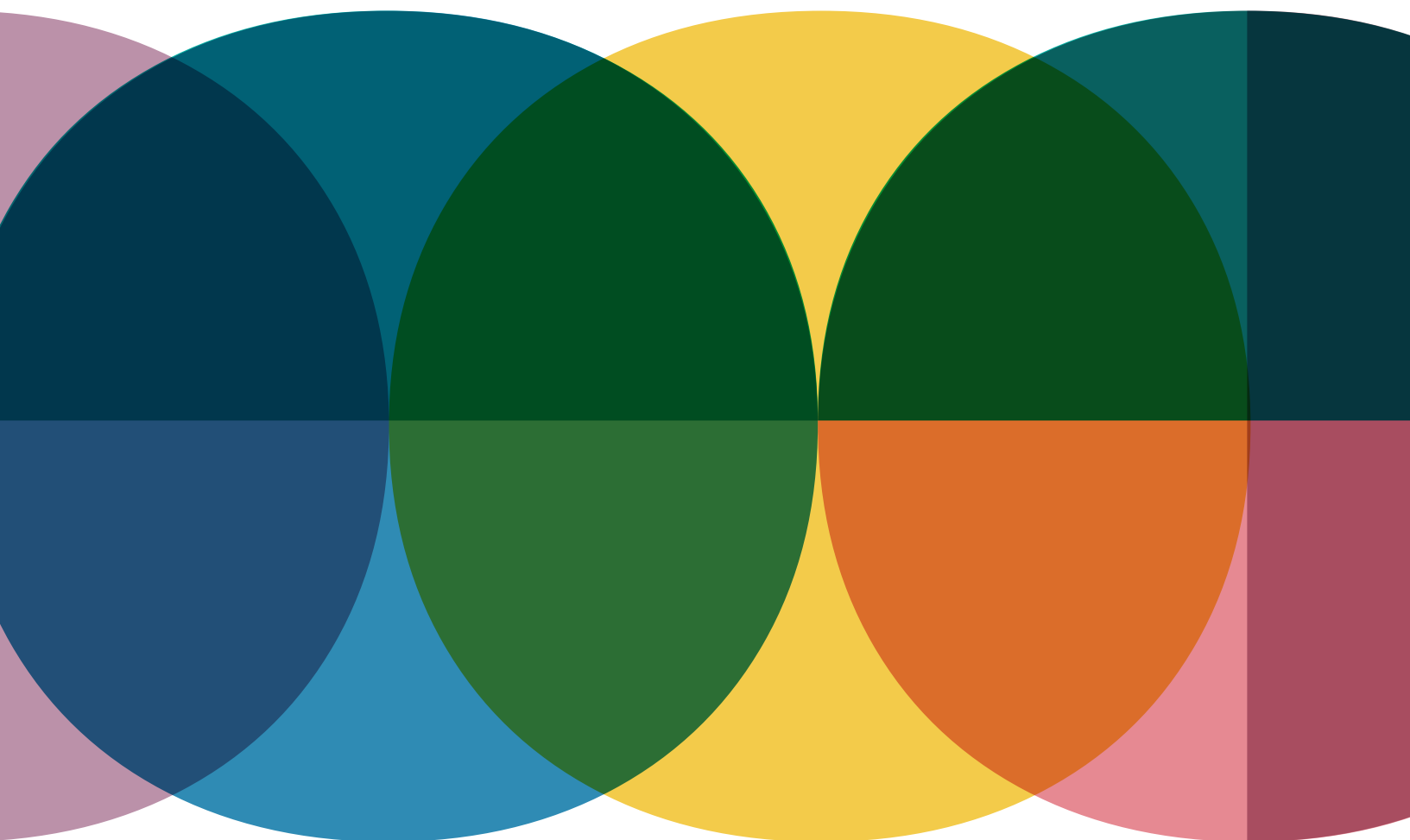




The business of trust

Better business trusted by society



Foreword



The City of London and its financial and professional services businesses are a powerhouse of the UK economy. Ensuring that these businesses continue to thrive into the future is critical, not only to the City, but also to the capital and the country, with over 2.2 million people across the UK employed by the financial and professional services sector and two-thirds of those jobs based outside of London.

