

Culture IN FINANCE

Culture in Finance H1 2019

Summary Version

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Smart Money People

Foreword

In the last few years we've become accustomed to reading statements about culture, like the below from one supermarket-owned bank:

"We are committed to putting our customers at the heart of what we do: creating products that offer real value; delivering first-class customer service; and by supporting our local communities."

We see these statements because culture has become a key focus for regulators, both conduct and prudential, in their strategic response to the global financial crisis and a string of misconduct events.

Widely viewed as the typical behaviours that characterise a firm, culture is also sometimes likened to 'how people behave both around others and when they're alone'. And although culture in finance clearly matters, how to measure and assess it remains uncharted territory for many firms, particularly how culture is perceived by customers.

Since the start of 2019, Smart Money People has been measuring the culture of financial firms. This inaugural Culture in Finance report sets out what data we've been collecting and what we've learnt so far.

The summary version of the Culture in Finance H1 2019 report will help financial firms to understand how consumers think about their culture today.

Across the industry, it's clear that there's still much work to be done to improve the culture of financial firms. But more importantly, this report sets out some challenges for firms when thinking about how to measure and assess their culture as perceived by consumers.

Namely:

1. The products and services a financial firm offers, as well as its distribution channels, has a significant impact on how consumers think about the culture of firms.
2. The age of consumers, as well as other demographic factors, impact the way they perceive and articulate the culture of the financial firms they deal with.
3. While it's clear that innovation does not always lead to better customer outcomes, for a growing amount of consumers, innovation is central to how they identify and articulate the culture of the firms they deal with.



Michael Fotis

Founder of Smart Money People

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Part 1: Introduction & Key Findings

Executive Summary

The inaugural Culture in Finance report sets out what consumers have to say about the culture of financial firms in the first half of 2019, and establishes a benchmark for how UK consumers think about the culture of the financial firms they deal with.

The report also explores how the culture of financial firms, as perceived by consumers, differs across industry sectors, product types and demographics, and outlines some key challenges. Data from 18,801 consumers underpins this report, with feedback on 348 firms received.

A Culture Score has been developed to help firms better understand how consumers assess their culture in relation to other financial firms.

Key Findings

- The type of products and services a firm offers, as well as its distribution channels, has a strong impact on the culture of a firm
- Digital banks have different cultures to incumbent banks, with consumers viewing their cultures as healthier, but incumbent banks are still viewed as more reliable and secure
- Consumers leave the lowest scores when asked to comment on whether they feel that their 'personal information is safe with this company', particularly older consumers
- While innovation won't always lead to good customer outcomes, it is central to how a growing amount of consumers think about the firms they deal with. For some consumers, innovation means "inspiring" firms that help them live better financial lives

H1 2019: Consumer Age vs. Culture Score

Age	Culture Score (%)
18-24	73.5
25-34	72.1
35-44	69.9
45-54	68.8
55-64	68.7
65+	66.8

- Our data suggests that there's a strong relationship between customer age and how healthy consumers perceive the culture of financial firms
- Younger consumers have the most positive view of the culture of financial firms
- Younger customers tend to comment more about the **customer centricity, reliability and security** and **innovation** of the firms they deal with when compared to other age groups
- Consumers aged 65+ are least positive about the culture of financial services providers. This group of consumers talks the most about **fairness and understanding, customer centricity** and **professionalism**
- 16% of consumers aged 65+ focus on professionalism, but just 8% of consumers aged 18-24 talk about this theme



Executive Summary

Culture As An Early Warning System?

Our research suggests that adopting a far-reaching approach to measuring and assessing culture, as perceived by consumers, can deliver a simple and effective early warning system that helps financial firms to become more proactive around measuring and assessing their conduct risk.

For example, when it comes to consumer credit, 44% of consumers focus on customer centricity, far higher than any other sector. From a consumer perspective, a good customer centric firm makes things look and feel easy, from both a product design and service proposition standpoint. But is this always a good thing? Is less friction, relative to peers, a sign of a healthy culture or a sign that a firm has made it too easy to take out credit?

Our approach to measuring and assessing culture keeps the big picture at its heart.



18,801 pieces of in depth qualitative and quantitative data for 348 firms.

Full Report

The full report is available to purchase, and includes the following:

- Healthy Culture Index H1 2019, which includes in depth data on 33 brands, including culture scores
- Further demographic analysis covering region and channel preference
- 1:1 walkthrough with a report author
- Full access to all locked content, denoted with the use of  in this report

Further options to include all the verbatim feedback left by consumers (anonymised) are also available.

Data Collected	Response Type
1. Describe this company in three words	Free Text
2. I was respected and my concerns dealt with thoughtfully	Radio Buttons: <i>Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree</i>
3. The staff members I dealt with are well trained and knowledgeable	Radio Buttons: <i>Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree</i>
4. I was dealt with in a truthful and honest way	Radio Buttons: <i>Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree</i>
5. My personal information is safe with this company	Radio Buttons: <i>Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree</i>
6. Age	Radio Buttons: <i>18-24, 25-34, 35-44, 45-54, 55-64, 65+</i>
7. Channel Preference	Radio Buttons: <i>App, Online, Branch or Telephone</i>
8. Region	Auto Populated



Consumer Framework

When leaving feedback on Smart Money People, consumers are asked to 'describe this company in three words'. A total of 18,801 responses were received in H1 2019.

