Meta's fast-growing Threads app raises questions for early adopter banks and credit unions

Article

The news: Five days after Meta launched its "text-based conversation app," it reported that Threads had amassed 100 million users, making it the fastest-growing app in history. **Banks and credit unions were some of the Threads early adopters.** Here's what we're seeing during the initial surge in usage of the new Twitter competitor.

Who jumped in first? Marketers are known for their fear of missing out, even in traditional and highly regulated industries like financial services. As Carolyn Feinstein, the chief marketing officer at **Varo Ban**k told us back in 2021: "Everyone who works in this field has this low hum of anxiety that while they're sleeping, a new social network was born and they don't quite know about it yet."

So here's a roster of early Threads adopters, according to the Financial Brand:

- Some big brands have already joined: **Bank of America** and **Citibank** and regionals like **KeyBank, PNC, Regions, Truis**t and **U.S. Bank** are all on the platform, though they have yet to start posting.

- Community banks are there, too. **Academy Ban**k in Kansas City, Mo., has already shared its first thread and the Financial Brand quoted its chief marketing officer, Jessica Gardner, as saying: "If [customers] are on Threads, we'll be there."

- So far, **more credit unions than banks are early adopters of Threads.** Some are also very active, posting memes and commenting on threads posted by their peers.

What's the downside? In the wake of recent regulatory scrutiny over using unapproved communications tools, Putnam Social Advisor Survey indicated that **financial advisors had begun to decrease their use of all social media for business purposes** since 2021—with the notable exception of LinkedIn.

If Meta wants to reverse that trend for Threads, it needs to provide users in financial services firms with the ability to access and extract Threads content to meet regulatory obligations to capture and retain historical records of approved content sources.

Creating a vertical industry partner program will help Meta understand and respond to the regulatory and data privacy requirements unique to financial services and any additional geographic segments where Threads hopes to expand.

Will Gen Z show up? As the "first generation of true digital natives," Gen Z may seem like the most likely demographic to get excited about a new app like Threads. But Gen Z's most-used
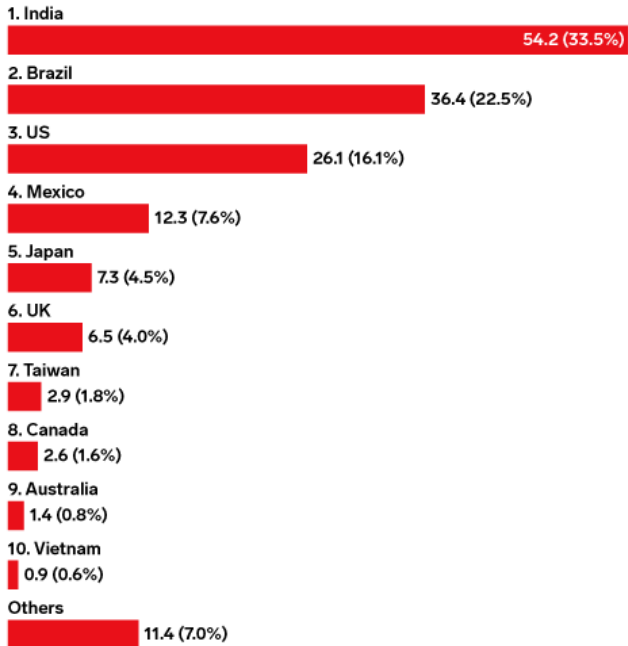
platform for learning about investing and financial topics is YouTube at 60%, followed by Instagram (44%) and TikTok (37%), according to a Morning Consult survey published in November 2022. Lagging behind Facebook and Snapchat, Twitter is sixth on the list of Gen Z's most-used platforms.

If video is the most popular form of media consumption for many young people, it's unclear how a text-based app will fare with them. And some users have said they don't know why they are using the app other than partaking in the hype and seeing if it could be a potential Twitter replacement. Sign-up growth and engagement have already slowed as users await new features like hashtags, direct messaging, and post search. **Financial firms considering Threads need to stay in sync with Gen Z customers and employees to monitor how usage is evolving.**

Our take: As the social landscape has become more fragmented, one thing is clear: New apps don't always steal from established ones; they can also add incremental users and time spent. Financial institutions' compliance processes need to be agile to quickly assess and determine if they can work effectively within the risks of the next social media innovation. If Meta adds the functions that financial services firms require for regulatory compliance, there's room for both Twitter and Threads in their social media strategies.

Top 10 Countries Worldwide, Ranked by Threads App Downloads, July 5-12, 2023

millions and % of total

1. India
54.2 (33.5%)

2. Brazil
36.4 (22.5%)

3. US
26.1 (16.1%)

4. Mexico
12.3 (7.6%)

5. Japan
7.3 (4.5%)

6. UK
6.5 (4.0%)

7. Taiwan
2.9 (1.8%)

8. Canada
2.6 (1.6%)

9. Australia
1.4 (0.8%)

10. Vietnam
0.9 (0.6%)

Others
11.4 (7.0%)

Note: includes Android and iOS; Threads launched on July 5, 2023
Source: data.ai, July 13, 2023

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