

REPORTING & RECTIFYING SOCIAL MEDIA COMPLIANCE VIOLATIONS

How Reporting Provides Insight Into Your Social Media Activities



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The Federal Financial Institutions Examination Council (FFIEC) final guidance on social media compliance has been used as a framework for establishing guidelines for financial institutions as they endeavor to expand their social media presence. Illustrating the importance of navigating policies, oversight and risk based on current regulation, the FFIEC provided seven key components for incorporation into an effective social media risk management program. The last of these elements for success centers on a reporting system. As outlined by the FFIEC, this system or program should assess the effectiveness of your social media program on a recurrent basis, in a format that will assist executive management in identifying risk and ensuring that corporate objectives are met.

As we wrap up the whitepaper series on social media compliance, reporting is the perfect area to emphasize as it is the conduit that allows you to focus on the most important aspects of your strategic compliance program, including:

- 1 **Setting Policies & Procedures**
- 2 **Governance Structure**
- 3 **Third-Party Relationships**
- 4 **Training**
- 5 **Oversight & Monitoring**
- 6 **Audits & Reviews and Reporting**

As an organization, you've established the policies and procedures that make up your social media compliance program. There is a clear understanding of who is assigned to manage your compliance program. Your selection criteria for third-party social media providers is established. Loan officer training is positioned to grow and manage social media activities. Monitoring protocols are in place and you're running audits on employees, corporate marketing and third-party providers. Now comes the reporting component, which assimilates the information and data around social media activities that benefit and/or impact your organization.

As with any new endeavor, whether administered internally or generated with the benefit of an outside provider, strategic foresight should be applied. For example, in developing reports its important to understand who will be your audience? What specific information is needed for various levels of management? How will the status of activities be reported and reviewed? How will possible nonadherence to guidelines or regulatory infractions be handled?



Be prepared to answer a number of questions before they are asked by an actual examiner.

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These are some of the questions that need to be answered before they are asked by an actual examiner. In other words, the reporting process and rectification protocols need to be put in place as you develop your social media policy. This will ensure you are positioned to proactively handle issues as they arise.

When you rely on a leading industry provider to generate reporting, you gain a precise overall picture of how successful your specific program is, with reporting that helps you readily identify trends, issues and gaps in your social media policies, marketing and monitoring efforts. Through reporting your organization will also gain immediate access to data that identifies possible regulatory infractions, providing you with the opportunity to identify, retrain and realize improvement within a proactive timeframe. In today's regulatory compliance and consumer-centric environment, using a social media solution will provide your organization with the confidence and credibility needed to manage and grow your social media presence.

Reporting will provide immediate access to data that identifies regulatory infractions, giving you the opportunity to identify retrain and realize improvements within a proactive timeframe.

Reviewing Data from Audits and Monitoring

Ideally, the information-gathering process will be performed using technology. Given the current breadth and growth of social media, it is difficult to monitor and track activities of your staff and partners without informed automation. Technology that supports active monitoring, as well as on-demand audit capabilities and report generation, will ensure you are able to distribute reliable reports within required timeframes. Reporting will push the data from monitoring and audits to your management team in formats that concisely call out red flags and potential compliance infractions requiring immediate attention. This data then needs to be reviewed by management. Red flags and potential compliance violations need to be carefully evaluated and action steps should be clear.

With everyone that is involved in compliance management and oversight aware of their specific roles and policy enforcement procedures, your company will be able to take quick and decisive action. This is particularly important when regulatory concerns require expedient resolution, or a post is reported that could result in reputational damage for the company.

Identifying Potential Compliance Violations

Early identification of compliance infractions and potential regulatory violations may still seem allusive with an automated reporting tool. A solution that is specifically designed to support social media and digital media communications within a regulatory framework will go beyond simple automation. Setting up reporting that effectively analyzes audit data to support immediate identification of potential issues will certainly assist in minimizing risk exposure. Innovative technology will allow you to run reports that readily flag questionable activities to include posts, comments or likes that may be regulatory violations.

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Monitoring and auditing for trigger words will support generating reports to notify your management and/or compliance team within minutes of these words appearing on a social media platform, as well as in blogs or digital articles. Creating reports that effectively analyze data received from questionable posts or other activities will position your team to identify, prioritize and promptly take action as needed.

Remember that not every flagged post will represent an actual violation. An effective software solution will identify posts using the specific trigger words and other compliance parameters that are set. This assists the compliance manager and management team, both of which need to be able to understand what constitutes a possible violation and what does not.

Prioritizing Violations

Once a potential violation is identified, the issue should be prioritized from a risk and response standpoint. As you can imagine each infraction or potential violation carries a differing scope of concern and level of risk. For example, some issues can be easily rectified and for some resolution is more complicated. Both time and complexity can weigh into prioritization. Many posts can be quickly and simply pulled, whereas others may require a more formal response from a consumer complaint perspective. Follow-up can include anything from employee reprimands to notifications directed to the Consumer Financial Protection Bureau (CFPB) or state examiners. Employees that have been a party to activities that put the organization at risk should be disciplined and retraining must be provided that specifically addresses the activity or type of infraction that has occurred.

Minor violations that may be deemed questionable or borderline problematic will necessitate a different set of actions steps. Reporting may still be valuable to management and will definitely be important to compliance, where examples can be used to prevent future occurrence and trending activities can be highlighted that could indicate repeat offenders, or areas that are not effectively monitored.

