

# ASSIGNING YOUR SOCIAL MEDIA COMPLIANCE MANAGEMENT STAFF

How to Put the Right People in Place for Better Compliance Management



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Completing a Social Media Compliance Policy is the beginning of preparing your financial institution to manage social media risk and compliance. Your policy will become a living document that develops as you proceed through each of the seven steps outlined by the Federal Financial Institutions Examination Council (FFIEC) guidelines, and as your institution's social media use evolves. Once procedures for use and monitoring of compliance policy are in place, it is equally important to determine clear roles and responsibilities that ensure senior management, as well as board members, leverage the policy when setting strategic objectives for the company. Creating management controls and risk assessment protocols, at both the executive and management level, will also help minimize risk as your organization expands its use and monitoring of social media activities.

Understanding social media, in order to effectively monitor activities, requires knowledge that extends across your organizational infrastructure, from loan officer to board member. The breadth of this is a bit complex in that it requires a solid understanding of both risk and reward. Risks can come in many forms depending on the platform. Social media sites can easily convey employee and customer concerns in a misinterpreted or inappropriate manner, all of which can reflect negatively on your organization. Not to mention that social media platforms are subject to fraud and hacking that can result in noncompliant access to your customers and their data. Conversely, there is great reward in leveraging social media to engage new prospects and develop existing clientele.



*To be effective requires a solid understanding of both **risk and reward.***

Your compliance department, team or manager, will be responsible for ensuring policy adherence, monitoring and reporting in the evolving social media culture. This can be a segment of your staff that is already stretched to capacity, making it crucial that they have the tools and resources needed to protect and advance your organization. The right governance structure in this area is a specific component of the FFIEC guidelines and is critical to your organizational success, that includes harnessing the power of the Internet to gain market share.

### Identifying Compliance Management Candidates

Pursuant to FFIEC guidelines, financial institutions are required to assign an individual that will oversee the management of the social media compliance policy within your institution. This person (or team of people) must thoroughly comprehend your company's policy to ensure that all regulatory, investor and internal requirements are understood. Understanding of the various agency guidelines relevant to the oversight of your financial institution, as well as federal and state legal implications, is vital in maintaining policy, minimizing risk and preventing potential violations.

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Ultimately, multiple people in your institution may be involved in the development and monitoring of social media policies and procedures. In developing internal candidates, a keen attention to detail, a desire to follow up on unanswered questions or issues, and solid communication skills should be strongly considered. An individual who also recognizes the need and expertise of others in the firm, including Human Resources and Legal Counsel, is valuable. Finally, potential candidates should understand the roles and importance of department administrators, who become critical when policy requirements need updating, additional safeguards need to be put in place, or remediation support is necessary.

Every financial institution is different and every social media compliance policy will be unique. Internal policies and guidelines for social media compliance should be carefully developed and require buy-in across the organization. The policy is, in a sense, a communication policy, and therefore extends to owned-media as well, which includes marketing and content controlled by the company. It also applies to individual loan officers posting on their personal accounts. Although not considered owned-media, these activities are subject to compliance regulations and guidelines. The breadth of activities that fall under the definition of social media contributes to risk and further exemplifies the importance of identifying strong candidates to build your compliance governance structure.

The right candidates to manage and oversee your social media compliance team will need a unique blend of experience. These positions necessitate an individual(s) with a diverse skill set that includes compliance experience, as well as an in-depth understanding of digital marketing and social media activities. Knowledge in this area extends from regulatory comprehension and risk analysis, to various forms of online activities. Your social media compliance manager will be required to take ownership of their position and have a thorough grasp of the fact that they play a vital role in protecting and informing the company in all related areas. Remaining versatile as new digital marketing avenues and social media channels enter the marketplace will be a key attribute. The more the online social space evolves, the more complex compliance management, and its role within your organization, will become.



*A unique blend of skills in compliance experience and an understanding of digital marketing are required.*

### Identifying Management Responsibilities

A key component of compliance policy is to lay out the roles and responsibilities associated with social media compliance management. These duties should reflect your organization's specific needs and requirements for implementation and oversight. Taking the time to design the compliance manager's role (or roles within the compliance team) to clearly fit the framework of the policy itself will benefit the entire organization. Never build your compliance policy around your manager's skills or bandwidth. Develop the policy first; then mold the manager's role and duties around the precise execution of the policy.

