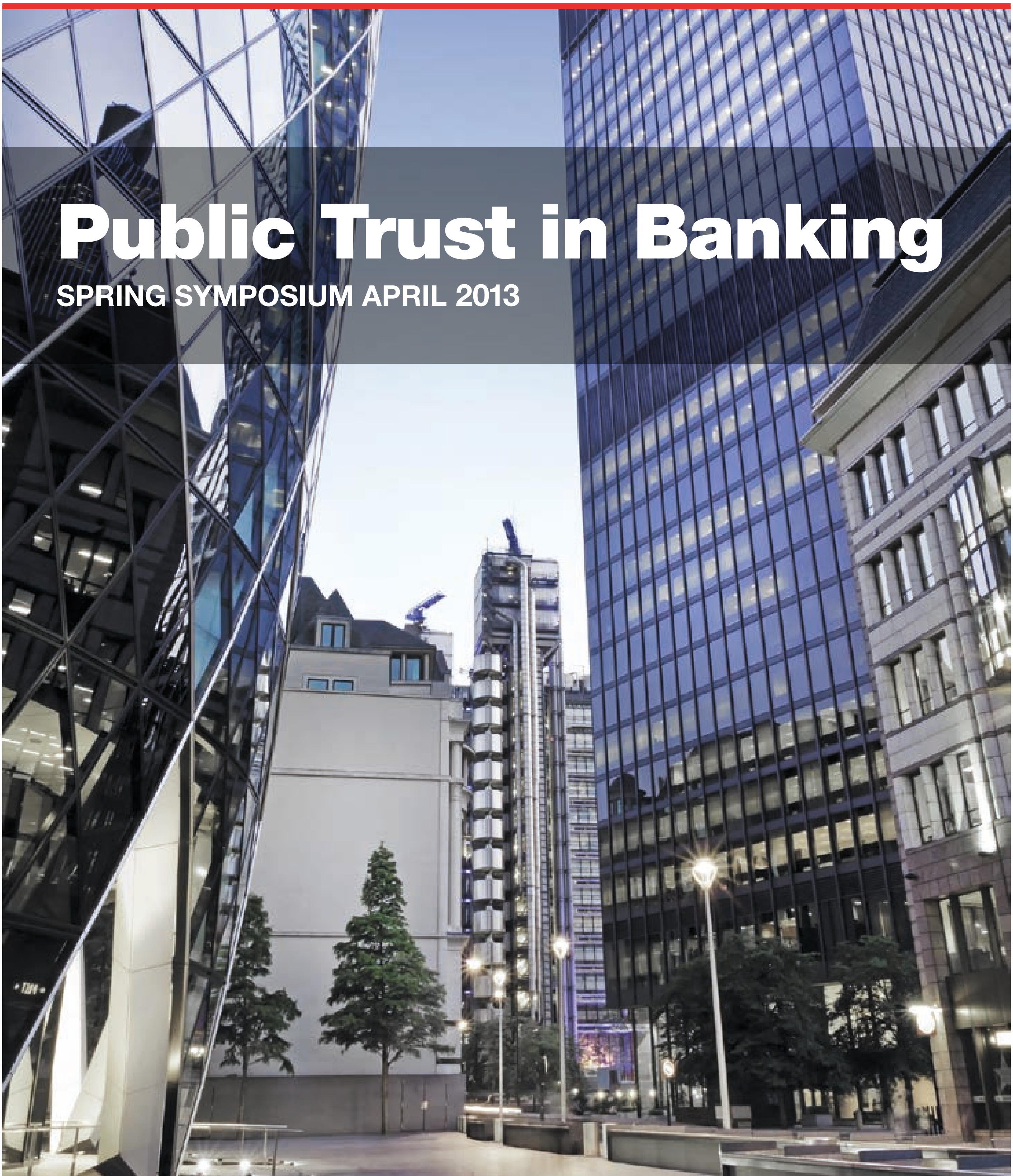
YouGov®-Cambridge

What the world thinks... And the experts say

Public Trust in Banking

SPRING SYMPOSIUM APRIL 2013



WITH THE YOUGOV-POLIS PROGRAMME FOR PUBLIC OPINION RESEARCH

UNIVERSITY OF CAMBRIDGE

theguardian

Public Trust in Banking

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Overview

At YouGov-Cambridge we talk to leading **practitioners,** the **public,** and **politicians** to help advance **policy** for our leading industries.

For this report, Public Trust in Banking, Stephan Shakespeare spoke with twenty leading practitioners and YouGov conducted three surveys with nationally representative samples of UK adults, totalling 11,089 individuals.

Interviewees

- **Sir Philip Hampton,** Chairman, RBS
- **Antony Jenkins,** Global Chief Executive, Barclays
- **Sir Mike Rake,** Chairman, BT, easyjet & Deputy Chair, Barclays
- **Graham Beale,** Chief Executive, Nationwide
- **Sir Win Bischoff,** Chairman, Lloyds Banking Group
- **Brian Robertson,** Chief Executive, HSBC Bank plc
- **Andy Haldane,** Executive Director, Stability, Bank of England
- **Anthony Browne,** Chief Executive, British Bankers' Association
- **Simon Walker,** Director-General, Institute of Directors
- **Jim O'Neill,** Chairman, Goldman Sachs Asset Management
- **Martin Wheatley,** CEO, Financial Conduct Authority
- **Peter Sands,** Group Chief Executive, Standard Chartered Bank
- **Lady Susan Rice,** Managing Director, Lloyds Banking Group Scotland
- **Martin Gilbert,** Chief Executive, Aberdeen Asset Management
- **Craig Donaldson,** Chief Executive, Metro Bank
- **Ian Cheshire,** Chief Executive, Kingfisher
- **Katherine Garrett-Cox,** Chief Executive, Alliance Trust
- **John Studzinski,** Senior Managing Director, Blackstone Group
- **Rick Haythornthwaite,** Chairman, Mastercard
- **John McFarlane,** Chairman, Aviva plc

It is no surprise that banking is rated poorly across the YouGov scorecard of 26 industries. The image of greed and illegality at a time of austerity could hardly be worse. Our research shows that governance measures and a sustained, well-designed campaign to inform people of the way banks support the economy are important. However, real transformation in public attitudes will only happen when people feel they are getting a fair deal when lodging their savings, and getting a fair hearing when seeking a loan.

Our continuous research will help the industry to navigate its way to safer waters.

Stephan Shakespeare

Co-Founder & Chief Executive, YouGov.

"Every single one of the twenty leading banking figures I spoke to agreed: the industry cannot continue without root and branch reform. One said, 'banks lost control of their businesses'."

The Masters of the Universe who sat at the top table of British Banking in 2007 have now almost all gone. It was a remarkable clear-out, unexampled in any major industry before. The new guests wear a more sober expression. In our preparation for this study into the reputation of banking (and how to win it back) we talked to them in depth: fifteen Chairs and Chief Executives of our top banks and funds. How much have the views of the British Banking high command really changed?

It turns out, quite a lot. How about this from one of the most senior global players: "Banks lost control of their businesses and had to go cap in hand to ordinary folk to continue to run them. If you add to that the fact that banks are pretty poor on customer service, and in some cases have systematically exploited the relationships they have with customers, it's pretty clear that the industry needs comprehensive reform and change."

What surprised me was not that I could locate one or two radicals, but that nearly everyone I talked to had the same clear message: 'We completely acknowledge what the industry did wrong, we will change ourselves and do whatever it takes to restore trust.' Some politicians have suggested that while bankers may say this in public, when it comes to negotiating with reformers behind closed doors they remain very focused on the narrower interests of their industry. But in my conversations, which were held off-the-record, I found that industry leaders were solid in their belief that even where they did not agree with all proposed measures, they were willing to take the hit if that was the cost of winning back public acceptance of their right to operate. Not one of them, not even one of the most individualistic swashbucklers of gung-ho capitalism, believed the industry could continue without root-and-branch reform.

Sometimes their frustration and sense of hurt bubbled to the surface. One said that calling the city a cesspit 'is frankly outrageous. The city has contributed 2.5% GDP UK surplus'

There were however some moments of indignation, a sense that banking had been made to take all the blame when politicians and regulators, media and public behaviour had all contributed to the overdeveloped risk-taking culture. A senior director of one of our most international banks: "In a sense there are huge amounts of blame to go around but many people have been quite effective at deflecting more of that blame on to the banking sector. I'm not saying the banks didn't deserve a chunk of blaming, but it has been very convenient for the politicians, for example, to blame the banking sector." The director compared the banks to "overenthusiastic waiters at a party, who were happily drinking themselves and happily giving everybody they could find too much to drink. "You have also got to think who bought the drink and whose party it was. So absolutely they were excessive as the waiters, but it's not the whole story; there are politicians and there are central bankers who absolutely can understand and absolutely wouldn't disagree with my depiction at all but that's not the picture that the general public has had communicated to them."

Perhaps as a consequence of this failure to come to grips with the broader responsibility, they predict that "the socio-political aftershocks of the crisis are actually likely to last longer than the economic ones".

Sometimes that frustration and sense of hurt bubbled to the emotional surface;

One senior manager at one point waving a fist, said: "This is the first big financial economic recession of the social media era, so everybody can have a view about any damn thing and then they can express it within five seconds of something happening, and it seems to make no difference whether they have any authority in making an opinion. The reason that's so relevant is this interesting interplay between our decision makers, especially the politicians, and that social media, which then of course in itself influences public opinion. So, to put it another way, why the hell has Vince Cable still got a job when he's the Minister for Business and he uses the phrase 'cesspit' twice to describe the City. It's frankly outrageous… The City, despite all its evils, has contributed about 2.5% of UK GDP surplus to the balance of payments for the last thirty years. So how can something which has at the heart of it banking, be regarded by people who are informed as being so useless? It's pathetic."

Though few were that angry, several were bemused by what they saw as the illogicality of political opinion; one of the bankers told me, "It's definitely going too far, the way that politicians have managed to switch virtually entire blame for the entire financial crisis onto the banking system in the UK. So the UK's going to be left as the only country in the world where you can't have a universal bank…. Once you got it put into the public mind that the financial crisis was caused by banks, and was caused by casino banks, therefore the next rhetoric is 'if we can separate the good banks, i.e. retail banks, from the casino element all will be well in the world' – Ignoring the obvious fact that the banks that failed tended to be retail banks!"

Some were bemused by the illogicality of political opinion: 'it is definitely going too far,' said one of them, 'the politicians have managed to switch the blame for the entire financial crisis on to the banking system'

At the original YouGov-Cambridge Forum, held last September at Magdelene College, John Studzinski made ten recommendations for restoring the reputation of banking [see Appendix for full transcript]. One of them was something akin to the Hippocratic Oath: "I think the banking system needs one, what I would call a 'duty of care', that actually requires people to demonstrate a certain type of ethical and moral fibre. The duty of care being the client. The duty of care being ethical behaviour with a high degree of integrity with respect to the client and the colleagues, and the corporation and the bank… If I'm a banker walking in on day one and I have to spend an hour being told about duty of care, and I have to put my hand up and swear an oath, the symbol as a man alone has a very powerful impact on how people take their profession seriously. That duty of care up until now has not been part of the sector."

John Studzinski: 'if I am a banker walking in on day one… and I have to put my hand up and swear an oath, the symbol… has a very powerful impact on how people take their profession seriously. That duty of care has not until now been part of the sector.'

This has been supported by another senior banker: "There was a public interest in upping the game with the bankers, that's what this is about… We don't want people to come to work in a bank and leave their values system at the front door. People operate with certain values in society, with their families and their friends and so forth, and they shouldn't feel that they have to change their values."

One of the Chairmen we talked to said there needs to be an understanding "that people who transgress, who don't do the right thing, are punished, as in the medical profession, in accounting, and law and so on. You do something wrong and you get disbarred, you can't practice here. We've been far too lax in that, I mean, big, big, mistakes have been made in banks, and nobody appears to have suffered… The full force of the law should be heaved upon them, for doing things wrong and harming their organisations, harming their clients… The idea should be that if you do things wrong you are disbarred, you will not be able to operate in that industry again, that's what I would like to see as a minimum."

On the other hand, they also felt that "We've been extremely bad as an industry in explaining the usefulness of banking, the importance of banking in the way that our economy is run. There ought at least to be a respect for what banks do. Yes, they may sometimes do it badly, but they carry out a vital function in our type of economic business model. In 477 of the 650 constituencies in this country, there are more than one thousand people employed in the financial services industry."

There was some fear that proposed new regulations would make Britain a less attractive place to do business. "In a global industry, if you have completely different regulations, which attach themselves to let's say London banks, as against European Banks, or European banks as against Asian banks, I think you're going to have a problem. That's not to say that European or London regulations are wrong, but they have to be fitted in somehow in to the global context, and that's what I think is very important."

But the overall force of every single interview I conducted was an open and frank acknowledgement that the industry had made systematic mistakes, taking huge unjustified risks and over-indulged on the reward side. A leading figure in the industry expressed the general view that banks should be led in a way that is accountable to the public: "Broader society can hold us accountable. The first time I find a trader, who may be the biggest revenue producer we've got, who is not driven by the values, they are gone. We are going to run in a way that serves all the big stakeholders, and that is socially useful in its aggregate. In essence, this is not about creating short term profitability, this is about creating sustainability for the long term… If you're a hedge fund, or a trader, and you're in and out of the stock, then you want to ride the curve and you'll take the upside, and try and avoid the downside. I don't want those people on my share register."

