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**3RD STUDY ON THE ONLINE REPUTATION
OF THE PANAMANIAN FINANCIAL SECTOR:
FINANCIAL INSTITUTIONS, INCREASINGLY
CLOSE TO THEIR CUSTOMERS**

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>> La mayoría de los bancos analizados aún siguen en una fase incipiente de aproximación y apropiación del Internet como herramienta estratégica

Introduction

Since 2008, LLORENTE & CUENCA has been developing one of its main areas of expertise: Online Communication. Thanks to these efforts our company has carried out various studies on specific sectors, such as the one included in this paper: the 3rd Study on the Online Reputation of the Panamanian Financial Sector.

This paper updates the information gathered in the 2010 and 2011 reports and also analyzes the online visibility and prominence of 18 banks and insurance companies in Panama. Our objective was to evaluate the extent to which these enterprises were using Internet as a strategic tool in order to meet their objectives and strengthen their business model.

In previous years, the studies showed windows of opportunities both at the strategic and tactical levels. That is, banks generally neither developed online communication strategies nor carried out specific actions such as using Social Networks, other online assets like blogs or implemented a SEO process to improve their online ranking.

In 2010, we were struck by the gap between financial institutions and the international benchmarks in the use of Social Networks and online channels as a means to foster engagement with their target audience and capitalize on their online presence as a strategic means to obtain information and create value.

In 2011, we witnessed an increase in the number of banks with an own online platform (websites, Social Networks accounts, etcetera, hereinafter referred to as “own assets”) rising from 37% in 2010 to 44% in 2011 and were also indexed in the search engines. Thus, there was a decline in the external online platforms (referred to as “external assets”) from 63% to 56%. On a different note, five banks became active on Social Networks (four more than the previous year) and their google.com.pa keywords-ranking improved as well.

In short, despite the slight improvement recorded between 2010 and 2011, the online presence of financial institutions was characterized by isolated actions with an almost non-existent strategic approach. Thus, banks were unable to use the Internet as a space to develop strategic relations beyond e-banking, in which the Internet plays a particularly transactional role, ignoring other direct benefits to enhance their business model and strengthen their Digital Reputation.

What has happened in the last two years? The situation has changed. In 2013, we witnessed how banks and insurance companies took Social Networks more seriously and also made efforts to improve their search engine keyword-ranking.

Despite the fact that banks involuntarily benefited from the changes that Google made to its search algorithm, their corporate ranking in search engines such as Google still shows possible scope for improvement.

There is still a long way to go. Although certain banks are definitely taking this field into account by carrying out actions to implement an online communication strategy, most of the analyzed banks are still going through an early development phase; discovering and understanding the use of Internet as a strategic tool.

The aforementioned information becomes even more relevant due to the fact that Panamanians are making full use of all the possibilities that the Internet offers. In this sense, according to the company Tendencias Digitales, by the end of 2012 Panama had an Internet penetration of over 43%, ranking second in Central America; only trailing behind Costa Rica (over 47%).

This trend has enabled Social Networks to consolidate as platforms in which customers and users exert a greater pressure on and have greater power over companies and organizations. For example, Facebook has a penetration of 33%, with over 1,180,000 profiles. LinkedIn has 237,788 professional accounts of Panamanians who want to receive more information about the companies they are interested in, find job opportunities and/or promote networking. Meanwhile, Twitter has become the main tool for enterprises, authorities and politicians to discover the needs of the population.



Results of the Study

SEARCH ENGINE POSITIONING: GOOD LUCK AND TENTATIVE PROGRESS

Google, the most used and important search engine recently updated its search algorithm and this entailed changes in its ranking criteria. Despite the fact that this change could have had a negative impact on the websites that had implemented Search Engine Optimization (SEO) processes, it ended up being positive for the 18 banks and insurance companies that were analyzed in this study.

How exactly did this change benefit banks? Google is a search engine with over 200 criteria that enables global searches throughout the whole network in order to find useful information for the user. Previously, the results appeared in descending order, being the first result the website with the best ranking. Now, Google groups up results related to the first search so that the user can quickly see the contents of the website without needing to access the homepage. (Figure 1).

