

Opportunities abound in social media

Many advisors surveyed for this year's Brokerage Report Card say that they see much potential in using social media websites such as Facebook, Twitter and LinkedIn as prospecting tools, while others still prefer old-fashioned methods

BY CLARE O'HARA

ALTHOUGH INVESTMENT DEALERS have long considered the use of social media websites in the financial services industry to be taboo, many of their financial advisors are starting to see the potential of these online tools for client communication and prospecting.

Advisors surveyed for this year's Brokerage Report Card were asked to rate their "firm's focus on social media and other new methods of communication," as well as how important this is to their businesses, in supplementary questions. Not surprising, advisors had much to say about where things stand concerning their lack of exposure on websites such as Facebook, Twitter and LinkedIn because many brokerage firms have banned their advisors from using social media altogether because of compliance concerns.

In fact, regulators are now grappling with how to police the new online territory. The **Investment Industry Regulatory Organization of Canada** recently proposed guidelines for brokerage firms that outline their compliance obligations, but final rules are likely to be months away.

"We're not allowed to use Facebook," says an advisor in Ontario with Toronto-based **RBC Dominion Securities Inc.** "But, considering there are more than 500 million people on it, it would be a pretty good prospecting tool."

Adds an advisor in Ontario with Winnipeg-based **Wellington West Capital Inc.:** "There's no policy in place, but social media could be very helpful for the business."

Although demands from advisors who want to have greater access professionally to social media can be heard at almost every firm, many advisors are still unsure about where their firms stand on social media or how it can factor into their overall business strategy. And although many advisors avoid logging on to these websites because of warnings from executives about possible compliance issues, that hasn't dampened curiosity about where these online tools could help advisors take their practices.

Says an advisor in British Columbia with DS: "I was on LinkedIn for a short while, and I was able to get three face-to-face coffee meetings with prospective clients. Then, the firm took me off the website, and that was it. I see great potential in using social media, especially with LinkedIn."

Advisors with Toronto-based **CIBC Wood Gundy**, Wellington West and Toronto-based boutique brokerage **Richardson GMP Ltd.** consider social media to be more important to their businesses than do their competitors. Advisors from those three firms say that while there isn't much known about social media's business potential, they see it as a tool that could be valuable.

"I just came out of a branch meeting in which they encouraged us to take advantage of social media," says an advisor in Alberta with Richardson GMP. "This is a huge differentiation with bank-owned dealers, at which [management] would have clamped down on [using] it. But here, they're not discouraging its use; rath-

er, it's a 'learn as you go along' monitoring process."

This past autumn, Richardson GMP set up a small "social media working group" of advisors to test various social media websites and how they could benefit their businesses. The firm, which already allows its advisors to use Twitter and LinkedIn and write personal blogs, is getting ready to release a firmwide social media policy.

"I think today's blogging is yesterday's newsletter," says Andrew Marsh, CEO of Richardson GMP. "But it's much more effective because it draws more people, through the magic of the Internet."

Similarly, Toronto-based **Macquarie Private Wealth Inc.** has set up a social media committee to look at how the firm's advisors can gain access to these ever-growing media. This committee is in the midst of putting together an internal social media policy, and it will then work on setting up an online pilot project to get advisors using social media.

"[Social media] is a very exciting forum, and it is something that is here and isn't going anywhere — it is only going to become a broader and wider form of communication," says Earl Evans, Macquarie's CEO and head. "So, for us, it is pretty exciting. We are not steering away from it; we are embracing it."

Despite many firms' overall apprehension about social media, the majority have no problem when it comes to advisors logging into LinkedIn, a website that is geared

toward a more business-savvy audience. Advisors can post a static profile page that resembles an online resumé, and then "connect" with other professionals. But when it comes to more dynamic social media websites, such as Facebook and Twitter, in which status updates are posted continually, brokerage firms are much more wary.

"We have chosen LinkedIn as the social media platform that we are going to use for now," says Debra Hewson, president and CEO of Vancouver-based **Odlum Brown Ltd.** "[Advisors] can use it for networking and communication, but we have to be very careful because we have very strict regulatory guidelines on how we can manage that process. So, we have decided to take a more cautious approach."

But, as advisors had discovered with the introduction of email communication, many clients have no difficulty adapting to new technology. The percentage of Facebook users over the age of 50 is increasing as more grandparents and retirees set up accounts. That suggests advisors need to get up to speed quickly, particularly those who aren't familiar with these websites.

However, not all advisors are comfortable with this idea. "This is a relationship business, and you can't do the same thing on Facebook as you can in person," says an advisor in Ontario with Toronto-based **BMO Nesbitt Burns Inc.** "While it's an appropriate strategy for some, I'm still an old-fashioned guy." **IE**