

Britainthinks

———— Insight & Strategy ————

TheCityUK:

**Industry reputation in 2022
– and the work to be done**

National Conference

December 2022

The research approach

BritainThinks have conducted reputation research for TheCityUK since **2014**

In **2022** this has been repeated via:



- 20 x 30 min. interviews with policy makers*, including:
 - 4 x regulators
 - 13 x parliamentarians
 - 9 x MPs, 4 x Lords
 - 5 x Labour
 - 7 x Conservative
 - 1 x Lib Dem
 - 2 x City / Metro Mayors
 - 1 x Political advisor
- Scoping perceptions of the FRPS industry among this group.



- Nationally representative sample of 2082, including:
 - 1057 x male, 1018 x female
 - 578 aged 18-34
 - 982 aged 35-54
 - 522 aged 65+
 - 1142 x ABC1, 940 x C2DE
- 6 questions, including tracking questions from previous waves.



As well as continuing to build upon previous waves of reputation tracking data, in 2022, specific issues to reflect the current context were explored. Audiences are indicated via:



Policy makers



General public

*9 of these were from the the original priority list from TheCityUK. The sample included representation from the Treasury Select Committee, Levelling Up Select Committee, Work and Pensions Select Committee, Lords' Environment and Climate Change Committee, as well as APPGs on Financial Markets and Services, Fair Business Banking, and Sustainable Finance.

A photograph of two people with blonde hair, seen from behind, embracing each other in a field. They are wearing green hoodies. The background features a wooden fence, rolling hills, and a blue sky with light clouds. The scene is bathed in warm, golden light, suggesting late afternoon or early morning.

**The context:
What has been influencing policy
makers and the public?**

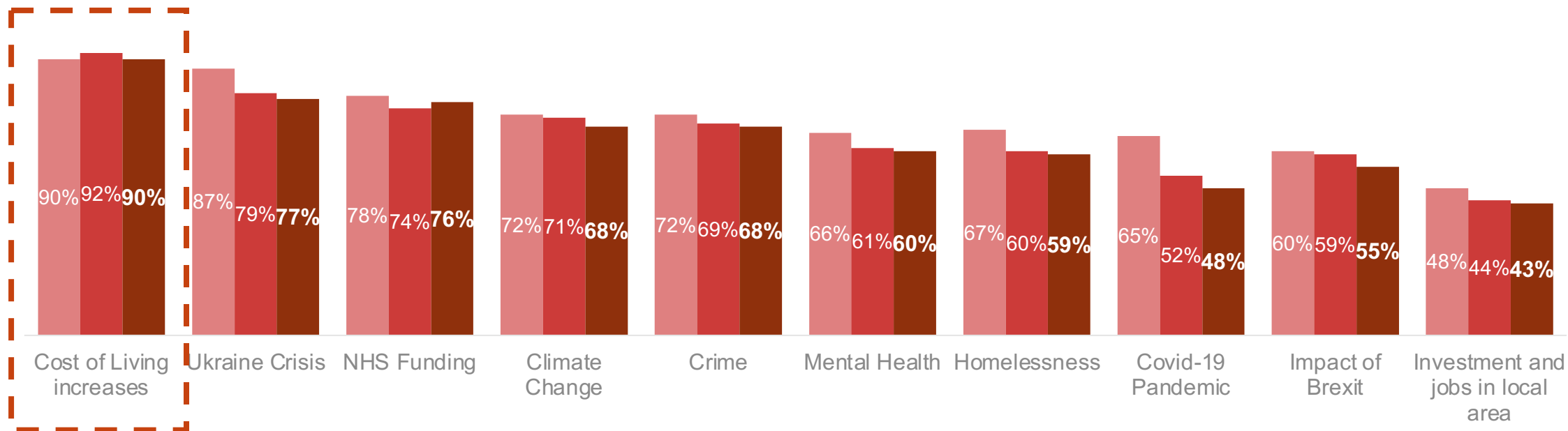


The cost of living is the most concerning issue for the UK public

Concerns about issues in the news

% selecting each issue

■ March 2022 ■ June 2022 ■ October 2022



BritainThinks, *Cost of Living Diaries* Q2. These issues are often covered in the news. To what extent do you personally feel worried about these issues? Base: All respondents (March: n=2076, June: n=2073, October: n=2074) <https://britainthinks.com/insights/>