We've analysed these responses and developed a real world consumer framework that helps to articulate and quantify how consumers view the culture of financial firms.

Customer Centricity

- **What does good look like?** Things look and feel easy for consumers, from both a product design and service proposition standpoint
- **Sample words used by consumers:** Easy, customer focused, responsive, personal, stress free, approachable and unhelpful (-)

Professionalism

- **What does good look like?** The staff, and the organisation as a whole, exude competence
- **Sample words used by consumers:** Professional, smart, competent, experts, diligent, capable and incompetent (-)

Reliability & Security

- **What does good look like?** Firms deliver reliable service levels and consumers feel secure using their products and services
- **Sample words used by consumers:** Reliable, safe, secure, stable, consistent, sustainable and unreliable (-)

Clarity & Trustworthiness

- **What does good look like?** Firms act in a transparent manner and build trust through each interaction
- **Sample words used by consumers:** Transparent, trustworthy, truthful, upfront, genuine, straight talking and dishonest (-)

Fairness & Understanding

- **What does good look like?** Firms act in a fair manner, and understand that "stuff can happen" which may require individual responses
- **Sample words used by consumers:** Understanding, affordable, reasonable, expensive, considerate, accommodating and judgmental (-)

Innovation

- **What does good look like?** Firms lead the industry by developing new products and services that help consumers lead better financial lives
- **Sample words by consumers:** Innovative, forward thinking, dynamic, disruptive, pioneering, inspiring and redundant (-)

About the Healthy Culture Index: H1 2019

Alongside this report, we've developed a Healthy Culture Index which features detailed insight on 33 firms in H1 2019.

The Healthy Culture Index ranks firms based on the data we've collected and outlined on p.6. This analysis includes:

1. Quantitative scores covering themes like the security of personal data
2. Qualitative analysis of the feedback left in relation to the 'describe this company in three words' question that fit our real world consumer framework, and suggest a healthy culture, as outlined on p.7

Our Healthy Culture Index is included in our full report, and includes data for individual firms.

The firms profiled in the inaugural Healthy Culture Index span a broad range of financial services firms, and our intention is to include more firms in this index over time.

The firms profiled (in alphabetic order) are:

Admiral	Nationwide BS
Amigo Loans	NatWest
Aviva	Oakbrook Finance
Barclays	Pocket
Close Brothers	Post Office FS
Co-op Bank	Revolut
first direct	RBS
Halifax	Santander
Hastings Direct	Shawbrook Bank
H&T Pawnbrokers	Shepherds Friendly
HSBC	Starling Bank
Lloyds Bank	Sunny
Metro Bank	Tandem Bank
Moneyhub	Tesco Bank
Monzo	Tide
More Than	Virgin Money
	Zopa

Firm Analysis: 1 of 9



17. Culture in Finance: H1 2019 Summary Smart Money People

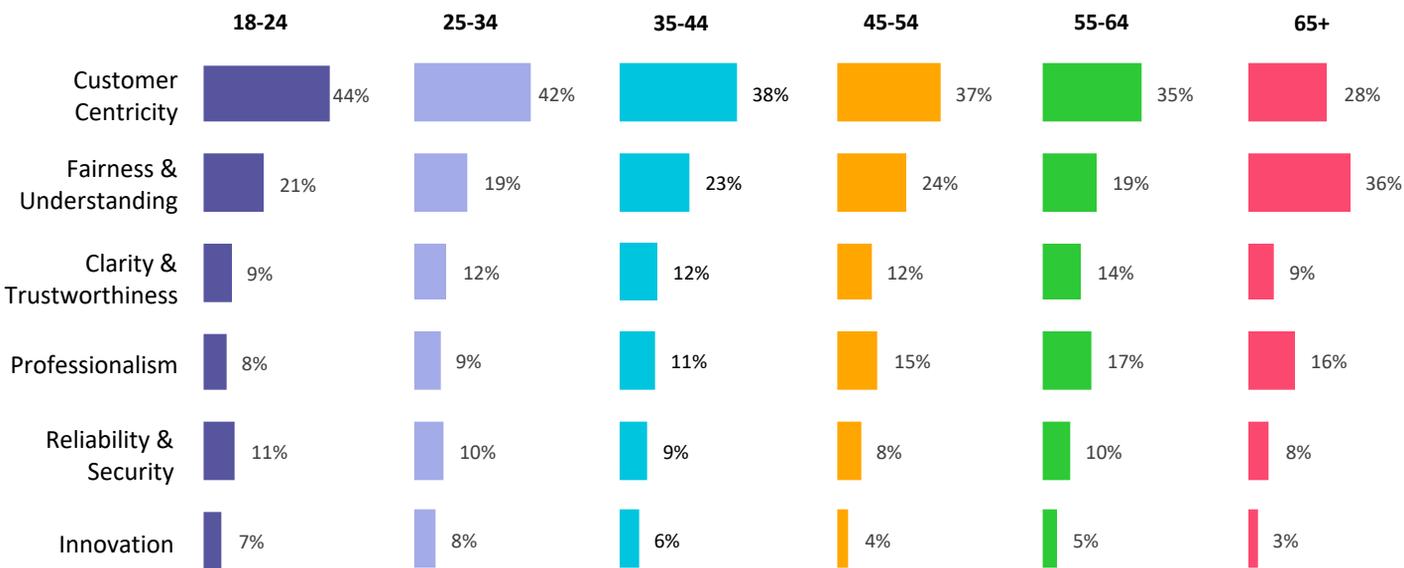
A sample firm analysis page.