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Implementation of a proper social media compliance policy requires involvement, information and insight from multiple sources within an organization and financial institutions frequently hire a compliance manager with the expectation that they alone, will develop and implement the policy. Appointing a competent compliance manager will help sidestep potential violations.

### *Checklist of Compliance Manager Responsibilities*

- ✓ Verify that corporate policies and procedures are documented, implemented and communicated across the organization.
- ✓ Review and update policies or operating guidelines to ensure compliance with changes in regulations or standards.
- ✓ Disseminate written social media compliance policies and procedures.
- ✓ Conduct periodic internal reviews or audits to ensure that compliance procedures are being followed.
- ✓ Identify compliance issues that require follow-up or investigation.
- ✓ Conduct or direct internal investigation of specific compliance issues.
- ✓ Maintain documentation on social media compliance activities, such as complaints, investigation status and outcome.
- ✓ Present emerging social media compliance issues to management and employees.
- ✓ Assess product compliance and operational risks to develop risk management strategies.
- ✓ Review corporate media to ensure consistency, compliance and absence of violations.
- ✓ Evaluate and oversee training programs to ensure consistency and compliance with policies and procedures.
- ✓ Collaborate with human resources to ensure use of consistent and compliant disciplinary action practices in cases of policy violation.
- ✓ Consult with corporate counsel as necessary to address legal compliance issues involving social media activities.
- ✓ Prepare reports for management regarding compliance operations and progress.
- ✓ Advise internal management, or business partners if appropriate, on the operation of compliance programs.
- ✓ Monitor and verify adequacy and accuracy of software technology monitoring and oversight of social media activities.
- ✓ Advise program administrators on the development and use of compliance reporting tools.
- ✓ File appropriate compliance reports with governing regulatory agencies.
- ✓ Report compliance or regulatory violations to duly authorized enforcement agencies as appropriate.
- ✓ Stay abreast and informed of industry changes, trends and best practices; assess potential impact to existing organizational processes.

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## Compliance Management Training

One of the most important roles of the social media compliance manager will be establishing effective training programs. The terms of your policy need to be clearly communicated to staff and comprehension of the policy confirmed. Loan officers need to understand what they can and cannot post on social media platforms, as well as the importance of regulatory compliance in avoiding violations, fines and reputational damage.

Compliance management should interface with the balance of the management to develop creative approaches for engaging staff. The end result should include manuals and other resources that are easy-to-follow, such as social media posting templates that minimize questions and subjective interpretation of acceptable practices. Staff surveys can also assist with training, in addition to helping identify the current social media activities of your employees. Your policy needs to be clear, concise and make sense to all levels of staff. Ongoing training is vital to the successful implementation and adherence to your policies and procedures, as well as providing resources to make practices more tangible. People tend to forget or naturally fall back into bad habits so you want a training system that continually reminds them of compliance issues and appropriate social media activities. Stay abreast of regulatory changes and industry trends. Immediately implement and communicate corresponding adjustments to the policy itself, make certain changes are communicated effectively to all employees, and update best practices and procedures accordingly.

## Compliance Monitoring, Audits and Reviews

Your social media compliance manager will be the central point person for gathering and responding to information through regular monitoring, scheduled audits and compliance reporting. Processes and systems need to be in place to facilitate these practices and support adherence to associated requirements. Your social media compliance policy should detail timeframes, approach and format for required audits or reviews, as well as expectations for monitoring frequency and results.

Even with the best social media compliance policy and training, people make mistakes and your institution should be prepared to effectively address social media issues, with the compliance manager as the ultimate gatekeeper. This individual or team will be responsible for bridging communication between employees and your executive management, human resources and legal teams. It is crucial that they have the right tools to support identifying and addressing social media issues.



*Even with the best social media compliance policy and training, people make mistakes.*

Based on the size of your organization and the extent of social media use, decisions on how to best satisfy regulations and requirements in this area can save you time and money, or just the opposite. Having the right manager will safeguard the effectiveness of your policy and practices and with social media access and activities evolving at an exponential rate, this is not an area to overlook or underfund.

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## About Optimal Blue

Optimal Blue, a financial technology company, operates the nation's largest Digital Mortgage Marketplace, connecting a network of originators and investors and facilitating a broad set of secondary market interactions. The company's technology solutions include product eligibility and pricing, lock desk automation, risk management, loan trading, and data and analytics. More than \$750 billion of transactions are processed each year across the Optimal Blue platform. For more information, please visit [www.optimalblue.com](http://www.optimalblue.com).