

BANKING TRUST INDEX FOR SINGAPORE

2020

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High Trust reflects robust stature and strong license to operate

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Trust is built on financial, behavioural and societal values

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With high Trust comes great responsibility

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“As an industry, we really wanted to hear from our banking consumers about how they felt about banks and the level of trust that they are willing to place in us. This led us to commissioning the first ever Banking Trust Index survey in Singapore.”

Shee Tse Koon

Chairman of the ABS Culture and Conduct Steering Group,
and Group Executive Singapore Country Head, DBS

FOREWORD

Culture and Conduct Steering Group (CCSG)

The CCSG was formed in 2019 to promote and elevate culture and conduct standards amongst banks in Singapore. It comprises members from banks in Singapore, who have responsibilities in business, risk management, compliance and human resources.

Banking Trust Index for Singapore (BTIS)

The BTIS is a survey that provides a standardised measurement of public perception and Trust towards major banks in Singapore. The BTIS will provide a baseline to measure the progress and outcome of the industry's culture and conduct initiatives, and over time tracks shifts in trends.

About The Research

This customised Trust study has been conducted at an industry level and across 15 major banks in Singapore. The target audience and research framework are tailored for this study, and not comparable to other Trust reports. There were 3,502 respondents from Singapore aged 20+. Respondents were invited to participate based on a national representative quota for age, gender and demographics and had passed the survey screener criteria. The survey was conducted on the 4th November to 2nd December 2020.

Trust

Edelman has studied Trust for more than twenty years through the Edelman Trust Barometer globally. The deep insights have allowed identification of early signals of changing tides that have led to seismic shifts in culture and society.

Edelman Trust Management (ETM)

The ETM is a suite of powerful analytical tools and advisory services that interpret and measure the power and implications of Trust. It helps organisations manage Trust capital, an important asset. Research has shown connections between Trust and customer loyalty, stock price, resilience to crisis and license to operate.

About Edelman Data x Intelligence (DxI)

DxI is a global, multidisciplinary research, analytics and data consultancy comprised of more than 350 experts across 15 markets. Using data and intelligence, DxI helps businesses and organisations build trusting relationships with people: making communications more authentic, engaging, exciting and the connections more meaningful.

MORE THAN JUST OFFERING A SERVICE, THE BANKING INDUSTRY IS EXPECTED TO CONTINUE PARTICIPATING IN THE NATION'S DEVELOPMENT

Key Findings

HIGH TRUST IN SINGAPORE BANKING INDUSTRY

The Banking Industry is trusted more than businesses overall and NGOs. 1 in 2 respondents are optimistic about the future of the Banking Industry.



THE HIGH TRUST IN GOVERNMENT IS PIVOTAL TO TRUST IN BANKING

Government's regulations and enforcements contribute to the Trust perception of the Banking Industry.



THE PUBLIC IS ASSURED BY THE STRONG BANK LEADERSHIP

Effective partnership between Government and Bank Leadership elevates the Trust and expectations of the Banking Industry.



CUSTOMERS EXPECT THE INDUSTRY TO UPHOLD AN ECOSYSTEM OF VALUES

Delivering financial performance and security of data and money are the foundations of Trust. Behavioural and societal values are other essential elements important to customers.



TRANSPARENCY SHOWS COMMITMENT TO DEEPEN RELATIONSHIP

Customers do not expect banks to be perfect, but expect banks to be honest, own up to mistakes and communicate steps taken to ensure errors are not repeated.



RELATIONSHIP IS A TWO-WAY STREET

The high Trust attributed to banks comes with expectations of being attentive to customers and understanding their needs. Customer centricity and giving back to the community are key.



HIGH TRUST REFLECTS ROBUST STATURE AND STRONG LICENSE TO OPERATE

WHY TRUST MATTERS



Trust is a psychological state comprising the intention to accept risk based upon positive expectations of the intentions or behaviour of another.

(Rousseau, et al, 1998)
Carnegies Mellon University

In a turbulent and unpredictable year like 2020, Trust has never been more critical. People are less likely to take risk, and trusted institutions are favoured.

Trust is a reassuring indicator of hope and stability for industries navigating uncertain times.

Trust is the ultimate currency in the relationship that all institutions, companies, governments, NGOs and media, build with their stakeholders.

It defines an organisation's license to operate, lead and succeed. It is the foundation that allows an organisation to take a responsible risk.

Without Trust, credibility is lost, putting a business or organisation at risk.

TO MEASURE ALL DIMENSIONS OF TRUST, OUR NET CALCULATION TAKES INTO ACCOUNT BOTH HIGH AND LOW TRUST

ONE SIMPLE, VALIDATED, UNIVERSAL QUESTION

“Please indicate how much you trust the Banking Industry to do what is right?”