They agree that people who transgress should be seen to be punished: 'the full force of the law should be heaved upon them, for harming their organisations and harming their clients'

They added: "Banks are fundamentally different from other commercial enterprises, in that they sit at the heart of the economies where they do business. Without a vibrant banking system, you can't have a vibrant economy, without a vibrant economy, you cannot have a vibrant society. So, this is not an academic issue, this is an issue that will affect the political economy, in the broader sense of the United Kingdom, for the next 30 years, at least. How do we ensure that we understand the risk within the banking system? How do we make sure that that risk is adequately underwritten, and how do we make sure that the taxpayer doesn't end up footing the bill for that risk? So, there is one question about risk, and there is a second question about conduct. There needs to be a debate on conduct between the new conduct authority, the industry, and other interested parties, like consumer groups. It is possible to frame that in a public policy context, right?"

The purpose of this YouGov-Cambridge study is to help frame that debate. Our work is divided into a 'benchmarking' section where we provide a series of different measures of public opinion about banking, and a 'deliberative' section where we explore the public's view as it changes (or doesn't change) when different information, arguments and messages are presented. They are intended to provide a continuing framework for understanding how the relationship between society and the banking industry is changing.

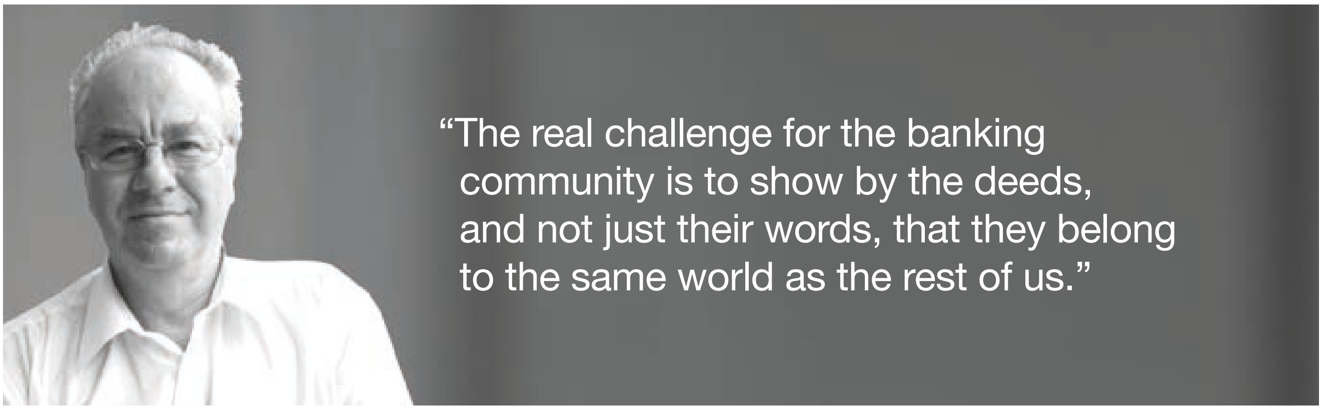
Through reference to our continuous benchmarking measures, the industry will be better able to navigate its way to a more positive relationship with customers and clients.

Highlighted by one banker we spoke to: "Be very realistic about the fact that we are in repair mode in terms of the industry's standing in the public mind, for some time to come; that the path to redemption will be one where achievements will probably get underestimated and setbacks will get exaggerated".

YouGov obviously has no policy position on financial services, but we believe through reference to our continuous benchmarking measures, the industry will be better able to navigate its way to a more positive relationship with customers and citizens.

Peter Kellner

President, YouGov



For centuries the Planet Croesus, home to banking executives and city traders, has flickered away in the financial firmament, little noticed by most of us. Suddenly, in the past few years, it has started to shine with bling-like brilliance. We all see it. We still think of it as remote from Planet Earth, we don't understand what its inhabitants do all day, but we are fairly sure they are up to no good.

What do we think the Planet Croesus is really like? What offends us most? Would we be less hostile if we knew it better? What should change? Those questions lie at the heart of YouGov's research into public attitudes to Britain's banks.

What we think Planet Croesus is like

Its reputation is terrible. 73% describe the reputation of banking as bad. This is the highest figure of 26 industries we tested. Utilities such as gas, electricity and water come second, some distance away on 62%. Just 4% reckon banks observe high ethical and moral standards – a joint-worst rating shared with casinos, betting shops and online gambling. Just 17% of us trust the people running British banks to tell the truth; with investment bankers the figure is even lower, at 13%. They vie with MPs, estate agents and tabloid journalists in the relegation zone of public contempt.

However, the figure is very different for "staff at my local bank". 67% of us trust them to tell the truth, much the same as the proportion who trust judges. It is not new to find that we trust people who work in our local communities – such as teachers, doctors, police officers and our own MPs – more than those who manage them or operate nationally; but normally the local/national gap is around 20 points. With banks it is a 50-point chasm. We are happy to embrace local bank staff as decent, fellow earthlings, quite unlike the bankers on Planet Croesus.

We also regard the inhabitants of Planet Croesus as hostile. Many of us know that it affects the success of our earth-bound economies. When we ask people which three, out of 25, sectors are most vital to Britain's economy, banking (27%) ties with retailers in second place; only construction (38%) has a higher score. But when we show the same list and ask which three are most guilty of holding our economy back, banks (48%) head the list, followed by government departments on 41%. Both are far ahead of the sectors next on the blame list: utility companies (22%) and local councils (20%).

What offends us most

We asked people which three aspects of British banking, from a list of eight, "have damaged your view of the UK banking industry the most". The top two are excessive bonuses (57%) and the Libor scandal (54%) – two things we associate with the strange ways of Planet Croesus. The two that concern people least are failings some of us have experienced down on Earth: "poor service or poor products" (10%) and technical issues affecting our ability to withdraw cash (7%).

Of course, much has changed in British banking in recent years. Some high profile executives have gone. Dodgy practices have been ended. Bonuses are down. How many people feel the banks have mended their ways? The short answer is: not many. Fully 82% agree that "there is still an unhealthy bonus culture at the banks". 73% think that "senior management at banks in the UK come across as arrogant". Only 13% agree that "people who work in investment banks in the City of London generally behave honestly". The ways on Planet Croesus may be changing, but we earthlings have yet to notice.

However, many of us (though not a majority) do notice that not all banks are the same. We asked people to assess the reputation of each of seven banking groups. With two, more people said "good" rather than "bad" Nationwide (by 42-10%) and the Co-operative Bank (by 42-8%). With these two, as with all the others, a huge number of people say "don't know"; but among those who do have an opinion, it is clear that a mutual structure and the avoidance of "casino" banking practices have made a difference.

Of the other banks, HSBC emerges best, with broadly equal numbers assessing its reputation as good (25%) and bad (26%). With the other four groups, "bad" heavily outscores "good" – Santander (by 35-22%), Lloyds (38-18%), Barclays (41-19%) and RBS (51-11%).

Would people condemn less if they knew more?

Suppose we could fill a large rocket with earthlings and take them to Planet Croesus to show what it is really like. Would this make a difference? To find out, we employed a deliberative approach.

YouGov conducted this research in two stages. Our first survey included a number of broad questions about the performance of the banks; these provided the numbers cited above. In the second survey we described a number of reforms that have taken place in recent years to clean up British banking, and asked people some detailed questions about these. We also invited people to ponder the importance of banking to Britain's economy.

After doing all this – that is, after giving people information and inviting them to think more deeply about banking issues – we repeated some of the broad questions we asked in the first survey.

It does make a difference, but not enough to convert a majority of earthlings from critics to fans. In our first survey, 57% of us said the overall reputation of the banking sector was bad. In the second survey, the figure was 11 points lower, at 46%. The proportion saying favourable was up three points, from 12% to 15%. There was a bigger, seven point, jump in the proportion saying "neither favourable not unfavourable", from 26% to 33%.

Similar shifts emerged when we tested some more specific criticisms:

	% agreeing	
	Survey 1	Survey 2
Bankers are greedy and get paid too much.	83	75
Banks aren't doing enough to get us out of this economic crisis which they helped cause.	80	72
Bankers are at best unprofessional and at worst dishonest.	58	47

In each case the proportion disagreeing was up only slightly: the bigger increase was in the numbers saying "neither". In short, Planet Croesus would enjoy a slightly better reputation if people knew it better; it will take time and more radical measures to transform its standing.

What needs to change

We asked people what should happen to tackle Britain's banking problems. We offered a list of ten and asked people to tick all that they thought would help. The first thing to say is that people generally ticked more items than is normal with this type of question. We would generally expect people to tick two or three items; with this they ticked, on average, 5.3.

Top is capping bankers' bonuses (69%) followed by greater transparency on everything from lending figures to bankers pay (65%). In the next batch of four items, close together on 55-57%, are two Planet Croesus activities (require bankers to have professional training, and splitting investment and retail banking); but the other two relate more immediately to the impact of bank policies on life on earth – lending more to small businesses, and making it easier for homebuyers to get mortgages.

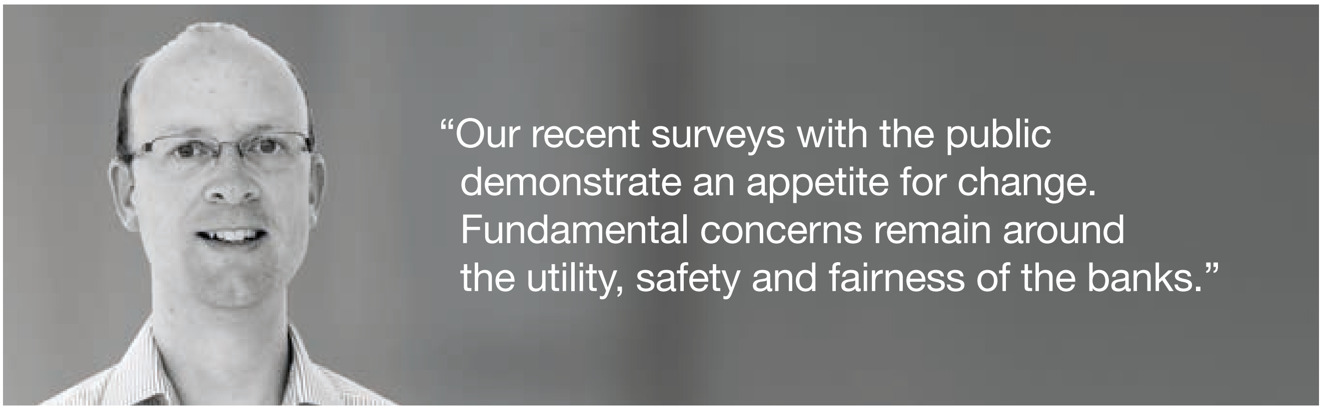
Here we get to the heart of the matter. Plainly more needs to be done to improve the governance of our banks. But, on their own, governance measures, including action on bonuses and transparency, will make only a limited difference, and probably take years rather than months to have much effect. A sustained, well-designed campaign to inform people of the way banks support the economy is likely to have a similar impact – that is, positive but slow and modest.

For a real transformation in public attitudes, homebuyers and businesses – especially small businesses – must feel that they are getting a fair deal when they lodge their savings and a fair hearing when they seek a loan. It is hard to overstate the power of the double whammy of recent years: the stories of greed and illegality at the very time when many have been struggling through an age of austerity and often finding it hard to obtain a mortgage or to borrow to invest. It is the combined impact of these things that has caused us to regard Planet Croesus as so remote, nasty and threatening.

The real challenge for the banking community is to show by the deeds, and not just their words, that they are not aliens at all, that they belong to the same world as the rest of us, that they understand our problems and genuinely help to solve them. Above all, they must convince us that they have finally abandoned Planet Croesus and returned to Earth.

Oliver Rowe

Director, Reputation Research, YouGov



Our report in August 2012 showed how deep the public's dissatisfaction with the UK's banks had sunk in the wake of a summer of scandals, ranging from Libor-rate rigging and money laundering through to technical faults with retail banking systems.

Now seven months later, this report finds that the UK public remains firmly out of love with banking but continues to have plenty of interest in its future. Despite being viewed as the second most important sector to drive the UK economy forward over coming months (behind construction) it is seen as the industry that currently most holds back UK growth, making it both part of the solution and part of the problem.

Our recent surveys with the public demonstrate an appetite for further change. Steps taken so far have appeased some elements but there remain some fundamental concerns around utility, safety and fairness:

- **Utility:** banks aren't perceived as working hard enough to help to get the UK or their customers out of recession and indeed are thought to be actually holding the economy back;
- **Safety:** banks are considered unsafe, a public risk, and not in compliance with government regulations;
- **Fairness:** bankers continue to be seen as greedy and untrustworthy, putting profit before people.

Top of the list for preferred changes to the sector in order to deliver improvements, according to the public, are a cap on remuneration and an increase in transparency. However, for many of those who are worried about specific aspects of banking, the current changes which are taking place or have been mooted are unconvincing in their ability to resolve the problems, even where they do gain general public support. Messages of change from the banks themselves are also not yet cutting through positively to customers.

Sympathy for the sector is thin on the ground. The public, and indeed opinion formers as well, overwhelmingly support penalising the banks more, over and above any concern that greater regulation might damage the wider economy through lost jobs or lost tax revenue. Despite this there is evidence that greater consideration of the issues reduces the public's steadfastness about regulatory intervention, highlighting that these issues are not as clear cut as they initially appear to the public.

As a note of caution though, it must be understood that the reputation of the sector as a whole is much worse than that of individual banks which highlights potential issues in applying impersonalised, sector-wide, assumptions to branded banks.

Sector comparison

The reputation of the banking sector was badly hit by a series of scandals in summer 2012. Six months on and the general reputation of the UK's five largest high street bank brands has recovered to a near-neutral position when using a proxy measure for reputation within YouGov's BrandIndex research tool. Other scores though, such as 'impression', 'quality' and 'value' remain in negative territory, and against this backdrop YouGov has undertaken a series of new studies with the public to better understand their attitudes to the sector.

