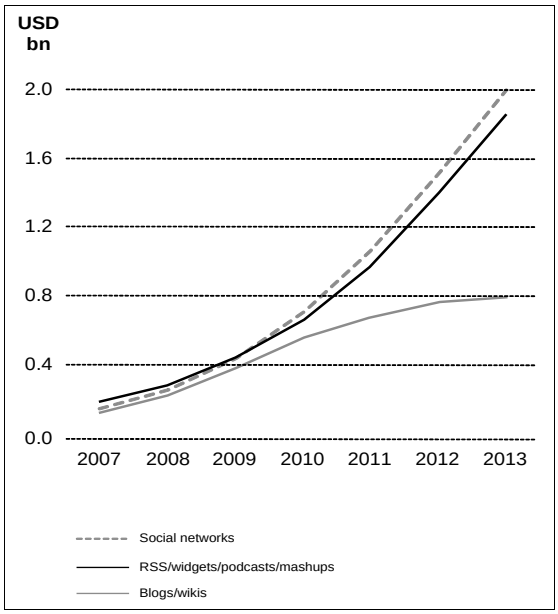


Source: Heng, 2008, p. 11.

Figure 3. Content and functionality that US customers expect from bank sites (%)

It can be argued that comparability of competing financial products and services is not a welcome phenomenon for financial institution. In their attempts to alleviate the seriousness of this situation as much as possible, financial institutions, particularly retail banks, tend to launch non-standard and emotion-laden products, thus trying to avoid direct comparability. According to O'Brian and McCarthy (2011), a further aggravating circumstance for financial institutions is a decline in the trust of the general public: on the UK market, the public deems that the financial sector is much to blame for the current economic problems.

Despite evident unfavourable impacts, financial institutions also understand the possible benefits of Web 2.0 technologies. These can be used for differentiation from competitors, and so for covering as large market segments as possible. Moreover, institutions can gather valuable information from their current and/or potential users, or gain insight into forthcoming trends. In this respect, citing the research results published by Gartner Research, Heng et al. (2007) deem that 75% of financial institutions will be using some of the Web 2.0 applications by 2012. This opinion is also supported by Forester Research Inc.'s results from 2008 cited in Heng (2008) about planned corporate investments in Web 2.0 worldwide (Figure 4).



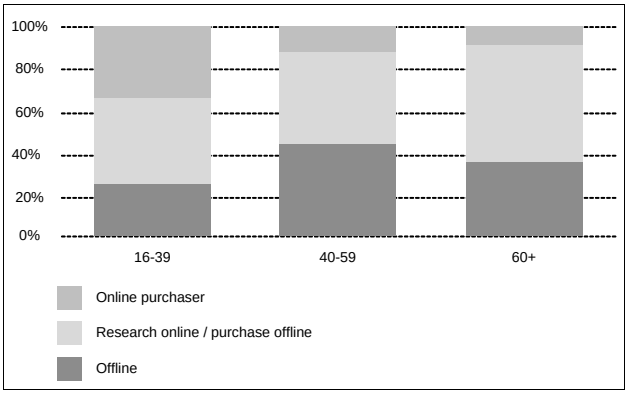
Source: Heng, 2008, p. 9

Figure 4. Corporate investments in Web 2.0 worldwide (USD bn)

The fact that each individual user of financial user of financial services can reach a large number of people using Web 2.0 technologies (which was an opportunity practically available only to celebrities and public personalities in the earlier analogue world) also means that financial organisations can approach a given target group relatively inexpensively, build their own image, influence public opinion, respond to previous negative publicity, etc. This also implies high-quality monitoring of the Web 2.0 sphere. Financial institutions should monitor their image in the Web 2.0 sphere, similarly to what they do in the case of the traditional media. It is highly dangerous when financial institutions do not take into account the opinion formed about them in the Web 2.0 sphere. It is also crucial to spot unfavourable information or misinformation at an early stage and nip it in the bud, which implies that financial institutions should be actively present in the Web 2.0 sphere, as many of them already are. According to the results of a survey conducted by Research Inc. on 38 global financial services firms, cited in Meyer (2010, p.4), 65% of respondent financial institutions use Twitter, 59% use Facebook, 59% of them use YouTube, while none of the social medial tools were used by only 21% of respondents.