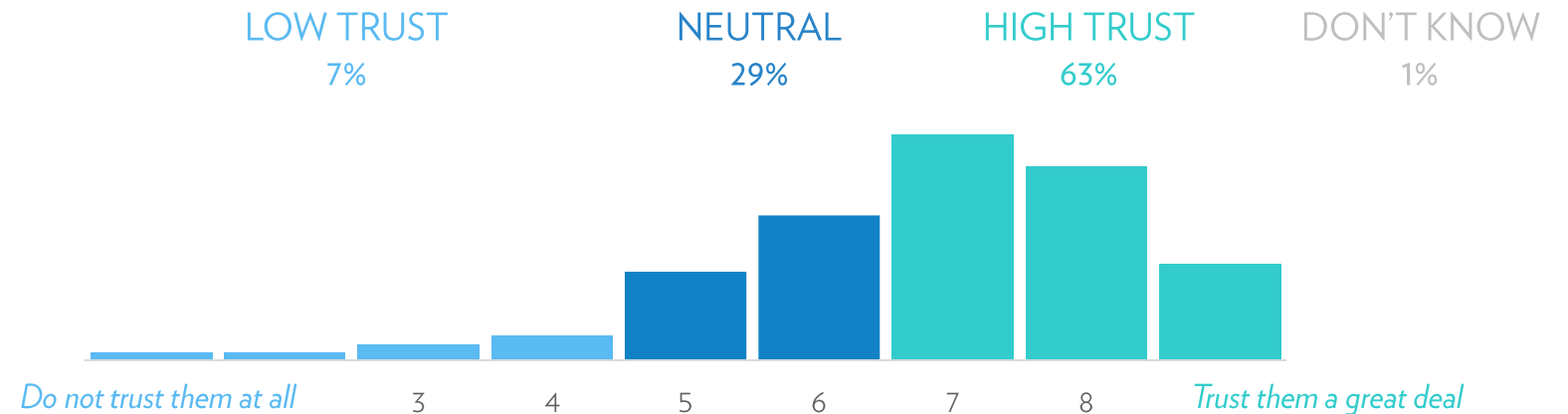
TRUST CAPITAL OF SINGAPORE BANKING INDUSTRY

56

A high Trust perception towards the industry. Falls within the topmost quartile.

ENTS (56%) = HIGH TRUST (63%) – LOW TRUST (7%)

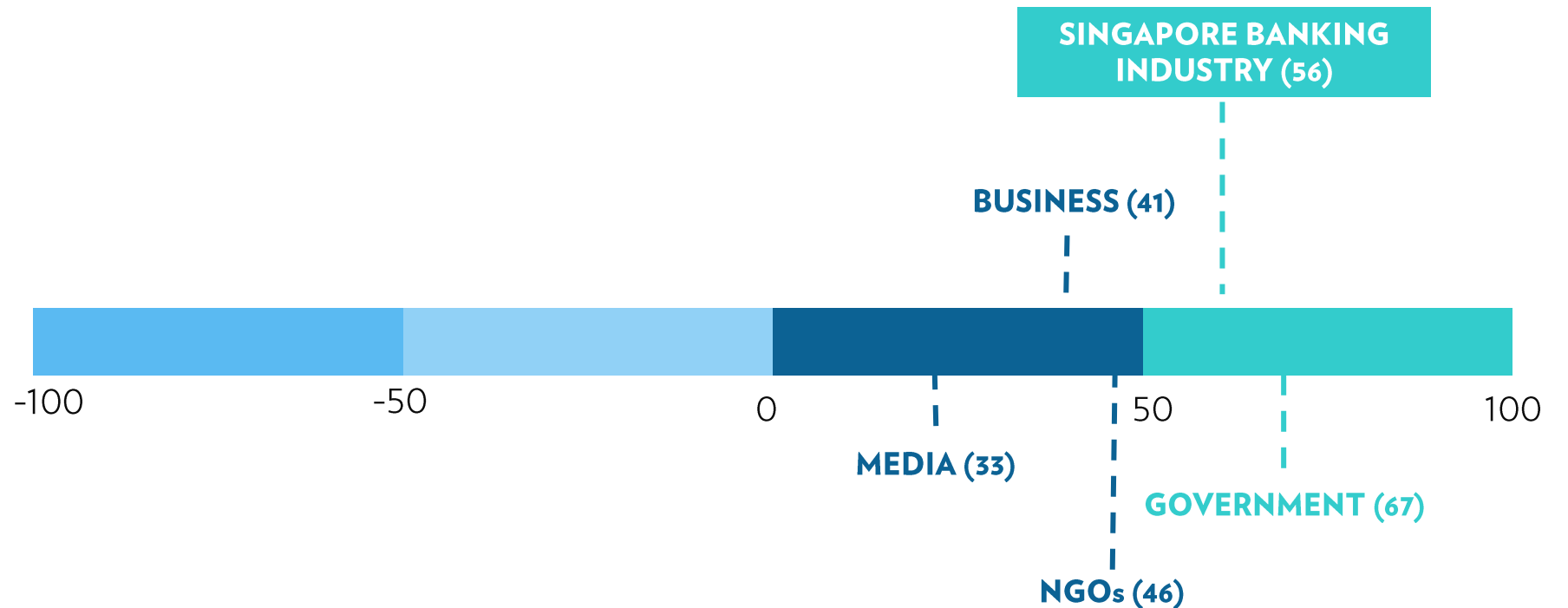
The ENTS ranges from -100 (if every single person has low Trust) to +100 (if every single person has high Trust)



GOVERNMENT IS THE MOST TRUSTED INSTITUTION IN SINGAPORE, THE BANKING INDUSTRY IS MORE TRUSTED THAN BUSINESSES OVERALL

With higher levels of trust than Businesses and NGOs, the Banking Industry is expected to support the nation’s development

AVERAGE TRUST CAPITAL OF SINGAPORE INSTITUTIONS



SINGAPORE GOVERNMENT AND BANKS' LEADERSHIP CONTRIBUTE TO THE HIGH TRUST TOWARDS THE BANKING INDUSTRY

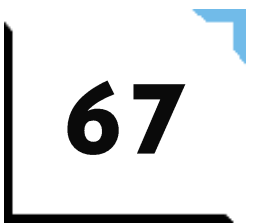
THE MUTUALLY BENEFICIAL RELATIONSHIP BETWEEN THE GOVERNMENT AND THE BANKS' LEADERSHIP ELEVATES THE BANKING INDUSTRY

SINGAPORE BANKING INDUSTRY

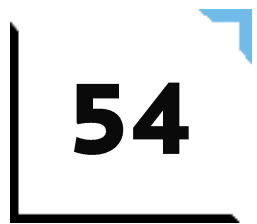


There is a correlation between Trust in the Banking Industry, Trust in the Government and Trust in the leadership of the Banking Industry

GOVERNMENT



LEADERSHIP OF SINGAPORE BANKING INDUSTRY



THE BANKING INDUSTRY IS PERCEIVED AS RESILIENT AND RESPONDENTS ARE CONFIDENT ABOUT ITS FUTURE

One in two respondents are optimistic about the future of the banking industry

“For Singapore’s Banking Industry, would you say its best days are ahead of them or its best days are behind them?”

