

2023

Public Trust in Banking Survey



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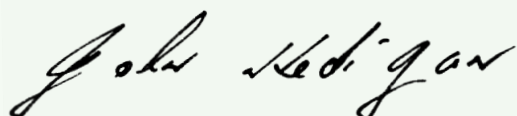
FOREWORD

IBCB CHAIRMAN MR JUSTICE JOHN HEDIGAN

I welcome this third IBCB éist Public Trust in Banking survey. As with our previous surveys conducted in 2021 and 2022, the findings of this survey measure the public's trust in Irish retail banking and will inform the work of the IBCB and our member banks in the year ahead.

This year's results show that while public trust in banking in Ireland remains very low, there has been continued gradual improvement in trust levels which is to be welcomed. The challenge is to continue, and ideally accelerate, this momentum and for the industry to continue to work hard to convince the public of its commitment to providing consistent positive customer outcomes, support for those who need it and delivering on purpose.

We will continue to ask for and listen to the views of the public in relation to banking in our future éist surveys. Thank you to all involved in creating this survey and to those who responded.

A handwritten signature in black ink, reading "John Hedigan". The signature is written in a cursive style and is positioned on a light green circular background element.

INTRODUCTION

IBCB CEO MARION KELLY

Welcome to the results of the Irish Banking Culture Board's éist Public Trust in Banking Survey 2023. This is the third time we have conducted this survey in conjunction with our partners, Edelman Data & Intelligence, using their globally recognised trust methodology. Through leveraging this methodology, we can track developments and changes year on year in the public's trust in Irish banking. Seeking feedback, listening to it, and acting on the basis of this feedback is fundamental to building trust. This is the core objective of the IBCB's independent éist trust surveys.

As in prior years, this year's report seeks the views of the general population and SMEs.

Last year's report included specific focus on the farming sector, and found that farmers had particularly low levels of trust in their banks. Following the publication of the report, the IBCB and our member banks have been working with representatives from the farming community to develop actions aimed at addressing this feedback. We will be measuring trust levels of this sector again in future surveys and hope that the initiatives underway will assist in helping improve trust levels between these two critical economic sectors.

This year's survey was carried out against a backdrop of significant and rising cost of living concerns and unprecedented market upheaval with the departure of Ulster Bank and KBC Bank Ireland. The bank departures have obliged thousands of customers to change their established banking relationships over the past year. Against this backdrop, it is noteworthy that there has continued to be some gradual improvement in trust levels in the sector, however the overall trust score remains in negative territory. Clearly there remains much to be done and it is essential that the positive momentum is maintained via continued focus on behaviour and culture founded on good customer outcomes.

The criticality of purpose as a driver of trust is clearly evident from this year's results. Banks supporting customers, and the wider economy, particularly during times of stress, is a growing expectation of the public.

Separate to this report, we undertook a survey of bank staff this year, the results of which, (the éist 2023 Staff Culture Survey), will be published in the coming months. Based on the views of over 10,000 bank staff across all levels and roles, the results indicate a belief amongst staff that internal bank culture continues to improve, in particular in relation to delivering for the customer in the right way. Again there is a need for continued focus and momentum, however it is clear that staff wish to work in an industry that they can feel proud of and fair customer outcomes are core to achieving this.

The IBCB will continue to independently measure public sentiment towards banking and the views of bank staff in relation to internal culture. This data is essential to assess what progress is being made, and what areas need further focus, to assist us in our purpose of working with our member banks to rebuild trustworthiness with the Irish public.

A handwritten signature in black ink, appearing to be 'Lan', with a large, sweeping flourish extending to the right.

ABOUT THE IBCB AND THE PUBLIC TRUST IN BANKING SURVEY

The Irish Banking Culture Board (IBCB) was established to address the issue of banking culture in Ireland. The Board's purpose is to work with our member banks to build trustworthiness with the public. The IBCB requires our member banks to improve culture, customer outcomes and competence. Our purpose is rooted in the knowledge that a changed culture can change outcomes and our determination is to promote ethical behaviour and to advocate for humanity, decency, and respect in the banking sector. Public sentiment towards the banks is a critical measure of the progress being made in re-establishing trust and is a crucial factor in the formulation of the Board's work. The IBCB Board is comprised of

thirteen Directors in total, with the majority being non-bank. In addition to the Chair and CEO, there are seven non-bank Directors drawn from across Irish society. Three Directors represent the interests of consumers, two others represent other bank customers – most notably SMEs and farmers. There is a Director drawn from the Financial Services Union, acting as a voice for staff and a Director who is a leading academic with expertise in corporate governance and culture. In addition to these seven Directors, each of the member banks of the IBCB are represented on the Board by Senior Executives from each respective institution, all of whom report to the CEO. This senior representation

ensures that the IBCB has direct access at the highest level in our member banks. The diverse representation on the Board ensures diversity of thought and perspective.

This study leverages the Edelman Trust Measurement (ETM) framework, a robust, tried and tested research tool to measure trust in the banks based on the four dimensions of Ability, Integrity, Dependability and Purpose, amongst a cross-section of the general population. The conclusions in this éist Public Trust in Banking Survey provide a year-on-year comparison with the baseline results of the éist Public Trust in Banking Survey 2021 to understand progress being made in cultural change in the sector. Facilitating cultural change

and reform will be an ongoing process. How retail banking services are delivered is evolving at pace and it is critical that the interests of customers and staff remain central throughout that change process. Regardless of how services are delivered to customers, or how staff are deployed in an increasingly digitised world, the culture that informs the sector must be characterised by transparency, competence, and respect and in measuring trust we are getting an insight into the progress being made in these areas. Trust must be seen to be non-negotiable in the delivery of banking services to the public, by a staff who are fully supported in the delivery of those services.

METHODOLOGY

Survey:

15-minute online questionnaire, with 78 telephone interviews amongst the general public audience aged 65+

Questionnaire:



Included the following topics:

- Perceptions of the economic situation in Ireland
- Edelman Net Trust Score (ENTS) for Irish banks as a whole and for IBCB member banks
- Scores across four key Trust dimensions
- Scores across customised Trust behaviours
- Switching banks and experiences with this

Fieldwork:

31st March – 14th April, 2023

Audiences:

-  1. 1,009 members of the General Population of Ireland, including natural fall-out (no quotas applied) of those familiar with IBCB's five member banks (AIB (including EBS), Bank of Ireland, KBC Bank Ireland, Permanent TSB, and Ulster Bank)¹.
-  2. 260 Irish SME business decision-makers or owners. Micro businesses are defined as having an annual turnover of up to €2,000,000. Small/Medium businesses have an annual turnover of over €2,000,000.

N.B General Population and SME interviews were recruited by Edelman Dxi panel partners.

The éist survey measures overall levels of trust in the wider banking sector, and separately in the named IBCB member banks, as well as assessing levels of trust people have in their local branch.

1. Ulster Bank was a member until 31 March 2023.

EDELMAN TRUST MANAGEMENT DIAGNOSTIC

EDELMAN NET TRUST SCORE (ENTS)

Trust is the ultimate currency in our relationship with all Stakeholders. It defines the license to operate, lead and succeed. Trust is the foundation that allows organisations to take responsible risk, and, if mistakes are made, to rebound from them. Lasting trust is the strongest insurance against competitive disruption, the antidote to consumer indifference, and the best path to continued growth. For over 20 years of Trust research, Edelman's Trust Barometer shows that trusted organisations are better prepared against risk, they are more resilient in the face of crisis, and are better equipped to unlock their full potential.

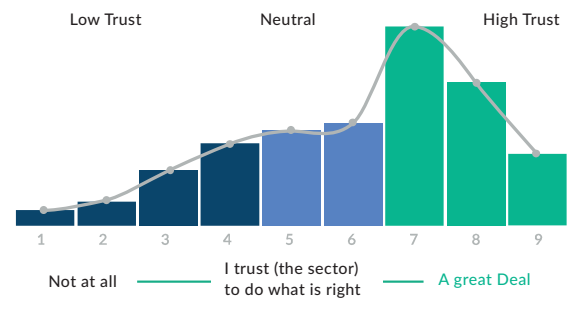
Measuring the Trust Capital: WHAT

EDELMAN NET TRUST SCORE (ENTS)

A singular, numerical score of the sector or organisation's trust level and where it's heading, broken down into high, neutral, and low trust.

ENTS is calculated by high trust minus low trust.

"Do you trust [the sector/bank] to do what is right?"



The IBCB Edelman Trust Management Diagnostic included the following key metrics:

Understanding the Trust Capital: HOW

SCORES ACROSS FOUR KEY TRUST DIMENSIONS

These scores explored where the sector or organisation's strengths and weaknesses are and the ability to identify the strategic focus areas to concentrate its efforts on.

"To which extent do you agree or disagree that [the sector/ bank] ..."

Managing the Trust Capital: WHY

SCORE ACROSS TRUST BEHAVIOURS

Specific areas that are important to improving trust to set short, medium, and long term priorities. These sit under the four trust dimensions. 22 statements tested in total.

"To which extent do you agree or disagree that [the bank] ..."

ABILITY

"Is good at what it does"

INTEGRITY

"Is honest"

DEPENDABILITY

"Keeps its promises"

PURPOSE

"Tries hard to have a positive impact on society"

"Understands customer needs" (Ability)

"Engages transparently and constructively with the public on issues" (Integrity)

"Takes accountability for poor behaviour/ mistakes made" (Dependability)

"Acknowledges and cares about the impact of their sector on the environment and society" (Purpose)

EXECUTIVE SUMMARY

The 2023 éist report by the Irish Banking Culture Board (IBCB) measures public sentiment towards the five retail banks operating in Ireland and reveals that while banking remains in a state of flux in Ireland, the slow recovery of trust in the sector continues.