The potentials of Web 2.0 in external communication are a valuable marketing opportunity for the financial sector, where it is difficult to achieve the targeted goal of feel and touch of products or services. A particularly appealing segment is the growing population of young potential users of financial services, who are technically conscious, and very often immune to traditional marketing campaigns (Heng et al., 2007). This market segment, however, requires caution, due to a possible collision between the new and the old image. In situations when financial institutions are unwilling to give up their long-nurtured, well-established, even somewhat distant image of a high degree of privacy and professionalism, and at the same time want to create a cool, provoking, youthful image via the open-communication culture of Web 2.0, a multi-brand strategy imposes itself as a logical solution. In both cases, financial organisations' web contents must be substantial, authentic and credible, regularly updated (once or several times a day or a month), and responses to financial users' comments must be prompt (especially in the case of negative comments and reactions).

The significance of young users of financial services is also illustrated in Figure 5, showing that users aged 16 to 39 are keen on purchasing financial services online, deciding to purchase offline only after having completed online research.



Source: Meyer, 2011b, p. 3

Figure 5. New financial products in Germany, by age and sales channel (%)

Heng (2008) states that nearly 50% of German users aged between 14 and 29 have posted information online. This percentage is significantly lower with mature users, amounting to 18% at the age of 30 to 44, and only 8% in the case of web population aged 45-49.

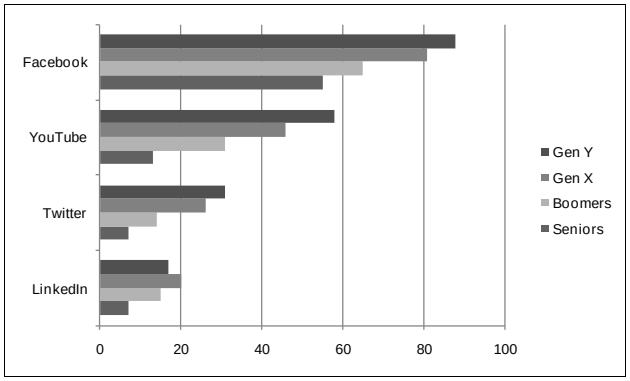
The benefits of Web 2.0 technologies can be reaped by financial institutions not only when creating external information, but also in internal information flow. In particular, introducing corporate blogs and wikis tends to add a qualitatively new dimension to financial institutions' internal processes, through new forms of knowledge aggregation and distribution. As Stobbe (2009) contends, the application of wikis may result in high benefits from know-how management, reflected in support to group work and communication, project documentation, knowledge grouping and structuring and error correction, owing to the wisdom of crowds. The same author also adds the benefits from blogs: enhanced communication, a reduced number of e-mails, increased relevance, openness and interactivity of information, etc.

In addition to the above-mentioned benefits, internal blogs and wikis also tend to improve expertise sharing and dialogue between the staff and management, providing managing and/or executive structures with the

opportunity of timely response to critical topics. It can also be said that Web 2.0 technologies facilitate the identification of employees with financial organisations' financial products and corporate culture.

Social media and banks

Social media have become a part of daily routine of a large section of online consumers; so, for instance, according to some estimates, about 75% US online consumers visit social networks or blogs (Fiserv, 2010), whereas this percentage is lower in Germany, amounting to about 40% (Meyer, 2011a, p. 2). Figure 6 shows the popularity of some social media or micro blogging sites among the members of Y, X, Baby Boomer and Senior generations in the USA.



Source: Adapted from Fiserv, 2010, p.1.