Demographic Insight: Age

Firms can have a number of different cultures, and our data highlights how age also plays a part in how the culture of firms is understood and articulated by consumers.

With financial firms increasingly offering propositions designed for specific segments, how firms best assess their culture remains a real challenge.

The Culture of Financial Firms by Age Group



Age Group	Top 10 Positive Words	Top 3 Negative Words
18-24	<ul style="list-style-type: none"> Helpful Easy Reliable Simple Understandable Innovative Fair Trustworthy Professional Honest 	<ul style="list-style-type: none"> Expensive Unfair Costly
25-34	<ul style="list-style-type: none"> Helpful Easy Reliable Simple Fair Innovative Professional Honest Understandable Trustworthy 	<ul style="list-style-type: none"> Expensive Useless Greedy
35-44	<p>The top 10 positive words used by consumers to describe firms in each sector are also listed, alongside the top 3 negative words. The top 30 words used (in order) are available in our full report.</p>	
45-54	<ul style="list-style-type: none"> Helpful Professional Easy Reliable Fair Honest Trustworthy Understandable Innovative Valued 	<ul style="list-style-type: none"> Uncaring Unhelpful Incompetent
55-64	<ul style="list-style-type: none"> Helpful Fair Valued Professional Easy Reliable Understandable Trustworthy Honest Caring 	<ul style="list-style-type: none"> Incompetent Amateurish Expensive

Sector Insight

The culture of financial firms, as perceived by consumers, also varies significantly across sectors.

The top 10 positive words used by consumers to describe firms in each sector are listed below, alongside the top 3 negative words. The top 30 words used (in order) are available in our full report. 

