



escalent

VOLUME 8 | April 30, 2020

Financial Services COVID-19 Market Research Perspectives

Ongoing coverage of COVID-19's impacts

The two biggest indicators of where the economy will go are personal savings rate and trust. See [Volume 6](#) on the former.

In this volume, we tackle that second indicator—trust—that should be monitored to gauge our nation's economic recovery. Key trust metrics are the 'Consumer Sentiment Index' and the 'Trust In Institutions' rating.

The more trust people have in institutions and the more confidence they have in the economy, the faster we all will recover.

IN CASE YOU MISSED IT

Escalent & Cogent Syndicated

Many COVID-19 blogs (including [Making the Right Connection with Customers During a Pandemic and Beyond](#) and [Amid Massive Change, the Fundamentals of Trust in Financial Services Remain](#))

Javelin Strategy & Research

Impact Note: [Digital New Normal Demands Both Technology and Touch](#)

Report: [2020 Identity Fraud Study: Genesis of the Identity Fraud Crises](#)

We've got you covered.

What to do:

- 1** Monitor Key Economic Recovery Metrics
- 2** Work to Enhance Trust In Your Brand
- 3** Beware Increases in Digital Fraud That Undermine Trust

Monitoring Key Trust Metrics

“This is a time to be a part of the solution, and firms should be looking to enhance overall confidence in their business, and therefore in the industry and institutions in general. Right now, live your brand promises. Stretch as far as you can to meet your promises and obligations as that is the #1 thing you can do to enhance trust and be on the right side of this.”

– Chris Barnes, CPO/Managing Director, Financial Services



Be Part of the Solution

- The more people trust institutions and have confidence, the faster we will recover.
- Support your belief in the system to support the ability of your customers to help the economy and your business bounce back. Your brand will be stronger for it.
- Don't take the easy way out (i.e. looking to profit off the COVID-19 situation.)

Confidence In Institutions

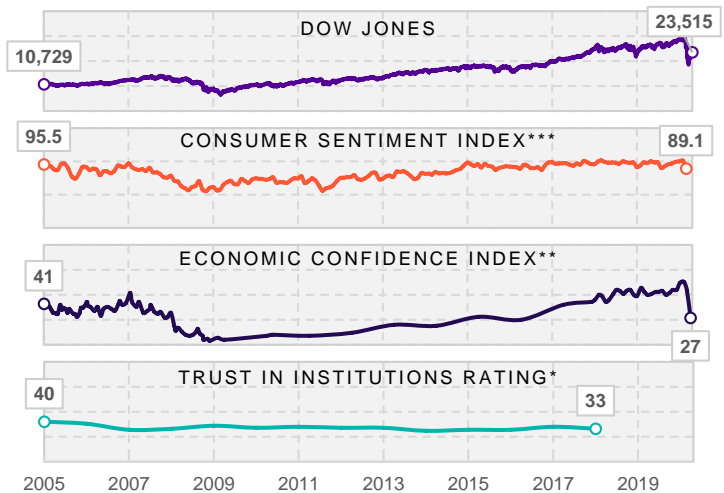
Decreasing trust in institutions directly and negatively effects an economic recovery:

- Confidence in institutions has been falling for decades, with perceptions of efficacy and fairness at the heart of the trust issue.
- After nationally unifying tragedies like 9/11, trust tends to take another drop. And indeed, COVID-19 is showing declines in trust, especially for larger institutions.
- Trust and confidence declines will accelerate as the crisis worsens.

*Source: Annual [Gallup](#) poll of n=1,500+.

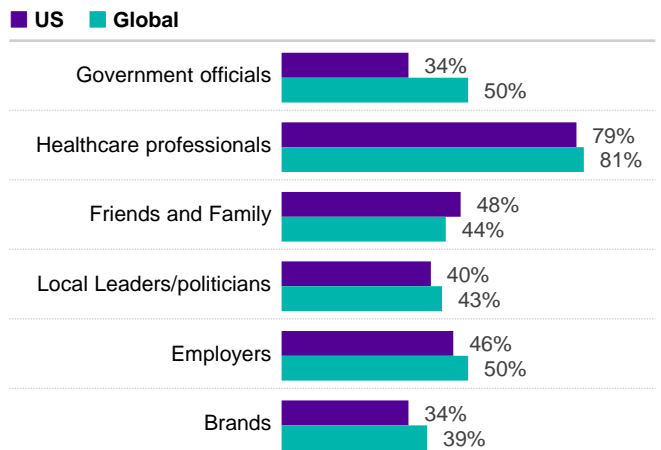
**Source: Monthly [Gallup](#) poll of n=1,000+; good-excellent.

