

How banks can avoid a PR nightmare

By Jamie Tanner



There are all kinds of crises that can affect banks, ranging from security breaches and social media faux pas to robberies. The traditional response during a crisis is “no comment.” That’s actually one of the worst messages a bank can send to its customers, the news media or any of its other stakeholders.

Having the wrong response to a crisis can be damaging to a bank’s reputation and bottom line. Banks need to have a response plan in place before a crisis even occurs; no one wants to get the type of media coverage General Motors got when they handed out bonuses after accepting a federal bailout or the coverage BP received during the Deepwater Horizon oil spill.

Already having a good reputation can go a long way

Merrie Spaeth, founder and president of Spaeth Communication, works with community banks to develop crisis management plans. She says the old adage that the best defense is a good offense is absolutely true in banking. If a bank already has a good reputation in the community, they’re more likely to be forgiven for their transgression.

“We have been nagging bankers for years to get out and talk about the role that banks play helping their customers, building their communities, bolstering the local economy and being local community leaders,” Spaeth says. Those entrenched in the banking industry know the positive impact banks have on their communities, whether it be lending to small businesses, donating time and money to local schools and charities or teaching financial literacy.

Telling these positive impact stories to the general public helps beat back negative stereotypes of banks, earning goodwill with the public and putting the bank in better standing if a crisis does occur.

However, Spaeth says there’s a correct way to tell

impactful stories that banks aren't usually attuned to recognize. "Banks tend to focus on facts and figures — we've made x number of loans — you've got to tell the story of the individual customers that you've helped and you've got to tell the story of the bank employee who went beyond the call of duty to help the bank's customers," she says.

The problem with "no comment"

Banks, or any organization for that matter, most commonly respond with no comment after a crisis to avoid admitting guilt. The reason this can backfire is now the bank is no longer in control of the story as details often leak out, leaving the media to tell the story using the facts they've obtained. The information that leaks out after a crisis may not be a full reflection of what occurred



so it's vital that the bank get out in front of the story.

"The knee-jerk reaction is be quiet, don't say anything — no news is good news," Ron Oliveira, former broadcast journalist and current principal of Oliveira Public Communications, says. "Well, that's not quite true."

"Bad responses can have a huge impact on consumer or customer trust, brand value and, ultimately, the bottom line," Jackson Hataway of strategic planning consulting firm Strategic Arts and Sciences says. "If a bank's leadership can't be trusted to handle crises well, how can they be trusted with my money?"

When an institution makes a public statement, the perception is they're on top of it, that they're confident they have a solution or a management approach and that they're telling the truth. "Be upfront about things because you can't get away with a lie," Oliveira says. More often than not, the truth will get out.

Hataway reiterates Oliveira's point on the importance of being honest because hiding a crisis will likely come back to haunt the bank. "In this era of digital, sniffing out falsehoods isn't just the responsibility of the media, it's the responsibility of the public at-large," Hataway says.

"Even if you don't know the range or impact of the crisis, the reason it happened or the next steps, it's better to be upfront than to try to hide something unpleasant."

When a bank is prepared to respond to a crisis with its own statement, the media can be used as a channel for distribution, rather than letting the media set the tone of the story, Spaeth explains.

Though the media is a useful channel for communication, it's important to remember that there used to be a lot more banking and financial reporters. Reporters today are more likely to have a broader business beat that they cover. "Many of the reporters who are covering banking today are not either banking or financial specialists," Spaeth says. "I hate to say it but not many of them are well disposed to banks and they don't understand the role that banks play in their communities."

So what's the plan?

It's clear every bank needs a plan to deal with a variety of crises instead of figuring out how to respond after the fact.

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Oliveira says banks should talk to their legal advisers to develop a plan. "Don't just go out there and admit all guilt," he says. Oliveira also points out that some of the negative news associated with banks is self-inflicted — news that leaves a bad taste in consumers' mouths. "The first thing to remember when it comes to PR is it's not about you," Oliveira says. "It's always about the customers — if you do right by them you come out smelling like a rose and looking much better."

Spaeth cites an influence model she encourages banks to reference. She says banks need to be able to answer these questions when preparing a response: Who is the audience? What are the channels that we have to reach them? Who is the spokesperson? Are we prepared to react?

Though getting media training for every bank employee may seem a bit much, it's critical to at least inform employees when a crisis occurs and how to respond to the media.

"Most of the time, the best advice is to keep the messaging for staff simple and consistent; in other words, 'keep it simple stupid' is highly relevant," Hataway says. "People forget or confuse a lot in times of stress, even if they're highly trained."

"Come up with a corporate line for employees," Oliveira says. "You're not going to give them full-fledged media training but send out an email saying, for example,

Suzy Richards will be the only one answering media inquiries today.”

Back to being prepared before a crisis even occurs, Spaeth says banks should find time to sit down and ask, what are the 20 things that could have an adverse impact on our reputation? “Those involve personnel issues, security issues, they may involve a disgruntled customer, all the way to things like shootings and robbing in the parking lot to people hauling off an ATM machine,” Spaeth says. “Just Google these things and ask yourself, if that happened to us would we be prepared to handle it?”

Social media is just as important a channel as the media. Banks can craft their own message from their social media accounts. But they must also be prepared to respond to criticism on social media where, Spaeth explains, a bad customer experience can spread like wildfire.

Preparing for a security breach

One of the most common crises banks need to be prepared for is a security breach. “When they happen you need to let people know quickly that the bank is on top of it — that it’s managing it correctly — the decision on what you’re going to do for the customer, whether it’s free credit reporting or whether you’re simply going to advise them that they need to check their credit,” Spaeth says. “Those decisions and scenarios probably should have been thought through before the crisis even hits.”

Not all security breaches are created equal. “These can

range all the way from a significant security breach like the one that happened to Target, to a single bank employee taking a computer home and having it get stolen,” Spaeth says.

There are a number of IT services that can help banks during a security breach, and having made those vendor decisions beforehand is crucial.

Be proactive, have a plan

Having a good reputation in the first place is crucial to managing a crisis. Having a plan in place, for any number of crises, in consultation with legal advisers and/or a PR firm is step number two.

With that plan in place, it’s crucial to execute fast — inform bank staff; inform customers; use the media, social media and the bank website as communication channels when necessary; and have a spokesperson ready with the right message. “I think today banks are quite savvy in understanding that you have to react and react quickly,” Spaeth says.

Oliveira says when addressing the media, the first message that must be conveyed is sensitivity and empathy for the individuals impacted by the crisis. Don’t get forced into responding to questions regarding systemic problems with the bank in a public forum; explain that addressing those concerns will be done internally at the appropriate time. It’s important to think of the customer first before talking about the bank. ♦

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