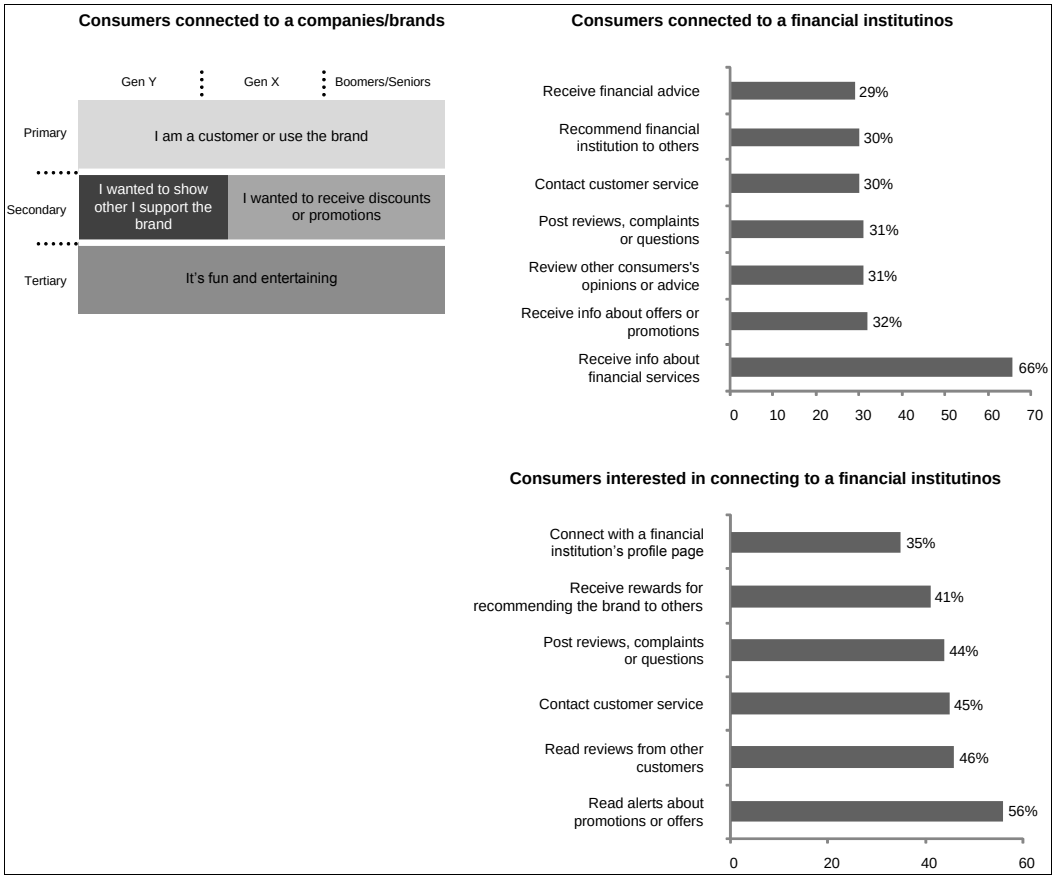
Figure 6. Use of social networks and micro blogging sites by the members of Y, X, Baby Boomer and Senior generations in the USA (% online consumers)

It is beyond doubt that online consumers use social media, notably Facebook, mostly to maintain contact with their friends, relatives and co-workers. Social media, however, do not feature any more merely as a channel for chatting, sharing photos or posting videos. It is a powerful customer engagement tool and a marketing channel for establishing connections between businesses and brands on the one side and consumer on the other. This phenomenon occurs on a relational level and helps build a relation-based community. In the case of companies and brands, this is accomplished to a high extent: as many as 57% of online consumers have some kind of connection to a company or a brand by way of a social site, but on the other hand, despite the fact that many aspects of banking (such as online bill payment) have already been changed significantly, the number of clients connected to their banks is far below that figure – only 10%, but 36% of clients who are not connected to banks yet are interested in doing it soon (Fiserv, 2010). Other sources give similar data. According to Retail Banker International (2010), two-thirds of bank customers are unwilling to make commitments and establish deeper relations with them. Approaching the issue from the banks' point of view, Tavan (2011) states that social media are currently not used as a tool for engaging customers by 60% of retail banks worldwide, social media platforms are currently used for customer enquiries by only 6% of retail banks, and only 12% are expressing their intention to do so by the end of 2012.

It would be interesting to compare the motives of connecting to companies, brands and financial institutions, shown in Figure 7. Apparently, financial institutions demonstrate only a portion of secondary motives found in companies and brands, whereas fun and entertainment do not figure on the list of financial institution customers' motives.

Researching why banks lag behind companies and brands in the number of followers on various social media, Fiserv (2010) lists the following reasons: a lack of awareness (in 31% of respondents), not understanding the value proposition (46% of respondents will rather go to a bank's web site to seek information than do it on social media sites), privacy/security concerns (45% bank clients prefer to keep their personal information private). Reasons stated by Retail Banker International (2010) are somewhat different: conservatism found in banks, no apparent client demand for this functionality, as well as uncertainty regarding return on investment in social media projects.