50 %
Best days are ahead



29 %
Best days are behind

21 %
Don't know enough to tell

**TRUST IS BUILT ON FINANCIAL,
BEHAVIOURAL AND SOCIETAL VALUES**

THE FOUR DIMENSIONS CRITICAL TO DEFINING TRUST

In addition to the ENTS (Edelman Net Trust Score), The Edelman Trust Management framework relies on 4 key Pillars to measure Trust



ABILITY

A believes B has the skills, competencies, and resources to have influence in some domain (competence, capabilities, expertise)

GOOD AT WHAT THEY DO



INTEGRITY

A believes B adheres to a set of principles that A finds acceptable (fairness, transparency, credibility, honesty)

IS HONEST



DEPENDABILITY

A believes B consistently adheres to a set of principles that A finds acceptable (reliability, dependability)

KEEPS ITS PROMISES



PURPOSE

A believes B wants to do good for A (loyalty, caring, non-opportunistic)

TRIES HARD TO HAVE A POSITIVE IMPACT ON SOCIETY

THE 12 TRUST FACTORS ARE BUILT ON TAILORED TRUST DRIVERS

Detailed diagnosis of the Trust Drivers allows identification of strengths and room for opportunities across the Pillars

ABILITY	INTEGRITY	DEPENDABILITY	PURPOSE
FINANCIAL PERFORMANCE	BUSINESS VALUES	CUSTOMER CENTRICITY	COMMUNITY CONTRIBUTION
<ul style="list-style-type: none"> Financially stable and resilient even in times of crisis Deliver strong business and financial performance 	<ul style="list-style-type: none"> Champion values and beliefs that are important to me Acknowledge mistakes and openly communicate on issues Take accountability for the conduct of their employees Leadership and employees operate with professionalism and ethical standards 	<ul style="list-style-type: none"> Provide information about products and services that is easy to understand and transparent (e.g.: risks, fees, interest rates) Has easy to reach and responsive customer service officers and relationship managers Actively listen and understand consumers' expectations Prioritise customers' interests and long-lasting relationship over short-term financial gains 	<ul style="list-style-type: none"> Give back to local communities where it operates Take action to temper the impact of its business on the environment and society
INNOVATION	CUSTOMERS' SECURITY	GOVERNMENT COMPLIANCE	EMPLOYEE DIVERSITY
<ul style="list-style-type: none"> Use reliable and innovative technologies to offer convenience and security Innovate & adapt to deliver the best customer experience across all touchpoints (e.g.: physical branches, call centre, digital banking) 	<ul style="list-style-type: none"> Handle customers' data with integrity Offer good protection in case of money loss due to scams or fraud 	<ul style="list-style-type: none"> Adhere to the government's guidance and propositions 	<ul style="list-style-type: none"> Ensure diversity (e.g.: ethnicity, age, gender) within its workforce and treat employees fairly
PRODUCT QUALITY	REPUTATION MANAGEMENT	PHYSICAL EXPERIENCE DESIGN	CUSTOMER ACCESSIBILITY
<ul style="list-style-type: none"> Offer a variety of relevant products and services Deliver high quality products (e.g.: credit card rebates, interest rates, digital banking, etc.) 	<ul style="list-style-type: none"> Have not been associated with any scandal or wrongdoing Take necessary measures to ensure errors in the past are not repeated 	<ul style="list-style-type: none"> Offer well-designed physical branches and good consumer experience (e.g.: waiting time, comfort, space) 	<ul style="list-style-type: none"> Convenient accessibility to banks' physical branches and ATMs

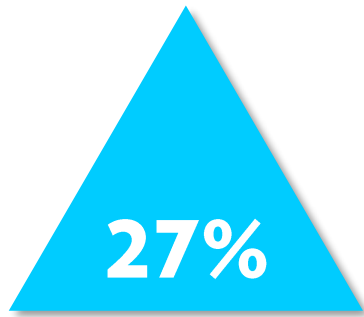
WITH THE MATURITY OF THE BANKING INDUSTRY, SINGAPOREANS EXPECT MORE THAN JUST A TRANSACTIONAL EXCHANGE

Even though Integrity and Ability are the most important pillars to drive Trust, Dependability and Purpose have a strong contribution

TRUST

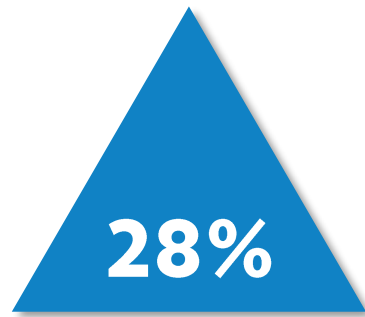
*Contribution is the derived importance of the variable in building Trust, calculated through advanced statistical analysis based on the relationships observed from the responses. It is not the performance of what respondents scored for the variable.

TRUST PILLARS' *CONTRIBUTION TO OVERALL TRUST



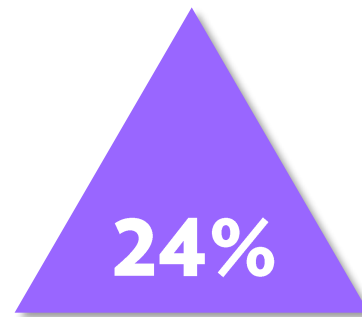
ABILITY

"Good at what they do"



INTEGRITY

"Is honest"



DEPENDABILITY

"Keeps its promises"