**Source: Monthly [University of Michigan and Thomson Reuters](#) poll of n=500+. Normalized to 100 in Dec. 1964.



Confidence In Specific Industries

- Dynata recently reported that consumer trust is highest for healthcare professionals.
- Opposite that, confidence in government officials—the Federal Government in particular—will reach new lows during this crisis.
- While government officials are the most common source of pandemic information, only one in three Americans trust their elected leaders, a lower proportion than in other nations.
- US consumers' trust in brands is on par with their level of trust in government. **But, brands have an opportunity to work to increase trust.**



Source: Dynata Global Trends Report: COVID-19 Edition, April 2020

Enhancing Trust One Brand at a Time

Do Your Part

Brands that step up to engender trust will help the economy recover faster. Brands will be judged for a long time by how they behave through this pandemic. There are many outstanding examples of brands doing the right thing and already being judged as “corona champions”:

THROUGH COMMUNICATION



Blue Cross Blue Shield of Massachusetts’ latest campaign is designed to be unifying, showing the strength of New England before and during the crisis.



Capital Group is extremely well rated in our surveys on “quality customer support/responsiveness to my clients,” and has been communicating “Courage! We have been here before.”

THROUGH EMPLOYEE SUPPORT



AT&T is giving 20% bonuses to front-line employees, paid time off and work from home accommodations.



Target has allocated \$300+ million to higher wages and bonuses for store employees, paid leave, benefits and relief funds.

THROUGH PRODUCTS / DONATIONS



Wells Fargo dedicated \$175+ million to relief efforts, paused all evictions and repossessions and are offering fee waivers and deferred payments to their customers.



Bank of America dedicated \$360+ million to support communities, all beyond pausing payments and refunding certain fees.

Brands have shifted to manufacture essential items:



CARS

VENTILATORS



TECH

FACE SHIELDS



SHOES

MASKS



LIQUOR

HAND SANITIZER

Ask Yourself: How Else Can Your Brand Enhance Trust?

Don't Take Advantage

The pandemic is not an opportunity to increase profits. Brands that mess this up will be punished by consumers in both the short and long-run. Examples of things in the news that you do *not* want to do include

- Marking up prices on face masks when selling to the Federal Government, thus increasing profits for doing nothing.
- Confiscating military families’ stimulus checks to cover overdrafts.
- Large, national chains taking money intended for small businesses.
- Sending emails that negatively exploit the pandemic to increase sales of necessary products.

“People can have low trust, but high hope. The market is reflecting calculated hope of what people expect to happen in the future. Brands can give people hope through their communications and actions that can, in turn, help restore trust.”

– Lindsey Dickman, SVP, Financial Services



Managing Fraud and Trust in the COVID-19 Environment

Q&A with Jacob Jaeger

President, Javelin Strategy & Research



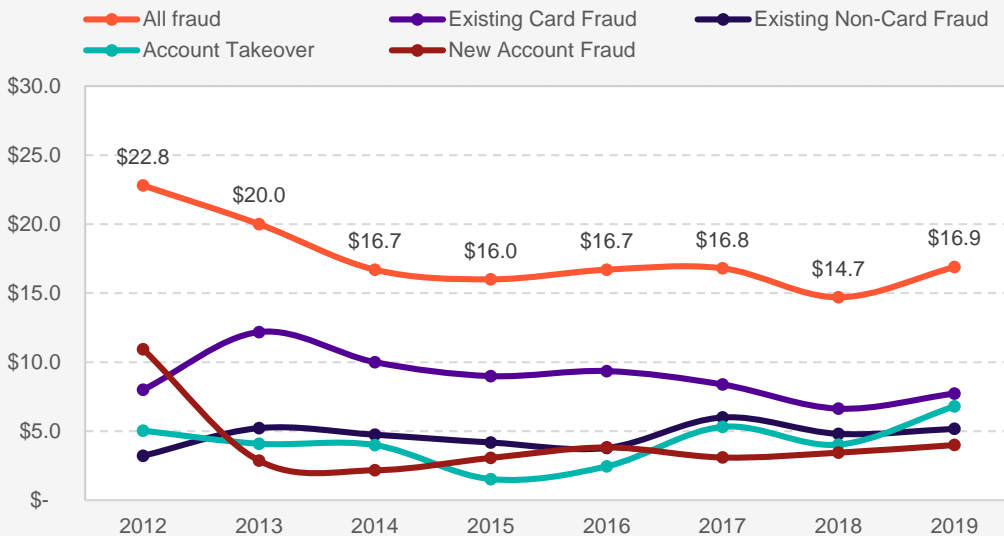
Q: Identity fraud, even without the underlying pressures of COVID-19, can undermine consumer trust in financial service providers. Has identity fraud fractured consumer trust beyond repair?

