

# How Banks in Bosnia and Herzegovina Use Social Networks?

*Dražena Gašpar*

*University of Mostar, Faculty of Economics, Bosnia and Herzegovina*

*Mirela Mabić*

*University of Mostar, Faculty of Economics, Bosnia and Herzegovina*

*Damir Lucović*

*University of Mostar, Faculty of Economics, Bosnia and Herzegovina*

## Abstract

The paper presents results of research related to the presence and activities of banks in Bosnia and Herzegovina on social networks. The results of research show that banks in Bosnia and Herzegovina mostly use Facebook, mainly as a marketing tool. Although customer engagement is essential in the banking industry, banks in Bosnia and Herzegovina are still not very successful in using social networks as a real communication tool. Namely, social networks are a very powerful channel through which banks could reach out to their customers in order to find what products their customers want, what decisions they can make to improve relations with customers and what they may be doing that annoys their customers. But, it seems that banks do not understand that they need to be willing to implement some of customers suggestions posted on social networks, otherwise customers will not come back, will not become fans or loyal friends of the tribe. The paper shows that there is a lot of room for improvement in the use of social networks in banks in Bosnia and Herzegovina and provides some important guidelines and suggestions on how banks could use social networks to enhance relationships with customers and develop mutual trust.

**Keywords:** social network, banks, social networks research, Facebook, Twitter.

**JEL classification:** O39

## Introduction

The banking industry is an industry that significantly depends on its customers, their engagement and commitment to a bank. To enrich customer experience, banks are therefore faced with the demand for continuous improvement of business, especially the communication aspect of it, by applying new valuable information and communication technologies, the most important today being Web 2.0 technologies, especially social networks.

Social networks are a very powerful channel through which banks could reach out to their customers in order to find what products their customers want, what decisions they can make to improve relations with customers and what they may be doing that annoys their customers. Further, social networks allow real-time interaction, which enhances a bank's ability to respond to customers in a timely, intuitive and personalized manner – thus enhancing the overall customer experience. Besides, they also allow individuals to learn about a bank's products and services by visiting some of the banks' social networking pages – while also asking friends within their network for recommendations. The literature generally states that banks can use social networks, among other things, to conduct targeted

marketing and reduce their marketing costs, get more detailed information on their customers, foster commitment and loyalty of their customers, get feedback on their products and services, build and strengthen their brand, act proactively to prevent negative connotations associated with the bank (Chanda, Zaorski, 2013; Eldridge, 2016). But, it seems that banks do not understand that they need to be willing to implement some of customers suggestions posted on social networks, otherwise customers will not come back, will not become fans or loyal friends of the tribe.

The aim of the paper is to explore and analyze the current engagement of banks in BiH on social networks.

## Methodology

For the beginning, a list of banks that currently have a banking license was taken from the Central Bank of Bosnia and Herzegovina's website, which publishes a list of banks operating in BiH. The list included 27 banks (18 in the Federation of BiH (FBiH) and 9 in the Republic of Srpska (RS)). Table 1 shows an overview of banks included in the analysis.