Let us analyze the example in Figure 2, in which we searched for an organization we will call "Bank XY". Previously, this bank had visibility issues in search engines, its basic web assets (website) did not appear in a descending order among the first results, but were scattered throughout the findings of Google.com.pa. Now, with the changes that Google has implemented, the Bank XY does not only appear among the first results, but all of its assets are grouped together, so that the customers or potential customers can click on any of them and directly access the information they are looking for.

With this new layout of the results, websites have a higher possibility of receiving more hits. Consequently, banks are more likely to meet the needs of their customers or, better yet, sell products.

As regards this study, the optimization carried out by Google also entailed a change in the methodology of the analysis, since the number of results decreased from 10 to 7 (Figure 3). However, the way in which the results of Google appear implies a significant leap in terms of the positioning of strategic content, even though these companies could be lacking specific SEO, Link-earning or Social Networks integration strategies, among others.

That being said, in 2013 40% of the assets that appeared in the search engines were own assets, while external assets accounted for 60% of the results. It is important to highlight that external contents are mainly composed of targeting advertising or media articles. The current distribution of assets jeopardizes the reputation of banks, since they cannot control the information currently being shared (quality, nature and assessment).

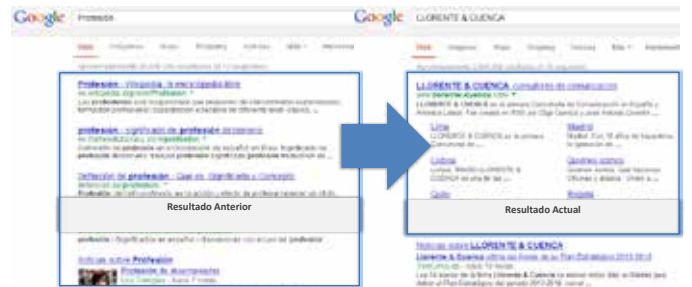
>> The current distribution of assets jeopardizes the reputation of banks, since they cannot control the information currently being shared (quality, nature and assessment).

The fact that 60% of the assets cannot be controlled reflects the need to implement more powerful digital strategies which take Social Networks into account, highly valued by Google, covering strategic actions such as enhancing and positioning the Digital Identity of the CEOs, Directors or Internal Spokespeople of the banks. In turn, the scope of positive communication will not only be broader, but the bank may also benefit from the reputation of these spokespeople for many different purposes: business, reputation, stakeholder management, etc.

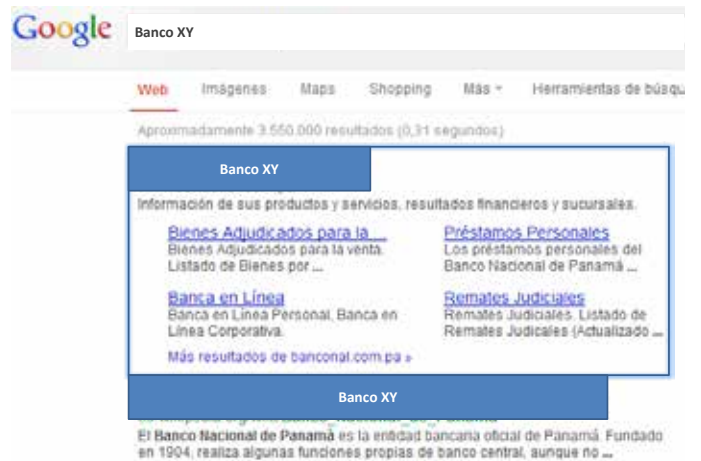
Another measure that offers great results is creating an official blog, which might promote brand awareness, create real and relevant conversations with specific communities and enhance the bank-customer relationship.

The combination of these and other online channels as part of a flexible and dynamic technology-based strategy will enable the aforementioned 60% to meet the international standards. The percentage of external assets of the most important international banks is 0%.

