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Trust Meltdown VII

The Financial Industry Needs a Fundamental Restart

Trust Meltdown VII

Editors:

Racheline Maltese & Matthias Vollbracht

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data driven solutions

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1. Introduction

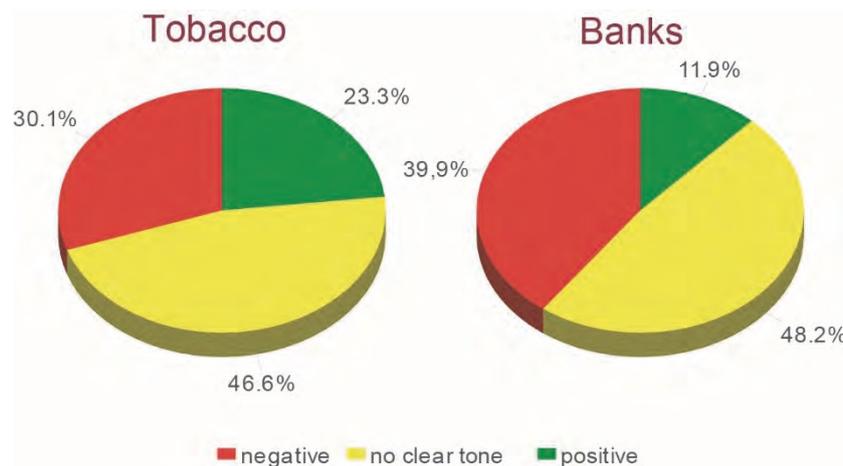
Denial Prolongs Trust Meltdown

Roland Schatz

Media Tenor

After the financial meltdown, Kofi Annan stood up and clearly said that those who paid everything back could be viewed as responsible. In this he included not only the banking sector but also all others, such as the accounting industry. Transparency is key, as are attempts from all those involved in the scandal to show that they have learned their lesson and compensated the societies and individuals who had to pay an enormous price because of their systematic misbehavior. As part of the transparency promise, the *Trust Meltdown* report was put together and published for the first in 2009 during WEF in Davos. The findings themselves were alarming. Banks in opinion leading media were framed worse than the tobacco industry.

Evaluation of tobacco and banking companies in international TV news, July 2007-June 2009

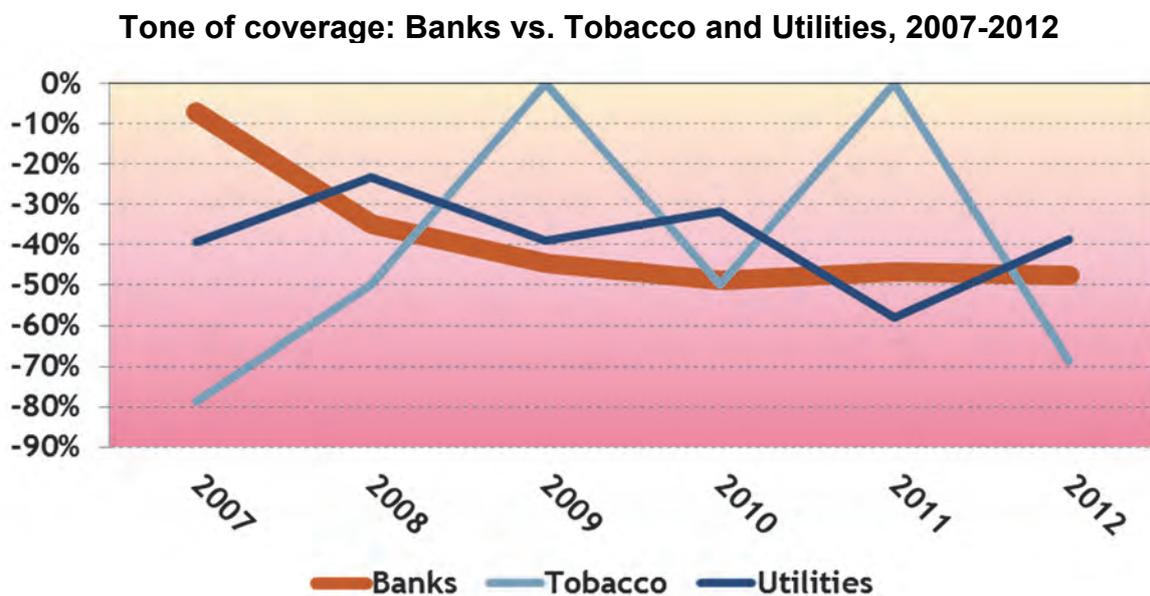


Basis: 113,766 reports about companies, industries and managers in 28 international TV news shows

Everyone was expecting the industry to act fast; no one wants to be compared to an industry associated with death. But Goldman Sachs, Barclays, and others offered a surprising response, saying that these bad numbers were only caused by reporting

on their losses. They insisted the next year would look completely different as they anticipated being able to announce profits again. The response to this optimism was puzzlement. The media was writing less about banking losses and more about poor practices and ignorance regarding client needs. But the industry preferred their own interpretation of the facts.

We presented *Trust Meltdown 2* and *3* annually in the following years at Davos, proving the bankers wrong. They didn't manage to change the media narrative, even though their annual reports documented profits. Journalists didn't see and hear convincing answers regarding an embrace of higher standards and listening to concerns from the regulatory bodies. In 2012 the reputation damage confirmed in *Trust Meltdown 5* was even more devastating. After Fukushima the energy sector basically lost their license to operate in several countries including Germany and Switzerland. Most would expect no industry could fare worse, and yet the HSBCs, BNPs, and more managed to communicate an even worse image than the nuclear power industry.



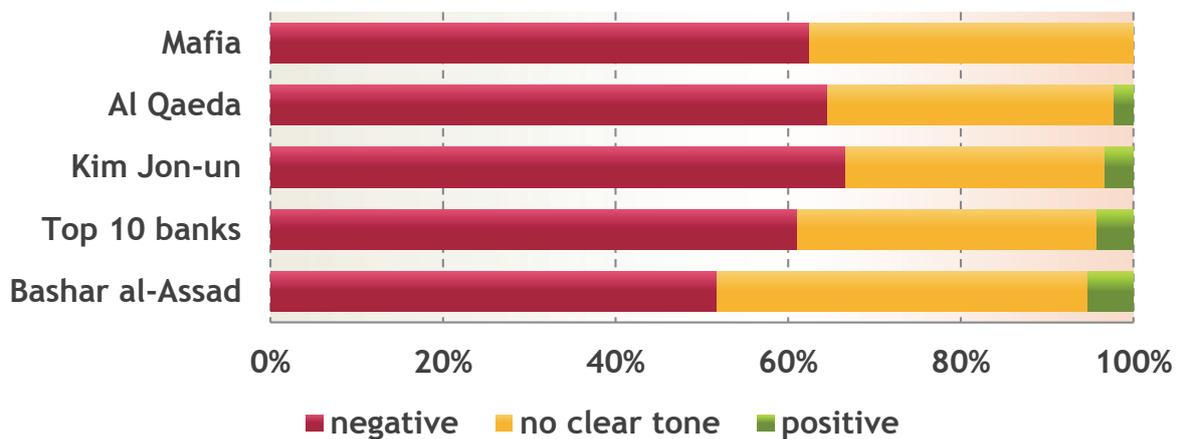
Basis: 3,340 reports in more than 100 international media

Now, finally, everyone in Davos expected a turnaround in the behavior and mentality of Wall Street. After all, this was now the fifth year in a row where the banking sector was presented as untrustworthy. But Jamie Dimon and his colleagues preferred to attack members of society who kept on asking when banks would fundamentally change their approach to business and clients. Dimon even said at a conference,

“Nobody died because of us.” This caused a tremendous uproar. Many remembered reports of individuals who, having lost their life savings, ended their own lives.

In 2014, all economic signs were more or less positive so there was an expectation at the launch *Trust Meltdown 6* that we would see a remarkable upswing. After all, a number of banks had started to listen to the markets and had put significant changes in place. Yes, the overall rating was a bit better than 2013, but the sector’s overall media reputation was still deeply negative. Even worse, the overall negativity was so bad that the top 10 banks were compared unfavorably by the global opinion leading media to the Mafia, Syria’s President Assad, and other figures no one would want as their peer group.

Tone of coverage of selected protagonists in international TV news, 2013



Basis: 452,841 reports about protagonists in 20 international TV new shows

More and more Wall Street leaders realized the severity of the challenge to overcome such an unseen image loss. Since the beginning of our ongoing media analysis 22 years ago, no other industry has faced such a strong and consistent thumbs down. Managers recognized that more and more of their traditional businesses, like financing trains or other big investments, was no longer run by them but by the producing industries. This made it even more complicated for banks to get back to normal, socially accepted business. Small and medium sized corporates started to help each other with lending because talking to the client relationship manager at banks was futile; the manager would only refer to software which remains unable to determine whether a company or individual has the capacity to

pay back a loan – or not. That's because the intangible assets of a company or of a human being aren't part of an annual report or a tax declaration.

But instead of recognizing this problem ZKB, Commerzbank, Credit Suisse and others further cut staff in order to reduce costs. This has led to a vicious cycle obvious to everyone except those in charge of the finance industry.

Now in 2016 we look at the results presented in *Trust Meltdown 7* with little hope. Surely it can't get worse. Yet in all the reports analyzed in both the Main Street media (e.g., global prime time TV news like the BBC, CBS, CCTV and more) and opinion leading Wall Street media (e.g., FT, WSJ, *Handelsblatt*) the banks did manage to communicate better in 2014 compared to 2013, in 2015 the news was even worse than directly after the finance meltdown of 2008, because of the long history of low trust.

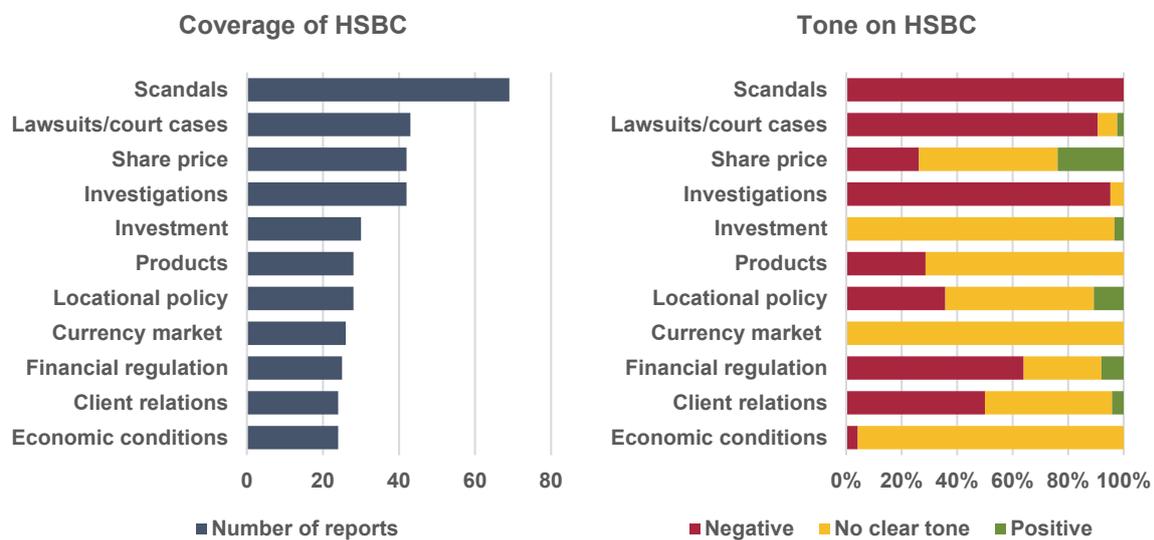
To underline the challenge at hand, journalists see no hope for the future of the sector. Usually negativity stems from a large bulk of reports that still refer to the mistakes made in the past. But in 2015, this was less the problem and the concerns shared with media audiences referred to the future. Such a media narrative seven years in a row would have put any other industry out of business. No one would place an order for a machine from a company with the type of reputation the banks are facing. So how is it that the banks are still operating?

Their survival is not dependent on normal client relations; instead central banks provide all the cash they need, directly or indirectly. But without the cash production served by Yellen, Draghi, and their colleagues, the amount of banks still in operation would be significantly smaller.