The Culture of Financial Firms by Firm Type

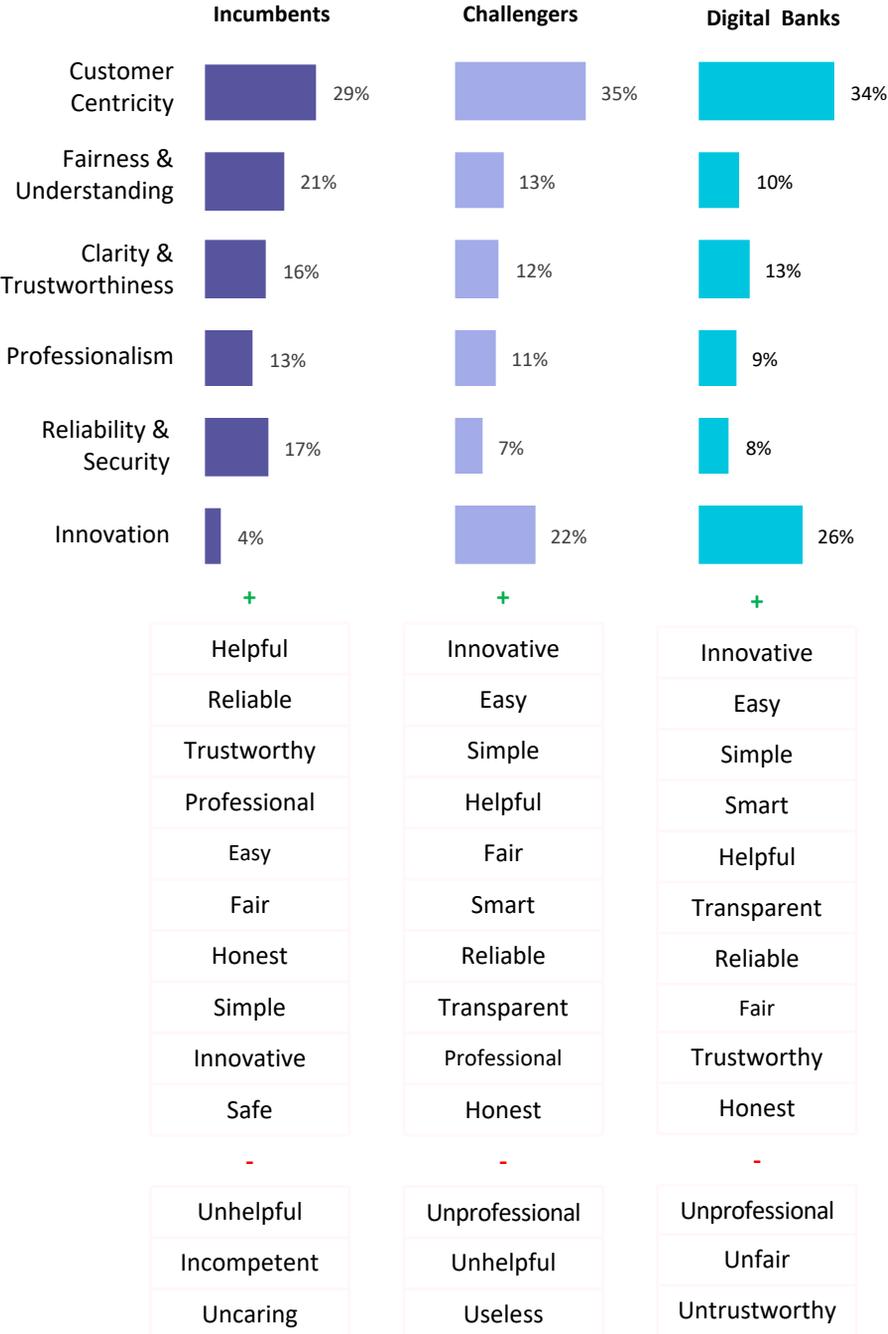


The Culture of Banking Firms

The emergence of new banks, particularly digital banks, has had an important impact on the way consumers think about the culture of banks, particularly around the theme of innovation.

Relatively low levels of current account switching are often attributed to consumer inertia. But our data suggests that challenger and digital banks have more road to travel when it comes to perceptions around reliability and security in particular.

The Culture of Banking Firms by Bank Type

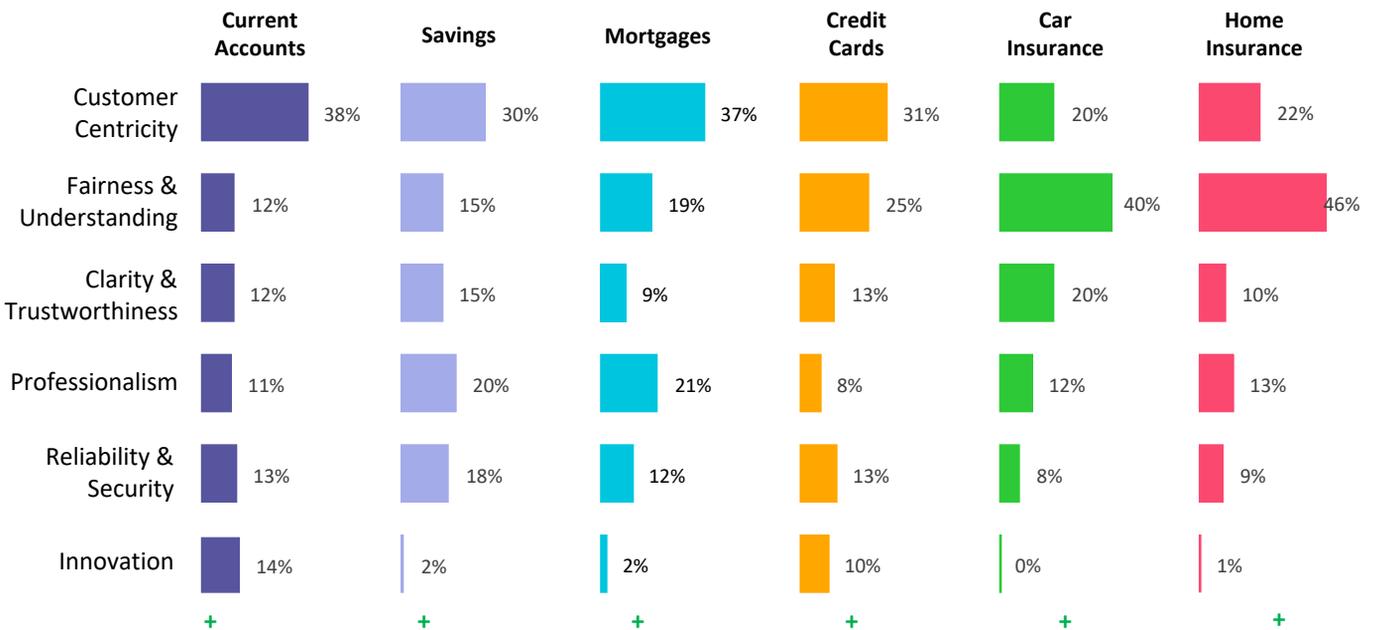


Product Specific Insight

The types of products and services a firm provides impacts the culture of a firm, as perceived by consumers. How a product is distributed and the service model around this also influences how consumers identify the culture of a firm.

- Fairness and understanding are the key themes insurance customers focus on
- Current accounts and credit cards are perceived as the most innovative products
- Professionalism matters most around mortgages

The Culture of Banking Firms by Product Type



Easy	Helpful	Helpful	Helpful	Helpful	Value for Money
Innovative	Reliable	Professional	Reliable	Value for Money	Easy
Simple	Professional	Reliable	Easy	Reliable	Helpful
Helpful	Trustworthy	Trustworthy	Innovative	Fair	Reliable
Reliable	Easy	Informative	Fair	Trustworthy	Professional
Smart	Safe	Value for Money	Simple	Professional	Competitive
Trustworthy	Simple	Honest	Value for Money	Easy	Fair
Fair	Competitive	Caring	Trustworthy	Cheap	Simple
Professional	Honest	Safe	Honest	Competitive	Honest
Honest	Straightforward	Understanding	Secure	Affordable	Trustworthy
-	-	-	-	-	-
Unhelpful	Ignorant	Useless	Unprofessional	Unprofessional	Uncaring
Unfair	Disinterested	Unhelpful	Unhelpful	Unfair	Rip off
Incompetent	Useless	Not customer focused	Incompetent	Untrustworthy	Unhelpful

Conclusion

The aim of the first Culture in Finance report is to establish a benchmark for how UK consumers think about the culture of financial firms. Future editions will help to track how this changes.