PURPOSE

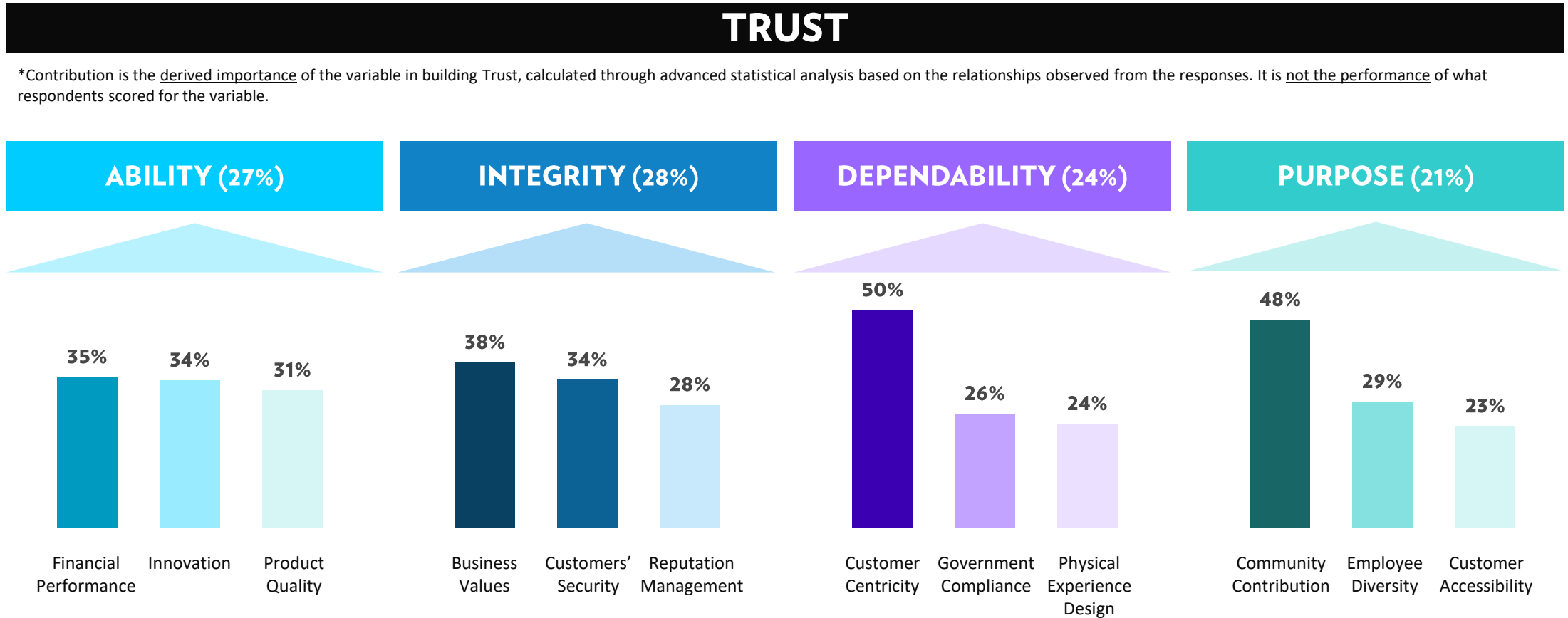
"Tries hard to have a positive impact on society"

IT'S NOT ONLY BANKING PRODUCTS AND FINANCIAL RESULTS, BUT A FULL ECOSYSTEM OF VALUES THAT CONTRIBUTE TO TRUST

Financial Performance, Business Values, Customer Centricity and Community Contribution are the key Trust factors of the four pillars

TRUST PILLARS' * CONTRIBUTION TO OVERALL TRUST

TRUST FACTORS' * CONTRIBUTION TO TRUST PILLARS



*Contribution is the derived importance of the variable in building Trust, calculated through advanced statistical analysis based on the relationships observed from the responses. It is not the performance of what respondents scored for the variable.

IT IS NO LONGER ENOUGH FOR BANKS TO ONLY PRIORITISE DELIVERING FINANCIAL PERFORMANCE AND SECURITY

Financial Value, Behavioral Values and Societal Values have a symbiotic relationship, complementing and depending on each other



ABILITY

DELIVERING FINANCIAL PERFORMANCE STAYS A PRIORITY

The Industry's core expertise in building financial performance is an important driver of Trust. More than short term goals, Singaporeans are conscious of the benefits it provides to the entire nation. The financial success of the Banking Industry is understood as underpinning the economic success of Singapore.



INTEGRITY

CHAMPIONING ETHICAL VALUES AND BEHAVIOURS IS NOT OPTIONAL

Singaporeans are not focused purely on the outcome. They expect transparency and accountability from the Banking Industry. When things go wrong, the bank is expected to be honest and open in its communications, acknowledging the issue and addressing how they will prevent it from happening again in the future.



DEPENDABILITY

CUSTOMERS ARE COMFORTABLE ASKING FOR MORE

Singaporean banking customers have high consideration for the Banking Industry. In return, they have high expectations that the Banking Industry values them and their business. They expect the Banking Industry to put their interests at the forefront of everything they do.