The City of London Corporation plays a vital role in supporting the sector to continue to grow, and we want to make sure that growth is inclusive, responsible and sustainable. We can only do that if we understand and take seriously the wider role that business has in society. We cannot forget that financial services are just that: services - for people, for organisations and for investors.

That is why we are embarking on an initiative to support the City to reconnect with its purpose. Through The business of trust, we will drive a wide-ranging responsible business agenda that inspires organisations to operate with integrity and grow their positive impact - economically, socially and environmentally.

We will be working with businesses from across the financial and professional services sector to challenge and support firms to ensure that they are operating at the high standards the City of London has always sought to adopt. We believe that our collective success in this agenda will be at the heart of achieving growth that improves lives across the UK.

Catherine McGuinness

Chair of the Policy and Resources Committee
City of London Corporation



I am delighted to be launching the City of London Corporation's initiative The business of trust, which seeks to improve the trustworthiness of the UK financial and professional services sector to create a lasting legacy of better business trusted by society.

UK public trust in financial and professional services is low, with many people feeling that businesses no longer exist within and for communities. Over the last several months I have met with numerous organisations, within and beyond the City, all grappling with this issue. The City Corporation and I have therefore embarked on a major programme of work to identify how the City can better meet the public's changing expectations of business and increase its trustworthiness.

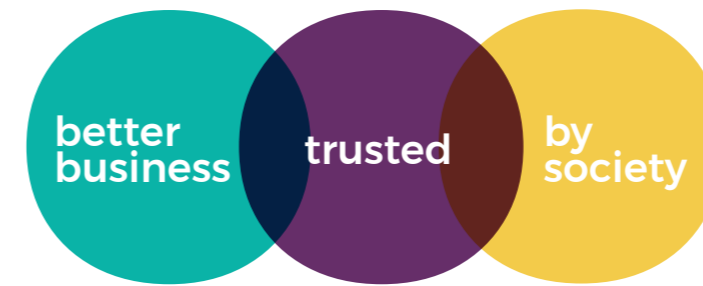
We have talked directly with members of the UK public to make their views our starting point for effecting meaningful change within financial and professional services, which ultimately must resonate with people's concerns. We have developed guiding principles, which encompass these concerns and incorporate the extensive work that the sector has already undertaken to develop codes of conduct that can shape their values and behaviours. And we are eager to work with the City community - challenging and supporting organisations to improve their practices through action.

If building trust amongst your customers, your employees and your wider stakeholders is important to you, I invite you to join us and work with us throughout my Mayoral year and beyond. There will be many opportunities and we can achieve most by working together.

@citylordmayor / #BusinessofTrust

Alderman Charles Bowman

The Rt Hon the Lord Mayor of the City of London



What we know

Trust in institutions and in experts is low across various sectors and around the world.

- Trust in governments and business has declined since the 2008 financial crisis.¹
- Globally, only 52% of people trust business, 43% trust the media and 41% trust governments.²
- Over the last five years the global population's trust in financial services has increased faster than in other business sectors - up 11 percentage points to 54%.³
- 57% of people in G20 countries trust or highly trust professional accountants when it comes to the tax system, compared to professional tax lawyers (49%) and NGOs (35%).⁴

Trust in the UK financial services industry has increased slightly since the financial crisis, but is still low.

- The public's rating of UK banks' performance across a number of targets reached a low of 29% in 2013.⁵
- In 2015, 36% of UK consumers stated that they had trust in financial services firms, placing the UK 19th out of the 27 countries surveyed.⁶
- In 2017, the public's trust in UK business was at a level of 45% as compared against 46% for NGOs, 32% for media and 36% for governments. Adults across the UK place more trust in lawyers than bankers.⁷
- Fewer than 1 in 3 UK consumers trust their bank⁸, and only 37% would trust a banker - 6th from the bottom out of 24 professions.⁹

Not all financial services sectors rank equally.