Beyond how healthy or otherwise the culture of financial firms are, this report sets out some key challenges to all firms seeking to measure the culture of their firm as perceived by their customers.

Product mix

The types of products and services a firm offers, as well as its distribution channels and service model, has a significant impact on the culture of a firm as viewed by consumers.

Demographics

While firms can have a number of different cultures, how consumers think about culture also varies, particularly by age, with customers aged 65+ less positive about the culture of their financial services providers.

Innovation

Innovation won't always lead to better customer outcomes, and acts a bit like a wild card when it comes to culture. But ignoring it risks downplaying the impact firms like Monzo and Starling Bank are having in the banking sector specifically.

Culture as an early warning system

It's clear that measuring and assessing culture, as perceived by consumers, can provide a powerful tool to help financial firms become more proactive around measuring and assessing their conduct risk.

Full report

The full Culture in Finance H1 2019 report is available to purchase and includes the following:

- Healthy Culture Index H1 2019, which includes data on 33 brands, including culture scores
- Further demographic analysis covering region and channel preference
- 1:1 walkthrough with a report author
- Full access to all locked content, denoted with the use of  in this report

Further options to include the verbatim feedback left by consumers (anonymised) are also available. Smart Money People also works with firms to measure and assess their culture, as perceived by consumers on an ongoing basis.

The next edition of the Culture in Finance report will be delivered at the end of January 2020. To discuss this research further, please contact the report authors using the below contact details.

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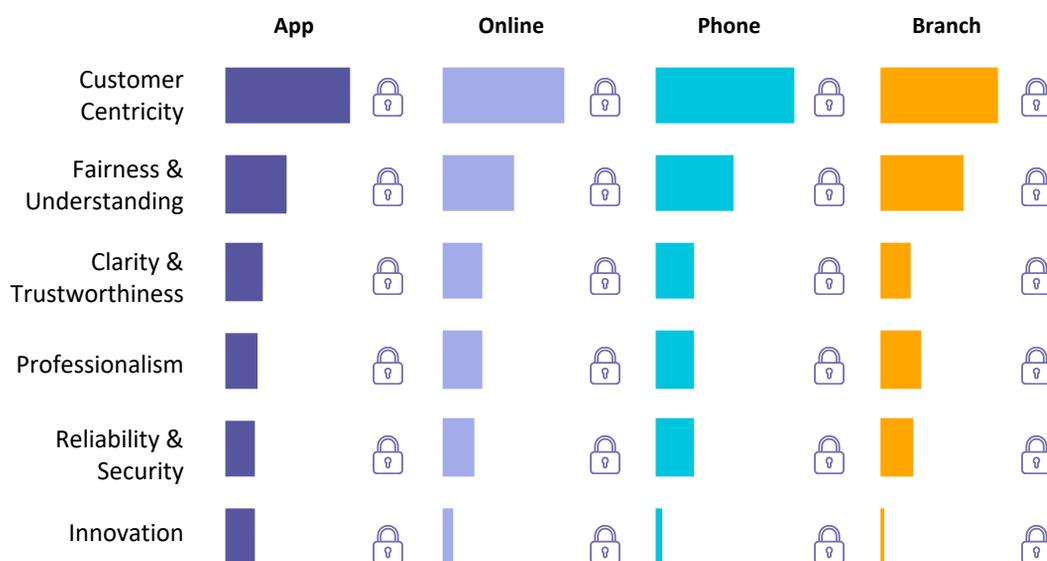
Part 2: In Depth Demographic & Firm Specific Analysis

Demographics: Channel Preference

In Part 1 we looked at how age influences the key themes that consumers talk about when asked to 'describe this company in three words'. But what role does channel preference have?

- Consumers that told us they preferred app-based banking are more likely to focus on innovation (9% of all feedback)
- Consumers preferring telephone and branch are more likely to talk about the reliability and security of a firm than consumers preferring digital channels
- Consumers that prefer branch-based banking, whom also tend to be older, talk most about the fairness and understanding of financial firms, as well as the professionalism of staff
- Face-to-face engagement is sometimes viewed as helping to build trust. Our data shows that consumers preferring app-based and online banking talk slightly more about the clarity and trustworthiness of firms, than consumers of other channels