Figure 1.

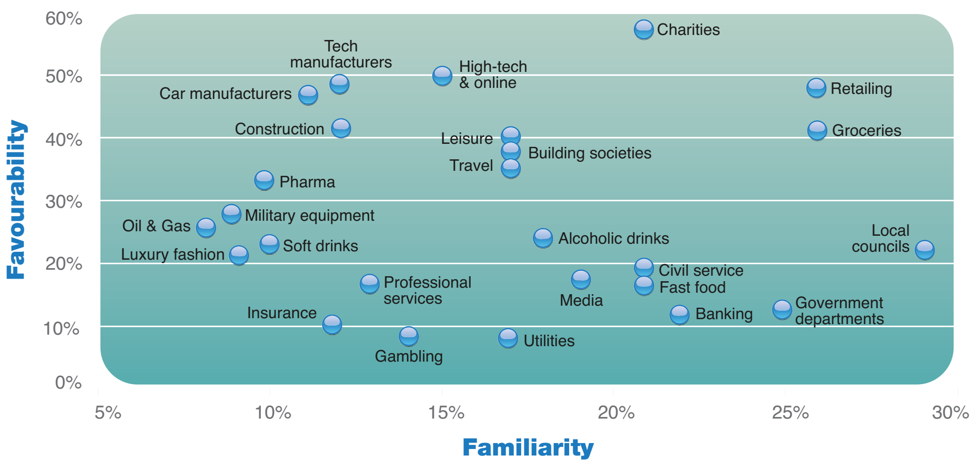
Mean Reputation of UK's largest 5 retail bank brands: reputation based on whether respondents are proud or embarrassed to work for each bank.

Source: YouGov BrandIndex.

In order to put the public's views about the banking sector into context, survey respondents were initially asked to consider banking alongside a number of other UK industries. Banking is viewed relatively unfavourably, and is on a par with the utilities, gambling and insurance sectors, and also the same as government departments.

Figure 2. Familiarity vs Favourability.

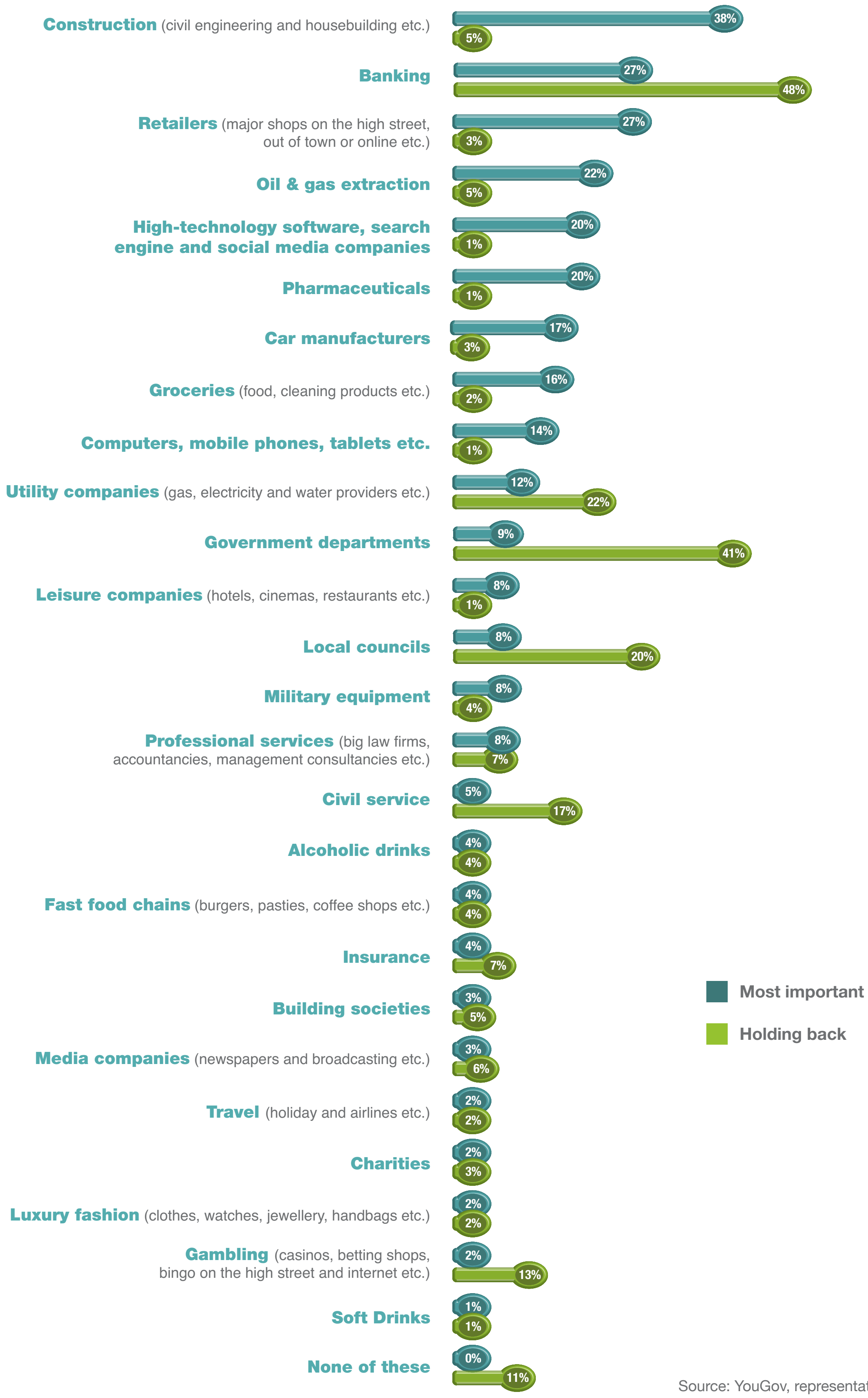
26 industry comparisons.



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

Where banking differs from these other unfavourable sectors is that it is seen as very much part of the solution to the UK's economic woes, being rated as the second most important sector to help get the UK economy going again, with construction coming in as number one. However, banking is also seen as part of the problem because the public believes it is the number one industry holding back the UK economy.

Figure 3. Top 3 industries most important to overall success of UK economic growth vs those holding back the economy.



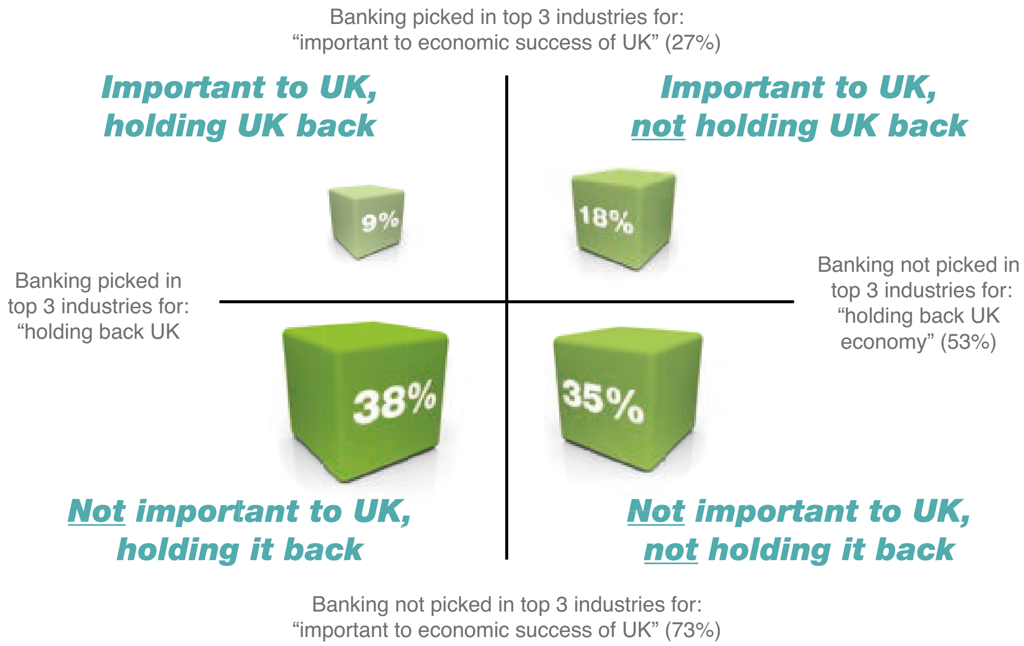
Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

This problem of holding back the economy is one reason why the sector continues to suffer from a huge reputation problem. Three quarters of the public (73%) say it has a bad reputation, higher than any of the other 25 industries included in the survey. Unfortunately, only 7% believe banking's reputation is getting better. It is therefore of little surprise to find that few (13%) would be proud to work in banking while a third (32%) say they would actually be embarrassed to do so, with only gambling getting higher 'embarrassment' scores.

It should though be noted that only 9% of the general public believes that the banking sector is one of three most important to UK growth and also say it is currently holding the UK economy back. This doesn't mean the rest of the public who doesn't pick banking in their top three fully absolves the sector but instead they may not see it as quite such a large problem.

Figure 4. Volumetric: importance to UK economy vs holding back the economy.

Only 9% of the public say banking is in the top 3 most important sectors for UK economic growth and also think the sector is holding back the UK. Also 81% of those who think banking is holding back the UK economy do not actually see it as one of the top 3 most important industries to UK economic success.



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

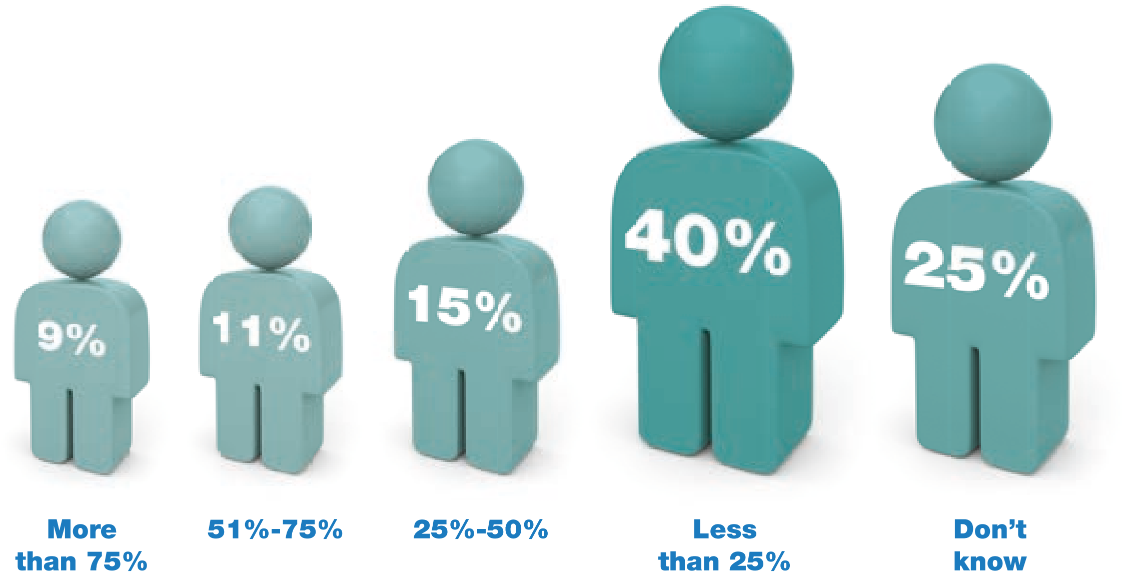
Familiarity with the banking sector is relatively low. Only 22% of those questioned say they know a lot or a fair amount about it, but this is actually a higher score than every one of the 23 other commercial industries surveyed except retailing and groceries.

Where banking differs from these other unfavourable sectors is that it is seen as very much part of the solution to the UK's economic woes.

Despite this low proclaimed familiarity, half (51%) claim they know the difference between retail and investment banking. However when questioned about how much of the deposits taken always remain in their bank and aren't loaned out, only 40% of the public believe their bank holds less than 25% of deposits at all times. A quarter of respondents could not manage a guess for this question while the remaining 35% presumed it is over a quarter. This lack of understanding perhaps raises greater questions about the need for the public to be better informed about such an important industry.

Figure 5. Understanding of retail banking.

Thinking about the money that savers deposit in an average UK high street bank, what proportion of it do you think generally remains in the bank at all times and is not lent to other people?