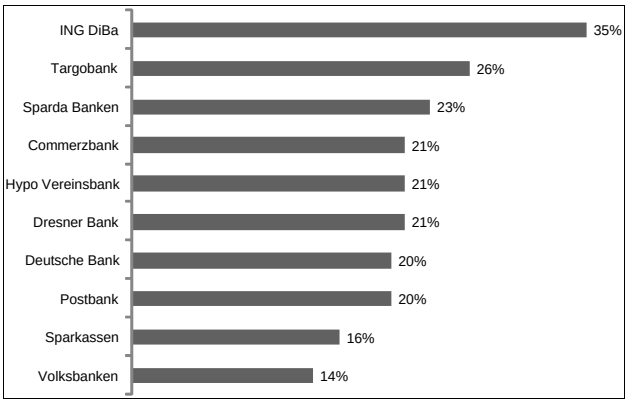
As regards conservatism, research conducted by Financial Brand (2011a) on 20 banks with a combined client base of 85 million people showed that large banks have to invest ten times as much effort in attracting Facebook users than their smaller competitors. Another research by the same source (Financial Brand, 2011b) relates that 35 top banks present on Facebook claim to have nearly 9 million fans, which would mean they have reached an average of 0.6% of client base, i.e. one in every 173 clients. If three top-performing banks are excluded from this calculation, the average figure will decline to one in every 525 clients, i.e. only 0.2% of their client base. The situation is additionally worrying if one takes into account the following assessment of the same source (Financial Brand, 2011b): probably over 35% of social media connections come from spammers, social media experts, industry insiders and people living outside a firm's geographic reach. Financial Brand (2011b) finds it ironic that more fans are generated by non-financial Facebook promos: those financial organisations that appeal to the largest number of fans more often than not build their Facebook presence around any other issue than personal finance, ranging from charity causes to athletes and celebrities. This is indirect evidence of how difficult it is for financial organisations to grow a social media following organically, only by staying within the boundaries of their business model.



Source: Adapted from Fiserv, 2010, p. 2.

Figure 7. Motivators for being connected to a company/brand and financial institution

What can banks do to raise the number of connected clients and fans? First of all they should use the undoubtedly existent potentials: it is stated in Section 2 of this article that 60% of Europeans are expected to use internet banking (Meyer, 2011a). In this sense, banks potentially stand a better chance to engage customers than many other firms, in view of the fact that they already have omnipresent online interactions with their clients by way of internet banking (Retail Banker International, 2010). Accordingly, it may also be interesting to take a look at the claim presented by Fiserv (2010), about the correlation between the interest in social media and higher usage degrees of online banking: as few as 2% of those already connected, and only 8% of people interested in connected do NOT use online banking (Fiserv, 2010, p. 5). This claim is corroborated by Deutsche Bank Research's data, showing that German bank clients are highly familiar with the use of social media (figure 8). Unlike Fiserv's research (Fiserv, 2010), this one encompasses both categories of clients: those using online banking and those not doing so.



Source: Adapted from Meyer, 2011a, p. 2.

Figure 8. Share of social media users among German bank clients (%)

Table 1. Top 35 banks on Facebook

Bank	Facebook likes	Customers	%	1 Follower for every [x] customers
Chase	2,900,179	55,000,000	5.27%	19
American Express	2,428,059	48,900,000	4.97%	21
Barclays	930,789	48,000,000	1.9%	51
RBS	611,116	40,000,000	1.52%	66
Akbank	542,182	8,000,000	6.78%	15
Garanti	524,592	9,800,000	5.35%	19
Visa	311,289	408,000,000	0.08%	1,25
Citi	197,412	300,000,000	0.07%	1,42
BNP Paribas	153,617	18,000,000	0.85%	117
Santander	137,125	25,000,000	0.55%	180
ING	86,215	85,000,000	0.10%	1
Deutsche Bank	80,528	24,900,000	0.32%	310
BofA	66,066	57,000,000	0.12%	825
HSBC	58,142	95,000,000	0.06%	1,65
Commonwealth	53,972	10,000,000	0.53%	184
Standard Chartered	51,688	14,000,000	0.37%	265
Crédit Agricole	49,945	49,000,000	0.10%	1
Standard Bank	35,802	10,500,000	0.34%	293
ABSA	35,013	11,300,000	0.31%	317
BBVA	32,022	47,000,000	0.07%	1,42
TD Canada	23,289	11,000,000	0.21%	475
ASB	19,318	1,000,000	1.93%	52
Capitec	14,508	2,500,000	0.58%	172
US Bank	13,907	15,000,000	0.09%	900
Wells Fargo	11,605	70,000,000	0.02%	5
Arvest	10,307	450	2.29%	44
Erste Bank & Sparkasse	8,869	17,400,000	0.05%	2
Commerzbank	8,177	15,000,000	0.05%	2
NAB/UBank	6,806	10,600,000	0.06%	1,65
First Tennessee	6,323	1,100,000	0.57%	174
Lloyds TSB	5,316	30,000,000	0.02%	5
MB Financial	5,221	500	1.04%	96
Nedbank	3,305	5,100,000	0.06%	1,65
Dexia	2,71	800	0.34%	293
Isbank	1,791	14,000,000	0.01%	10
SunTrust	1,748	6,500,000	0.03%	3,333

