

## Financial promotions using new media

*We have produced this update following a review into the media channels that firms use to communicate financial promotions to customers. In particular, a shift towards the use of 'new media' has been noted.*

### What do we mean by new media?

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New media channels include social networking websites (Twitter and Facebook), forums, blogs and i-phone applications.

### Financial promotion rules and new media

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Where our rules apply, they generally apply in a way that is media-neutral, and they focus on the content of the financial promotion rather than the medium used to communicate it. Therefore, applying the rules to financial promotions made using new media is no different to financial promotions made using any other medium. Our communication rules are contained in COBS 4, BCOBS 2, ICOBS 2 and MCOB 3.

You can find out more about what a financial promotion is on our website at: [www.fsa.gov.uk/Pages/Doing/Regulated/Promo/regime/index.shtml](http://www.fsa.gov.uk/Pages/Doing/Regulated/Promo/regime/index.shtml).

### Our review

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During 1–5 February 2010 we conducted a review of approximately 30 Twitter and Facebook pages using different search terms within the financial sector. We looked at the pages containing a wide range of promotions, including those from small and larger firms that offered a wide range of products, such as financial advice and investments.

We visited a variety of forums to gain an insight into the posts and comments that are being made. We also examined any discussions on insurance, investments, investment advice and mortgages available on the forums – of which 20 were randomly selected for review.

### Our findings

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Throughout the review we identified good and poor practice among firms who had adopted the use of new media to communicate financial promotions.

Some promotions lacked risk warnings. Other promotions, while not very specific about products or services, nevertheless went beyond the definition of 'image advertising' (see below). Firms may not have considered these factors to meet the definition of a financial promotion and therefore have not applied the relevant communication rules.

### Non-promotional communications

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Our rules cover all communications by regulated firms to clients, not just promotional ones. The rules for non-promotional communications are fairly high-level – the main rule is that communications must be fair, clear and not misleading.

Our communication rules including the financial promotion rules are contained in COBS 4, BCOBS 2, ICOBS 2 and MCOB 3.

### Image advertisements

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Firms cannot assume that because a communication is made using new media, it is an image advertisement and exempt from the financial promotion rules. An image advertisement only consists of the following: the name of the firm, a logo or other image associated with the firm, a contact point and a reference to the types of regulated activities provided by the firm or to its fees or

commissions. When a communication goes beyond the definition of image advertising in any way, it will need to comply with all of the relevant financial promotions rules. The treatment of image advertising varies depending on which sourcebook applies.

- For **investment products**, image advertising is exempt from most of the detailed financial promotions rules and guidance in COBS 4, but it will still need to comply with the high-level 'fair, clear and not misleading' rule. Image advertising is defined in the Handbook glossary.
- For **mortgage products**, MCOB 3 contains a specific exemption for 'image advertising' or 'brand advertising' set out in MCOB 3.2.5R.
- For **insurance products**, there is no equivalent provision relating to 'image' or 'brand' advertising in ICOBS 2.2 and firms cannot rely on exemptions.

You must ensure that any financial promotion is compliant with all the relevant rules and you have the systems and controls in place to deliver this.

## What should you consider before using new media?

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- New media may date more quickly than traditional media channels, so regular reviews to ensure that information is up-to-date may be required.
- It is important to consider whether this channel is a suitable method for the type of communication. For example, Twitter limits the number of characters that can be used, which may be insufficient to provide balanced and sufficient information.
- It is important to consider whether the risk information could be displayed prominently and clearly using this media channel.
- Promotions and communications made using new media must meet the requirements for stand-alone compliance.

### Next steps

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We will continue to monitor the use of new media and will take action where appropriate.