

Facebook's marketing plan raises privacy concerns

Facebook says it has met with some of SA's banking and insurance groups in the past week to explore how the social network can help them market and distribute their products to the right customers.

Facebook is collaborating with financial services companies across the globe in a move that has enabled targeted marketing but has also raised privacy concerns.



Facebook ads target users of the social network based on their use of websites and apps based on Facebook's technologies that include Instagram and WhatsApp. For example, individuals who visit fashion websites will see ads on their Facebook feed for online retailers.

"Marry our data with that of banks"

"We can marry our data with that of the banks to provide relevant advice to customers," said Neil Hiltz, global head of financial services strategy at Facebook.

Banks and insurers could use Facebook's data on its users to more effectively segment their customers, ensuring the right products were marketed to the right people, Hiltz said.

Mobile phones enabled one to "have a banker or an insurance agent in your pocket at all times", he said.

Of the 15 million total monthly active users of Facebook in SA, 14 million access it via mobile phones. Vuyo Mpako, head of digital banking and e-commerce at Standard Bank, confirmed that the bank had met with Hiltz. "As consumer expectations continue to evolve, it is becoming increasingly important for financial services brands like ours to be able to engage within their mobile, social and digital worlds," Mpako said.

Nedbank had not met with Hiltz, but had expressed an interest in partnering with Facebook, said Vanessa Singh, head of marketing for the bank's retail and business banking franchise.

Privacy concerns

"Digital marketing and advertising is key to our strategy," Singh said.

However, there are privacy concerns over the sharing of data. Under the Protection of Personal Information Act, Facebook was prohibited from sharing data that could be used to identify an individual without specific permission from that individual, said Alison Treadaway, director at software company Striata.

"[Facebook] certainly could share aggregate data [with financial services companies] about demographic groups, as long as personally identifiable data is removed," she said.

Telesure, the insurance group that owns Auto & General, Dial Direct and 1st for Women, has used Facebook to identify potential customers and then guide them from awareness to conversion through the use of, for example, real-time leads that are passed on to sales representatives.

Facebook had enabled companies such as TransferWise and Visa to execute international payments via its chat service, Facebook Messenger, Hiltz said.

It processed payments for more than 4-million advertisers, mostly small businesses.

For the year to December 2016, advertising contributed 97% to Facebook's \$27.6bn revenue figure.

Source: Business Day

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