The Culture of Financial Firms by Channel Preference



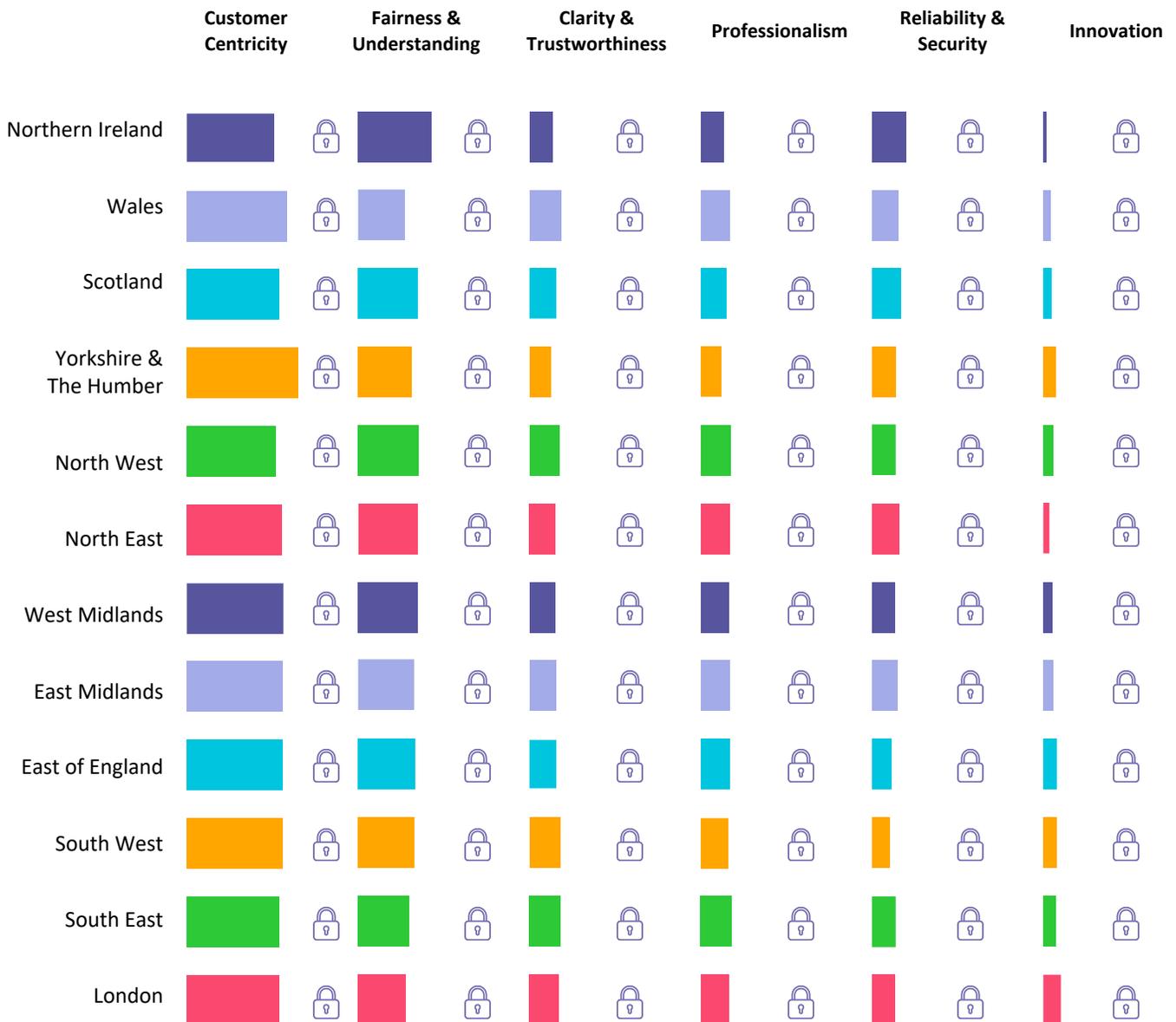
The top 30 words (positive and negative) used by consumers are listed on p. 30.

Demographics: Region

What role does region play in influencing how consumers think about the culture of financial firms?

- Consumers in London focused more than others on innovation (7% of all feedback)
- Consumers in Northern Ireland had the most to say around fairness and understanding (30%) and reliability and security (14%)

