

BANKING TRUST INDEX FOR SINGAPORE

2021 Edition

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The Banking industry trust capital shows resilience in times of uncertainty

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The Banking industry is adapting to evolving expectations

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Innovation in the Banking industry leads to an optimistic outlook of its future

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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 is the second year of conducting the customised Trust study at an industry level across 15 major banks in Singapore. The target audience and research framework are tailored for this study, and not comparable to other Trust reports. This year, there were 3,519 respondents from Singapore aged 20 and above. 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 from 4th October to 5th November, 2021.

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 and exciting, and the connections more meaningful.

“This is the second year that the industry has conducted the Banking Trust Index survey and we are pleased that customers continue to have a high level of trust in banks. The team has expanded the coverage of the BTIS in 2021 and this has given us greater insights into how we can further build trust among our customers in Singapore. More importantly, it has helped us, as an industry, to prioritise key initiatives that will address banking consumers’ concerns and instill trust.”

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

1

KEY FINDINGS

TRUST IN THE BANKING INDUSTRY CONTINUES TO BE HIGHLY RESILIENT

Key Findings

INCREASED TRUST DESPITE ECONOMIC UNCERTAINTY DURING COVID-19

The Singapore Banking Industry is the only institution to increase its Trust Capital in 2021, moving closer to the trust received by the Government

MEETING EVOLVING EXPECTATIONS TO MAINTAIN TRUST

As a result of its commitment to do more to further customer's interest, the Banking Industry stands out as a source of stability, a symbol of reassurance about the future, and a sector capable of adapting to evolving expectations

FINANCIAL PERFORMANCE, CUSTOMER AND COMMUNITY CENTRICITY ARE KEY CONTRIBUTORS TO TRUST

Consistently, financial performance, customer interests as well as community contribution remain the foundation of Trust. There is an increased expectation in customers' security, to handle customers' data with integrity

GREATER VISIBILITY ON ACCOUNTABILITY AND COMMUNITY CONTRIBUTION IS EXPECTED

Currently while Banks are perceived to be delivering on financial growth and utilising relevant technology, there is room to improve awareness of how Banks show accountability and their contribution to local communities

CONFIDENCE IN INNOVATION AS A DRIVING FORCE FOR THE INDUSTRY

The latest technologies offered by Banks provide assurance of good customer experience, convenience, security, and a variety of product and service offerings, as the industry adapts to a digital society

2

THE BANKING INDUSTRY TRUST CAPITAL SHOWS RESILIENCE IN TIMES OF UNCERTAINTY

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)
Carnegie Mellon University

After two years of disruption caused by COVID-19, Trust continues to be pivotal, 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.

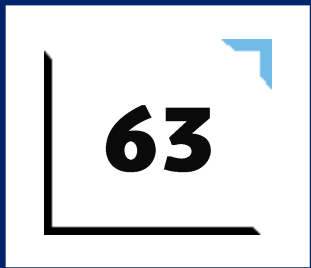
Trust is the ultimate currency in the relationship that all institutions, companies, Governments, NGOs and media, build with their stakeholders.

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

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

- Obtained from Edelman Trust Barometer

SINGAPORE BANKING INDUSTRY TRUST CAPITAL



(+7 pts)