Whilst the public recognise a difficult external context, there is a widespread sense of government underperformance

Most important cause of the cost of living crisis

Showing % spontaneously selecting each option



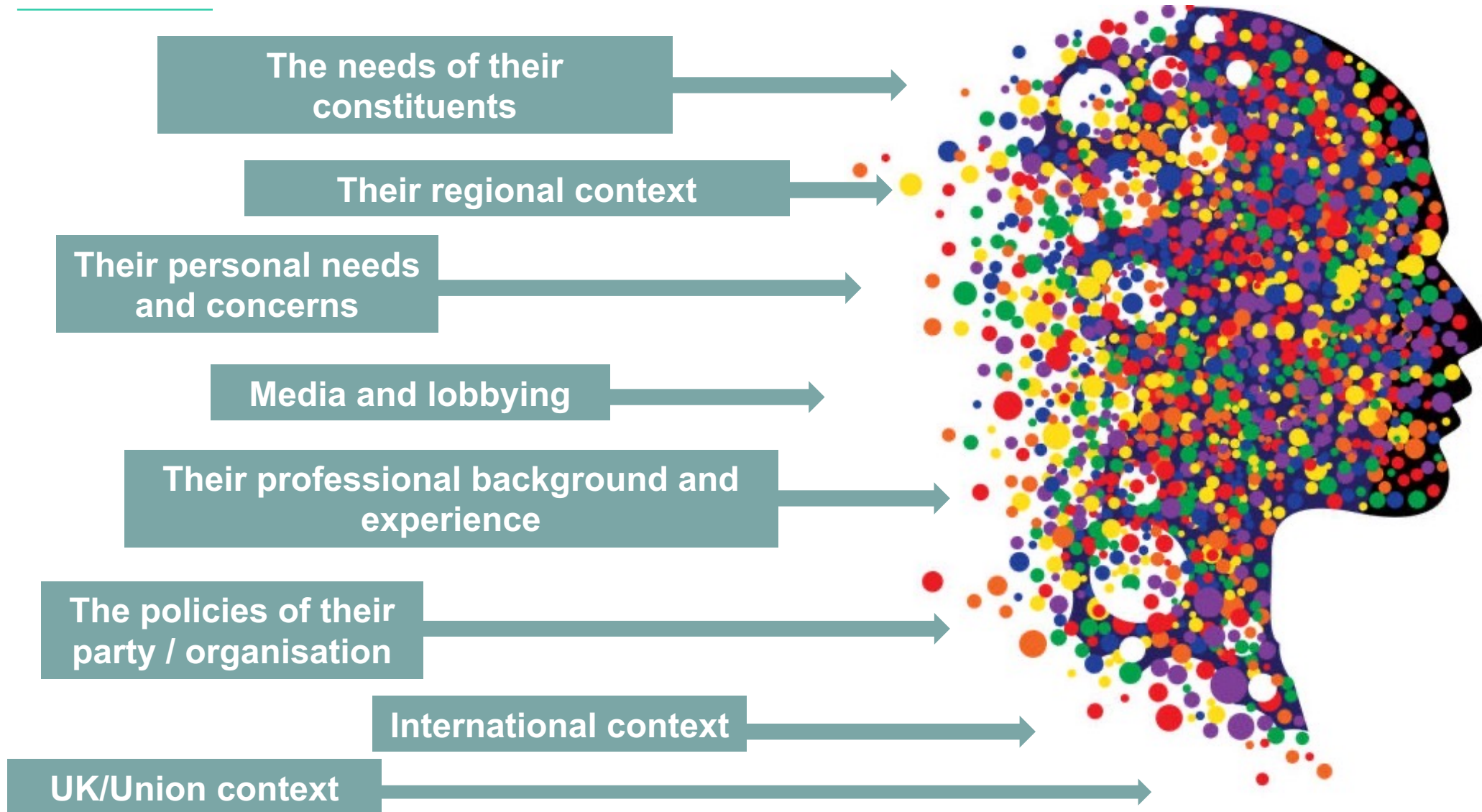
The War in Ukraine is most frequently cited as the most important factor in the rising cost of living, though other external economic events are mentioned by a significant minority.

