



Bridging the Gap

**The Éist Survey and
Evolving Trust Levels
in Banking**

Culture in Financial
Services

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kpmg.ie

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Introduction

In our previous publication, [Organisational Culture in the Financial Services Sector: What's Now and What's Next](#), we discussed the critical role of behavioural and cultural change in the success of Irish financial services organisations. While partially attributable to the reputational impact of the 2008 financial crisis, the focus on behavioural and cultural change in the Irish banking sector is also being driven by a rapidly changing risk landscape which has evolved in response to global societal movements and robust regulatory and public scrutiny. To satisfy the requirements of all stakeholders, the operating environment has naturally become strained. Thus, achieving an organisational culture which delivers operationally, fosters positive behavioural change and enhances customer and employee experience has never been more important.

Perhaps more than in any other industry, financial services organisations have learnt the lesson that when culture goes wrong, the implications can negatively affect an organisation and its people for the long-term. As a result, it is no surprise that behaviour and culture have become heightened focal points for the regulator, executive committees and boards across the financial services sector. As such, the need to address the very core of how financial services organisations operate – their cultural values and default behaviours – is now more pressing than ever to ensure future and sustainable success.

Despite most organisations having implemented culture change initiatives over the past decade, the Irish Banking Culture Board (IBCB) – an independent body founded by Ireland's retail banks and comprised mostly of non-bankers – published new data earlier this year which suggested the change journey is only just beginning. While there has been some positive improvements since the IBCB's previous stocktake in 2018, change is not happening as fast as many would have hoped.

The implications of this latest snapshot are clear, particularly in light of upcoming regulatory shifts such as the Individual Accountability Framework (IAF) which is likely to again thrust behaviour and



Éist: An Updated Culture Snapshot

culture into the spotlight – it is critical that financial services organisations re-evaluate and potentially refocus their culture change initiatives to ensure they are prepared.

The establishment of the Irish Banking Culture Board (IBCB), in April 2019 was a major milestone on the Irish banking culture roadmap in two ways. First, it signified the commitment of Irish banks to make substantive changes to align with conduct and regulatory expectations. Second, it was an explicit acknowledgment that the pathway to this was via culture and behaviour change initiatives. The IBCB's mission, while no doubt challenging, is straightforward – to help rebuild trust in the banking sector through behaviour and culture change.

In February 2021, the Irish Banking Culture Board (IBCB) launched a set of surveys, together referred to as Éist (the Irish word for listen), across both staff and customers of its member banks. True to their name, the goal of these surveys was to gather empirical data on current perceptions of banking culture from both employees and customers of Irish banks. The last comparable data was an employee survey and accompanying public consultation report, each originally commissioned in 2018 and carried out by the UK Banking Standards Board, on culture in Irish banks, whose findings have formed the basis of the IBCB work programme to-date. In May, the findings of the IBCB's most recent surveys were released in two reports: Éist: Survey of Bank Culture and Éist: Public Trust in Banking Survey, focused on the views of bank staff and public sentiment about banks, respectively.

These complementary perspectives shed a unique light on the contrast between staff and customers, together providing a thought-provoking snapshot of culture within the Irish banking sector today. The surveys show that whilst efforts to deliver culture change have been considerable, it is clear that there is still work to be done and the banks need to continue to build on the positive progress they have made. Irish banks must evaluate their culture change journey to-date, and as we approach the final quarter of 2021, it is now more important than ever for banks to solidify their culture goals over the next few years.



Éist Survey Findings



Employee Perspectives

The 2021 Éist Survey of Bank Culture was divided into several key areas of inquiry, including day-to-day culture, employee voice and “speak-up” culture, visibility of and trust in senior leaders, and decision-making. As the survey commenced roughly a year after the start of the global COVID-19 pandemic, it also incorporated a category of questions around wellbeing issues relating to the new ways of working. Roughly half of all employees in Irish retail banks completed the survey, and their responses were then used to generate scores in each area, which were compared against a benchmark figure derived from similar culture assessments conducted across the global financial services industry.