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

■ Significantly higher than 2020 scores
 ■ Significantly lower than 2020 scores

BANKING TRUST INDEX FOR SINGAPORE
EDELMAN DATA & INTELLIGENCE FOR CCSG ©2021

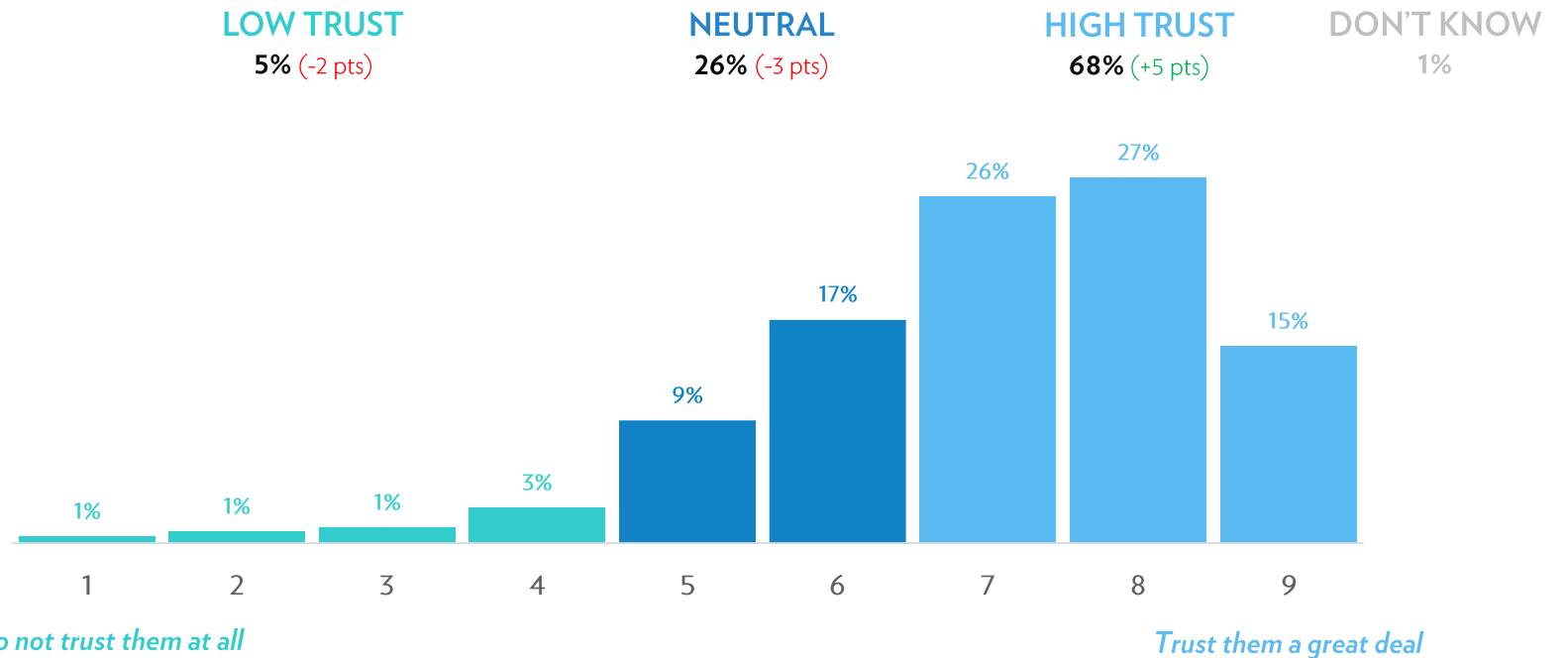
TO MEASURE ALL DIMENSIONS OF TRUST, OUR NET CALCULATION TAKES INTO ACCOUNT BOTH HIGH AND LOW TRUST

“PLEASE INDICATE HOW MUCH YOU TRUST THE BANKING INDUSTRY TO DO WHAT IS RIGHT.”

BANKING TRUST INDEX FOR SINGAPORE

ENTS = HIGH TRUST - LOW TRUST

The ENTS has a range of -100 (if every single person has low trust) to +100 (if every single person has high trust)