“Stop blaming the War on Ukraine for costs going up [...] Surely the government has, or should have, a plan in place other than pinning everything on taxpayers? It's not fair and not right for so many.”

BritainThinks, *Cost of Living Diaries*, October 2022. Q5. The cost of living has risen significantly this year. What do you think is the most important reason (or reasons) that the cost of living has risen? Base: All respondents (October: n=2074) See for full details: <https://britainthinks.com/insights/>



And policy makers are influenced by context and experiences, which varies over time



Four key findings relating to industry trust and reputation in 2022:



1. After an increase in positivity in 2021, reputation of the FRPS industry is levelling out in 2022.



2. Long-standing strengths as a driver of the economy, alongside innovation and proactive responses to some current affairs drives positive reputation.



3. However, policy makers and the public believe there is work to be done when it comes to regional reach, green finance and consumer protection.



4. When the industry does well with regards to these issues it isn't always well-known – presenting an opportunity.



**1. After an increase in positivity
in 2021, perceptions of the FRPS
industry
are more neutral in 2022**

Policy makers continue to see clear benefits of the industry, in contrast to the public's narrower focus

Spontaneous words to describe the FRPS industry

Policy makers (N=19)



Interview questions: which word would you use to describe the FRPS industry? (N:19)

Spontaneous words to describe the FRPS industry

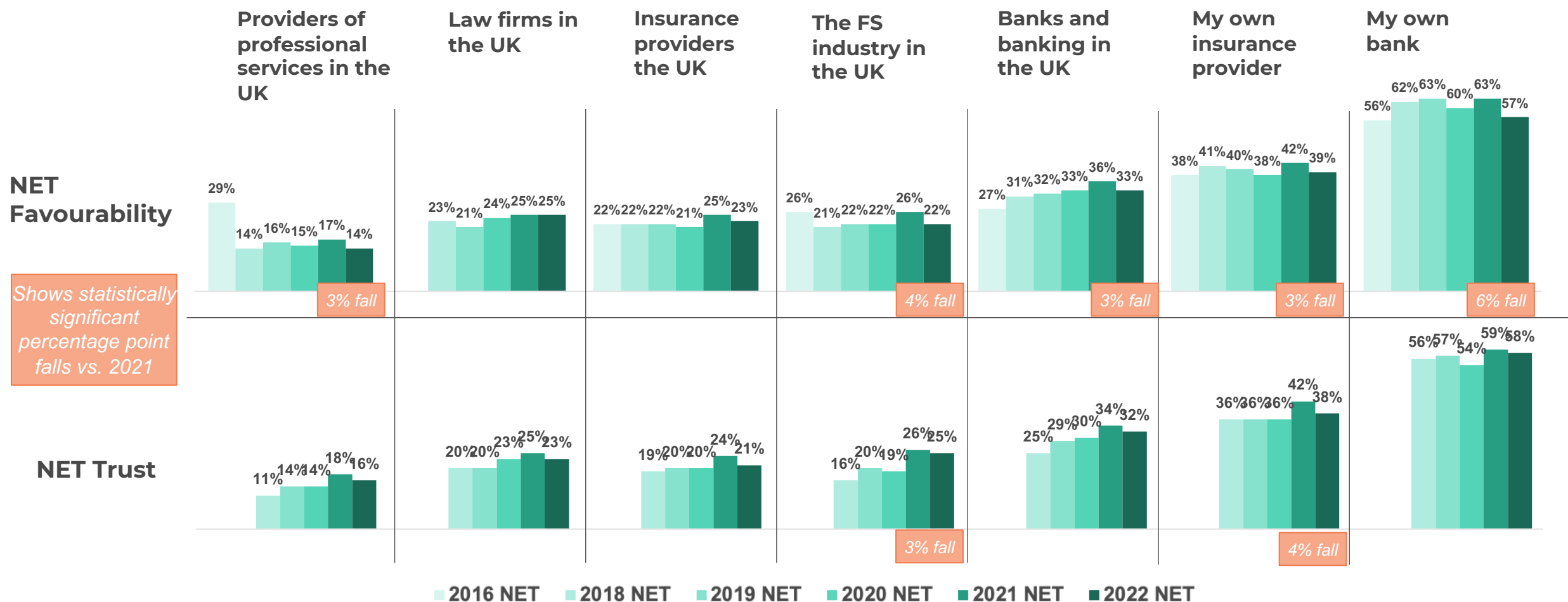
General public (N=2082)



