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TRUST IN BANKS COLLAPSES AS UK CALLS FOR GREATER REGULATION

2009 Edelman Trust Barometer finds US leads ‘trust plunge’ as global confidence in Business hits a 10-year low – but UK Business bucks the trend and Government is back in favour

January 27th, 2009 — Trust in Banks, Energy and Media is witnessing sharp falls among UK opinion formers aged 35 to 64, according to the 10th edition of the annual Edelman Trust Barometer, released today. Banks fell 16 points to 31%, while Energy and Media both dropped 13 points to 32% and 21% respectively. This is in sharp contrast to a year ago, when all three industries enjoyed a trust bounce. Despite the plunges, underlying trust in Business remains stable (45% in both 2008 and 2009) and Government continues to recover confidence year-on-year from an all time low in 2007 (from 16% in 2007 to 34% in 2008 and 41% in 2009). Trust in Media (28%) is lower in the UK than any other country surveyed.

Traditional media sources still rank as the most credible, but have suffered significant falls over the past year. Trust in newspapers dropped 10 points to 19%, while radio news is down 20 points to 33%. Conversations with friends and peers have also lost credibility – falling from 46% to 37%.

Robert Phillips, Edelman’s UK CEO, said: “It will come as no surprise to see that Trust in Banks has been badly dented over the past twelve months. But some *will* be surprised to see Trust in Government rise significantly for the second year running – Trust in Government is now almost three times higher under Brown than it was in the dying days of Blair. Of real importance is the recognition of and thirst for regulation – our influencers are clearly saying that Business and Government have to fix this mess together.”

The 2009 Trust Barometer findings highlight a clear mandate for Business and Government in the UK to work together to solve the global challenges. Among opinion formers aged 25 to 64:

- 71% want Government to impose stricter regulations and control on all industry sectors
- 73% think the Government should intervene in the financial industry using whatever means it sees appropriate – compared with 43% in the US, 74% in Germany and 75% in France
- 61% say that Government is most responsible for solving the financial crisis (compared with 22% for business) – higher than the rest of the EU countries surveyed



- 70% think Business must partner with others (Government, Advocacy Groups, NGOs) to solve issues such as the financial crisis, global warming and energy costs

Trust Barometer Global Findings

Globally, nearly two-thirds of informed publics (62%) trust corporations less than they did a year ago. When respondents in the United States were asked about trust in Business in general, only 38% said they trust Business to do what is right—a 20% plunge since last year—and only 17% said they trust information from a company’s CEO. Both are lower levels of trust than those Edelman measured in the wakes of Enron, the dot-com bust, and September 11th.

“It has been a catastrophic year for Business, well beyond the evident destruction in shareholder value and need for emergency government funding,” said Richard Edelman, president and CEO, Edelman. “Our survey confirms that it’s going to be harder to rebuild our economies because no institution has captured the trust that Business has lost—trust is not a zero-sum game. Business must recast its role in society and move beyond simply generating ROI to its shareholders. It must partner with Government and other institutions to assume societal responsibilities.” The Edelman Trust Barometers explores trust in four institutions: Business, Government, Media, and NGOs.

This decline in trust also is playing out on the High Street. Globally, 77% said they refused to buy products or services from a company they distrusted—the first time the survey explored people’s direct actions toward trusted and distrusted companies. Seventy-two percent (72%) criticized a distrusted company to a friend or colleague.

In contrast to the lack of trust in the Western economies that have historically shaped the global agenda, trust in Business in several emerging economies increased. In China, the “trust in Business” score rose from 54% to 71% among 35-to-64-year-olds. In Brazil, trust in Business climbed to 69% from 61% a year ago. And while trust in banking dropped by 33 percentage points in the United States, trust in banks rose from 72% to 84% in China, and from 52% to 59% in Brazil.

“To regain trust and re-earn the mantle of authority, Business needs to make substantive shifts in both policy and communications,” said Mr. Edelman. “This means forging partnerships, effecting real change in Business practices from executive compensation to supply chain, and communicating all with transparency. Without this type of public engagement, which fuels trust, it will be difficult for Business to help rebuild the financial system or earn the license to innovate, much less operate.”



NOTES TO EDITORS

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About the Trust Barometer Survey

The 2009 Edelman Trust Barometer is the firm's tenth trust and credibility survey. The survey was produced by Daniel J Edelman research firm StrategyOne and consisted of 30-minute telephone interviews conducted using the fielding services of World One from November 5 -December 14, 2008. The 2009 Edelman Trust Barometer survey sampled 4,475 informed publics in two age groups (25-34 and 35-64). All informed publics met the following criteria: college-educated; household income in the top quartile for their age in their country; read or watch business/news media at least several times a week; follow public policy issues in the news at least several times a week.

About Edelman

Edelman is the world's largest independent public relations firm, with 3,200 employees in 54 offices worldwide. Edelman was named "Large Agency of the Year" in 2008 by PRWeek and a top-10 firm in the Advertising Age "2007 Agency A-List," the first and only PR firm to receive this recognition. CEO Richard Edelman was honored as "2007 Agency Executive of the Year by both Advertising Age and PRWeek. PRWeek also named Edelman "Large Agency of the Year" in 2006 and awarded the firm its' "Editor's Choice" distinction. For more information, visit <http://www.edelman.com>

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