Therefore, *Trust Meltdown 7* takes a closer look how the media have judged the activities of central banks. Chapter 6 gives the details, but when *FAZ* wrote on December 29, 2015 in their chronical of the year that just showing Mario Draghi's face caused negative reactions from their readers, it's easy to wonder what's happened since 2012 when the headlines were devoted to "Super Mario." So far he has managed to overcome being taken to the supreme court by a number of economists, but the main difference between 2012 and 2015 is not ECB policy how often the president took his time to explain to his society why he is doing what he is doing. In 2012 he wrote op-eds in rather left wing media to even reach teachers in

Germany and he was very active giving interviews. In 2015, however, this was reduced and has led to a loss of trust.

Most of the banks act like Mario Draghi, saying let's just get over it and then, once we can prove with solid numbers that we are good, the people will love us again. History shows that doesn't work. What is most surprising is that the banks should know better. Even in the good days, would they have continued to lend money to a client who rarely showed up and didn't meet their monthly obligations? A letter declaring the cancellation of the credit line would have been as certain as hearing an amen in church. So what did HSBC expect? The visible topic in 2015 was scandals. The next was lawsuits.



835 reports on HSBC on international TV news and opinion-leading business media, January 1 – December 31, 2015

Who would want their children to work at HSBC with this media narrative? Who would feel comfortable keeping his money in an HSBC bank account? In 2015 the media reported an all-time low in interest by high school graduates in starting their business career within the banking sector.

Where can we find hope? History shows that it is never everyone who is ignorant or misbehaves. And yes, in 2015 there have been a reasonable amount of reports portraying representatives from within the finance sector who obviously have learned their lessons, changed and, most importantly, didn't hide from journalists.

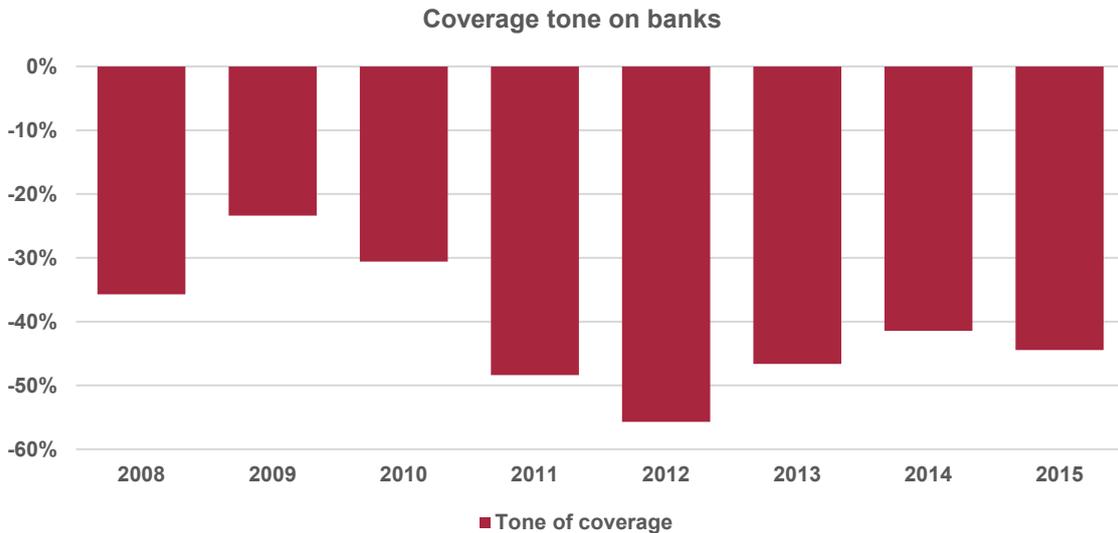
2. The Banking Industry and the Trust Meltdown

Racheline Maltese

Media Tenor

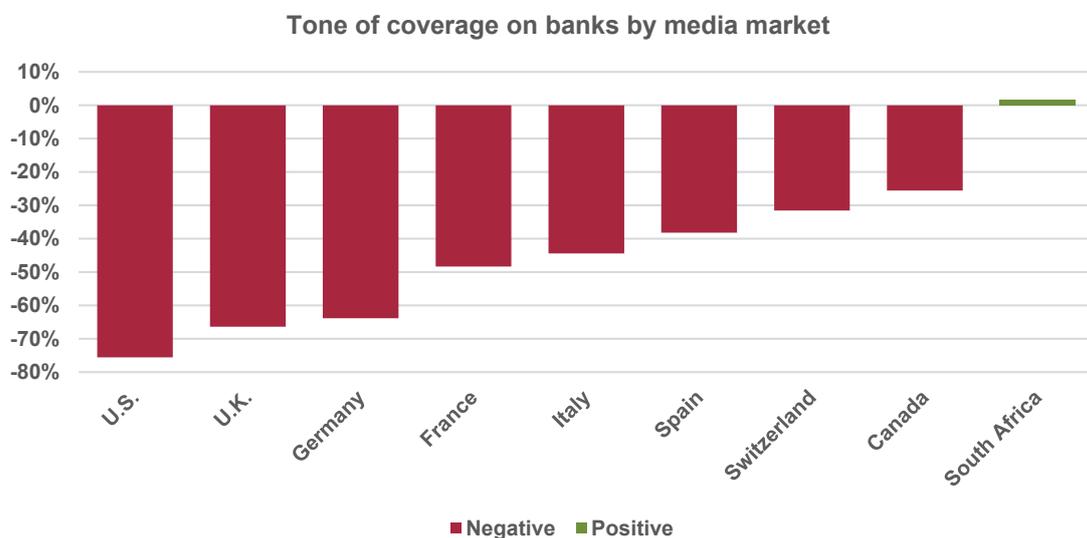
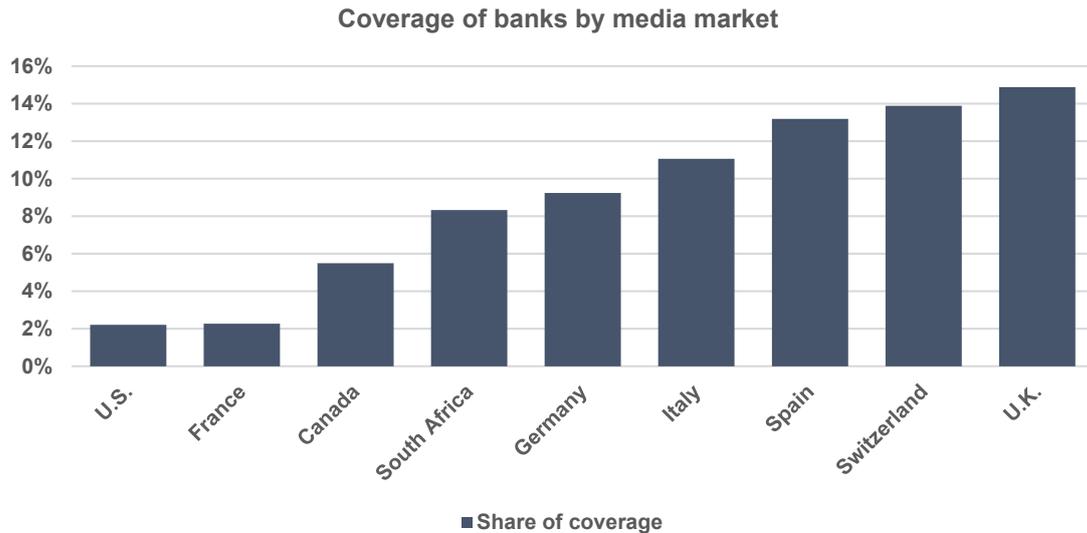
Banking outlook on international TV news

While the shape of the trust meltdown has changed since it began, the core of the problem remains visible in the media reception of the banking industry. In fact, banks as covered on international TV news were rated worse in 2015 than at the beginning of the trust meltdown in 2008. This, despite efforts from the banking sector to reform and build trust.



17,181 reports on banks on international TV news, January 1, 2008 – December 31, 2015

This negativity is not the result of a single media market that is particularly hostile to banks, rather the question becomes, how negative are specific markets on banks and how much time do they spend talking about that negativity.

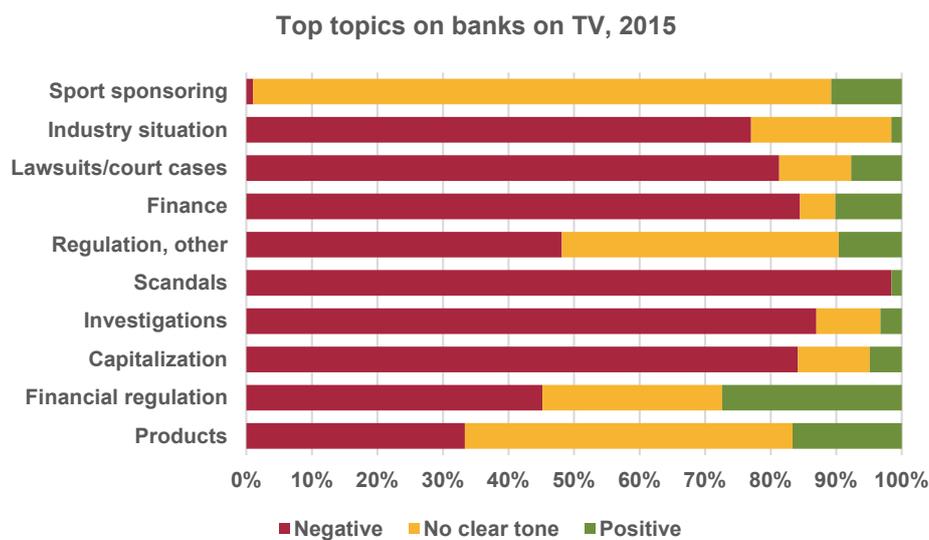
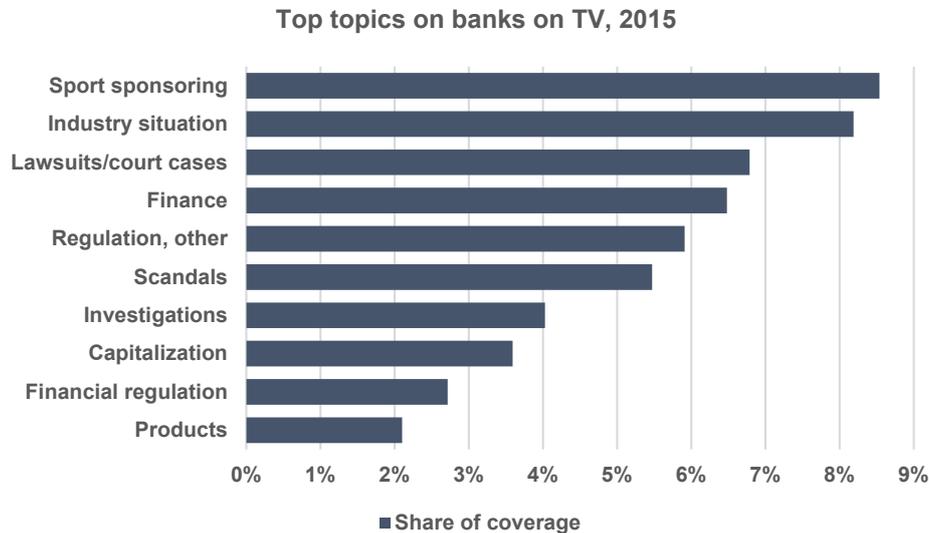


2,284 reports on banks on international TV news, January 1 – December 31, 2015

During 2015, only South Africa has had a positive image of the banking sector. In each country analyzed banks were visible over the awareness threshold and, with that one exception, sharply criticized. In the U.S. over 75% of reports on banks are negative. In Canada, where banks do relatively well, the negativity level is over 25%.

This type of criticism isn't new. And, while consumers may enter a new year with resolutions to eat healthier, exercise more, or save more money, banks don't get a fresh start each year. Instead, each bit of new negative coverage is reinforced by past negative coverage. When the media reports on wrongdoing at a bank, they list other instances of similar wrongdoing. This means that banks need to behave nearly

perfectly in order to make their pasts go away, and that any new instance of wrongdoing, poor performance, or inadequate governance is compounded by the past.

