Social Media & Finance

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Email Ten Years Ago...

• Ten years ago most financial services firms prohibited the use of email to communicate with clients
• If email was permitted, each message had to be printed, reviewed and retained
• Technology was the enabler for widespread email usage and that is where we are today with social media
Deja Vu
Regulatory Guidance

- FINRA Notice 10-04
- FINRA is coming out with updated guidance
- Not much from the SEC or any other regulators although the SEC is conducting social media sweep exams
The Perils of Social Media

- Testimonials (ex. LinkedIn Recommendation)
- Past specific recommendations
- Misrepresentations
- Libel or slander
- Intellectual property
- Private offerings
Compliance Considerations

• There are two main compliance considerations with the use of social media
  – Archiving
  – Supervision

• Analogous to email there are technology vendors offering solutions that capture all communications and apply lexicon-based exception reports
• Disclaimer: This is not an endorsement!
• Socialware works as a browser applet
• Integrated interface with email vendor(s)
• $15/month per user
Keep Things Under Control

• Social media is revolutionizing the way people communicate
• The rise of Facebook and the decline of MySpace demonstrates just how fast things are changing
• Compliance polices and procedures are important to make sure things don’t spin out of control
Think of compliance as the “brakes” on the social media vehicle. Brakes are a safety device. Why does a car have brakes? Most people would answer “to keep the car from crashing” but in truth.........
Brakes allow the car to go faster!
Resources

• Socialware Insights: www.socialware.com

• Arkovi: https://www.arkovi.com/

• Social Turns: http://www.socialturns.com/