PURPOSE

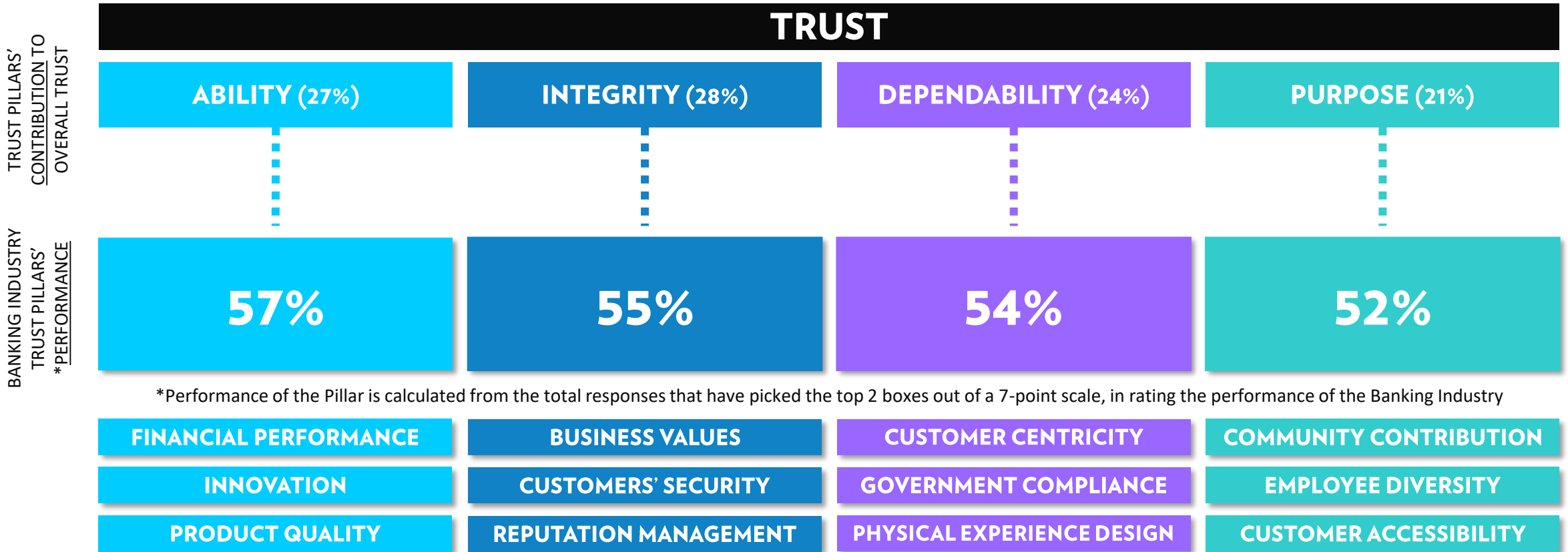
BEYOND CUSTOMERS, BANKS ARE EXPECTED TO CONTRIBUTE TO THE GREATER COMMUNITY

The development of the Singapore Banking Industry has always contributed to the development of Singapore. Singaporean banking customers value the contribution and commitment of the Banking Industry. They expect the industry to continue to give back and directly support the community.

WITH HIGH TRUST COMES GREAT RESPONSIBILITY

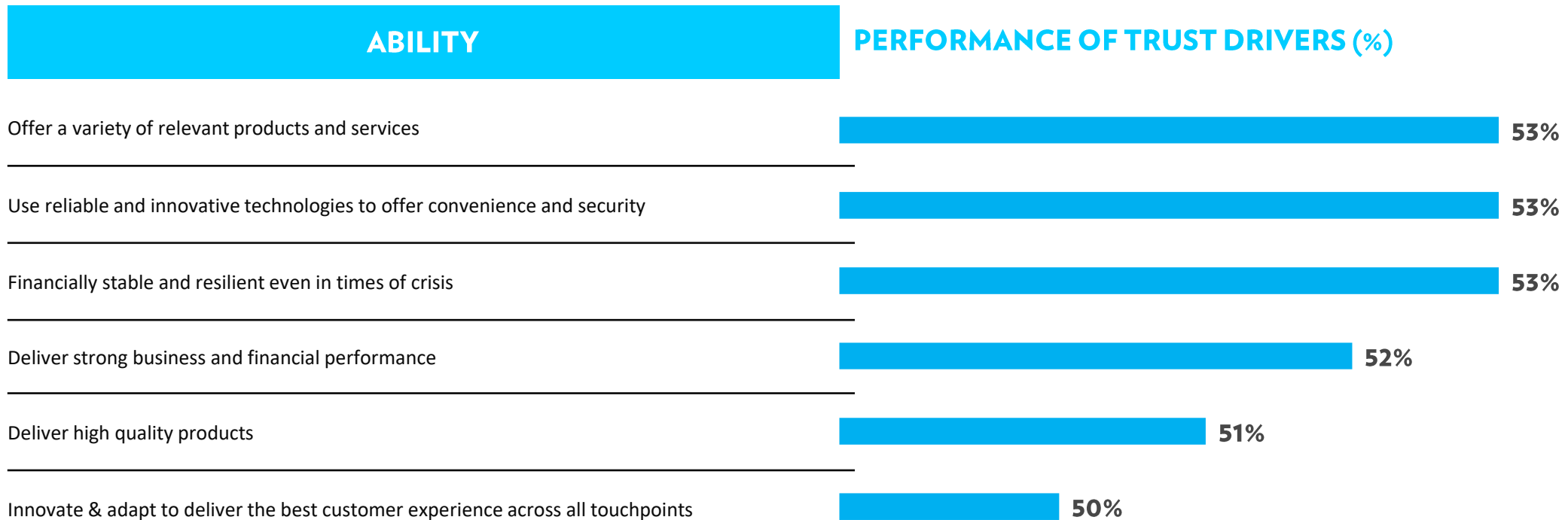
BANKING INDUSTRY PERFORMANCE IS WELL BALANCED ACROSS THE TRUST PILLARS

Relatively, Integrity is the top contributor to Trust in the Banking Industry and the second performer after Ability. While all pillars are important in building Trust, Dependability and Purpose are opportunities of improvement for the industry.