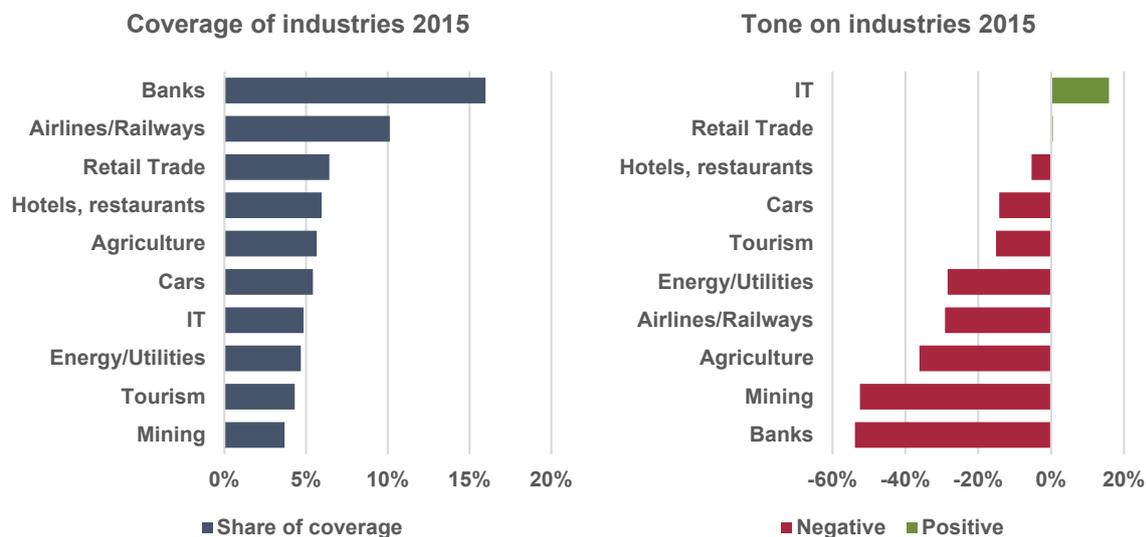


2,284 reports on banks on international TV news, January 1 – December 31, 2015

While sport sponsoring was the most visible topics for banks thanks to stadium and team sponsorships, this did little to improve the industry’s image. The 10% share of positivity this garnered in 2015, was not enough to address the critical levels of negativity on the industry, legal issues, regulation and financial performance. Even products were criticized.

While community engagement is a key part of a positive image, banks must woo consumer and other audiences through positive developments related to banking. Consumers need to understand how banks can benefit their lives beyond a sponsorship of their favorite sports team. Can banks keep their money safe? Help them plan for retirement? Make sure they can stay in their home during troubled economic times? Banks need to communicate on more than a superficial level, and when engaging CSR need to go beyond sports sponsorship into areas like community empowerment, educational opportunities, and environmental concern.

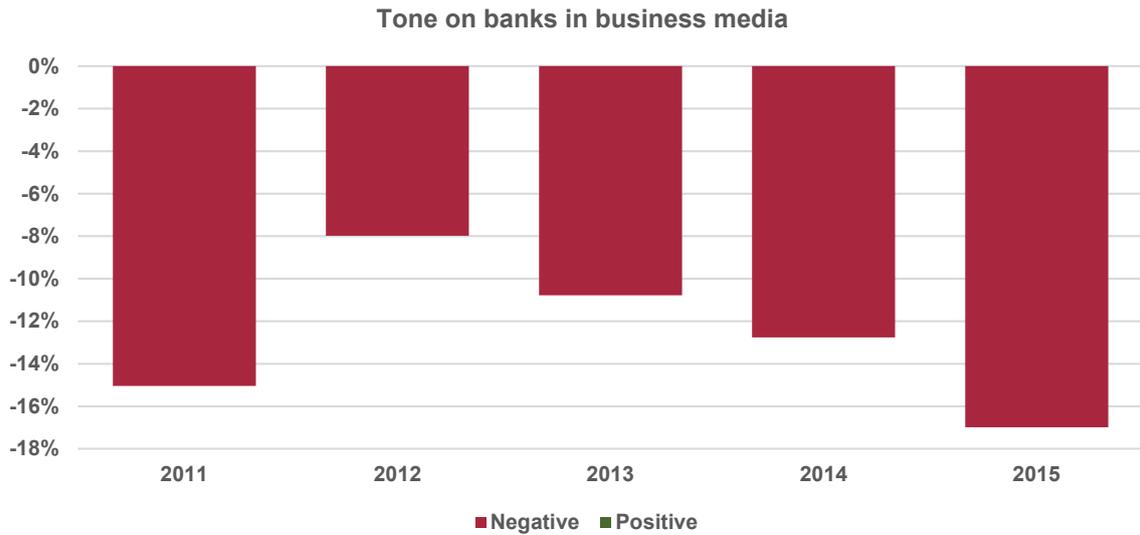
Banks are, after all, in the spotlight on international TV news, garnering more attention in 2015 than any other industry. This was true despite the emissions scandal that rocked the car industry, and a number of air disasters.



6,615 reports on key industries on international TV news, January 1 – December 31, 2015

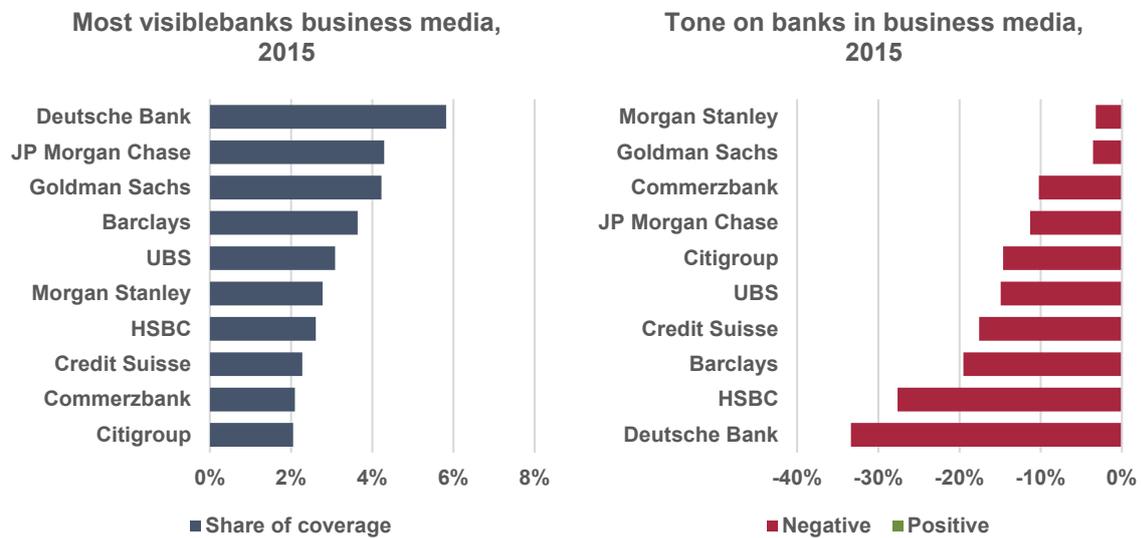
Image of banks in opinion-leading business media

Long-term tone on banks in business media has also conveyed risk, with 2015 being the most critical year ever. While this level of negativity was lesser than that on TV news, the increase may less reflect increased wrong-doing by banks and more the business media getting fed up with these events as the status quo. While historically more forgiving of corporate action, even business media is increasingly recognizing that banks may be at risk of losing their license to operate.



82,995 reports on banks in opinion-leading business media July 1, 2011 – December 31, 2015

While the level of negativity in opinion-leading business media was lower than on international TV news, the most visible banks all faced negative images. Legal issues, regulations, job cuts, and financial and stock performance were the main drivers of negativity.



28,013 reports on banks on opinion-leading business media, January 1 – December 31, 2015

Risk was also present in that the top 10 banks in the media did not correspond with the banks with the highest market capitalization. This suggested that the media was not providing an accurate sense of the industry or its impact on the economy. Yes,

scandals or innovations can cause any bank to rise in visibility, but media audiences should always have the opportunity to be aware of the largest banks in the world.

Agricultural Bank of China, which had the seventh highest market cap in 2015, received less than one-tenth of a percent of all the media coverage on banks in 2015. This suggests risks, both for the bank's image, and for the media and the media audience who are lacking the complete story.

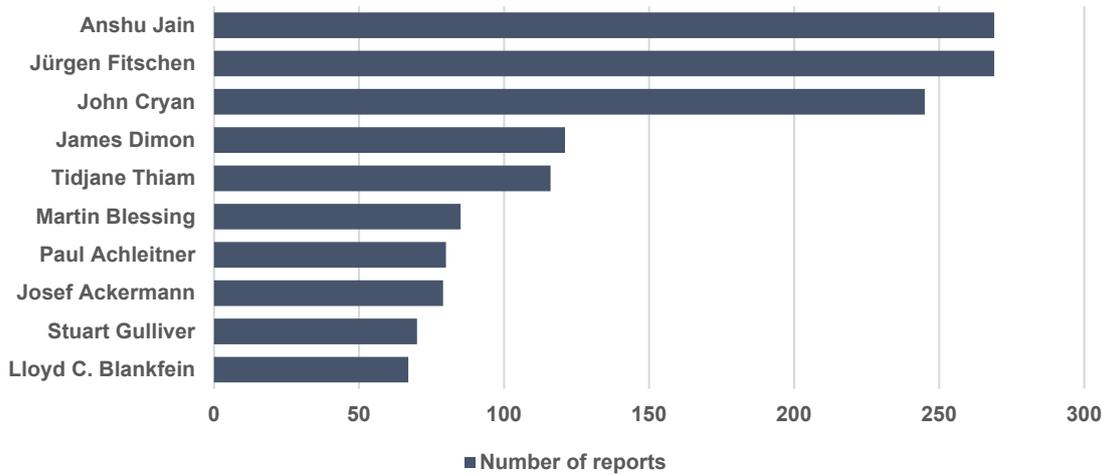
This myopia was particularly evident regarding Chinese banks, which have greater influence than media coverage suggests.

Bank	Market cap ranking	Share of coverage on banks
Wells Fargo	1	1.04%
Industrial and Commercial Bank of China	2	0.23%
JP Morgan	3	4.29%
China Construction Bank	4	0.23%
Bank of America	5	1.55%
Bank of China	6	0.34%
Agricultural Bank of China	7	0.09%
Citigroup	8	2.05%
HSBC	9	2.61%
Mitsubishi UFJ	10	0.26%

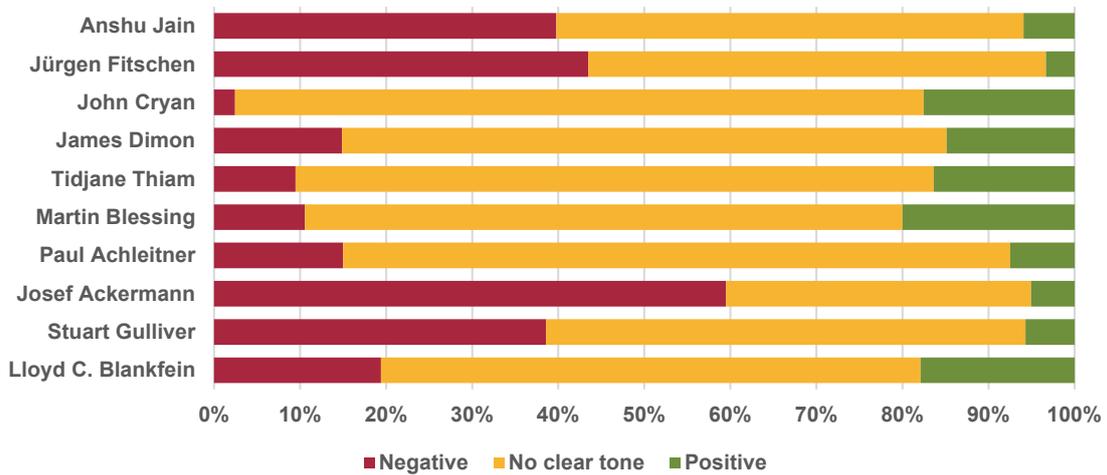
Market capitalization ranking from Relbanks.com (<http://www.relbanks.com/worlds-top-banks/market-cap>) / Media coverage share based on 28,013 reports in international business media, January 1 – December 31, 2015

Executive change was a major factor in the ratings of banking executives, which also featured significant risk. New leaders at institutions facing risk – such as John Cryan at Deutsche Bank and Tidjane Thiam at Credit Suisse – received positive images. Unfortunately, outgoing executives, and in some cases executives which left the company some time ago, continued to receive highly critical coverage which tainted the images of the companies they formerly served.