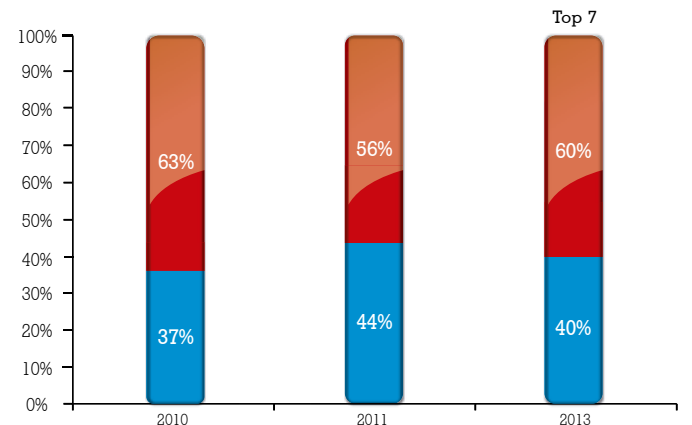
1. New Google Search Criteria



2. Example of Bank Search



3. Own and External Assets in the Top 10 and 7 of Google.com.pa.



■ Own
■ External



>> The time that visitors spend on the website and, more importantly, whether they are interested or not in the products offered by the bank will depend on the quality of the contents and the way in which they are presented.

SIGNIFICANT LEAP IN GOOGLE KEYWORD-POSITIONING

We took on the task of updating the study on keyword-positioning (words that might interest customers or potential customers and therefore are likely to be searched for on the Internet), which could directly affect the business objectives of the analyzed organizations. The results showed that even though they clearly lack a strategic plan, in 2013 banks have managed to position concepts relevant to their business such as "savings", "loans", "credit cards", "online banking" and "insurance", all within the Top 5 of the ten first Google results and are therefore more likely to be visited.

The prominence of these concepts showed an interesting improvement in relation to 2011, a year in which only 46% of the banks were among the Top 10, while 50% does it in 2013 and 39% of the banks are within the Top 5 of the results. This means that although the improvement was of only 4 percentage points, most of these banks have managed to properly position themselves in the search engines, with concepts usually associated with the activity of banks in relation to potential customers.

4. Keyword positioning at google.com.pa in 2013

	1	2	3	4	5	6	7	8	9	10
Credit										Global Bank
Loan		Global Bank	Credicorp	Banco General				HSBC	Banco Nacional	HSBC
Savings		Caja de Ahorros								HSBC
Bank	Banco General		Caja de Ahorros				Banco Nacional			
Insurance					Banco Aliado					
Bank Accounts Panama				HSBC						
Banks							Banco General		HSBC	
Banks Panama			Banesco	Banco General	Caja de Ahorros		Global Bank	BBVA		Credicorp
Credit Cards				Global Bank						
Online Banking	Banco General		Caja de Ahorros	HSBC			Global Bank	Credicorp		

It is important to note that even though this positioning is positive, it does not guarantee that the potential customer will hire the service offered by the bank that ranks first in the search engine. What it does mean is that the bank has the strategic edge over the banks below and, consequently, will have higher chances of being the option that the customer visits first. The time that visitors spend on the website and, more importantly, whether they are interested or not in the products offered by the bank will depend on the quality of the contents and the way in which they are presented.

In other words, we might have a store in a great location in the best tourist area of the city, but for it to be successful its contents, products, services, prices, availability of goods, among other factors, will have to be appealing to customers.