- Credit cards and payments are most trusted (60%), while banks are the least trusted (43%).¹¹
- Earlier research showed building societies as the most trusted sub-sector, with banks least¹².
- Research also suggests that retail banks (32%) are more trusted than investment banks (15%) or fund managers (12%).



Our approach

The aim of The business of trust is to create a lasting legacy of better business trusted by society. At the heart of this work is identifying the areas that will make a positive difference to public levels of trust in financial and professional services, distilling these into guiding principles for business, and translating these into a programme of work that businesses will have the opportunity to engage with and drive forward for the benefit of their organisations and wider society.

Our approach has been:

1. To explore public perceptions of financial and professional services and understand what would help to improve these.

Our findings are based on a series of day-long citizens' juries held in London, Nottingham and Edinburgh with a small group of citizens who broadly reflect society.

Citizens' juries provide an opportunity to give members of the public the time, space and information to consider

an issue or policy. Through a series of presentations, small group exercises and plenary debates, our jurors received briefings on the issue of trust in financial and professional services and had the opportunity to explore the topic in depth. They then developed their own recommendations for how best to move forward.

When asked to define what different levels of trust in financial and professional services look like, our jurors said:

High levels of trust

Businesses' values and ethics are in line with citizens', and they provide great customer service.

Medium levels of trust

Businesses provide a product or service at a fair price, with professionalism and good customer service.

Low levels of trust

Businesses provide the product or service that they say they will – but nothing more than this.

When asked to prioritise the most important actions that the sector can take to build their trust, our jurors chose:

- Doing what you do well
- Doing the right thing
- Having a wider purpose
- Focusing on customers
- Communicating clearly

We will be sharing the full insights of these citizens' juries to support financial and professional services businesses to reflect on how these can be addressed within their own organisational context.

2. To develop a set of guiding principles that can help to shape organisational values and behaviours.

These are based on a coalescence of the industry's various codes of conduct, with input from an advisory group of expert industry leaders.

The CIVIC principles to guide trustworthy behaviour in business are:

- **C**ompetence and skills
- **I**ntegrity
- **V**alue to society
- **I**nterests of others
- **C**lear communication

3. To define the practical steps that businesses can take to respond to public perceptions and to bring the guiding principles to life.

We recognise that every business is different and that there is no 'one size fits all' for how organisations can build trust amongst their stakeholders.

We have started the conversation with the financial and professional services sector to generate insight on the practical actions that the sector can and is taking. Continuing this dialogue, encouraging business to do more and supporting the sector to demonstrate its value to society will be at the core of The business of trust. We can achieve most if we work together.

Better business trusted by society

Citizens' juries; the public's recommendations for building trust

Do what you do well

- Be professional, fully trained and deliver to the highest standards.
- Ensure quality and learn from any past failures.
- Develop and support all staff working within the organisation.

Do the right thing

- Operate with integrity and do what you say you will.
- Own up to and apologise for mistakes that are made.
- Reward loyalty in customers and the right behaviours amongst staff.

Have a wider purpose

- Add value to others and act in the shared interests of customers, staff and the local community.
- Treat employees well and in a "human" way.
- Pay what is considered to be the "correct" amount of tax.

Focus on the customer

- Focus on the customer and provide the service or product that you say you will at a fair price.
- Keep customer data secure and protect against fraud.
- Build relationships and offer a "human" response in times of need.

Communicate clearly

- Be honest and open and provide clear communications written in simple, jargon-free English.
- Build understanding and make yourself available and accessible.
- Use a spokesperson who can connect with the public.

CIVIC; the guiding principles for building trust



Competence and Skills – being capable and doing what you do well

- Ensuring quality and reliability and acting in accordance with expected standards of conduct, law and regulation.
- Promoting the development of knowledge and skills to enable employees to reach their full potential.
- Responding to change and innovating practices.



Integrity – being honest, straightforward and reliable

- Avoiding conflicts of interest, bias and prejudice.
- Recognising and apologising for mistakes and learning lessons about what went wrong.
- Creating a culture where people feel they can raise concerns and are encouraged to do so.