As concerns, infractions and violations are prioritized from a risk perspective, resolution of the underlying issue must be addressed in each of the following areas:

- ✓ Update and/or Correct Social Media Policy
- ✓ Make Adjustments to Monitoring and/or Auditing Processes
- ✓ Carry Out Employee Corrective Action
- ✓ Assimilate Into Training Opportunity



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Intelligent reporting will provide the status of corrective action and incorporation into training efforts making this level of detail invaluable to your organization as you grow your social media presence.

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Communication Strategies

As you might expect, good communication is vital, from monitoring to training to enforcement. Compliance policies and procedures, as well as policy infractions, need to be clearly communicated to every level of management and individual employee. Reporting helps you deliver this information in a concise, data-driven format. Highlighting the issue, which regulations may have been violated, place of occurrence and corresponding personnel. Additionally, intelligent reporting will provide the status of corrective action, incorporation into training efforts and much more. Communication that includes this level of detail is invaluable to your organization as you grow your social media presence and operational excellence.

Editing or Removing Social Media Posts

Utilizing reports to guide the editing or removal of social media posts creates a traceable means for documentation and follow-up. Once a posting or other activity is identified as a policy infraction or regulatory violation, your organization will want to ensure the information is removed or corrected from the corresponding social media platform(s). A number of social media channels, including Facebook, Instagram and LinkedIn, as well as many blog portals, will allow the user to edit posts.

Some social media platforms, such as Twitter, do not allow the editing of posts. In these instances, problematic posts will need to be removed as soon as they are realized. In either of these scenarios, it will be important to properly edit or remove the posting as quickly as possible, and ensure there are not lingering responses or activities that require attention. Remember that simply because a post is edited or removed, does not alleviate your company from being in an exposed position. For instance, a regulatory agency or competitor may have already seen the original posting and flagged it for audit or response, illustrating the perils of social media communications. The important takeaway is that proactive monitoring, auditing and reporting will help to protect your organization from reputational and regulatory risk exposure.

Training (and Retraining) to Avoid Future Violations

Social media compliance training is far from a onetime event. Even the best of policies and monitoring solutions cannot entirely protect your organization from being exposed to risk, fines, enforcement action or other consequences. New social media platforms and functionality are extremely prevalent. Additionally, the regulatory environment remains volatile, corporate strategies change and employees transition in and out of your organization. As the social media market continues to thrive, training will keep your team prepared to outsell and outperform the competition.

Your reporting data should be at the center of these ongoing training efforts, guiding new and existing personnel as they expand their understanding and use of social media. When violations or questionable activities occur, employees need natural that employees will forget or make careless mistakes, further indicating the need for your compliance education program to be at the forefront of your strategic approach to social media and digital communication.

Using Technology and Templates

The Comergence Social Media Compliance Audits & Monitoring software automates the auditing, monitoring and reporting processes required by regulators and called out by FFIEC guidance.

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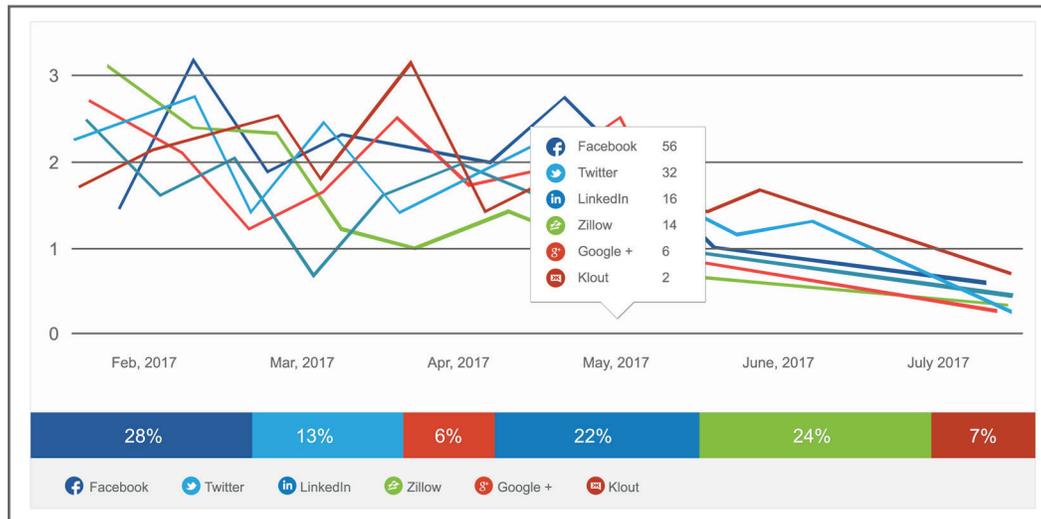
Incorporating this sophisticated solution into your social media compliance program and operational best practices will assist your team in their efforts to expand and evolve your social media presence. Employees can use content filtering applications to avoid violations long before they occur. Employers can distribute templates and training aids to illustrate examples of what employees can and cannot post on social media or blogs. Templates bring additional value by providing consistent and proven formats to your organization's tool kit.



Distribute templates to bring additional value by providing consistent and proven formats to your organization's tool kit.

Put the power of compliance technology to work for you with the Comerence suite of software and services. Providing an intelligent industry solution that effectively addresses the insurmountable task of monitoring social media and digital communications in today's regulatory environment. "Our programs provide real-time, on-demand functionality that readily complements processes for social media administration," says Michael Stallings, Vice President, Comerence.

Social Media Findings/Trend Report by Social Media Platform (Account)



Presenting monitoring and auditing data in flexible reporting formats can revolutionize your efforts to expand social media use.

Comerence provides greater transparency that yields greater results.

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.