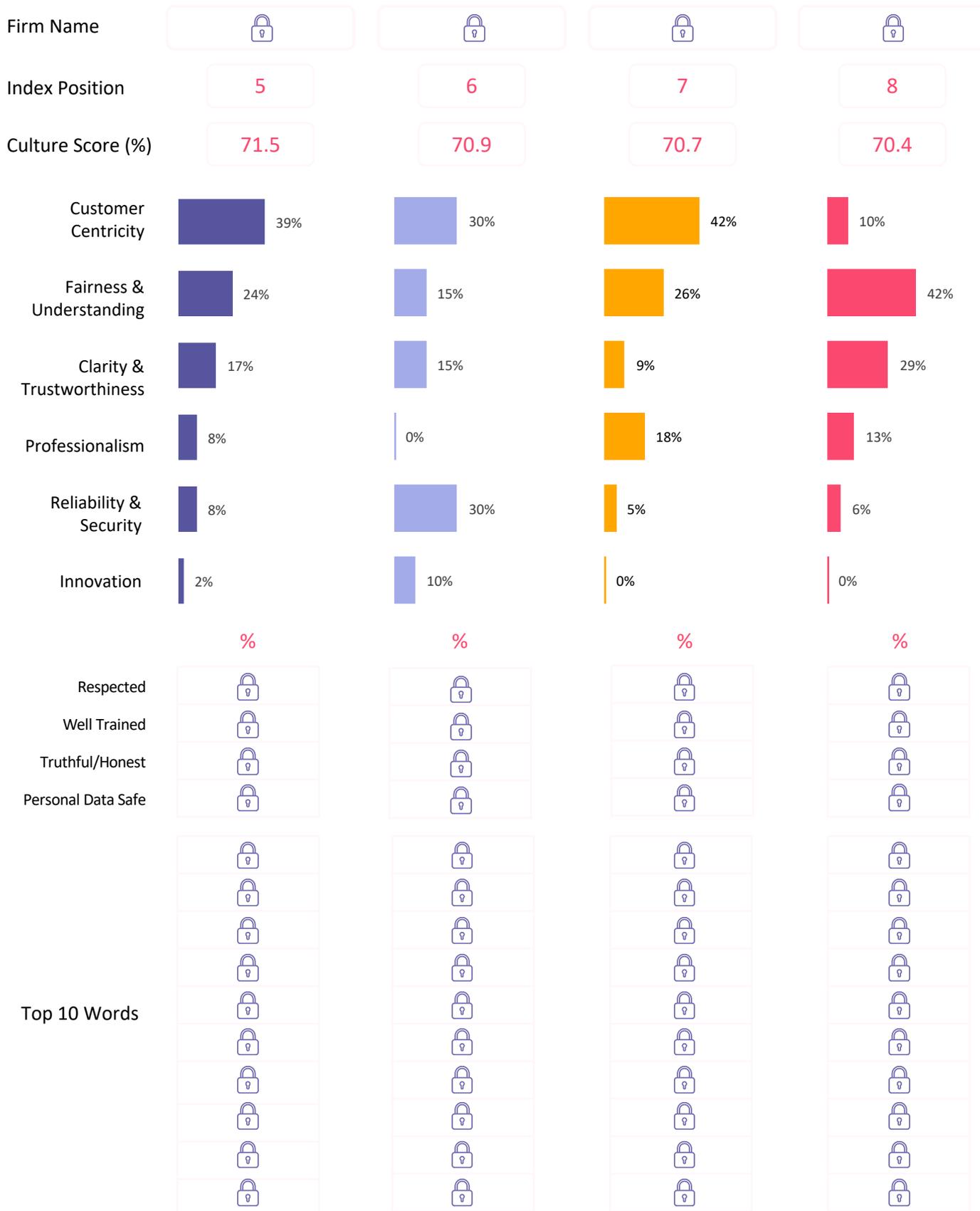
The Culture of Financial Firms by Region



Firm Analysis: 1 of 9 (Healthy Culture Index)

Firm Name				
Index Position	1	2	3	4
Culture Score (%)	82.2	74.2	71.9	71.6
Customer Centricity	40%	25%	53%	39%
Fairness & Understanding	7%	12%	18%	8%
Clarity & Trustworthiness	12%	22%	10%	9%
Professionalism	11%	6%	6%	11%
Reliability & Security	7%	5%	13%	9%
Innovation	22%	30%	0%	24%
	%	%	%	%
Respected				
Well Trained				
Truthful/Honest				
Personal Data Safe				
Top 10 Words				

Firm Analysis: 2 of 9 (Healthy Culture Index)



Firm Analysis: 3 of 9 (Healthy Culture Index)

Firm Name				
Index Position	9	10	11	12
Culture Score (%)	69.9	69.9	69.7	69.7
Customer Centricity	47%	36%	38%	31%
Fairness & Understanding	21%	21%	24%	16%
Clarity & Trustworthiness	12%	10%	15%	13%
Professionalism	10%	5%	12%	14%
Reliability & Security	10%	8%	12%	16%
Innovation	0%	21%	0%	9%
	%	%	%	%
Respected				
Well Trained				
Truthful/Honest				
Personal Data Safe				
Top 10 Words				

Firm Analysis: 4 of 9 (Healthy Culture Index)

Firm Name				
Index Position	13	14	15	16
Culture Score (%)	69.5	69.3	69.0	68.5
Customer Centricity	41%	44%	44%	43%
Fairness & Understanding	13%	22%	3%	33%
Clarity & Trustworthiness	20%	9%	17%	10%
Professionalism	11%	12%	22%	14%
Reliability & Security	11%	12%	14%	0%
Innovation	5%	0%	0%	0%
	%	%	%	%
Respected				
Well Trained				
Truthful/Honest				
Personal Data Safe				
Top 10 Words				

Firm Analysis: 5 of 9 (Healthy Culture Index)

Firm Name				
Index Position	17	18	19	20
Culture Score (%)	67.0	65.9	65.7	64.4
Customer Centricity	25%	21%	40%	13%
Fairness & Understanding	11%	29%	15%	13%
Clarity & Trustworthiness	8%	23%	10%	19%
Professionalism	11%	10%	15%	19%
Reliability & Security	10%	17%	15%	35%
Innovation	34%	0%	5%	0%
	%	%	%	%
Respected				
Well Trained				
Truthful/Honest				
Personal Data Safe				
Top 10 Words				

Firm Analysis: 7 of 9 (Healthy Culture Index)