Source: Adapted from Financial Brand, 2011b

Fiserv (2010, pp. 5-6) gives the following general guidelines for increasing the number of fans, i.e. connected bank clients:

1. Embrace the opportunity. Banks should seize the opportunity to create and advance digital relationships by way of social media, the more so because (as stated by Retail Banker International (2010)) word-of-mouth marketing features as the fastest-growing segment in the sector of marketing services.
2. Increase awareness. Social media messaging should be incorporated into existing marketing efforts within other channels. This could be as elementary as incorporating Facebook or Twitter icons into digital or printed marketing communication.
3. Differentiate social media from the transaction-driven website. The principal reasons for connecting with a brand tend to be personal and relational. Banks must draw a clear distinction between the social media channel from the transactional channel, and provide customers with community-building activities, for instance, opportunity to receive recommendations from fellow customers otherwise unavailable at traditional websites.
4. Dispel security and privacy issues. Banks have to clarify and convey response to security and privacy expectations found within social media so as to eliminate obstacles to adoption.

Busman, Hyde and Sandrock (2011) take the stand that retail banks should address the needs of younger, more Web-savvy customers (also referred to as Generation C, or the Connected Generation), by way of devising new services and products, characterised by higher simplicity and transparency, and using the power of digital

platforms as well as social networking to enhance their marketing. The same authors (Busman, Hyde & Sandrock, 2011) provide positive examples, such as Spanish BBVA bank and German Fidor Bank. BBVA bank has developed a personal finance management tool, called "Tú cuentas" ("You count"), aggregating account balances and transactions in one places, categorising the transactions, and automatically generating special offers tailored to customers' financial needs. Fidor Bank relies heavily on technologies and uses blogs and forums, being actively present on social networking sites to communicate with customers. They provide services such as e-wallets, which enable quick and secure access to accounts, electronic transactions, as well as a bonus program for clients participating actively in its community functions (Busman, Hyde & Sandrock, 2011).

Both banks can also serve as a positive example for sales cost cutting: Online forums gather customers to exchange opinions on various products and services, explaining them to each other, and so reducing reluctance among buyers. Banks can set up blogs to target particular client segment, and introduce them to relevant product and services, using case examples to help explain them. Both of the above mentioned banks already let clients speak directly to financial advisors and bankers through video conference, and provide greater convenience at a much lower cost than in brick-and-mortar bank environment.

In order to increase the number of connected clients, Retail Banker International (2010) advocates introducing social media tools for enhancing banking service, such as: live chat capabilities and virtual agents, helping clients find their way through complex information or application procedures; widgets, RSS feeds and blogs providing clients with real-time, up-to-date information and alerts; and online communities, social networks and online personal finance management (PFM) tools enabling client questions and help each other.

CONCLUSION

Financial institutions are not exempt from the development of network relations and the omnipresence of Web 2.0 applications and services; on the contrary. This article has presented the key Web 2.0 ideas, briefly described the most popular Web 2.0 services and application, and presented the opportunities and threats of using wikis and blogs to the users of financial services and products, but also to financial institutions.

The users of financial services and products can be expected to use information related to the quality of financial services drawn from social networking even more intensively in the future. Information required for the comparative analysis of prices and quality of financial services is already simple to gather. For this reason, financial organisations are subject to public criticism more than ever, which has inevitably resulted in lower margins and increased reputational risk. However, Web 2.0 applications and services also offer benefits to financial institutions, both in external and in internal information flow. This new form of disseminating information to the public is especially convenient to young users of financial services, well versed in using Web 2.0 application, and often resistant to classical, traditional marketing campaigns. With such potential of Web 2.0 application, the forthcoming years are likely to see a significant increase in investment in building financial Web 2.0 applications.

