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Author post-print (accepted) deposited by Coventry University's Repository

Original citation & hyperlink:
Devlin, J.F. , Ennew, C.T. , Sekhon, H. and Roy, S.K. (2015) Trust in financial services: Retrospect and prospect. Journal of Financial Services Marketing, volume 20 : 234-245
http://dx.doi.org/10.1057/fsm.2015.21

DOI 10.1057/fsm.2015.21
ISSN 1363-0539
ESSN 1479-1846

Publisher: Springer

The final publication is available at Springer via http://dx.doi.org/10.1057/fsm.2015.21

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Trust in Financial Services: Retrospect and Prospect

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Trust in Financial Services: Retrospect and Prospect

Abstract

Fostering and maintaining high levels of trust in the financial services sector is seen as crucial due to the characteristics of many financial service and in order to promote consumer engagement in the sector. In this article we report evidence from a body of work and other commentary to provide an insight into trends in consumer trust in the sector as a whole, in comparison with other organisations and how different types of financial services provider have performed relative to each other. We show that the financial services sector as a whole is trusted more than some comparator institutions, and that aggregate levels of trust in the sector have fluctuated a relatively small amount subsequent to the financial crisis. However, important differences between provider types are apparent and these differences have become more profound in the recent past. We provide suggestions as to how trust in the sector may be improved and provider an analysis of current initiatives to improve trust levels in the sector in general and in banking in particular

Introduction

Trust as long been considered crucial in financial services, not least due to the fiduciary nature of many relationships within the sector. The Centre for Risk, Banking and Financial Services (CRBFS, previously the Financial Services Research Forum) has been researching trust in financial services for over ten years and has amassed a large amount of data which provide important insights as to the nature of trust, consumer perceptions of trust, trends in levels of trust and other related factors. A large body of published work has provided key insights into trust and the closely related concept of fairness in financial services (see Ennew and Sekhon, 2007; Ennew et al, 2011; Worthington and Devlin, 2013; Sekhon et al 2014; Devlin, et al 2014; Roy et al 2015; Moin, et al 2015; Devlin et al, 2015; Devlin, 2015). The occasion of the 20th Anniversary of the Journal of Financial Services Marketing offers an ideal opportunity to reflect on collective previous findings, offer commentary and analysis and consider the prospects for trust in the sector in the future.

In this article, we firstly rehearse arguments as to why high levels of trust are crucial in the context of financial services before considering the nature of trust generally and in financial services specifically. As a multi-disciplinary concept, there are many different definitions of trust and, relatedly, many different conceptualisations and approaches to researching the topic (Moin, et al 2015). We will briefly outline our approach to measuring and analysing trust before sharing findings from our research that should be of great interest to academics and practitioners alike. Current initiatives aimed at improving levels of trust in the sector will also be considered, as will potential scenarios for future levels and trends in trust in financial services organisations. We begin by considering why trust is generally considered to be important in the context of financial services.

Trust and the financial services sector

It is generally accepted that the existence of trust between parties is an important prerequisite to the formation of relationships between businesses and their customers (Hunt and Morgan, 1994; Ben-Ner and Halldorsson 2010). However, in the financial services sector trust is considered to play an even more important role than is normally the case in business-customer relationships. Arguably, such a statement is intuitively obvious, in that anybody who gives over significant amounts of money to another party must have a basic level of trust that resultant fiduciary responsibilities will be met and that their money will not disappear overnight. In practice, however, there many reasons why trust plays an important role in the financial services sector related to product characteristics, consumer characteristics and market related factors.

Many financial services are characterised by a large degree of opacity and complexity in terms of features, benefits and especially pricing, although it is conceded that there are exceptions. Many financial services are also very high in experience and credence attributes meaning that it is difficult to judge the suitability of such products *ex-ante.* As an extreme example, an individual may well invest in the same pension plan for forty years or more and the final outcome is far from known at the outset. That outcome can be impacted by the skill and diligence of the provider, the pricing structure of the policy, the performance of the economy and its constituent parts, regulations and taxation policies as well as a whole host of other factors. In addition, risk is present in the case of many financial services and is most significant in relation to savings and investment products. The same basic product can also bring very different outcomes depending on its type of “wrapper” and the associated tax treatment. For instance, in the UK mutual fund investment returns may be quite different for exactly the same fund depending on whether or not the product user is benefiting from tax-free ISA status.

The problems resulting from characteristics associated with financial services are compounded by the characteristics of the typical financial services consumer, who is most often portrayed as lacking in expertise, uninformed and not particularly involved in the decision making process. This is a generalisation and there are undoubtedly exceptions, but consumers are generally considered to be at a considerable disadvantage in the marketplace for financial services. As such, they are characterised as vulnerable and dependent on others to render accurate, impartial and trustworthy advice.