The third iteration of the éist research, as with previous iterations, informs the IBCB's annual work programme.

Listening to and acting on public sentiment about the banking sector is a commitment of the IBCB and crucial to address culture and turn the dial on trust.

Gradual progress is being made. The challenge is to accelerate the pace of that progress.

The éist research was carried out in early 2023 against a backdrop of the departure of two of the five retail banks and the issues this gave rise to for customers, such as switching and branch closures.

Economic and mainstream media coverage over the last year has been dominated by issues around inflation, especially energy inflation and the rising cost of living. Mortgage interest rates became central to the economic narrative; rising significantly across all financial services providers, with the ECB base rate going from 0.5 % in July 2022 to 3.75% in May of this year, as the bank sought to quell inflation across Europe². Reports on the large governmental budgetary surplus, a product of bumper corporation tax profits, while significant, came after the survey period concluded. Another significant element of the wider banking narrative was the announcement by the Central Bank of Ireland of the final two tracker mortgage fines, which would have brought the tracker-related bank behaviour back into the consciousness of the public.

Collectively, these events are the prism through which the research outcomes could be viewed and inform the thinking of respondents.

The éist 2023 findings are encouraging overall, showing increasing trust levels, and providing clarity on the challenges that remain for banks in rebuilding trust with the public.

2. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230504~cdfd11a697.en.html>

EXECUTIVE SUMMARY

CONTINUED

Trust in the banking sector among the general population has improved by 10 points when compared to 2022, driven by results in ability, competence, and sense of purpose, albeit remaining in a negative domain at -15. Trust among respondents from the SME sector remain ahead of the public and improve again this year by 2 points to -5.

Trust in bank branches is significantly higher than the collective industry – demonstrating that proximity impacts trust positively. The éist research was carried out in early 2023 against a backdrop of the departure of two of the five retail banks and the issues this gave rise to for customers, such as switching and branch closures. The survey results highlight that the impact of two of these banks leaving the market has understandably significantly impacted perceptions of trust and as a result, the wider trust score for all IBCB member banks is slightly lower than the collective industry.

For this reason, we have included the trust score for the 3 remaining banks – which is materially higher at -4, when compared with -38 for those banks exiting the market. Building and maintaining trust between the banks and their customers, as the market evolves, remains crucial. Both the IBCB and its member banks are committed to that objective.

The top driver of trust this year centred on purpose and the acknowledgement that banks care about the impact of their activities on society and the environment, in particular through initiatives focussed on financial awareness and literacy and support for customers in a vulnerable position. 51% see evidence of banks as being a positive force in their community and 52% see evidence that banks support good causes across society. This supports the assertion that the purpose driven work of the banks and the IBCB, amongst others, is influencing people's perception of the sector and provides an opportunity to continue to earn increased trust in the sector.

The research also shows that banks are expected to make a positive contribution to the economy and, specifically, to be a positive force in the daily financial lives of their customers. The public feel the banks could do more to support them in dealing with the impact of issues like inflation and the cost of living, with 44% saying they do not do enough.

In the last three years of the éist survey, the research demonstrates that people make a distinction between their relationship with their local bank branch, individual banks, and their perception of the wider sector. Trust levels in the collective industry, “the banks”,

EXECUTIVE SUMMARY

CONTINUED

have been very negative, and remain so, but also show an increase in positivity over the past 3 years.

éist 2023 finds that trust in the local bank branch continues to increase, with trust levels in the sector going from a -2 score in 2022 to +9 this year amongst the general population. People's engagement with banks' digital services remains high, with 81% of respondents saying they use digital banking services either 'Frequently' or 'Very Frequently'. The trust relationship people have with local branches will be one the banks will want to replicate and protect in a digital context where engagement levels are already high.

Ability, which is a key driver of trust, is also positive as 66% of respondents said they trust banks to handle their money safely and competently. This is significant and demonstrates the recovery of confidence in the competence of banks to act as responsible curators of people's finances and to protect them against the increasing levels of fraud and financial crime.

The focus on account switching that had been present in the news agenda gradually abated as organisations like the Banking and Payments Federation Ireland (BPF), the banks individually, the Central Bank of Ireland (CBI), and the IBCB communicated the switching process and the importance for customers to act.

The survey findings on the issue found that, ultimately, only 16% of

those surveyed said their trust levels were undermined by the switching process, while 37% of those who were required to switch banks said they felt supported by their new bank.

Moreover, 39% said they found the switching process easier than expected. Consistent and clear communications from the banks and the support they showed to their customers meant that the switching process was ultimately managed successfully. In this context, the commitment of all five retail banks to adhering to the IBCB's General Principles for Change throughout the switching process is commended.

There is no fast, easy fix when it

comes to cultural change. Only change that comes from within the sector can be authentic and sustainable. When viewed over the last three years the éist findings reveal that sentiment towards the banking is slowly improving even against the backdrop of significant change and challenge in the sector. Change is now a constant in banking and that is likely to be the case into the medium and long term. Regardless of how the sector evolves, creating and maintaining a culture where the interests of customers come first must remain central to the work of our retail banks. Progress is being made.

TRUST AND CHANGE IN THE BANKING MARKET

The éist 2023 findings show that notwithstanding the significant change that is taking place in the Irish banking market, trust in the sector continues to improve, albeit slowly. Overall trust in the sector is at –15 this year compared to –25 in 2022 and –28 in 2021. Against a backdrop of significant change, the 10-point improvement recorded in this year’s survey is notable.

The departure of KBC Bank Ireland and Ulster Bank from the Irish market represents an unprecedented level of change and has presented banks and customers with major challenges. Most of these challenges have been met through a combination of extensive and coordinated work on behalf of the banks themselves and the significant efforts of their customers.

Their departure has inevitably been reflected in the findings of this year’s survey. Taken together, the remaining banks are trusted more than those departing, but as stated, this has not undermined overall trust in the sector, which has increased. Survey respondents are clearly unhappy with the extent of the change in the banking market and in relation to the IBCB member banks, the average trust level across the two departing banks is –38, which is materially lower than that of the three banks whose collective score is –4.

In relation to the switching process, and after a slow start and some initial fear in the commentary around the scale of account transfers, the banks, in cooperation with customers and other stakeholders, have managed

the process well over the last twelve months (see below section). It is for the remaining banks to renew their efforts in building trust in the sector and ensure that however many retail banks are in the market, the interests of their customers are central to every decision they make. The work programme of the IBCB will reflect this new dynamic within the sector and the Board will continue to hold its member banks to account on good culture as it relates to customers and staff.



THE SWITCHING PROCESS

The departure of two pillar banks, announced in 2021, required large numbers of customers to move their bank accounts to one of the three remaining banks or another financial services provider in the market over the last twelve months. This switching process, and the unprecedented scale of the movement of accounts between banks it involved, was the subject of extensive media coverage and public and political discussion, including some negative predictions about its outcome for customers and banks.

Although switching was an onerous process for many, in the end it was managed well. All key stakeholders in the sector, from the BPF, individual banks, the CBI, to customer advocates, direct debit originators, and the IBCB worked effectively together to ensure there was clear communication with customers on the actions they needed to take. Banks dedicated staff to the process and vulnerable customers were prioritised.

The scale of account migration was enormous and was captured in CBI statistics, published on 19th May, covering the period up to 28th April 2023, which stated that *“In total 1,200,810 current and deposit accounts were opened across the three remaining retail banks since the beginning of 2022.”*³

The IBCB member banks reported regularly to the Board on the progress being made on the current account switching process, ensuring the interests of customers were protected. The IBCB also partnered with the BPFi in announcing a set of guiding principles agreed by all five banks that focused on clear communication and the allocation of appropriate resources with the objective of ensuring that the migration was managed in a fair and transparent manner.⁴

Notwithstanding the scale of the migration, and the threat it posed to public sentiment towards banks, 48% say they are generally satisfied with the bank they have joined and only 16% say the process has undermined their trust in banks. Of those who were obliged to switch banks, 39% found the process easier than expected with 37% saying they felt supported by the bank to which they were switching.

3. <https://www.centralbank.ie/statistics/data-and-analysis/credit-and-banking-statistics/account-migration-statistics>

4. <https://www.irishbankingcultureboard.ie/ibcb-and-bpfi-announce-guiding-principles-for-banks-support-of-customers-and-staff-through-current-account-migration/>

THE CHANGING DYNAMICS OF TRUST – THE RISE OF PURPOSE

Trust, which is hard won and easily lost, centres on four dimensions that are critical to defining its core levels. They are Ability, Integrity, Dependability and Purpose (see ETM Methodology above).

The composition of the top ten drivers of trust has varied over the three years of the éist survey with different trust dimensions to the fore. Last year's éist survey saw Ability lead the way as the key trust dimension amongst respondents.

Purpose, defined in this context as “working hard to have a positive impact on society” has emerged as a key driver of trust in this year's findings.

Three separate purpose statements made it into this year's top 10 drivers of trust compared to last year's where no purpose statement featured. In fact, the top ranked statement that drove people's trust levels was that banks “Acknowledge and care about the impact of their sector on the environment and society.”

Other responses from those surveyed, specifically in relation to societal impact, should offer significant encouragement to banks. 51% of people surveyed say they see evidence of their bank being a positive force in their community, with 52% saying their bank supports good causes across society.