REFERENCES

ANDERSON, P. (2007, February). What is Web 2.0? Ideas, technologies and implications for education. Retrieved September 2, 2010, from CiteSeeRx: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.108.9995&rep=rep1&type=pdf

BAGGETUN, R. – WASSON, B. (2006). Self-Regulated Learning and Open Writing. European Journal of Education, 41 (3-4), 453-472.

BIANCHI, L. (2010, May 10). Twitter Facts & Figures. Retrieved September 25, 2010, from Viral Blog: http://www.viralblog.com/research/twitter-facts-figures/

BAKER, J. – MOORE, S. (2008). Distress, Coping, and Blogging: Comparing NewMyspace Users by Their Intention to Blog. Cyberpsychology & Behaviour , 11 (1).

BOGATIN, D. (2006, September 7). Why Digg fraud, Google bombing, Wikipedia vandalism will not be stopped. Retrieved December 14, 2010, from ZDNet: http://www.zdnet.com/blog/micro-markets/why-digg-fraud-google-bombing-wikipedia-vandalism-will-not-be-stopped/420

BUSSMANN, J. – HYDE, P. – SANDROCK, J. (2011, May 24). Banking on Social Media. Retrieved December 12, 2011, from Banking on Social Media: http://www.strategy-business.com/article/11202?pg=0

DYBWAD, B. (2005). Approaching a definition of Web 2.0. Retrieved 2010, from Socialsoftware: http://socialsoftware.weblogsinc.com/2005/09/29/approaching-a-definition-of-web-2-0/

EIDE, F. – EIDE, B. (2005, March 02). Brain of the Blogger. Retrieved November 7, 2010, from Eide Neurolearning Blog: http://eideneurolearningblog.blogspot.com/2005/03/brain-of-blogger.html