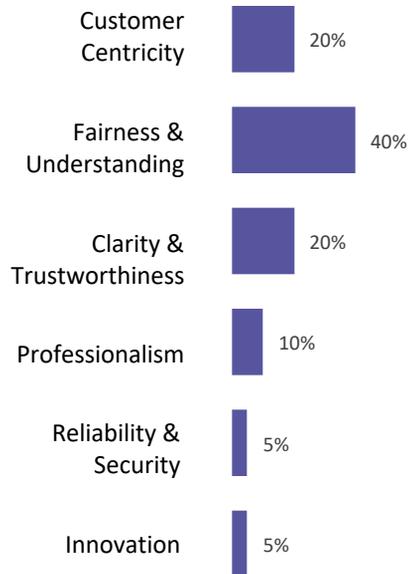
Firm Name				
Index Position	25	26	27	28
Culture Score (%)	61.2	59.6	55.0	51.1
Customer Centricity	13%	26%	30%	25%
Fairness & Understanding	44%	21%	28%	33%
Clarity & Trustworthiness	19%	10%	8%	33%
Professionalism	25%	17%	15%	0%
Reliability & Security	0%	22%	20%	8%
Innovation	0%	3%	0%	0%
	%	%	%	%
Respected				
Well Trained				
Truthful/Honest				
Personal Data Safe				
Top 10 Words				

Firm Analysis: 8 of 9 (Healthy Culture Index)



Firm Analysis: 9 of 9 (Healthy Culture Index)

Firm Name	
Index Position	33
Culture Score	29.8



%

Respected	
Well Trained	
Truthful/Honest	
Personal Data Safe	

Top 10 Words	
	
	
	
	
	
	
	
	
	

Top 30 Words Used By Consumers

The most frequently used culture words:

App	Online	Telephone	Branch
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			
			

Methodology

About the Culture in Finance H1 2019 report

This report outlines how UK consumers understand and articulate the culture of the financial firms they deal with.

It is intended to be a six monthly report which will help financial firms, and other interested bodies, to better understand the culture of financial firms.

About the sample population

18,801 consumers shared feedback about 348 financial firms operating in the UK in the first six months of 2019.

This population shared their feedback online and the data captured is outlined on p.6 of this report. Our population is self-selecting.

The regions of consumers participating in this research is highlighted in the adjacent table.

About the Culture Score

Our Culture Score uses a mix of qual and quant data to deliver a single measure of the culture of a firm, as perceived by its customers.

- 50% of the Culture Score is made up of the the scores of questions 2-5 on p.6
- 50% of the Culture Score is made up of text analysis of the responses received for question 1 on p.6 ('describe this company in three words'). The words used by consumers were mapped to the Consumer Framework on p.7 post data cleansing

% Response by Region

Region	% Response
London	19
South East	14
North West	11
East of England	9
Scotland	9
West Midlands	8
South West	7
East Midlands	7
Yorkshire & Humber	6
Wales	4
North East	3
Northern Ireland	3

About the Healthy Culture Index

This report also includes a Healthy Culture Index. Our intention is to add more firms to the index in future editions of this report.

Firms included in the current edition represent a broad range of retail financial services firms. They were selected for inclusion based on the volume of responses received.

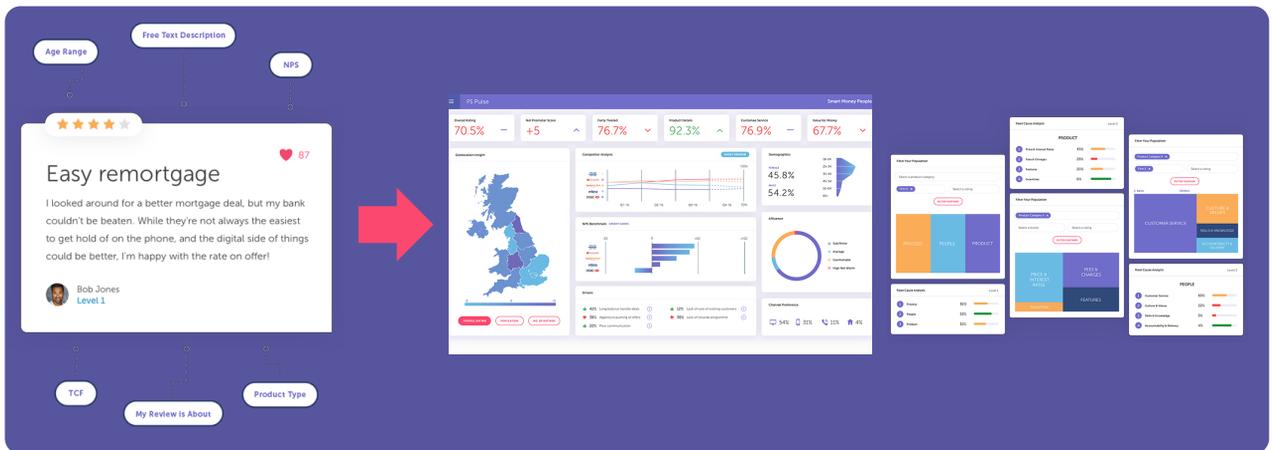
About Smart Money People

Smart Money People is the UK's review and research platform focused on financial services. We collect unique customer insight across thousands of financial firms

Our dataset spans performance, regulatory and culture data points and is relied upon by a number of financial services firms, including banks, building societies and alternative finance firms.

Some of the Data we Collect:

- The strengths and weaknesses of firms and products
- Net Promotor Scores (NPS)
- Customer service ratings
- Value for money ratings
- Whether customers feel fairly treated, and why
- Whether customers understand the product details, and why
- Whether customers feel that their information is safe with firms
- Demographic profile data



Our aim is to help firms better understand their customers, their competitors and the market, in order to build better businesses.

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