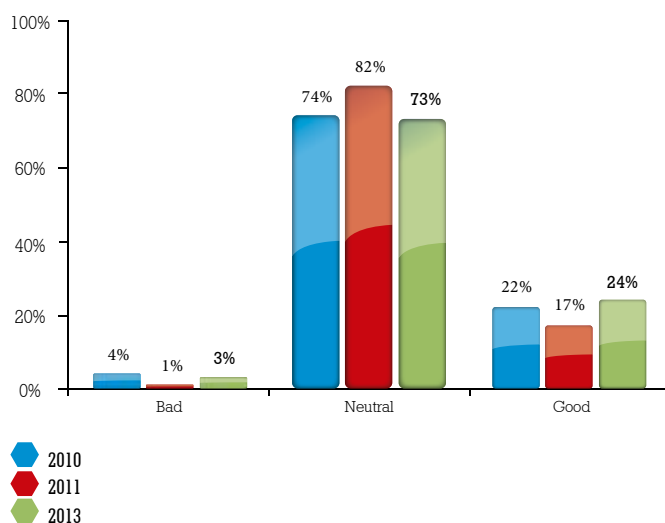
ONLINE REPUTATION: ON THE RIGHT TRACK, YET THE CHALLENGE REMAINS

The assessment on the search engine hits (Figure 5) in relation to analyzed banks and financial institutions showed that there is still an involuntary positioning on the network and some banks neglect their sound positioning. Therefore, this backs up the fact that 60% of the external assets prevail in the sphere of the creation of content and, therefore, banks are not optimizing their contents to guarantee their predominance in search engines.

In relation to 2011, there was an improvement of 7% in relation to positive contents and an increase of 2% as regards negative content. Neutral contents still prevail and account for 73% of the global contents (11% less than two years ago). This online conversation scenario affects the Digital Reputation of banks and does not promote the CSR actions, corporate affairs or positive results of the business. In short, the organic positioning of banks, which accounts for 40% of the total conversation, translates into the possibility of others being the ones who talk about the financial institutions, which reduces the likelihood of enhancing positive contents across the network.

The overall trend of the conversation still does not show significant differences that mark a change in the assessment on search engine hits. However, if banks implement strategic and innovative measures in relation to their organic positioning on Internet, the platforms in which contents can be managed will acquire a more important role. Thus, they will be able to take a proactive stance and have an own, manageable voice.

5. Assessment on Search Engine Hits





>> Blogs and bloggers are misunderstood by most companies as the latter cannot realize their strategic usefulness in order to achieve business objectives

OPPORTUNITIES IN THE BLOGOSPHERE

Overall, blogs and bloggers are misunderstood by most companies as the latter cannot realize their strategic usefulness in order to achieve business objectives. However, this online channel is gaining greater importance, since marketing campaigns fail to influence customers as they used to some years ago in the purchasing process. Clients now look for real people, persons who have used a service and/or product and have something to say about it, whether positive or negative.

In this context, we analyzed the behavior of keywords in the blogosphere, that is, the contents and impact of these blogs. The results show that banks still lack a voice in these scenarios. The only keyword that shows more results is “Panama Bank”, mainly because it is a universal concept which does not segment results. In this sense, the assets associated to the aforementioned keyword might be of any nature, as it does not exclusively fall within the scope of the banks’ own assets. This, logically, opens another window of opportunity for banks to take advantage of the lack of an official voice so as to convey strategic messages to their various stakeholders. (Figure 6)

The concepts of “Panama Credit Card” and “Panama Savings” receive sporadic and situational mentions, particularly because the creation of such contents mostly comes from blogs addressing issues within the scope of personal finances. This is a great opportunity for banks to occupy a space that has no defined leaders and influencers. Achieving this goal would translate into notability and saliency for banks.

