



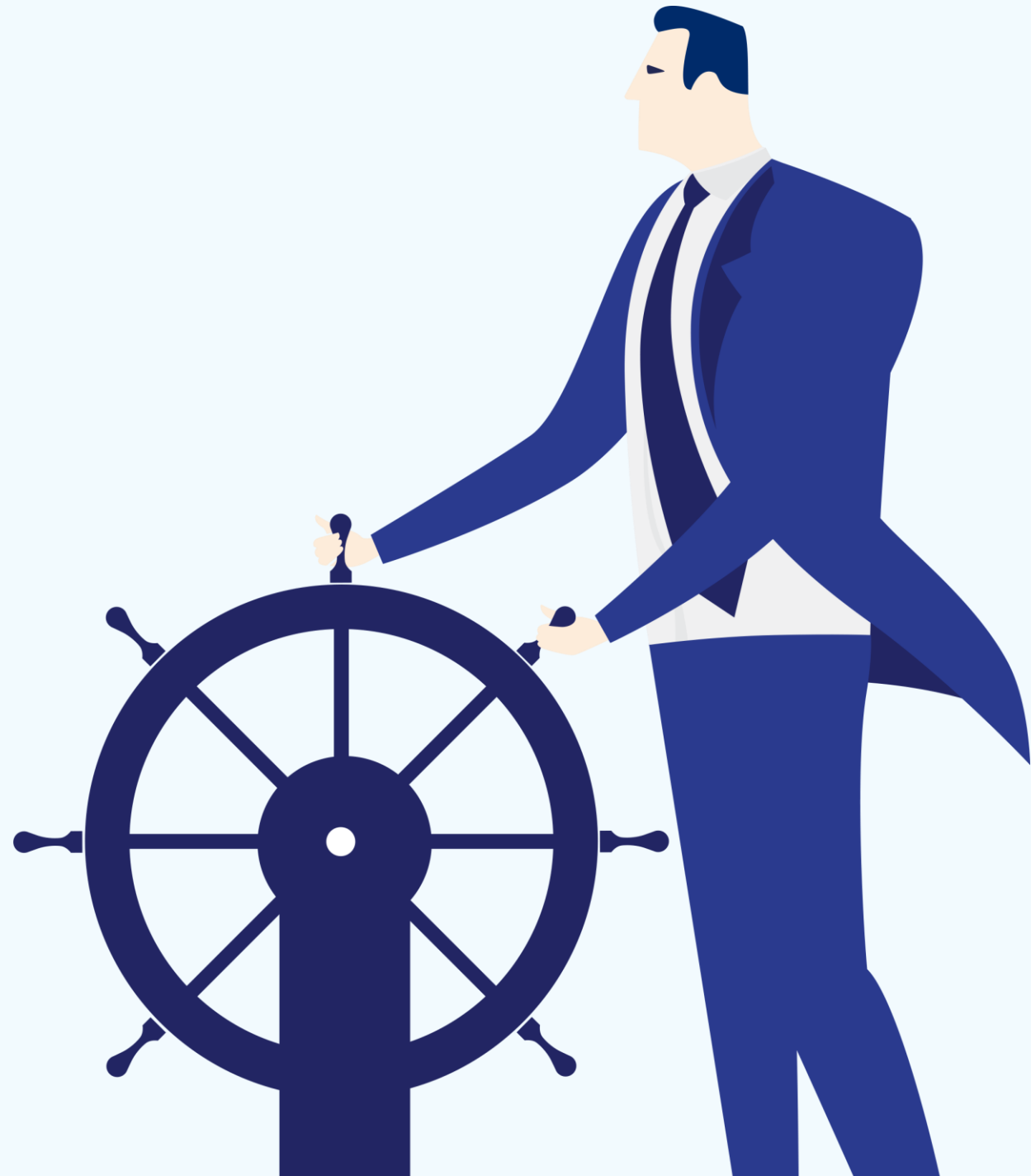
Trust in Banks

A call to action to build customer engagement and trust



Success. Mapped.

01 Introduction & Executive Summary



Introduction

The second of a series of research papers on trust

Insync and Entente partnered to research the extent to which customers trust their super fund, their bank, their electricity, gas and water providers, their local council as well as the extent to which employees trust their employer.

This is the second research paper in this series and is based on data collected between 14 February and 2 March, 2020; prior to the full effects of the COVID-19 crisis.

The first research paper, titled Trust in Super funds, can be found on our website [here](#). You can also register for upcoming industry research papers.

To find out more about how Insync and Entente help Banks, please refer to the Appendices.

In the wake of the significant breakdown of trust in banks and financial institutions that was revealed and exacerbated by the Hayne Royal Commission, the race to rebuild trust by the banking sector is very real.

Remediation for past sins has run into the billions across the sector, compliance costs continue to bite into initiatives to innovate, and strategies to simplify and transform business models leave one ongoing question – does the market trust the banks?

The time is now for banking and finance institutions to better understand, track, measure and incentivise the one foundational thing that underpins their reputation and sustainability – trust. Not just of customers, but the trust of all stakeholders.

Executive Summary

Key findings

- Only 29% of big 4 bank customers believe their bank tells the whole truth, with a massive 22% disagreeing
- The big 4 banks are trusted much less than other banks
- Westpac has the lowest Trust Index of +7 whereas the average mutual bank has a Trust Index of +57
- Older customers are much less trusting of their big 4 bank. Males are also less trusting of their bank than females
- The biggest drivers of trust in banks are telling the whole truth, setting realistic expectations and delivering on your promises
- The lower the living standard of Australians, the lower their trust ratings
- Many customers are disengaged and somewhat ambivalent when it comes to trusting their bank

These findings are a rallying cry for boards and executives of banks to:

- Build a new level of trust from the inside out by hard wiring trust into your thinking, culture and systems
- Establish a baseline for trust by embedding measures of stakeholder trust into scorecards, and align incentive systems to motivate behaviours that move the trust dial
- Track the extent that initiatives to rebuild trust are hitting the mark by measuring stakeholder trust on an ongoing basis and act promptly to remedy any decline in trust
- Better understand the trust profile of your customers with improved segmentation and develop well targeted initiatives to engage and build trust with customers in each segment
- Manage the risk of a breakdown of trust, including better alignment of your marketing and communications with your operations
- Tell the whole truth, set clear expectations and deliver on your promises

Executive Summary

This research reveals customers are experiencing a significant lack of trust and frustration with the big 4 banks, particularly amongst those aged over 45, with Westpac singled out as the least trusted.