01 Day to Day Culture

The findings showed that two out of three bank staff have a favourable view of day-to-day culture within their organisation. While partially tied to positive interpersonal behaviours (e.g. friendliness and collaboration while working) positive outlooks were also closely tied to a focus on customer outcomes and risk awareness as key cultural determinants. That said, the survey also highlighted some areas for the attention of leadership teams such as the fact that a higher proportion of staff had negative outlooks about bank culture compared to the global financial services sector. A number of observations were related to the perceptions of complex and inefficient internal processes which in turn increase governance layers, particularly amongst the banks' Corporate and Commercial Banking divisions.

02 Staff voice and “speak up” culture

Almost 60% of bank employees believed that their organisation had made positive strides in recent years toward promoting a “speak up” culture, wherein people feel they are able to raise concerns and that those concerns will be heard by decision-makers. While this is undoubtedly an indicator of improvement, the results also suggest that there is room for further progress. Around 20% of staff in Irish banks reported that on at least one occasion they had a concern which they consciously opted to not report, either due to perceived negative consequences or a feeling that reporting the issue wouldn't result in any action from leadership.

03 Visibility of and trust in senior leaders

A large majority of staff (70%) reported that they had recently seen or heard from senior leaders at least on a monthly basis, (however this theme has also been noted across several other sectors in light of the changes necessitated by remote working throughout the global pandemic). One finding requiring further attention from senior leaders in this area is that around half of respondents indicated that ExCo members hadn't communicated a meaningful or inspiring message about the future. This is likely linked to the fact that Irish banks also scored significantly lower in terms of staff's trust in senior leadership than peers.

04 Ethical decision-making

Bank staff reported that the main positive factors influencing ethical decision-making at work were their own moral values (83%), company policies and procedures (82%), desire to have a positive customer outcome (78%), and aligning behaviour with organisational values (71%). While these findings are encouraging, the staff survey indicated that several neutral or negative factors also influenced ethical decision-making. For example, a high percentage of individuals reported being influenced by the preferences of senior leadership (68%), budgetary constraints (66%) or simply aligning decisions with those which have worked well previously (67%).

05 Well-being during COVID-19

Over half of respondents stated that they felt consistently strained at work in the past six months, and this high percentage is at least partially explained by the dramatic changes in ways of working due to COVID-19 over the past year. Still, employees in Irish banks reported this strain 10% more often than the wider financial services industry benchmark. High strain was strongly correlated to longer working hours and perceived bureaucracy, and was most frequently reported by mid-level managers (i.e. those who manage people who lead teams), those in customer facing roles, and individuals who worked partially from home and partially in their usual office setting.

Éist Survey Findings

Public Perspectives

The 2021 Éist Public Trust in Banking Survey analysed the sentiments of retail and SME bank customers on four main dimensions of trust: Ability, Integrity, Dependability and Purpose. Public ratings across each of these dimensions were aggregated to form an overall 'trust score', which is contextualised by people's views about the current economic outlook, Ireland's response to the COVID-19 pandemic and various other factors. The survey also made an important distinction between individuals' perceptions regarding localised bank branches versus sentiments about the Irish banking sector overall.

ABILITY

"Is good at what it does"

INTEGRITY

"Is honest"

DEPENDABILITY

"Keeps its promises"

PURPOSE

"Tries hard to have a positive impact on society"

01

Public Perception

Overall, the IBCB's findings indicate that public trust in the Irish banking sector is low. Aside from a few exceptions, views about Ireland's banking sector have not materially recovered from the fallout of the 2008 financial crash, and in some cases perceptions of the banking sector have actually gotten worse since 2018, likely catalysed by continued media coverage of the tracker mortgage controversy which occurred that same year.

02

Trust Levels

In terms of more recent events, a large majority of respondents indicated that the sector could have done better in its response to the COVID-19 pandemic. While public sentiment in this regard should not be discounted, the IBCB rightly pointed out that this is a particularly unfortunate finding, given the impressive level of effort of bank employees who rallied to provide such a high volume of unforeseen payment breaks for customers, work which often took place in parallel to their 'business as usual' roles.



