



Bouncing back

A hostile public, an accusing media, an unsympathetic government. Tired of being in the firing line, financial institutions often talk of quitting the City for pastures new. But what about rolling up their sleeves and rescuing their reputation instead? We asked how it could be done

Is an exodus coming? London's mantle as the capital of global finance might be long-established but that doesn't mean it's set in stone. Amid the whirlwind of recriminations following the financial crisis, grumblings from the Square Mile suggest that financial institutions have had enough of being pariahs.

Blamed for the recession and pilloried for its bonus culture, the UK financial services sector has become the whipping boy for the public, the media and politicians. Even the Coalition government – keen to sail close to public sentiment – is talking tough with an electorate-pleasing but banker-bashing set of tax and regulatory reforms.

Some argue this hostile climate is spooking financial institutions – several of whom have talked of uprooting to financial hubs overseas, changing the domicile of their headquarters or moving activities out of the UK.

I'll help you pack, you might say. But a recent report from PwC showed that financial services contributed £53 billion in taxes last year – equivalent to nearly £3,000 for every UK household. The worry is that an industry which provides a significant component of GDP and revenue might take its ball and go and play elsewhere.

A poll by Conservative think tank Policy

Exchange and pollsters YouGov found that a quarter of financial services firms admitted that over the next few years they were likely to move parts of their organisations out of the UK. When asked if the UK was now a less or more attractive place to do business than it was 10 years ago, three times as many said things had got worse than said things had got better. The overall burdens of the tax and regulatory regimes were cited as the two most significant problems for business.

So what can be done? Well, rather than muttering that it's being picked on, it's time for the UK financial services sector to address its image problem and set about changing perceptions itself.

To that end, Communicate issued a call to arms and asked branding experts, corporate PR practitioners, social media evangelists, CSR specialists, reputation analysts and those with an understanding of the consumer mindset to offer their manifestos for reputational change. No punches were pulled.



The branding consultants

"The City of London must work hard to defend its leading brand position. It has three strong arguments to make"

Sholto Lindsay-Smith, MD at Uffindell



◀ The threat to London's position today comes from four areas: a financial regulatory system and infrastructure that has partially failed; the political desire to rebalance the economy away from a dependency on financial services; the rise of electronic trading which means businesses can trade from anywhere; and the introduction of punitive financial taxes and levies that may encourage some banks to relocate their HQs. At the same time, there is a wider economic shift in power to the East.

The City of London must now work hard to defend its leading brand position. Putting political and economic policy aside, it has three strong arguments to make for why London.

The first is lifestyle. London is one of the most exciting, cosmopolitan and culturally rich cities in the world. Bankers today can trade from anywhere, but they still want to live somewhere they find attractive.

The second is fair play. Britain is recognised as having a fair and open society, with a robust media and strong legal system. This is critical to the smooth operation of markets.

The third is geography. London's position on the Greenwich Meridian makes it uniquely placed to do business around the world at both ends of the day.



"We should think about how to redefine success and move it from its narrow meaning of financial value towards a richer, wider, more complex set of values"
Daniel Dumoulin, co-founder, Sundance London

More than accusing this faceless entity - the City - maybe we should focus on specific issues. What has happened is a dilution and loss of fundamental values. Capitalism was not always meant to make a very small number of people believe that they could do whatever they wanted

There is a need to rebalance the role, meaning and purpose of financial institutions in society. Rather than existing in its own isolated world, it is about reminding some of these institutions of the responsibilities that running big business involves - respect, support, giving back, educating, inspiring, training, being an example to the young, etc. Much more than who gets what, we should think about how to redefine success and

move it from its narrow meaning of financial value towards a richer, wider, more complex set of values, where we recognise that the accumulation of money for its own sake is not a very satisfactory end in itself.

And it is precisely because the City of London is a world leader that it should lead the way in re-exploring and injecting deeper moral and human values into the world of big business.



"The City used to operate on the basis of 'my word is my bond'. There is something in that personal and collective accountability that they need to get back to"
Dan Bobby, CEO of Dave

There is a whole bunch of benefit these guys bring to society which isn't communicated effectively.

The City has become completely divorced from the real economy and real life. We have two economies - the Square Mile economy which is all high finance and the real, high street economy. Finding a way to reconnect these two economies is essential if the negative perception is to change. If these two economies can coexist then there needs to be empathy, transparency and understanding on both sides

I'd break up the City ghetto. Do financial institutions really need to be grouped together? Decentralising the sector so that it is spread out in the UK would connect the City to the High Street more.

The City also needs to communicate the importance of the financial industry and what it contributes to the economy.

It needs to say sorry, to show it understands the cause and effect of what it does, and demonstrate more transparency and explain the layman's terms for what it does. With the financial meltdown, very few people could even understand what was going on, so no one could challenge them.

