Changing the conversation

How can retail banks rebuild their reputation?

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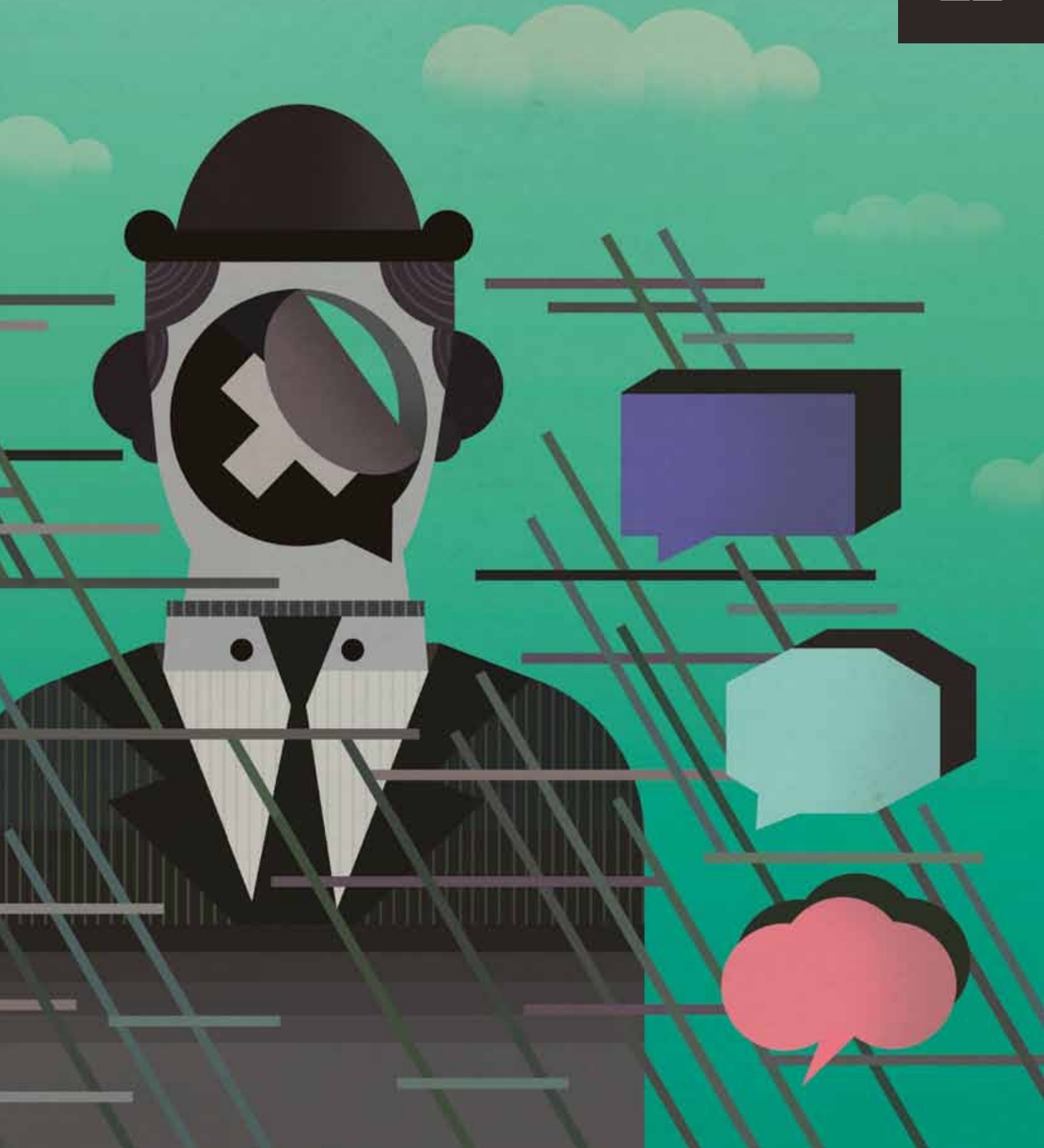

About Cicero Consulting

Cicero is an international consultancy specialising in corporate communications, digital strategy, government affairs and thought leadership generation for policy, business and consumer audiences.

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Changing the Conversation:
How can retail banks rebuild their reputation?
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Cicero Content Unit

About this report

This report aims to explore the communications challenges that UK retail banks are facing as a direct result of the reputational fallout following the financial crisis. It offers ideas as to how these barriers could be overcome and encourages banks to enter the often one-sided conversation that exists in the media coverage surrounding the sector.

The survey results cited in this report are based on 102 responses to a Cicero poll sent to financial services professionals based in the UK. The survey was conducted anonymously during April and May 2012.

Respondents include senior decision-makers from trade bodies, asset managers, life insurance and pensions providers, investment banks, retail banks, accountancy firms and general insurers, among others.

The respondents work in a range of departments including communications, sales, legal and compliance, government relations, marketing and operations.

All quotes in the report are derived from interviews between the authors and the contributors including anonymous comments, unless specifically attributed to survey respondents.

A list of interviewees can be found in the appendix.

Foreword

Over four years have passed since the financial crisis began and it is self-evident that the financial sector, wider businesses and everyday consumers alike are still feeling the effects. Whatever your viewpoint, one thing remains clear: the reputation of the banking sector is a constant headline.

Frequently caricatured as unrepentant in the public discourse, driven by the words of journalists, politicians and trade groups, 'banker-bashing' has become a cultural pastime across the Western world.