That such impartial advice may not have been forthcoming previously is due to a key characteristic of the financial services marketplace, that of commission payments to agents for the sale of certain products and services. Subsequent to the Retail Distribution Review commission payments have all but disappeared in the UK at least, but remnants of the target driven behaviour and resultant sales orientated cultures undoubtedly still exist. Other characteristics of the marketplace which do not help consumers include in many cases an overwhelming degree of choice between products which are subtly different in terms of features and costs and as well as bewildering options as to how to access and service products, coupled with a huge range of institutions offering similar products.

Although by no means an exhaustive exposition of factors making financial services markets problematic, the issues outlined above help explain a number of less than desirable consequences apparent in financial services markets. Lack of long-term saving is particularly acute in the UK, but is also a problem in a number of other countries. The lack of use of such financial services on the part

of consumers is of increasing concern as, in common with most western economies, in the UK there has been a gradual shift of responsibility for social provision from the state to the individual, a process which has been referred to as "neo-liberalism" (Leyshon and Thrift, 1997). In the face of such developments, consumers need to be engaged in the marketplace and able to provide for themselves. There have also been a number of previous mis-selling scandals, such as those involving pensions, endowments and payment protection insurance which resulted from consumers' vulnerability and reliance on advisors.

Given the issues outlined here, it is not surprising that trust has been posited to be a key factor in promoting greater consumer confidence and engagement in the financial services sector (Ennew and Sekhon, 2007; Kuneva, 2009; Devlin et al 2014) and more generally Berry (1995) argues that where there is vulnerability, risk and interdependence associated with the purchase of a services there will be an important role for trust. Such a description fits the context of financial services very well. Thus we now consider the concept of trust in more detail to develop an informed and nuanced perspective to underpin the discussion of our empirical findings.

Trust Concepts

A full literature review on trust could run to many hundreds of pages, hence in order to keep matters tractable we will provide a brief overview of the concepts that are important in understanding our empirical insights reported below. When considering trust, certain core themes emerge regardless of the disciplinary perspective adopted ((Rousseau et al. 1998; Sheppard and Sherman 1998). Trust involves: *exchange relationships and interdependence; the existence of risk and vulnerability and confident expectations about future behaviour.* It is important to note that a distinction has been drawn in the literature between trust and trustworthiness. Trust is a set of attitudes and beliefs around trust held by the trustor (which in our context would be the financial services consumer). Trustworthiness is the characteristic of the counterparty (known as the trustee) which may lead others to trust it. In our context, this would be the financial services organisation in question. Given the fundamental difference between trust and trustworthiness, it is important to note that trustworthiness may be influenced directly by the strategies and actions of a trustee in a way in which trust cannot. Therefore, a positive causal relationship from trustworthiness to trust in an organisation is normally hypothesised (Ennew and Sekhon, 2007).

Trust has generally been conceptualised as a multi-dimensional construct and our approach has been to distinguish firstly between cognitive, or lower level, trust and affective, or higher level trust (Sekhon, et al, 2014). Cognitive trust has its roots in rational choice models rooted in economics and suggests that a trustee will be reliable and honest – they will do what they say they will do and have the capability to deliver on their promises. Affective trust is generally considered more complex and nuanced and emphasises the significance of being concerned about the trustor's best interests. It concerns goodwill and the emotional connections which are the triggers for trust. Generally, it is concerned with whether the trustee truly has the trustor's best interests at heart.

Researchers have also noted the importance of institutional trust as an overarching influence of levels of trust generally (McKnight et al, 1998). Institutional trust concerns an individual's trust in the system and is linked to perceptions of structural assurance and situational normality. Clearly, in

financial services, the degree of trust in the system (or otherwise) can be in important influence on consumers. The difference between narrow-scope and broad-scope trust has also been noted in the literature (Grayson, et al, 2008). The former is focussed directly on particular representatives or branches of a particular organisation. The latter concerns the general context in which a trusting relationship is developed. In our context, it is the difference between asking about trust in "my bank" and trust in "banks", with the former more personally focussed and the later concerned with perceptions about a type of institution.

Higher levels of trustworthiness are posited to engender higher levels of trust on the part of consumers, however, a number of factors have been identified as important antecedents of trust (Sekhon et al, 2014; Roy et al, 2015). Roy, et al found that customers who perceived that they had been treated more fairly across various dimensions of fairness are more likely to develop higher levels of trust in their bank. Other important influences on trust according to previous studies (Sekhon et al, 2014) are *expertise and competence, integrity and consistency, communication, shared values* and *concern and benevolence.*

The trust and related concepts outlined above form an important underpinning to the commentary below concerning recent developments in trust in financial services and prospects for improvements in trust in the future. Next, we provide a brief insight into how we have collected and analysed data on trust for the past ten years.

The Centre for Risk, Banking and Financial Services Trust Index.

The Trust Index was initiated under the auspices of the Financial Services Research Forum initially in 2005. Data has been collected at regular intervals since this time. In 2009 the data collection method switched from a CATI telephoned based approach to online collection via YouGov. As a result, figures from before and after this date are not directly compatible. Also, in 2012, the Financial Services Research Forum merged with the Centre for Risk and Insurance Studies to form the Centre for Risk, Banking and Financial Services.