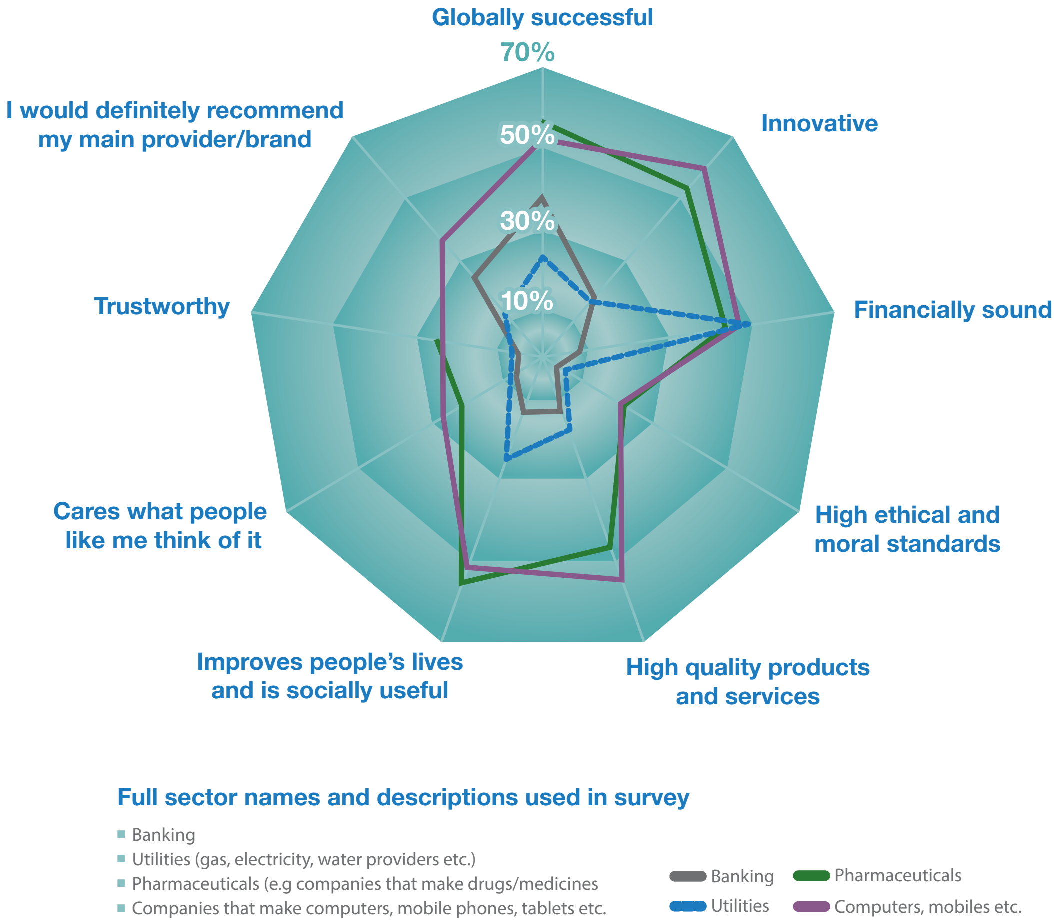
Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

When asked to think about factors they associate with the UK banking industry, around a third (38%) say it is globally successful, 19% that it is innovative, 13% that it has high quality products and services, 13% that it improves people's lives and is socially useful, and just 9% that it is financially sound. Only 6% believe it is trustworthy, while 4% say it has high ethical and moral standards. Also just 7% actually think the industry cares what the public thinks about it. Despite this, a quarter (25%) would recommend their own bank to other people.

Compared to the UK's utilities sector, which is another disliked industry, banking scores are worse in some areas but does better for brand recommendation. Utilities mirrors banking by scoring poorly for caring what people think, being trustworthy and having high ethical/moral standards, but a quarter (25%) say it improves people's lives and is socially useful, while 18% say it has high quality products and services. 49% say utilities is financially sound but only 24% say it is globally successful. Utilities has much lower levels of recommendation for its providers, just 14% compared to banking's 25%.

A quarter would recommend their own bank to other people.

Figure 6. Attitude agreement - UK industries.
% agree



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

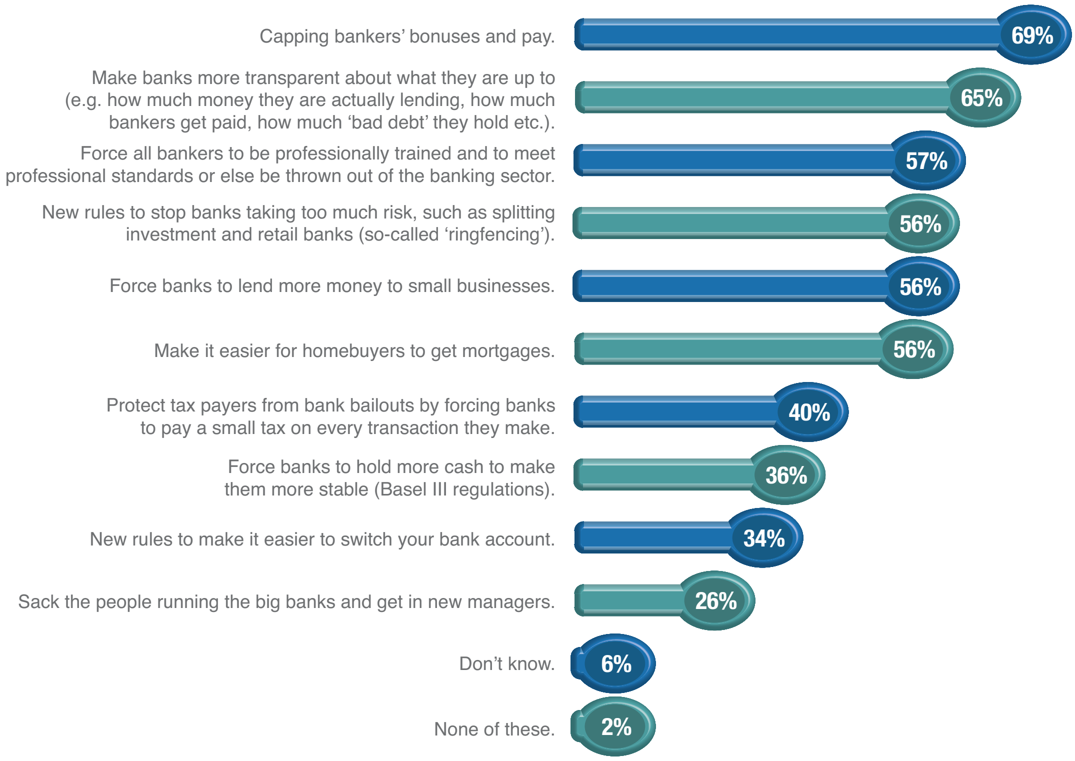
Respondents were asked the extent to which they trust nine particular UK industries to focus on the best interests of their customers and wider society. None of the nine industries achieved a net positive score. 21% agree that pharma can be trusted to do this but 26% disagree. Banking had a net -58%, which compares to -46% for energy (oil & gas) and utilities, -39% insurance, -30% media and -15% defence.

Actions on banking

The survey looked at what actions the public believes should be taken by the banking industry in order to try to improve some of the problems associated with it. Respondents were given a list of ten possible actions and asked to select any that they thought should be taken. The top answer selected is to 'cap bankers' bonuses and pay' which was selected by 69%, and this was closely followed (65%) by making banks more transparent, for instance about lending levels, pay and bad debt.

Figure 7. Actions to improve banking.

Which of the following actions, if any, do you feel might be important in improving some of the problems associated with UK banking? Select any that apply



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

A little further back in this list of actions comes boosting professional standards of bankers (57%), introducing new regulation to reduce risk (56%), forcing banks to lend more money to small businesses (56%), and making it easier for homebuyers to get mortgages (55%).

Bonus Cap

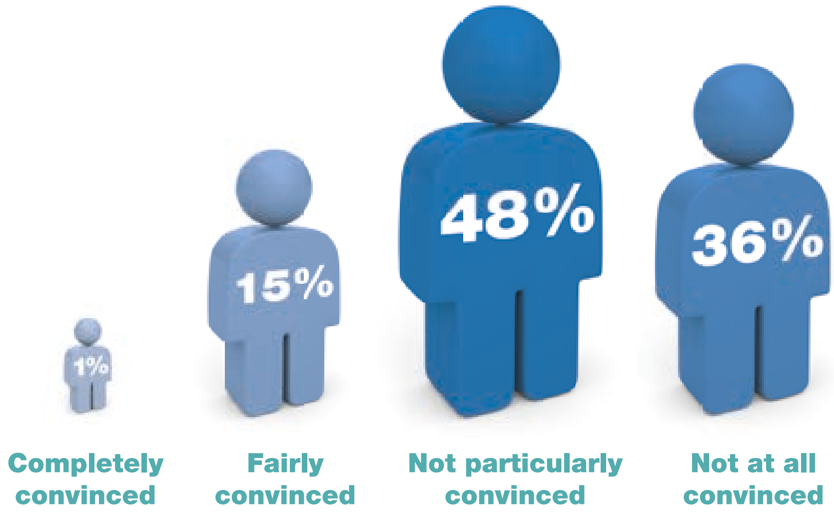
Concern about bankers' bonuses and pay was also the main issue last summer when we looked at the banking industry. In this survey, the 69% who selected capping bonuses and pay were asked to consider the expected EU cap as well as the existing EU regulations surrounding deferred payment of bonuses and the requirement to take shares to see if this combination of legislation convinced respondents that the problem of bonuses and pay had now been effectively dealt with. However, just 1% say they find the cap completely convincing, and 15% say fairly convincing. 48% are not particularly convinced while the remaining 36% are not at all convinced. This is despite 58% of the public in our second survey saying that they support the EU bonus cap.

Figure 8. Capping bonuses.

Base: 69%

You have said it might be important to put a cap on bankers' bonuses and pay. The EU is likely to cap bankers' bonuses at no more than one year's salary, or double that if approved by bank shareholders. EU regulations already state that only 20%-30% of a bonus should be in cash while 40%-60% is deferred for 3-5 years so it can be clawed-back if necessary, plus 50% will be paid in shares not cash.

In light of this, how convinced are you that the issue of capping bankers' bonuses and pay has been sorted out?



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

Other Issues

Comparing respondents' lack of conviction around capping bonuses to other major issues, we find similarly low levels of conviction elsewhere:

- **Small business lending (56%):** 6% convinced by evidence that loan approval rates are at similar levels to before the financial crisis;
- **Mortgage lending (56%):** 12% convinced that the 'Funding for Lending' scheme relieves the banks' risk-averse approach to mortgages;
- **Senior management (26%):** 18% convinced by the fact that most board directors at major UK banks have left their jobs since 2008;
- **Capping bonuses (69%):** 16% convinced by the EU regulations;
- **Professional standards (57%):** 17% convinced by a proposed voluntary code of professional conduct for bankers (including ethical standards);
- **Stability (36%):** 31% convinced by regulations forcing banks to hold more cash, such as Basel III;
- **Transparency (65%):** 33% convinced by EU regulations to force banks to declare profit, turnover, number of employees and tax paid in every member state;
- **Public risk (56%):** 37% convinced by changes to the UK regulators alongside ringfencing;
- **Switching accounts (34%):** 40% convinced by the combination of bank account portability and new '7 day' regulations from September 2013.

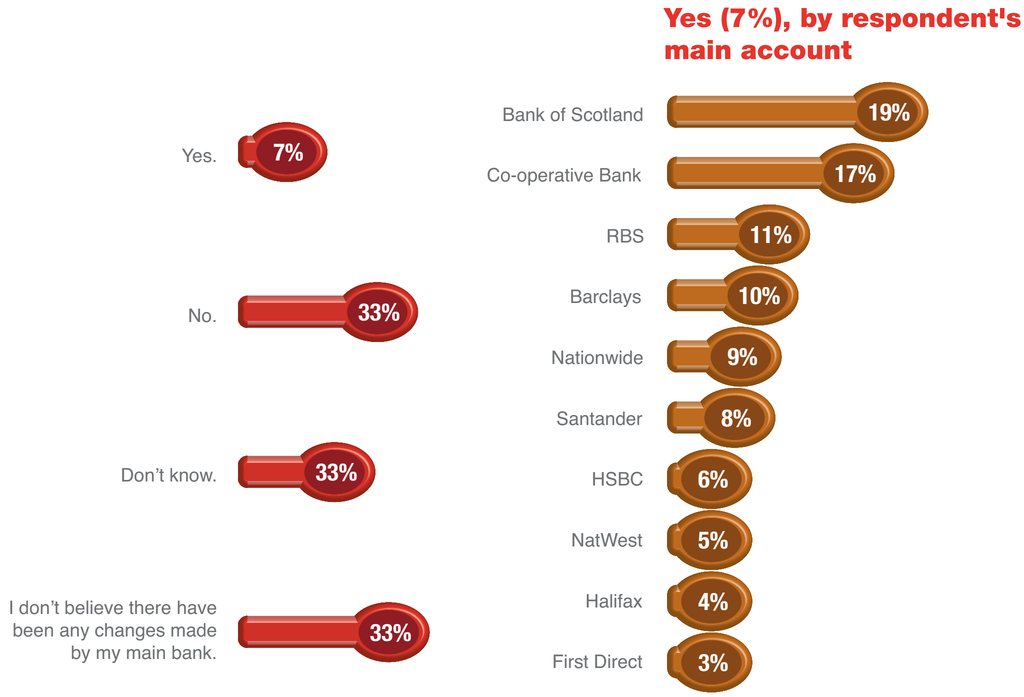
Changes by their own bank

Respondents were asked to think about any recent changes they may have noticed by their own bank and to consider whether they thought these would make improvements. 7% say they have recognised changes and that they expect these will be positive. A third (33%) say the changes they have seen will not have any positive effect, while 35% don't believe any changes have been made and the remaining 25% don't know.

Analysis of where people have their main account shows it is Bank of Scotland (19%), Co-op (17%), RBS (11%) and Barclays (10%) which come top in terms of where changes have been spotted which customers think will make a positive change. RBS (38%), Santander (34%), Lloyds TSB (33%) and HSBC (33%) come top in terms of where changes have been spotted, but which are not expected to have any positive change.

Figure 9. If recent changes will make my bank better.

Do you believe any changes made by your main bank over recent months, such as product changes or announcements from the senior managers, will make the bank better or more trustworthy?



Source: YouGov, Main Survey: representative sample of 4,769 UK adults 18+, March 2013
Deliberative: representative sample of 2,113 UK adults 18+, March 2013.

Main account holders at NatWest (47%), First Direct (44%) and HSBC (39%) are least likely to believe any changes have been made.

Asked separately if "UK banks are now learning from their mistakes; their behaviour is improving", 21% believe this is true, 45% say false and the remaining 34% are unsure.