Trust levels between banks and their customers are markedly better at a local level than they are nationally. People connect with their banks through the relationship that is formed in the management of their personal finances. That connection does not exist to the same extent at the sectoral level. The challenge for banks is to strive to replicate the positive relationship that exists at a local and personal level in their relationships with wider society.



SMES REMAIN AHEAD OF THE PUBLIC ON TRUST

Despite the Irish banking and economic landscape being in flux throughout 2022 and 2023, trust scores for the SME sector continued to improve, evidenced by increased trust levels in Irish banks year on year. SMEs' trust in Irish banks has increased from -7 in 2022 to -5 in 2023, enabled by a welcome decline in those with low trust.

The report highlights that ability-driven interaction between businesses and banks, especially in terms of secure financial transactions and the competence of bank staff, are crucial factors contributing to this growth in positive sentiment.

The departure of Ulster Bank and KBC Bank Ireland has impacted sectoral trust levels, as outlined previously, with the remaining banks maintaining relative stability in their SME trust scores. Looking to the future of the Irish market, banks will take further solace from a vote of confidence from SMEs, who record an average trust score of +15 for banks that are remaining in the Irish market.



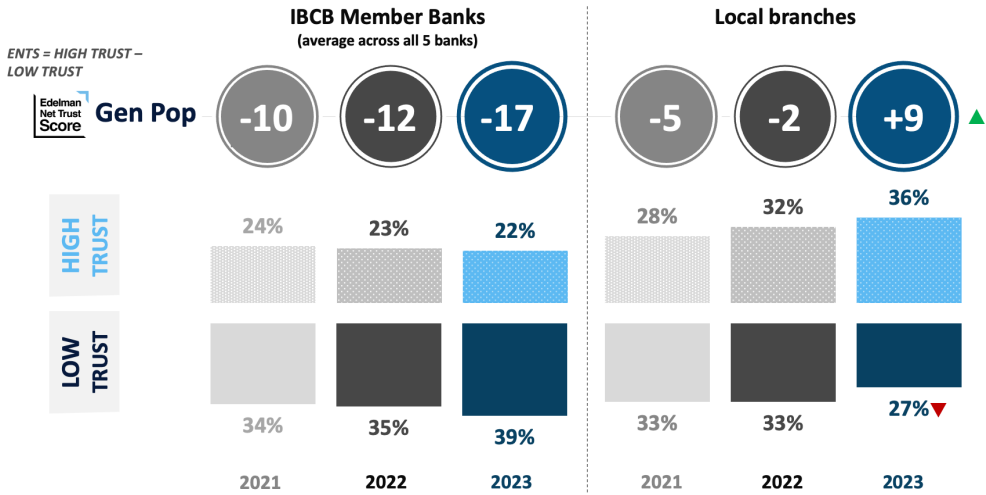
SMEs are reporting that banks are delivering in terms of their understanding of customer needs and in dealing with their issues in an efficient and timely way.

SME trust scores are better than those in the general population, but challenges also remain. Finding ways to deals with their specific issues, challenges and complaints across all regions and in a timely manner will be key to further enhancing SME trust in the banking sector.

REPLICATING LOCAL TRUST IN THE DIGITAL AGE

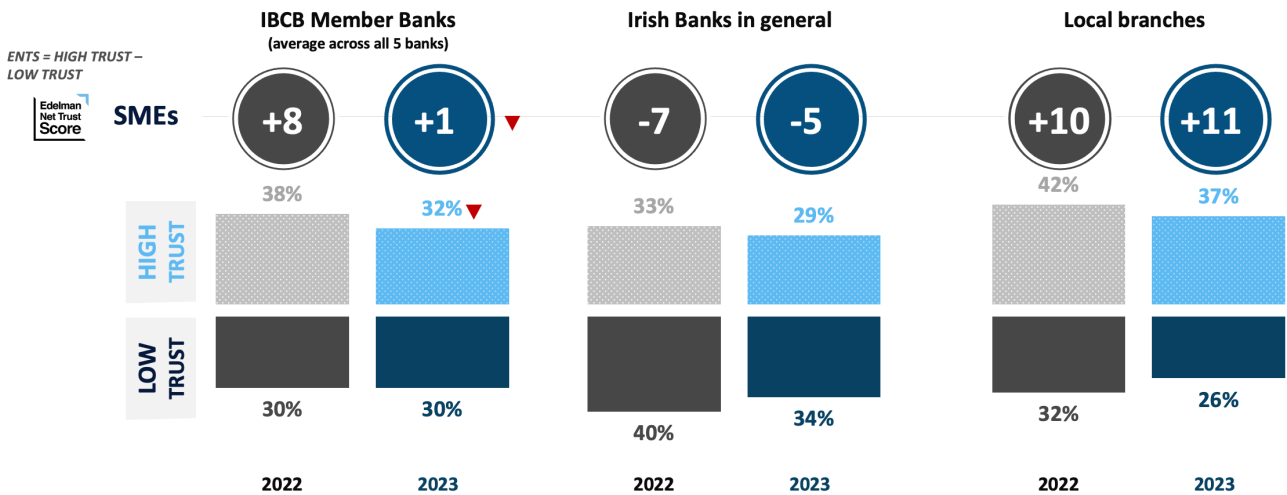
Society's engagement with banks' digital services remains high, with 81% of public and 91% of SME respondents saying they use digital banking services either 'Frequently' or 'Very Frequently'. Banks will want to replicate the trust people have with local branches in a digital context where engagement levels are already high. There is a clear incentive to do this with the fact that local branches lead the way in trust scores, with a net positive trust score of +9, an 11-point improvement compared to 2022.

Public trust in local bank branches is consistently outperforming the industry trust score average. SMEs also retain trust in their local bank branch, recording an increase in their net trust score to +11. Given the frequency with which both the public and SMEs report using the digital services offered by banks, it is important that the actions taken by banks that have led to elevated trust scores at a local level are replicated at a sectoral level and in the manner in which digital services are offered.



! Trust in local banks now has a **positive net Trust score (+9)**

This is significant as means there are now more who Trust their local bank than don't

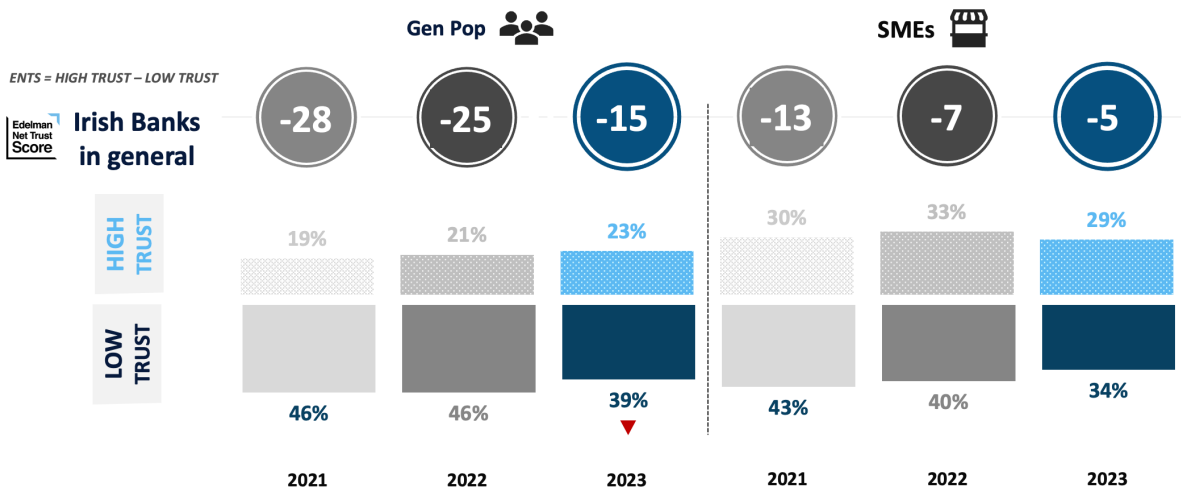


BANKING SECTOR TRUST LANDSCAPE

There are several factors that shape the banking sector trust landscape in Ireland. Probably the most profound alteration to that landscape to emerge in recent years has been the announcement by both KBC Bank Ireland and Ulster Bank, two of Ireland's retail banks, of their intention to leave the Irish market. Given the level of coverage it received, the direct effect it has had on bank customers requiring huge numbers of them to close bank accounts and open new ones, the exit of two banks was a significant part of the backdrop against which this year's survey took place.

Notwithstanding this tectonic shift, it is significant and encouraging that overall trust in the banking sector has shown an improvement in each of the three years of the éist survey. Trust does remain in a negative domain, but its slow recovery continues. Trust levels amongst the general population have gone from -28 in 2021, to -25 in 2022 and -15 this year. When it comes to SMEs the story is more encouraging again, with trust levels going from -13 in 2021, to -7 in 2022 and -5 this year. At various stages over the last year, the media and political agendas were dominated by issues relating to the departure of the two banks.

Commentary was projected mainly through the prism of an unprecedented number of customers having to change banks over a



relatively short period of time. The matter was discussed extensively in the Houses of Oireachtas, at Parliamentary committee level and across business and mainstream media. Much of the commentary was negative in tone and content. It is fair to say, that after a slow start, banks and other key stakeholders did respond well to the challenge of facilitating hundreds of thousands of customers in changing banks. It is interesting to note that against this challenging backdrop, overall trust levels increased.