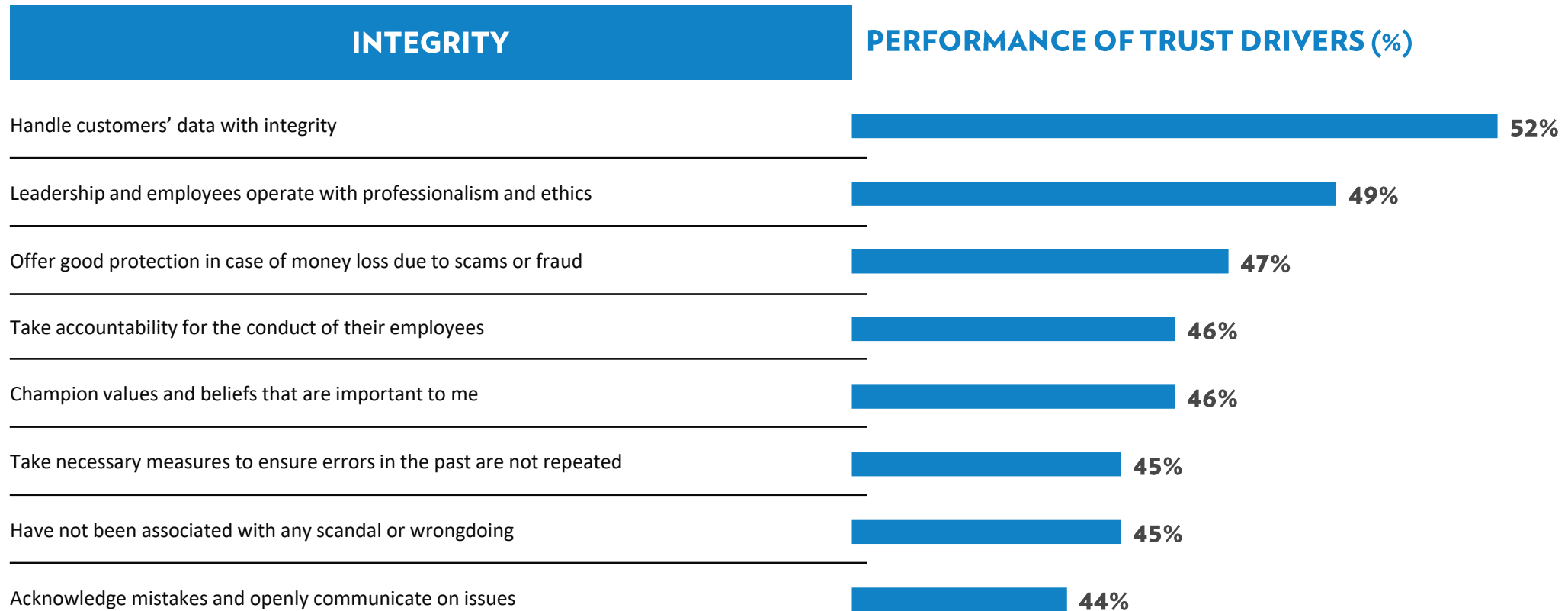
THE BANKING INDUSTRY MUST CONTINUE TO INNOVATE AND ADAPT TO OFFER THE BEST CUSTOMER EXPERIENCE ACROSS ALL TOUCHPOINTS

The relevance and variety of product and services are praised, technologies used are perceived as reliable, and the industry is seen as stable and resilient in times of crisis. Product Quality, Financial Performance and Customer experience can be further optimised.



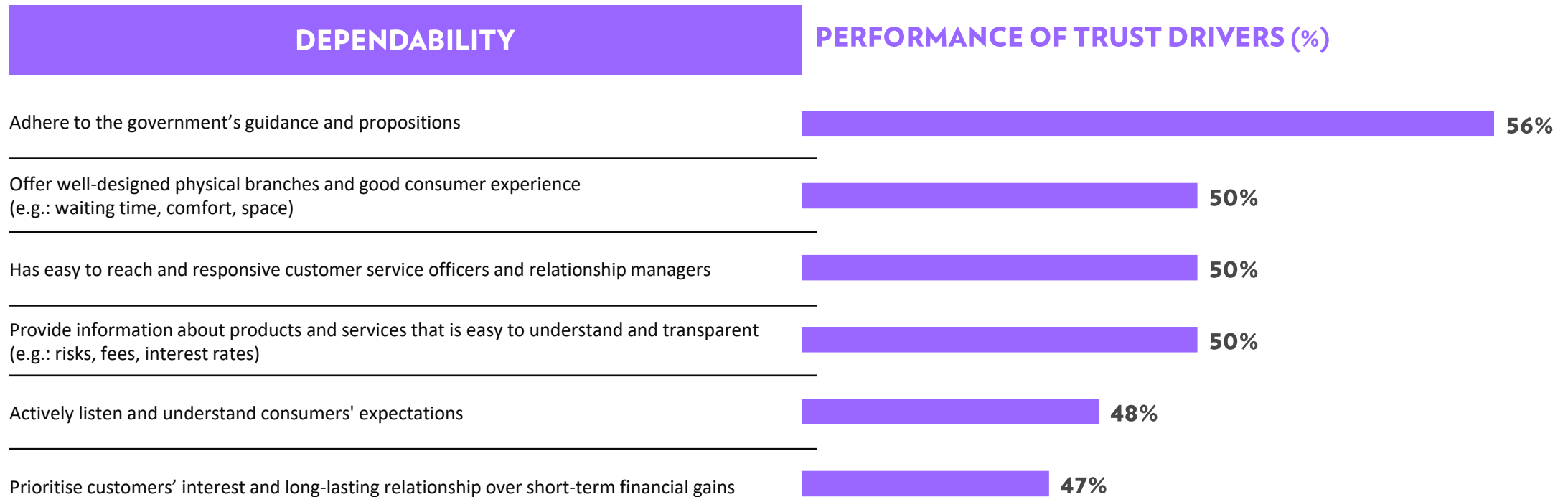
TRANSPARENCY IN COMMUNICATIONS AND ACCOUNTABILITY ARE THE MAIN AREAS OF IMPROVEMENT TO OPTIMISE INTEGRITY

Customers are satisfied with the data integrity of the Banking Industry. The leadership and the workforce demonstrate good performance in terms of professionalism and ethical behaviours. Communicating transparently, demonstrating accountability towards issues and championing good behavioural values are immediate levers to increase Trust towards the industry.



GREATER CONSIDERATION FOR CUSTOMERS' INTERESTS AND BUILDING RELATIONSHIPS ARE THE PRIORITY TO OPTIMISE DEPENDABILITY

Banking customers recognise the strong relationship between the industry and the Government, notably as a result of it adhering to Government's guidance and propositions. Physical branches, customer service and information about services has relatively good performance. In addition, customers expect more attentiveness and their interest being prioritised.