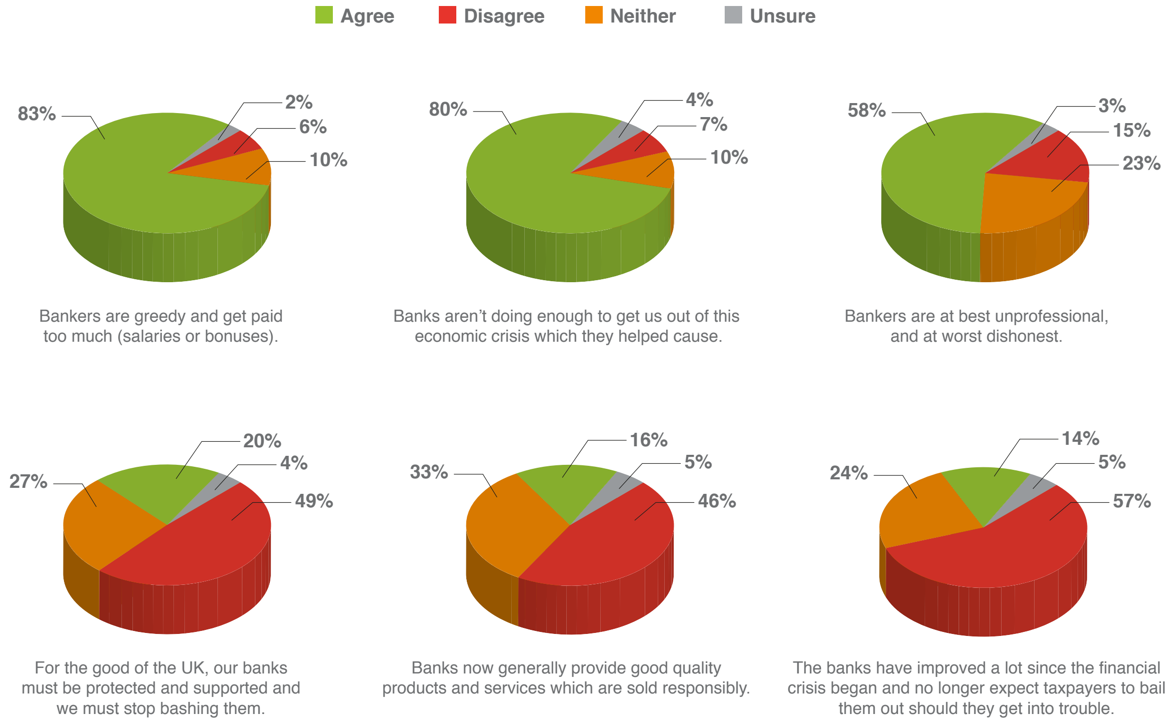
Attitudes

Attitudes towards the banking sector split down into six major areas:

- **Bankers pay:** 83% say 'bankers are greedy and get paid too much';
- **Banks' support of the economy:** 80% say they 'aren't doing enough';
- **Professionalism and honesty in the industry:** 58% say 'at best unprofessional, and at worst dishonest';
- **Disciplining the banks:** only 20% agree 'our banks must be protected and supported, and we must stop bashing them' while 49% disagree;
- **Quality of products and services:** just 16% agree banks 'generally provide good quality products and services which are sold responsibly';
- **Banks are getting better and no longer expect bailouts:** 14% agree while 57% disagree.

Figure 10. Statements about banking.

(Scale: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree, don't know)



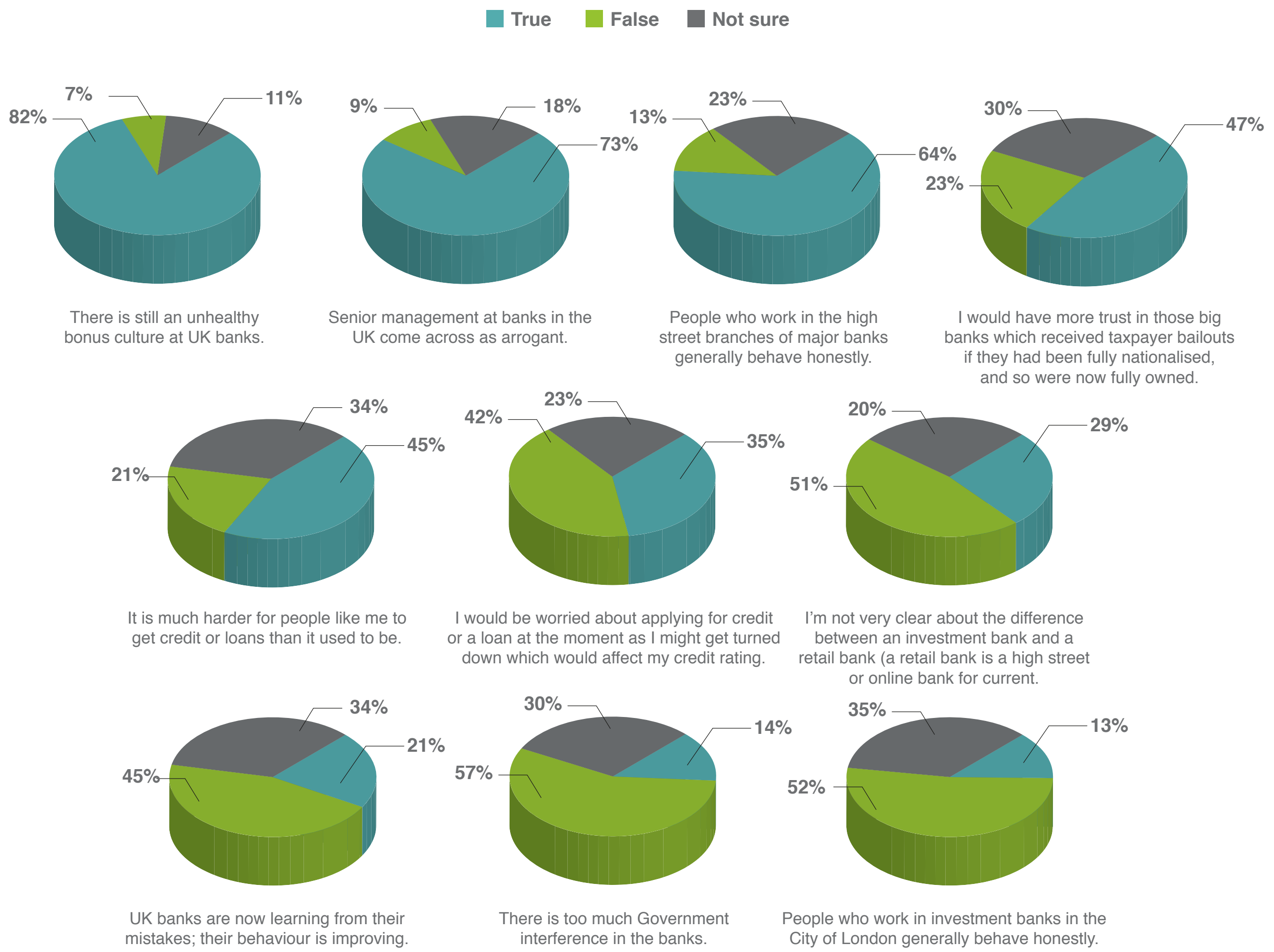
Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

Echoing the earlier findings about areas that the public want to see action taken, it is high pay and bonuses (57%) that the public say have most damaged the reputation of the industry, followed by collusion such as 'Libor-rate rigging' (54%). 'General poor service' is much lower, at just 10% agreement, whilst technical issues around account access is picked by only 7%.

It is interesting that women (61%) are more worried about bankers pay and bonuses than men (54%), while rate-setting collusion is selected ahead of remuneration by men (58% of men vs 49% of women). Both issues are of concern to older respondents far more than younger ones (18-34s) who place 'creating our current economic difficulties' in first place (49%).

When examining voting intention, Labour and UKIP voters are slightly more concerned about remuneration of bankers, while Tories put collusion first. Labour voters over-index on 'creating our current economic difficulties' (46% pick it versus only 33% of Tories). UKIP supporters put banks relying on bailouts in third (45% vs 41% for Tories and 32% for Labour);

Figure 11. Attitudes to banking.



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

Asking about specific issues via statements where respondents indicate the degree to which they agree or disagree, 82% believe 'there is still an unhealthy bonus culture at UK banks', 73% say 'senior management at banks in the UK come across as arrogant'. There is though a strong contrast between views of local branch workers, senior managers and investment bankers in the City. 64% agree that 'people who work in high street branches of major banks generally behave honestly' while 13% disagree. By contrast only 13% believe it is true that 'people who work in investment banks in the City of London generally behave honestly'. Also 67% trust local branch staff to tell the truth compared to just 17% saying they trust those running banks and 13% for investment bankers in the City.

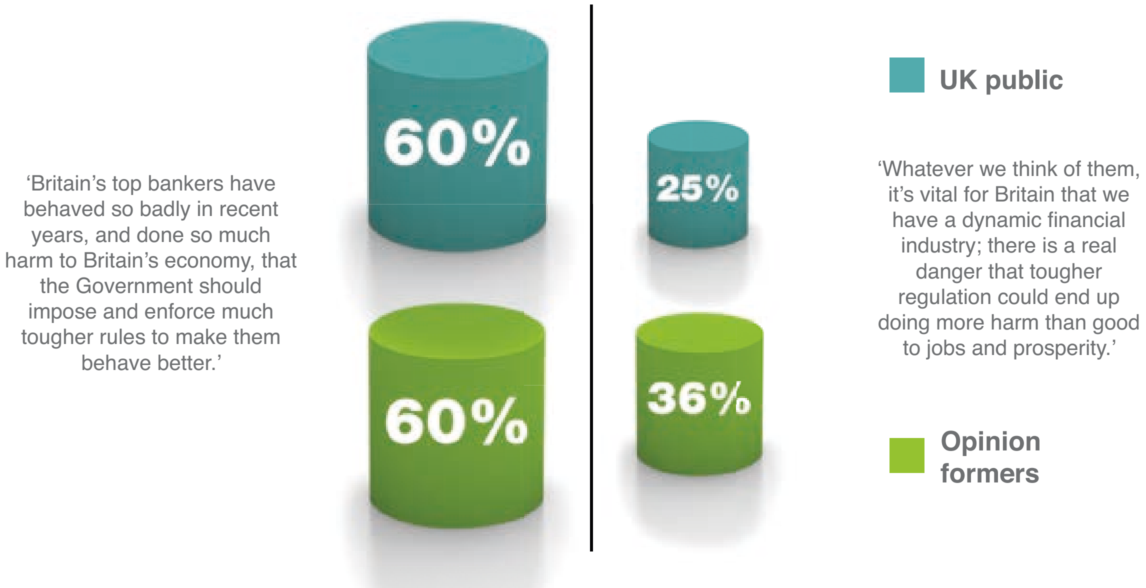
There is a glimmer of light though. 21% agree that 'UK banks are now learning from their mistakes and behaviour is improving', though 45% disagree.

In general, older respondents are far more likely to be negative about the banks when asked these statements compared to younger ones, 28% of whom believe the UK banks are learning from their mistakes and improving their behaviour.

Bashing vs Nurturing

When asked to pick a single position between support for tougher banking regulation to ensure better behaviour versus a lighter touch to prevent harming the industry's prospects, 60% of the public want tougher legislation while 25% want a lighter touch (15% don't know). Asking the same question to UK opinion formers finds a similar split with 60% wanting toughness versus 36% citing caution (4% don't know);

Figure 12. Tighter regulation: pro or con.
Which of the views below comes closest to yours?



Source: YouGov, representative sample of 4,769 UK adults 18+ and sample of 735 UK opinion formers, March 2013.

Problematically, the banks are not perceived to be performing well for their customers (11% agree) or for the UK economy (10% agree). In fact most people see few benefits coming from the industry and when asked which of five contributions they believe the industry brings to the UK, a third (34%) say 'none' or 'don't know'. Half pick 'creates a lot of employment', and three selections achieve scores of around 30%: 'contributes a lot to the Treasury in tax and National Insurance payments', 'supports British business by lending to them', and 'attracts overseas businesses to set up in the UK'. Further, 25% agree it 'is a major part of UK exports'. This shows either a vast lack of knowledge amongst the public or no desire to give the industry any credit.