Q4. What are the first three words or phrases you associate with the financial and related professional services industry in the UK? Base: All respondents (n=2,082).



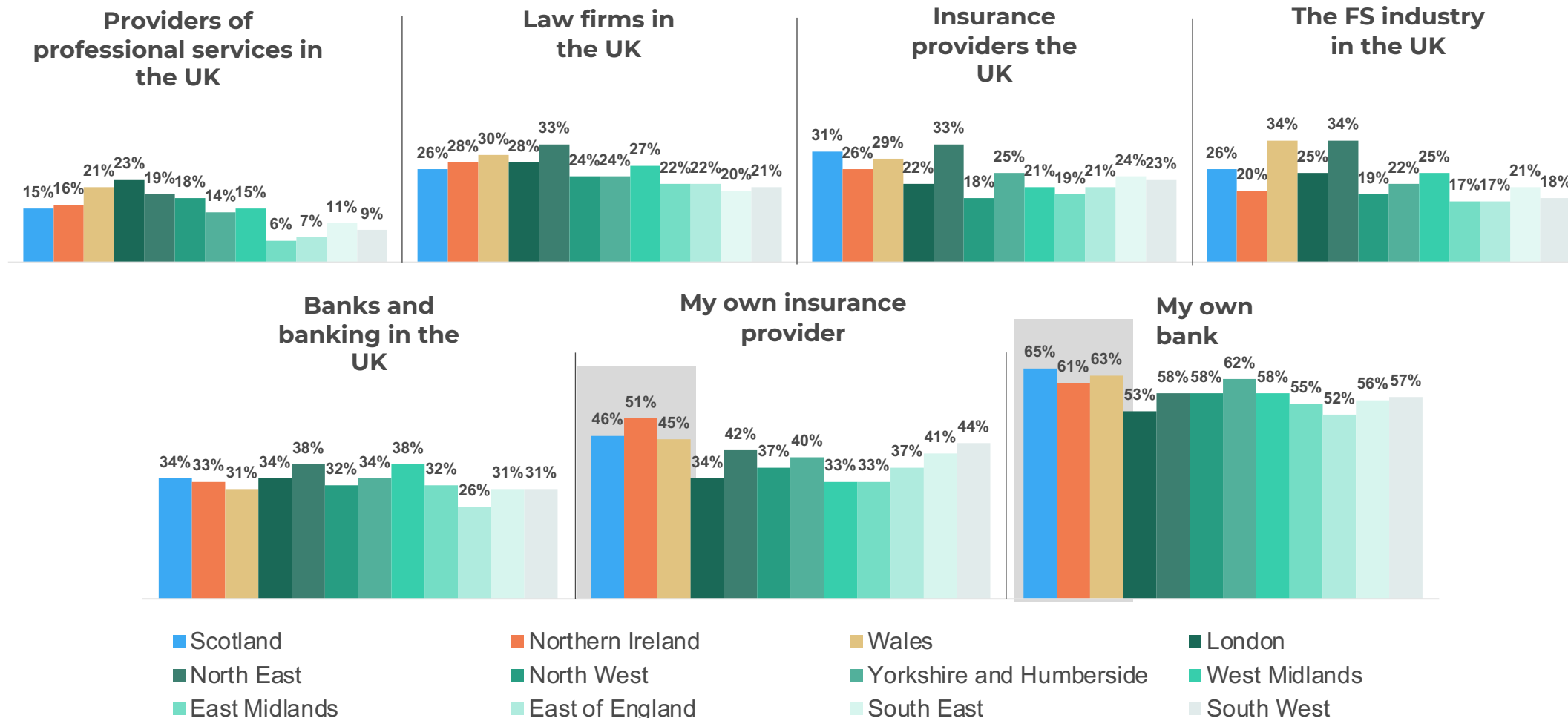
Public favourability and trust has dropped back to 2020 levels, after a rise in positivity last year