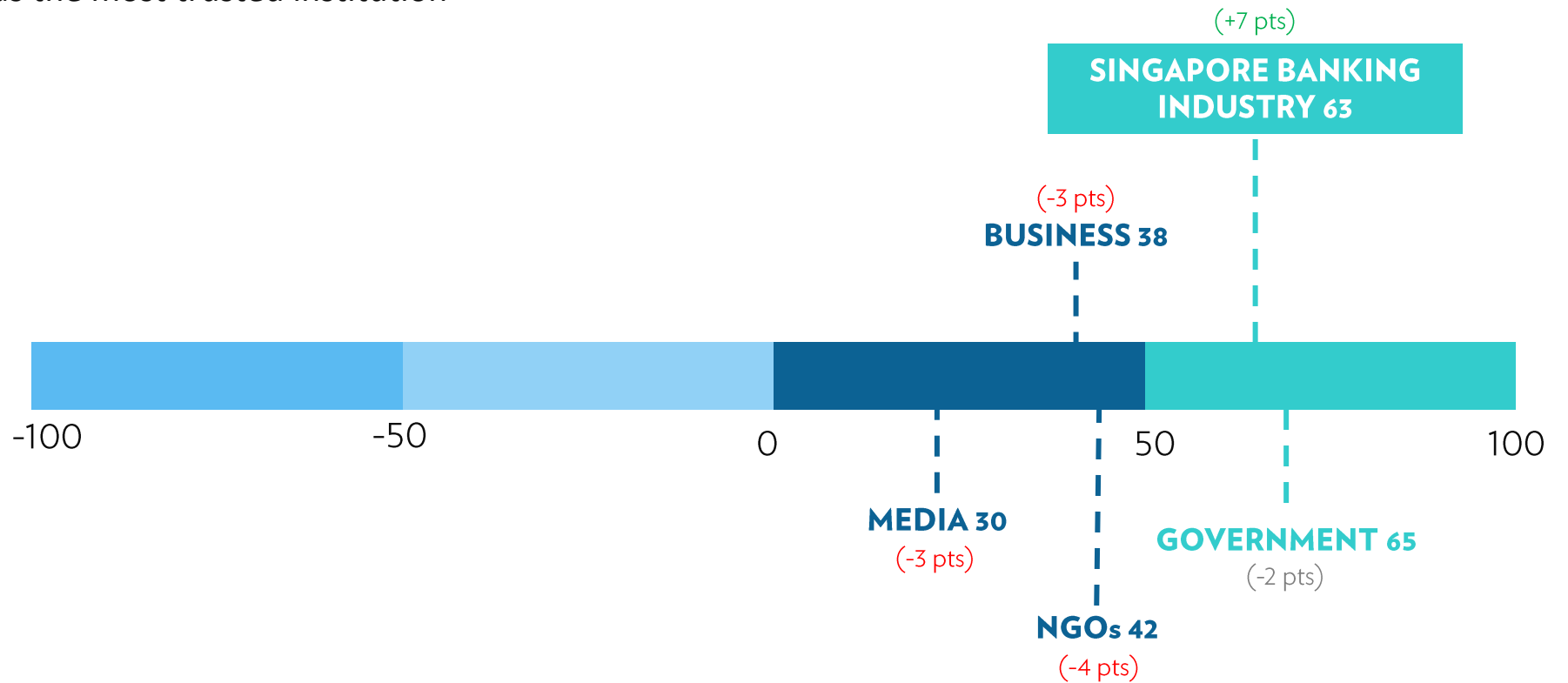
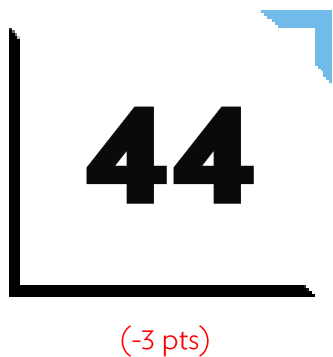
Q2. Please indicate how much you trust businesses in each of the following industries to do what is right. Please use a 9-point scale where 1 means that you “do not trust them at all” and 9 means that you “trust them a great deal” to do what is right. ENTS = High Trust [Top 3 box] - Low Trust [Bottom 4 box]. (Base N = 3519).

*Note: Due to the rounding of data points, some minor deviations are expected (+/- 1 pt).

THE BANKING INDUSTRY'S TRUST CAPITAL INCREASED FROM LAST YEAR DESPITE ONGOING ECONOMIC UNCERTAINTY CAUSED BY COVID-19

The Banking Industry is the only Singapore institution to increase its Trust Capital in 2021, now only 2 points behind the government, which remains as the most trusted institution

AVERAGE TRUST CAPITAL OF SINGAPORE INSTITUTIONS



■ Significantly higher than 2020 scores
■ Significantly lower than 2020 scores

Q1. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right? Please use a 9-point scale where one means that you "do not trust them at all" and 9 means that you "trust them a great deal" to do what is right. ENTS = High Trust [Top 3 box] - Low Trust [Bottom 4 box]. (Base N=3519)

Note: Due to the rounding of data points, some minor deviations are expected (+/- 1 pt).

DISPLAYING RESILIENCE AND POSITIVELY CONTRIBUTING TO SOCIETY THROUGHOUT THE PANDEMIC ELEVATED THE TRUST IN THE BANKING INDUSTRY

The Banking Industry upheld its involvement and contributions to society, demonstrating its care for employees, businesses and customers, by adapting to the extraordinary circumstances whilst continuing to be a source of stability for many in a time of instability.

The industry's **flexibility and care** is highlighted in its shift to remote working, with several banks moving into permanent hybrid arrangements. Banks also rolled out measures to **protect the mental health** of their staff against the stresses and fatigue caused by the pandemic.

Meanwhile, banks **maintained their support for SMEs**, such as deferring loan repayments and issuing collateral-free loans to SMEs since the start of Covid-19 to help businesses stay afloat.

Respondents noted that the Banking industry, despite the economic downturn due to the pandemic, was able to **remain financially strong**, whilst also taking additional steps to **actively support the community** get through the tougher times. Banks were also recognised for **protecting customers' assets** by strengthening their technological competencies, especially with the digitalisation of Banking services accelerating due to the pandemic.

Source: Media landscape analysis

“

“[BANK] has **maintained good standing** and also reliability during these tough Covid times...”

“Good Bank with products that **benefits consumers** during this pandemic...”

