

Practical solutions driving tangible results



Risk Management Social Commerce For Financial Institutions

Kathlyn L. Farrell
National Director
Risk Management Services

Sheshunoff
CONSULTING + SOLUTIONS

Practical solutions driving tangible results

Social Commerce

What is it?

Sheshunoff
CONSULTING + SOLUTIONS

2

Social Commerce

“ the sharing of views about a product or service with other consumers “

---David Beisel 2005

Social Commerce

- Social Network Sites
- Ratings and Reviews

Social Commerce Behavior

- 75% of online adults participate in social networking at least once per month
- 33% of online adults have written a rating or review
- 30% of online adults participate in blogs
- In 2008 the amount of time spent on social networking sites (Facebook, MySpace, LinkedIn, etc) increased by 63% over 2007
- In 2008 participation in Twitter grew by 752%
- For the first 5 months of 2009, Twitter grew by 50% per month

What does this mean for financial institutions?

Opportunities for

- Marketing
- Cultivating Customer Service
- Community Outreach
- Services ...potentially

Risk Management for Financial Institutions

What are the risk management and compliance implications for financial institutions that actively use social commerce with their customers?

Many Concerns When Payments are Involved....

- **Records Management Compliance**
- **Information Security**
- **Regulation E**
- **BSA/AML Compliance**

Records Management

Specific record retention regulations

- Equal Credit Opportunity Act
- FINRA/SEC
- Truth in Savings
- Truth in Lending
- E-Discovery

Bank Secrecy Act/AML Regulations

- Payment Recordkeeping
- Suspicious Activity Monitoring
- OFAC Requirements

Information Security

- Personally identifiable financial information
- Payment information

Questions???

Lyn Farrell
800-477-1772
X526
521-426-1686