Banking on privacy:
Data security and trust in financial services

What did 3,000 UK consumers tell us about their trust in financial services companies to keep their data safe?

Consumer trust is hard won in the financial services sector. The 2013 edition of Edelman’s annual Trust Barometer – widely regarded as one of the defining measures of reputation amongst consumers – revealed that financial services is the least trusted sector globally.

Only half of the 31,000+ respondents from around the globe said that they trust financial services companies or banks, compared with 77% who said the same of technology companies.

If financial services companies are the least trusted by consumers generally, the same cannot be said about their ability to manage personal data.

Despite confidence in the sector having fallen generally overall over the past decade, our own research shows that UK consumers still name banks and other financial institutions as their most trusted when it came to managing their personal data securely. Asked to rate their trust on a scale of one to five (where five represents ‘implicit trust’), 3,000 consumers awarded financial services organisations an average of 3.07 points – the highest of all sectors.

Security is, of course, only one part of a much bigger data issue. Just as banks, insurance companies and other financial institutions use customer data to make smarter decisions about how best to manage those accounts, consumers on the other side of the fence have their own expectations; 37% of those surveyed said that they believe organisations should use their data to improve the service offered to them.

Trading privacy for service?
To explore whether or not financial services organisations are able to deliver on that expectation, we asked our research respondents to tell us more about whether or not they feel their data is used by those companies to deliver an enhanced service.

Less than a quarter – 23% - believe that to be the case. While banks and insurance companies may take pole position in the data trust race, when it comes to customer experience, they find themselves trailing retailers – both online and off. Nearly 30% of consumers say that they receive a higher quality experience from stores holding their personal information.

Drilling down into that theme, we found some specific areas that seem to frustrate consumers when it comes to the financial services industry’s ability to use data to their benefit:

- While 34% said that these companies know who they are and can quickly and easily access their account information when they call...
- ...38% disagreed with the suggestion that they might receive more targeted and personalised offers and services
- ...29% noted that there is little consistency of user experience when dealing with those companies across different channels
- ...and nearly a quarter (23%) said that their personal information was represented incorrectly on official communications from these businesses.

To pull those findings more sharply into focus, we asked our respondents to tell us which issues would prompt them to seriously consider changing banks.

While 26% cited an ATM or other technology failure, and 43% said the same of a security breach in which other people’s data was lost, some 59% said that a poor customer service experience would cause them to look around – second only to a security breach involving their own data being lost.
We hear plenty about how we’re living in the era of big data, but we shouldn’t forget that – in a way - banks and financial services organisations always have. They’re the originators of the data driven business.

As consumers, there are few sets of information more valuable to us than those relating to our personal finances.

While we might worry if a telco or a utility company lost our information, that concern usually culminates in the question of whether or not our financial information has been compromised. Essentially, the burden of protection inevitably ends up with the bank.

Judging from our research, there is much for financial services organisations to celebrate.

Even after a particularly rocky period in their history, their reputation as the trusted guardians of our personal data remains intact. As consumers, we trust them more than any other kind of organisation to keep our data safe and secure.

Where the opportunities appear to lie for these organisations is in the provision of a more joined-up service to their customers.

Only 5% of consumers strongly agreed with the suggestion that they receive relevant and targeted offers from their bank or insurance company, around the same amount that said the same about the consistency of experience they receive across multiple contact channels.

Service quality, in particular, is key. 59% of those we surveyed noted that a poor customer experience would force them to seriously consider moving their account to a competitor, compared to 70% who said the same of a data breach in which their personal information was compromised.

Data security may be paramount, but the expectations consumers have around data equating to a better quality of service follow closely behind.

Dorian Wiskow
Financial Services Director, Fujitsu UK & Ireland

Key stats at a glance

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<th>Believe that new ‘Bank Switching’ legislation has made the process less secure.</th>
<th>34%</th>
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<td>Those who say that their bank or insurance company is using their personal information to create a better experience.</td>
<td>23%</td>
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<td>Percentage of consumers who say they have no trust in financial services companies to manage their personal data.</td>
<td>THIRTEEN</td>
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<td>Trust* in financial services companies to manage personal information securely:</td>
<td>2003</td>
</tr>
<tr>
<td>3.52</td>
<td>3.07</td>
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<td>*average points, where 5 is higher</td>
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<td>Events that would make consumers ‘seriously’ consider changing bank:</td>
<td>An IT failure that rendered online banking or ATMs unusable.</td>
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<tr>
<td>26%</td>
<td>70%</td>
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