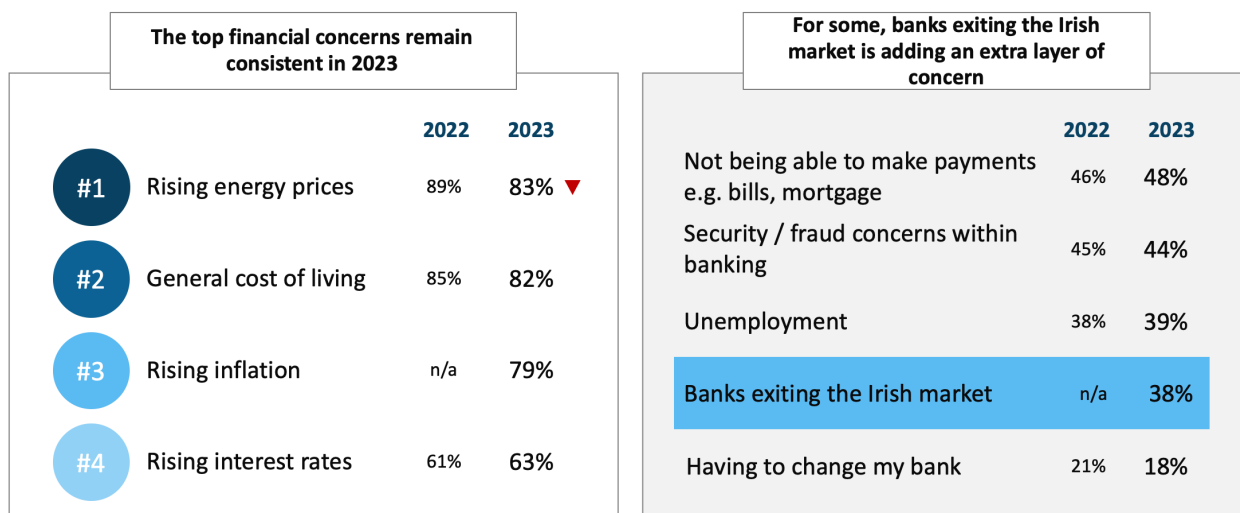
Exiting banks weren't the only factor that informed the trust landscape. As outlined above, what is happening in the economy is always relevant in measuring and analysing levels of trust in banks.

When asked to what extent they were worried about the next 12 months in the context of their financial futures, the statement banks exiting the market was identified by 38% of respondents as an issue of concern.

Other issues of concern for respondents included not being able to make repayments (mortgages and bills) which was marked out as a

worry by 48% of respondents while unemployment registered as a fear for 39% of those surveyed.

Trust in the banking sector will always be influenced by factors in wider

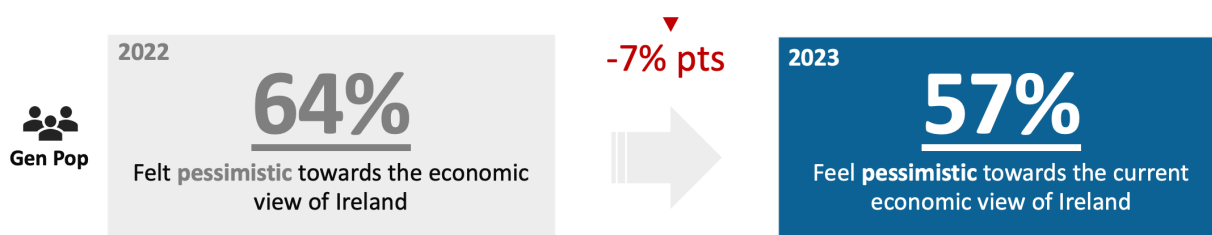


society and the economy, notwithstanding the many challenges that remain however, the trust landscape is shifting in the right direction, even if slowly.

THE ECONOMY, BANKS AND THE TRUST OVERLAP

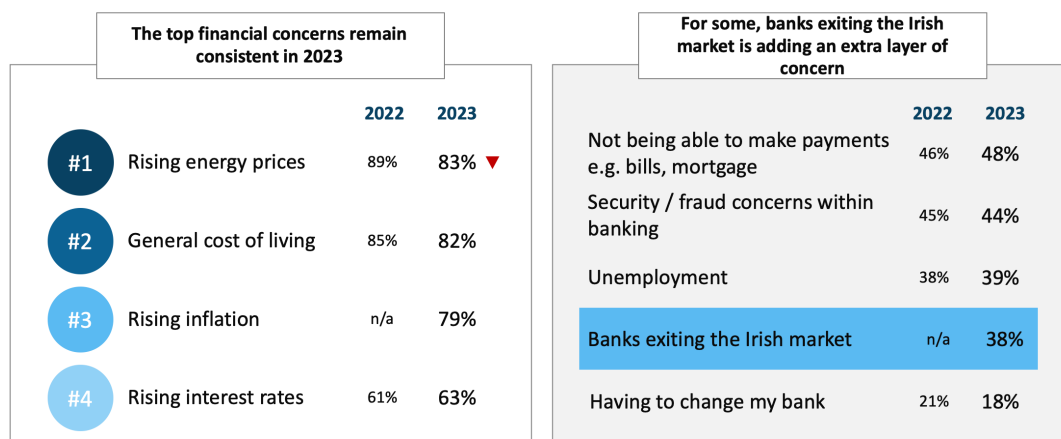
There are often close links between the state of the economy and activity in the banking sector and people's perceptions of them are often conflated. Rising interest rates and their effect on mortgage repayments are an example of how wider economic factors impact the daily financial lives of the public. The ECB Base Rate went from 0.5 % in July 2022 to 3.75% in May of this year, as the bank sought to quell inflation across Europe. That posed enormous challenges for many mortgage holders, especially those on tracker loans and when asked if they believed banks responded well to the inflationary crisis, 44% of respondents disagreed.

Increased interest rates, energy inflation, higher food prices and an increase in the cost of living over the last twelve months has no doubt contributed to people's pessimism about the future of the Irish economy. When asked how they feel about the economy today, 57% of respondents said they felt pessimistic, and though a 7-point improvement on last year's survey outcome, the score remains high in the context of strong growth and full employment.



Those who look ahead also retain a degree of pessimism, but this too is beginning to wane. While 62% of the general population believe that the Irish economy will get worse over the next 12 months that is a 7-point decrease in their levels of pessimism when compared to last year. SMEs are less pessimistic, with 52% believing that the economy will disimprove in the same period.

The public's top financial concerns in 2023 are similar to those they held in 2022. When asked to identify the issues of most concern to them, 83% of respondents identified rising energy prices, 82% the general cost of living and 79% rising inflation. It is worth noting too that despite the exit of the banks from the market and the upheaval of the switching process, 71% of respondents feel their money is safe with their bank and 66% trust their banks to handle their money competently.



The persistence of a pessimistic economic outlook amongst the general population and SMEs, despite positive economic projections, is understandable. The Irish and global economies have received several shocks over the last 15 years, including economic collapse, the COVID-19 pandemic and the war in Ukraine. These events will inevitably inform sentiment about the current and future states of the economy. Banks are expected to and have played a more central role in dealing with recent economic challenges.

Maintaining this proactive stance is crucial for their reputations going forward. While the public and businesses' perception of the wider economy is less than optimistic, banks are slowly beginning to regain their reputation as competent custodians of people's finances. Despite the less than hopeful economic outlook of many, if banks continue to keep people at the centre of the decision-making process, levels of trust can increase over time and become less aligned with the prevailing economic context.

THE CHANGING DYNAMICS OF TRUST – THE RISE OF PURPOSE

The 2023 éist report has revealed a greater focus by respondents on Purpose, one of the key drivers of trust and there is increased openness to trusting banks who are making efforts on purpose and social responsibility. The banking sector has an opportunity to enhance trust levels by showing their customers, and wider society, that purpose driven activity is incorporated into their dealings with their customers.

The top driver of public trust in 2023 is that banks show evidence of “acknowledging and caring about the impact of their sector on the environment and society.” Interestingly, SMEs also rate this as second in their top 10 drivers of trust, up from 8th in 2022, signaling an alignment between society and business on the importance of purpose as a driver of trust. When comparing the top 10 drivers in trust between 2022 and 2023, the top driver of trust for the public in 2022, “understands customer needs”, has fallen to number 5 in the 2023 list and “delivers high quality products and services”, ranked as the second most prominent driver of trust in 2022, has fallen 7 places to 9th. This push for purpose driven action is reflected throughout the 2023 list, in both the public and SME cohorts. Interestingly, purpose did not feature in the 2022 list of top 10 trust drivers for the public and only once for SMEs.



2022 Top 10 Drivers of Trust	
1	A Understands customer needs
2	A Delivers high quality products and services
3	I Listens to what customers have to say and acts on it
4	A Deals with customer issues/ problems/ complaints in an efficient and timely way**
5	I Handles customer data safely and securely
6	D Acts to prevent or address any issues that could have a negative impact on their customers
7	A Innovates in the interests of all customers**
8	A Has high quality/ competent staff**
9	I Puts customer needs first when making decisions**
10	I Engages transparently and constructively with the public on issues**

** Top 10 driver in 2022 but not 2023

2023 Top 10 Drivers of Trust	
1	P Acknowledges and care about the impact of their sector on the environment and society*
2	I Handles customer data safely and securely
3	I Listens to what customers have to say and acts on it
4	P Respects the needs and culture of local communities where they operate*
5	A Understands customer needs
6	D Acts to prevent or address any issues that could have a negative impact on their customers
7	A Handles customers' money safely and competently*
8	P Takes a leading role in promoting financial literacy (i.e. educating the public on how to manage money, budget and invest etc.)*
9	A Delivers high quality products and services
10	I Has leadership which acts with integrity (particularly when things go wrong)*

* New Top 10 driver for 2023

This year, purpose has featured as a more important driver of trust in the SME sector. New drivers of trust linked to purpose for SMEs in 2023 include “*showing respect for the needs of culture of local communities where they operate*” and “*taking a leading role in promoting financial literacy*”. With purpose on the rise, 51% of respondents from the public see evidence of their bank being a positive force in their community and 52% see evidence that their bank supports good causes across society. The public now rank the safe and secure handling of their data as the second most important driver of trust, a new addition to the 2023 list.