Banks, and other financial institutions by association, are often portrayed as no longer trustworthy or a social good.

Media coverage continues to be hugely unfavourable. Any story involving a financial institution often snowballs beyond a sensible narrative. Negative print headlines and broadcast debates have shaped the public's image of banking. It is no surprise, therefore, that this research finds that 59 per cent think that UK media coverage does not fairly portray the retail banking sector.

One of the immediate challenges for the banks is their ability and, crucially, willingness to communicate not only with the media, but with the wider public. The results from this research make particularly interesting reading in this regard as they represent the views held by those working within the industry itself. The perspectives highlighted in this report are not just from within the City of London, but from regions across the UK and from a wide-range of relevant organisations.

Ninety-four per cent of respondents feel the traditional retail banking sector is portrayed negatively or very negatively. Public animosity is something that will not go away in a hurry and this remains the challenge.

A large part of the media debate revolves around the idea that change will only come through regulatory and structural reforms, but, as many of the respondents acknowledge, organisations should be willing to engage in sensible conversation, both with the media, regulators and policymakers, but also with their retail customers, businesses and the real economy more widely.

The industry as a whole has a PR problem. We know that. But this should not be a cue to raise the barricades and put a stop to connecting openly with the public, media and policymakers. As this research indicates, the fact that many senior industry practitioners clearly accept this should provide a platform to build on - it now requires the sector to go out and make it happen.

This is a two way street.

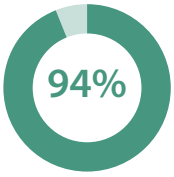
Iain Anderson
Chief Corporate Counsel, Cicero Consulting

June 2012

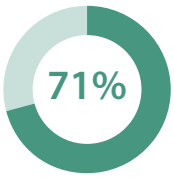
Key Numbers

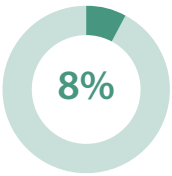
59 per cent of our respondents think that UK media coverage does not fairly portray the retail banking sector while 20 per cent say it fairly portrays the sector.

55 per cent think retail banks should engage more proactively with the media in order to improve their reputation among the public and 25 per cent think that board members should give more media interviews.

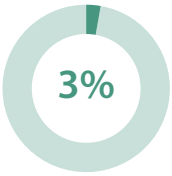


94 per cent of those surveyed believe the UK retail banking sector is negatively or very negatively portrayed by the media. Just 1 per cent think retail banks are positively portrayed by the media.

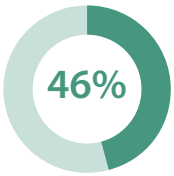


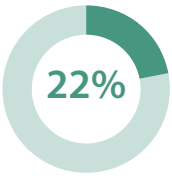


71 per cent of respondents believe there is a degree of hysteria in the media's portrayal of the UK retail banking sector. Just 8 per cent disagree with this view.



92 per cent of respondents believe retail banks need to do more to improve their reputation. Only 3 per cent believe reputation is not an issue for retail banks.





46 per cent of those polled say that media coverage of the banking sector has damaged the reputation of the firm they work for, compared with 22 per cent who do not feel media coverage has been detrimental to their firm's standing.

Key Quotes

"You cannot have a voice in a debate if you do not take part in it. Silence is not an answer."

Laura Kuenssberg, business editor, ITV News

"We should not disregard the fact that the industry has improved hugely. There are no doubt huge lessons that have been learned, people are trying very hard. That needs to come through more."

John Thurso, Liberal Democrat MP

"Banks have to take pride in what they do. They have got to have pride in the way that they organise themselves and they have got to be ready to talk about it. Banking is an essential part of modern society so they don't need to feel defensive about it."

Andrew Haldenby, director, Reform

"It was very convenient for the politicians to pretend that the only reason we had an economic recession was because of the financial crisis and therefore it is 'blame the bankers, stupid'."

Stephen Hammond, Conservative MP

"We are always after the story and we are always going to ramp things up to a certain extent."

Newspaper journalist

"All that happens is that the banks get accused of lobbying, of whining, of [being] just the same. All those types of statements get made and so it is quite difficult for us to be able to explain and discuss these very important areas."

Angela Knight, chief executive, British Bankers' Association

What's the story?

Perhaps unsurprisingly, the majority of the 102 respondents to the survey and the 26 key thinkers interviewed for this report feel the media's coverage of the UK retail banking sector is perpetuating a negative perception of banking.

In addition, there is little disagreement that the sector is frequently cast in an unfavourable light by the media, with 94 per cent of those surveyed believing the UK retail banking sector is either negatively or very negatively portrayed by the media.

Conservative MP Andrea Leadsom thinks the media coverage is completely black and white and perpetuates the myth that "bankers are evil, full stop". Leadsom is worried that the debate has now become a "Sun headline" as opposed to a measured debate about the fact that banking can be an "honourable business".

She says: "We're mad to turn our backs on it [the banking sector] the way that the media are urging us to do."

On the question of whether this coverage is overhyped, 71 per cent of those surveyed think there is a degree of hysteria in the media's portrayal of the retail banking sector.

One newspaper journalist admits that there is always a certain amount of hysteria in the way the media reports anything. "We are always after the story and we are always going to ramp things up to a certain extent."

This greatly concerns Leadsom, who was elected as an MP for the first time in 2010. She says one of the biggest worries for her since becoming an MP is to see how journalists bring "everything down to the lowest common denominator".