Value to Society – recognising and meeting wider societal needs

- Acting consistently with a stated purpose at all levels of the organisation.
- Acting in the interests of society and the environment and all those who have an interest in the organisation.
- Contributing to society by paying an appropriate amount of tax.



Interests of Others – taking account of and respecting the interests of customers, employees, investors and other stakeholders

- Getting input from others including listening and responding to customers' and clients' requirements, concerns and priorities.
- Safeguarding information about customers and clients.
- Working in partnership with stakeholders to build lasting relationships.



Clear Communication – being transparent, open, responsive and accountable

- Being clear and honest in communication with all stakeholders including customers, employees and investors.
- Ensuring that information is meaningful, accurate and easy to understand.
- Building a two-way communication process which incorporates listening to others.

What this means for business; some suggestions of practical steps for building trust

Do what you do well

- Give staff the time and space to stay up-to-date in their field.
- Encourage staff to rotate around departments to build their understanding of how each role contributes to the organisation's goals.
- Develop online rating tools to gather feedback from customers or other stakeholders on individual staff performance.

Do the right thing

- Have ambitious plans for tackling organisational weaknesses, which you publish and report on publicly.
- Use digital platforms to encourage anonymous reporting of any staff concerns.
- Incorporate organisational values into appraisals, with real consequences for those who don't demonstrate them.

Have a wider purpose

- Use credible responsible business benchmarks to manage and increase your positive impact.
- Have a clear purpose beyond profit-making that gives primacy to the product/service you provide.
- Plan for tomorrow's challenges and tell the story of your contribution.

Focus on stakeholders

- Empower your frontline staff with the tools to resolve customer/client problems.
- Create opportunities for executives to meet your customers/clients.
- Publish your Chief Executive's contact details, so that stakeholders can provide direct feedback.

Communicate clearly

- Create a panel of your target audiences to test external-facing communications.
- Use multiple channels to be accessible to diverse audiences.
- Put in place and publish clear processes stipulating a reasonable timeframe for responding to customer or other stakeholder queries.

The business of trust - our plans

Objectives

What we are doing



Inspire businesses to operate with integrity and grow their positive impact

City businesses create prosperity, opportunity and innovation and there is potential for them to do much more to benefit the economy, society and the environment.

- Supporting City businesses to understand, engage with, and lead on emerging responsible business issues.
- Encouraging City businesses to embed wider social purpose into their core business, not as standalone corporate social responsibility activities, but as a driver of business performance and competitive advantage.
- Assisting City businesses to consider how the guiding principles of trust can be turned into meaningful action.



Support businesses and their leaders to meet tomorrow's challenges

We are in a period of unprecedented change and in order to succeed it is more important than ever that the next generation of business leaders are able to anticipate and address future issues and concerns.

- Building a 'Leaders of Tomorrow' network of next generation City leaders to champion responsible business practice.
- Supporting businesses to understand the social, political, economic and technological challenges that impact on trust and which the City will need to address to sustain business performance over the longer term.
- Working with the 'Leaders of Tomorrow' to develop their ability to positively influence their organisations and the wider trust landscape.



Bring the City together to explore the changing role of business in society

By sharing perspectives, successes and learning across sectors, City businesses can better meet the interests and expectations of clients, customers, employees and the wider public.

- Sharing and gathering insight on public perceptions of financial and professional services.
- Collaborating with partners to convene conversations on the changing role of business in society.
- Communicating clearly and boldly on what 'better business' looks like.



Work with others at home and abroad to build trust in business

Building trust requires businesses to demonstrate their value and integrity to people across the UK whilst also communicating their strengths internationally.

- Promoting the City as a trusted business centre, underpinned by an internationally renowned corporate governance regime and highly regarded legal system.
- Partnering with organisations to promote and export responsible business practices both within the UK and abroad.
- Supporting businesses to have a positive local and global impact.



Connect with communities to take the discussion beyond business

We recognise the important role the City and financial and professional services can play in engaging communities beyond business – with a focus on youth, education and social mobility.