Q.1 Below are a number of groups, organisations and institutions. Please indicate the extent to which you feel favourable or unfavourable to each. Base: All respondents in 2022 (n=2084), 2021 (n=2074), 2020 (n=2075), 2019 (n=2091), 2018 (n=2099), and 2016 (n=2127).



Regionally, there are limited differences but higher levels of trust in 'my own' in the devolved nations



Q.2 To what extent do you trust each of the following groups, organisations and institutions in general? Please answer on a 5 point scale where 1 means do not trust at all, and 5 means trust a great deal. Base: All respondents in Scotland (n=172), Northern Ireland (n=64)*, Wales (n=101), London (n=285), North East (n=88)*, North West (n=226), Yorkshire & Humberside (n=169), West Midlands (n=181), East Midlands (n=158), East of England (n=199), South East (n=281), South West (n=158).

*Small base size

**2. Benefits to the economy,
innovation and proactive
responses to some current
affairs drives positive
reputation**





Well-established strengths continue to drive a relatively positive reputation among policy makers



Driver of the economy

"It's an industry we should be proud of – it generates revenue for the country and provides important products."

Regulator

"It's a major engine of growth both directly and profits that feed into construction and service, so bring in huge

Conservative, MP



World-leading

"The UK is world leading for financial services, sophisticated and profitable."

Conservative, MP

"It's successful in terms of the UK being seen as a centre for expertise, attracting inward investment."

Conservative, MP



Significant employer

"The City itself is probably quite distant. But retail FS are real for people and create a lot of employment [in this region]."

Political Advisor

"Largest impact is on London and the South East, to a lesser extent Edinburgh and Glasgow. But there are employers

Conservative, Lord

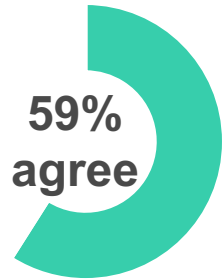


Large portions of the public feel the same way – though they are less convinced than policy makers

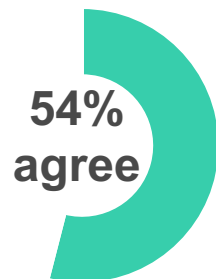


Driver of the economy

FRPS companies in the UK bring valuable income to the UK economy.

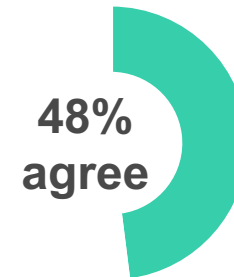


When FRPS companies do well, the UK and the UK economy benefits.