Since 2009, we have been collecting data at regular intervals, initially every six months and latterly annually. On each occasion, we use sample of well over 2000 participants which is broadly representative of the population and we collect data online, in conjunction with a major market-research company. Data is collected for seven types of financial institution: Banks; Building Societies; General insurers; Life insurers; Investment companies; Brokers/advisors and Credit Card Provider. Roughly half the sample provides answers on a "narrow-scope" basis (my bank, my life insurer etc) and the other half on a "broad-scope" basis (banks, life insurers etc).

We collect the following Trust related measures (see Ennew and Sekhon, 2007; Sekhon, et al 2014 for details of the measurement scales employed):

Cognitive or Base level trust – A belief about firms as to the competence, honesty, reliability and dependability: Will it do what it says on the tin?

Affective or Higher-level trust - degree of emotional connection between customers and firms: Can I trust them to act in my best interests?

The Trust Index – a combined measure of base and higher-level trust

In addition, data is collected on a regular basis on trustworthiness, system trust and perceptions of fair treatment along seven sub-dimensions of procedural, interactional and distributional fairness (see Devlin et al, 2014 for details of the precise measures used), as well as some outcome measures including attitudinal and behavioural loyalty and on an occasional basis we have also collected data concerned with the drivers of trust, perceptions of professionalism, trust in other contexts of purposes of comparison and other related matters.

As we have reported results regularly for practitioner and regulator audiences, we convert raw data into an "Index Score" for each measure, which ranges between -100 and +100. A score of zero represents a neutral viewpoint, indicative that consumers perceive that financial institutions are neither particularly trustworthy, nor particularly untrustworthy. Values above zero are indicative of moderate to strong perceptions of fairness/trustworthiness. Values below zero would range from moderate to strong perceptions of a lack of fairness/trustworthiness. We average all seven contexts covered to provide an Index for the sector as a whole and we also provide data for each separate context covered. Between 2005 and 2009 we collected data on Trust in an ad-hoc basis. Since 2009, when we have been collecting data online, we have collected data at the following times: Wave One: Late 2009: Wave Two: Early 2010: Wave Three: Late 2010: Wave Four: Early 2011: Wave Five: Late 2011: Wave Six: Early 2012: Wave Seven: Late 2012: Wave Eight: Early 2013: Wave Nine: Late 2013: Wave Ten: Mid 2014

Trust in retrospect and Prospect

Trust in Financial Services Relative to Other Sectors

Even as far back as when we reported the findings of our initial pilot study in trust, carried out in early 2005, we noted that there was growing concern with the relative lack of trust in the financial services sector (Ennew and Sekhon, 2005). Ennew and Sekhon noted that mis-selling scandals concerning pensions and other products had taken their toll on perceptions of trust in financial services and that, according to the well-respected Edelman Trust Barometer financial services in the UK and across Europe endured relatively poor levels of trust. Therefore, one of our initial lines of investigation was to study the levels of trust in the financial services sector relative to some key comparators (Ennew and Sekhon, 2006). The analysis resulted in some surprising findings which, it has to be said, were greeted with some scepticism at the time.

Table 1: Relative Levels of Trust 2006

Organisation	Trust Index Score[1]
The NHS	+24
The BBC	+14
My Supermarket	+34
My Employer	+40
My Mobile Phone Provider	+30
My Bank	+50

[1] These figures differ from those in the original report as they have been transposed to appear consistent with the **-100** to **+100** Index Scale adopted later. The same will apply to any figures originally reported on the 0 – 100 scale used previously.

My Credit Card Provider	+48
My Life Insurance Provider	+38

As can be seen in table one, the relative ratings of banks and other types of financial services organisations were very high compared to a number of comparators from both the public and private sectors. Our findings suggested that the dominant narrative of trust being low in the financial sector was open to challenge and that financial institutions may well benefit from greater levels of trust as a basis for forming relationships than was generally perceived. Our findings at the time proved particularly unpopular with policymakers and consumer advocate groups keen to amass evidence of very poor levels of trust. Nonetheless, we saw no reason to doubt our findings which were produced on the basis of sound research principles.

We last measured comparator levels of trust in 2009, a reasonable time after the onset of the financial crisis (Ennew, 2009) and results are shown in table two.

Table 2: Relative Levels of Trust 2009

Organisation	Trust Index Score[2]
The NHS	+32
The BBC	-1
My Supermarket	+32
My Employer	+38
My Mobile Phone Provider	+34
My Bank	+48
My Credit Card Provider	+44
My Life Insurance Provider	+46

Although absolute levels of trust had dropped slightly, the relative standing of the financial services sector had endured and financial services organisations were still significantly more trusted that the BBC, the National Health Service, employers, supermarkets and mobile phone providers. This led us to conclude at the time that trust in the sector remained relatively robust despite turmoil in the financial markets. It may well have been the case that the true effects of the crisis had not yet impacted on those who responded to the survey, however, given the large amount of negative press coverage, some fall in trust values in financial services were expected.