But rebuilding trust is not a 'project' and it is certainly not a fad. Rebuilding trust must start on the inside. It must be derived from your organisation's purpose and become part of who you are, and what you stand for as an organisation, and is upheld through a sustained effort to maintain congruence between what you say and what you do.

It is Insync's hope that many banks and other organisations will begin the journey of embedding trust so deeply into everything they do that trust becomes as essential part of their new way of life, coded into their DNA.

Such a journey will not be easy. An authentic, resolute and sustained leadership commitment will be required but the investment will pay dividends many fold into the future.

Is trust important now?

We think it is more important than ever.

With the move to open banking, the rise of fin/reg/insure-techs and the increasing ease of switching, trust in banks will play a much greater role in their future success and sustainability.

You will be left behind if you don't:

- **have an ongoing measure of trust**
- **understand why that trust increases and decreases**
- **act quickly on clear signs of a decline in trust**

02 Understanding Trust



Understanding Trust

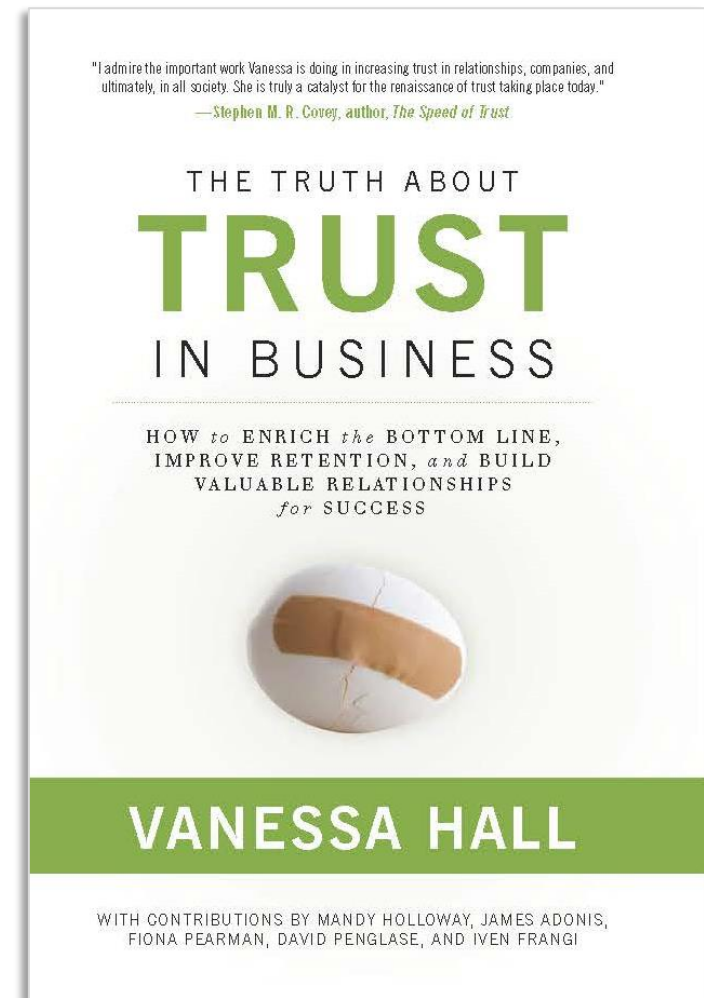
The ENP® Trust Framework

Insync has partnered with [Vanessa Hall](#) and her organisation, Entente Pty Ltd, to help organisations build and restore trust and track its movement over time.

After more than a decade of studying, observing and testing how trust is formed, and the causes of its collapse in all relationships and interactions, Vanessa Hall has deployed her proven ENP® Trust Framework around the world.

Vanessa defines trust as our ability to rely on a person (or group of people), an organisation (or brand) or a product or service to deliver a specific outcome. We rely on our expectations and needs to be met and promises made to us to be kept.

Based on behavioural economics and neuroscience Vanessa shows how Expectations, Needs and Promises (ENPs) connect to create trust – a foundational human condition. This framework is explained in detail in Vanessa's book titled *The Truth about Trust in Business*.



Understanding Trust

The ENP® Trust Index

The ENP® Trust Index is a new measure that will pinpoint with speed and accuracy the greatest indicator of a congruency gap between your organisation's promise and the expectations and needs of your key stakeholders.

Like the NPS* Score, the ENP® Trust Index is designed around one well researched, proven and proprietary question:

When I see or hear the marketing and communications of [sample company], I believe them.

(Copyright Insync and Vanessa Hall, 2019)

This one question can be responded to by both internal stakeholders (e.g., employees, contractors and volunteers) and external stakeholders (e.g., members, customers, prospective customers, suppliers, and the community).

Trust is inspired by promises made, many of which are embedded in the marketing and communications of an organisation.

The ENP Trust Index single question identifies the extent of the alignment and congruency of those promises to the expectations and the needs of the organisation's internal and external stakeholders.