A: No. Consumers may have diminished trust in certain aspects of their personal business relationships as identity fraud increases, but many are seeking guidance from their financial institutions on transacting through safer digital channels. We see this period as the opportunity for our clients to educate consumers to make better digital decisions.

Q: Total identity fraud reached \$16.9B (USD) in 2019, yet there were fewer victims? How did this happen?

A: Criminals are targeting smaller numbers of victims with unprecedented precision and voracity. Taking over all of the financial accounts belonging to a single victim has become easier and more lucrative.

Total Fraud Amount (2010-2019)



Identity fraud increased 15% year-over-year.

Source: Javelin Strategy & Research, 2019

Managing Fraud and Trust in the COVID-19 Environment (continued)

Q&A with Jacob Jaeger

President, Javelin Strategy & Research



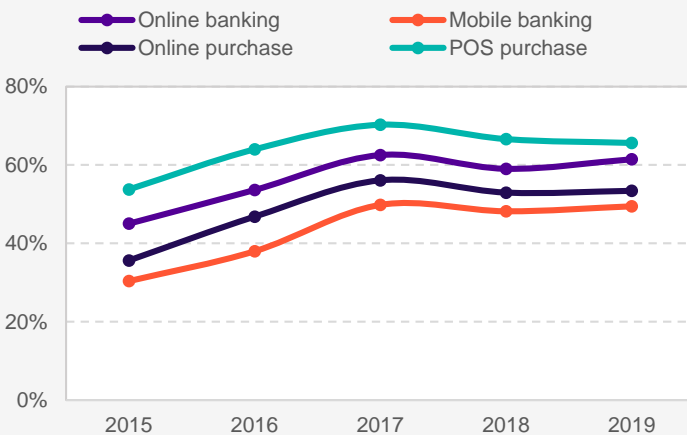
Q: Javelin's 2020 Identity Fraud Report shares powerful statistics pertaining to consumers and their perception of trustworthy technology. Are there misconceptions?

A: Consumers often classify anything with a static password as secure until proven otherwise. The fact that consumers regard mobile banking as less secure than point-of-sale transactions should be seen by everyone as a call to order to correct these misconceptions before they further erode consumer confidence and security. This insight alone, if corrected, would be an amazing benchmark in the battle against identity fraud.

Q: What is the way forward to overcome the obstacles of consumer trust and misconceptions during these uncertain times?

A: The spark that should fuel everyone's mission should be focused on thoughtful changes that make our clients' lives easier to navigate. We consider trust to be a building block to future success; so, lean in, and don't forget to ask us for help when you need it.

Percentage of consumers identifying each banking and payment channel as secure (2015-2019)



Consumer trust in the payment ecosystem plateaued.

About Us

Javelin Strategy & Research helps its clients make informed decisions in a digital financial world. Escalent acquired Javelin Strategy & Research in December 2019.

Visit us to learn more: javelinstrategy.com

Source: Javelin Strategy & Research, 2019

We've got you covered!

Our financial service research experts are committed to bringing you the data and insights you need to more effectively run your business. Let's continue our strategic partnership to keep research moving forward in a time when the financial services sector needs it more than ever.

Meet just a few of our financial service research experts:



Talk to us.

Chris Barnes

CPO & Managing Director

Financial Services

P: 860.919.3659

E: CHRIS.BARNES@ESCALENT.CO

Jacob Jegher

President

Javelin Strategy & Research

P: 925.225.9100

E: JACOB.JEGHER@JAVELINSTRATEGY.COM

About Escalent

Escalent is a top human behavior and analytics firm specializing in industries facing disruption and business transformation. As catalysts of progress for more than 40 years, we tell stories that transform data and insight into a profound understanding of what drives human beings. And we help businesses turn those drivers into actions that build brands, enhance customer experiences and inspire product innovation.

Visit [escalent.co](https://www.escalent.co) to see how we are helping shape the brands that are reshaping the world.