2022 Top 10 Drivers of Trust	
1	A Understands customer needs
2	I Engages transparently and constructively with the public on issues**
3	I Cares about customers in vulnerable positions**
4	A Delivers high quality products and services
5	A Deals with customer issues/ problems/ complaints in an efficient and timely way
6	D Acts to prevent or address any issues that could have a negative impact on their customers
7	D Defines a clear vision and long-term commitments and goals to work towards**
8	P Acknowledges and care about the impact of their sector on the environment and society
9	I Listens to what customers have to say and acts on it**
10	A Has high quality/ competent staff

** Top 10 driver in 2022 but not 2023

2023 Top 10 Drivers of Trust	
1	A Handles customers' money safely and competently* [new statement]
2	P Acknowledges and care about the impact of their sector on the environment and society
3	A Understands customer needs
4	A Has high quality/ competent staff
5	A Delivers high quality products and services
6	A Deals with customer issues/ problems/ complaints in an efficient and timely way
7	P Respects the needs and culture of local communities where they operate*
8	P Takes a leading role in promoting financial literacy (i.e. educating the public on how to manage money, budget and invest etc.)*
9	D Takes accountability for poor behaviour/ mistakes made*
10	D Acts to prevent or address any issues that could have a negative impact on their customers

* New Top 10 driver for 2023

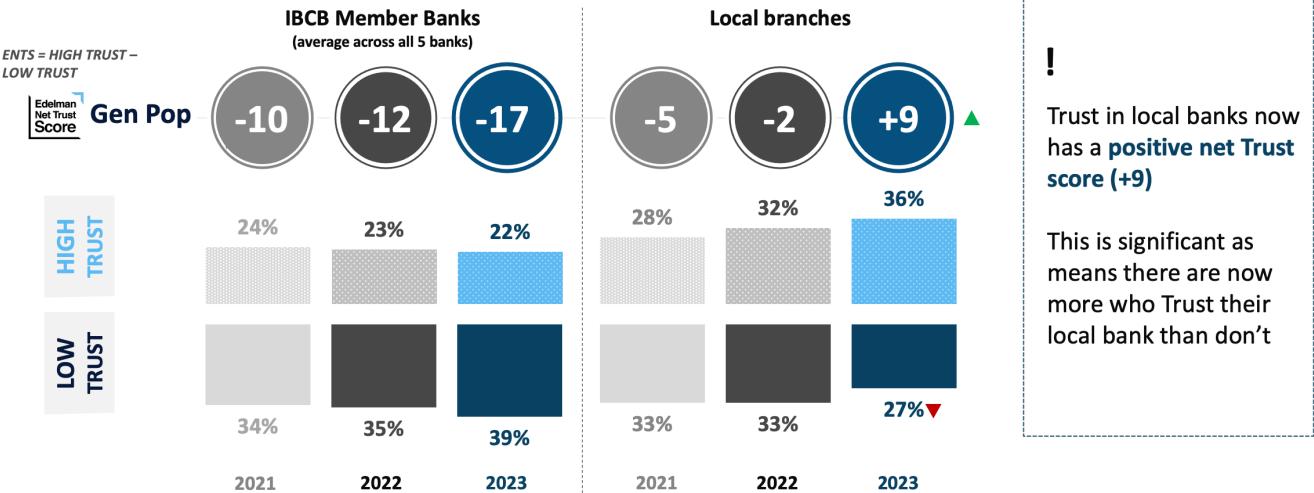


What the 2023 report is showing are the changing dynamics of trust. While the four key drivers of Ability, Integrity, Dependability and Purpose all feature in the top 10 list, the public's focus has shifted from ability and integrity in 2022 to a more balanced push for purpose, integrity and ability in 2023. Interestingly, the public's only dependability driver has remained consistent between 2022 and 2023, ranked at 6 in the top 10 drivers list, with an expectation that banks "*act to prevent or address any issues that could have a negative impact.*" Negative impact could cover a wide variety of issues, such as operational instances of service disruption or wider policy driven actions such as changes to interest rates.

SMEs show a greater degree of focus on dependability but again, this trust driver has fallen from positions 6 and 7 in 2022 to positions 9 and 10. Businesses still want to be able to depend on their banks but are less concerned about this driver, placing much greater emphasis on ability and purpose over all other drivers, indicating a preference for functional trust drivers, to deliver outcomes for their operations. The constant between both the general population and SMEs is the rise of purpose, with the prominence of this driver apparent in both cohorts. The data shows that to build further trust with the public, banks will need to continue to demonstrate a clear customer focus while for SMEs demonstrating an awareness of their specific needs and being vocal on environmental/societal issues will be key.

BUILDING TRUST IN IBCB MEMBER BANKS

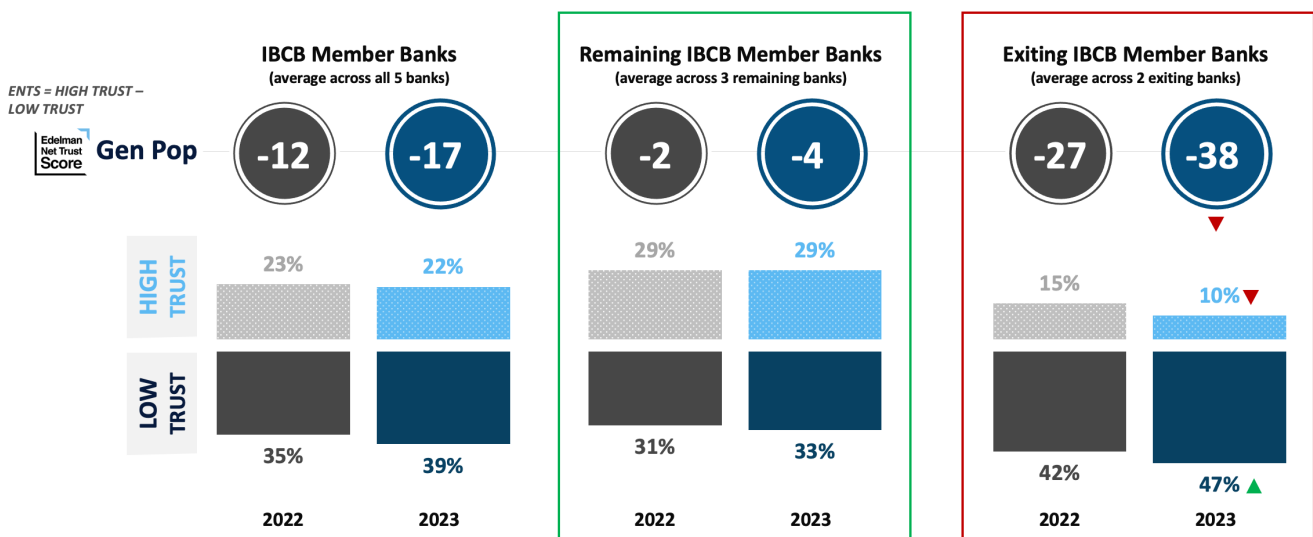
The 2023 iteration of the éist research continues to measure trust levels in the IBCB members banks amongst both the general population and the SME sector. What is immediately worth noting is that trust levels in the local branches of IBCB member banks have moved into a positive domain for the first time since the beginning of the éist series of surveys. This is significant as it means that for the first time, there are now more people who trust their local bank than don't.



As has been stated previously, there is clearly a significant opportunity for banks to build from the ground up and to earn the kind of trust nationally that people are beginning to feel at a local level.

Overall trust levels in member banks broadly reflect the improved trust levels captured in the wider sector over the last three years, even if they have been inevitably affected by the departure of two of those member banks.

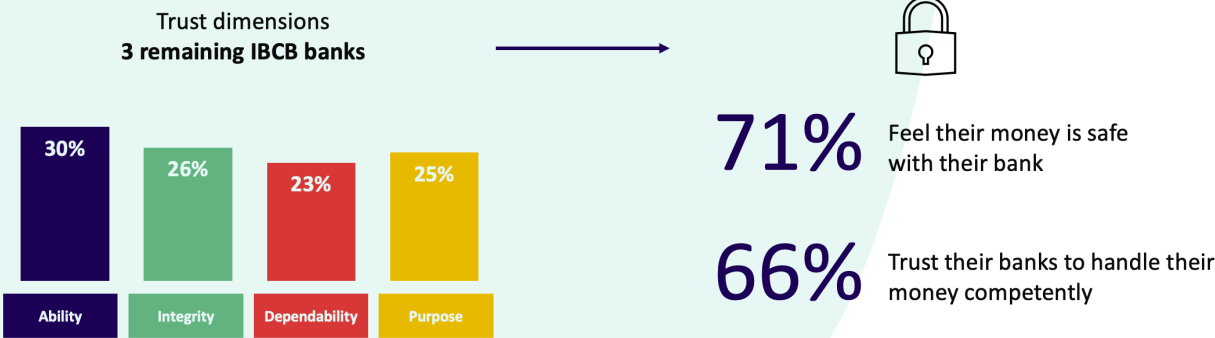
The departure of two pillar banks was the prism through which many of those surveyed responded to this year’s survey. While their departure was a factor in last year’s survey, it was only in the last twelve months that it became a practical issue in the financial lives of bank customers’ trust levels in the remaining member banks are ahead of the overall trust levels in the sector, which is very encouraging, and significantly ahead of the banks departing the Irish market, which is understandable.