She adds: "And they completely miss the nuances and subtleties and they don't bother with a balanced argument at all. I mean it is beyond hysterical."

But Chris Cummings, chief executive at TheCityUK, is less convinced and says the media writes good stories about financial services when there are good stories to be told.

He says: "There is a view that the media is dead-set against the banks. My own view is that that is not the case. They of course ask some very hard and challenging questions, and that is the role of the media, but it is not as if good stories cannot get out.

"When Morgan Stanley opened up a new centre in Glasgow, creating 500 jobs, that was all over the Scottish media – it even made it into the Evening Standard.

"And where we fail to manage our message well, or where the industry has let itself down, the media pretty accurately reports that too."

Labour MP Andy Love agrees saying there is some very positive publicity about the banking industry in general, though stories about individual banks do tend to be more negative.

He says there are a lot of positive stories that come out about the importance of the sector to the British economy.

"If we look into the future, it [banking] is seen to be the major generator of new jobs and increasing wealth in the United Kingdom. I think all of that is a very positive story that gets retold quite a lot," says Love.

Ashok Vaswani, CEO of UK retail banking at Barclays, says when Barclays exceeded its targets under Project Merlin, the regional press reported it widely because it impacted upon local businesses and the community.

But British Bankers' Association chief executive Angela Knight says some things that the industry has done well simply do not get the visibility in the press that bad news stories get.

Another broadsheet journalist says that good news stories are essentially "boring" and often there is no justification for reporting them.

The reporter says: "You are supposed to do good things. You are supposed to be lending to people. I don't write when you are lending to them, I write when you aren't. Should I be reporting that my electricity came on? No I should be reporting when there is a power out. Welcome to the real world."

Fair comment?

Survey respondents were fairly damning in some cases about the fairness of this media coverage, with 59 per cent saying that UK media coverage unfairly portrays the retail banking sector.

One respondent said: "It does appear that accuracy of reporting or balance of reporting has disappeared in the attempt to frame every issue as a problem created by banks."

Another of those surveyed said: "Coverage by all but the Financial Times is focused on shortcomings and complaints. Interaction and interviews are generally hostile in tone. No 'benefit of the doubt' is granted nor any respect for sector expertise and/or analysis conducted. Bank motives are assumed to be greedy at best, nefarious at worst."

Andrea Leadsom says that the media paints bankers as a homogenously "evil" group.

She says: "It [the media] fails to recognise that the so-called 'bad bankers' are one out of 200 individuals, rather than the one or two million people who are employed in Britain in financial and professional services that are the lifeblood of the economy."

Conservative MP Steve Baker agrees, saying the media takes the easy route of portraying bankers as bad individuals which he says is "a dangerous and inadequate line" to take.

He says: "My view is that the primary cause of this crisis was the systemic intervention of governments and that is totally lost on the media. The media are treating the financial system and the problems we have in an altogether superficial way on the whole."

Journalists do admit there is some inconsistency in the way that banking is reported. Anthony Hilton, city commentator for the London Evening Standard gives the example of lending.

"The media will say that loans are not easy enough and then berate the banks for losing money on duff loans or lending to people who cannot afford it."

But Professor Kevin Dowd, senior fellow at the Cobden Centre, says he does not think the media has been unfair to banks.

"Sometimes the media has been [unfair] in the past. You do come across cases on a particular issue where they do not understand the economics and wonder why there is a charge for some service, and on that I would be sympathetic with the banks, within reason, but I think we are long past that."

Chris Sullivan, chief executive of the UK corporate banking division, Royal Bank of Scotland, says he understands the "bank bashing" that has gone on because "we did some things we should not have done".

He says: "We should accept some responsibility for those things, but actually I have apologised many times in public for banking as an industry and the part that RBS played in the issues. However, I can apologise a million times but it isn't going to change anything."

Metro Bank chairman Anthony Thomson agrees that the banking industry is having a torrid time in the media at present, saying there has been some press commentary that has "quite frankly been unfair".

One survey respondent thinks the media misses the point that UK banks and building societies are facing unprecedented regulatory pressures, particularly in respect of liquidity and capital requirements, which constrain behaviours significantly more than any consumer issues.

The BBA's Angela Knight agrees that banks are put in a tricky position when they try to talk about regulatory changes and whether the regulations are perhaps not right or as good as they should be.

Barclays' Ashok Vaswani says that the bank aims to engage with the media at every opportunity.

"Our focus is engaging with the media whenever and wherever we can, and being as open and transparent as possible. There will always be some cynicism but if you engage with the media, communicate your side of the story and your rationale behind it then there's a lot that can be achieved," says Vaswani.

But RBS's Chris Sullivan says that banks are wary of engaging with the media as a whole.

"To engage effectively with the media requires trust, and there has been a lot of evidence around of a sensational story superseding that trust.

"As such, if you are a banker why would you put yourself at extra risk? I feel there are a lot of good bankers around that had nothing to do with any of the issues that people are really angry about, who have taken a lot of bashing these days, and therefore they are a bit reticent to put themselves out in public."

But Mark Pack, co-editor of blog Lib Dem Voice, thinks that when senior bankers do give interviews, they get a fair amount of airtime from the media to give their side of the story.

Pack says: "If you look at the fuss around Stephen Hester, he had more than enough extended quotes and interviews in the media to have made that story much better than it was."

Conversation starters

There is no doubt among survey respondents that the retail banking industry needs to do more to improve its reputation with 92 per cent thinking this is necessary. Only 3 per cent of respondents feel that the banks do not need to boost their standing among consumers and the media.