Coverage of banking executives

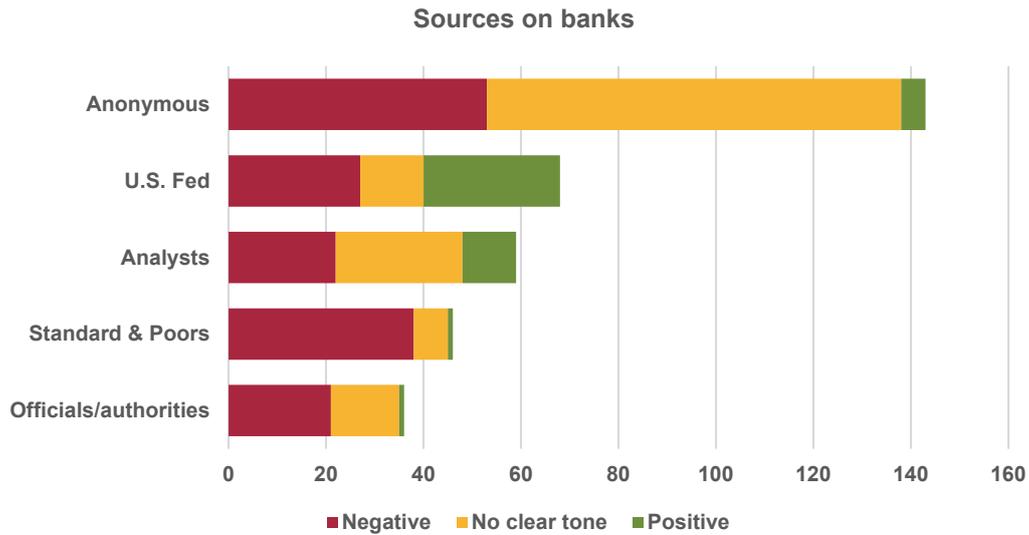


Most visible banking executives in business media



Top ten most visible banking executives out of 31,229 reports on executives in opinion-leading business media, January 1 – December 31, 2015

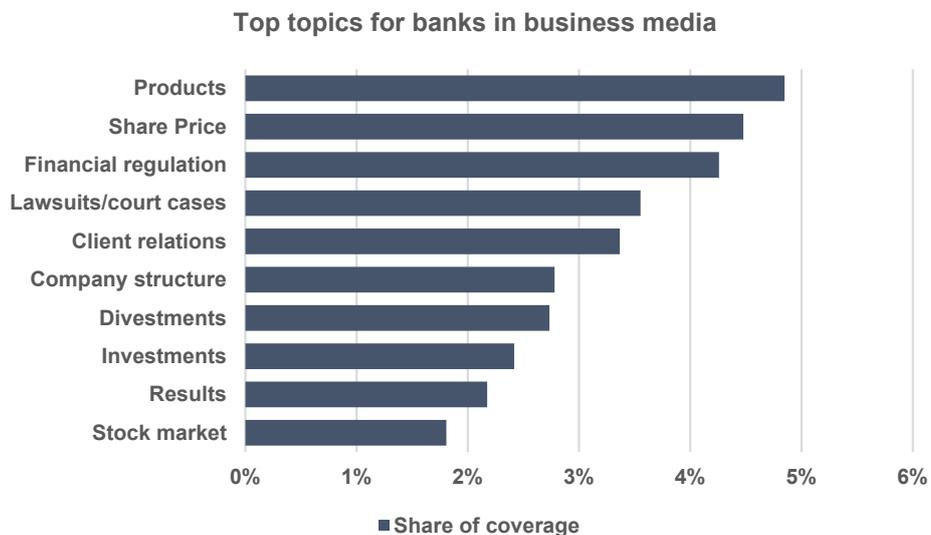
Outside of banks commenting on themselves and reports from journalists, anonymous sources spoke most frequently on banks. These were often individuals from inside companies who were not authorized to speak on internal policy and performance issues. These anonymous sources often revealed information critical of banks.



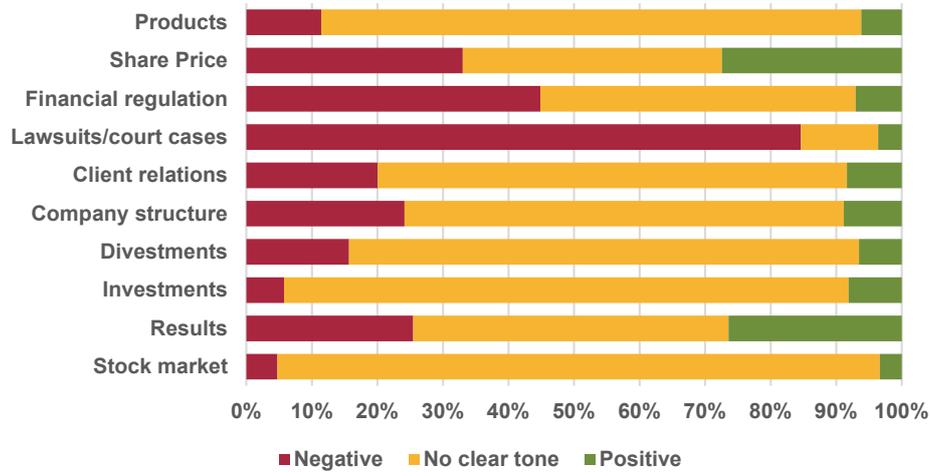
28,013 reports on banks on opinion-leading business media, January 1 – December 31, 2015

Other sources, which were also critical, included analysts, the U.S. Fed, and ratings agency Standard & Poor’s. With no true advocate for the banking industry as trustworthy, banks will continue to struggle to escape the trust meltdown and convince investors, consumers, and other stakeholders of their positive contributions to the economy and society.

There were some opportunities, however, for banks to build a more positive image. The focus on products in business media was a plus as it communicated to stakeholders on the main activities of banks. Client relations was also a topic with some potential benefits. Unfortunately, banks continued to face risk on these and other topics.



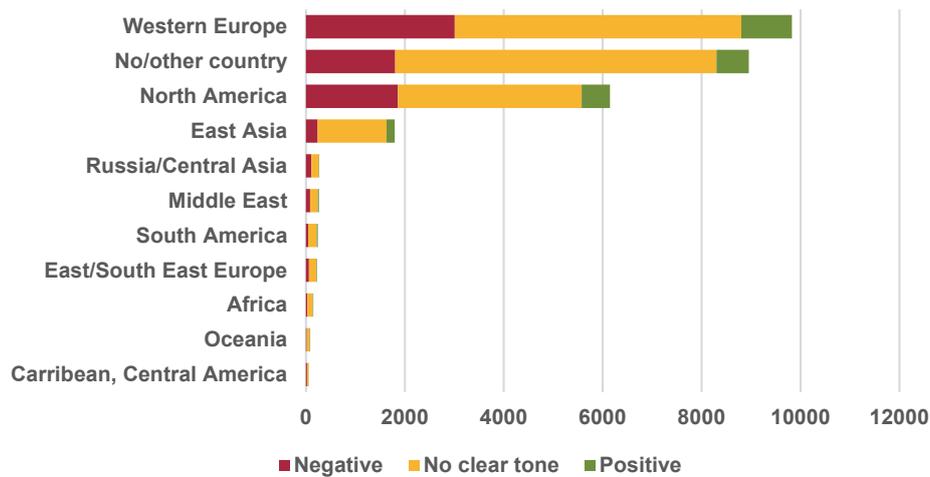
Top topics for banks in business media



28,013 reports on banks on opinion-leading business media, January 1 – December 31, 2015

Business media coverage also made it clear that while the trust meltdown is global, the distribution of risks for banks varies by location, with the highest relative levels of negativity in Western Europe and North America. One way for banks to potentially combat the trust meltdown is to communicate more effectively about their global activities. But as many banks are now choosing to reduce their footprints after over-extending, this may pose a challenge. Additionally, will more globalized bank activity increase trust or only spread the trust meltdown further and more severely?

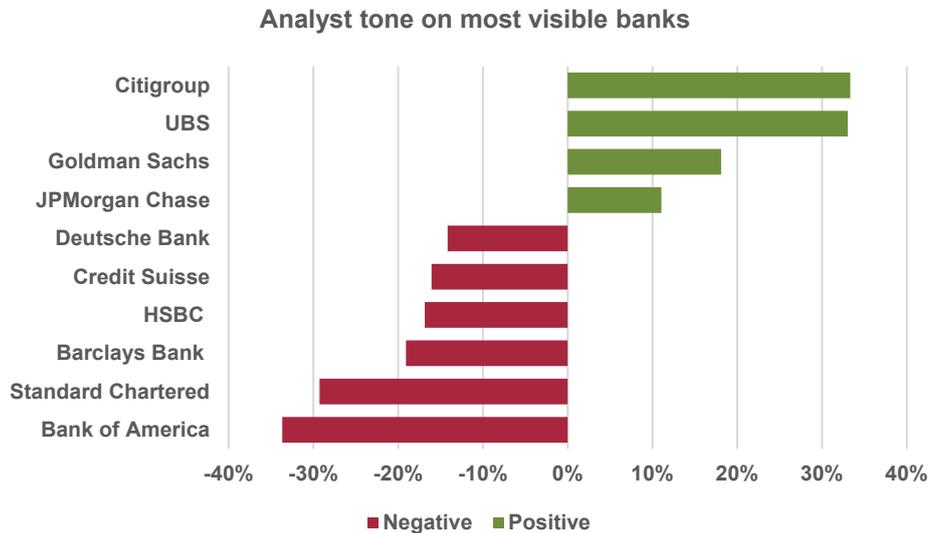
Coverage of banks by region of activity



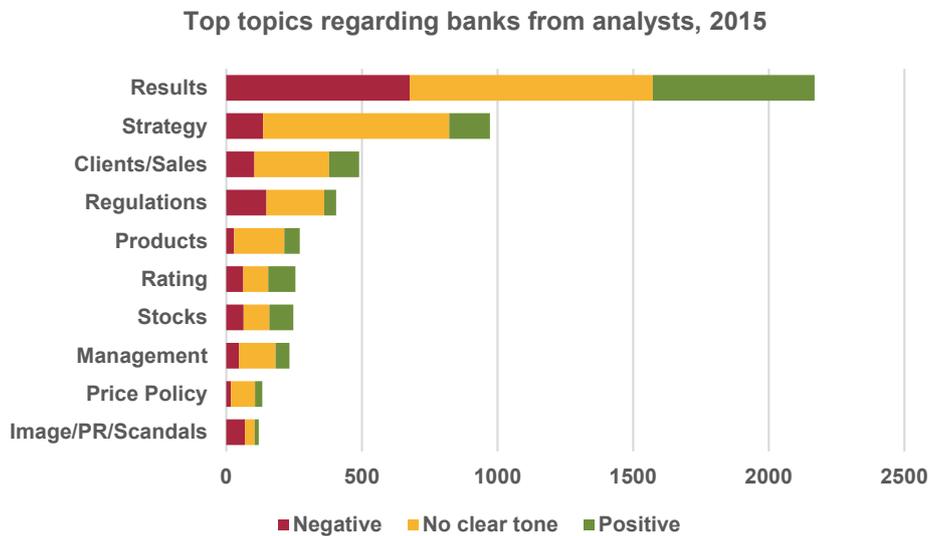
28,013 reports on banks on opinion-leading business media, January 1 – December 31, 2015

Quoted financial analysts

Financial analysts as quoted by opinion-leading business media don't see the banking picture as all bad. In fact, they are enthusiastic on four of the ten most visible banks. Additionally, negativity was less pronounced than in other media.