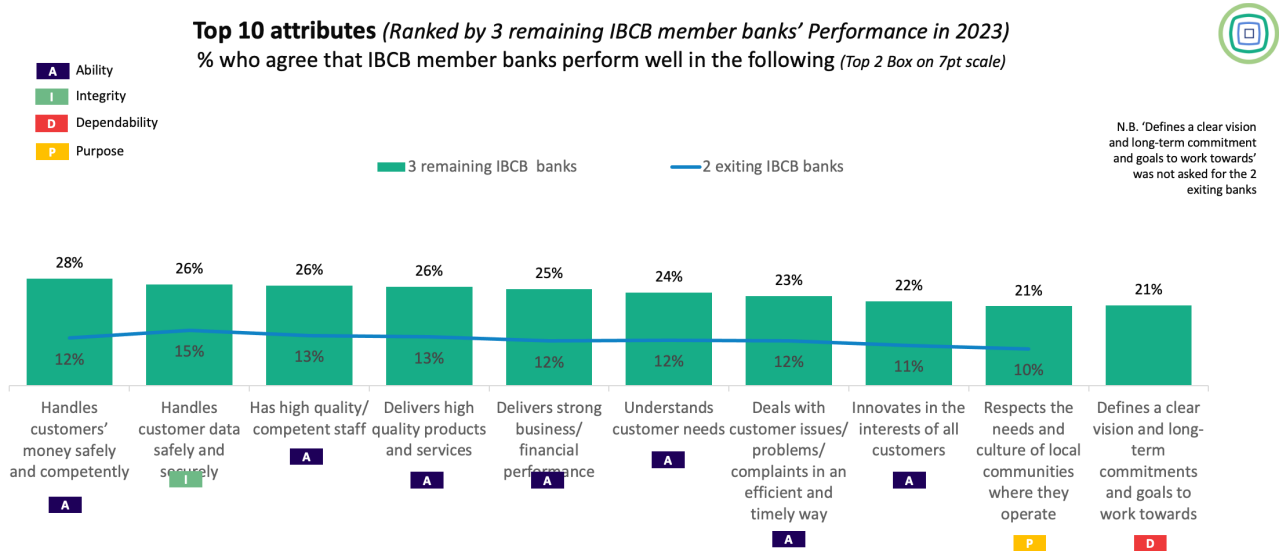
One in five customers who have high levels of trust in IBCB member banks say it is largely driven by issues of competence like good customer service, online and locally, with many people expressing positivity in their verbatim answers to the survey about their relationship with their bank.

The verbatim answers of those who say they have low trust levels in the exiting banks reveal that it is driven mainly by the fact that the bank is leaving the market which causes them significant inconvenience, rather any specific issue of ability or competence.

Encouragingly, there are clear signs of recovery in people’s trust in the competence of IBCB member banks. Each of the three remaining banks score reasonably well across the four trust dimensions and score highly in response to questions about trusting their bank to keep their money safe, and to handle their money competently.



It could be argued that this should be a given for a bank, being a competent custodian of people’s finances is their job after all. However, it is significant that people are beginning to acknowledge banks’ ability and it is an opportunity to further develop the overall incremental increase in trust people are gaining in the sector.

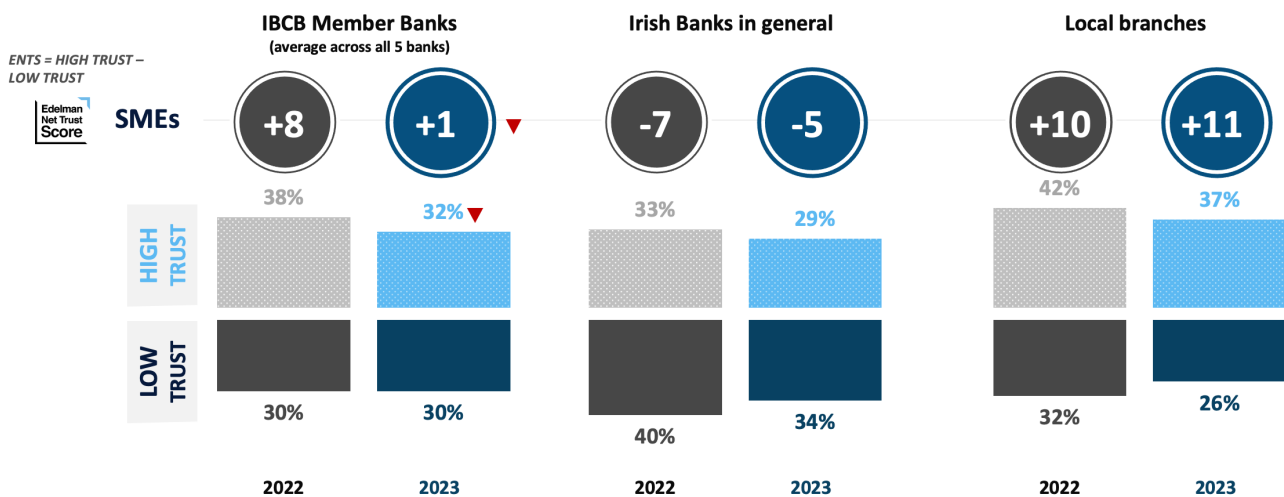


As outlined above, purpose, one of the four key trust dimensions has gained prominence in the top-ten drivers of trust in the IBCB member banks in this year’s éist survey. There are three separate trust statements that make it into this year’s top ten. From caring about the environment and society and respecting the needs of local communities to promoting financial literacy, the efforts that the IBCB member banks are making on purpose related issues is being acknowledged by the public.

Building trust amongst SMEs

A consistent trend since the éist survey series began has been the higher levels of trust in banks amongst SMEs compared to the general population.

In relation to IBCB member banks, overall trust levels amongst SMEs as with the general population, remain relatively stable in the éist 2023 survey with trust levels in local branches increasing again this year to +11.



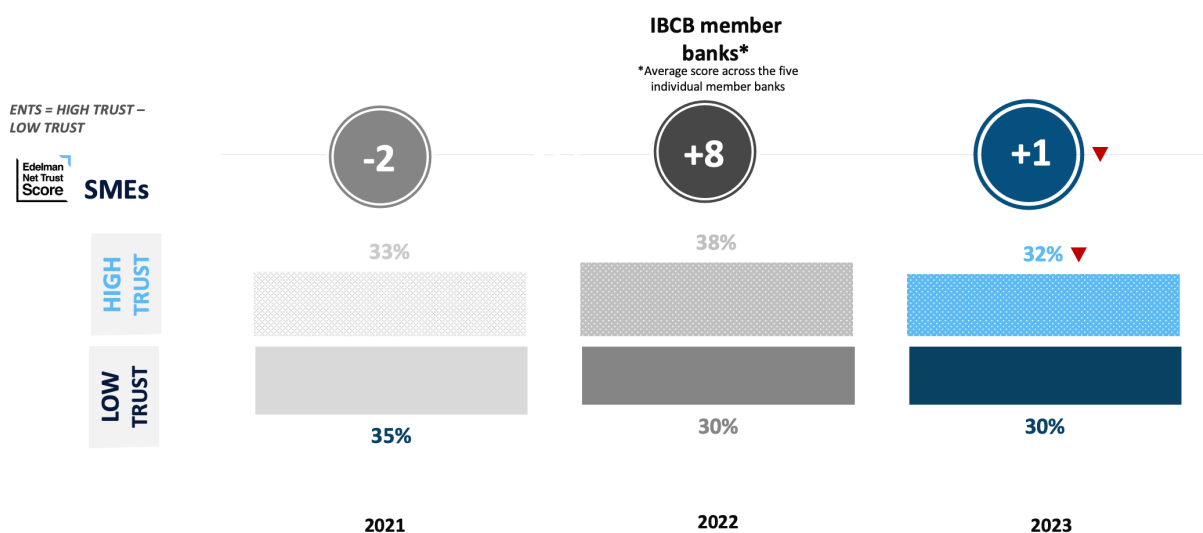
One in three of SME respondents who say they have high levels of trust in IBCB banks attribute that to good customer service and reliability.

SMEs also view the three remaining banks in a more positive light than those banks departing, as captured in the data on the top-10 attributes of performance where the Ability Trust dimension features prominently.

For SMEs the top-10 drivers of trust in éist 2023 centre on ability and themes such as handling customers money safely and competently, understanding their needs, high quality staff and delivering high quality services and products.

The more positive trust levels being recorded in the SME sector are beginning to be reflected in increased trust levels amongst the general population, which is encouraging and an incentive to continue to replicate that trust relationship now and into 2024.

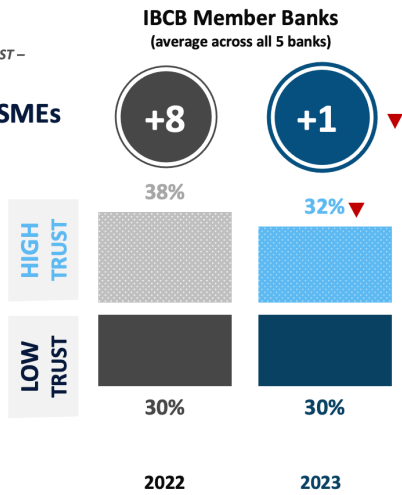
Notwithstanding the stability of the trust SMEs have in the IBCB member banks, it has also been informed by the departure of two of the pillar banks. This is true across business sizes in the SME sector.



