Risks are an inherent part of operating a business. Damage can stem from many different crevices of an organization’s infrastructure and are easily brought to public attention due to the instant nature of digital media.

As is the case with most crises that occur, it is not always the cause of the disaster that people remember but the handling of the aftermath by the institutions involved.

This is certainly true for many companies in the financial sector that, in recent years, have experienced numerous challenges due to industry failures and lack of public confidence.

But, by implementing a structured plan for mitigating risks organisations can reduce the impact of a disaster as well as preventing incidents from happening.

When analyzing the finance sector it is clear that there are multiple online dangers that face providers.

This industry is particularly vulnerable to attack from different sources due to the potential monetary gains for its instigators.

Fraud, misuse of branding and data loss are just some examples of threats that can arise.

Containing any damage to a financial service provider’s brand reputation is of the utmost importance, due to nature of customer confidence around privacy and security.

There are two main courses of action that an organization can undertake when assessing risks.

Firstly, they can calculate the likelihood of a crisis and determine how they can counteract this before the incident has occurred.

If it is too late for this strategy they can instead accept that their organization has been damaged by a crisis and determine what is the best way to handle it without affecting the reputation of the company further.

By planning for this eventuality an FS provider can develop an approach which does not break any industry regulations while addressing consumer issues at the fast pace that social demands.

A technique that companies can use to control risks is through analyzing the conversations about their brand and industry online.

By monitoring this activity, businesses can hone in on specific cases of interest or investigate suspicious mentions.

Many risk management organizations use social media monitoring tools in the collection of online data on behalf of their clients.

They can then segment the findings into different categories to allow for multiple risk factors to be considered.

The real time element of online data means that these threats are constantly evolving leading to the need of up-to-date searches or queries and email alerts to respond to allow for quick responses.

The importance of using SMM tools is demonstrated in cases of false claims and fraud.

It is evident through the monitoring of all social media platforms that users are not aware of the public nature of their content.

Often they do not consider that these conversations can lead to them unveiling the true nature of their fraud.

Similar to the stories that are highlighted in national newspapers where fraudulent claims are discovered by undercover surveillance, a monitoring tool can pick out key phrases and topics which can be used as evidence against a claimant who is cheating the system.

These methods can save investigative teams time, money and effort.

It is unfortunate that people feel the need to take risks against major corporations and the reality is that it is hard to avoid detection. The implications of being involved in fraudulent activity are great, with fines and convictions being handed to perpetrators.

Internal threats can be just as damaging as those inflicted by criminals or competitors. Leakage of private information could occur by accident or with malicious intent and the effects can be disastrous for a business.

Containing the information and identifying the source will reduce it’s impact. This can be achieved through looking at the top sites and authors to find the source and remove the offending pieces quickly.

Any breach in internal security will take time and patience to rectify but it is the ongoing press that revolves around the risk that will cause issues.

By using SMM tools a brand can follow the online buzz on an escalating story and determine what is the correct approach to handle their PR efforts.

An example of this is the recent Lloyds Banking Group cash point crash which saw 30 million customers unable to access funds at the beginning of this week.

This led to thousands taking to Twitter to complain about the issue.

However, only a few tweets were sent out by the banking group to reassure customers and little action was taken to contact them.

When analyzing the social data it is evident that on the day of the crash Lloyds experienced a spike in negative mentions.

Instead of responding to the individuals affected, the banking group ignored the crisis, instead choosing to issue a response after the computer glitch was fixed.

This left many customers feeling undervalued and a loss of general confidence in the banking group due to this uncommunicative approach.

Another PR strategy that Lloyds could have employed is the creation of a Twitter profile or other web portal designed to reassure worried customers and keep them updated on the progress of the issue.

There are many different risks that can affect a company, as vulnerabilities are rife.

Yet, it is how the company plans and reacts to such issues which will determine how big of a loss they will suffer. Protecting a business through strategic risk management will strengthen security and improve trust with its customer base.

However, risk can never truly be eliminated, simply limited – it is a continuing battle between evolving threats and those who wish to challenge the system.

If you wish to find out more about defending your business from risks then please don’t hesitate to get in touch.

For more about how social media and financial service overlap, see our library of materials here, or click below to download our full report (it’s free!):