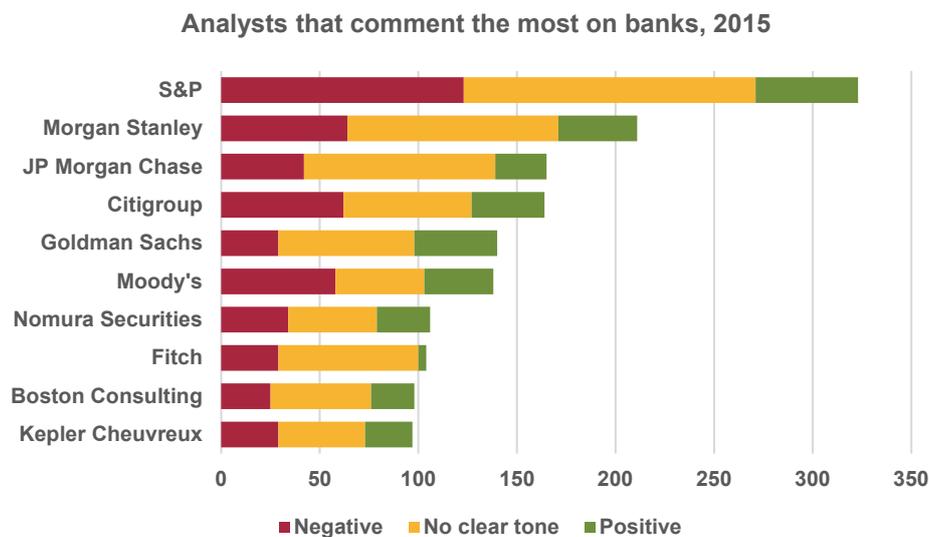
6,537 quoted analyst statements on banks in opinion-leading business media, January 1 – December 31, 2015



6,537 quoted analyst statements on banks in opinion-leading business media, January 1 – December 31, 2015

Quoted financial analysts are most concerned with bank performance when evaluating companies. Strategy receives less than half the visibility of results. This is

a risk factor in and of itself, as it suggests analysts care more about how banks perform financially regardless of how they get there. Legal issues, while negative, were notable major concern of financial analysts, suggesting the “cost of doing business” attitude that has been emblematic of the trust meltdown. This topic distribution was typical of quoted financial analyst coverage of other industries – financial performance dominated above all other aspects of doing business, an outlook that is potentially appealing to shareholders, but may not resonate positively with other stakeholders.



6,537 quoted analyst statements on banks in opinion-leading business media,
January 1 – December 31, 2015

S&P has remained skeptical on the financial performance of banks. Meanwhile, many of the analysts that comment the most frequently on the banking industry are affiliated with major banks themselves. This raises questions about the biases of analysts. While regulations separating analysts from other banking activities are significant, the degree to which banks comment on peers and competitors creates the appearance of conflicts of interest and further exacerbates the trust meltdown.

3. Global Trust Profiles

Racheline Maltese

Media Tenor

This section of Trust Meltdown VII is designed to show the status of trust in the banking system, stock markets, corporate leaders, central banks, government authorities, and other key institutions in globally critical countries and regions.

3.1 United States

Introduction

In U.S. media, the trust picture is strongly polarized. The most visible banks have all had a negative image in 2015, which indicates reduced trust compared to 2014. However, there was positive sentiment for some insurers and stock markets. Despite these bright spots, the market most identified with the U.S., The New York Stock Exchange, had a negative image, suggesting a waning of the historic exchange's influence.

Trust around government institutions has also eroded, an issue likely exacerbated by the rhetoric of the U.S. election which will continue through November 2016. The primary season thus far has highlighted distrust of the government through voter enthusiasm for candidates who have framed themselves as outsiders, including businessman and reality TV star Donald Trump, neurosurgeon Ben Carson, and avowed socialist, Bernie Sanders.

Media coverage has enumerated all of these trust issues without providing details on attempts to address them. Lack of faith in regulatory institutions along with limited coverage suggests an environment without significant checks on inappropriate corporate behavior and an economy without anyone clearly at the helm.

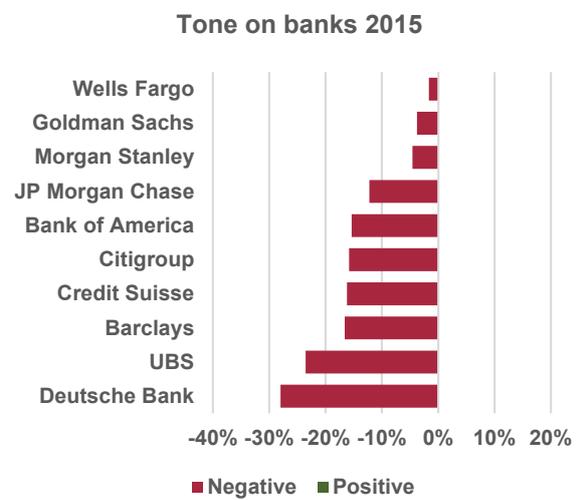
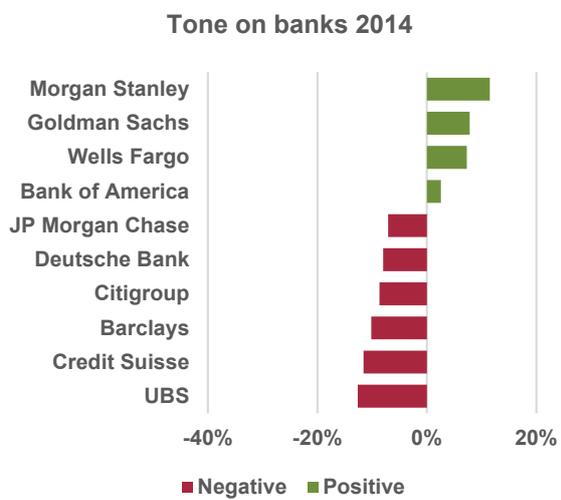
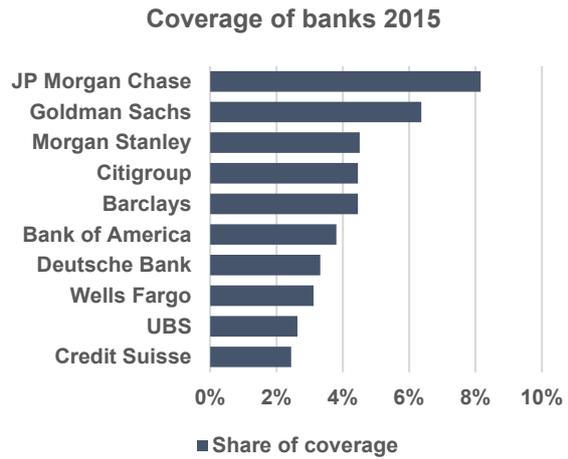
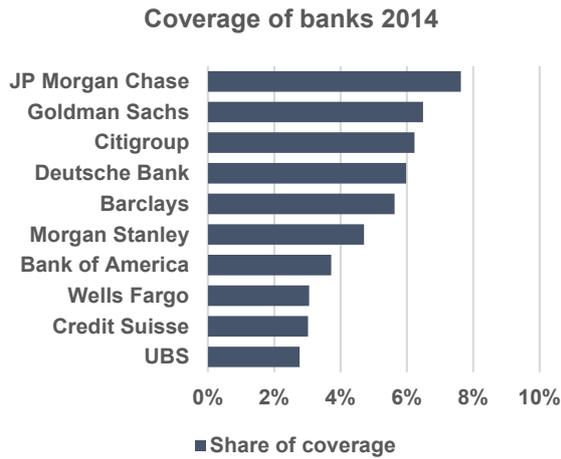
Additionally, a lack of focus beyond U.S. borders, except when expressing concerns about global conflict, refugees, and migrants, presents an isolationist picture which creates significant risk in our globalized world.

Banks remain under fire

The ten most visible banks were consistent from 2014 to 2015, with JP Morgan continuing to dominate the landscape. Drivers of negativity for the most visible banks and many of their less visible peers include both Main Street and Wall Street concerns. The Libor scandal continued to generate negativity, along with legacy issues related to the housing bubble and consumer concerns like cybersecurity risks and data thefts, product quality and customer service issues, and bias in the availability of loans and credit.

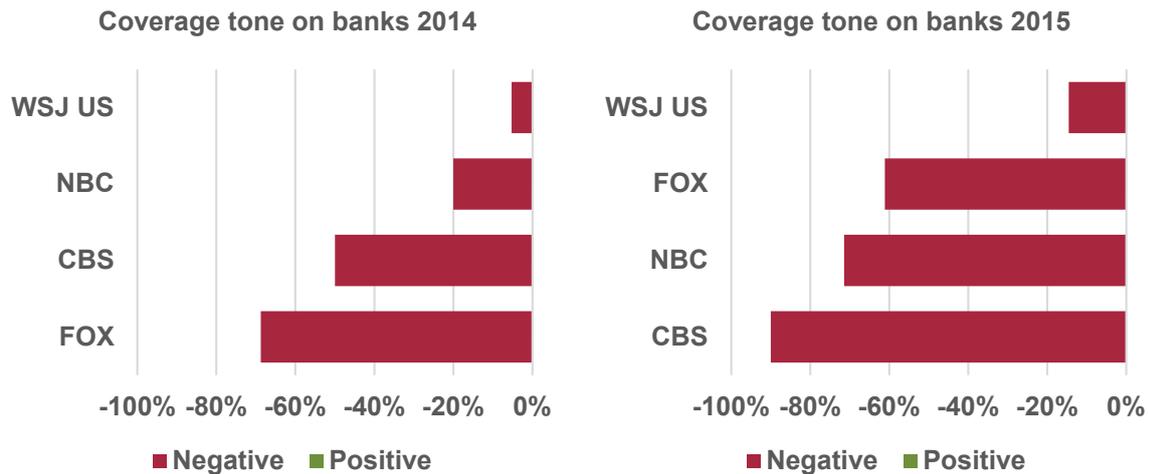
The impact of legal issues on the most visible banks has also been reflected in political rhetoric. The U.S. election campaign season has led to significant discussion of income inequality and banking regulation, with some candidates criticized for not “looking out for the little guy.” Elizabeth Warren, who opted not to run for the presidency, has been vocal on this issue, and attacks against Hillary Clinton have included concerns that she’s not tough enough on Wall Street.

While banks were no longer portrayed as likely to destroy the entire U.S. economy, they were portrayed as taking advantage of customers with excessive fees and willful violations the law, knowing they’d just have to pay a fine to resolve the problems without making real change. This image of the banks is now framed as a status quo accepted both by citizens and many politicians, suggesting that the U.S. has at least temporarily resigned itself to a banking industry it neither likes nor trusts.



3,146 reports on banks in U.S. benchmark media (including print & TV), January 1 – December 31, 2014 / 5,813 reports on banks in U.S. benchmark media (including print & TV), January 1 – December 31, 2015

When coverage was examined on a medium-by-medium basis, the U.S. TV networks and *The Wall Street Journal* moved more towards agreement in their criticism of the banks in 2015, although *The Wall Street Journal* continued to see the situation was far less severe than TV news did. CBS news was almost 100% negative on banks, suggesting that some media audiences are receiving the message that banking problems are ubiquitous, unfixable, and an ongoing direct threat to their personal financial well-being.