Communication is a key area where both survey respondents and those interviewed feel that banks need to improve. When asked how UK retail banks should boost their image among the public, 55 per cent of the surveyed financial services professionals think that retail banks should engage more proactively with the media, while 25 per cent say that board members should give more media interviews.

A financial journalist says that if chief executives made themselves more available for interview and managed to demonstrate that "they care", it would "humanise them".

Andrew Haldenby, director of think tank Reform, says it is "completely bizarre" that banks do not engage with the media and the public more.

"Banks have to take pride in what they do. They have got to have pride in the way that they organise themselves and they have got to be ready to talk about it. Banking is an essential part of modern society so they don't need to feel defensive about it."

He says that if banks do not like what is being said about them, then it is their job to engage and to tell their side of the story. Before the crisis, Haldenby says he felt that banks did not feel the need to engage in the public debate.

"I'm putting words in their mouths now, but I imagine that they felt that they had good private relations with government and so did not need to engage in the public debate, and now, latterly they are realising they do have to engage in the debate, and that is finally where they are making more efforts now. Fair or unfair, who knows, but the banks have to be very very careful to not let the argument go by default."

Metro Bank chairman Anthony Thomson says that the days of saying nothing for banks are over. "Saying nothing now is actually making a powerful statement to people and it is not a good one," he says.

There are times when Money Marketing editor Paul McMillan thinks banks should take a stand publicly on certain issues, for example when they believe regulatory changes are going to be detrimental to consumers, rather than doing this behind the scenes.

"When there is something they genuinely believe in and for the interests of their customers and their employees that they should be willing to speak out on things."

A national journalist agrees, saying that by keeping silent banks come across as distant.

"I have this conversation all the time, with directors of communications, chief execs, saying come on guys, you have to front up, you have to get your people out there.

"It is one thing talking to the financial pages, it is quite another thing talking to the rest of the country. What happens right now in the banks and in other businesses too, is you get a lot of peer-to-peer communication and almost no other kind of communication."

But managing effective communication strategies is pointless unless there is a good model backing this up, as McMillan points out.

"PR needs to be based on decent values in the first place so that you have a decent story to put out there. If the model is broken or if it is still reliant on sales targets then you can PR it all you like, but you will still find the same big scandals emerging."

But RBS's Chris Sullivan thinks that good public relations is not the answer, saying he is in "completely the opposite camp" to those that think PR can solve the reputational crisis.

He says it is about rebuilding trust: "I don't think you can do that through PR, and you cannot do that overnight. You have got to do that day-in day-out with good behaviour from really professional people, who actually are very closely aligned with the best interests of their clients. I think that is good business sense and that is what banks need to produce right now."

No comment

As Laura Kuenssberg, business editor at ITV News points out: "You cannot have a voice in a debate if you do not take part in it. Silence is not an answer. And it is very difficult but you cannot have it both ways. It is difficult for the banks but saying nothing doesn't help them because then they still appear remote and as if they don't get it."

Liberal Democrat MP John Thurso believes the banks are invariably on the back foot when it comes to answering to journalists.

"The tendency is to say 'where's the trap, where's the pitfall?'. Therefore they tend to reply by saying 'no comment' or 'that has previously been stated' and be very defensive."

Money Marketing's Paul McMillan says it is very frustrating when journalists are trying to write a story and get nothing back from banks or they just go into defensive mode.

"They either stonewall you or are just not getting involved in the debate and that is never going to work."

McMillan challenges the banks to "put your money where your mouth is" and set out exactly what structural and cultural changes they are making to address the issues that have emerged in recent years, rather than "just paying lip service".

"If you really believe in what you are doing and believe that the service you are providing is benefiting people, keep showing examples of it."

Perhaps unsurprisingly, survey respondents think that UK retail banks have a PR problem, with 83 per cent agreeing or strongly agreeing with this statement. Just 5 per cent feel that the industry does not have a problem with PR.

A national journalist points to a historical reluctance for banks to defend themselves while under the media spotlight, which the reporter says is a "very 20th century attitude".

The journalist adds: "I think there is a PR problem because of what has happened in the past few years. If you do 20 interviews, then one is not that much of a risk. If you do one interview then it is a 20 times bigger risk."

Transparency

Openness and transparency in communications with the media are also big issues that the same journalist cites. The reporter gives the example of when two banks took hours to provide journalists with their figures for net lending to businesses on their annual results day.

"Why not just put it out there? It is a classic political thing, if you don't put the piece of information out there you look like you have got something to hide."

One of the things that John Thurso says he learnt in politics early on is that it is usually more helpful to be open by identifying where the problems are and what you are doing about it.

He says: "Perhaps that is a leaf that all FTSE companies could take from the media and politics world; to actually have a proactive message, be prepared to answer, get relations going with journalists in advance so that you have some mutual trust."

Which? research shows that the best performing brands across a variety of sectors – not just banks – make customers feel valued, demonstrate good knowledge of their products and have great communication skills. Which? principal policy adviser Dominic Lindley says that although such brands do occasionally make mistakes, what sets them apart is how they handle them.

"The highest performers put things right quickly and efficiently. Retail banking brands can achieve these goals [good reputations]. First Direct was actually the top performing brand in our survey and The Co-operative bank also did well."

Building relationships

One journalist says that when someone they have never heard of rings from a retail bank's press office to strongly complain about a story then this only serves to damage the relationship.

