

FACE TIME WITH GEN^Y

A handful of traditional banks are starting to toy with the wildly popular social networking sites of Facebook and MySpace. What they're quickly finding is a world of consumer control.

LEAVE IT TO A SILICON VALLEY credit union to become the first financial institution to bring online banking into Facebook, the social networking site that boasts nearly 50 million members, about half of which visit the site every day.

In November, just six months after the Google of social networking announced it would open its API to outside developers, Keypoint Credit Union—which caters to employees of Apple, Google and Cisco—became the first financial institution to allow Facebook users to have real-time access to their Keypoint balances and transactions on their Facebook portal page. “Facebook and other social applications are just so much a part of people’s lives now, it wasn’t just a cool thing to do, it’s a practical thing to do,” says Julie Ann Callis, COO of Keypoint. “For the folks we are chartered to serve, it’s all about technology...it was very obvious that we needed to get involved as quickly as we could in the whole new genre.”

Keypoint turned to its mobile banking vendor MShift to build the Facebook application, which in turn leveraged its existing infrastructure to build the product in less than three months, says MShift CEO Awele Ndili.

Although Keypoint was the first to bring limited online banking to Facebook, it wasn’t the first bank-built application available to Facebook users. Leading the pack was TD Canada Trust, which launched “Split It” in August. The innovative widget allows roommates who each have a Facebook membership to split household bills, and track when they’re due and who has paid—a task that garners angst in many shared

living situations. Unfortunately, while the app gathers great praise among marketers who specialize in Web 2.0 tactics, uptake among its target audience has been dismal—just four users have joined the group in its first four months.

Taking a more conventional approach for the past year have been Bank of America, JP Morgan Chase and RBC, all which have built group pages on the network within the last 18 months. JPMorgan Chase has demonstrated considerable traction, attracting nearly 40,000 college-only members to its Chase+1 group. The group site includes a trivia contest that awards “karma points” from pop-culture trivia questions; karma points are something like a loyalty program and can be redeemed for prizes. Chase is also one of the first 12 partners that have signed on to Facebook’s new advertising functionality, which will allow both narrow targeting and the ability to spread messages virally among friends.

BofA has about 1,000 members in its CampusEdge group, which it uses to pitch customizable credit cards and mobile banking. RBC’s Campus Connection has nearly 3,000 members and has sponsored a YouTube-like video contest in which it will hire the winners to post videos about financial topics on the site.

But any institution considering a presence on Facebook or MySpace should consider two axioms: Facebook is more than college students; and you have no control over what they say or do to your brand in this environment.

Facebook’s primary audience is GenY, the 70 million born from 1977 through 1997. Since Facebook opened up its service beyond students to all Web users about 14 months ago, users who choose to identify their employer include more than 17,000 from Microsoft, 20,000 IBMers and 13,000 from Accenture, Gartner found. Bankers without a social computing strategy are missing out on early financial ties to an under-30 population that lags boomers by only five million.

Empowered youth can mean some potential PR headaches, though. The comments posted on the BofA group page contain just as many gripes about the company as hurrahs. And 4,000 students organized through a Facebook group to protest an HSBC policy rescinding overdraft fees on recent graduates. HSBC relented, but “[t]he genie is out of the bottle with this kind of social networking,” says David Schehr, research director for Gartner Advisory Services. “Think about, like with HSBC, the implication of your actions in this new world of consumer control.”

—Rebecca Sausner