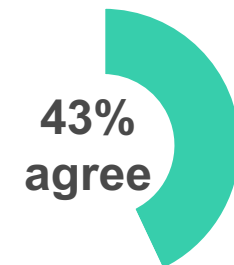


World-leading

The UK's status as a world leading financial centre is a matter of national pride.



The industry's leading international reputation helps the UK punch above its weight in global affairs.



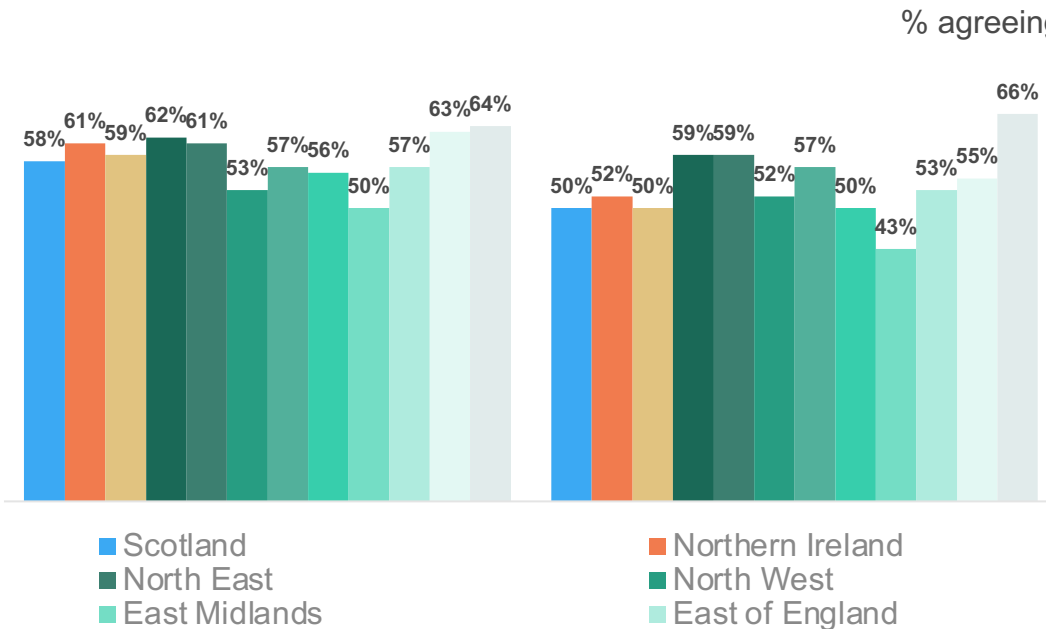


Again the data is mixed across regions with London, NE and SW seeming the most positive

Driver of the economy

FRPS companies in the UK bring valuable income to the UK economy.

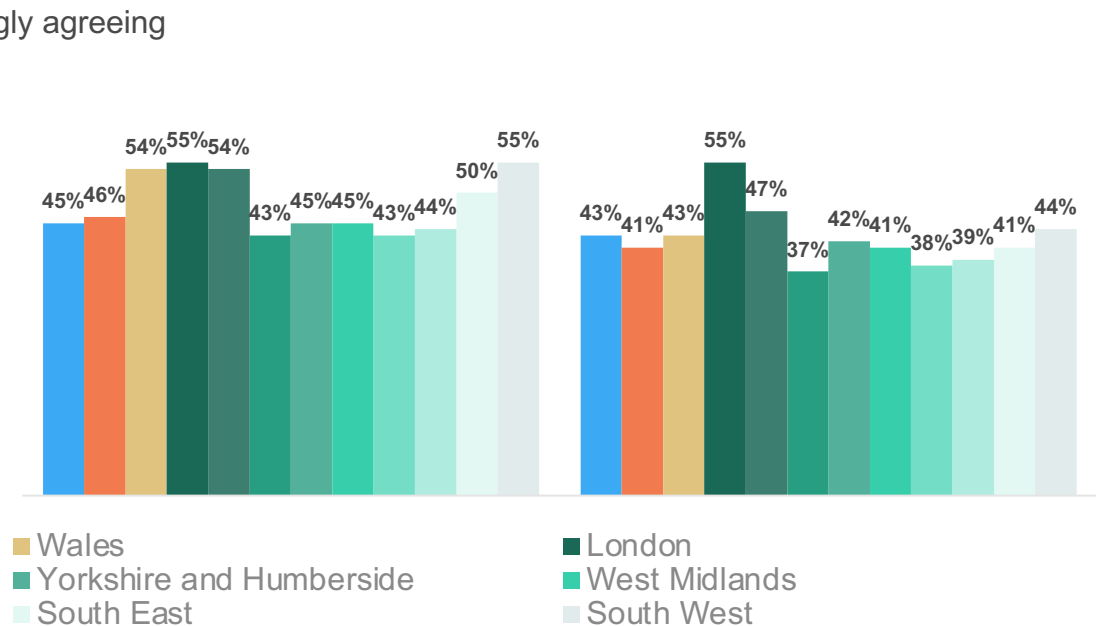
When FRPS companies do well, the UK and the UK economy benefits.