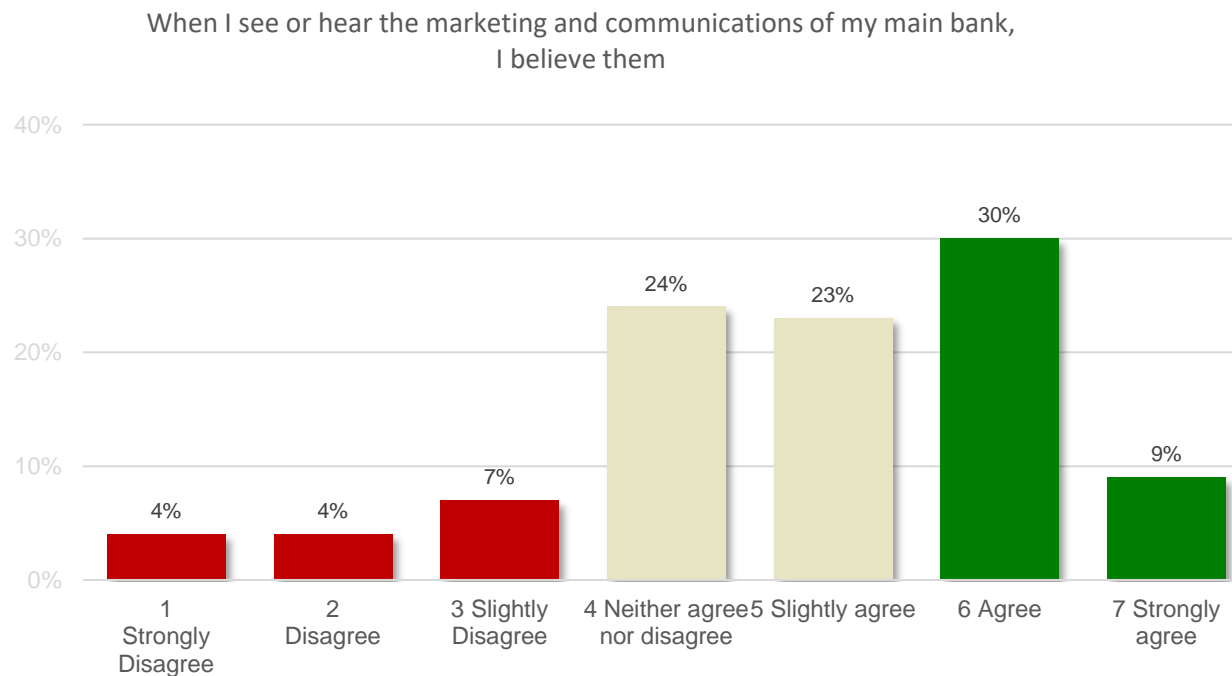
* NPS is a trademark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems Inc.

03 Findings



Findings

3.1 Overall, banks have a low trust index

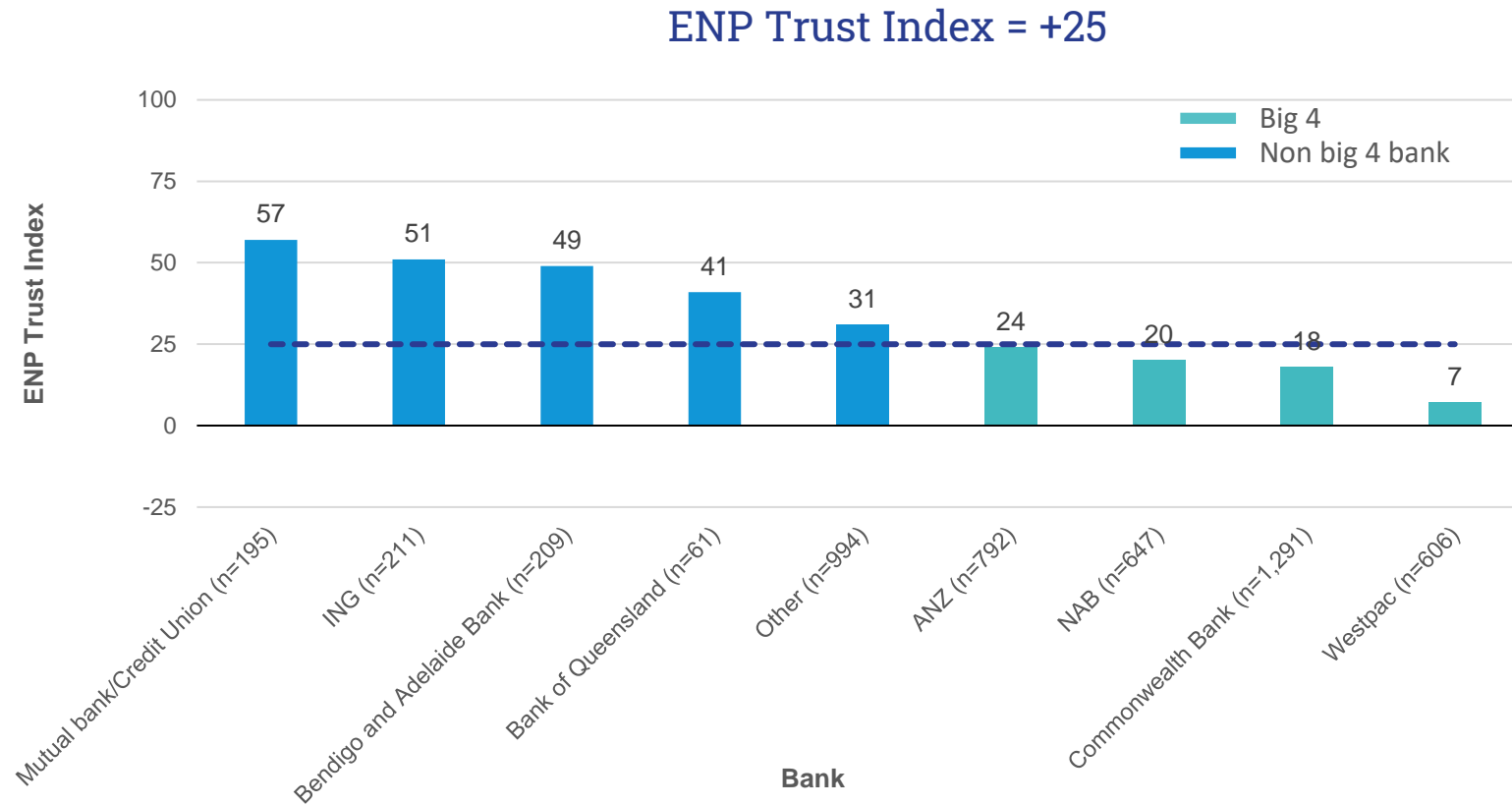


The average customer ENP Trust Index for all banks is +25

Non-believers	Ambivalent	Believers	ENP Trust Index
14% (n=710)	47% (n=2,337)	39% (n=1,959)	+25

Findings

3.1 Some banks are trusted much more than others



Findings

3.1 Some banks are trusted much more than others

The Trust Index for Banks of +25 is lower than the Trust Index for Super funds of +34*. Only banks that had responses from more than 50 customers have been shown separately.