"All that does is cause more suspicion that if they are so defensive that they have probably got something to hide."

The journalist does not remember the last time someone from an unnamed retail bank's press team was in touch and says it is a departure from how this particular bank's PR used to work.

"When I started in journalism, they wanted to be pro-active. They wanted to have a relationship and talk to us and that doesn't happen anymore."

Communicating enterprising lending

Following the financial crisis, banks have come under constant pressure to lend more to businesses despite over-exuberant lending playing a key role in initiating the crisis in the first place.

But while the media debate has centred around the failure of banks to lend to businesses, commentators feel a large part of the issue is to do with communicating current lending levels effectively.

Money Marketing's Paul McMillan says banks should give more interviews highlighting what they are doing to boost the economy and help customers.

He says: "When small business lending is going on, it is the lifeblood of a lot of small communities and a lot of small businesses only survive because of the liquidity and the money they are given from their local bank managers. So obviously talking about that is a good thing."

If banks have to take a conservative policy at the moment on the lending front then Reform's Andrew Haldenby says they have to be open and transparent about it.

Chris Sullivan, chief executive of RBS's UK corporate banking division, runs a programme called 'Working with you' where all of his employees have to spend two days a year working for an SME and he says his team are learning a lot from it. But Sullivan adds that banks still need help to communicate more effectively with potential customers.

"All of the stories out there are that banks are not lending, and we are trying to say 'Well we have got plenty to lend, however we need to find people who want to borrow'.

"Something is wrong somewhere, and I think a lot of people get put off by some of the stories they read and then perceive that they won't get a positive response from my guys.

While he readily admits that the banking industry "lost sight" of its role in "underpinning the commercial success" of businesses over the past 20 years, Sullivan believes there is a misconception that the banking industry does not want to lend to businesses.

"Lending is part of what we do. It is one of the drivers of our incomes, so from that perspective I definitely want to lend more than we are lending at the moment," he argues.

Sullivan's views are backed up by Ashok Vaswani at Barclays.

Vaswani says: "Every single time an MP has talked to us and said that the banks are not lending, we have invited the MP to go to our local branch or credit centre, to look at the way we lend, to look at the way we try to help businesses.

"Invariably the MP will turn around and say: 'You are approving much more than I would approve. I would have rejected this, this and this,' and they are stunned by the amount of effort we put in to try and get a business back on track."

However, the Federation of Small Businesses, which represents over 200,000 SMEs across the UK, takes the opposite view. Pierre Williams, spokesman for the group, points to the voluntary Project Merlin agreement between the government and the country's five biggest banks as evidence that banks must do more to lend.

"It was designed to encourage banks to lend more easily to small businesses, and the fact that it has not hit its target is hardly suggestive of the banks' claim that they are having difficulty finding enough customers out there," he says.

"Irrespective of what level the banks say they are finding it difficult to lend to SMEs, the demand is out there and perhaps it is just that they [the banks] need to be offering a more attractive product as well as making it more widely available," Williams adds.

Chris Cummings, chief executive of TheCityUK, notes that Merlin occurred while banks were attempting to build up capital levels under a host of new international regulations. He argues that the banking industry must find a better way to communicate that, against a backdrop of these new regulatory requirements along with a smaller availability for credit and an ongoing eurozone crisis, lending levels will be unable to match the heights that were reached in the run-up to the crash.

"If we are always being compared to the levels of lending and costs of lending just before the financial crisis then it is easy to paint the industry as not pulling its weight. So a proper measure would be to say 'what was the last era of normal banking and how do we fare against that?'" says Cummings.

Though he acknowledges that this kind of statement is more of a "complex message", he says the change is needed to ensure a "more measured debate about what we are expecting from our banking industry".

A national journalist adds that the debate about small business lending has become "very political – possibly in an unfair way". The reporter believes that lending levels will take decades to reach similar levels to those of the mid-2000s.

Communicating corporate social responsibility

Reform's Andrew Haldenby thinks the public is not aware of the benefits of corporate social responsibility and says this should be a "frontline objective" for communication from the banks.

RBS's Chris Sullivan points to a range of initiatives that the bank has engaged in under the sustainability banner, including greater gender diversity, microfinance for small enterprises, and sending its employees to work for charities, as examples of the social benefits that the industry can bring.

"All of those things are really important, and I think the real reputational thing for banks is going to come about when our local community leaders see the bank manager, the old bank manager if you like, back in that modern way," says Sullivan, who chairs the Global Banking Alliance for Women and who picked up a European Diversity Award in 2011.

Additionally, programmes throughout the sector, including matching employee charity donations, financial literacy schemes and financial inclusion, display a keen willingness for the sector to voluntarily engage in such areas.

"I don't know whether consumers necessarily value the corporate social responsibility piece in a bank, but certainly the community at large does," says the BBA's Angela Knight.

MP John Thurso admits he is impressed with some of the CSR initiatives banks undertake. However, he says that banks suffer because the public "haven't a clue it is going on". He says one particular bank is incorporating business start-up advice into its CSR work, including how best to utilise equity finance, while also using its premises to pair up potential investors and start-ups.

"Now that is something that is both actually at the foundation of banking and future clients and trust, but it is also, I would argue, good corporate social responsibility," Thurso says.

Barclays' Ashok Vaswani highlights CSR as a "business imperative", arguing that firms giving back to their communities will prosper as a result. He points to Barclays' campaign to teach one million people financial literacy, where people are given the tools to make informed and effective decisions about their money, as a "big deal".

