

Compliance Got You Down? Leave It to Us.

Here's how your financial services company can overcome the compliance challenges of an affiliate marketing program





It's not uncommon for financial services advertisers to venture into affiliate marketing without first looking at it through the lens of compliance. Although financial companies are no strangers to compliance and live with the need to navigate the thicket of industry-specific legal requirements and bear the scrutiny of regulators in general, they don't always understand how compliance affects their affiliate marketing programs. Although such programs operate at arm's length through publishing partners, they are no less subject to compliance requirements and challenges than anything else they do.

We recently sat down with Leilana Cantrell, VP, Financial Services, at Gen3 Marketing to learn more about the importance of compliance in affiliate marketing for financial services companies.

The Cost of Non-Compliance is High

According to Cantrell, compliance is best understood by large companies, such as Discover, American Express, and HBSC, that are under constant regulatory scrutiny and have been for a long time. But compliance also impacts smaller organizations that aren't on regulators' radars today but may be tomorrow. "The goal of these affiliate programs is growth," says Cantrell. "And that growth will give these financial institutions the scale that will likely draw the scrutiny of the regulators."

One important piece of compliance is making honesty and transparency a part of every offer to consumers. Every offer should be free of errors, something that Cantrell says doesn't just protect the consumer but also the financial firm.

"Maybe a publisher includes an incorrect bonus offer, term, or APR. Every time an incorrect offer is out there, the customer is ultimately harmed. And those flawed offers can affect the reputation of the bank or other financial institution as well, and create work correcting the errors and making sure the customers are being treated fairly. This is why it's so important to work with an affiliate partner like Gen3 to help create processes and work with the partners so these errors are less likely to occur in the first place. And if errors do happen, that a system exists to identify which customers an erroneous offer affected and to provide a mechanism to set things right quickly."

How Gen3 Marketing Brings Clarity to Compliance

One way Gen3 Marketing mitigates the potential for errors is by using scalable processes that update offers across all publishers. Cantrell refers to one of these processes as a Card Feed, which is specific to credit cards. "We leverage an API feed, which includes relevant details about a credit card offer, i.e. APR, marketing bullets, balance transfer fees, welcome bonus —anything

along those lines. If details of the product change, such as the APR, we go in and update the card feed, and it will update on publisher sites immediately.”

Removing the manual processes limits the risk that an offer won’t be properly updated. Changes are made quickly and automatically and that process brings confidence to marketing and compliance teams.

Another piece that Gen3 Marketing brings to the table is a simplified PDF summary for publishers that gives a bird’s eye view of offer details. The PDF includes specifics around each product, including any restrictions or editorial requirements.

“For example, we wouldn’t want to include a premium travel card in a secured card category or a cashback card in a balance transfer category. Guidelines are laid out in a simple document that partners can reference when they’re creating content around products, which help reduce the number of errors since we are educating partners on the front end.”

Cantrell also mentions that Gen3 Marketing conducts internal testing to ensure their compliance teams are familiar with the rules and regulations within the industry. “We require our team to review and test for knowledge of UDAAP—a new law that resulted from the 2008 financial crisis, designed to protect consumers from unfair, deceptive, or abusive acts or practices.”

Another tool Gen3 Marketing uses is a system of classification rules. Cantrell explains this process is built around a document that identifies all of the possible errors ranked by severity, as well as the appropriate actions to take to correct each of them.

“For the most severe errors, we would break tracking links or set up a redirect so users can’t actually get to the landing page of the advertised product. For example, if a customer applies for a product that advertises \$150 cashback, but in reality it is only \$100 cashback, this is a direct compliance violation with customer harm, since it’s a misleading offer. A less severe error, without needing to break links, might be the inverse of this: the partner is advertising \$100

cashback, but the offer is actually \$150 cashback. This is less of an issue for the consumer since it is in the customer's favor, nor is it cause for regulatory concern, but it still needs to be corrected from a user experience standpoint. This is what the classification list intends to do: provide insight into error severity so the right corrective steps can be taken quickly and confidently."

Leveraging Affiliate Expertise to Grow Your Affiliate Program

One of the advantages of partnering with Gen3 Marketing is the ability to leverage our in-depth expertise across a broad range of financial services categories and advertisers, including the work we've put into developing our compliance program.

"We built our compliance program to focus on the audit trail. When auditors come in asking about processes, we can show exactly what we do to mitigate potential issues and how we've documented and rectified any errors." A proven track record is a strong, but not perfect, defense against errors. And when errors do occur, having a way to fix them at scale with a clear audit trail for both the internal compliance team and regulators is extremely valuable to marketing teams.

"Being able to track errors over time also brings confidence to this process. We keep track of partners who are seeing the same error occurring and can work to educate or remove them if the risk outweighs the benefit. Having visibility into compliance issues across multiple programs helps us anticipate issues so we can be proactive instead of reactive."

Cantrell reinforces the idea that financial affiliate marketing is fundamentally different from other types of affiliate marketing because of the regulatory aspect. There are very specific rules about how you can market these products while ensuring honesty and transparency. Providing documentation of your processes can give agencies and institutions confidence that you take compliance as seriously as they do.

Gen3 Marketing manages the affiliate programs of a broad range of financial institutions from global banks to cryptocurrency start-ups and everything in between. Over the years, the agency has developed unmatched expertise in affiliate compliance for the industry. That expertise can make all the difference in taking advantage of all the potential growth offered by an effective and compliant affiliate marketing program. Get in touch with Gen3 to learn more.

Gen3, headquartered in Blue Bell, PA, is a leading digital marketing agency that provides affiliate marketing services to customers (“advertisers”) by optimizing advertisers’ positioning of their products and services on third party websites (“publishers” or “affiliates”). The company also provides additional digital marketing services, including pay-per-click, search engine optimization, social media and other digital marketing campaigns. The Gen3 platform combines technology expertise, people and process to effectively manage online marketing spend for customers globally.

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