World-leading

The UK's status as a world leading financial centre is a matter of national pride.

The industry's leading international reputation helps the UK punch above its weight in global affairs.



Q5. To what extent do you agree or disagree with the following statements? Base: All respondents in Scotland (n=172), Northern Ireland (n=64)*, Wales (n=101), London (n=285), North East (n=88)*, North West (n=226), Yorkshire & Humberside (n=169), West Midlands (n=181), East Midlands (n=158), East of England (n=199), South East (n=281), South West (n=158).

*Small base size



Innovation and proactive responses to current affairs in 2022 are also praised



Innovation

"FinTech is really important, as well as challenger banks, mid-tier banks. We should welcome and support the growth of those. We need as much competition as possible – it drives down prices and drives up service."

Conservative, MP

Pro-active implementation of Russian sanctions


"It's responded extremely well. BP divested themselves. Slight reluctance, then saw the way the news was moving, got ahead of it. It's not been recognised and appreciated, maybe people thought they should be doing otherwise."

Conservative, MP

Climate change

"Post COP26, the mobilising and bringing together that Mark Carney did. Some of the voices speaking quite strongly about how we need to get the FRPS industry behind Net Zero. That made me feel more positively."

Lib Dem, Lord

The background of the slide features a network diagram on a light blue surface. Several colorful pushpins (red, blue, yellow, green) are placed at various points, and thin black lines connect them, creating a web-like structure. A semi-transparent white rectangular box is centered over the image, containing the text.

3. However, policy makers (and the public) believe there is work to be done to connect with and promote regional impact and consumer protection



Policy makers default to concerns about their constituents and long standing views of the industry when voicing issues

There are five key areas highlighted as potential concerns or issues relating to the industry:

1

"I know it's not, because they tell me all the time that so many of the jobs are outside of London, but the perception is that it's dominated by the City and London, the news is all about that one side of the sector."

2

"How good are they at taking people from disadvantaged communities? The elephant in the room. How many from poorer backgrounds are getting a fair look these days."

3

"I would like to see them help people more to manage their money, financial education should be part of school. They should help people make the right decisions."

4

"We take the view that big businesses access capital more easily, big banks lend to big businesses. Businesses that struggle tend to be SMEs. There's a lack of trust between businesses and banking."

5

"Crypto assets are opportunities and a concern. We need to tread carefully with encouraging people down that path, and make sure people know the risks. They also enable money to move around quite anonymously - there are horrendous examples of illicit funds."



Two further issues are highlighted to focus on – green finance and financial crime

Green finance

"Our industry is lagging behind our EU counterparts and they have taken it more seriously, lots of talk about green bonds and the government wants to do green finance but feels like we haven't quite achieved what we could have achieved."