Westpac has the lowest Trust Index of only +7. The comments of survey respondents make it clear that this is partly due to the recent significant adverse publicity for money laundering which even drew condemnation from Prime Minister Scott Morrison in late 2019. The Trust Indexes of the other big 4 banks range between +18 and +24.

ING had a high Trust index of +51 and often has one of the highest satisfaction ratings of all the banks. ING is a direct bank with no ATMs or branches and supports customers online and over the phone. Simpler business models create fewer promises and demanding expectations.

Bendigo and Adelaide Bank and Bank of Queensland have high Trust Indexes of +49 and +41 respectively. They both have more distributed business models with greater connection and engagement with local regional communities.

* See our Trust in Super funds report at <https://insync.com.au/insights/which-super-funds-most-trusted/>

Trust is fragile. It can be easily broken.

The challenge is to ensure that you have a quick feedback loop to identify any small cracks in trust and to deal with them before they become a gaping chasm.

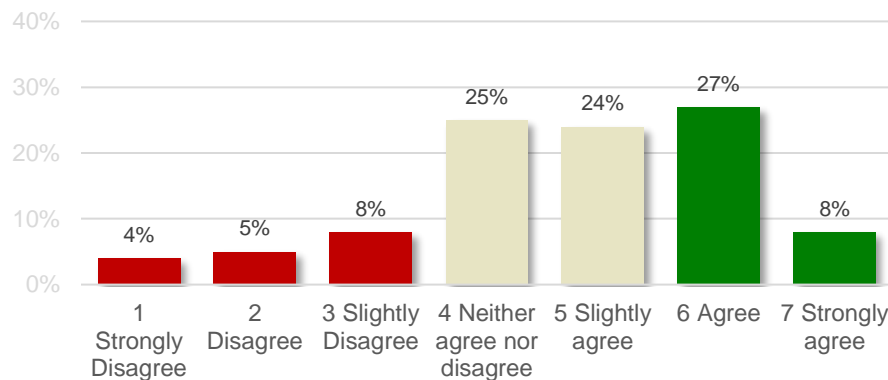
Findings

3.2 The big 4 banks are trusted much less than other banks

The ENP Trust Index for the big 4 banks is +18 and much higher at +39 for the non big 4 banks.

Big 4 Banks

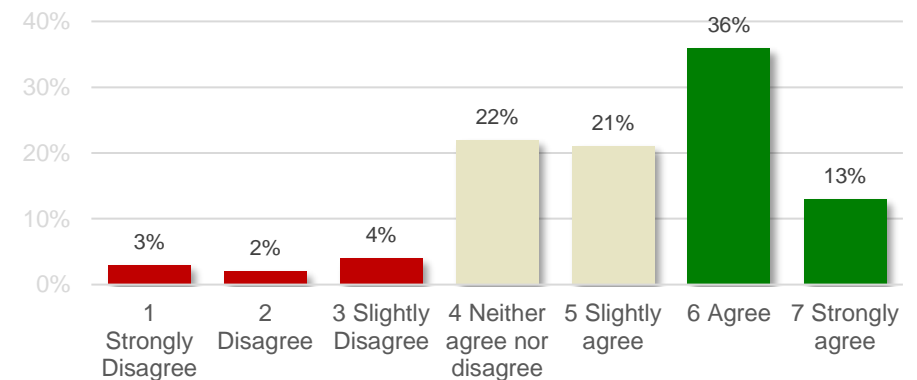
When I see or hear the marketing and communications of my main bank, I believe them



Non-believers	Ambivalent	Believers	ENP Trust Index
17% (n=559)	49% (n=1,623)	35% (n=1,154)	+18

Other Banks

When I see or hear the marketing and communications of my main bank, I believe them



Non-believers	Ambivalent	Believers	ENP Trust Index
9% (n=151)	43% (n=714)	48% (n=805)	+39

Findings

3.2 The big 4 banks are trusted much less than other banks

Only 35% of the customers of the big 4 banks are Believers with 17% being Non-believers. This represents a significant challenge but also an opportunity for the big 4 banks. The other banks fared much better at 48% and 9% respectively.

None of the big 4 banks has been able to differentiate itself yet as being the most trusted, although it appears that ANZ has a slight head start at +24. Westpac has significant ground to catch up with their Trust Index at +7.

Any significant negative publicity for one of the big 4 banks normally has a flow on effect to the other big 4 and to big business more generally. Comments by some survey participants along the lines of, “Big banks are only in it for themselves” illustrate this point. This will make it even harder for one of the big 4 banks to stand out as being the most trusted.

Mutual banks and credit unions have successfully promoted the fact that they are owned by and operated for the benefit of their members.