- Working with a forum of experts to shape and develop a specific agenda focussed on education to help develop trustworthiness.
- Engaging City and neighbouring London communities and institutions – including schools, academies, cadet forces and universities – in developing the guiding CIVIC principles.
- Providing communities and individuals with access to the Lord Mayor and Mansion House – including through work shadowing – to debate and develop society's role in The business of trust.

With thanks

The Lord Mayor and the City of London Corporation would like to take this opportunity to thank the members of the public that have contributed their views via the citizens' juries.

We would also like to thank the following individuals who sit on the Lord Mayor's Trust Advisory Group who have provided support and input for the development of the business of trust.

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Robert Barrington, Executive Director, Transparency International UK

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Sonya Branch, General Counsel, Bank of England

Miles Celic, Chief Executive Officer, TheCityUK

Amanda Clack, President, RICS and Head of Strategic Consulting, CBRE Ltd

Diane Coate, Chief Risk Officer, London Stock Exchange Group

Alison Cottrell, CEO, Banking Standards Board

Richard Fleck, Deputy Chair, International Ethics Standards Board for Accountants

Philippa Foster Back CBE, Director, Institute of Business Ethics

Andy Friedman, CEO, Professional Associations Research Network and Professor Emeritus at Management Department, University of Bristol

Mark Goyder, Founder, Tomorrow's Company

Andrew Hall, Head of Professional Standards and Integrity, Chartered Institute for Securities & Investment

Josh Hardie, Deputy Director-General, CBI

Mark Hoban, Chair, International Regulatory Strategy Group

Robert Hodgkinson, Executive Director, Technical, ICAEW

Marianne Lewis, Dean, Cass Business School

Sir Harvey McGrath, Chairman, Heart of the City

Melanie McLaren, Executive Director, FRC

James Palmer, Senior Partner, Herbert Smith Freehills

Barbara Ridpath, Director, St Paul's Institute

Richard Sermon, Chairman, The City Values Forum

Alison Sharpe, Director, PwC

Neil Sherlock CBE, Partner, PwC

Martin Stead, CEO, Nutmeg

Michael Stewart, Global Vice Chairman, Edelman

Charles Tilley, Executive Chairman, CGMA Research Foundation

What the public say would help to build trust

“[Businesses] should have a human response to things happening in people's lives.

Showing some humility. Admitting when you don't know the answer or have got things wrong, made a mistake.

Just telling people what you're doing, why you're doing...it goes back to the transparency thing about being open... having total communication.

Integrity is key for a business. It should be a founding principle.

Transparency is incredibly important, it allows you to keep an eye on others.

The customer's interests/benefits are paramount.

- ¹OECD, Trust and Public Policy: How better governance can help rebuild public trust, 2017
- ²Edelman Global Results 2017, 10
- ³Energy (up 9% to 61%), Consumer Packaged Goods (up 6% to 63%), Food and Beverage (up 3% to 66%) and Technology (down 1% to 75%), Edelman Trust Barometer Financial Services 2017, 22-23
- ⁴ACCA, G20 Public Trust in Tax 2017
- ⁵Edelman Trust Barometer 2013, 23
- ⁶Financial Services Compensation Scheme and Warwick Business School, Mind the Gap: Restoring Consumer Trust in Financial Services, November 2015, 5
- ⁷52% of those polled trust lawyers, whereas only 37% trusted bankers, Ipsos MORI, Veracity Index 2015: Trust in Professions, January 2016, 2
- ⁸PwC, Stand out for the Right Reasons: How Financial Services lost its Mojo – and how it can get it back, 2014, 3
- ⁹Ipsos MORI, Veracity Index 2015: Trust in Professions, January 2016, 2
- ¹⁰This is echoed by Which?, holding that in May 2017 45% of Britons trust banks (Which? 2017).
- ¹¹Edelman Trust Barometer – Financial Services Results 2017, 26
- ¹²Centre for Risk, Banking and Financial Services Trust and Fairness in Financial Services: 2015 Report
- ¹³PwC Stand out for the right reasons How Financial Services lost its Mojo – and how it can get it back, 2014, 5

All quotes taken from the citizens' juries.





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