The City used to operate on the basis of 'my word is my bond'. There is something in that personal and collective accountability that they need to get back to.

The City needs to re-balance, starting by redefining the role of financial services in wider society. The City should serve a much bigger purpose - a purpose beyond profit and have a role and responsibility to our society. ►

◀ The PR practitioners

“We are seeing a readiness to promote best practice, offer up constructive alternative models for financial reform and to provide market intelligence to inform the regulatory reform agenda”

Ben Curson, MD, Hill & Knowlton’s Financial & Professional Services team

The City has begun to improve its communications approach and quality of engagement with all stakeholders. Whilst the sector has rather unfairly been made a scapegoat for the UK economic crisis, in part this has been due to the inability of the City to effectively explain its value to UK plc.

Now we are seeing a readiness to promote best practice, offer up constructive alternative models for financial reform and provide some much needed market intelligence to inform the regulatory reform agenda, not the least of which being the reform of the financial services supervisory institutions.

A key focus for the City will be engagement with European regulators. Hitherto, the City has been perceived as unsighted in its dealings with Europe which meant it lost a number of important battles in the European financial services regulatory arena. We detect a deepened understanding of the importance of Europe and a readiness to promote and explain the UK proposition with greater force and clarity.



“Creating this new personality is key. The City can no longer afford to be a faceless entity”
Nikki Scrivener, director, Fourth Day PR

The City needs to go back to basics and do what trusted brands have always done – communicate positively and often. A dose of humility and an acknowledgment that it has lost trust would be a good starting point.

A steady stream of positive stories then needs to follow – everything from small business lending and CSR to the deployment of bonuses will all help to establish the new look City.

Creating this new personality is key. The City can no longer afford to be a faceless entity. This means that CEOs need to take responsibility for their organisations’ communications. More interaction with the media will demonstrate

that one person is in control, accountable, approachable and trustworthy. And braving the wider press and social media channels will bring them much closer to their audiences.



“The only way they’ll change people’s opinions is by changing the way the work. That simply won’t happen if they up sticks to another country”
Mark Jackson, group head of corporate PR at Lucre

The problem for the City is one of heritage. For years, it’s been a bastion of non-communication. As all comms professionals know, in the absence of information, you leave your audiences to make their own assumptions and there were numerous examples of City excess that allowed those outside to form opinions of our city institutions.

City institutions need to take some fundamental steps. Firstly, they need to be much more open about bonuses. Perhaps a Charter that makes clear when and how bonuses are awarded would be useful.

I also think it’s time for banks to think about their messaging being more specific about the value banks bring to UK plc; they need to show in detail how much income banks derive for the UK, and what that ‘buys’ in terms of schools, hospitals, roads etc.

Banks also need to be much more collaborative with the government, NGOs, regulators and consumer watchdogs. It does banks absolutely no favours to constantly seem at odds with organisations attempting to bring order.

Finally, banks could do well to look at taking some more radical steps. What about appointing a member of the public to watchdog committees that have oversight of company policy? This might give the general public faith that banks are trying to change.

But fundamentally, banks have to recognise that they have brought this issue on themselves and the only way they’ll change people’s opinions is by changing the way they work. That simply won’t happen if they up sticks to another country.

“The sector needs to be conciliatory in tone and demonstrate it is willing to work together for a better regulatory system and to rebuild trust”
Kirsty Fitzpatrick, associate director, MHP Communications

The sector will never be able to succeed in making the case for the pay and ratios, so instead it should be as transparent as possible in this area. It should focus its energy on its value added services and the long-term good that the industry can do for its customers.

To improve its engagement with the Government, the sector needs to be conciliatory in tone and demonstrate that it is willing to work together for a better regulatory system and to rebuild trust. It must also demonstrate that as a sector it is willing and actively looking for new ways to reform.

Above all, they should start the long slow task of seeking to make the case for the positive and crucial role it plays in the British economy as one of, if not the, preeminent industry and payer of UK taxes (and effectively communicating this to politicians and policy makers).

The financial sector needs to break through stereotypes of large, unfeeling, selfish firms and humanise itself.

The social media experts

“What the City should be doing more to encourage is online community building activities via social media engagement to build brand loyalty”

Jono Marcus, group director of social marketing & online strategy at Lucre Social

Banks or credit unions have recognised for some time the need to connect with their customers through social media. Why? Due to online banking. Those who interact with their bank online have also demanded a more in-depth relationship via social channels.

However, what banks have not done is PR their social media channels – and one might ask what benefit is the ability to connect to your bank through social media if you as a customer don't know about the channels?

There is an obstacle though. It is hard for some consumers still to trust the world of online at all when it comes to banking, with the need for privacy and security.

What the City (or really banks) should be doing more to encourage is online community building activities via social media engagement to build brand loyalty. And any initiative that encourages positive online peer reviews is still a very powerful influencing tool.