We suggest, therefore, that given the trials and tribulations of the sector in the recent past, levels of trust have, in fact, remained relatively robust compared to expectations. Others have made similar points on the basis of more reflective and balanced assessment of the evidence. The Chartered Insurance Institute (2010) noted pithily that if what was circulating in the press at the time was to be believed then we would be under the impression that:

[2] These figures differ from those in the original report as they have been transposed to appear consistent with the **-100** to **+100** Index Scale adopted later. The same will apply to any figures originally reported on the 0 – 100 scale used previously.

"We have lost trust in the entire financial system, from the regulator to the bankers, for taking too many risks, failing to foresee or prevent the crisis, and continuing to dole out handsome bonuses throughout" (Pg 7)

And the CII then went on to point out that similar arguments could be applied to politicians, the police, the NHS etc. In reviewing the objective evidence, the CII noted that rates of trust in an individual's primary bank remained remarkably high at 72% according to Datamonitor (2009) and that, according to Moneysupermarket.com (as reported by CII, 2010) consumers trusted banking brands far more than supermarket brands when considering who to trust with their money. The CII's own research indicated that trust in an individual's own bank remained strong whilst trust in institutions in the sector in general was far weaker. This is the classic distinction between "narrow-scope" and "broad-scope" trust that we alluded to above and is a common theme in trust research in financial services.

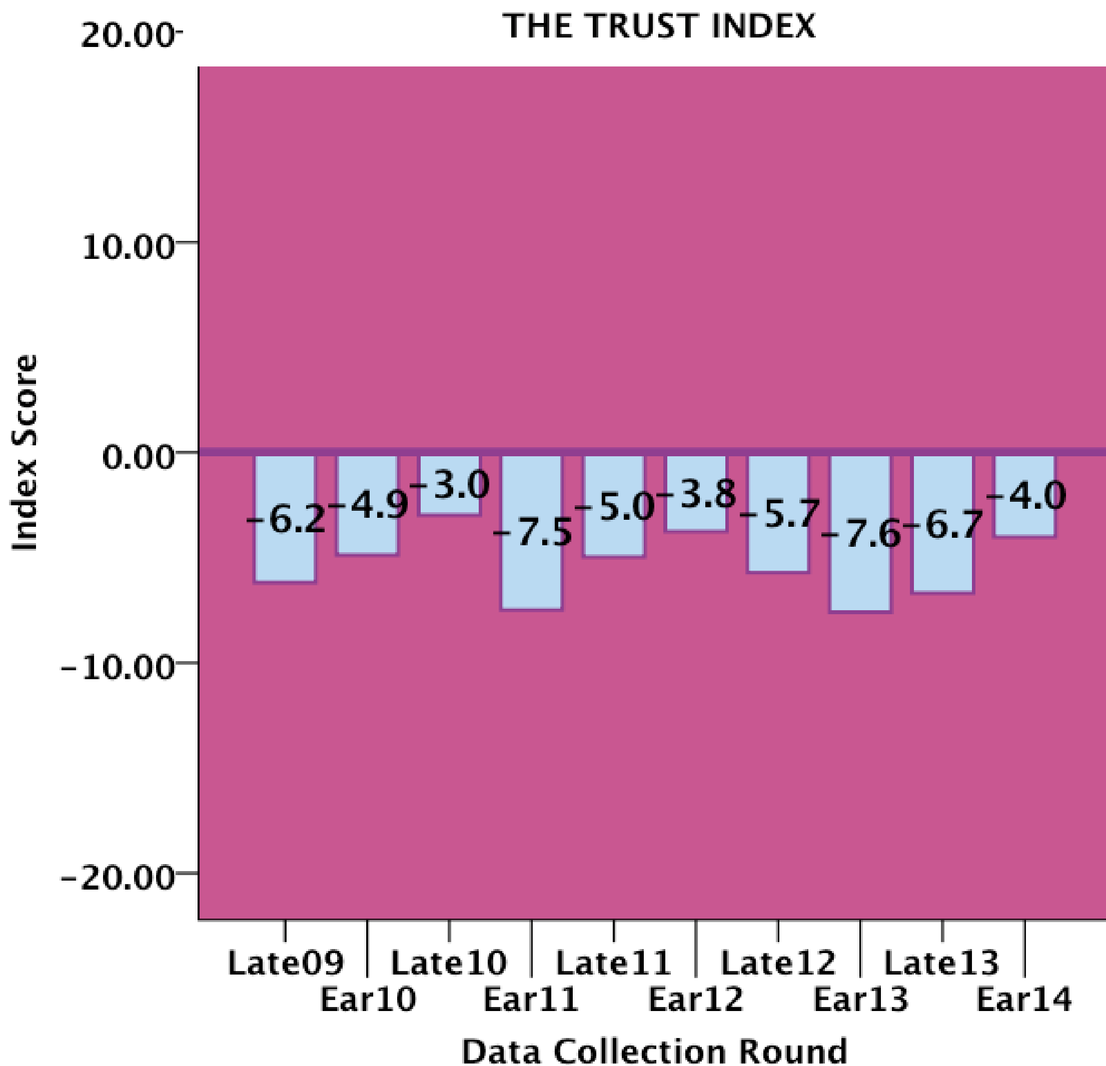
Since 2010, for the banking sector in particular the narrative and commentary seems to have merely deteriorated and many would argue for good reason. The LIBOR scandal, further mis-selling issues such as PPI and manipulation of the foreign exchange markets are just some of the stories that have made the news. However, the most recent Edelman Trust Barometer report for Financial Services (Edelman, 2015) showed that trust in financial services amongst the general public, at 49%, was practically the same as trust in business as a whole. In turn, business was more trusted than the media and politicians. Hardly a ringing endorsement, but equally not indicative of a sector far adrift from the rest of business and commerce. Further analysis of the figures showed that trust was somewhat lower in the developed world and that financial services were rated significantly less than truly trusted product categories such as consumer electronics.

