If we trust our customers, surely they will trust us in return?

Trust seems to be the buzz word of the moment for the financial services sector. This is hardly surprising given the unrelenting knocks the sector has had following the recession, mis-selling scandals and other mis-deeds that have tarred financial organisations regardless of blame. Although the sector is recovering - the Edelman trust barometer identified financial services as the faster growing sector in terms consumer trust; it still occupies the unenviable position of being the least trusted business sector.

Building customer trust therefore remains one of the biggest challenges for the financial services sector going forward. But what exactly is trust? Edelman defines it as being trusted to do the right thing. This has the benefit of being a simple measure, but trust is complex.

What is trust?

Trust is commonly described as a leap of faith, or a willingness to be vulnerable based on your expectations of others. As financial services are intangible, consumers have to trust the provider to deliver what it promises in the near (or sometimes distant) future, so a leap of faith is already a given.

Experts define trust in many ways, but generally do so using three components. The first is cognitive trust which is based on what customers know about the company; an accumulated knowledge over time. The second is affective trust, based on the customer's personal experience about whether the company cares for them, this results in feelings and an emotional connection with the brand. Finally, the third part is behavioural trust, which we typically see as buying behaviour. Although behaviour usually follows from cognitive and affective trust this may not always be the case. Customers may buy when cognitive and affective trust are not present because they simply have no other choice.

Turning trust building on its head

When marketers talk about trust we are usually focusing on building consumer trust with an organisation: a bank, insurer or other financial institution. However, if we truly aspire to be a consumer focused industry, we should stop focusing on how much customers trust us and instead consider how much we trust our customers. Surely if we trust our customers they will trust us in return?

If we were to turn the idea of building trust on its head and rather than asking customers to trust us we instead seek to demonstrate that we trust our consumers, the three different types of trust may be a good place to start.

Knowing our customers

Financial institutions, by their very nature, hold a lot of information about their customers and can use this to help them to understand their customers. Unfortunately this is not necessarily the message that is communicated to customers. Recent research found that only 30% of customers believe that their banks know them and their financial needs. This same research found that 80% of organisations considered that it was very important or extremely important to know their customers – one wonders what the others placed at the top of their list! Although this research was conducted in the USA there is little reason to suspect UK customers have different views? Customers are well aware that detailed information is collected from them and about them. FinTech, Big data and data analytics need to be employed to refine understanding of the customer and guide company interactions.

Building an emotional connection

If we turn the notion of affective trust on its head, we are looking for customers to demonstrate care for financial service firms and for those firms to have positive feelings and emotional connections with their customers. The former may be a little ambitious to achieve one hundred percent? Financial services organizations are however making great strides in the latter as they move from the traditional functional proposition (for example based on price) to one based on emotions. This provides a good starting point to build trust with customers.

Affective trust is however built on experience. Marketing communications will go part of the way to help develop affective trust, but this must be reinforced in practice, in the interactions between the firm and customers. The culture of financial services firms is key to this. How do financial services companies view their customers; what language do they use internally to describe their customers; and do they have their best interests at heart? The answers to these questions will help to reveal whether or not the financial institution has an emotional connection with their customers?

Behaviour

Behavioural trust is traditionally measured in terms of whether the customer buys, supports or endorses a company. In return, if organisations trust their customers then they also need to demonstrate though their behaviour a willingness to be vulnerable.

Most customers are honest, yet, not all business practices reflect this. For example, within insurance, one third of customers believe that insurers expect them to lie about a claim. The insurance sector is working hard to change this perception. Checks and validations need to be in place for many products offered by the financial services sector. It is not however what we do, but how we do it, that impacts customer perceptions. This includes the language we use, the questions we ask and whether or not we take the time to explain why we are asking the questions we are asking?