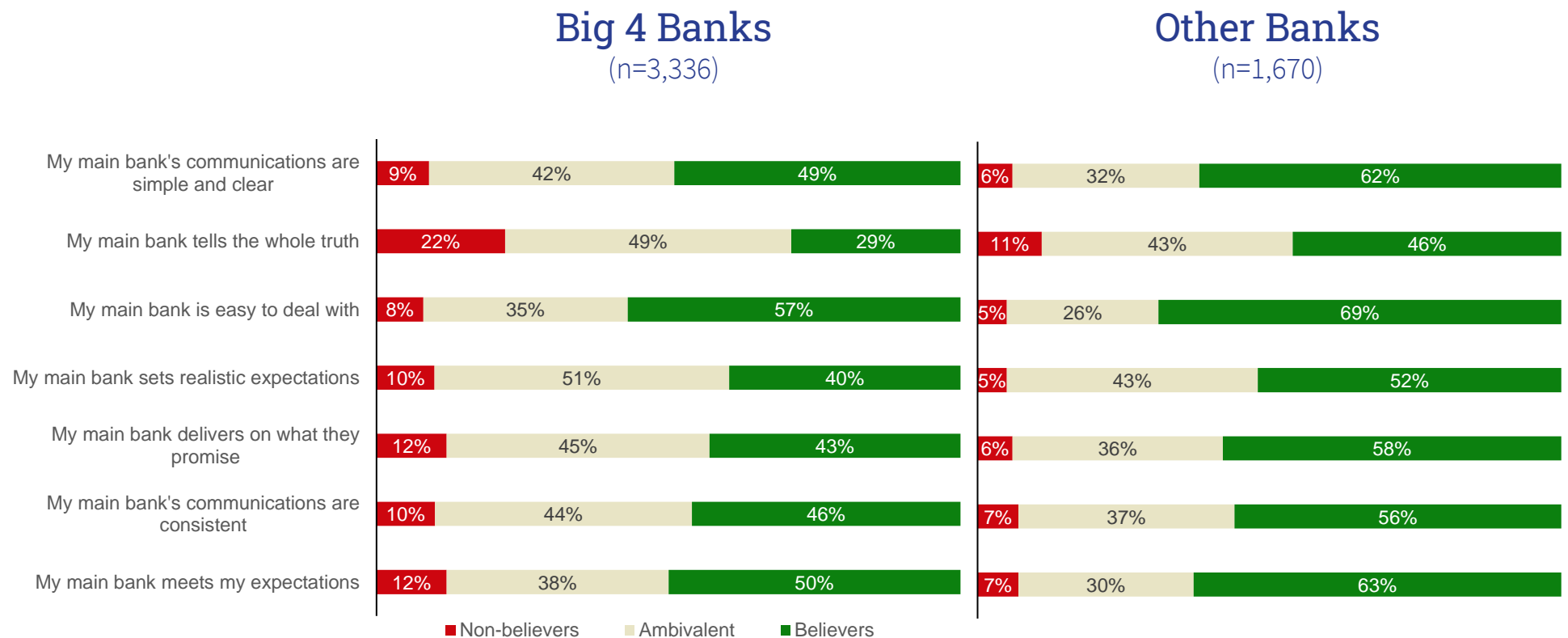
As noted in Section 3.1, Bendigo and Adelaide Bank and BOQ have done a good job at promoting their community connectedness and engagement and have high Trust Indexes compared to the big 4 banks, even though they are also ASX listed entities.

The big 4 banks and the other banks had 49% and 43% of their customers respectively who were ambivalent in terms of their trust (those responding with a 4 = neither agree or disagree or a 5 = slightly agree).

The big opportunity for all banks is to move the large percentage of Ambivalent customers to Believers by carrying out the steps in Section 4 to build trust.

Findings

3.3 Tell the whole truth, set realistic expectations and deliver on your promises



Findings

3.3 Tell the whole truth, set realistic expectations and deliver on your promises

The good news is that most customers find their bank easy to deal with – 57% for the big 4 banks and 69% for other banks.

The bad news is that only 29% of big 4 bank customers think their bank tells the whole truth and 22% think their bank doesn't tell the whole truth. These figures were much better for other banks at 46% and 11% respectively.

From the early stages of the COVID-19 pandemic, the big 4 banks were quick to get on the “we're here to help” bandwagon. Full page newspaper ads and TV spots reflected great intentions with promises of mortgage deferrals, cheaper rates and financial support.

What these promises have failed to do is to set realistic expectations as banks get inundated with requests for help. Banks face a huge gap between promises made and delivering outcomes their customers expect.

Insync conducted a regression analysis to determine which of the extra seven items were the biggest drivers of trust. Or put another way, which items explain the greatest variability in the Trust Index?

The biggest drivers of trust in banks, from most important, were:

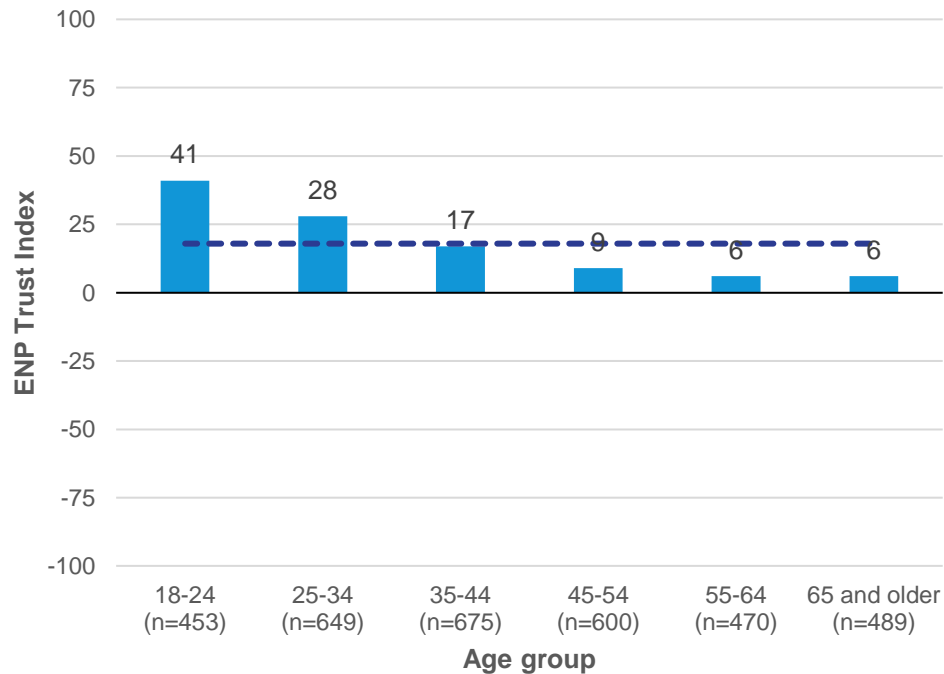
- Tell the whole truth
- Deliver on your promises
- Set realistic expectations

How banks deal with their customers during the COVID-19 crisis, the extent of their engagement, their level of transparency and how and when they deal with any requests for assistance are likely to be big determinants of the improvement or decline in their trust.