Taking all things into consideration, over the past ten years, it would be reasonable to argue that trust in the financial services sector has declined somewhat along with trust in various other types of institutions rather than fallen markedly relative to such comparators. Our research findings back up such a contention, as does some of the less hyperbolic, more informed commentary on the matter. Of course, that wouldn't be the conclusion that one would draw from a cursory glance at the media coverage of the sector over the period. Equally, such observations do not suggest that the financial services sector does not face profound challenges when seeking to increase at best mediocre levels of trust. We will return to the prospects for improving levels of trust after reviewing further evidence from our research and other sources.

Trust Trends in the Sector

From 2009, we have collected comprehensive Trust data in the same manner with roughly the same sample characteristics, meaning that trend data can be easily interpreted. In this section of our review, we will present figures for "broad-scope" trust (banks, insurance companies etc) to provide an insight into sentiment concerned with the sector more generally.

Figure 1: Overall Trends in Trust in the Sector



The overall Trust Index is an average for all types of provider covered by the survey and gives an accurate insight into sentiment towards the sector as a whole. Keeping in mind that the measure has the potential to vary between -100 and +100, the fact that the measure has always been between 0 and -10 shows a remarkable degree of stability, especially given the turbulent backdrop against which the measures have been taken. Such evidence provides further support for the contention that at no point in the recent past has trust in financial services "fallen through the floor" or "off a cliff" or any other hyperbolic statement that one may have encountered in the media and commentary. Rather, evidence shows that overall trust recovered from post-crisis lows, but fell again on a couple of occasions, firstly as recession hit and latterly as more scandals came to light. However, in the most recent past trust is once again on an upward trajectory, recovering from the lowest overall rating witnessed in early 2013.

However, aggregate scores mask significant differences between provider types. As shown in the data collected in 2014, there are notable variations in consumers' ratings of the various types of provider covered by the study. The variations as shown in Figure 2 are generally typical of the results that we have gathered since 2009. Easily the most trusted type of provider is broker/advisor. It is well known that brokers and advisors tend to enjoy closer and more personal relationships with clients and are also likely to meet face-to-face on a regular basis. But remember that the data below pertain to general or broad-scope perceptions, therefore it is apparent that both brokers/advisors and, to a lesser extent, building societies, benefit from somewhat of a halo effect in the perceptions of consumers. Generally, higher levels of trust are viewed as a good outcome, as greater trust is posited as being connected to greater levels of engagement and provision on the part of consumers. However, brokers and advisors, of various types, have been by no means exempt from previous mis-selling scandals and in some cases, such as pensions and endowments, have arguably been substantially culpable. Therefore, trust can potentially have negative consequences, as consumers use trust as a form of "heuristic" in making decisions, rather than enter into any more detailed or informed evaluations (Altman, 2012).

At the other extreme are banks, where trust perceptions lag significantly behind the sector in general providing some confirmatory evidence that they are in danger of being left adrift by other types of firms. More recent scandals, such as the LIBOR manipulation and FOREX fixing affairs, as well as PPI mis-selling have been largely connected with banks. Initiatives to improve levels of trust in banking, and alongside it perceptions of professionalism, are being undertaken and must begin to impact soon in a positive manner if banks are going to enjoy any type of revival.