Labour, MP




Financial crime

"It doesn't sufficiently clamp down on illicit funds, lots of funds around the world are laundered in the UK. We make it easier for criminals to participate in their activities."

Conservative, MP



Policy-makers agree that the industry is going some way to address these issues, but there is more to be done.



4. There is a sense that, when it does well, the industry could communicate this more effectively to enhance reputation



FRPS's positive contributions are felt to be overlooked, with low awareness among policy makers

"The sector didn't get the credit it deserved on mortgage holidays. The Government took credit for it. TheCityUK should've been making it clear who was bearing the cost and facilitating the delay in payments."

Conservative, MP

"[The industry's] CSR work isn't well known. Also, they have had to make a huge transition recently relating to regulation around the EU. If people knew how much the financial services would have to do and how it would have impacted them.. Well they would have been more informed. But it wasn't really communicated. So they do a lot very well but aren't good at communicating it."

Labour, MP

"I don't know the industry well enough to know who are performing well, but I know HSBC are doing stuff on safety for women which stuck in my mind. I can't hold up examples, but I do think it's really important to engage. That's the sort of thing I would like to see."

Labour, MP

Demonstrating how the industry feeds into regional growth and supports consumers improves reputation

"I know that there's an Eversheds, for example, which employs 600 people, but I know that because of my role as an MP. I think [the industry] just get on with it and they don't make an awful lot of noise about it."

- Labour, MP

"One of the criticisms I would make at the FS industry, we've made things overly complicated. In times of crisis, people need things in simple terms."

- Regulator

"The measures introduced during Covid to avoid foreclosing on people who ran out of cash, we need to think about how they can be used and developed, when a large proportion of the public could be plunged into poverty."

- Labour, Lord

"They should be prominent in showing their role in the levelling-up agenda. For example, the Britishvolt project, the boarding outside should name [the bank funding it]. To detoxify the industry."

- Conservative, MP

"Across all the FRPS, there is a need for being customer driven, empathy, to distill advice and information to individuals who may not have a certain level of financial education."

- Regulator

"I would like to see them help people more to manage their money, financial education should be part of school, to help people make the right decisions."

- Labour, MP

A detailed map of the Milan metropolitan area, showing various suburbs and the city center. A red pushpin is stuck into the map, pointing to a location near the city center. The map features a network of roads, with major highways highlighted in yellow and orange. Various place names are visible, including Rho, Cornaredo, Sedriano, and Sesto San Giovanni. The text "5. What does this mean for the future?" is overlaid on the map in a large, bold, black font.

5. What does this mean for the future?

Three implications for the future:



1. Business as usual, reputationally, is fairly neutral. But there is an opportunity to gain greater cut through again depending on the response to the next crisis – the rising cost of living.



2. Meet policy makers where they are, not where you want them to be.

- Policy makers are exposed to huge amounts of data and contrasting narratives, amid ongoing political turmoil - make it easy for them to understand and absorb key messages and what it means for them *and* their constituents.
- Don't assume positive impact from the industry is well known, and make sure to lead with and evidence 'good', in a time when reputation has the potential to dive if economic conditions worsen.
- The interests of their constituents are central – showing how policy makers concerns for constituents are being addressed creates a reputational 'halo' effect for the industry.



3. Positive drivers of industry reputation are enhanced when leading with ethics and justice. Tackling financial crime; greener finance; greater diversity in employment; consumer protection – these show benign power, moving away from entrenched stereotypes of the industry. These are also actions already being taken, but could be communicated more effectively.



Thank you

Dr Carol McNaughton Nicholls |
cmcnaughtonnicholls@britainthinks.com

Adele Lister | alister@britainthinks.com

Victoria Foreman | vforeman@britainthinks.com

info@britainthinks.com

T: +44 (0)20 7845 5880

www.britainthinks.com

BritainThinks
West Wing
Somerset House
London
WC2R 1LA
United Kingdom