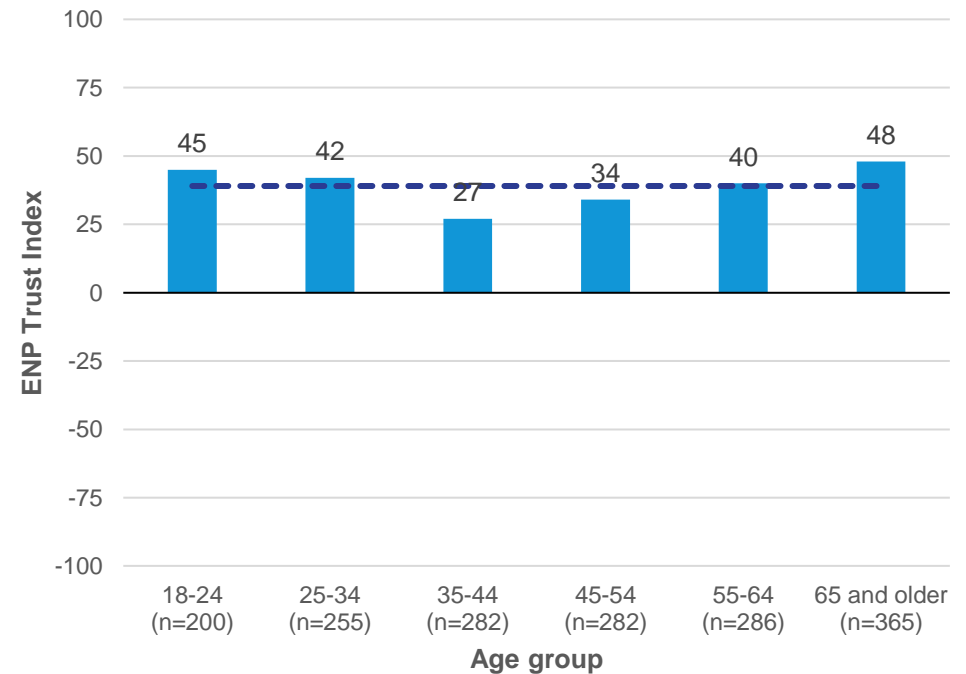
Findings

3.4 Trust in the big 4 banks declines with age

Big 4 Banks
ENP Trust Index: +18



Other Banks
ENP Trust Index: +39



Findings

3.4 Trust in the big 4 banks declines with age

Trust in the big 4 banks continues to decline as customers get older, with the Trust Index for those over 55 dropping to a low of +6. In the comments made within the research, those big 4 bank customers over 55 were much more likely to mention the Royal Commission and their bank putting profits ahead of loyal customers.

Other banks are trusted by their younger customers, begin to lose some trust with those between 35 and 44 and then regain it again with customers over 45.

The breakdown of trust exposed through the Royal Commission, felt more deeply by older customers, has seen a significant flow of both home loans and deposits to smaller, more agile, customer-owned banks and credit unions.

Differing expectations and needs of the various market segments and life stages, complexity and range of products, marketing and communication messaging, and alignment and delivery of promises all form part of the intricate mix of trust influence factors.

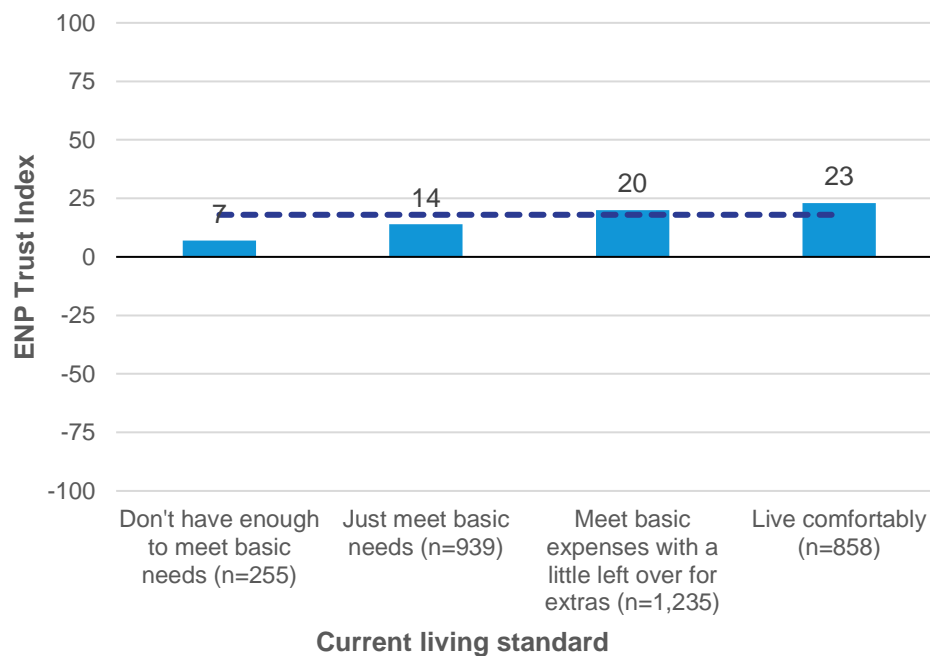
This research has important implications for how banks segment their customers and how they market, communicate and service customers in different segments.

In all cases, the development of a well targeted program to more deeply engage and build trust with customers also requires an understanding of the mix of trust influence factors – also refer Section 4.