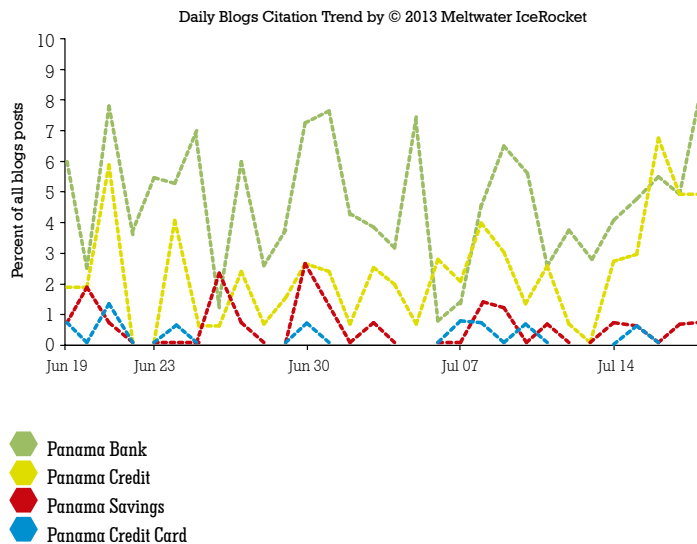
SOCIAL NETWORKS AND THE NEW REPUTATIONAL OPPORTUNITIES

The participation of banks on Social Networks was the indicator that recorded the best results in this report. The leap is remarkable, in 2010 only 11% of the banks had at least one Social Networking account. In 2011, this figure rose to 33% and increased to 61% by 2013, almost doubling the previous result. Additionally, in 2013 over 16% of the banks have at least 4 Social Networking accounts, 33% have at least 3 and 44% a minimum of 2 (Figure 7). But once there, what are the challenges they need to address? Banks need to create real, valuable and original quality-contents establishing a natural and lasting conversation with their customers. But this objective will not be achievable unless banks base their actions on a clear strategic structure, which includes a global online communication strategy, participation schemes, asset participation protocols and proactive contents, in addition to further management elements in order to create a solid, measurable and improvable structure that enables them to be visible on Social Networks.

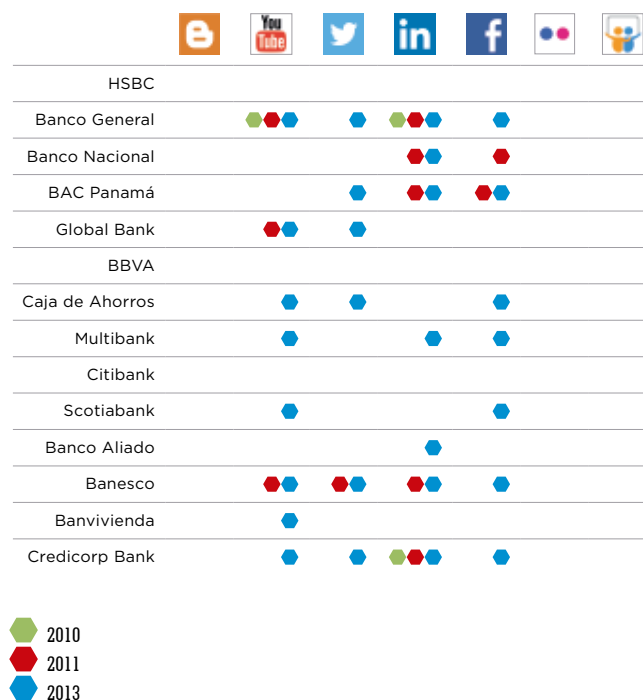
Another challenge is not giving in to traditional advertising and the desire to use these online channels as a showcase to publish highly-corporate content, promote new products and, in general, contents that might be labeled as invasive. It is recommended that banks clearly and rigorously define the objectives they want to achieve on Social Networks and the role these will play in their communication, CSR, business, sales strategies, among others. Likewise, enterprises should draft a strategic mapping of the communities they wish to retain and/or conquer and discover which people they need to address to convey their messages.

Finally, banks must have an online active listening and surveillance system to identify what is being said about the bank as well as answering the following questions: Who is saying it? How influential is this person? Is he the leader of a specific community or a public figure? How does he convey the message? When does he say it? What are the messages? And other questions that are essential to receive feedback and improve their online strategy.

6. Relevance of Keywords across the Blogosphere



7. Relevance of Keywords across the Blogosphere



Conclusions: Banks, increasingly close to their

The strategic use of Internet in the banking sector is becoming increasingly important for the reputation of the latter. Thus, more and more organizations are evaluating these efforts. This is the case of the business magazine Global Finance, which has published the report "World's Best Internet Banks" for 13 years, evaluating the online performance of 200 banks worldwide.

This magazine evaluates, among other things, the ability of the online strategy to "attract and serve online customers, success in getting clients to use web offerings, growth of online customer base, breadth of products offered, evidence of tangible benefits gained from Internet initiatives and website design and functionality" (Global Finance Magazine).