Figure 2: Trust and Provider Type

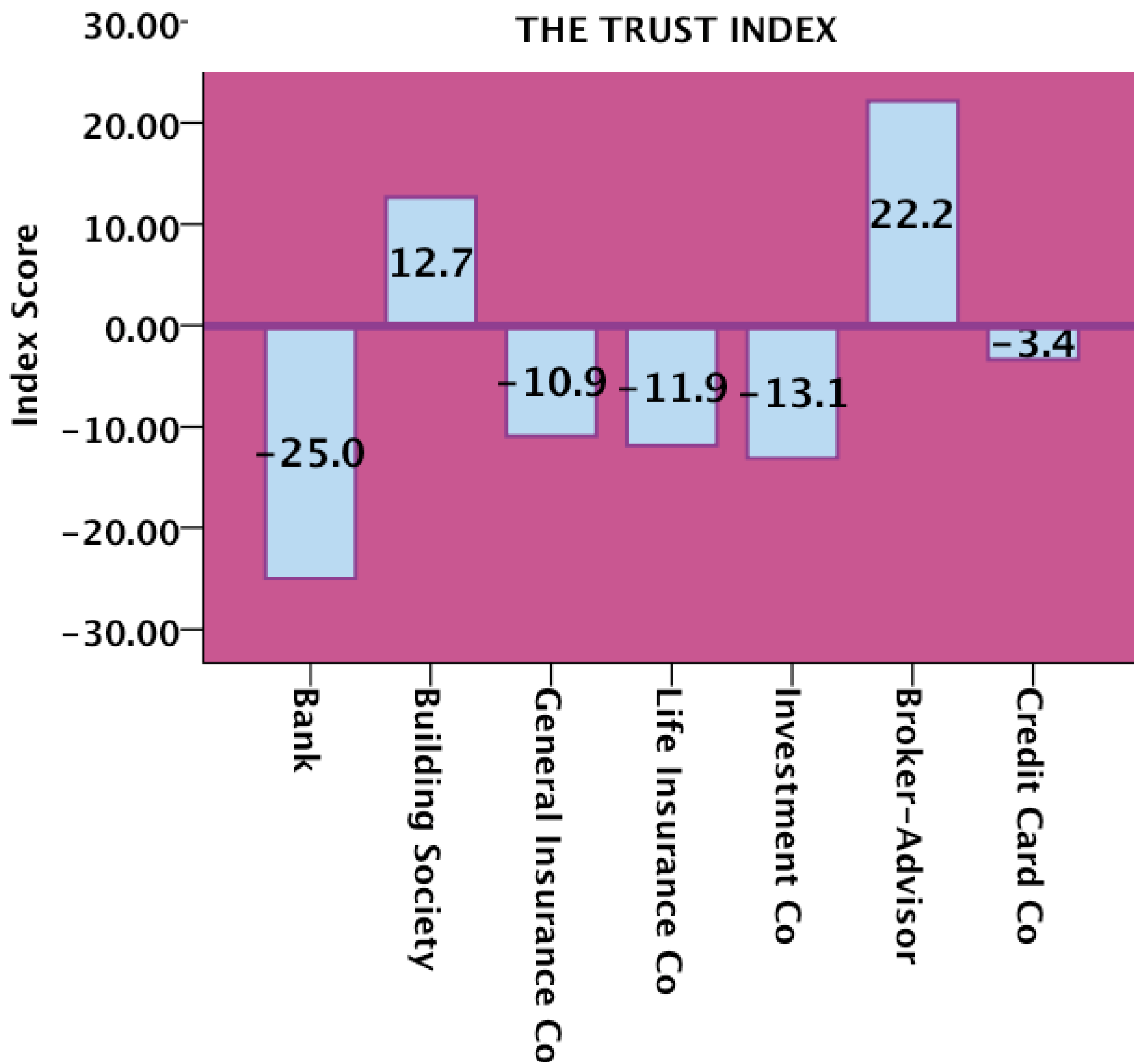
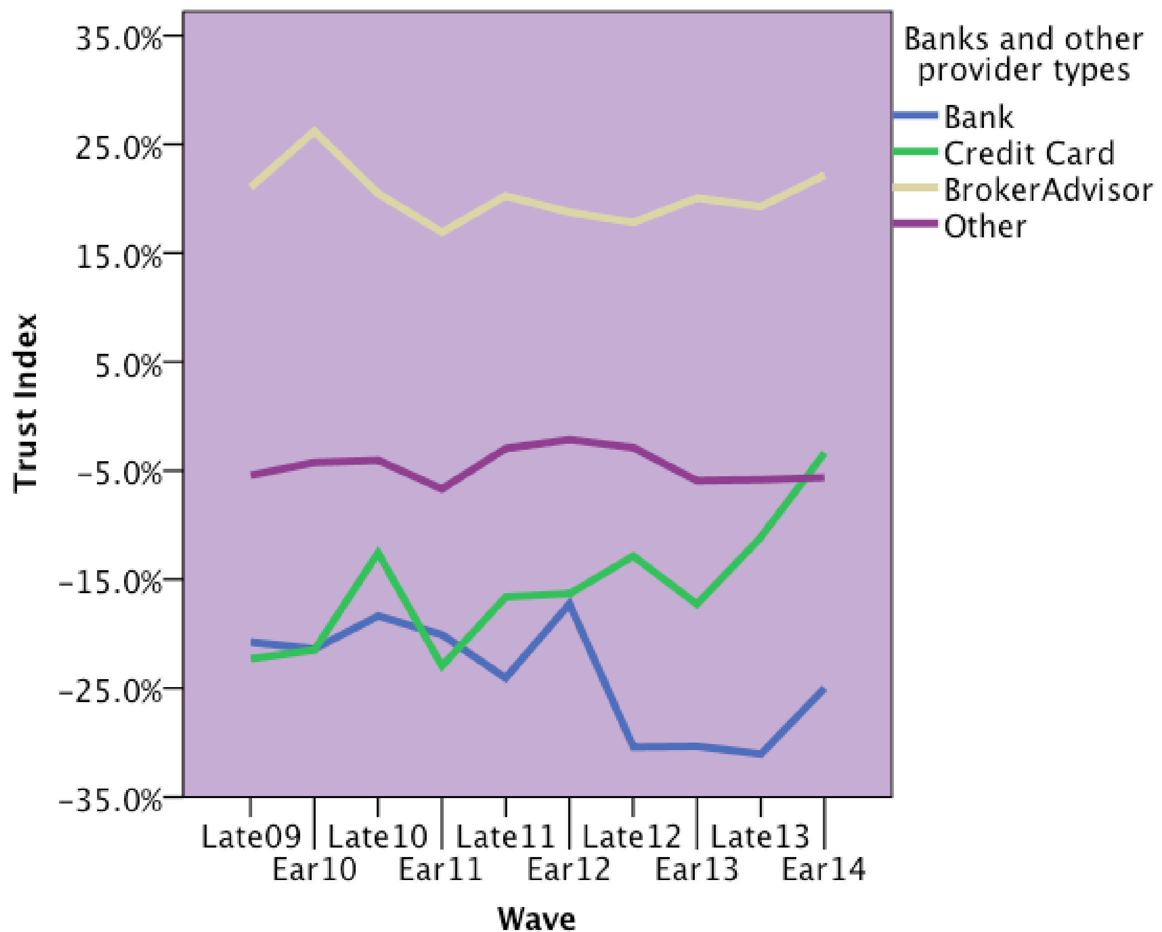