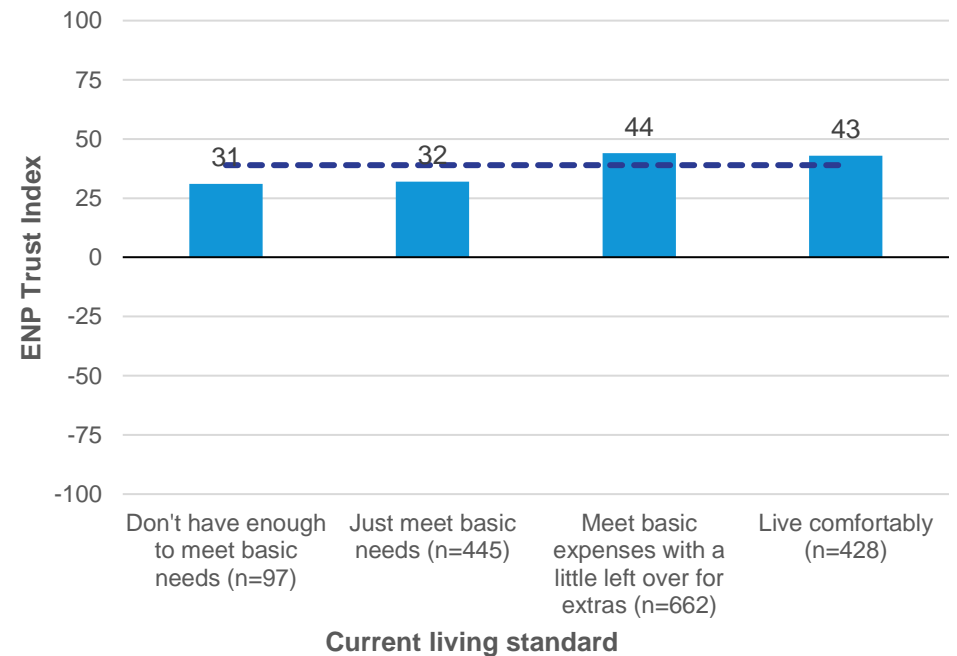
Findings

3.5 The lower the living standard, the lower the trust

Big 4 Banks
ENP Trust Index: +18



Other Banks
ENP Trust Index: +39



3. Findings

3.5 The lower the living standard, the lower the trust

Those who live comfortably or meet their basic needs with some left over are more likely to trust their bank than those who either don't have enough or only just have enough to meet their basic needs. This statement is true for both customers of big 4 banks and other banks.

This research aligns with other research studies conducted by Insync and Entente.

The big 4 banks will need to think extra hard about how they engage with and build the trust of their customers who have a lower standard of living. This is likely to include minimising or eliminating traditional fees and creating innovative business models to serve the vulnerable, beyond even the recent vulnerable customer support initiatives provided through the Banking Code of Practice.

This research shows that banks with a greater portion of customers who are less well-off will have to work much harder to earn the trust of their customers.

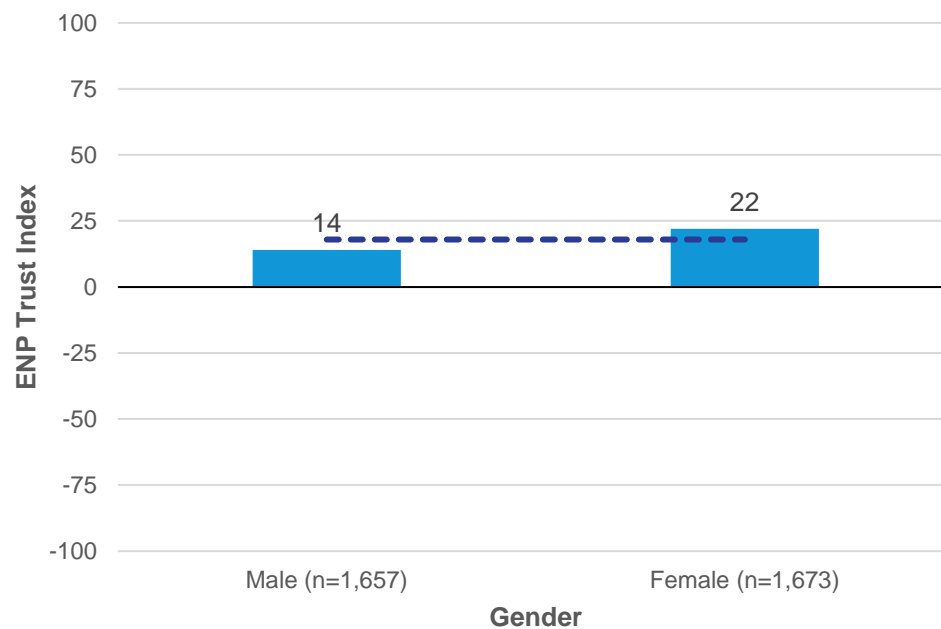
This research supports the greater focus on serving vulnerable customers.

Building business models that provide access to banking services for the most vulnerable, in a way that builds and sustains trust with all stakeholders, is a challenge that holds a healthy tension between seemingly opposing outcomes. This challenge is only exacerbated now during and post COVID-19.

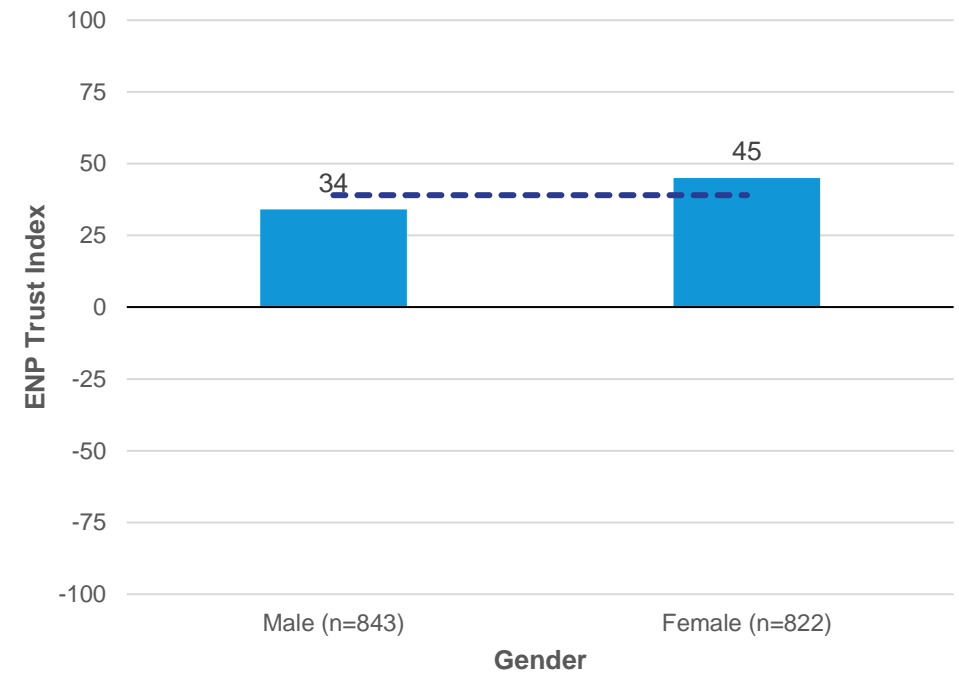
Findings

3.6 Females are more likely to trust their bank than males

Big 4 Banks
ENP Trust Index: +18



Other Banks
ENP Trust Index: +39



Findings

3.6 Females are more likely to trust their bank than males

Females are more trusting of their bank than males, whether that be of their big 4 bank or another bank.

