Understanding trust in business
Foreword

The global financial crisis of 2008 shook people’s trust in business, government and NGOs, and triggered a widespread debate about the roles and responsibilities of our institutions in today’s society. The debate has highlighted the importance of trust across all sectors - and the consequences when it is undermined.

At the City of London Corporation, we wanted to understand why people think and say what they do about financial and professional services, and business more widely. We’ve been talking to the public, the professions and individual firms about the values and actions that can increase the trustworthiness of sectors, so that businesses can better meet the public’s changing expectations.

This insight paper is designed to help businesses to:

• Understand public perceptions and levels of trust in the financial and professional services sector, and business more broadly.
• Reflect on what they are currently doing and what actions they need to take to become more trustworthy.
• Think about how they can more effectively communicate with the public in a way that feels authentic and builds trust.

Shifting perceptions won’t be easy – and must start with shifting how business operates – but it is in the interests of us all for businesses to work together to do so.

So, if building trust amongst your customers, your employees and your wider stakeholders is important to you, we hope this paper will prompt action and we invite you to work with us. There will be many opportunities and we can achieve most together.

In 2017, the City of London Corporation and Britain Thinks, convened three citizens’ juries with members of the public in London, Nottingham and Edinburgh, and a fourth jury to bring together representatives from each of the original juries. The juries were made up of small, diverse groups of individuals to enable in-depth discussions, and this qualitative insight is intended to sit alongside existing research which has been done with larger populations.

Whilst we were specifically interested in public perceptions of financial and professional services, it is important to highlight that the participants tended to consider business as one overall entity. Public views and perceptions are therefore not easily ‘ring-fenced’ to individual organisations or even individual sectors. The insight gathered therefore has relevance to all business sectors.

Participants’ understanding of financial and professional services came primarily from their personal experience as consumers interacting with high street banks, building societies and financial advisors. By contrast, participants did not have much awareness of other parts of the sector, such as asset management and investment banking. Participants therefore had limited views on levels of trust in these sub-sectors.

For further details of the citizens’ juries, please refer to the Methodology section, page 10

All quotes taken from the citizens’ juries
### Customers’ view

Participants in the citizens’ juries viewed the financial and professional services sector through two lenses.

As customers, their views were based on their own personal experience with individual businesses. As such, they focused on value for money, the quality of products/services provided and personal experience with frontline members of staff.

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<th>What they like:</th>
<th>What they don’t like:</th>
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<tr>
<td>High street banks have made it easier for me to manage my money with online banking apps, same-day transfers, and notifications if my account balance goes below a certain amount.</td>
<td>High street banks don’t value me as a customer.</td>
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<td>Financial services enable me to buy things that I wouldn’t otherwise be able to, for example, a home through a mortgage.</td>
<td>Financial services hide “tricky” loopholes in the small print of contracts, which makes me feel they are just trying to make money from me.</td>
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<td>Insurance providers offer me a sense of security.</td>
<td>Financial services use complicated jargon to make it difficult for me to understand what’s involved and what I’m paying.</td>
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<th>What may surprise you:</th>
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<td>Participants in the London jury were more negative about the financial and professional services sector than those in Edinburgh and Nottingham.</td>
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### Citizens’ view

As citizens, participants thought far more about businesses’ values, motivations and behaviours. Their views at this level were largely informed by the media and cultural stereotypes, rather than by personal experience.

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<tr>
<td>Financial and professional services enable people to start up their own businesses and help them to grow.</td>
<td>Businesses that are really profitable are not paying their fair share of tax.</td>
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<tr>
<td>Financial services bring investment into the country, which ultimately improves our lives.</td>
<td>Top executives get big bonuses no matter how badly their companies behave.</td>
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<tr>
<td>Benefiting the community, for example, sponsoring local sports teams.</td>
<td>The sector is just focused on money and making profits.</td>
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<th>What may surprise you:</th>
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<td>Younger participants were generally less cynical about the financial and professional services sector than older participants.</td>
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Defining trust

What low, medium and high levels of trust in business meant to participants:

High levels of trust

Businesses’ values and ethics are in line with citizens’, and they provide great customer service.

Medium levels of trust

Businesses provide a product or service at a fair price, with professionalism and good customer service.

Low levels of trust

Businesses provide the product or service that they say they will — but nothing more than this.

How the sector ranked

Participants placed most financial and professional services sub-sectors at the bottom of the pyramid (Low levels of trust). Insurance companies, accountancy firms, high street banks and law firms were all categorised as having only low levels of public trust. Building societies fared better, because participants felt that they are more likely to act in the interests of the consumer, as they are owned by their members (Medium levels of trust). Smaller, local businesses fell into the most trustworthy category, because of the ‘two-way’ relationship that develops with the customer (High levels of trust).

Other sub-sectors, such as management consultants, asset managers, fund managers and investment banks were not categorised, as participants had little awareness of them.

Why it matters

Trust in business is declining

Ten years after the financial crisis, trust in business and financial and professional services remains low. The public are still sceptical about the progress that has been made through government, sector and company-led reforms, and people continue to hear and experience negative stories about the sector.

- The 2018 Edelman Trust Barometer showed that trust in UK business has fallen by 2% to 43%, the lowest level since 2012.1

People want more

Public, consumers, employees and investors’ expectations of business are changing.

