



The 2012 Malkovsky Wall Street Reputation Study

Insight into Reputational Challenges
Faced by Financial Companies

Wall Street's Reputation Crisis: What are the Critical Challenges Ahead?

What is the remedy for the financial services industry's reputation crisis? What are the ills that have to be corrected?

A new Makovsky study went directly to the front lines to those defending and advancing corporate reputation and brand: **150 marketing and corporate communications executives at leading financial services companies.**

We found an industry still recovering from the lingering effects of the financial crisis and searching for ways to reengage key stakeholders to rebuild trust and reputation.

TOP ISSUES AFFECTING REPUTATION



Capital/liquidity
Subprime mortgage
Financial performance
Public perception
Occupy Wall Street

Nearly 70% of the executives surveyed agree that capital/liquidity challenges and repercussions of the subprime mortgage crisis were primary factors in their companies' tarnished reputations over the past year.

Other major issues that negatively impacted reputation included financial performance and public perception of the industry.

For the first time since the movement originated, a majority report that the Occupy Wall Street movement has, in fact, impacted their business.

WHO'S RESPONSIBLE

57%

57% gave the industry's PR performance an average to failing grade.

Most of the companies surveyed are willing to accept their share of the blame.

When asked to grade the financial services industry's public relations efforts, 57% rate PR's performance from average to failing.

Overall, 96% of those surveyed say that financial services companies invited negative public perception through their actions or inactions.

BIGGEST REPUTATION ISSUES TO ADDRESS

NEXT 12 MONTHS

Negative public perception
Employee ambassadors
Exemplary leadership
Company-wide commitment
Spotlight on quality

Moving forward, the executives cite five **critical challenges** that lie ahead. Negative public perception remains the most daunting problem, but executives now recognize that they must engage their first line of defense during a reputation crisis, employees, with an aggressive communications program.

They need management to show leadership by example, a company-wide commitment to building reputation, as well as a spotlight shined on the quality of their companies' products and services.

The Rx for Recovery

What are the solutions for turning things around?

The first step, according to the executives surveyed, has already begun: with reputations in distress and the C-Suite placing a greater emphasis on rebuilding trust, more than 70% agree that **the marketing and communications function grew in importance** at their company in the past year.

MEASURING CORPORATE REPUTATION

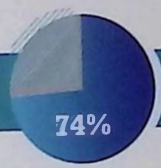


Customer satisfaction
Thought leadership
CEO with a vision
Financial performance

In the coming year, executives see four important drivers of repairing reputation: increased customer satisfaction, building thought leadership, a CEO with a vision, and financial performance.

While customer satisfaction and financial performance may be tried-and-true factors, the inclusion of thought leadership and a visionary CEO **indicate a new era** where communications plays a critical role in navigating financial institutions' next steps.

INCREASED REGULATION WILL IMPROVE REPUTATION



74%

74% of executives
believe increased
regulation will improve
reputation and trust.

Increased regulation?

Despite being in the midst of some of the most wide-ranging and demanding financial regulations in U.S. history, **74% of the executives surveyed** believe that increased regulation of the financial services industry will actually help their firms improve reputations and trust with their customers faster.

GETTING SOCIAL MEDIA RIGHT



Executives report
social media efforts
have had a "neutral"
impact on managing
their reputation so far.

Can the continued growth of social media help?

Only if it's done right. More than half of the executives surveyed report that their company's social media efforts have had a "neutral" impact on managing their reputation so far.

With social media as an emerging communications channel for financial services firms, and with regulatory bodies continuing to soften guidelines, **social media will grow in importance**, especially to improve public perception and connect more directly with customers.

**There's no "magic bullet".
However, most executives
are optimistic things
will improve in 2012.**

In short, it is clear that there is no "magic bullet" to cure all that ails the reputation of the financial services industry. More than three in four (77%) of the executives surveyed, however, are optimistic that their companies' reputation will improve in 2012, in part thanks to corporate leadership's growing recognition of the importance of marketing and communications.

Most financial institutions have a steep hill to climb. When the executives were asked which financial services firms have the best reputation, only three companies - Wells Fargo (36%), Bank of America (35%) and Citibank (27%) - were mentioned by more than 20% of those surveyed, while 11 other well-known institutions fell between 3% and 12%.

About Makovsky

Founded in 1979, Makovsky + Company is one of the nation's leading independent global integrated communications consultancies, focused in financial services, professional services, health, technology, energy, change management, branding and digital. The firm attributes its success to its original vision: that the Power of Specialized Thinking™ is the best way to build reputation, sales and fair valuation for a client. Based in NYC, the firm has agency partners in more than 30 countries and 40 U.S. cities through IPREX (www.IPREX.com), the second largest worldwide public relations agency partnership, of which Makovsky is the founder.

Makovsky Financial Services

Over the past thirty years Makovsky has established a reputation as one of the premier financial services communications agencies in the United States, working with clients in every major sector of this complicated and demanding specialty.

*Investment Banking / Commercial Banking / Retail Banking / Brokerage / Asset Management / Wealth Management
Alternative Investments / ETFs / Mutual Funds / Insurance / Financial Technology / Benefits Consulting*