"I think more and more we can focus on really stand-out programmes on access, on enterprise and on employment, and really put a force behind them.

"You'll become synonymous with them and people will know you stand for being a force for good," explains Vaswani.

Adrian Coles, director-general of the Building Societies Association, points to a simple but effective community engagement method that building societies often use. He says that societies will often organise meetings between their customers and the building society's management, where they crack open a bottle of wine and have a sandwich before the chief executive explains account rates and price changes, with the audience invited to ask questions after the speech.

"The opportunity [for banks] to exchange views would be marvellous," Coles says. "I don't think it is good enough just to look at surveys of customer opinion and get people to fill in forms or talk to market research companies.

"I wonder if that might begin to close this gap in perceptions that seems to exist between customers and senior executives [in banks]."

MP Andrea Leadsom also highlights CSR as an issue that will balloon for "every big business going forward" as the media and public continue to scrutinise the ethical behavior of large companies.

"I think they are going to be far more under the spotlight and they are going to have to get far cleverer in their value to society. I think there is going to be much more of a spotlight on issues of fairness and 'what is your contribution to society?' in the future."

Regulation

Retail banks are facing a slew of new regulations, among them capital and liquidity requirements as well as the Independent Commission on Banking's approved ring-fencing of investment banking operations.

The BBA's Angela Knight says there has not been a proper public debate explaining how these new regulations will impact on the lives of daily consumers.

"Such things as stability and extra responsibility requirements do have direct effects on people, and I think that that balance of discussion is one for public debate," she says.

"It hasn't really taken place, but regulatory change always does have very significant impacts and sometimes those impacts are further and wider than people realise."

However, Knight says that when debating the impacts of technical changes in public, the media has simply taken a cynical view of banks.

She says: "All that happens is that the banks get accused of lobbying, of whining, of [being] just the same. All those types of statements get made and so it is quite difficult for us to be able to explain and discuss these very important areas."

While Knight argues that firms should try to communicate the effect of reforms, she calls on the government and on regulators to help explain the impact of new regulation. She believes that the public is insufficiently aware of the impacts of a number of new reforms.

"To a certain extent, we say that there is a responsibility on those that are proposing the change to also explain exactly what it is that these changes mean.

"The banks must carry on talking about it, in as proper a way as it is possible to do so. But those who are engaged in policy creation also need to discuss the pros and cons in a clearer way."

MP Stephen Hammond voices his worry that ring-fencing retail banks from investment banks, as put forward by the Independent Commission on Banking, is potentially going to hamper economic growth – and retail banks' reputations as a result.

He says that people should remember that the reason the US rescinded the Glass-Steagall Act, and why the UK allowed a unification of investment and retail banks, was to finance the robust economic growth of the 1980s.

Banks' reputation will be at a disadvantage if the government decides to adopt the ICB's proposals to bring in capital adequacy ratios that are higher than the rest of the EU, in his opinion. If this move goes ahead, Hammond says that consumers will have to accept that banks cannot lend as much.

"There is this economic illiteracy at the moment which is that we are shouting at banks to lend more money and at the same time, we are increasing capital adequacy ratios."

MP John Thurso believes that the changes to regulation and to the culture of retail banks have improved the sector since the crisis, even if the public is unaware of these alterations.

Thurso argues: "We should not disregard the fact that the industry has improved hugely. There are no doubt huge lessons that have been learned, people are trying very hard. I have a lot of contacts with bankers regionally, locally, and clearly efforts are being made, so that needs to come through more."

Similarly Owen Kelly, of financial services body Scottish Financial Enterprise, notes that regulatory change has been accompanied by a reform of governance and conduct at a number of large banks, including how they manage risk. Though he admits it is not "particularly visible to the outside world", he advocates the changes that have been made.

Social benefits

The majority of survey respondents believe that the public does not appreciate the social benefits that the banking industry brings, such as jobs, community projects and the generation of tax revenues.

Only six per cent of survey respondents said that the general public understands the good that banks bring to society, with 84 per cent saying that the benefits are underappreciated.

The BBA's Angela Knight poses several questions: "What would life be like without cheques, credit cards, without debit cards, without somewhere where you could hold your money safely, where you have got a savings account?

"What would it be like if you had to keep your cash under the bed and then take it out to go and pay for your supermarket shopping?"

She emphasises that the banking industry has built the infrastructure for "hundreds of millions" of transactions to take place and services that UK citizens use on a daily basis.

"You can pay your bill 100 miles away, simply by entering a number on a computer, by using a telephone, or indeed by writing a cheque and putting it in the post."

While these benefit the everyday users of banking services, TheCityUK's Chris Cummings also notes that the financial sector contributes to society in a much wider way.

He says that the industry is a massive employer throughout the UK, noting that JPMorgan is the largest private employer in Dorset. Similarly, Citibank and Deutsche Bank are both major employers in Belfast and Birmingham respectively.

"So they contribute to the nation's wealth and create jobs around the country," says Cummings.

The ripple effect

While the problems in retail banking have been widely documented, survey respondents overwhelmingly believe the implications from the crisis stretch into the wider financial sector, rather than just affecting retail banks.

Additionally, 46 per cent of those polled believe that media coverage of the banking sector has damaged the reputation of the firm they work for, compared with 22 per cent who do not feel media coverage has been detrimental to their firm's standing.