Insights and the Path Forward

The survey of bank staff shows progress is being made internally across all member banks, but the results of the public trust survey show those internal changes in culture have yet to resonate with the majority of bank customers. On the surface it seems as though the two latest IBCB surveys are starkly in contrast with one another. If we take a step back from the research and consider the banking sector's culture objectives and change journey to date, some of the differences between staff views and public sentiment are understandable. It makes logical sense that the initial outcomes of culture change would be first witnessed and experienced by staff within the bank before they are necessarily observed or experienced by the customers.

Ultimately, this gap between public trust ratings and staff perceptions of bank culture points toward the need for banks to review their operating models on an ongoing basis to align with evolving public expectations as part of culture change initiatives. The findings of these surveys will act as a framework to inform the ongoing culture transformations being undertaken in the banks. As we advocated previously ([link here](#)), within the financial services sector, People and Risk initiatives should be viewed as two sides of the same coin, as each is intrinsically shaped by leadership behaviours, underpinned by I&D and have been shown to have a direct impact on customer experience and organisational performance.

Catalysts for change

Banks face unprecedented disruption and the pace of change seems to only be increasing. To survive and succeed in the future and navigate this turbulent operating environment a continued focus on culture change and effective internal monitoring is essential.

A change in culture, while essential, is not a substitute for effective regulation and enforcement. To this end, the Central Bank Individual Accountability Framework Bill, which will give the Central Bank of Ireland more powers to target individuals at regulated firms for wrongdoing, will help reinforce and accelerate positive culture change in Irish banks.



Insights and the Path Forward

Defend and extend culture wins

Within Irish banks there has been some quality progress made on the culture front over the past few years and although there is more to do, this progress should be acknowledged and built upon. In particular, the increased ratings around day-to-day working environment, increased visibility of senior leaders, emphasis on employee voice and promotion of a 'speak up' culture have all been steps in the right direction.

It is now more pressing than ever for banks to continue to invest in their culture journey using a "defend and extend" approach – i.e. safeguarding and continuing to shape the culture changes which have taken place over the past few years, while also branching out to address some of the other systemic issues highlighted by the Éist Surveys.

Building trust takes time

Currently, public sentiment about the banking sector is simply not where it needs to be for Irish banks to succeed in the long-term. However, embedding culture change takes time and requires proactive and consistent effort on the part of all stakeholders throughout an organisation. It is worth noting that results like those shared in the latest IBCB survey are merely a snapshot on this journey and the banks should not be discouraged but rather encouraged to continue to commit to and prioritise their journey of cultural change. If we assume that trust is more easily lost than it is gained, it is important to acknowledge that it *can* be gained, particularly if approached in the right way. Public sentiment will follow in time, but to bring this into fruition requires diligence and focus on the part of banks – the public needs to see that these organisations are serious about cultural improvements and witness the behaviour first-hand through their touchpoints and interactions with their bank.

While there is progress being made, and that progress needs to be recognised, individual institutions must improve their own culture further. The outcome of continued positive cultural change will increase positive behaviours which will result in trust being built with staff and with customers.

There is a need to re-engage with culture change initiatives to ensure deeper understanding of what is working as well as looking closely at assumptions or norms that may be detracting from culture goals. Further progress will be made only through understanding the root causes of any misalignment and continuing to focus on interventions that address these challenges.



How KPMG can help

Collaborative Approach



We have invested heavily in assimilating a depth of knowledge across both the people and risk aspects of organisational culture. Our team combines experts from both our People and Risk Practices. Our 'Two Sides of the Same Coin' approach is unique in the market and puts us in a position whereby we can dial up specific elements of our model depending on your needs.

Global Network



We have access to the KPMG global network and advisory panel which includes behaviour and culture subject matter experts from the Netherlands, Canada, Germany, UK and Australia. Our tailored solutions leverage this global expertise.

Tried and Tested Methodology



KPMG's Behaviour and Culture Toolkit and four phase approach to culture change, are tried and tested methodologies that have been successfully integrated across multiple organisations. We take the time to understand how your organisation works and tailor our methodologies to your organisation's needs.

Regulatory Insight



We have a deep knowledge of the Regulator's expectations. We have regular touchpoints with the Central Bank of Ireland and as such are well positioned to assist on regulatory culture change projects that will support a robust organisational culture.

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