“[BANK] offered **free coverage** for Covid-19 infection to all account holders.”

“Their **prevention and detection strategies** are excellent with the utilisation of **technology** advancements which assists with customer data protection being handled at all times.”

“There is a positive and caring corporate culture that **supports mental wellbeing** for their employees.”

“I trust [BANK] because it has **active engagement with the community** through its **social corporate program**.”

”

Source: Verbatim responses to open-ended questions in the survey

3

THE BANKING INDUSTRY IS ADAPTING TO EVOLVING EXPECTATIONS

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

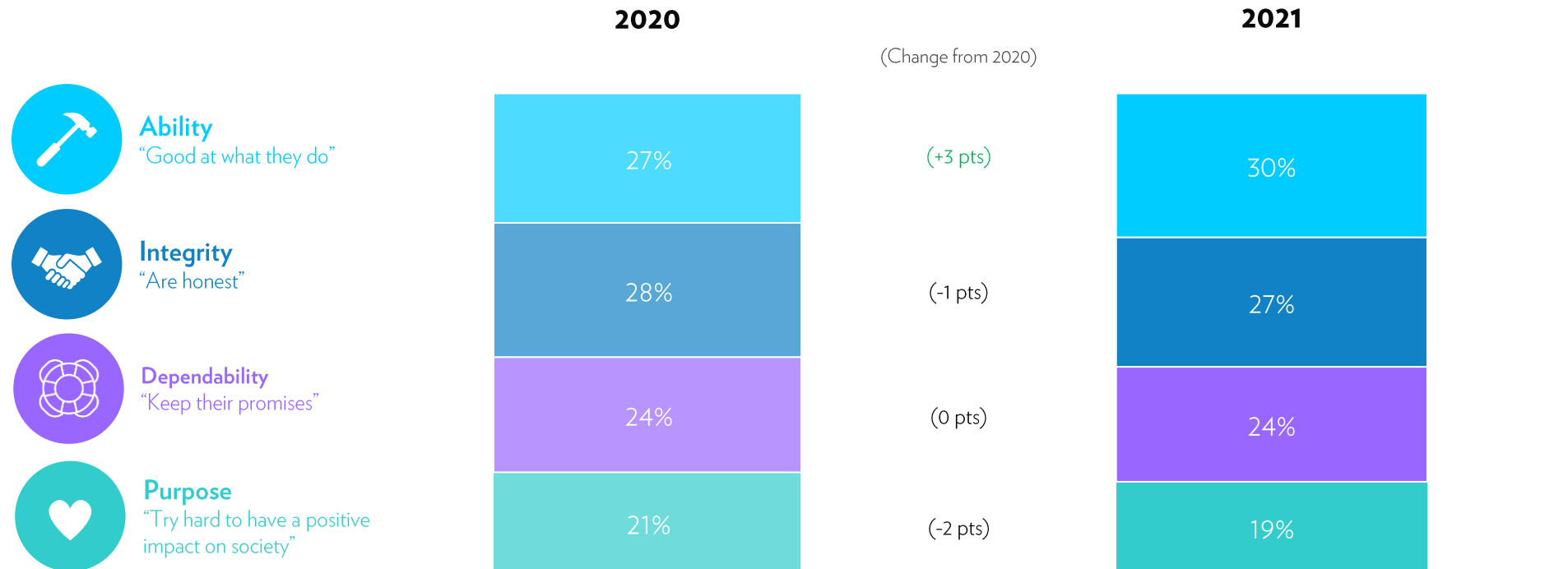
THE 12 TRUST FACTORS ARE BUILT ON TAILORED TRUST DRIVERS

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 or 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 customers' 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.: interest rates, digital Banking products, advisory services 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 visitor experience (e.g.: waiting time, comfort, space) 	<ul style="list-style-type: none"> • Convenient accessibility to banks' physical branches or ATMs

ABILITY AND INTEGRITY BOTH CONTINUE TO PLAY A CRITICAL ROLE IN DRIVING TRUST IN THE BANKING INDUSTRY; ABILITY'S CONTRIBUTION IS NOW HIGHER THAN INTEGRITY'S

TRUST PILLARS' CONTRIBUTION TO OVERALL TRUST (INDUSTRY)



