

Social Media Risk Management

Managing the Changing Environment of Communication

Social media has become a mainstream way for people and businesses to market, broadcast, and connect. As sites like Facebook, Twitter, and LinkedIn continue to grow in importance every day, the risks associated with these sites and others alike continue to increase.

Social media has become, in just a few short years, one of the most important ways for businesses and consumers to communicate and learn. Many companies today maintain pages on Facebook, Twitter, and LinkedIn to share news about their organization with hundreds or even thousands of followers.

As the number of consumers who use these types of sites continues to rise, risk management of social media is an increasingly significant issue for companies. In December 2013, the Federal Financial Institutions Examination Council (FFIEC) released final guidance¹ on addressing the prevalent risks facing companies who use, and even do not use, social media. Here are some areas to consider for risk management of social media.

The guidance is meant to help organizations, especially financial institutions, identify potential risks when using social media sites for business advancement. Organizations should maintain a risk management program to monitor current risks and to help prepare for new ones. This risk management program may already be in existence and may just need to be updated to incorporate social media. The following are some primary objectives to consider for your social media risk management program as you prepare for your next examiner visit:

- Include social media objectives in the organization's strategic plan.
- Document policies covering use of social media regardless of when and where.
- Communicate policies about disclosing company information on social media sites.
- Incorporate oversight from leaders about advancement of company objectives and how social media plays a part in achieving those objectives.
- Train users on risks associated with social media and their effect on your organization.
- Conduct audits of social media sites to identify business risk.
- Review compliance of your use of social media with federal, state, and local laws.

It is clear that social media will continue to grow in size and importance in the years to come. Crowe Horwath LLP has designed a Social Media Risk Assessment (SMRA) service that helps clients understand the risks associated with social media based on their level of involvement. Even if you don't use social media at your organization, there are still risks that your management team should be concerned about. Crowe has worked with many clients in various industries giving suggestions on their social media risk management program to enhance areas such as policies, training, and monitoring of public chatter. Crowe has



helped organizations facilitate their social media risk assessment and brought management together to discuss some of the typical risks organizations face with the use of social media, how these risks may affect the organization, and controls that are in place to help mitigate these risks. Crowe can also help organizations that are fully engaged in social media by performing a social media audit to assess the controls that are in place.

Contact Information

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¹ Federal Financial Institutions Examination Council, 2013, www.ffiec.gov/press/pr121113.htm