Table 1  
Banks currently operating in Bosnia and Herzegovina

	Code	Bank	Head office	Web site ( <a href="#">http://...</a> )
	B1	BOR banka dd Sarajevo	Sarajevo	<a href="http://www.borbanka.ba">http://www.borbanka.ba</a>
	B2	Bosna bank international d.d. Sarajevo	Sarajevo	<a href="http://www.bbi.ba">http://www.bbi.ba</a>
	B3	Hypo Alpe-Adria-Bank d.d. Mostar	Mostar	<a href="http://www.hypo-alpe-adria.ba">http://www.hypo-alpe-adria.ba</a>
	B4	Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	Sarajevo	<a href="http://www.intesasanpaolobanka.ba">http://www.intesasanpaolobanka.ba</a>
	B5	Investiciono-komercijalna banka d.d. Zenica	Zenica	<a href="http://www.ikbze.ba/">http://www.ikbze.ba/</a>
	B6	Komercijalno-investiciona banka d.d. V.Kladuša	VelikaKladuša	<a href="http://www.kib-banka.com.ba">http://www.kib-banka.com.ba</a>
FBiH	B7	MOJA BANKA dd Sarajevo	Sarajevo	<a href="http://www.moja-banka.ba">http://www.moja-banka.ba</a>
	B8	NLB Banka d.d., Sarajevo	Sarajevo	<a href="http://www.nlb.ba">http://www.nlb.ba</a>
	B9	Privredna banka Sarajevo d.d. Sarajevo	Sarajevo	<a href="http://www.pbs.ba">http://www.pbs.ba</a>
	B10	ProCredit Bank Sarajevo	Sarajevo	<a href="http://www.procreditbank.ba">http://www.procreditbank.ba</a>
	B11	Raiffeisen Bank d.d. BiH	Sarajevo	<a href="http://www.raiffeisenbank.ba">http://www.raiffeisenbank.ba</a>
	B12	Razvojna banka Federacije BiH	Sarajevo	<a href="http://www.rfbih.ba/">http://www.rfbih.ba/</a>
	B13	Sberbank BH d.d. Sarajevo	Sarajevo	<a href="http://www.sberbank.ba">http://www.sberbank.ba</a>
	B14	Sparkasse Bank d.d. BiH	Sarajevo	<a href="http://www.sparkasse.ba">http://www.sparkasse.ba</a>
	B15	UniCredit Bank d.d. Mostar	Mostar	<a href="http://www.unicreditbank.ba">http://www.unicreditbank.ba</a>
	B16	Union banka d.d. Sarajevo	Sarajevo	<a href="http://www.unionbank.ba">http://www.unionbank.ba</a>
	B17	Vakufska banka d.d. Sarajevo	Sarajevo	<a href="http://www.vakuba.ba">http://www.vakuba.ba</a>
	B18	Ziraat Bank BH d.d.	Sarajevo	<a href="http://www.ziraatbosnia.com">http://www.ziraatbosnia.com</a>
	B19	Banka Srpske AD Banja Luka	Banja Luka	<a href="http://www.bib.ba">http://www.bib.ba</a>
	B20	Hypo Alpe-Adria-Bank a.d. Banja Luka	Banja Luka	<a href="http://www.hypo-alpe-adria.rs.ba">http://www.hypo-alpe-adria.rs.ba</a>
	B21	Komercijalna banka AD Banja Luka	Banja Luka	<a href="http://www.kombank-bl.com">http://www.kombank-bl.com</a>
RS	B22	MF banka a.d. Banja Luka	Banja Luka	<a href="http://www.mfbanka.com">http://www.mfbanka.com</a>
	B23	NLB Banka a.d. Banja Luka	Banja Luka	<a href="http://www.nlbbl.com">http://www.nlbbl.com</a>
	B24	Nova banka ad Banja Luka	Banja Luka	<a href="http://www.novabanka.com">http://www.novabanka.com</a>
	B25	Pavlović International Bank a.d.	Bijeljina	<a href="http://www.pavlovic-banka.com">http://www.pavlovic-banka.com</a>
	B26	Sberbank a.d. Banja Luka	Banja Luka	<a href="http://www.sberbankbl.ba">http://www.sberbankbl.ba</a>
	B27	Unicredit Bank a.d. Banja Luka	Banja Luka	<a href="http://www.unicreditbank-bl.ba">http://www.unicreditbank-bl.ba</a>

Source: Central Bank of Bosnia and Herzegovina's website (<http://cbbh.ba/index.php?id=7&lang=bs>)

Activities of banks on social networks were analyzed through two aspects. We investigated the availability of links to social networks on official websites, as well as the activity and validity of the same. In addition, it was registered where the links were located (top, bottom or centre of the page), and if not found on the home page, it was checked whether they were available on the contact page. Upon examination of the web pages offered on the official websites of the banks, it was decided to carry out the analysis on the following social networks: Facebook (FB), Twitter (TW), YouTube (YT), LinkedIn (in), Google+ (G+). Basic characteristics of official profiles of the banks were analyzed on these social networks. The analysis used personal user accounts (profiles) of authors and it was conducted in May 2016.

What should be noted before the analysis is that, if a bank operates in both entities (FBiH and RS), the two branches are considered as two banks and included in the analysis as such.