Figure 3 shows an amalgamation of trend and provider type data. Certain categories (building societies, general/life insurers and investment companies) have been reported in aggregate in this graph to ease interpretation and to allow emphasis of key provider trends. Brokers/Advisors have been separated out to provide a "best in class" reference point. The analysis provides further insights into how banks have ended up in the position noted in the discussion of figure 2 and also how, by contrast, credit card providers have seen a significant move in customers' perceptions of trust in a more positive direction. When data collection started in its current form in 2009, banks were behind the "the pack". As discussed by Devlin (2015), banks could at least console themselves that they were not bottom, with that dubious honour going to credit card providers. However, although the trend as not been a completely smooth one, banks have been on a marked downward trend in trust perceptions of the public since that point. The difference between banks and the rest of the sector is now far more profound than was previously the case and they are by some margin the lowest rated of all provider types. By contrast, credit card providers have witnessed a marked improvement in their fortunes and they have moved to a position where they are trusted to a

greater degree than the sector average. This is an impressive achievement considering they were the least trusted in 2009, below even banks.

Banks have obviously taken the lion's share of the blame for the financial crisis in the eyes of the public and other scandals related to manipulation of markets for profit (FOREX and LIBOR) hint at a lack of the contrition and the true mending of ways that the public expected to see. For credit cards, it may be that consistently low interest rates and a plethora of teaser offers have helped increase general levels of trust in the sector. However, collectively, credit card companies have worked hard to ensure that the key operational details have become more favourable to customers. A new Code of Conduct was issued in 2011 (UK Card Association/Citizens' Advice Bureau, 2011) to ensure that payments by customers were used firstly to settle the ***most*** expensive tranche of debt and that all customers would pay off some principal even with a minimum payment. Clear and concise communication was also promised, along with more control and flexibility for consumers. This recalibration of the relationship between credit card providers and their customers is likely a key driver of the sustained increase in trust levels witnessed.

Figure 3: Trends and Provider Type



It is clear that banks have the biggest challenge in terms of improving the levels of trust they enjoy from the public. And unlike credit card providers, their offer encompasses many different products, rather than one specialist one. Therefore, reworking product features and reengineering terms of engagement to be overtly fairer to consumers will be far more challenging for banks. However, fairer and more transparent dealings with consumers appears key to increasing levels of trust. Indeed, other CRBFS research has found a significant positive relationship between perceptions of fair treatment and resultant levels of trust in the banking sector (Roy, et al 2015). Therefore it is incumbent upon banks to formulate strategies to increase levels of trust notwithstanding the challenges presented. Major developments in the area that may well have a positive impact are on going and include policy-led and industry-led elements. Firstly, policymakers have championed a new Senior Managers and Certification (Bank of England/PRA/FCA, 2014) regime which will come into force in the Spring of 2016. At the extreme, this regime will make certain Senior Managers and some Non-Executive Directors criminally liable if they make reckless decisions that lead to institutional failure. Such occurrences are likely to be few and far between, however, customers may well be re-assured by the overt culpability contained within the regime. More generally, the regime will mean that those in Senior Management Functions will need to be pre-approved by regulators and will have transparent and documented responsibilities for key areas of operation. Others in a role that could cause significant harm for consumers, or overseeing such functions, will be subject to a certification regime. Finally more general conduct rules will apply to a significantly wider cadre of staff.