■ Significantly higher than 2020 scores
 ■ Significantly lower than 2020 scores

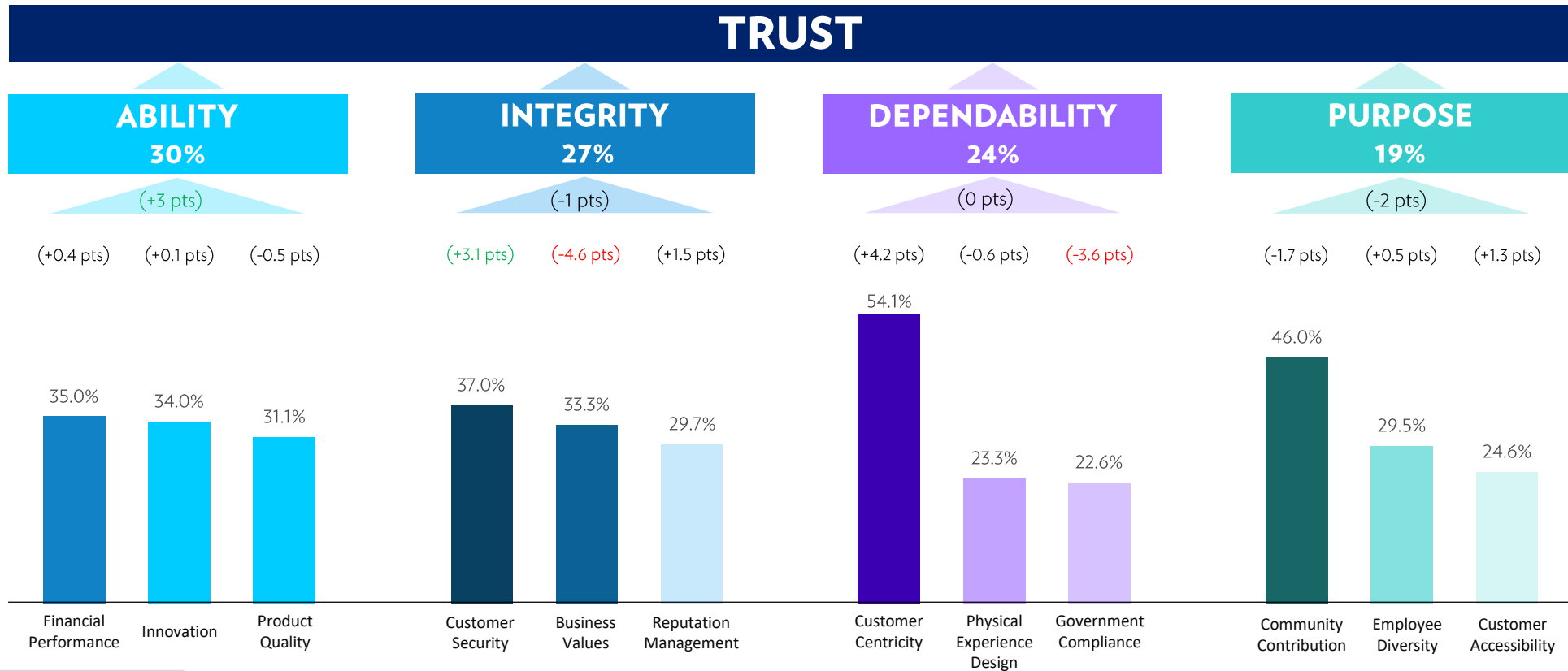
Q4. Considering the same list of banks, to what extent do you agree or disagree that they are good at what they do? Agree [Top 2 box] / Q5. To what extent do you agree or disagree that they are honest? Agree [Top 2 box] / Q6. To what extent do you agree or disagree that they keep their promises? Agree [Top 2 box] / Q7. To what extent do you agree or disagree that they try hard to have a positive impact on society? Agree [Top 2 box]. Please use a scale from 1 to 7 where 1 means that you 'totally disagree' and 7 means that you 'totally agree'. (Base: N=3519). Methodology: Relative Weight Analysis

Note: Due to the rounding of data points, some minor deviations are expected (+/- 1 pt).

UNDER THE PILLARS, THE HIERARCHY OF TRUST FACTORS REMAIN STABLE BUT CUSTOMER SECURITY IS SIGNIFICANTLY MORE IMPORTANT

Customer Security is now the highest contributing factor to the Integrity Pillar while Financial Performance, Customer Centricity and Community Contribution are the three other Trust Factors contributing the most to their respective Pillars

TRUST PILLARS' * CONTRIBUTION TO OVERALL TRUST



TRUST FACTORS' * CONTRIBUTION TO TRUST PILLARS



Q5. To what extent do you agree or disagree that they are good at what they do? Agree [Top 2 box] / Q6. To what extent do you agree or disagree that they are honest? Agree [Top 2 box] / Q7. To what extent do you agree or disagree that they keep their promises? Agree [Top 2 box] / Q8. To what extent do you agree or disagree that they try hard to have a positive impact on society? Agree [Top 2 box]. Please use a scale from 1 to 7 where 1 means that you 'totally disagree' and 7 means that you 'totally agree'. Q9-12: To what extent do you agree or disagree that [BANK] represent these following statements? Please use a scale from 1 to 7 where 1 means that you 'totally disagree' and 7 means that you 'totally agree'. (Base N = 3519). Analyses used: Relative Weight Analysis and Factor Analysis
Note: Due to the rounding of data points, some minor deviations are expected (+/- 1 pt).