The reason consumers join any brand's social

media feeds, including financial institutions, tends to be because they already buy from or use the brand. So the most powerful usage for the City for social channels will be (for the foreseeable future) for retention and loyalty rather than new customer acquisition.

“Social media is increasingly affecting the reputations of those in the City by providing a very public platform for dissent. It is here that real-world protests and activist meetings are organised”

Ryszard Bublik, co-founder of corporate social media monitoring service Social 360

Social media is increasingly affecting the reputations of those in the City by providing a very public platform for dissent.

This tends to be structured in two ways. Firstly, there are informal groups of individuals discussing and uploading negative opinions of what they see as an unfair situation: these typically tend to be disparate and present on the many discussion forums or lower ranking blogs.

Secondly, and a more immediate threat, are the organised activist groups. These are tightly knit and more motivated, and use social media as a way of communicating negative opinions to a collective group of individuals who are focused on positive action against the City. It is here that real-world protests and activist meetings are organised, as well as digital campaigns, both of which have a negative impact on the reputations of those in the City.



The reputation analysts

“It's not good enough that the City is seen to be high performing; the public wants to know that it is doing the right thing in the societal dimensions of workplace, governance and citizenship. It has to show that it has a positive impact on society”

Spencer Fox, MD, Reputation Institute UK

The City must find a way to shift the public's perception away from being based purely on matters related to bonuses, greed and wealth.

Reputation Institute's RepTrak model shows that reputation is based on levels of trust, esteem, admiration and general feeling. This emotional connection can be explained by the ►

◀ seven rational drivers of reputation which are Products & Services; Innovation; Workplace; Citizenship; Performance; Governance; Leadership.

In the UK, organisations with a good reputation are those that score well across all the rational drivers of reputation. It's not good enough that the City is seen to be high performing; the public wants to know that it is doing the right thing in the societal dimensions of Workplace (13.5%), Governance (15.2 %) and Citizenship (13.4%) which together explain nearly half of an organisation's reputation.

The City has to show that it has a positive impact on society – this is a key driver of reputation. When it's being blamed for having a negative impact on society following the financial crisis, how does it work to do this? One idea would be to show clearly that it is paying its debt to society for the bail-out. How about the sector coming together and donating a significant proportion of its bonus pot for one year to a small business initiative? Maybe a little far-fetched? Perhaps, but these societal initiatives have to be the starting point.

The CSR specialist

"Banks have an opportunity to demonstrate a softer side by investing in a national CSR initiative"

James Proctor, account manager, 3:Nine Communications

Banks have a great opportunity to build a positive brand image and demonstrate a softer side – perhaps artificial, but communicable – by investing in a national corporate social responsibility initiative.

Imagine: Barclays Books. Barclays takes over a number of community libraries that are set to close, keeping an invaluable local resource open and picking up the operating costs of services the library offers: internet training, language lessons...

Aside from the image boost which would pull in new customers, there would be political positives. The Coalition government would be able to trumpet this as a sign of private sector investment, with private a company stepping in to fill the gaps left by an 'overspending' state.

The consumer expert

"What's needed is a clear vision and strategy



that can be explained to consumers and will inspire employees and other stakeholders"

Roger Peverelli, author of 'Reinventing Financial Services. What consumers expect from future banks and insurers'

Consumers were very unpleasantly surprised by the impact of the economic crisis, caused by financial institutions, on their financial security: the level of employment at the company they work for, or their prospects of enjoying a carefree retirement. They are also taxpayers, who were forced to contribute to public bail-outs to keep the industry afloat. Consumers therefore want their say.

Research for our book into the drivers of trust revealed that no less than 40% of consumers trust in a financial institution is determined by the basic daily provision of services.

Trust cannot be restored simply by talking about it in advertising: it is won back by excelling in the daily provision of services. The only way to establish this is to make sure that striving for trust comes from within and is based on a true interest in the concerns and issues that customers have.

Restoring trust inside is key to restoring trust outside. How can we restore trust among customers if trust inside organisations is faltering? Only a few leaders of financial institutions have presented a clear, convincing vision and strategy of what the company should look like. In the financial industry employee engagement is now more important than ever.

Is communicating CSR activities the solution? No. Consumer research says that 'ethics' is all about doing business decently: honest, open and fair. And maybe the industry should just start with that.

The fundamental leap for financial institutions will be to create one compelling proposition for all stakeholders. It should be so relevant and attractive to consumers that it grows the customer base; it should allow money to be made and consequently attract the right kind of shareholders; it should motivate and inspire employees; and it should contribute to social and economic development so that it ties into what society needs.

In short, what's needed is a clear vision and strategy that can be explained to consumers and will inspire employees and other stakeholders. ■