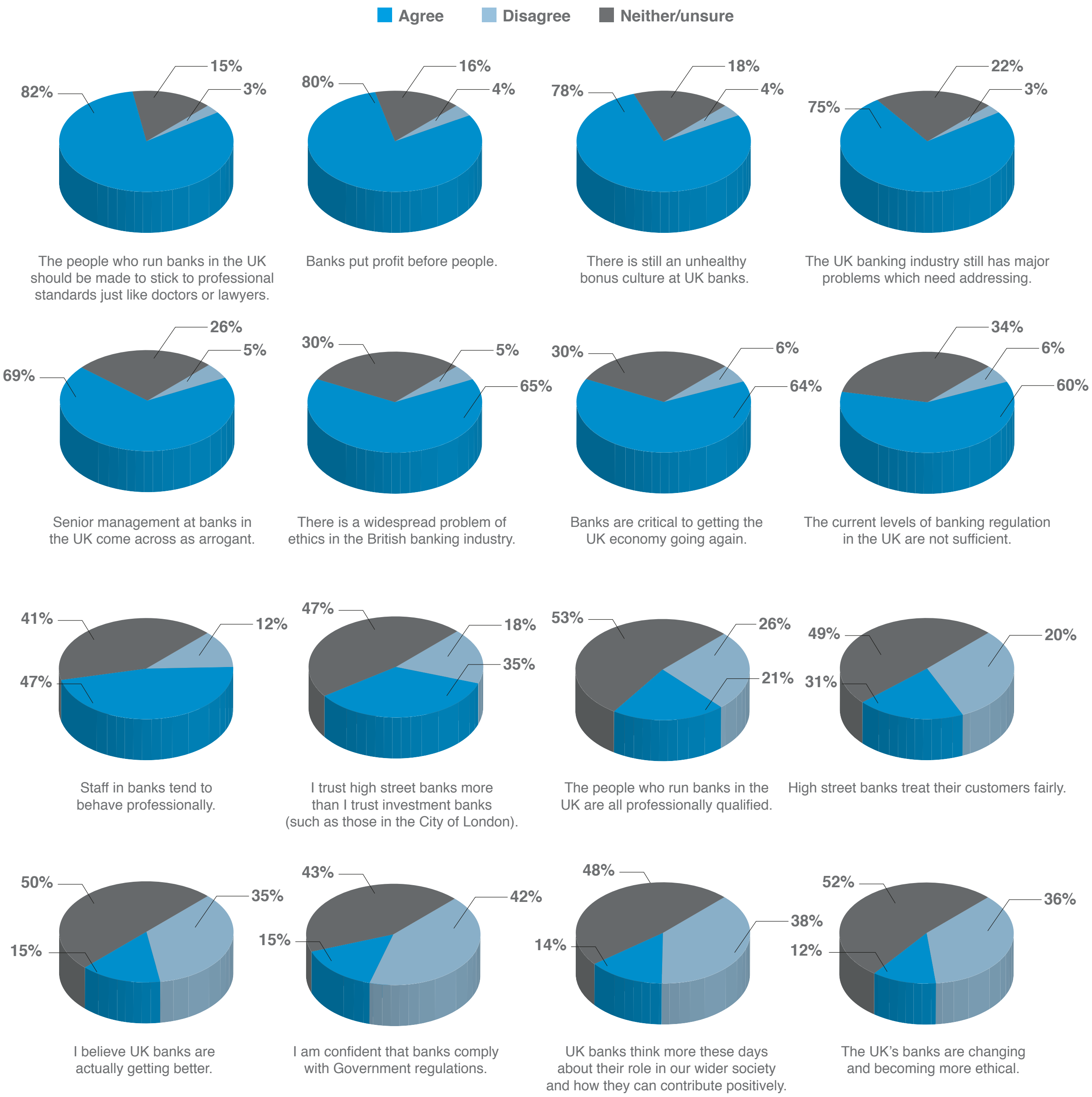
Figure 13. Which of the following, if any, do you think are contributions made to the UK by the UK's banking industry?
Select all that apply.

Source: YouGov, representative sample of 4,207 UK adults, January 2013.

When asked about a series of attitudes towards the industry it is a rather bleak prognosis: bankers should be made to stick to professional standards, they put profit before people, the sector still has major issues, there is a problem with ethics, banks are critical to getting the economy going again, banks aren't getting better, they don't comply with Government regulations, they don't think about their contribution to wider society, they aren't becoming more ethical, and there is no agreement that high street banks treat their customers fairly.

Figure 14. Statements about banking – general public.

Scale: 0 = disagree strongly to 10 = agree strongly. Disagree = 0-3, Neither = 4-6, Agree = 7-10.

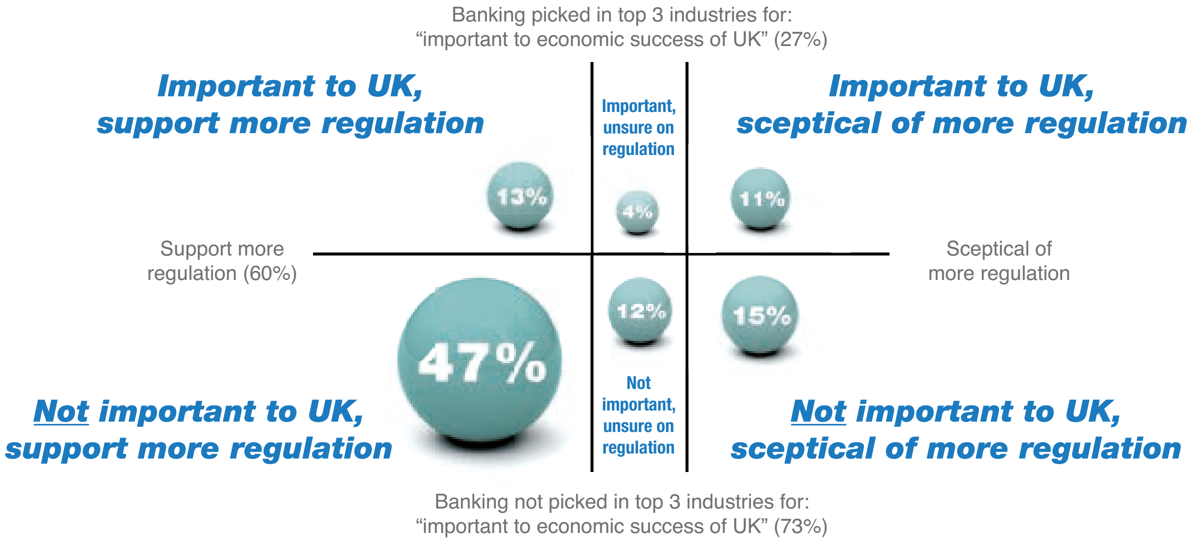


Views towards each statement.
Source: YouGov, representative sample of 4,207 UK adults, January 2013.

One of these points, that people do not believe banks comply with government regulations, seems to be particularly damning. If only 15% are confident the industry is in compliance then trying to get across a broader, positive message is going to be a very difficult task. Incidentally, only 11% of opinion formers agree.

Figure 15. Banks: importance to UK economy vs attitude to regulation.

78% of those who support more regulation of the industry do not believe banking is one of the top 3 most important sectors to the overall success of UK economic growth. This compares to 58% of regulation sceptics. For those who rate banking in the top 3 most important industries, 48% support more regulation.



Regulation supporters:
‘Britain’s top bankers have behaved so badly in recent years, and done so much harm to Britain’s economy, that the Government should impose and enforce much tougher rules to make them behave better’.

Regulation sceptics:
‘Whatever we think of them, it’s vital for Britain that we have a dynamic financial industry; there is a real danger that tougher regulation could end up doing more harm than good to jobs and prosperity’.

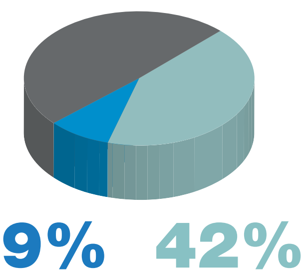
Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.
This chart suggests that a belief in the importance of the banking sector may correlate with greater scepticism towards more regulation.

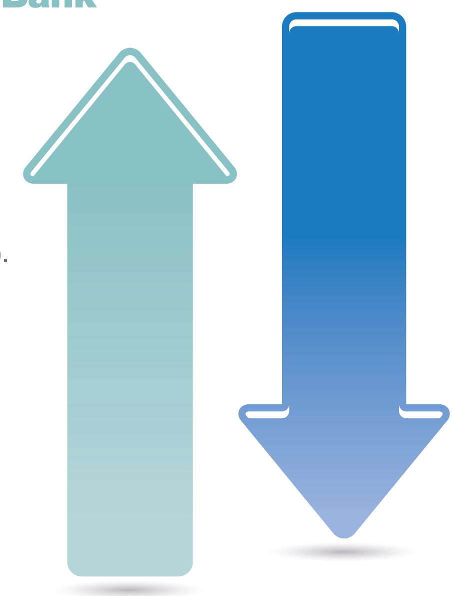
As to whether the public feels that banks have been dealt with fairly by the media, Government and regulators, 59% say media coverage is fair but a third (33%) say unfair. 62% say the Government has been fair and 24% unfair, while regulators are seen as fair by 64% and unfair by 16% (21% don’t know).

Bank brands

The Co-operative Bank
Nationwide

enjoy the best reputations amongst the public. 42% say their reputations are good, around 9% say bad (net positive for The Co-op is +34%, Nationwide +32%).



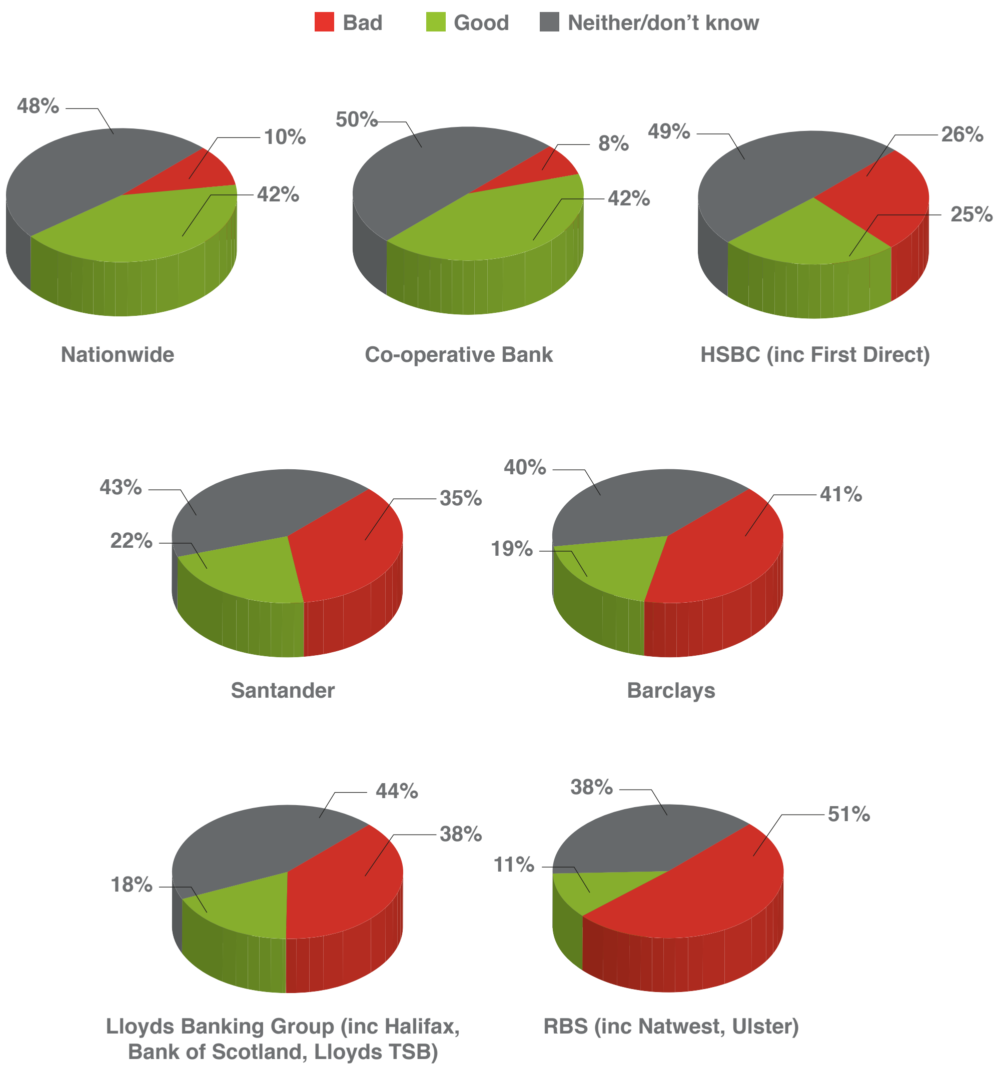


HSBC
Santander
Lloyds
Barclays
RBS

RBS is at the bottom of the list with 51% scoring it negatively and just 11% positive (net -40%). Barclays has a net negative of -22% while Lloyds Banking Group is net negative -20%. Also negative are Santander (-13%) and HSBC (-1%).

Figure 16. Reputation of UK banks.

How would you describe the reputation of each of these companies?



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

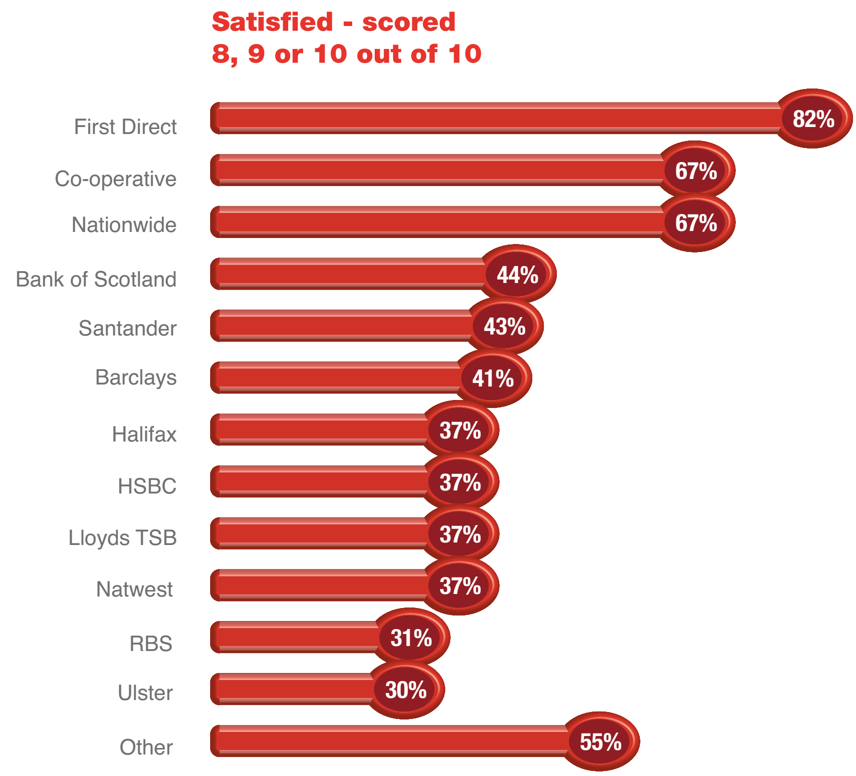
However we most note at this point that even the poor score from RBS is way above the score achieved by the sector as a whole when asked earlier in the survey where it achieved 8% good and 73% bad. Taking a mean of the seven individual banks gives a score of 26% good and 30% bad.