ABILITY & INTEGRITY

IN RESPONDENTS' WORDS...

ABILITY

Demonstrate Financial Resilience

Strong financial performance during the pandemic signifies competence and provided confidence to the customers

“Good Bank performance during Covid”

“It’s a profitable Bank. Able to make profit even in times of crisis”

“Bank was able to withstand the impact of Covid-19. Savings account was one of the most attractive. Website has been easy to navigate for any investment requirements”

“So far, it has met expectations and generating good profits for its shareholders and its customer”

INTEGRITY

Handle Data With Integrity

Banks’ positive track record and utilisation of technology in data management reassure respondents

“Personally, I find they did well for data and privacy protection. They ensure transactions are done in a very well-guarded manner.”

“In terms of their online services the security is good as it verifies each time when an individual logs into their account which makes it more secure.”

“Their prevention and detection strategies are excellent with the utilisation of technology advancements which assists with customer data protection being handled at all times.”

ABILITY

Innovate and Adapt to Deliver the Best Customer Experience

Respondents enjoy innovative products and services, and the speed at which the digital transformation is noted by some respondents

“Constantly improving, diversifying products and services, applying modern technology to bring optimal solutions to customers.”

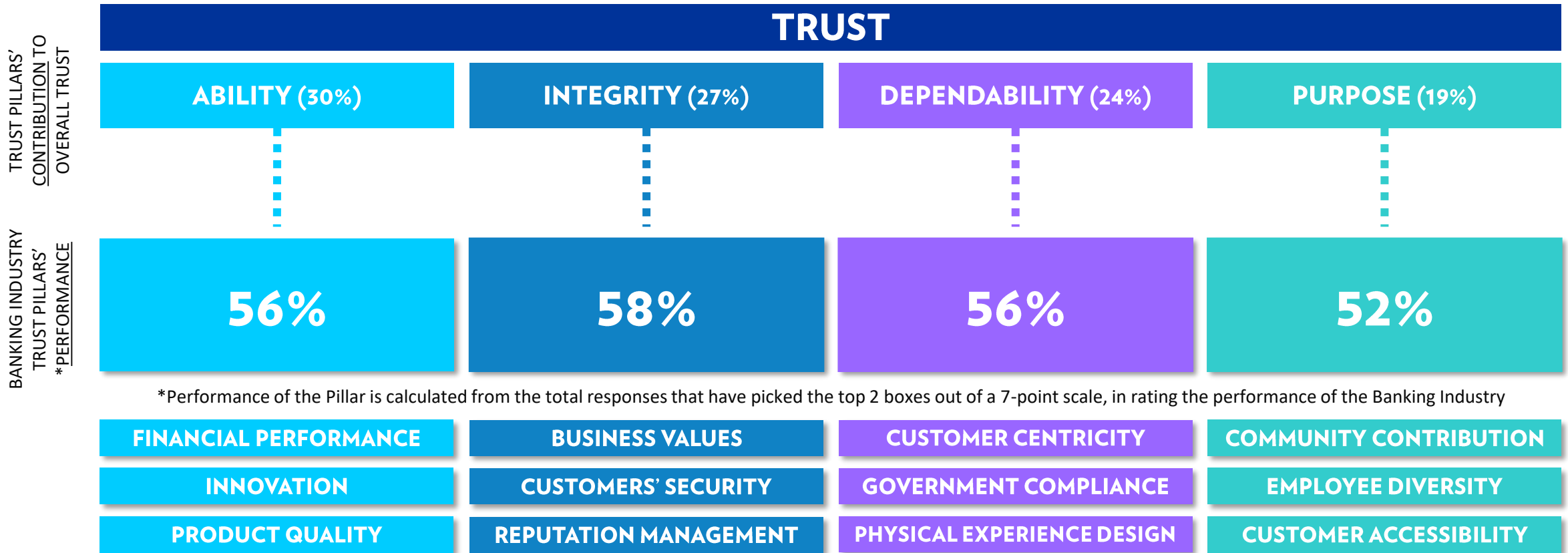
“[BANK] is an innovative Bank and over the years, they have strived hard to give back to the community at which they operate.”