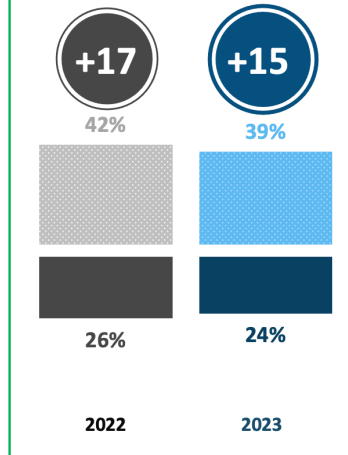
ENTS = HIGH TRUST –
LOW TRUST



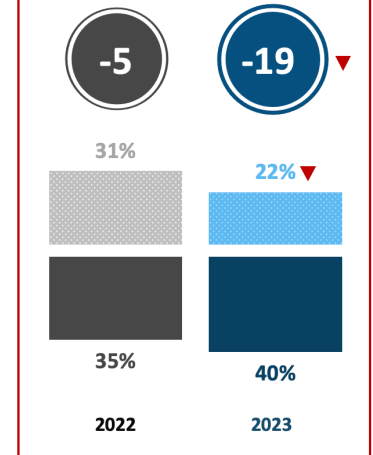
SMEs



Remaining ICB Member Banks
(average across 3 remaining banks)



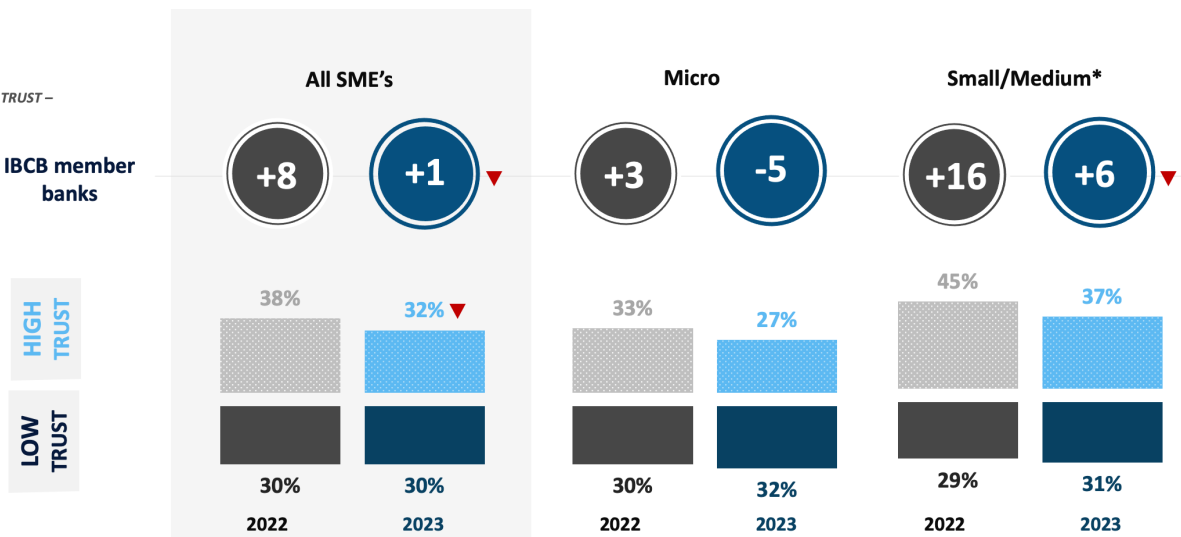
Exiting ICB Member Banks
(average across 2 exiting banks)



ENTS = HIGH TRUST –
LOW TRUST



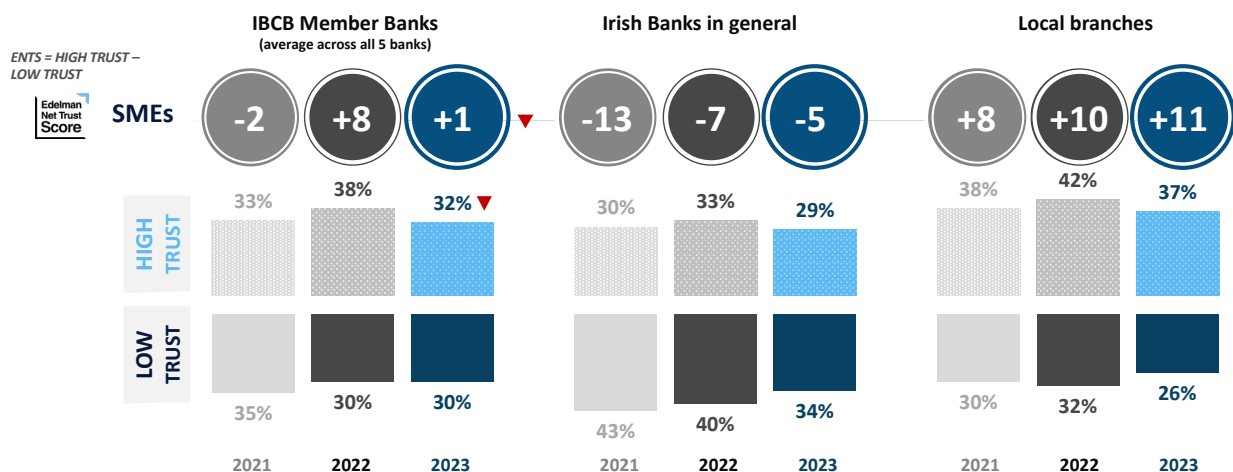
IBCB member banks



SMES REMAIN AHEAD OF THE PUBLIC ON TRUST

In the context of significant shifts in the banking and economic landscape in Ireland throughout 2023, it is encouraging to report that trust scores for the SME sector continue to trend in a positive direction. This is indicated by the upward trend of trust levels in Irish banks in general year on year.

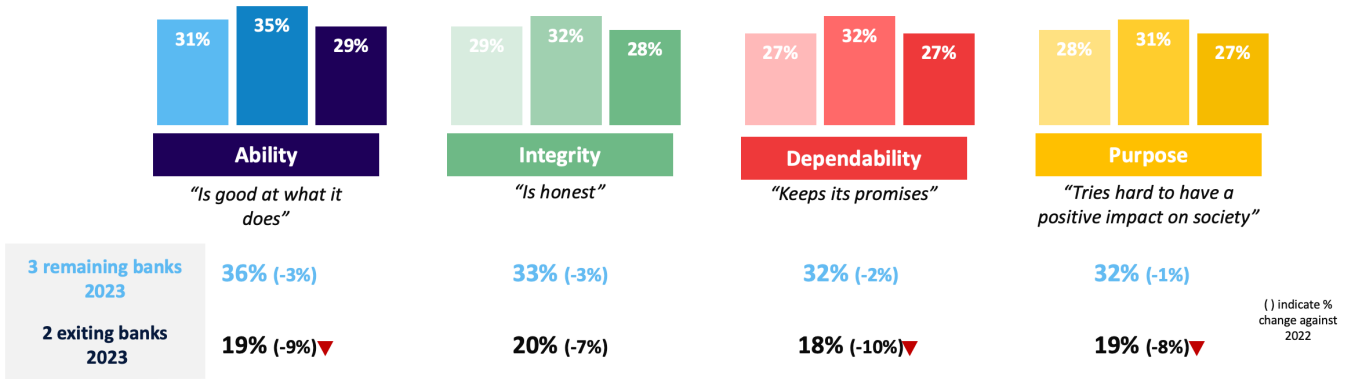
Trust has increased from -7 in 2022 to -5 in 2023, enabled by a welcome decline in those with low trust. Notwithstanding this encouraging progress, trust in IBCB Member Banks has declined year on year from +8 in 2022 to +1 in 2023. This decline in trust can be attributed to the impact of the exiting banks, which has particularly impacted a decline in perceptions of ability.