Between 8% and 12% think each of the seven banks are getting better, but only Nationwide and Co-op have net positive scores between getting better and getting worse. RBS scores -12% while the rest have small negatives from -2% to -6%. Again, we should note that 54% think the banking industry is ‘getting worse’, but a mean of the seven main banks shows just 11% saying individual banks are ‘getting worse’.

Even amongst main account holders, satisfaction with their bank differs vastly. First Direct gets 82% of customers scoring it 8, 9 or 10 out of 10, Co-op and Nationwide score 67%, while NatWest (37%), RBS (31%) and Ulster (30%) get lowest scores, but only just behind Halifax, HSBC and Lloyds TSB (all 37%). Likewise, when asked if they would definitely recommend the bank where they have their main account, the shape of the results is very similar to the general satisfaction levels. 58% of those with their main account at First Direct would definitely recommend the bank, 43% for the Co-op and 41% for Nationwide, while RBS is on 19% and NatWest, Lloyds TSB, Barclays, Santander, Halifax and bank of Scotland are all on 20% or 21%. HSBC scores 27%.

Figure 17. Satisfaction with service of main bank.

How satisfied are you with the level of service that you receive from your main bank?



Source: YouGov, representative sample of 4,769 UK adults 18+, March 2013.

And should customers become disaffected towards their bank brand there is no great sense that moving to another bank would actually be that difficult. Half (49%) believe it would be easy to switch provider for their main current account, 17% say difficult. Just 20% say they have ever been put off switching because they thought it would be too tricky.

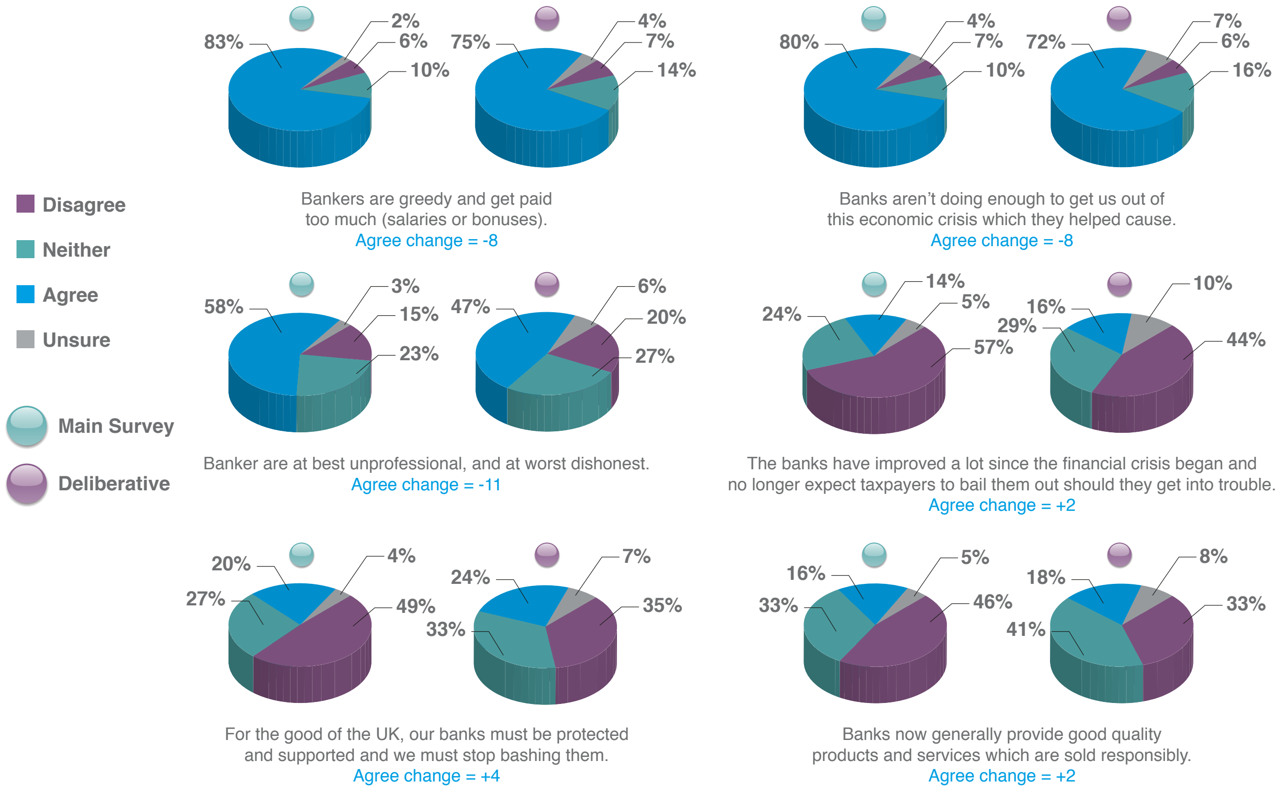
Deliberative

In order to try to better understand how individual arguments about the banks affect the public's views, YouGov interviewed a separate, UK-representative sample of 2,113 adults. The study asked them to consider each of the main six issues confronting the banks at the moment and say how much they agreed or disagreed with four statements about each issue – two positive statements and two negative.

At the end of the exercise respondents were asked to consider six overarching statements which summarised the issues. These statements were also included on the main survey of 4,769 individuals. Having initially exposed the second sample to the arguments 'for and against' each issue, we can determine that any statistically significant differences between the scores for the six overarching statements in the two surveys must be as a result of the arguments to which respondents were exposed.

Figure 18. Statements about banking.

(Scale: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree, don't know)



Source: YouGov, Main Survey: representative sample of 4,769 UK adults 18+, March 2013.
Deliberative: representative sample of 2,113 UK adults 18+, March 2013.

In general net scores (between strength of agreement and disagreement) show some significant swings. Respondents in the deliberative survey agree less and disagree more that bankers are paid too much, aren't doing enough to get the UK out of the economic crisis and that bankers are unprofessional, though agreement with these points remains in the majority. Respondents also tend to agree more and disagree less that banks have improved, banks should be protected due to their importance, and they now provide quality services which are sold responsibly, though agreement remains in the minority.

After the deliberative process, we also observe that net favourability towards the banks was improved by 14% points, from a net negative -45% (12% favourable, 57% unfavourable) on the main survey to -31% on the deliberative survey (15% favourable, 46% unfavourable).

Taking each of the six areas in turn we find:

- **Pay & bonuses:** remuneration is considered unfair (78%), and respondents support a bonus cap (58%);
- **Culture & professionalism:** bank staff should be qualified and regularly reviewed (76%), while 73% want more criminal convictions believing that attempts to change cultures or bring in new professional standards are not enough;
- **Stability:** 62% think ring-fencing will protect tax payers, just 14% think banks have changed and aren't so risky now anyway;
- **Products & services:** 80% want tighter regulations to prevent future mis-selling scandals;
- **Stability vs lending:** the public is confused about whether to force banks to lend more or to hold more cash, bearing in mind the danger that borrowers might default;
- **Protect or penalise:** the public wants banks which are fit for purpose even if they become less profitable, so they support 'bashing' over 'protection'.

Figure 19. Protect or Penalise.

Here are some arguments about whether banking as an industry should be penalised because of its recent problems or instead whether it should be protected because of its importance to the UK. In each case, please say how much you agree or disagree with each of the arguments.

Agree or Strongly Agree

While understanding that new rules and government regulations may make UK banks less profitable, it is far more important that they are made fit for purpose.

Only major changes to the banks can prevent the credit crisis and other recent problems with the banks happening again.

UK banks and bankers are too arrogant and out of touch, so only by penalising them all will they understand the problems and start changing their behaviour.

The success of the UK's banks directly affects the success of the UK economy as it employs so many people, lends money to businesses and pays a lot of tax. Therefore we must create favourable conditions for banks to succeed rather than holding them back levying special taxes on them or regulating them even more.

So called 'banker-bashing' by UK politicians has damaged the banks and the UK's international reputation for banking services.

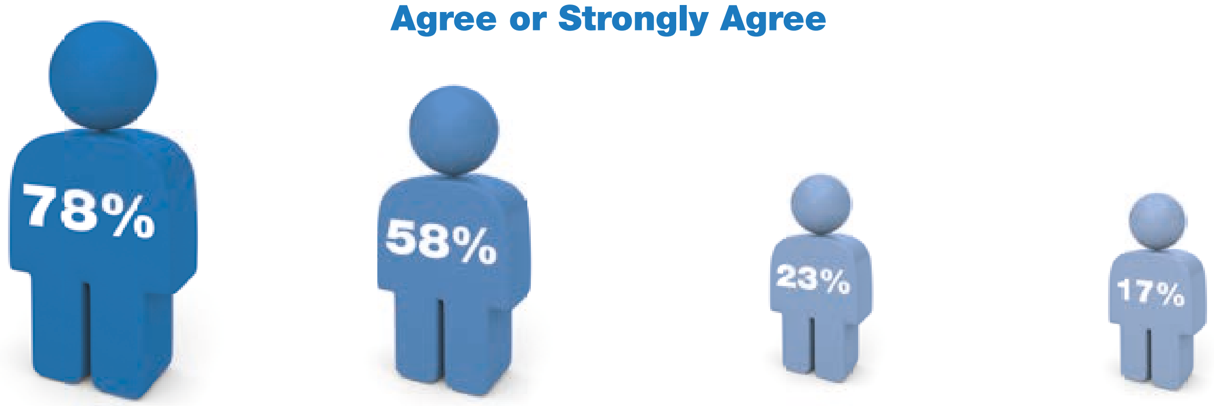
Continued banker bashing means UK banks will decide to relocate overseas with a loss of jobs and tax revenues for the UK, and foreign banks will be put off coming here.

Source: representative sample of 2,113 UK adults 18+, March 2013.

Figure 20. Pay and bonuses.

Top bankers have earned high salaries and bonuses for many years but these have been questioned when banks have underperformed, for instance by making losses, been fined for fraud and product mis-selling, or have been bailed out by the taxpayer. Thinking about this issue please say how much you agree or disagree with each of these arguments.

Agree or Strongly Agree



Bankers high pay and bonuses seem completely unfair, particularly at a time of austerity which they helped cause and with continuing poor performance from the banks.

I support the EU's wish to cap bankers' bonuses at one year's salary, or double that if approved by bank shareholders, even though EU regulations are already in place that mean only 20-30% of a bonus should be in cash while around half is deferred for 3-5 years so it can be clawed back if necessary, plus 50% will be paid in shares not cash.

It is crucial that UK banks can pay top salaries and bonuses to ensure the City of London can attract the best people and our banks are globally successful.

We should have no problem about bankers earning lots of money if their banks believe they justify it.

Source: representative sample of 2,113 UK adults 18+, March 2013.

Methodology and Notes

The research in this report is based on the results of online interviews conducted by YouGov with a nationally representative sample of YouGov panellists (YouGov's panel consists of over 400,000 members in the UK and 3.3 million globally).

Three surveys were used for this project. The first interviewed 4,769 individuals at the end of March 2013. The second survey interviewed 2,113 separate individuals, also at the end of March 2013. Both were nationally representative of the UK public. A further survey was also completed with 4,207 nationally representative respondents in late January 2013.

On each occasion individuals were invited to take the surveys but were not aware of the survey topic until they began.

A sample of UK opinion formers was also interviewed for this report. 735 completed a survey in March 2013 while 750 completed a separate survey in February 2013. These individuals form part of YouGov's panel of over 4,000 opinion formers who take part in regular online surveys.

In this report, please note that due to rounding of decimal points, total responses may not add up to exactly one hundred per cent. Where small sample sizes of less than 50 respondents have been referred to, these will be highlighted in the report text and any graphs or diagrams.

Appendix

John Studzinski

Senior Managing Director, The Blackstone Group

Keynote speech delivered at the annual YouGov-Cambridge Forum (12.09.2012)

'Will the reputation of banking ever recover?' This discussion is long overdue and I'm surprised that this is probably one of the first times that this kind of discussion has actually taken place. It's a reflection, I think, of the endemic problem that the banking reputation issue has had since 2008 which is the old adage of the alcoholic. The alcoholic can't begin to receive any type of treatment or therapy until they actually acknowledge there's a problem and I think one of the inherent problems we're going to discuss this morning is there still is an element of denial. Witness in comparison with the BP Gulf of Mexico disaster where there was an acknowledgement within, sort of, twelve hours that there was a reputation issue that had to be managed and a series of steps that had to be taken. Going forward to ensure the business and the community in the broader set of stakeholders' issues were resolved. That type of mind-set and that type of culture hasn't yet necessarily been embraced by the banking system.