Lord Mayor of London David Wootton points to a wider "business-bashing rhetoric" as an "unfortunate consequence" of the financial crisis.

"The financial sector is often framed as being in opposition to other sectors of the UK economy, and the City equally so," the Lord Mayor says.

"But financial services in the UK will be crucial in creating jobs and growth. The suggestion that our economy must 'rebalance' implies that the City must be cut down in order for other sectors to prosper, which is nonsense."

Conservative MP Stephen Hammond says phrases such as 'casino banking' have been sewn into the lexicon surrounding the industry debate. He argues that politicians have been quick to place the blame for the UK's economic woes at the door of the banks, ensuring that "any intelligent discussion" about why the country is in recession "cannot look anywhere beyond the banks".

The fact that the western world ran a structural deficit for over 10 years, and similarly that spending should now be tightened, is glossed over he says, "because people are not prepared to accept that they did anything wrong".

"It was very convenient for the politicians to pretend that the only reason we had an economic recession was because of the financial crisis and therefore it is 'blame the bankers, stupid'," Hammond claims.

He also points out that the use of negative phrases such as 'casino banking' ignores the fact that during the boom, investment banks were trading new financial products to provide capital or lending to corporates to help expand the economy, which he believes is "wholly not appreciated by the toxicity of that language".

Language

With great tension in relations between banks, politicians and the media, some commentators believe that the financial sector must do more to improve the language it uses to explain complex elements of the industry.

Angela Knight believes the industry has not helped itself by regularly using complicated language and acronyms when talking to non-industry members.

Though Knight blames "our good old friend Europe" for requiring terms such as Annual Equivalent Rate and Annualised Percentage Rate to be used, she acknowledges that banks need to simplify their language to ensure it is better understood by the public.

"It is certainly a point that is well recognised. You have to explain things in the understandable language of us all, rather than using industry speak," she says.

Mark Pack, co-editor of Lib Dem Voice, adds that the banking industry can appear "otherworldly" when it appears on news channels because of the inherent complexities and jargon used.

However, he notes that improvements can be made, pointing to journalists like the BBC's Robert Peston and the ability to take complicated technical subjects and explain them in ways the general public understand.

SFE's Owen Kelly also admits that the industry uses "more complicated phrases than we need to". He points to the example of the sector using the word equities rather than shares as a prime example of the over-complication that the industry can suffer from.

Another opponent of the complicated reporting requirements emanating from the EU, Kelly is hopeful that progress can be made. He points to the Investment Management Association as one organisation that has already made "great strides" in tightening up vague terms, resulting in greater clarity for prospective investors.

Learning from other industries

Although the reputation of retail banks has been damaged by the financial crisis, it is certainly not the only sector to have experienced reputational issues. Commentators point to a number of other industries, such as oil, pharmaceuticals, and automobiles, which have managed to turn around their reputations.

Following BP's oil spill in the Gulf of Mexico in April 2010, TheCityUK's Chris Cummings notes that the oil industry came together to create a foundation to help support affected areas.

"There was a clear sign of an industry response to a company problem. In financial services we didn't do that during the financial crisis and I think it is one of the lessons that I have been quickest to draw upon: when individual companies get into problems, the sector has to respond.

"And if the sector doesn't respond, the sector, not just the individual company, but the sector gets damaged."

The automobile industry is also referred to as an example of a sector that has overcome the poor reputation that it had in the 1960s, when it was perceived to be putting profits before safety. Dr Tim Leunig, chief economist at think tank CentreForum, notes that manufacturers now go "far above" government requirements on safety, for example, by adding in four times as many airbags as are legally required.

Another commentator points to the fact that the automobile industry also set up a crash dummy test facility as a further way to demonstrate their high safety levels.

While SFE's Owen Kelly cites John Lewis as a good example of a company that keeps its messages very simple and matches its rhetoric with what it delivers, MP Kwasi Kwarteng says that the aviation industry is an example of a sector getting its act together.

Kwarteng says: "They have had a dreadful experience with government, but they are coming together. There is an aviation foundation now. They are trying to articulate their own voice and they are engaging with parliament."

Private equity is another sector that is pointed to as an example of an industry overcoming reputational issues. Reform's Andrew Haldenby says that when private equity firms came under fire a couple of years ago for refusing to disclose company reports and levels of tax payments, the problem only went away when firms relented and published some of this material.

He says: "What happened to private equity in terms of its media reputation is a classic cautionary tale of how to get media wrong for financial services, and it is no different at all really from where the banks are now."

Owen Kelly also points to Scotland's offshore oil and gas industries, which he says have in the past been perceived as not being concerned with pollution and safety levels. He says that standards in the sector have since been raised while an "enormous amount of effort" has been put in place to combat pollution levels.

"I do think perceptions of the oil and gas industry have changed over the last 20 years or so…it is much more environmentally aware than it was."

Though there are a number of complex improvements to communication that have been pinpointed by the banking industry, it is evident that simpler solutions exist too.

One national journalist notes that banks can suffer from PR problems when they judge the effects of new regulation. The reporter says: "If you tell me [the new regulation] makes it impossible for coffee farmers in Africa to sell their coffee, I'm a lot more sympathetic than if it makes it impossible for derivative traders Switzerland to get a £1m bonus.

"Pick the stuff we care about."

The future

Looking to the future, commentators have a range of views about where the reputation and standing of banks will be in ten years' time.