## Results

As indicated in the methodology, for the beginning we accessed the official websites of the banks and analysed if they contained links to social networks, which social networks, and where the links were located. Table 2 shows the results of this analysis.

Table 2

Links to social networks available on official web pages of the banks

Codes	FB	TW	YT	in	G+	total	where on the web page?	remark
B1	•	•	•		•	4	Center, right	
B2	•					1	Top, center	
B3	•	•	•			3	Bottom, left	
B4	•					1	Bottom, center	
B5								
B6								Page does not load
B7	•	•		•		3	Bottom, right	
B8	•		•	•	•	4	Bottom, right	
B9								
B10								
B11	•		•			2	Bottom, right	
B12								
B13	•		•	•		3	Bottom, right	
B14	•					1	Bottom, left	
B15	•		•			2	Bottom, left	
B16				•		1	Top, left	
B17								
B18								
B19								In liquidation
B20	•	•	•			3	Bottom, left	
B21	•	•				2	Bottom, center	Have RSS
B22								
B23								Dead link
B24								
B25								
B26								
B27	•		•	•	•	4	Bottom, left	

Note: FB - Facebook, TW - Twitter, YT – YouTube, in - LinkedIn, G+ - Google+;

The results in the table indicate the state at the time of analysis.

Source: Authors' preparation

As shown in Table 2, out of 27 analysed banks, 14 (51,8%) use social networks. If we analyze the number of social networks on which the banks have their profiles, it is evident that three banks use four social networks each, four banks use three social networks each, three banks have profiles on two social networks, and four use only one social network.

Table 3 shows a summary analysis of the results from Table 2.

*Table 3*  
Use of social networks across banks

	n(+)	... of banks	FB	TW	YT	in	G+
<b>BiH</b>	24	Number	13	5	8	5	3
		%	54.17	20.83	33.33	20.83	12.50
<b>F BiH</b>	17	Number	10	3	6	4	2
		%	58.82	17.65	35.29	23.53	11.76
<b>RS</b>	7	Number	3	2	2	1	1
		%	42.86	28.57	28.57	14.29	14.29

*Note: FB - Facebook, TW - Twitter, YT - YouTube, in - LinkedIn, G+ - Google+, n(+)* – number of banks that have active web pages and are not in the process of liquidation

*Source: Authors' preparation*

As it was expected, Facebook is the most common social network among the banks. More than half of the analysed banks have a profile on the said social network; it is slightly more prevalent among the banks operating in FBiH. The second most common social network is YouTube, again more prevalent among the banks in FBiH. They are followed by Twitter and LinkedIn, which are used by 5 banks, and Google+ is in the last place.

Through a more detailed analysis of the information aspect of FB profiles, it was established that all the banks have a link to the bank's website and their address published on their of FB profiles, while only a part of the banks were found to have a map "how to find us" too. It is stated in profile descriptions that they are banks or financial institutions. Most of the banks use their logo as the profile picture, while cover photo is unstandardised (picture of the bank's headquarters - building, logo, something else - handshake as a sign of partnership etc.).

Pictures and statuses are the most common contents, while videos and announcements of events are slightly less frequent. As for the number of friends and posting times, the results vary widely. The number of friends or people who liked the bank profile ranges from 2 106 (Bor Banka Sarajevo) to 66 563 (Intesa Sanpaolo Banka BiH). The activity of banks on profiles also varies significantly - every day, at least once in 10 days up to a profile on which the last post was in 2014.

The activity of customers on banks' profiles is primarily reduced to liking banks' posts. In the comments that customers leave on social networks, there was not a single comment that would indicate an attitude expressed by a customer, one that would represent for the bank valuable information that could guide future activities of the bank. As for ratings of the profiles, a relatively small number of customers expressed their ratings considering the number of clients who liked the profiles.

Analysis of profiles on Twitter gives results similar to Facebook. Certainly, it should be kept in mind that significantly fewer banks use Twitter, but what was found on their profiles does not show a particular engagement. The number of followers varies from only a few to several hundred, while the frequency of posts again is not at an enviable level - the latest posts on some Twitter profiles were 3 months ago. State on Youtube follows the previously described social networks. Variations in the

characteristics of the profile were significant - 1 subscriber (Bor Banka) to 74 subscribers (Sparkasse Bank), posts fairly frequently to once a year or less often.