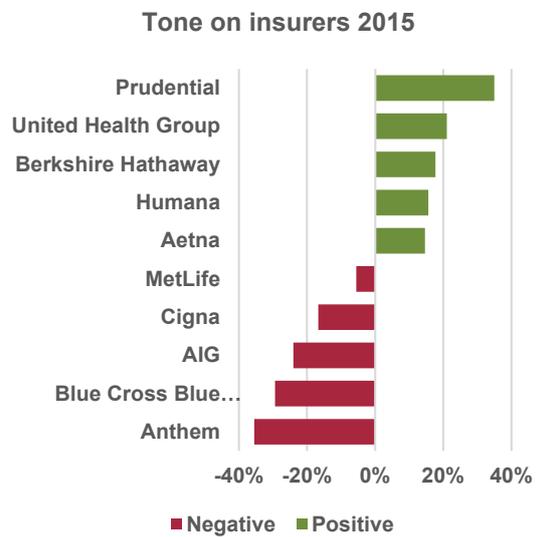
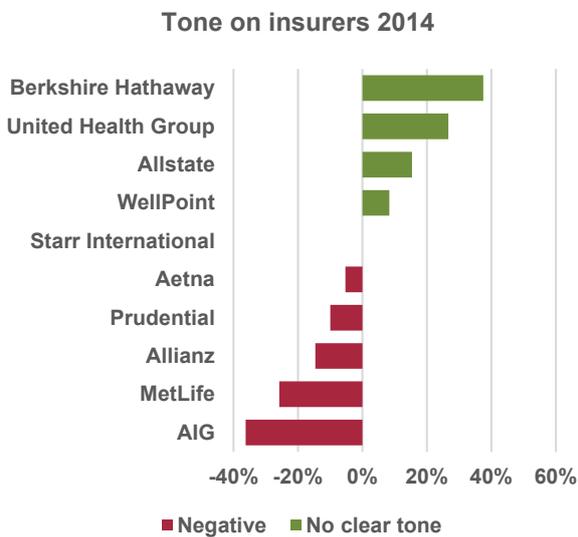
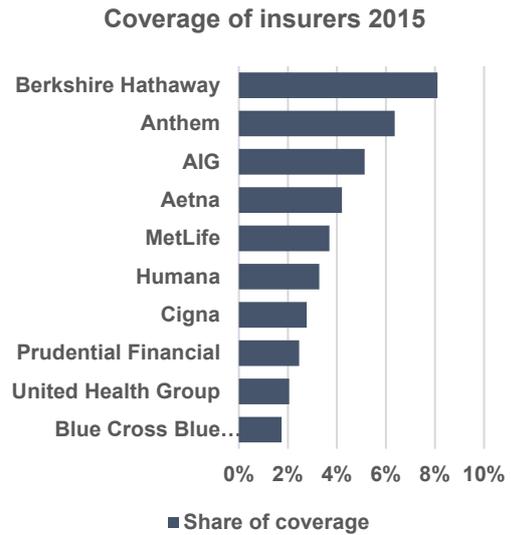
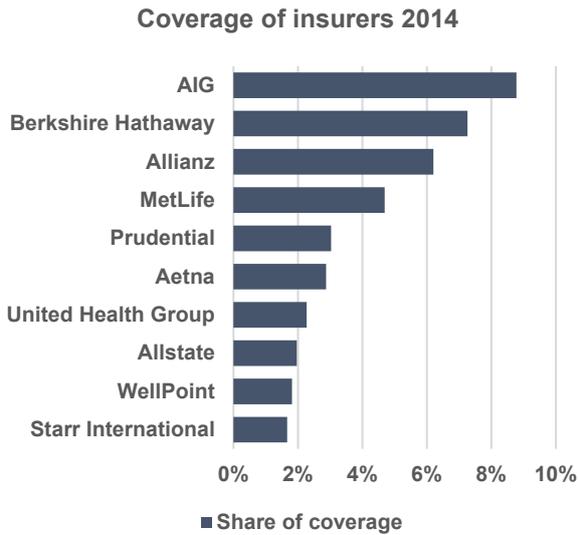
3,146 reports on banks in U.S. benchmark media (including print & TV), January 1 – December 31, 2014 / 5,813 reports on banks in U.S. benchmark media (including print & TV), January 1 – December 31, 2015

Insurers begin to escape trust meltdown vortex despite ACA issues

In opposition to the banking industry, the insurance industry in the U.S. improved its image in 2015 thanks to more positive coverage in the business press. However, the industry continues to face a range of image challenges which have been particularly highlighted on broadcast news. Some insurers, most notably AIG, are still closely linked with the trust meltdown across all U.S. media, but their visibility is receding.

AIG’s need of a government bailout during the financial crisis continues to haunt it. Even when the company has had positive news to report, its past problems have been highlighted as a way to frame the company. Media audiences still know more about what’s been wrong with the company historically than about its current financial condition or what it does. But visibility for AIG decreased in 2015 compared to 2014, however, which helped improve the industry’s overall image.

Meanwhile, Warren Buffett’s Berkshire Hathaway was the most visible insurer for 2015. The company continues to receive media positivity because of the investment acumen of its leader, who ranks as one of the most consistently trusted financial voices in the U.S. press. Despite owning several insurers, including high-profile auto insurer GEICO, Berkshire’s image was linked more to its founder than its industry. This linkage, however, as a key driver of trust for the industry.



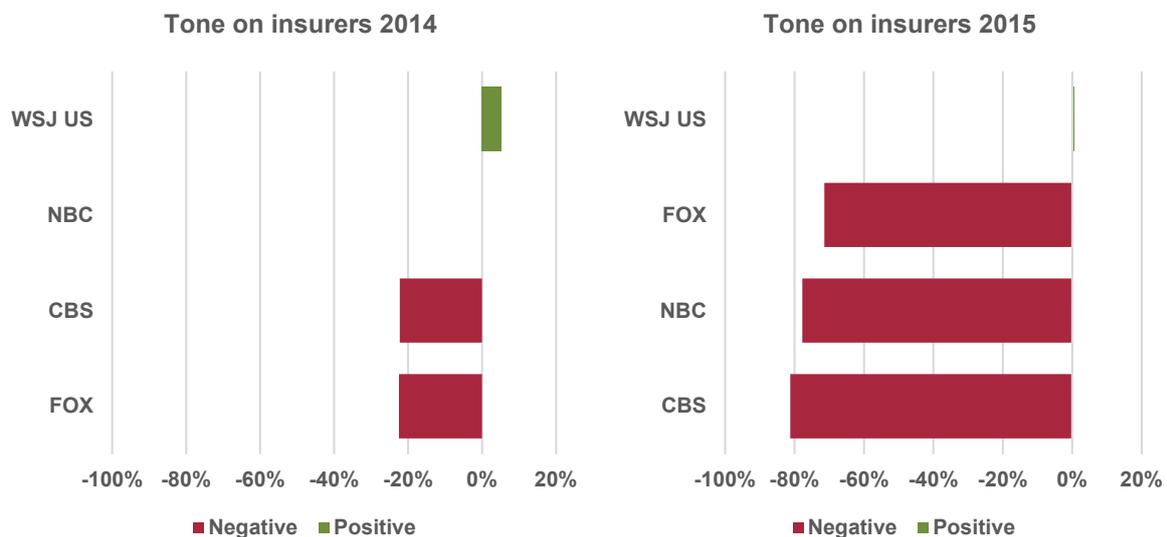
661 reports on insurers in U.S. benchmark media (including print & TV), January 1 – December 31, 2014 / 975 reports on insurers in U.S. benchmark media (including print & TV), January 1 – December 31, 2015

For health insurers, the Affordable Care Act (also known as Obamacare) continued to cause risk. Plan quality concerns, consumer satisfaction, and legislative uncertainty contributed to concerns, but some insurers were able to report increased profit opportunities from the regulatory changes.

Periodic human interest stories about insurers refusing claims from the seriously ill were particularly harmful to the industry's image with consumers who were prone to identifying with the claimants. The ACA was blamed for some of these coverage

refusals, but often these problems were described as a long-term issue that the ACA has simply been unable to fix.

Natural disasters – both actual and potential – also impacted the image of insurers. The U.S. wildfire season, as well as floods and tornados generated risk. The brutal 2014/2015 winter also impacted claims and premiums. Discussion of climate change and its effect on the U.S. was also a concern. U.S. skepticism about global warming raised concerns about effective planning for increased flooding risks and atypical weather patterns and suggested a potential financial burden for insurers. Unseasonable weather headed into the 2015/2016 winter season, with blizzards in area unused to snow and unusually warm weather in the Northeast, posed financial risks for home and car insurers.



661 reports on insurers in U.S. benchmark media (including print & TV), January 1 – December 31, 2014 / 975 reports on insurers in U.S. benchmark media (including print & TV), January 1 – December 31, 2015

Despite an improved image for insurers when the most visible companies are compared for 2014 vs. 2015, the picture looks very different when broken down by media. This increased negativity on broadcast news, where consumers get the bulk of their information, is the result of less coverage on insurers and the previously mentioned stories focusing on rejected claims from the seriously ill or glitches in the ACA implementation.

Meanwhile, coverage in *The Wall Street Journal* almost doubled as investors expressed enthusiasm for more companies in the space. This helped to dilute risk, but while insurers may have the trust of the investment community, they have a long way to go when it comes to communicating with their customers.

Cautious trust in corporate leaders... until scandal hits

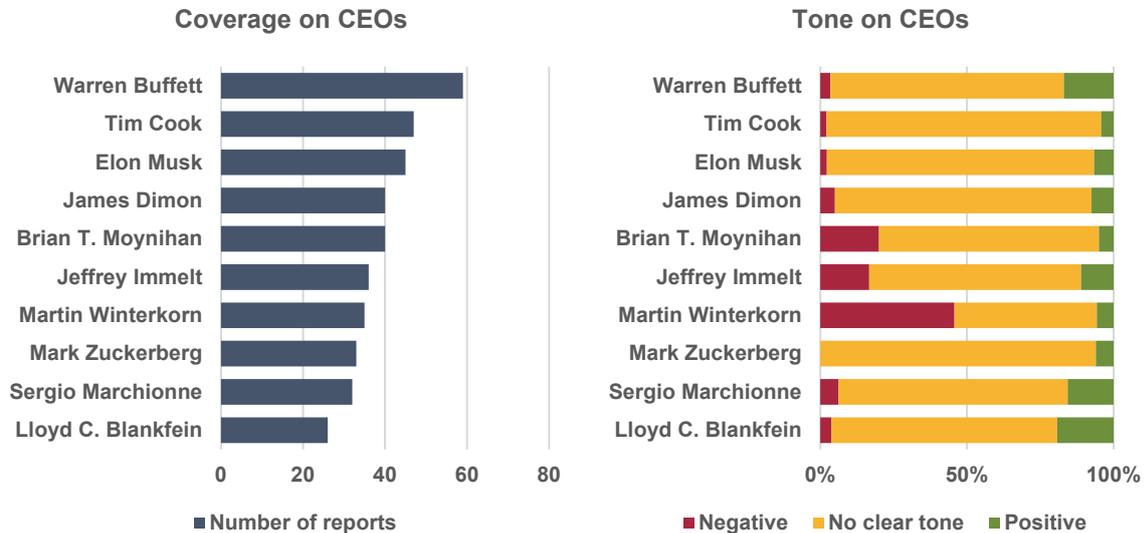
CEOs received more visibility than board members in U.S. media, but because it is common for U.S. CEOs to also function as the chairmen of their companies, there is some significant overlap between the most visible CEOs and the most visible board chairmen in 2015. This is a risk in and of itself because of the concentration of power at the head of a company without significant counter-balance. This also puts the U.S. corporate structure out of step with much of Europe, producing risk through simple difference.

Corporate chairmen in the U.S. fared poorly in 2015. Much of this negativity was driven by scandal. Martin Winterkorn's resignation from VW and Audi in the wake of the emissions scandal was covered by U.S. media, although only peaked above the awareness threshold for a single day, making it less visible than the previous GM ignition scandal. However, in the U.S. this story reduced trust in German-made cars and also caused those in the U.S. to question whether there was any point to making an effort to buy environmentally conscious products if such claims are unreliable.

