



# State of Supervision

## Social and Collaboration

By Robert Cruz






### The Proliferation of Social and Collaborative Communications

Often, I am struck by one undisputed truth: Far too many firms continue to supervise today's communications with technologies designed for the way firms communicated 10-15 years ago. In fact, firms that we talk to often support more than 40 different communications channels today, including social media, mobile apps, collaborative tools, voice, and email. When you consider a future where every application will have a messaging component, you will clearly face new challenges in your supervisory processes and technologies. I'd like to explore that topic further in this report.

### It's About Your Employees AND Your Clients

#### Top 5 Channels

##### Requested By Employees<sup>1</sup>

46%		LinkedIn
39%		SMS/Text Msgs
34%		Facebook
25%		Twitter
22%		Corporate IM & Collaboration

The reason behind the explosion of new communications tools is clear – the need and desire to communicate with clients over the channels of their choice. It's not about technology per se – it's about meeting your business goals by responding to client demands before your competitors can. Changing demographics mean that it is increasingly likely that your client uses email infrequently – if at all – and will expect to interact on a social or mobile network.

Beyond the pull from clients, firms are also attempting to roll out new collaborative platforms including Microsoft Teams, Symphony, Slack, and Webex Teams to improve internal productivity between regulated and non-regulated users and shorten client response time. The push from internal IT towards these new platforms adds to the challenge for compliance teams to address a more diverse and complex network of communications and collaborative formats.



## It's More than Just Messaging

Firms have well established supervisory processes to identify potential policy infractions via the inspection of email and IM against a set of lexicons. But – what happens when a conversation takes place over a series of tweets? What happens when a post is altered, deleted, or shared with a third party? What if that conversation is encoded emojis of palm trees, chickens, or smiley poo? Consider that a single Financial Services collaborative platform – Symphony – has 160 proprietary emoji characters itself. Now consider a conversation hopping across multiple communications channels and chat rooms. Add in voice, video, app sharing, bots, and you arrive at today's communication reality.

## The Implications to Supervisory Review

With the rapid adoption of social and collaborative platforms comes implications to supervisory review - and to financial services compliance more broadly - that are enormous to firms of all shapes and sizes. Some of the key considerations include the following:

**Policies:** beyond simply stating that “you can’t use what cannot be supervised”, firms need to evaluate whether existing communications policies clearly state what registered reps can and cannot do on social and collaborative channels. Since prohibition alone is rarely effective, policies should also clearly outline the consequences for use of unauthorized networks.

**Methods of Capture:** every social and collaborative communications channel is different, each offering their own methods of capture – while some are suitable for regulatory use cases, some are not. The availability of APIs or other methods that allow for validation of completeness and accuracy of that source is a pre-requisite for any regulated firm. Simply building a compliance-ready “connector” to capture social and collaborative content is hard enough for a single network – it becomes a full-time job if you are supporting multiple networks and devices and need to keep connections to content sources up-to-date as those sources change over time.

**Compliance Controls:** allowing the use of social and collaborative communications sources should not be an all-or-nothing proposition. There is a quickly evolving market for native and third-party capabilities to implement policy controls such as message blocking, feature controls, ethical walls, and data loss prevention. The end-goal of enforcing policy controls uniformly on all communications networks – or equally on-premises and in the cloud – is not achievable yet, but the gaps continue to narrow. Firms should closely monitor the market to understand current capabilities and upcoming feature enhancements from native content providers and third-party solutions.

**Supervisory Review:** as has been noted previously, most review products in the market today flatten rich, dynamic content from social and collaborative communications into individual messages that need to be pieced together. What more firms are experiencing is that simply threading messages is not sufficient if you are attempting to identify items that may have been changed or deleted, or events that may have taken place in a collaborative workspace like a chat room. We can only expect that this challenge will continue to grow as non-email communication sources continue to increase proportionately – and as social and collaborative communications become the target of FINRA and SEC enforcement actions more frequently.

ONLY  
**44%**  
OF FIRMS  
PROHIBITING  
TEXT MESSAGES  
ARE CONFIDENT  
THE PRACTICE  
IS ACTUALLY  
EFFECTIVE.<sup>2</sup>



## It's Content and Context that is Determinative

The use of social and collaborative communications provides new opportunities to deepen engagement with clients, but also creates new sources of compliance risk – in particular, if those intent on wrongdoing believe your focus is elsewhere.

The evolution of work communication should also provide an opportunity to refocus supervisory processes and technologies. It is easy to become consumed with the goal of improving the efficiency of message review, when the objective and focus should be on identifying and responding to potential information risks. Ultimately – in the words of the SEC and FINRA – it is the content and context of a communication that is determinative, not the specific communication tool that is being used.

1) <https://www.smarsh.com/guides/2018-electronic-communications-compliance-survey-report-financial/>

2) <https://www.smarsh.com/guides/2018-electronic-communications-compliance-survey-report-financial/>



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