EVANS, M. (2010, January 26). 75M Twitter Users But Growth Slowing. Retrieved May 6, 2010, from ME Mark Evans: http://www.twitterrati.com/2010/01/26/75m-twitter-users-but-growth-slowing/
FARBER, D. (2006, August 31). Web 2.0 = a piece of jargon. Retrieved Jun 12, 2010, from ZDNet: http://www.zdnet.com/blog/btl/web-20-a-piece-of-jargon/3552
Facebook. (n.d.). Statistics. Retrieved 10 11, 2010, from Facebook: http://www.facebook.com/press/info.php?statistics
Financial Brand. (2011a, March 7). Financial Brand: Marketing Insights for Banks & Credit Unions. Retrieved January 15, 2012, from How Many Facebook Fans Can Financial Institutions Expect: http://thefinancialbrand.com/17424/facebook-page-fans-likes-for-banks-credit-unions/
Financial Brand. (2011b, September 1). The Top 35 Banks on Facebook. Retrieved January 15, 2012, from Financial Brand: Marketing Insights for Banks & Credit Unions: http://thefinancialbrand.com/19526/the-top-35-banks-on-facebook/
Fiserv. (2010, November). Financial Institutions and Social Media. Retrieved January 17, 2012, from Financial Services Technology, Mobile Banking, Payments - fiserv: http://www.fiserv.com/resources/financial-institutions-and-social-media.htm
GILLMOR, D. (2004). We the Media - Grassroots Journalism by the People, for the People. Retrieved July 5, 2010, from Autorama - Public Domain Books: http://www.authorama.com/book/we-the-media.html
GODWIN-JONES, R. (2003, May). Blogs and Wikis: Environments for On-line Collaboration. Language Learning & Technology , 7 (2), pp. 12-16.
HENG, S. – MEYER, T. – ANTJE, S. (2007, July 31). Implications of Web 2.0 for financial institutions: Be a driver, not a passenger. Retrieved June 11, 2011, from DB Research: http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000213772.PDF
HENG, S. (2008, September). Be a driver, not a passenger, Implications of Web 2.0 for financial institutions. Retrieved Avgust 2, 2011, from DB Research: http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000231676.pdf
HILLARD, R. (2010, July). Information- driven business, How to manage data and information for maximum advantage. Retrieved September 2, 2011, from Deloitte: https://www.deloitte.com/assets/Dcom-Australia/Local%20Assets/Documents/National%20Programs/CIO/Information_driven_business.pdf
KALAKOTA, R. – ROBINSON, M. (2000). E- Business 2.0: Roadmap for Success. Boston: Addison-Wesley Professional.
KOKKINAKI, A. D. (2009). The potential use of Wikis as a tool that supports collaborative learning in the context of Higher Education. m-ICTE2009 V International Conference on Multimedia and ICT in Education (pp. 1119-1123). Badajoz: FORMATEX.
LEUF, B. – CUNNINGHAM, W. (2001). The Wiki way. Boston, MA: Addison-Wesley Professional.
MAHADEV, S. (2001, August). Pervasive computing: vision and challenges. IEEE Personal Communications , 8 (4), pp. 10-17.
MATTISON, D. (2003, April). Quickiwiki, Swiki, Twiki, Zwiki and the Plone Wars Wiki as a PIM and Collaborative Content Tool. Retrieved Juny 15, 2010, from Information Today: http://www.infotoday.com/searcher/apr03/mattison.shtml
MERHOLZ, P. (2002, May 17). Play With Your Words. Retrieved October 17, 2010, from peterme.com: http://www.peterme.com/archives/00000205.html
METEKOHY, M. (2010, May 17). YouTube Statistics. Retrieved September 25, 2010, from Viral Blog: http://www.viralblog.com/research/youtube-statistics/
MEYER, T. (2010, November). Online banking and research: The state of play in 2010. Retrieved June 11, 2011, from DB Research: http://www.dbresearch.de/PROD/DBR_INTERNET_DE-PROD/PROD0000000000264269/Online+banking+and+research%3A+The+state+of+play+in+2010.pdf
MEYER, T. (2011a, May). Social media in finance: Users want tangible benefits, not friendship. (A. Stobbe, Ed.) Retrieved December 2, 2011, from Deutsche Bank Research: http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000273185/Social+media+in+finance%3A++Users+want+tangible+benefits%2C+not+friendship.pdf
MEYER, T. (2011b, May). DB Research. Retrieved July 22, 2011, from Social media in finance: Users want tangible benefits,not friendship: http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000273185.pdf
O'BRIEN, C. – MCCARTHY, C. (2011, February). It's Time for the Financial Services Industry to Listen to Consumers. Retrieved June 25, 2011, from Ipsos MORI: http://www.ipsos-mori.com/DownloadPublication/1410_loy_time-for-financial-services-industry-to-listen-to-consumers_feb2011.pdf
Retail Banker International. (2010, May 25). Social media powerful, but no silver bullet. Retrieved January 19, 2012, from Retail Banker International: http://www.vrl-financial-news.com/retail-banking/retail-banker-intl/issues/rbi-2010/rbi-632-633/social-media-powerful,-but-no.aspx
SAKAL, M. (2007). Korisnički orijentisan dizajn interfejsa softverskih proizvoda (The User-oriented Interface Design of SoftwareProducts) . Unpublished doctoral dissertation, Faculty of Economics Subotica, Subotica

STOBBE, A. (2009, November 29). Web 2.0: Mehr Chancen als Risiken für Unternehmen. Retrieved August 5, 2011, from Deutsche Bank, Corporate Finance Deutschland: https://www.globalbanking.db.com/docs/Enterprise_Web_2.0.pdf
TAVAN, D. (2011, February 23). The case for social media engagement. Retrieved January 15, 2012, from Retail Banker International: http://www.vrl-financial-news.com/retail-banking/retail-banker-intl/issues/rbi-2011/rbi-646/the-case-for-social-media-enga.aspx
VANDER WAL, T. (2010, October 8). Folksonomy. Folksonomy Coinage and Definition. Retrieved January 22, 2011, from Vanderwal.net: http://www.vanderwal.net/folksonomy.html
WILLIAMS, B. J. – JACOBS, JJ. (2004). Exploring the use of blogs as learning spaces in the higher education sector. Australasian Journal of Educational Technology , 20 (2), 232-274.
WORTHAM, J. (2007, December 17). After 10 Years of Blogs, the Future's Brighter Than Ever. Retrieved November 1, 2010, from Wired: http://www.wired.com/entertainment/theweb/news/2007/12/blog_anniversary
WU, T. (2005, October 17). Leggo My Ego. Google Print and the other culture war. Retrieved June 22, 2010, from Slat Magazin: http://www.slate.com/id/2128094/