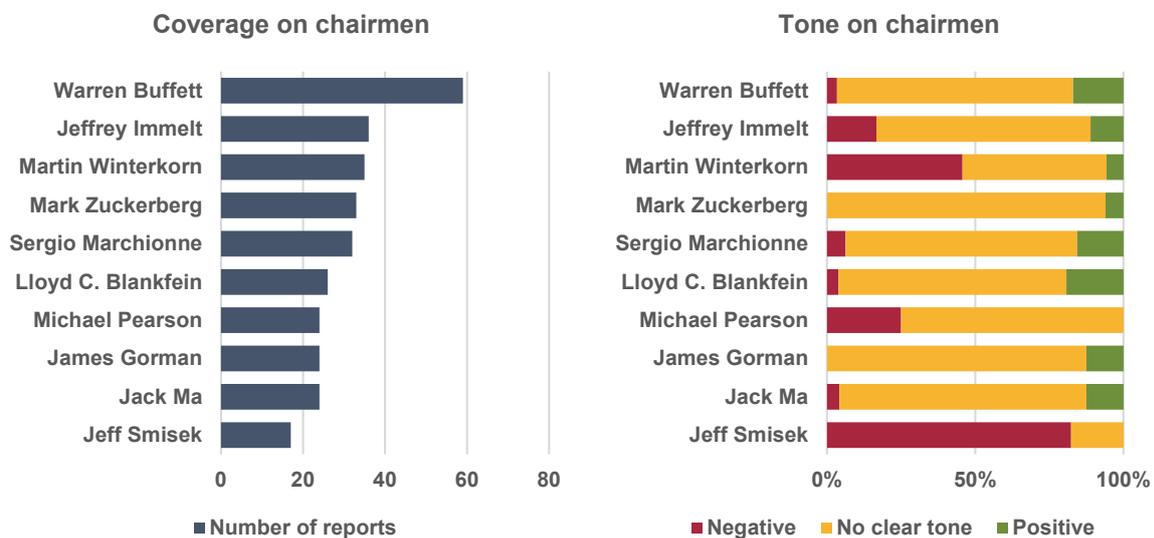
Meanwhile, Jeffrey Smisek at United Airlines was a particularly telling example of the ongoing nature of the trust meltdown. After poor customer ratings, problems with the integration of the acquisition of Continental, and high quarterly losses, Smisek initiated a plan that included cost-cutting, share buy-backs, and reduced compensation for himself. This led to Wall Street analysts to say he had regained their trust as of the end of 2014.

This restoration of trust, however, was only temporary. Smisek was investigated by the U.S. government and by the airline itself for having undue influence with the Port Authority of New York and New Jersey after having implemented a money-losing route that went from Newark to Columbia, South Carolina where David Samson, a former Port Authority chairman, maintained a vacation home. Samson is currently

implicated in other scandals related to the Port Authority, and this particular incident led to Smisek’s dismissal. Smisek’s heavily criticized severance payment was worth over \$8 million.



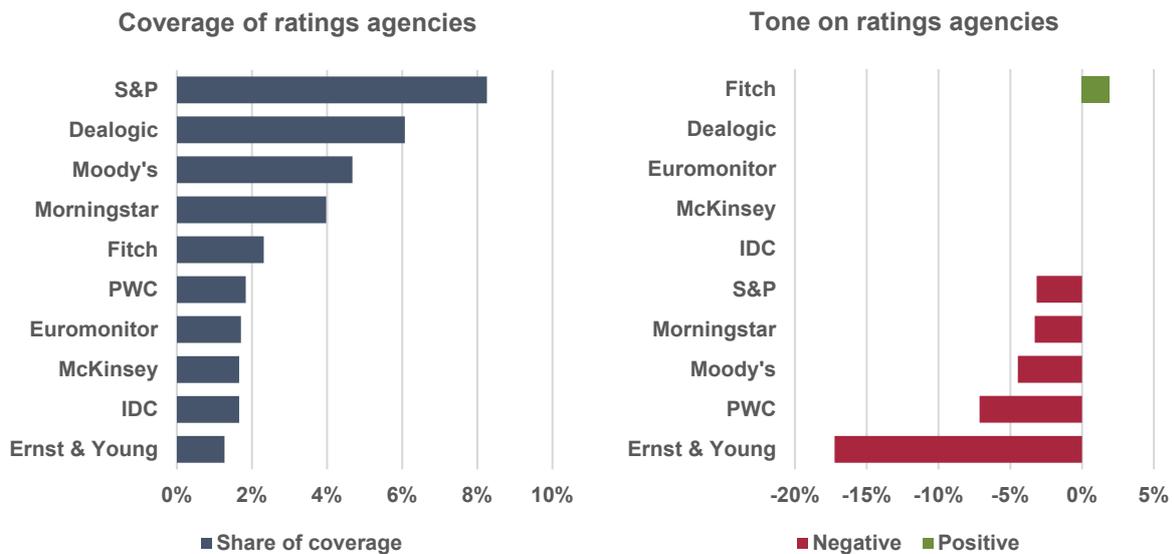
Ten most visible CEOs out of 7,158 reports on persons in regard to companies in U.S. benchmark media (including print and TV), January 1 – December 31, 2015



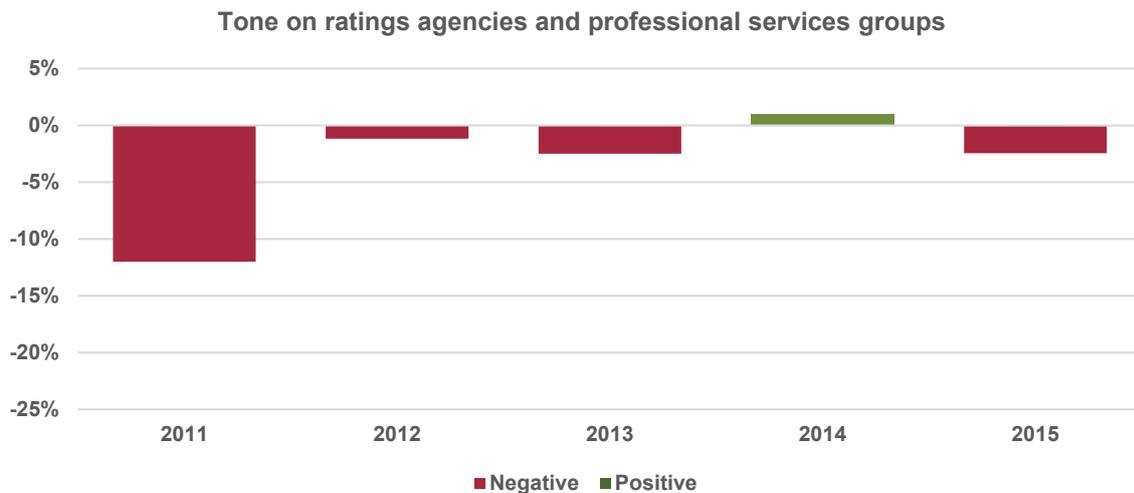
Ten most visible Supervisory Board Members out of 7,158 reports on persons in regard to companies in U.S. benchmark media (including print and TV), January 1 – December 31, 2015

Lingering skepticism on ratings agencies and professional services

Many ratings agencies and professional services groups faced skepticism from U.S. media in 2015. This negativity was usually in relation to their profitability and corporate functioning, and not the quality of their research. This lack of evaluation of research, which is heavily relied upon by corporations, investors, and markets, is a significant risk. Large sections of the economy are effectively structured around opinion that is relatively unexamined or regulated.



2,289 reports on ratings agencies and professional services groups in U.S. benchmark media (including print and TV), January 1 – December 31, 2015



8,056 reports on ratings agencies and consultancies in U.S. benchmark media (including print and TV), January 1, 2011 – December 31, 2015

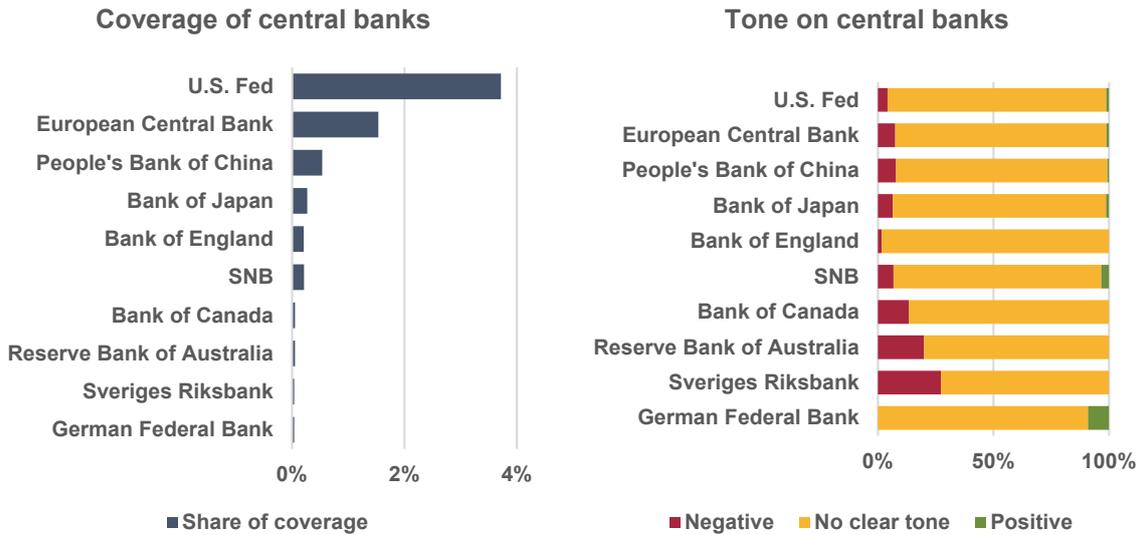
While ratings agencies and consultancies have historically had limited evaluation, there's been a shift over the last several years, during which, skepticism has been replaced with limited confidence. However, this has not been a steadily improving image. The level of negativity in 2015 increased. While the tone remained near neutral and was not a concern in and of itself, this slight negativity represented the worst media performance for these companies since 2011's high levels of criticism. Those that rely on information from ratings agencies and consultancies may need to keep a watchful eye on the reception of the industry going forward.

U.S. shows little interest in central banks beyond the Fed and the ECB

Media coverage of the most visible central banks was relatively uncritical, reporting their actions but offering limited examination of their policy choices and leadership. U.S. media predictably focused on the Fed, but ECB actions also had a prominent place. There was also a fair amount of interest in the People's Bank of China as its choices have had an increasing impact on the global economy.

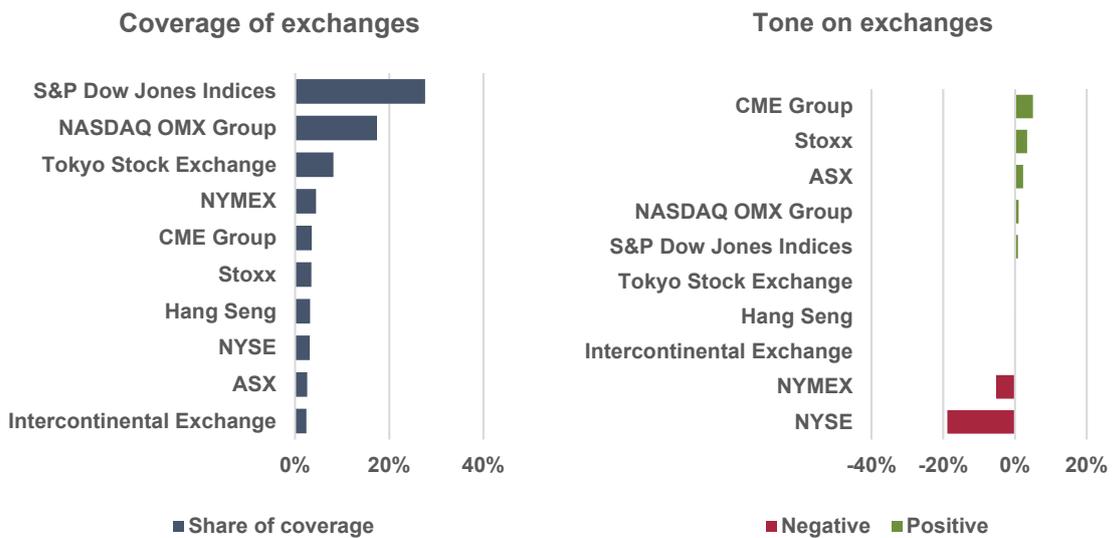
Despite being one of the only central banks to receive clear praise, coverage of the German Bundesbank was limited, which is arguably an oversight of the U.S. media, considering the importance the German economy to European, and therefore global, stability. Without a global picture, it is impossible to have a true sense of whether any central bank is taking prudent action, and it is equally difficult to know how to respond to the actions that are taken.

Risk related to central bank coverage was compounded by the fact that central bank actions were rarely evaluated. Expert commentary focused on what happened versus *why*. There was a tendency to make predictions about the impact of central bank actions, but the accuracy of these predictions was rarely evaluated with hindsight. There was, however, some criticism for central banks with lesser visibility. Notably, limited coverage of both the Swedish and Australian central banks resulted in criticism.