Most of the Panamanian financial institutions analyzed in this report have realized that they need to be present in the spaces where their customers talk or interact. Only in this way will they be able to understand the psychology of the online customer, which is measured by personal environments which are hard to access and where it is even harder to stay.

Although this step has been slow compared to the global trend of the financial market on the Internet, Panamanian banks have gradually conquered more and more relevant digital scenarios. The figures included in the Third Study on the Online Reputation of the Panamanian Financial Sector (2013) prove it, although they are not optimal when compared to those of the Global Finance evaluations.

Furthermore, the most important windows of opportunities revolve around the type of content that is published on Internet as regards banks, the lack of online channels to protect the Digital Reputation of these companies and lack of official voices in the Network to generate a positive conversation.

The presence in Social Networks, in addition to being the clearest indicator that reflects the paradigm shift in relation to the online presence of banks, is also a challenge which must be addressed through strategic planning and the creation of strategies to connect with online customers and attract more potential clients.

The success of banks in Internet ultimately depends on meeting two specific challenges: creating real, high-quality and valuable contents for customers and implementing the most appropriate online channels to convey the messages to the key communities.

>> Although this step has been slow compared to the global trend of the financial market on the Internet, Panamanian banks have gradually conquered more and more relevant digital scenarios

>> The success of banks in Internet ultimately depends on meeting two specific challenges: creating real, high-quality and valuable contents for customers and implementing the most appropriate online channels

It is not a matter of being there just for the sake of it, or being present because others are there. The only way to use the Internet to enhance the business objectives and strengthen the business model will be through the implementation of appropriately-designed strategies, planned with clear objectives in mind, adjusted to the current needs of the customers and, particularly, taking into account the fact that the latter are increasingly powerful and influencing in the strengthening or weakening of the Digital Reputation of an organization.

The strategic approach carried out by LLORENTE & CUENCA involves hearing and understanding what is being said about the company, creating an Online Strategy which covers the strategic assets for the business and, from there, making decisions about the proper online channels and the best possible way to interact with the company's stakeholders. All this with a special focus on creating real, natural and high-quality content, that is really useful for the stakeholders.