There are ten things that I would look at in order to restore the reputation of banking. Number one, get over this sense of denial. There is a big problem. There's a need for more contrition. There's a need for an element of confession and there's a problem to acknowledge. Banking shows little sign of wanting to tackle the reputation issue and again I contrast that to BP. I contrast it to a number of other traumas, if you will, because I think this is a trauma. So, there is a need to immediately grasp and demonstrate both accountability and responsibility. Number two, I think we have to acknowledge, and I was saying this earlier, that the culture of banking really has to do with the culture of the common good. I do think we have to go back to this notion of a 'common good'. It's something that was relevant to the genesis of banking in the 19th Century. It's the cornerstone of society, it's the cornerstone of values. Social interaction, community interaction. I think this is going to evolve through technology where I think today the bank will be replaced as something that I would call a 'social utility' but there's no question that the element of continuity and decency which historically reflected common good has disappeared. I think the culture of banking in terms of reflecting common good has got to be resuscitated.

Now the big topic, and we could have a whole presentation on this, is the fact that the banking business traditionally has to look at its business models. I'm inherently in favour of a separation of retail and wholesale, or retail and commercial, for two reasons. One, all of you in this room on a day to day basis have some interface with retail banking whether it's to do with your mortgage, whether it's to do with cash transfers, whether it's to do with bill paying. There is an element of retail. You want service. You also at the end of the day want a human being. The wholesale side of the business can be very straightforward, corporate lending and what have you, cash management, what have you. Those are all services to corporations. They have to be managed in a certain way. They again can be very straightforward. The nuclear side of these businesses really need to be a very separate business and if people want to invest in them, if people want their capital associated with them, that should be not dissimilar to investing in an R&D business relating to bio technology, technology or anything else that could be a lot riskier. I think the notion in the consumer's mind that these businesses have to be separate, it is essential and I don't think the reputation and the trust will be restored until that type of segmentation is actually accomplished.

For those of you who spend a lot of time in Germany, which I do, one of the things you'll notice is that there is this notion of stakeholder. In Germany of course the stakeholder broadly defined is not necessarily the same as in the Anglo-American cultures which some people think had a lot to do with the genesis of this problem. The profitability and the shareholder have been really the driving stakeholder in Anglo-American business societies. In Germany, for example, this driving stakeholder is the community, the employee and the customer. I do think the fourth thing is a need to reassess and the BBC does this with its Audience Council, getting groups of people involved so that they feel part of being a stakeholder in banks or in communities. Right now the focus of a lot of the stakeholders is shareholders, profit and short-term profit. That isn't true necessarily around the world and certainly not true in many cultures, and when you go to the continent.

The fifth one, the old notion of the fish rots from the head. It's a sector where the leadership has really been lacking, certainly in the last five years. The amount of visible accountability has been lacking. The corporate culture, which we take very seriously at Blackstone, is one that comes from the head and it's not something that I think is reaffirmed. When I was at HSBC the culture was rigorous and I think it still is rigorous under Stuart Gulliver. Every employee knew what the five principles of the corporate culture were. There was a need to make sure that they were constantly stated and invocated. I think that's really disappeared enormously with people coming and going, and the amount of transitions that have taken place in the last five years. So, the ability to protect, preserve and maintain a corporate culture has really gone by the wayside.

The next point: governance and management. David Walker yesterday in the Financial Times made this wonderful comment and he used the word 'discourteous', and I think this is a big, big problem with the governance and the management of banks, certainly in the UK. Let's be clear. The role of the chair is to appoint and also to be prepared to fire the chief executive. I would say that lots of boards, well all the bank boards, have been notoriously weak and I think David Walker used the expression yesterday, 'Sometimes people don't want to be discourteous.' So, it gets into this whole question and I always say this to people joining a board, 'Remember, you can be respected or you can be liked, but don't go on the board if you want to be liked because in the end you might have a train crash.' There have been a lot of train crashes because what's happened is people sit on boards, they collect their £100,000 or £200,000 a year, they feel very important because they run annual reports and have lots of stationery (laughter).

The reality is, when it comes to tough decisions they don't want to stand up and be accountable because it's, to use David Walker's words, 'discourteous'. It's discourteous to suggest that the CEO should leave. It's discourteous.' Then the next comment of course is, 'Well, in fact if the CEO leaves we'll have to find a replacement.' Well, actually that's the reason why you've agreed to go on the board to begin with, to actually oversee the company for the customers, for the employees, for the broader stakeholder universe. So, governance and management have got to have a big, serious kick. I think role models like David Walker push that in the right direction but again I think boards have actually done a good job of avoiding responsibility during this last period. This whole notion of governance and management-, don't be on a board if you don't want to have confrontation, if you want to avoid confrontations. Real boards have real problems and require people to be tough about making decisions. I think going forward this notion of the board is always going to support the CEO, particularly in financial services, is perhaps a thing of the past. There's going to have to be a much more balanced discussion about strategy and operations, and there's no question of that going forward.

Four more items. The next one I think I'm taking very seriously, when someone becomes a doctor, they agree to the Hippocratic oath. When someone becomes a lawyer, they execute a number of oaths given their legal societies and their framework. I do think the banking system needs some-, what I would characterise as 'duty of care', that actually requires people to demonstrate a certain type of ethical and moral fibre. The duty of care being the client. The duty of care being ethical behaviour with a high degree of integrity with respect to the client and the colleagues, and the corporation and the bank. There are certain initiatives that the FSA have proposed in 2012, the RGR initiative, but I would ask the question why did it take until 2012 to impose something along the lines of a duty of care? If I'm a banker walking in on day one and I have to spend an hour being told about duty of care, and I have to put my hand up and swear an oath, the symbol as a man alone has a very powerful impact on how people take their profession seriously. That duty of care up until now has not been part of the sector.

You know, one of the things that has been most interesting in our time is Apple Retail. Why are we talking about Apple Retail? Why are we talking about the iPhone? Well, why is Apple so successful? Well, Apple sort of got right what the banking system got wrong. Apple is successful because they've taken a very complicated product, beautifully designed which no-one in this room would be able to deal with unless you had the ability to go to Apple 24/7, walk in and talk to a service representative who was open, available, a human being. Who was always going to make you feel like you were the smartest person in the world and you walked out of there feeling comfortable with the product, and there was a high service element, a lot of respect and you established a relationship with your Apple person.

So, you took technology which was cold and impersonal, and inaccessible, a lot of the things that financial services have become and you made it very accessible, very warm and by the phone. I mean, a lot of people like to go to the Apple workshops because they're learning something new, they're meeting people and a lot of people are embarrassed that they don't understand something. Apple has all the time in the world for you. So, what Apple has done is they've taken technology which have all those characteristics and they've made it very user friendly, very trusted, very reliable and very successful through reinstating the group of people who are there 24/7 to help you with your products. The banking system has to take a page out of Apple Retail in terms of making themselves more available, more accessible. I think if that can be accomplished with technology it certainly can be accomplished with certain aspects of retail banking. Transparency will go a long way, which is one of the biggest problems, by that type of interface.

The last example I want to talk about is basically the face of humanity, leadership and accountability. Why in the course of JP Morgan's problem with the London Whale did Jamie Dimon's respect and how his reputation has evolved has been not hurt but enhanced by the fact that on day one he was visibly upset that this happened. So his body language was showing upset, accountability, responsibility and contrition. He immediately talked about it, disclosed it. He immediately took responsibility. He immediately appointed a group of people to deal with the issue. Within a few days, he made management changes and from the standpoint of transparency and communication he kept his colleagues, his customers and his shareholders apprised of what was going on. There was a complete embrace of the problem and a willingness from the standpoint of Jamie Dimon and JP Morgan to be proactive from a leadership standpoint and deal with the issue.

Now, how many examples with that type of behaviour can all of you cite? I know you'll have lots of examples of where that type of behaviour has been visibly demonstrative in the UK. We all know the personalities of the last four years but how many of them have, sort of, stood up, didn't finger point but said, 'Buck stops here. Here's what we're doing. I'll keep you posted.' Accountable, responsible, transparent. That's all possible. This is a recent example. There's no reason why that can't be done here in the same visible and accountable way. So, last point. This is all about ethos and it's about values, and it's about culture. I go back to having lived in this country now for 30 years and love the values of one of the most open, if not the most open, society in the world. A society that was really championed by Wilberforce about real issues. There's no reason why the reputation of this industry which at the end of the day still is based on people and their personal transactions, and I think the future of banking as a business model is going to change dramatically. I think retail banks are going to become social data depositories. You are going to do a lot more with your retail banker and it will probably become a social utility unit, probably with a strong interface with your mobile phone or your iPhone, where a lot of your data and transactions are accomplished.

So, you need to think about that model but there's no question because we're going to rely more to a certain extent on certain types of institutions to manage our money. These institutions now have to step up and take more seriously the duty of care and the ability to service a broad group of stakeholders. Not just shareholders but also the customer, the broader set of corporations and also their fellow employees.

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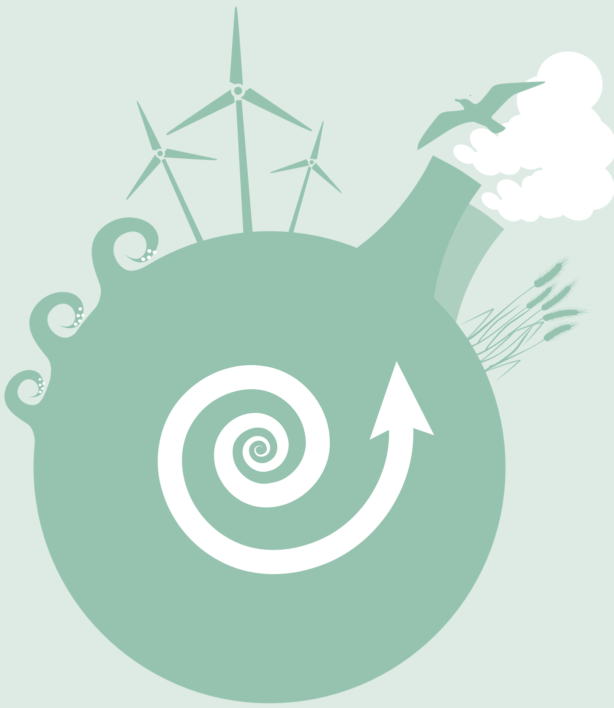

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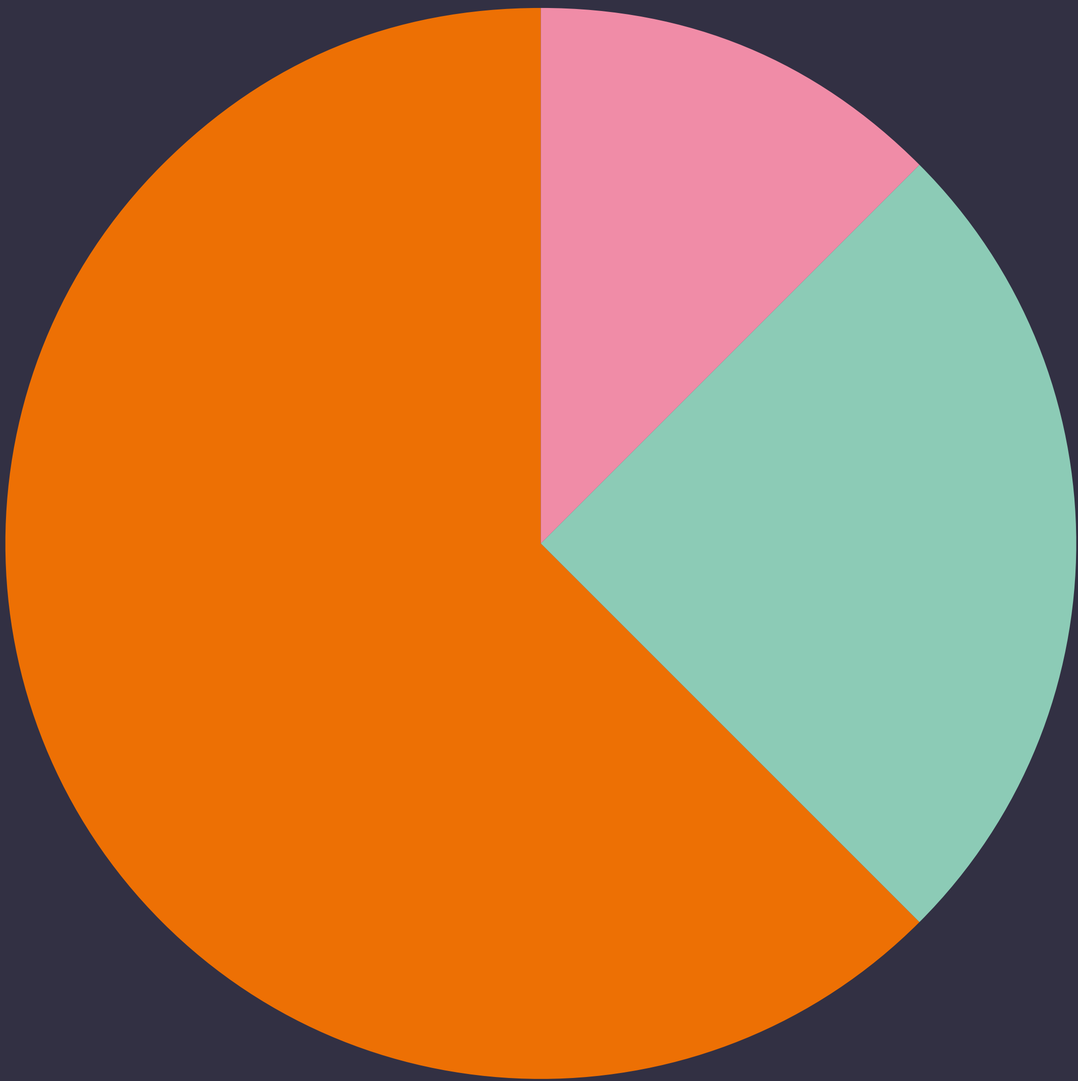

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