

Defining Trust

We define trust as a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behaviour of another (Rousseau et al., 1998, p 395)

Ways Banks can Violate Trust

- Clients may experience rude front-line staff
- Customers/ clients may feel that they were not given important information e.g., they were not told that a payment method needed updating
- The 2008 financial crash/ recent news scandals

RECOVERING TRUST

Apologizing (Xie and Peng, 2009):

In an isolated incident where a bank has failed to demonstrate trustworthiness, apologizing can recover trust:

Affective

Give a public, explicit apology and demonstrate remorse and compassion- recovers trust by showing integrity and benevolence

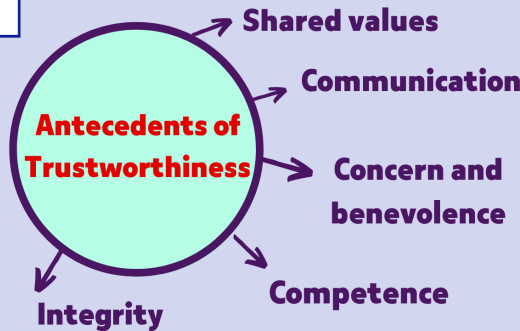
Functional

Financially compensate the individual- recovers trust by demonstrating competence

Informational

Communicate openly about why the incident happened and give updated information about how it is being dealt with- recovers trust by demonstrating integrity and competence (as well as benevolence)

TRUSTWORTHINESS



Trust is a consumer's belief and trustworthiness is an organisation's attributes (Colquitt et al., 2007)

TOP TIPS

Make sure that the trustor always perceives that your interests are aligned- this is linked to the social identity theory (Rousseau et al., 1998)



The Importance of Values (Johnson and Grayson, 2005)

Regarding recovery from the 2008 financial crash, NatWest can demonstrate trustworthiness by clearly articulating that trust is a key value of their bank

Case Study

OneLogin suffered two majority security breaches within 12 months. They responded quickly; immediately acknowledged the breach and provided updates; they changed their company culture to a security-first mindset. This helped them to successfully redeem the trust of their customers

MISCOMMUNICATION HAPPENED. NOW WHAT?

Miscommunication = a lack of mutual knowledge and understanding (Björndahl et al., 2015; Weizman, 1999)

Miscommunication is a mismatch between the speaker's intended meaning and the hearer's understanding; it is distinct from communication, which is greatly interrelated to trust (Anelli et al., 2002)

One way miscommunication can occur in banks are when communicators have an over-dependence on industry jargon, and do not use language to suit the trustor, which can cause an unintentional lack of transparency (Sekhon et al., 2014)

NEGATIVE MESSAGES WITHOUT LOSING TRUST

- Studies have shown that an efficient organizational-employee relationship reduces the desire to share negative information (Lee & Kim, 2020)
- Employees are a company's most trusted source of information (Men, 2014)
- Research has shown that humans should be the ones communicating negative messages to their customers to preserve high levels of trust.
- Consumers were found to have a preference for capable financial advisors and not Robo-advisors. (Emerald Insight, 2021)

01 Be clear and concise to avoid being asked for additional clarification

02 Help the receiver understand and accept the news.

03 Reduce the anxiety associated with the bad news as much as possible by expressing sympathy or empathy

04 Deliver the bad news in a timely fashion in the appropriate channel(s) (Smith, 2015)

TOP TIPS

As more bank branches close in local areas, and banking becomes primarily online, it is important to note that bank customers may only be in contact with a human being once something goes wrong- this is a critical moment for demonstrating trust

How to make improvements

- Do not overload customers with so much information that they are confused about the business
- Determine the source of the problem
- Own up to your mistakes – do not be defensive
- Get feedback from consumers
- Follow up the gesture of an apology with action

TAKE-AWAY MESSAGE

- **Communication** is the key solution to the presented challenge
- Customers of today expect a more active, responsive and faster communication with their banks. In case of any problems, the banks should always communicate proactively (Parajuli et al., 2020)
- Recent evidence indicates that customers still have more influence and trust traditional banking activities
- Evidence argues that customer loyalty and satisfaction all depend on the bank communication strategies

The tree of trust (Lewicki et al., 2016)

- Give the client space to calm their anger
- Ensure that the client has the right account executive, do not be afraid to move people around – let the client hire a new team e.g., assemble a team of people that have a stake in saving the account
- A problem well-defined is half solved- spend time getting to the bottom of the client's issues.

The Decision to Trust Model

Explains how one's decision to trust is affected by several situational factors, arising in vulnerable and uncertain situations as there is no urge to trust in predictable contexts (Hurley, 2011). One important situational factor is communication, which is crucial to the other aspects of the model.

1. Frequent and open communication can lead to trusting relationships even when the other factors are low in trust
2. When dealing with more complex situations which are out of the trustee's understanding, distrust is a logical consequence
3. Poor communication always leads to distrust. This emergence of distrust linked to miscommunication leads to perceived betrayal, causing further damages to the communication which causes chronic distrust. According to the miscommunication and distrust model, there are several opportunities in which there is a recovery opportunity
4. Those who excel at communication get to form stronger emotional bonds with the trustors; openness induces feelings of confident reliance