## Conclusion

The results show that there is a lot of room for improvement in the use of social networks in banks in Bosnia and Herzegovina. As it was expected, banks are most present on Facebook and Youtube, while Twitter and LinkedIn are significantly less used. Even a detailed analysis of active profiles of the banks on social networks has not shown that banks take advantage of all the benefits of social networks in the process of communicating with their customers. Namely, based on these results, it can be assumed that not a single bank studies its customers on social networks (what users want, what they may find wrong with the bank etc.), but use the social networks primarily to present themselves. The said assumption is based on the proportion of banks that have profiles on social networks, the frequency of their activities on their profiles, frequency and methods of interaction of customers with the banks.

However, despite these results, management structures in banks should realize as soon as possible that social networks are today very popular and actively used among different age groups not only as a means of communication but also as a means of primary information. Bearing in mind that almost all financial transactions are implemented through financial institutions, it is clear that they have to keep abreast of the times and keep up with trends and shifts in the IT sector and their impact on overall operations.

As for further research in this context, it is important to point out several issues. Namely, a presence analysis is not sufficient to make generalized conclusions, especially if the period of observation is very short. Therefore, future research should analyze the activity of banks on social networks during a certain period of time and quantify it through a series of indicators. In addition, it should be explored historically how the resulting profiles on social networks were reached (created) - specifically it should be investigated what the reasons of opening the profiles on social networks were, on whose initiative they were opened, and whether the data of customers who are in active interaction with the bank are analyzed and how. Similarly, attitudes of both bank employees and customers on the importance of social networks in their mutual interaction should also be explored. It is only a systematic and integrated analysis of results of the recommended studies that would yield clues about the effectiveness of the use of social networks in the banking system, and it is up to the banks to take advantage of them as well and soon as possible, following suit of major global banks.

## References

1. Chanda, R., Zaorski, S. (2013), "Social Media Usage in the Financial Services Industry: Toward a Business-Driven Compliance Approach", *Journal of Taxation & Regulation of Financial Institutions*, May/June 2013, Vol. 26 Issue 5, pp 5-20.
2. Eldridge, R. (2016), "How Social Media Is Shaping Financial Services", available at: [http://www.huffingtonpost.com/richard-eldridge/how-social-media-is-shapi\\_b\\_9043918.html](http://www.huffingtonpost.com/richard-eldridge/how-social-media-is-shapi_b_9043918.html) (23/05/2016)
3. Hopek, N., "Banking and Social Media Customer Communication Boom or Bust?", available at: [http://tsys.com/Assets/TSYS/downloads/rs\\_banking-and-social-media-customer-communication-boom-or-bust.pdf](http://tsys.com/Assets/TSYS/downloads/rs_banking-and-social-media-customer-communication-boom-or-bust.pdf) (25/05/2016)

4. Veenswyk, M. (2013), "Leveraging Social Media In the Banking Industry", available at: <http://www.smcapture.com/documents/SMC4%20-%20Banking%20Social%20Media%20Overview.pdf> (27/05/2016)

## About the authors

Dražena Gašpar is full time professor of Database Systems and Accounting Information Systems at the Faculty of Economics, University of Mostar. Her research interests include databases, data warehouse, business information systems and software application in business and education. She is co-founder of a "Hera" software company in Mostar and has almost two decades of experience in developing and implementing business information systems. The author can be contacted at [drazena.gaspar@sve-mo.ba](mailto:drazena.gaspar@sve-mo.ba).

Mirela Mabić works at the Faculty of Economics, University of Mostar, as an assistant at the Department for Business Informatics. Her research interests include business information systems, the practical application of software and web technologies both in business and in education, quality of higher education and applied statistics. The author can be contacted at [mirela.mabic@sve-mo.ba](mailto:mirela.mabic@sve-mo.ba).

Damir Lucović works at the Faculty of Economics, University of Mostar, as an assistant at the Department for Business Informatics. His research interests include business information systems, the practical application of software and web technologies both in business and education, with a lot of real-life experience in IT management, e-business, computer security and networks, cloud computing solutions. The author can be contacted at [damir.lucovic@sve-mo.ba](mailto:damir.lucovic@sve-mo.ba).