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REGULATION DOESN'T STIFLE SOCIAL MEDIA

Katie Keir / May 04, 2012



It's a familiar refrain in the financial services industry: I'd like to use social media, if only compliance would let me.

But your compliance department might not pose as big a challenge as you think, and using social media can help you to establish yourself as an industry leader, according to Silu Modi, vice-president of digital marketing in North America for Macquarie.

Read: [Compliance social media can co-exist](#)

Speaking at the 2012 Digital Marketing for Financial Services Summit on Thursday, Modi urged advisors to embrace the social media movement.

The benefits of social media should be obvious by now: it offers the opportunity to engage in low-friction communication with clients; advisors can clearly, concisely and publicly define their services and profile; prospects can more easily find advisors via search engines; and social media platforms allow advisors to expand their networks.

Read: [Social media: biggest risk is ignoring it](#)

When trying to implement the use of social media at Macquarie, Modi pitched these same reasons, both to IIROC and to internal compliance at Macquarie who were uneasy about social media and its perceived risks.

IIROC, which released [regulatory guidelines for communication materials](#) in December 2011, was concerned about record keeping, endorsements and proper training. Internally, compliance and legal worried about tracking and managing content and comments.

But surprisingly, Modi encountered the most resistance at the advisor level. While many were excited at first, they were apprehensive about the possible training and technical requirements.

However, after 9 months of planning and decision-making, the company now has a successful social media pilot program, with 5 advisors posting online and 5 compliance officers pre-approving their content, usually within the hour.

Macquarie isn't the only company who's seen the value of online marketing; firms like Fidelity have

found that platforms such as Twitter, the most advisor-friendly platform alongside LinkedIn, attract high-net worth and educated investors.

In an earlier presentation, Chris Needham, chief catalyst officer at Fidelity Investments, said, “Twitter is for sophisticated audiences and provides the highest click-through rate to our site and product information. It’s unlike Facebook, which is a place for listening rather than jargon, product spots and investment discussions.”

Needham’s view was confirmed by a LinkedIn representative who visited Fidelity this past year—the representative revealed that 25% of LinkedIn users are over the age of 35 and hold a senior management level position or higher, and 41% earn over \$100,000 per annum. Based on these statistics, many LinkedIn users would serve as ideal clients.

Before you go mining for prospective clients, however, Modi suggests focusing on your existing clients and their networks on the site—up to 60% of a their existing network is at the same income level as they are and have the same general goals.

“By finding ways to connect with your clients’ networks, you can gain low-friction referrals that don’t cost your existing clients any extra time or effort,” says Modi. “You can also see who has viewed your profile. If you’ve had previous contact with any of those people, they may be a hot prospect.”

He adds, “If you aren’t using these social media tools, you are throwing away a huge chunk of your potential market.”

Modi stresses, though, “Social media is not a digital or marketing strategy. It’s only one part of a complete strategy and you need to fold it in with your other efforts.”

For example, you may start by having someone retweet one your posts. You would contact your prospect by email and possibly invite them to a seminar or send a newsletter so they get to know you.

Read: Social media: where to start and what to do

You might then connect them to your blog and reinforce that you are knowledgeable and trustworthy. In the end, you would reach the phone call stage of first contact and set up a face-to-face introductory meeting.

Marketing yourself and your services takes just as much effort, but online tools help advisors open up their networks. In six months, Macquarie’s advisors have posted over 2,000 social messages and not a single post has been rejected by compliance. Recently, one advisor even connected with a million-dollar prospect via Twitter.

An added benefit is the media coverage your company may garner and the possibility of new recruits. Modi says, “Macquarie has become well known outside of Bay Street and gained acclaim.”

Media attention is not without its risks, however. The need to monitor and deal with negative comments is crucial—a lesson [Goldman Sachs](#) has found out the hard way—and “social media is not a panacea. You need to build a strong, intelligent base or it doesn’t work. It takes work, time and research, and is only one tool.”

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