4

INNOVATION IN THE BANKING INDUSTRY LEADS TO AN OPTIMISTIC OUTLOOK OF ITS FUTURE

BANKING INDUSTRY PERFORMANCE IS WELL-BALANCED ACROSS THE TRUST PILLARS

Ability and Integrity remains as the top contributors to Trust in the Banking Industry



DESPITE THE UNCERTAINTY OVER THE PAST TWO YEARS, THE INDUSTRY DEMONSTRATES RESILIENCE IN THE KEY DRIVERS OF TRUST

TOP 5 PERFORMING TRUST DRIVERS ARE CONSISTENT WITH THE LAST SURVEY



Ability Trust Driver Integrity Trust Driver Dependability Trust Driver Purpose Trust Driver

SINGAPOREANS ARE OPTIMISTIC ABOUT THE FUTURE OF THE BANKING INDUSTRY IN THE NEXT 3 to 5 YEARS

In the next 3-5 years, how well will the Banking industry perform?

96%

OF TRUST DRIVERS ARE PROJECTED TO INCREASE IN PERFORMANCE

INNOVATION IS PROJECTED TO BE THE MAIN AREA OF PROGRESS

As a digital nation, Singaporeans exhibit optimism; foresee good progress in the industry's continued innovation

In the next 3-5 years, **how well will the Banking industry perform?**
(Top 3 Drivers with the highest projected increment)

01

Use reliable and **innovative** technologies to offer convenience and security

02

Offer a variety of **relevant** products and services

03

Innovating and adapting to deliver the best customer experience across all touchpoints

Ability Trust Driver Integrity Trust Driver Dependability Trust Driver Purpose Trust Driver

THE BANKING INDUSTRY NEEDS TO CONTINUE FOCUSING ON CONTRIBUTING TO SOCIETY AND BEING ACCOUNTABLE TO MEET CONSUMERS' EXPECTATIONS

TRUST DRIVERS TO FOCUS IMPROVEMENTS ON

01

Acknowledge mistakes and **openly communicate** on issues

02

Give back to **local communities** where it operates

03

Take **accountability** for the conduct of their employees

Ability Trust Driver Integrity Trust Driver Dependability Trust Driver Purpose Trust Driver

“This year’s survey shows that banks in Singapore remain trusted. However, there’s still more to be done especially in safeguarding banking consumers against digital threats as mobile banking and payments become more prevalent. As an industry, it is critical for us to continue working collaboratively to manage some of these threats which will enable us to uphold the trust of banking consumers in Singapore.”

Anurag Mathur

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

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METHODOLOGY

QUANTITATIVE ONLINE SURVEY

Background

A quantitative online survey based on the Trust metrics and assessment framework, i.e., Trust Capital, four Trust Pillars, and the Trust Drivers developed from the preceding stages.

Objectives

The Banking Trust Index for Singapore (BTIS) seeks to provide the following:

1. Detailed diagnosis of the Banking Industry's Trust Capital
2. Performance breakdown on each of the four Trust Pillars
3. Identification of specific actions/behaviours (i.e., Drivers of Trust) that the Banking Industry can focus on to improve the performance of Trust
4. Comparison of Wave 1 (2020) against Wave 2 (2021) data



20min self-complete online survey
Fieldwork: 4th October – 5th Nov 2021



Survey respondents were recruited via panel partner



Survey 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

AUDIENCE DEMOGRAPHIC PROFILE

Note:

- 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.

Singapore Residents, (inclusive of Citizens, Permanent Residents, and Foreigners) aware of at least four (4) of the banks listed and are engaging the product/services of at least one (1) of the 15 Banks monitored. A total sample size of N=3,519 was obtained this wave.



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	77%
Malay	15%
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%
High-Net-Worth Individual (More than SGD \$1M)	10%

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



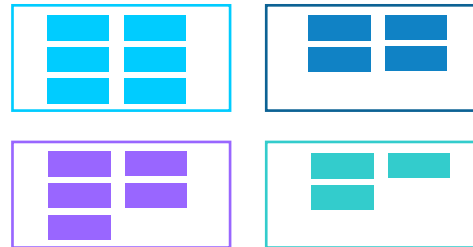
Example 1: “Financially stable and resilient even in times of crisis” and “Deliver strong business and financial performance”.