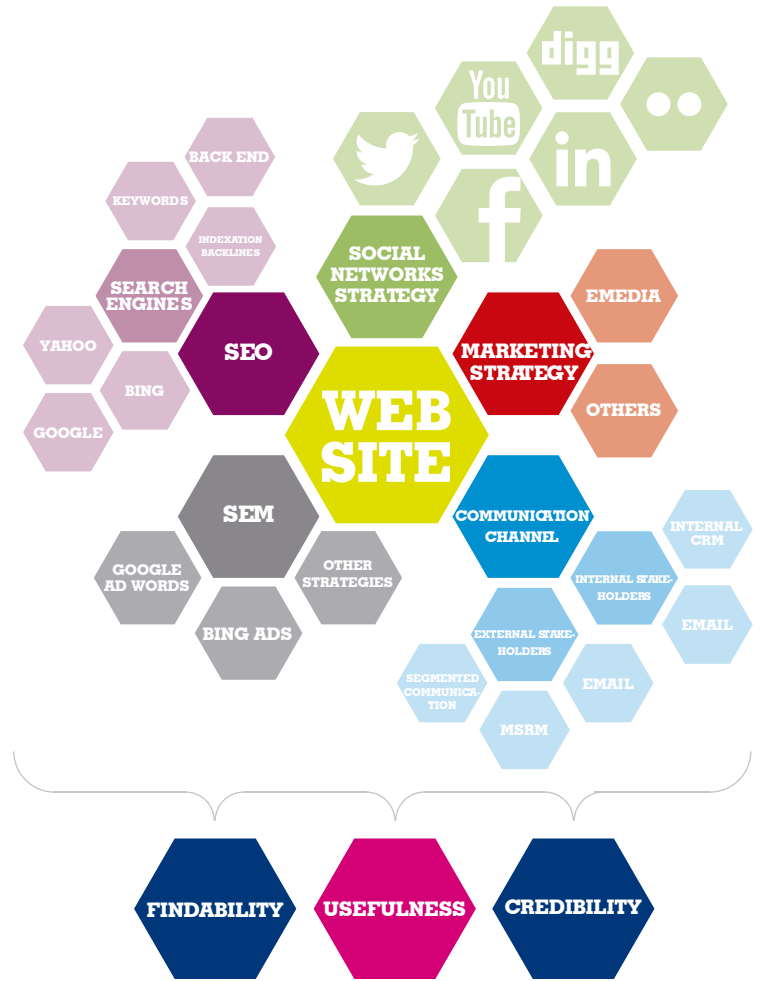
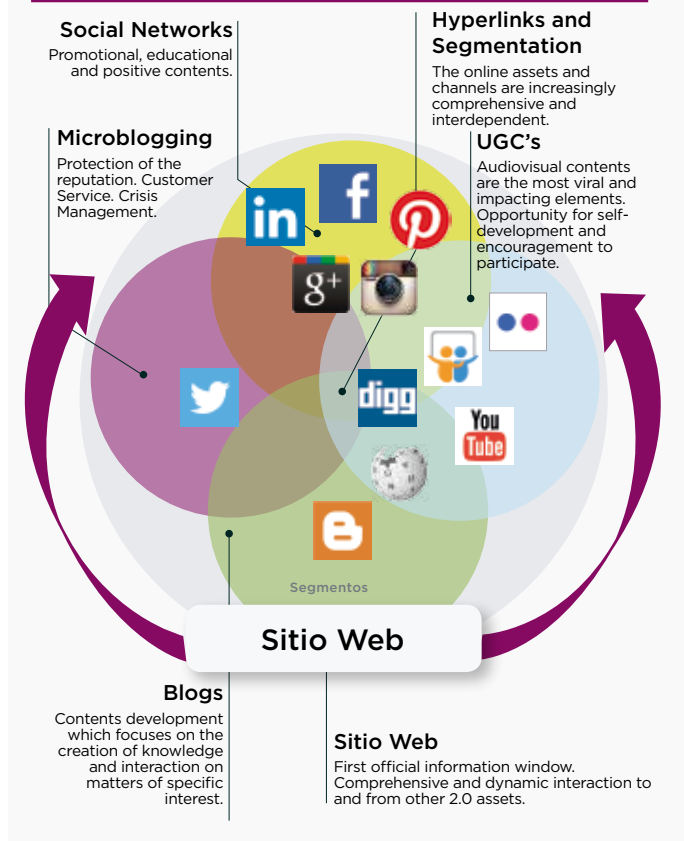