GREATER COMMUNITY CONSIDERATION THROUGH DIRECT SUPPORT, BETTER INCLUSIVITY AND SUSTAINABILITY, WOULD IMPROVE PURPOSE

The convenient accessibility of banks' physical branches and ATMs is highly appreciated by customers. Supporting local communities where the banks operate stands-out as the main field of improvement, alongside ensuring greater diversity within the workforce.



“The survey has provided us with very rich insights. It has been heartening to see the great trust that our banking consumers do place in us. We are also very committed to acting on the feedback about the areas where we need to improve. We will work even harder to earn and keep the trust of the banking public in Singapore.”

Anurag Mathur

Chairman of the Banking Trust Index for Singapore Taskforce, and Head of Wealth and Personal Banking, HSBC

METHODOLOGY

METHODOLOGY



20 min self-complete online survey
Fieldwork: 4th November – 2nd December 2020



Survey respondents were recruited via a panel partner



Survey was made available in English, Mandarin, Malay and Tamil



All responses were anonymous and all results reported in aggregated format so as not to identify any individuals



Respondents who 'straight-lined' or sped through the survey were excluded



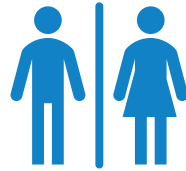
All survey respondents received a unique survey link, which allowed them to resume the completion of the survey if they were interrupted

SAMPLE STRUCTURE

Singapore Residents (inclusive of Singaporeans, Permanent Residents, and foreigners). Aware of at least four (4) of the banks listed and is engaging the product/services of at least one (1) of the 15 banks monitored.

	Mass Banking (MB)	Emerging Affluent (EA)	Affluent (AFF)	High-Net-Worth Individual (HNWI)
Criteria	Assets Under Management of SGD 100,000 and below	Assets Under Management of SGD 100,001-250,000	Assets Under Management of SGD 250,001-999,999	Assets Under Management of SGD 1 million and above
Sample Size	N=3,148			N=354

AUDIENCE DEMOGRAPHIC PROFILE



Gender	Total Sample
Female	46%
Male	54%



Age	Total Sample
20 – 34	27%
35 – 49	48%
50 – 64	21%
65 – 80	4%



Ethnicity	Total Sample
Chinese	67%
Malay	25%
Indian	5%
Other	3%



Assets Under Management	Total Sample
Mass Banking (Up to SGD \$100,000)	43%
Emerging Affluent (SGD \$100,001 – SGD \$250,000)	25%
Affluent (SGD \$250,001- SGD \$999,999)	22%
HNWI More than SGD \$1M	10%

Respondents are invited based on the national representative quota of Gender, Age and Ethnicity demographics. The percentages reflected are of those who have passed the survey screener criteria. Survey screener includes not working in an industry that may influence biases, preference not to disclose AUM, familiarity with enough banks to respond to survey and at the point of survey is currently engaging with at least 1 bank. The Assets Under Management is a natural fallout from the Gender, Age and Ethnicity demographics.

**BANKS
INCLUDED IN
THE SCOPE**

CONSUMER BANKS: Mass Banking, Emerging Affluent, Affluent



PRIVATE BANKS: High-Net-Worth Individual



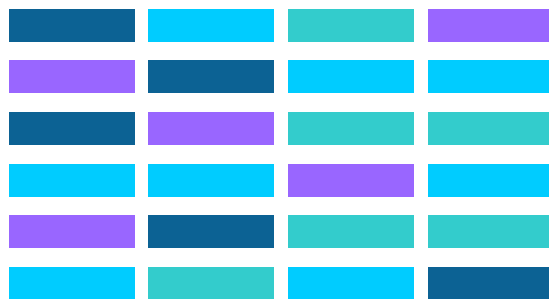
METHODOLOGY: IDENTIFYING KEY THEMES USING FACTOR ANALYSIS

To make the modeling more operational, we conducted a factor analysis on the Trust Drivers. This allowed us to **identify themes that we name Trust Factors**. The **Trust Factors** are clusters of **Trust Drivers** which naturally fit together from a statistical pattern standpoint.

STEP 1:

PATTERNS FROM THE CHARACTERISTICS OF THE TRUST DRIVERS ARE IDENTIFIED

Trust Drivers



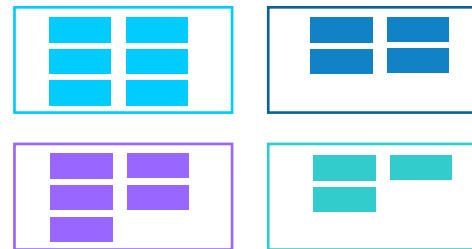
Example 1: “Financially stable and resilient even in times of crisis” and “Deliver strong business and financial performance”.

Example 2: “I purchase cheapest option” and “I am a bargain shopper”.

STEP 2:

TRUST DRIVERS ARE GROUPED INTO THEMES THAT HAVE SIMILAR PATTERNS

Trust Factors

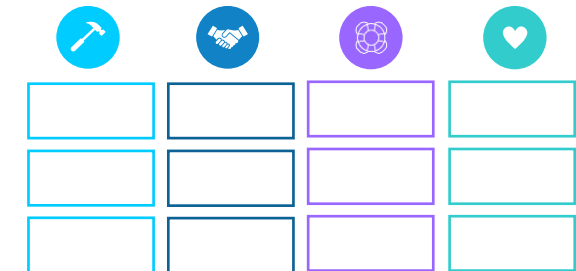


Example of Trust Factor: Financial Performance, Customer Centricity, etc.

Example of Behaviour Theme: Thrifty Spender.

STEP 3:

TRUST FACTORS ARE GROUPED UNDER THE FOUR PILLARS



Example of Trust Factors to Pillars: Ability > Financial Performance, Innovation and Product Quality.