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

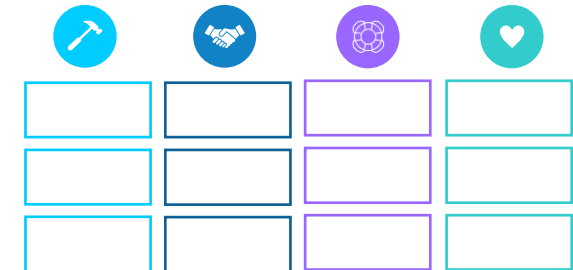


Example of Trust Factor: Financial Performance, Customer Centricity, etc.

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.

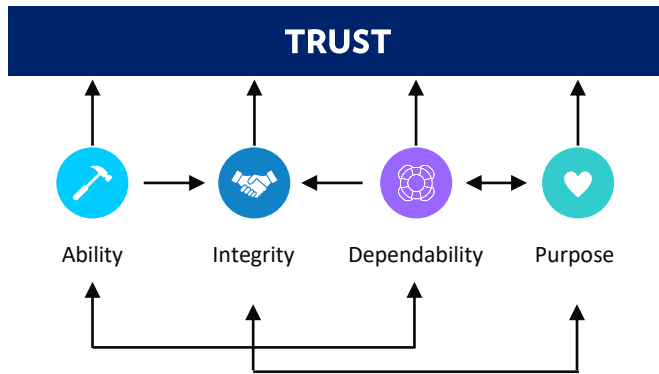
METHODOLOGY: TRUST CONTRIBUTION

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:

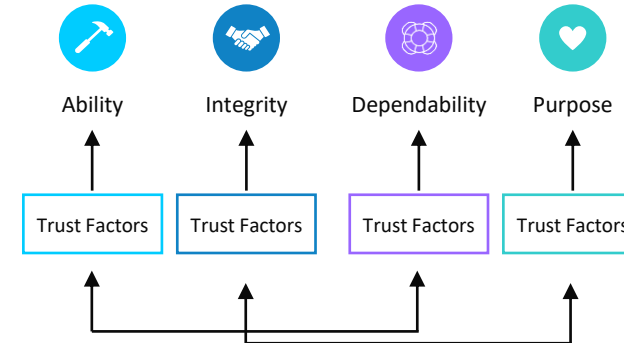
UNDERSTAND CONTRIBUTION SCORE OF PILLARS TO TRUST



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

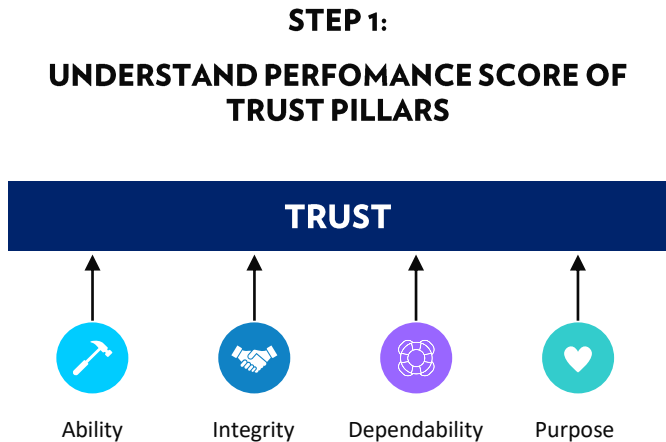


Relative Weight Analysis (RWA) modelling is used to understand the Trust Factors' derived importance to building the Trust Pillars. The model considers the interrelationship the Trust Factors have with each other. This derived importance is called **Contribution** score.

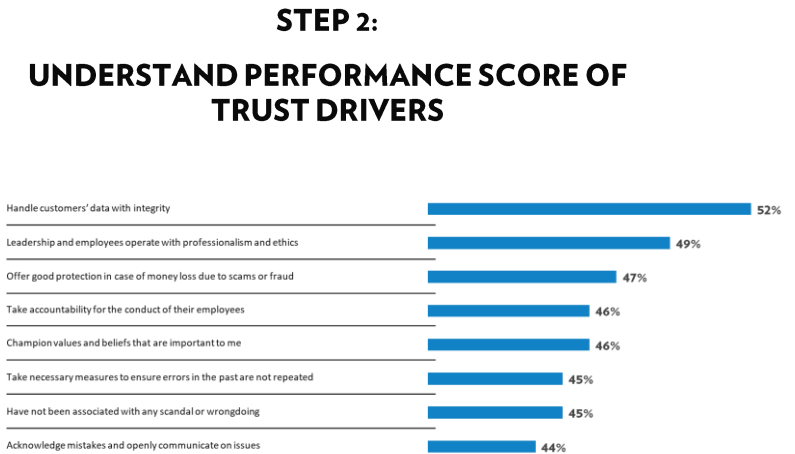
METHODOLOGY: TRUST PERFORMANCE

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