Females are more likely to take a broader, more relational view that includes brand elements of their bank such as their community connectedness, environmental and social impact, where males are generally more transactional.

As the banking sector has increased its focus on rebuilding trust with customers and community, marketing and communications has attempted to target more relational and aspirational aspects of finance. The extent of believability and congruence with that messaging is reflected in the Index scoring.

This is important research as it underlines the importance of banks segmenting their customers appropriately, understanding their needs and engaging and building trust with each segment strategically.

This research, together with the findings in Sections 3.4 and 3.5, underline the need for banks to deeply understand their customers and to ensure their marketing and communications and the way they service each segment is fit-for-purpose.

04 Your Action Checklist



Your Action Checklist

1. Consider the strategic initiatives of your bank (e.g. differentiation, technology, offshoring, restructuring, branch closures) and determine whether they are likely to increase or decrease trust. Determine how you might capitalise on any increase and mitigate or manage the risk of any potential decrease
2. Determine how important the building of trust is to your bank's reputation and sustainability and whether you should begin to regularly measure trust in addition to, or instead of, NPS*
3. Determine with your leadership team and board your aspirational Trust Index in, say, 24 months' time and build a roadmap of strategies and initiatives to achieve greater trust
4. Link your roadmap to your overall approach to enterprise risk management and let your risk appetite shape your actions, ensuring you take a risk-based approach to both remediation and innovation
5. Set a good baseline for your Trust Index and begin tracking the movements in your Index on a real-time basis. Build a close-the-loop process to identify and remedy any issues that are causing a breakdown in trust
6. Begin to measure your employee Trust Index by asking the single Trust Index question of your employees and track that in real time using the same survey technology and online portal as for your customer Trust Index. Your employees can act as the "canary in the coalmine" by ensuring that what is being promised can and will be delivered
7. Understand the trust influence factors of each of your market segments and build a tailored marketing and communication plan for each
8. Ensure that the messaging of your marketing and communications team is well aligned to the capability and capacity of those delivering the actual experience for your customers
9. Ensure you have a culture of no reprisals and no surprises so that bad news rises quickly to higher levels
10. Tell the whole truth, and where that is likely to cause concerns, be clear about the steps being taken to course correct
11. Set out clear expectations of what it means to engage with you, your brand, and your products and services
12. Deliver on your promises, which means you need to know what you are actually promising, and to whom.

* NPS is a trademark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems Inc.

Appendices



How Insync and Entente help banks

Trust Index

- Special free trial for banks through 30 June, 2020
- Online real-time survey and dashboard reporting
- Ability to launch own surveys as required
- Benchmarking against other banks
- Access to trust experts to help embed and build trust

Board evaluations

- World class, new and improved benchmarked survey
- Structured interviews and synthesis of key issues
- Benchmarking includes 250 board reviews
- Dozens of boards of financial institutions reviewed
- Director Effectiveness Survey also available
- Workshops and strategy day facilitation

Risk and compliance

- Develop/enhance sector specific enterprise risk profile
- Assess and benchmark non-financial risk management capability
- Enhance resilience through better business risk scenario models
- Strengthen operating control design and implementation
- Measure what matters most – ensure no ‘surprises’

Employee surveys, focus groups and 360 feedback

- Over 500 employee surveys in benchmark
- Dozens of financial services research studies
- Special diversity survey developed
- Assists with focus groups
- Action planning workshops
- Leadership Team Effectiveness Surveys
- 360 feedback, debriefs and coaching

Member NPS* and satisfaction

- Own proprietary model to improve customer engagement
- Online real-time survey and dashboard reporting
- Ability to launch own surveys as required
- Practical advice from customer engagement specialists

* NPS is a trademark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems Inc.

Financial institutions Insync and Entente have helped



Demographics, Methodology and Sampling

About the sample

Insync and Entente completed an online survey of 5,000 people between 14 February and 2 March 2020. Quota sampling was used to ensure an accurate representation of the Australian population aged over 18 in relation to gender, age and location (state and metro/regional). Respondent characteristics are detailed in the tables below.

Gender		N
Male	50%	2500
Female	50%	2495
Non-binary		11

Age Group		N
18-24	13%	653
25-34	18%	904
35-44	19%	957
45-54	18%	882
55-64	15%	756
65+	17%	854

State		N
NSW / ACT	35%	1751
VIC	25%	1250
QLD / NT	20%	1003
WA	10%	500
SA	8%	401
TAS	2%	101

Metro/Regional		N
Metro	64%	3205
Regional	36%	1801

Methodology

This survey was designed by Insync in collaboration with Entente and conducted online by research agency Dynata. Survey respondents were asked to evaluate their bank on the single ENP Trust Index question and seven associated statements measured on a seven-point scale where “one” represents strongly disagree and “seven” represents strongly agree. Responses to the eight statements are presented using the aggregated titles of “non-believer”, “ambivalent” and “believer” as follows:

Non-believers	Ambivalent	Believers
Strongly disagree (1) Disagree (2) Slightly disagree (3)	Neither agree nor disagree (4) Slightly agree (5)	Agree (6) Strongly agree (7)

The ENP Trust Index score is calculated by subtracting the proportion of Non-believers from the proportion of Believers. As such, the ENP Trust Index score can range from -100 to +100.



Let's build and nurture
trust, together.

Success. Mapped.

Melbourne | Sydney | Gold Coast
insync.com.au