1,965 reports on central banks out of 28,602 reports on institutions in U.S. benchmark media (including print and TV), January 1 – December 31, 2015

NYSE not an image leader

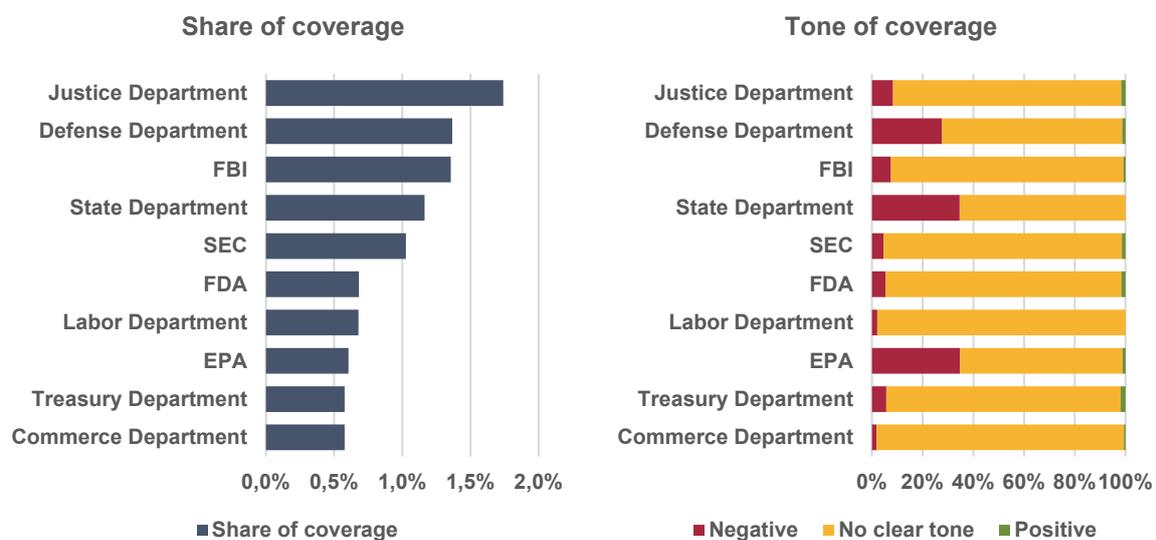


1,569 reports on stock exchanges/markets in U.S. benchmark media (including print and TV), January 1 – December 31, 2015

Coverage of companies in U.S. media focuses on those that are part of the S&P 500. Strong visibility for the NASDAQ highlights the growing importance of technology and pharmaceuticals—the two industries that dominate the index. Meanwhile, the image of the iconic NYSE, founded in 1817, was negative as it was less able to attract and maintain listings from globally significant firms. This was a

mix of non-U.S. firms responding to U.S. regulation and many firms turning their eyes towards NASDAQ. The New York Mercantile Exchange also saw lower interest. Overall, U.S. media was not enthused about stock markets and other exchanges as the image hewed close to neutral in most cases. Focus on international exchanges, including the ASX, Stoxx, Hang Seng, and Tokyo exchanges highlighted the growing recognition of our globalized world.

Regulatory authorities face heavy criticism or no evaluation



Ten most visible supervisory authorities out of 27,582 reports on institutions in U.S. benchmark media (including print and TV), January 1 – December 31, 2015

Coverage of U.S. regulatory authorities highlights the struggle to recover from the trust meltdown. While many key regulatory authorities are not evaluated, some face heavy criticism. The Environmental Protection Authority (EPA) in particular faces negativity as activists criticize it for being ineffective, corporate interests criticize it for hampering business, and government officials from both political parties take one side or the other against it. With climate change remaining a subject of debate in the U.S., unlike the rest of the world, international trust has been eroded. This has also contributed to the difficulty the EPA has faced in trying to establish and enforce regulation without being framed as anti-business. In the wake of the automobile emissions scandal, the importance of an effective EPA is clear, but its ability to respond to and prevent future crises of this nature is in doubt.

The SEC, Commerce, and Treasury Departments received little criticism, despite a sense that banks and financial markets are not yet regulated in a way that protects Main Street to the same extent that Wall Street is protected. With Elizabeth Warren, who champions advocacy on behalf of Main Street, having decided not to enter the presidential race and the Paris attacks refocusing the discussion onto foreign policy, there has been relatively little media discussion of banking and market regulation in the last quarter of 2015.

Meanwhile, Hillary Clinton has faced some criticism from within her own party being too close to Wall Street, but Republican focus on jobs and free markets has consistently pushed her position to the right in order to secure undecided voters in the tumultuous election cycle.

9 Do's and Don'ts

Racheline Maltese

Media Tenor

A trust crisis, or meltdown, is characterized by an accumulation of bad news, strong and lasting negativity, solutions being rejected as inadequate or untrustworthy, criticism of key players, strong levels of media focus, a desire for scapegoats, and communications by victims.

To escape a trust crisis, the company, institution, or individual must convey that they understand the issue, that someone is taking responsibility for the issue, and that trusted people are available to come up with satisfactory solutions.

Do:

Continue to actively communicate; visibility is a basic necessity.

Communicate on a variety of issues. Address the crisis, but also address the totality of your business.

Reach out to a variety of media to reach all relevant stakeholders.

Remember that communication is a common task. The CEO and other leaders should be visible.

Seek control of the story through quotations and op-ends. At least 35% of coverage should come from the company, executive, or institution at issue.

Set a target of at least 20% of coverage being positive.

Don't:

Take a “no news is good news” perspective; communicate proactively.

Hide the CEO or other executives from the media.

Assume that visibility in one medium or region will reach all stakeholders.

Only talk about the past; stakeholders need to understand solutions, but also goals for the future.

Allow negative coverage to reach over 10% of all coverage.

10 Media Sets

Business media:

Handelsblatt
Les Echos
FT
Wall Street Journal

International TV media:

ARD Tagesthemen
ZDF heute journal
Tagesschau
heute
Le Journal 20.00 (TF1)
Ten o' Clock News (BBC 1)
BBC 2 (Newsnight)
RAI 1 (TGI)
SF Tagesschau
Telediario-2 21.00 (TVE1)
NBC Nightly News
CBS Evening News
FOX: Special Report w/ Bret Baier
CBC News: The National
SABC 3: News @ One
Afrikaans News (SABC2)
SABC 3 News @ 18h30
E-TV News
Zulu/Xhosa News
Sotho News

Quoted financial analysts:

The Wall Street Journal
FT
Les Echos
Handelsblatt
Barron's
Mint
The Economist
Forbes
Financial Mail

U.S.:

NBC
CBS
Fox News
The Wall Street Journal

U.K.:

Financial Times
Wall Street Journal (Europe)
The Economist
Daily Telegraph
Times
Independent
Guardian
Daily Mail
Daily Mirror
Evening Standard
Ten o' Clock News (BBC 1)
News at Ten (ITV)
BBC World Service (TV news)
BBC 2 (Newsnight)
Sunday Telegraph
Sunday Times
Observer
Mail on Sunday
Financial News

Germany:

Welt
FAZ (Frankfurter Allgemeine)
FR (Frankfurter Rundschau)
Bild-Zeitung
ARD Tagesthemen
ZDF heute journal
RTL AKTUELL
Tagesschau

heute
Focus
Spiegel
Rheinischer Merkur
Stern
Bild am Sonntag
Capital
Manager Magazin
Wirtschaftswoche
Euro am Sonntag
FTD
Fakt (MDR)
Frontal 21 (ZDF)
Kontraste (SFB)
Monitor (WDR)
Panorama (NDR)
Plusminus (ARD)
Report (Bayerischer Rundfunk)
Report (SWR)
WISO (ZDF)
Bericht aus Berlin
Berlin direkt (ZDF)
Börse vor acht (ARD)

Austria:

Gewinn
Der Standard
Presse (Wien)
Salzburger Nachrichten
Kronen-Zeitung
Kurier
Wiener Zeitung
Wirtschaftsblatt
Profil
Trend
Format
News
Top-Gewinn
Börsen-Kurier

Europe:

La Tribune
La Stampa
La Repubblica
Corriere della Sera
Il sole 24 ore
Milano Finanza
RAI 1 (TGI)
Il Piccolo
Italia Oggi
Der Standard
Presse (Wien)
Wirtschaftsblatt
El Pais

El Mundo
Expansión
Cinco Dias
Vanguardia
Telediario-2 21.00 (TVE1)
Negocios

South Africa:

SABC 3: News @ One
Afrikaans News (SABC2)
SABC 3 News @ 18h30
E-TV News
Zulu/Xhosa News
Sotho News

Vietnam:

Dien dan doanh nghiep
VTC1 - Daily News 20.00 - 20.40
VTV1 - Daily News 19.00 - 19.40
The Saigon Times
VnEconomy.vn
VTV1 - Business News
Vietnam Economic Times
cafef.vn

11 Editors



Racheline Maltese works as a researcher at Media Tenor International focusing on the media portrayal of economic and political issues; she has been with the company since 2002.

Her academic and professional background includes a journalism degree from The George Washington University and a stint in the Computer Assisted Reporting unit of the Associated Press.

In addition to her work with MTI, she is widely published on pop-culture topics, and her work has appeared in media outlets like Salon as well as in academic texts from McFarland. She is based in New York City.



Matthias Vollbracht is the Director of Business Research at Media Tenor International in Zurich/Switzerland and Managing Director of Awareness Metrics, a platform for reputation risk and investment signal solutions.

His research focuses on the impact of media on public opinion, stakeholder groups and the reputation of institutions and individuals. Furthermore, he explores the influence of media on asset prices and economic behavior, like investor and consumer confidence.

Matthias Vollbracht has been working for major international clients with focus on reputation management, agenda-setting, target systems, crisis communication, management reputation, financial communication, and CSR. He has developed reputation insurance solutions based on empirical risk assessment.

He holds degree in economics from the University of Mainz and has worked as a business journalist.

12 Contributors



Milind M. Lele is the Founder and President of Tangram Solutions. Milind has worked as a strategy consultant for over forty years, advising senior executives in twenty-five-plus industries in North America, Europe and India. From 1983 to 2001 he was Adjunct Professor of Strategy & Marketing at University of Chicago's Booth School of Business. He is the author of three business books as well articles in leading business publications. He obtained his B.S. from the University of Poona, his B.E. in electronics from the Indian Institute of Science, Bangalore, and his M.S. and Ph. D. degrees from Harvard University.



Brian Pallas is the CEO, Chairman, and Founder of Opportunity Network, a business matchmaking platform where CEOs share and connect to business opportunities from all over the world. Prior to creating Opportunity Network, he worked as consultant for BCG. He also gained experience in Private Equity and Investment Banking. Mr. Pallas earned his MBA from Columbia Business School, a BS in Show Business Management and an MS in Economics from Università Cattolica del Sacro Cuore in Milan.

In 2014, Mr Pallas has been nominated for the Wired Audi Innovation Award by Wired Italy as one of the most promising Under 35. Family Business Network International honored him with the 2nd prize for the NxG (Next Generation) Award. In 2015, "Milano Finanza" included him among the 70 Italian managers leading global giants and "La Repubblica" listed him among the 20 best young Italian innovators in their 20s. Finally, Mr. Pallas' story was featured on Forbes in an article about how he built Opportunity Network, a 100M\$ worth business. For more info: <http://onforb.es/1WkVCpN>



Roland Schatz is the Founder and CEO of Media Tenor International and InnoVatio Publishing. Schatz is a journalist in the 5th generation of his family and has devoted the past 30 years to implementing Perception Change by empowering media. In 2008, he launched, together with Prince Ghazi of Jordan, the C1 One World Dialogue foundation, to improve Inter-Faith-Dialogue. The InnoVatio network of academics, entrepreneurs and media leaders initiated the UN Global Sustainability Index. Schatz hosts masterclasses on 'Unlearning Intolerance' at the UN and teaches at the Institute for Future Management of the Sigmund Freud University in Vienna. In 2013 Schatz was appointed Senior Advisor to the General Director of the UN in Geneva.