Outline of the Recommendations

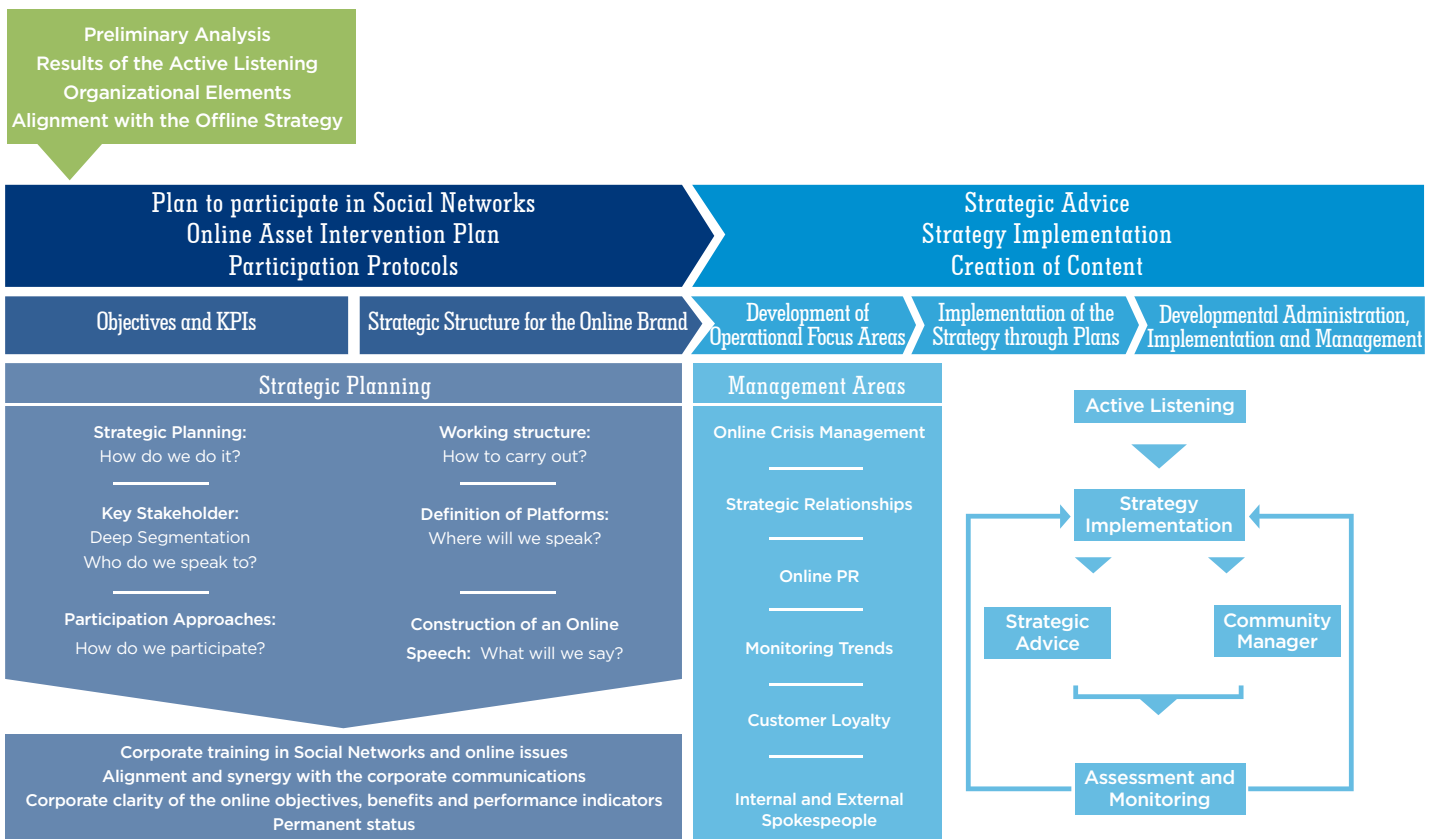
- Conducting a thorough assessment of the online conversations involving the bank. An Evaluation on the Online Reputation could be useful.
- Establishing permanent procedures for active listening.
- With this information, designing an Online Communication Strategy including the Offline Communications Strategic Approach. The drafted objectives shall be aligned with the corporate, business and reputational objectives. It is important to identify the best ways to approach the key online stakeholders and in this sense, besides the business objectives, the company will need to review the service and customer service objectives.
- The strategy shall include protocols for: SEO, Digital Marketing, Link-earning, Social Networks and other interactive platforms on the Internet and Mobile network, the creation of contents and other matters.
- Developing a Comprehensive Participation Plan, justifying the online participation and the operational lines to carry out the Strategy. This document shall describe precisely the platforms that will be used and the objectives and approaches which each of them will fulfill, since each online platform has a different objective and target audience. Thus, it is important to draft a well-planned strategy.
- Establishing protocols for asset-focused participation. Each asset will have a strategic development. This document will ensure that the efforts are made based on objective purposes and the actions carried out on the Internet do not fall outside of the scope of the strategy.
- Designing assessment processes for the online management, which should measure:
 - » Level of engagement generated by our content
 - » Quality of the conversation: positive, neutral or negative
 - » Organic search engine positioning
 - » Level of links and inlinks of our contents generated organically by third parties
 - » Level of customers' and visitors' attraction to our web assets (success in getting clients to use our web offerings)
 - » Increase the use and time spent by customers and visitors in our web assets
 - » Design and functionality of the Website
 - » Others

Comprehensive Strategic-Positioning

Online Communication: protection and promotion of the Reputation



Map of Strategic Management of Social Networks of LLORENTE & CUENCA



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