- The UK public want to see business take the lead in rebuilding trust.2
- 60% believe that CEOs should initiate change rather than waiting for regulators to impose it.3
- 42% are looking to CEOs to speak up directly on social issues and put their voice behind topics that matter to communities.4

Today’s businesses are valued by more than their products

Culture, behaviour and wider stakeholder value are now critical to commercial success.

- According to the Financial Reporting Council’s 2016 report on culture, 80% of a business’s value now comes from intangible assets such as brand, compared to 20% 40 years ago.5

A loss of trust impacts on the bottom line

Trustworthy and trusted businesses have a clear competitive advantage and drive confidence and belief in an organisation.

- Trust in business is key to innovation being accepted by customers, to building employee engagement and productivity, to creating collaborative relationships with suppliers, and to developing customers into loyal advocates.6
- Leaders who set a positive tone and organisational purpose; who give clarity to their people on ‘how things are done around here’; and who consistently model what great looks like, build trust with their employees, who in turn act with integrity in their day to day dealings with clients and beyond.7
- 56% of Edelman’s Trust Barometer respondents believe that those who solely focus on profit are bound to fail at some point in the future.8

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1-4 Edelman Trust Barometer 2018 UK report
5 Financial Reporting Council, July 2016: Corporate Culture and the Role of Board
6-7 Grant Thornton UK LLP: The Business Case for Trust
8 Edelman Global Results 2018
Recommendations

The views expressed by our participants indicate that the financial and professional services sector has a way to go to increase their trustworthiness. When asked to prioritise the most important actions that the sector can take, participants chose:

Do what you do well

• Be professional, fully trained and deliver to the highest standards.
• Ensure quality and learn from any past failures.
• Develop and support all staff working within the organisation, including through apprenticeships.

Do the right thing

• Operate with integrity and do what you say you will.
• Own up to and apologise for mistakes that are made.
• Reward loyalty in customers and the right behaviours amongst staff.

Have a wider purpose

• Add value to others and act in the shared interests of customers, staff and the local community, for example, sponsoring local events, clubs and sports teams.
• Treat employees well and in a “human” way.
• Pay what is considered to be the “correct” amount of tax.

Focus on the customer

• Focus on the customer and provide the service or product that you say you will at a fair price.
• Keep customer data secure and protect against fraud.
• Build relationships and offer a “human” response in times of need.

Communicate clearly

• Be honest and open, and provide clear communications written in simple, jargon-free English.
• Build understanding and make yourself available and accessible.
• Use a spokesperson who can connect with the public.

Communicating to build trust

Participants were asked to consider how the sector could communicate in a more trustworthy and effective way.

Their recommendations were:

Think about the language you use

Use clear and understandable language which shows that there is nothing to hide and that your focus is on ensuring the customer understands the message. Allow products to be easily compared with competitors.

Tell a story that feels real and relatable

Communicate using scenarios that people can relate to, and highlight situations where businesses have provided customers with real benefits and/or assistance.

Get the tone right

The tone of communications needs to be warm and friendly. Humour can help make the message more memorable. In addition, avoid sounding self-congratulatory, as this risks being dismissed as inauthentic or smug.

Employ the right spokesperson

Use ‘real’ relatable people in communications, or a trusted expert spokesperson. Don’t use celebrity spokespeople who are not seen as having relevant expertise, as this can feel “gimmicky” and disingenuous.

We have developed a set of CIVIC principles to guide trustworthy behaviour in business. These are:

• Competence and skills
• Integrity
• Value to society
• Interests of others
• Clear communication

*The bullet points under each heading on page 8, provide examples of specific actions in order to bring participants’ priorities to life.
Methodology

The data for this insight paper has been gathered from regional juries, convened by the City of London Corporation and Britain Thinks, across the UK.

We held juries in:
• London
• Nottingham
• Edinburgh

Each jury was made up of the public who represented a broad spectrum in terms of age, sex, social class, ethnicity, profession and political voting preference.

A fourth reconvened jury was held to bring together representatives from each of the original juries to develop some of the thinking arising out of the regional juries.

Citizens’ juries provide an opportunity to give members of the public the time, space and information to consider an issue or policy. Jurors were interviewed and asked a series of questions to find out what words they associate with trust, what they think about financial and professional services, and what they trust or mistrust about them.

Through a series of presentations, small group exercises and plenary debates, our jurors received briefings on the issue of trust in financial and professional services and had the opportunity to explore the topic in depth. They then developed their own recommendations for how best to move forward.

Moving forward

We recognise that every business is different and that there is no ‘one size fits all’ for how organisations can increase their trustworthiness and build trust amongst their stakeholders.

We have started the conversation and hope you will continue it – inside your individual firms, across your sectors, and more widely as part of a public debate on the role that we want business to have in society, now and for the future.

Through the City of London Corporation’s Business of Trust initiative, we are:

- Inspiring businesses to operate with integrity and grow their positive impact.
- Supporting financial and professional services leaders to meet tomorrow’s challenges.
- Bringing the City together to explore the changing role of business in society.
- Working with others at home and abroad to build trust in business.
- Connecting with communities to take the discussion beyond business.
Please get in touch:

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