The Senior Managers and Certification regime applies to all types of financial institution, but it is in the area of banking, where the general perception is that senior bankers have not been held to account for previous failings in a sufficiently rigorous manner, that the public's perception may be positively impacted upon the most. The regime is mainly supply-side focussed and much of the impact may well occur outside of the public's purview. Therefore, it is incumbent upon both financial institutions and regulators to take every opportunity to publicise the increased responsibility, culpability and potentially positive impact upon conduct that the initiative brings. Only then will positive impacts on trust accrue.

A further development is the creation of the Banking Standards Board (BSB), an initiative born out of the Lambert Review of professionalism and standards in banking. The BSB has now been populated with 14 members drawn from outside and within the industry and is chaired by Dame Colette Bowe. Its remit is to restore the public's trust in the banking sector and will aim to do so by shinning a spotlight on the culture of the banking industry, how leaders are taking responsibility for standards of behaviour in the industry and how ethics and behaviour are improving generally (Warman, 2015). The Board will also consider the issue of qualifications and the role that they play in ensuring appropriate levels of professionalism within the banking sector. The Board's current focus is on recruiting as many banks and building societies as possible and formulating a timetable of appropriate initiatives. The Board has the potential to make a highly positive contribution to trust in the area, but to do so it will need to develop into something that is substantially more than an organisation that provides an endorsement of good behaviour on the back of a tick-box approach which doesn't really lead institutions to change culture, competencies and behaviour. If the Board is successful, we should expect to see positive trends in trust in banks similar to those witnessed previously for credit card providers.

Edelman (2014) cited five main areas that are key to building trust in the financial services sector more generally. Firstly, engagement with both customers and employees is essential, including communicating frequently and honestly and listening to the needs of customers. Next, firms must exhibit excellent levels of integrity by adopting an ethical and responsible approach to business. Thirdly, innovative and high quality products must be offered at all times. Fourthly, firms need to act with a sense of purpose, including a social as well as business purpose. Finally, financial services firms must have excellent standards of operations and deliver consistent financial returns for investors. Edelman (2015) sounded a cautiously optimistic note concerning the potential role of innovation in improving levels of trust in the financial services sector. They noted that trust in more innovative financial products such as electronic and mobile payments is notably higher than in the sector in general. Firms introducing such innovations are also viewed as acting very responsibly, a key to driving up levels of trust. Of course, the challenge for banks is to ensure that they are closely associated with the best of such developments. Presently, many of the most innovative developments, such as Apple Pay, are not associated with traditional operators and this is a further potential hurdle to increasing levels of trust in banks in particular.

PWC (2014) highlights the scale of the challenge for the industry in general. It characterises the sector as one that has "lost its mojo" citing a large loss of trust on the part of consumers and, it argues more worryingly, an equally strong feeling of apathy on the part of consumers fuelled by a view that all providers are the same. As many of the products offered by the sector, such as banking and insurance, are viewed as essential, customers do not feel that they have the option of

withholding custom. Equally, as all providers are viewed as equally bad, customers see little point in switching. The data presented by PWC show that personal experiences coupled with media commentary are the primary drivers of such feelings. PWC did find that greater transparency is the single most important factor that may shift opinions, but even then fewer than one in two respondents stated that they would be influenced positively by such a development. PWC concludes that the sector faces a huge challenge, but at least has the foundations of a residual level of trust to build upon.

Overall, it is clear that improving the public's level of trust in the financial services sector will take time and sustained effort. Whilst some parts of the sector, such as brokers, advisors and building societies, have tended to enjoy reasonably positive perceptions, most of the sector is viewed with apathy at best. Trust in banks in particular has deteriorated markedly over the past few years and is now significantly below the sector in general. As banks are a significant part of financial sector, the low ratings of banks drag down the rest of the sector. All is not lost. The data relating to credit card providers show us that sustained and targeted efforts can improve trust perceptions. A number of factors have emerged from our research and other commentary as key to improving trust perceptions. Genuine customer engagement, transparency and excellent communication will help improve customers' personal experiences, which in turn are key drivers of trust levels. Equally, a greater degree of contrition and admission of culpability on the part of bankers, coupled with increased standards and professionalism in the sector will help shift the dominant narrative and eventually impact on media commentary which is also important in driving perceptions of trust in the sector. The journey to improved levels of trust will doubtless be long and there will be setbacks along the way. Any new scandal or negative commentary will set the project back to a significant degree. The sector in general, and banks in particular, needs to act in a more ethical, transparent manner far more of the time and needs to do in a highly consistent manner to make the progress required in a timely manner.

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