MP John Thurso shares his hope that high street banking will return to being a "respected and trusted part of the country's national fabric". Whether or not this reputational fillip can be achieved will depend "entirely on today's generation of bankers", according to Thurso.

Industry figures also signal their hope that behavioural and regulatory changes will help to restore the public's trust in the long-term. TheCityUK's Chris Cummings says he is optimistic that the standing of the industry in around 10 to 15 years will be "considerably higher than it is now".

"I would like to think that we would have found ways to prove that we are part of society and that we have recaptured trust," he says.

Cummings adds that he hopes "when politicians talk about rebalancing the economy, they mean other sectors to grow, not financial services to shrink".

The reputation of the industry will also be boosted if there is an upturn in the British economy, according to a number of commentators. MP Andy Love notes that the sector is already making a contribution towards economic recovery as banks return to profits even while other sectors are stagnated.

One of Love's colleagues on the Treasury Select Committee, Andrea Leadsom, adds that the sector is one of relatively few in the UK where there is "massive scope" for development in emerging economies such as China and India.

Another journalist agrees, saying that once the economy improves and the memory of the financial crisis recedes, people will move on from "banker bashing".

SFE's Owen Kelly says that the industry must make it much clearer that it is there primarily to serve the customer. He says that RBS in particular has already made strides in its corporate communication to demonstrate it is "very focused on customers, very focused on serving communities".

Reputational change will not happen overnight, however, according to The Co-operative Bank. Robin Taylor, head of banking, argues: "The banking sector still has a great deal of work to do to regain the trust of consumers and there is no quick fix to the financial crisis which has changed the perception of the industry for decades to come."

Other industry experts are more hopeful that the reputation of the industry can be restored over the long-term. The BBA's Angela Knight says that within 10 years, or perhaps even less, she is optimistic the standing of the sector will "be back where it needs to be".

"That is as an industry that is trusted, an industry that is close to its customers, an industry that is respected and an industry that is better understood than it is at the moment," she says.

The UK retail banking sector is held in "quite high esteem" outside Britain, Knight adds, meaning that work needs to be done to ensure that this status can be achieved domestically.

But it is not just industry figures that believe the retail banking industry will be able to rebuild its reputation.

Journalist Anthony Hilton, who joined Fleet Street in 1968, notes that the crisis represented the seventh banking crisis of his career "and we always survive them".

"The banks are normally extremely profitable in good times so I think the banks will recover quite fast, and in about 18 months' time things will look a lot better," says Hilton.

RBS's Chris Sullivan says that if banks treat their customers well, provide them with services that are going to help them to be successful and ensure professional people are assisting them, then their reputations will improve in time.

"If we do all those things and we do it day-in day-out in all the communities we operate in, then I think our reputation will be back where it used to be, which is really strong.

"I think the banks have got that message. Certainly we have got that message. It is the one I am going to be pushing for the rest of my career."

Conclusion

It takes two parties to have a conversation but it is evident from the research in this report that banks are often a silent party in the media circus, usually because they are understandably wary of speaking out and inviting censure in the process.

This is not helpful for the banks who find that they are painted as homogenous villains. Neither is it helpful for the media who get frustrated by stonewalling and answers of no comment to press enquiries.

It is clear also, that this is a two-way street and the media needs to play its part by giving the banks a fair chance to be heard when they do speak out, without lambasting them for trying to give their side of the story.

Marcus Tullius Cicero said over 2,000 years ago that although silence is not an admission, it is not a denial either. It is sometimes easier to stay silent but easier rarely equals better.

Sometimes it is as simple as having a conversation.

Appendix

List of interviewees

Banks

Anthony Thomson
Chairman, Metro Bank

Ashok Vaswani
CEO, UK retail and business banking, Barclays

Chris Sullivan
Chief executive, UK corporate banking division, RBS

Robin Taylor
Head of banking, The Co-operative Bank

Members of Parliament

Andy Love
Labour MP, Edmonton

Andrea Leadsom
Conservative MP, South Northamptonshire

Kwasi Kwarteng
Conservative MP, Spelthorne

John Thurso
Liberal Democrat MP, Caithness,
Sutherland and Easter Ross

Stephen Hammond
Conservative MP, Wimbledon

Steve Baker
Conservative MP, Wycombe

Think tanks / Academics

Andrew Haldenby
Director, Reform

Professor Kevin Dowd
Senior fellow, Cobden Centre

Dr Tim Leunig
Chief economist, CentreForum

Trade bodies

Adrian Coles
Director-general, Building Societies Association

Angela Knight
Chief executive, British Bankers' Association

Chris Cummings
Chief executive, TheCityUK

Alderman David Wootton
Lord Mayor of London

Pierre Williams
Spokesman and head of media,
Federation of Small Businesses

Owen Kelly
Chief executive, Scottish Financial Enterprise

Consumer organisations

Dominic Lindley
Principal policy adviser, Which?

Media

Anthony Hilton
City commentator, London Evening Standard

Laura Kuenssberg
Business Editor, ITV

Mark Pack
Co-editor, LibDemVoice.org

Paul McMillan
Editor, Money Marketing

Additionally, a number of national journalists contributed off the record comments, having asked to remain anonymous.

About Cicero Consulting

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Andrew Hickley is deputy head of Cicero's Content team. A trained journalist, he writes about emerging issues affecting financial services firms and the wider industry, identifying the causes, effects and solutions to a host of technical challenges. Andrew has written on subjects including European banking reform, the rise of the Chinese renminbi, and the Dodd Frank Act in the US.

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