Example of Audience Segmentation: Price-Conscious Buyer > Thrifty Spender, Good Deals, Bulk Purchaser.

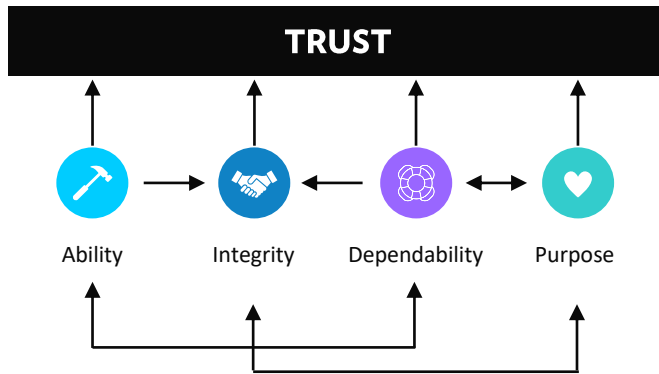
METHODOLOGY: TRUST CONTRIBUTION

The ETM approach is designed to uncover **what weighs most to building Trust** and **what levers should be prioritised to increase Trust Capital**. Understanding the **Contribution** score helps to understand the **derived importance** of the Trust Pillars and Trust Factors. Relative Weight Analysis modelling is used to measure the Contribution score.

An analysis of both the Contribution and Performance¹ scores allow a detailed diagnosis of the strengths and areas of improvement to Trust for the Banking Industry.

STEP 1:

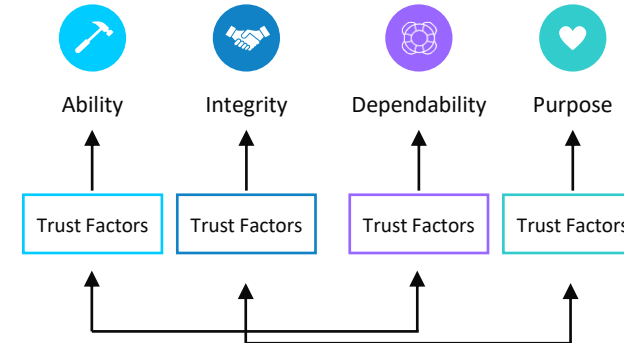
UNDERSTAND CONTRIBUTION SCORE OF PILLARS TO TRUST



Relative Weight Analysis (RWA) modelling is used to understand the four Trust Pillars' derived importance to building Trust. The model considers the interrelationship the Trust Pillars have with each other. This derived importance is called **Contribution** score.

STEP 2:

UNDERSTAND CONTRIBUTION SCORE OF TRUST FACTORS TO TRUST PILLARS

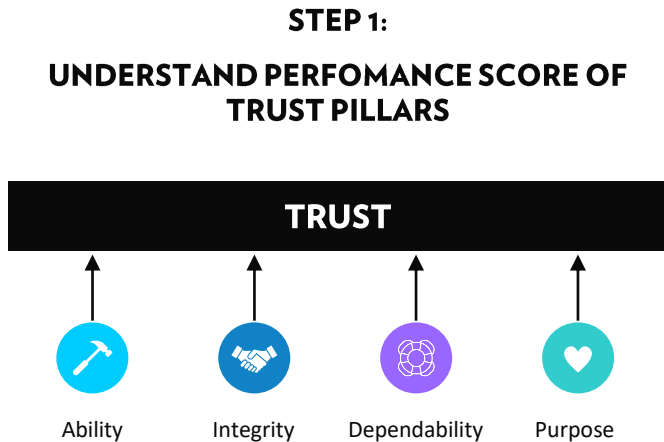


Relative Weight Analysis (RWA) modelling is used to understand the Trust Factors' derived importance to building the Trust Pillars. The model considers the interrelationship the Trust Factors have with each other. This derived importance is called **Contribution** score.

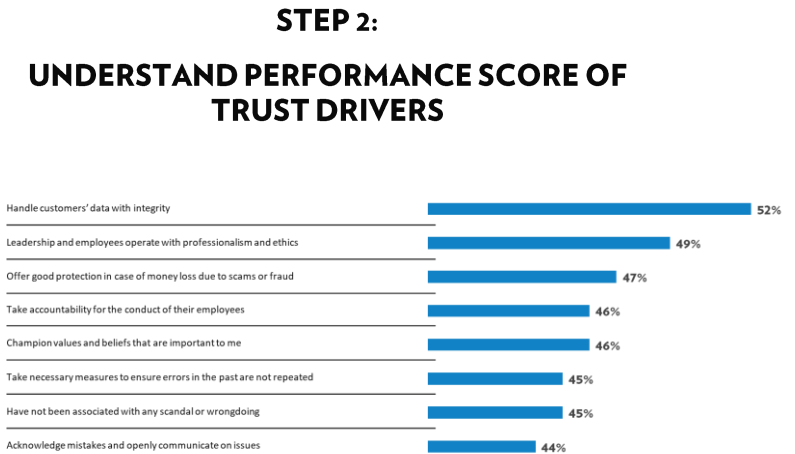
METHODOLOGY: TRUST PERFORMANCE

The ETM approach is designed to uncover **what weighs most to building Trust** and **what levers should be prioritised to increase Trust Capital**. Understanding the **Performance** score helps to understand the Trust Pillars' and Trust Drivers' **direct (stated) performance**. The Performance Score is calculated from the total responses of the top 2 boxes out of a 7-point scale. The top box indicates responses that "Totally Agree" with the question.

An analysis of both the Contribution¹ and Performance scores allow a detailed diagnosis of the strengths and areas of improvement to Trust of the Banking Industry.



The Trust Pillars' **Performance** is calculated from the total responses that have picked the top 2 boxes out of a 7-point scale, in rating the Banking Industry.



The Trust Drivers' **Performance** is calculated from the total responses that have picked the top 2 boxes out of a 7-point scale, in rating the Banking Industry.

THANK YOU