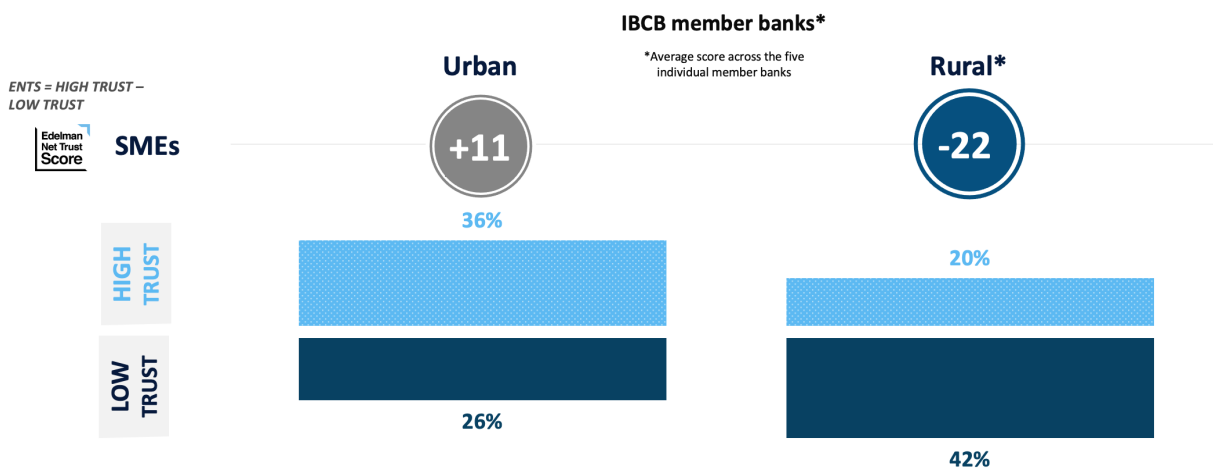


% SMEs who think that IBCB member banks perform well at the following

2021 2022 2023



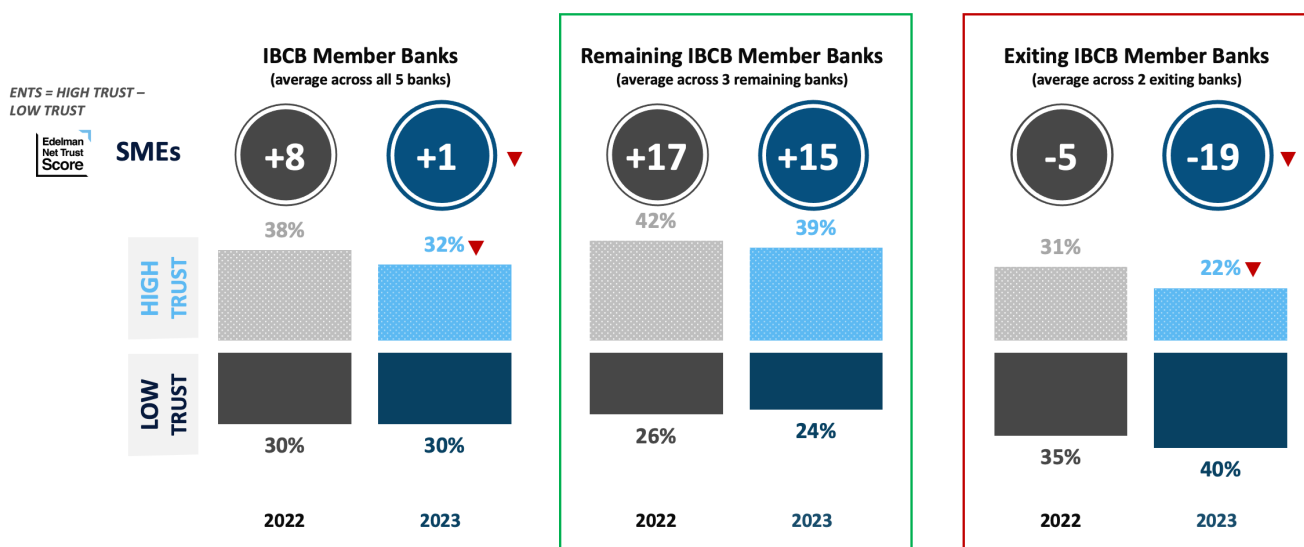
SME trust levels in local branches remain stable this year but lead the way in terms of trust in banks. SMEs are the most trusting of their local branches. In order to grow and evolve this trust from a local to a national and eventually to a sectoral level, banks will need to consider the disparity in trust scores recorded between urban and rural populations. With urban dwellers recording a net positive score of +11 in IBCB member banks, rural dwellers are far more reticent, returning a score of -22.



The report emphasises that reports of good customer service and reliability contribute to positive SME Trust Scores, particularly in terms of handling money safely and competently and the quality and competence of staff. These factors are playing a leading role in building trust between business and banks. Banks will be interested to note that SMEs have recorded significant revisions in their trust in banks to deliver strong business/ financial performance and innovating in the interests of all customers, two key ability drivers.

In saying this, looking to the future, the remaining retail banks will be reassured by the relative stability in their SME trust scores, particularly in the context of falling levels of those with low trust.

However, it remains unavoidable that across all business sizes, trust in IBCB member banks has decreased in 2023. While this is due to the departure of two banks from the Irish market, as highlighted earlier in this report, there are clear avenues along which banks can work to evolve and promote the drivers of trust which are not currently highly rated by business.



What the 2023 report demonstrates is a real desire for competence and effectiveness from SMEs, and if banks can exhibit behaviours that align with these expectations, this will increase the likelihood of increasing trust scores, bridging the rural-urban divide and maintaining the trend of stability and trust which SMEs have recorded throughout the last three years.



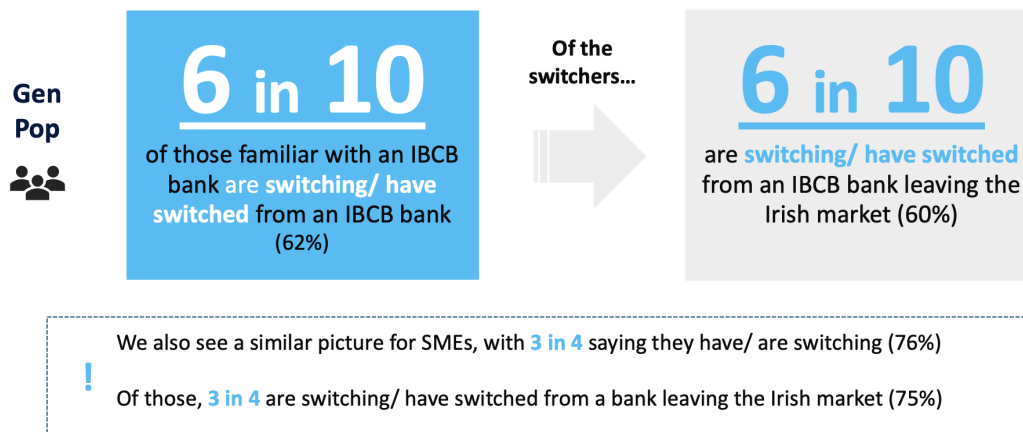
THE SWITCHING PROCESS

The mass migration of over one million bank accounts, the need for which arose mainly because of the departure of two of the five pillar banks, was a dominant theme in the sector over the last twelve months.

Despite the scale of the administrative challenge, both for customers and banks, the switching process can be said to have been managed successfully through the coordinated work of all key stakeholders and the efforts of bank customers.

Statistics published by the CBI in June of this year reveal that over 94% of KBC Bank Ireland and Ulster Bank customers had closed their current accounts by the end of May and that in the period since the beginning of 2022, over 1,133,524 banks accounts had been closed between the two departing banks.

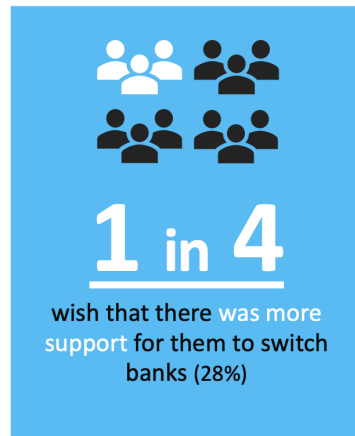
While people do switch accounts for a variety of reasons, the scale of movement of customers between banks over the last 12 months especially, has been unprecedented. 62% of respondents from the general population said they were switching or had switched bank accounts and of those 60% said they were doing so because their bank was leaving the market.



The scale of account migration was higher again in the SME sector where 76% of respondents said they were or had switched banks and of those 75% said they had switched/were switching from a bank leaving the Irish market.

The general population are split on the extent to which they felt supported by their bank with 42% saying they felt they did receive some support while 55% said they had no help from their bank. 39% did feel that the switching process was easier than they had expected, with 37% saying they felt supported by the bank they were switching to.

% of switchers who had to/ will switch due to bank leaving Irish market and agree with the following statements (Top 2 Box on 7pt scale)



The switching process was a challenge well met by the banking sector and there is a tacit acknowledgement of that fact evident in this year's éist findings. 48% say they are generally satisfied with the bank they have joined or are joining with only 16% saying that the switching process has made them lose trust in the banks.

CONCLUSIONS AND ISSUES THE IBCB WILL CONSIDER

Trust in the Irish banking sector continues its slow recovery despite unprecedented levels of change in the sector over the past twelve months.

SMEs continue to lead the way with levels of trust that continue to trend ahead of those in the general population.

Trust in banks is at its strongest in the relationship between local branches and both the general population and SMEs. Reflecting that positive local sentiment at a societal and national level remains a challenge for the sector, one that is achievable over time.

The drivers of trust in banks remain dynamic, with purpose, one of the key four dimensions of trust, emerging as a prominent feature in this year's survey.

People are also beginning to acknowledge the competence of banks, with the trust dimension of ability being endorsed by survey respondents.

The account migration/account switching process overseen by the banks in partnership with their customers, was of an unprecedented scale and received extensive media coverage.

The successful management of the process reflects well on the efforts of the banks to make the process as easy as possible for customers and that is reflected in the endorsement of their competence, evident in this year's survey.

Change is the only permanent in Irish banking. The departure of two pillar banks was clearly a prism through which many people responded to questions éist 2023. However financial services are delivered to people in the future, keeping customers at the centre of the decision-making process is critical to sustaining good culture in the sector.

Digital banking is hugely popular as a means of financial engagement for many bank customers, but positivity towards digital services is not unanimous. Ensuring that the convenience it provides for many does not result in the alienation of those less positively disposed towards it is an ongoing challenge for banks.

Digital banking also represents a proof point that the delivery of efficient and convenient services has a positive effect on customer sentiment towards banks and this will ultimately increase trust in the sector.

GLOSSARY OF TERMS

AIB – Allied Irish Banks

BOI – Bank of Ireland

CEO – Chief Executive Officer

Edelman DxI – Edelman Data & Intelligence

ENTS – Edelman Net Trust Score

ETM – Edelman Trust Measurement (Diagnostic)

IBCB – Irish Banking Culture Board

KBC – KBC Bank Ireland

PTSB – Permanent TSB

SME – Small & Medium Enterprise

UB – Ulster Bank



**Irish Banking
Culture Board**

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