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*“Trust as discursive and material practice in financial systems:  
A communicative perspective”*

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# **Trust as discursive and material practice in financial systems: A communicative perspective**

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**Abstract:** The interplay of discourse, power and resistance has perhaps been most clearly illustrated in the recent and ongoing financial crisis. In this context, the communication of institutions struggling to retain trust among consumers, investors and government is paramount to their survival. The public relations function, as the driver of communication activity, has been recognised as ‘trust manager’ as well as a process that deploys discourses for organisational and societal purposes. This theoretical paper examines trust production in financial services as it relates to discourse, power and resistance. It hypothesises five trust practices – the act of protecting, the act of guaranteeing, the act of opening up or making transparent, the act of aligning with other trust systems and finally the act of simplifying; this latter being most closely associated with public relations.

## ***Introduction***

### **Financial experts use trust as a power strategy**

The interplay of discourse, power and resistance has perhaps been most clearly illustrated in the recent and ongoing financial crisis. What began as a ‘credit crunch’ or freeze in the credit markets became a full-fledged global financial crisis spreading to global equity markets, which lost US\$30 trillion worth of market capital in 2008 (Arthur W. Page Society, 2009). The crisis was ‘global’ in a geographical sense too, spreading from the USA, into Europe and throughout global markets. In many ways, this crisis may have been the first to result from a breakdown of assurance mechanisms, or generators of trust – rather than from action taken or not taken by misguided central bankers (Yandle, 2008). In other words, the global financial crisis was, at its core, a crisis of trust. Yet while this was a uniquely ‘modern’ financial crisis, the past has shown us that the financial system is prone to ‘booms and busts’ of trust. One outcome of the global financial crisis is that the issue of public trust has never seemed more urgent or consequential (Arthur W. Page Society, 2009). In this context, the communication of institutions struggling to retain trust among consumers, investors and government is paramount to their survival. The public relations function, as the driver of communication activity, has been recognised as ‘trust manager’ as well as a process that deploys discourses for organisational and societal purposes.

Before economies grew into complex, globalised systems, people did business with people they knew and trust was given in situations they could monitor. Today, modern

consumers are often called upon to put their trust in corporations, rarely coming in contact with people (Giddens, 1990). Instead, we often deal with abstracts and faceless transactions such as automated tellers, electronic money transfers or internet shopping. Today, corporations tend to use their capitalist power to socialise trust in order to increase profits (Kincaid, 2006). This has created new power relations based on trust, in which corporations increasingly have new influence over firms and households (Savage and Williams, 2008). As engineers of many of the communication systems encouraging informational flow in modern systems (Thompson, 2006), public relations helps to stimulate, spread and even manufacture public trust.

The role of trust in financial services is neither new nor even a modern phenomenon, since trust has always been a central element wherever credit (lending) takes place. Purely commercial credit has its roots in simple circulation where money developed as a means of payment. Credit is derived from the Latin for 'to believe' (Kincaid, 2006), and banks and insurers often choose brand names that include words evoking trust, such as 'fidelity', 'guardian', 'guaranty', 'prudential' or 'equitable' (Shapiro, 1987). So financial services is 'the business of trust', (Knights et al, 2001), and it is even more so today as daily turnover on the world's foreign exchange markets now far exceeds the annual level of world exports (Held and McGrew, 2000). But the particular form of trust at work in financial systems, that is 'system trust', is one that is deliberately and strategically produced to cut costs and increase profits.

'System trust' does not apply to the reputation of individuals or even single institutions (Giddens, 1994). It is the faceless, impersonal form of trust which we, the public, place in money, and increasingly in expert systems of technical, educational, scientific or financial knowledge. In this theoretical paper, I will consider the production of trust and mistrust in the financial system as it relates to discourse, power and resistance. By establishing that public trust in financial systems is deliberately produced, I argue that trust production is a façade for power – a façade created through discursive and material practices. Support for this view comes from post-structural Foucauldian views of discourse and power. I problematise trust itself as a phenomenon, rather than the global financial crisis. By drawing from various post-structural perspectives, I consider how one might observe trust or mistrust in a discourse. In doing so, I hypothesise five trust practices – the act of *protecting*, the act of *guaranteeing*, the act of opening up or *making transparent*, the act of *aligning* with other trust systems and finally the act of *simplifying*; this latter being most closely associated with public relations. I hope to offer insights

on how trust and mistrust discourses proliferate as flows of power and resistance in complex, modern systems.

### **Defining public trust in systems**

‘Trust’ is a rather nebulous idea with many definitions, features and forms cropping up in trust literature from philosophy, social psychology, sociology, economics and other faculties. Trust has been variously studied as a cognitive process (Baier, 1986), as a coordinating mechanism in social relations (Korczynski, 2000), as a commodity or market mechanism (Murphy, 2006, Singh et al., 2005, Dasgupta, 2000), and as a relation behind trust exchange relations (Cook Karen, 2005). Despite these varied approaches, there appears to be consensus that trust involves three dominant characteristics: *vulnerability*, *risk* and *expectation* on the part of the truster in the source to be trusted – whether an individual, group, organisation or system (Maclagan, 1998, Baier, 1986, Earle, 2004, Tyler and Stanley, 2007, Edelenbos and Klijn, 2007).

Like other forms of trust, ‘system trust’ or ‘public trust’ is at minimum a three-part relationship that has to do with expectations of future behaviour (Arthur W. Page Society, 2009). A trusts B to do C, or in the case of financial services, the public trusts a financial institution to produce financial products and services that are useful, safe, and reliable. Scholars generally point out that system trust co-exists alongside interpersonal and organisational trust, and that system trust would never emerge if individual or organisation trust were not present in the system to begin with (Korczynski, 2000, Gilbert, 2005a, Rendtorff, 2008). It is also suggested that system trust is easier to acquire than personal trust, but is more difficult to control (Luhmann, 1979).

I have adopted the following definition of ‘system trust’ or ‘public trust’, as set out by US public relations think tank, the Arthur W. Page Society:

The process of trust creation is an exercise in mutual value creation among parties who are unequal with respect to power, resources, and knowledge. ‘Public trust in business’ roughly describes the level and type of vulnerability the public is willing to assume with regard to business relations (Arthur W. Page Society, 2009).

In this definition system or public trust is imagined as a circle, with mutuality as the centre, balance of power is the circle outside of that; and trust safeguards occupy the outer most boundary (Arthur W. Page Society, 2009). The definition is appropriate in the context of this paper – not only because it specifically refers to system or public trust, rather than interpersonal trust – but because it refers to trust in the entire business system, not just trust in an individual company or brand. The definition further suggests that trust creation is a deliberate process (*vis à vis* business relations). The authors of this definition found in their own research that a large portion of the public believes the majority of its vulnerability in business relationships is not voluntary, resulting instead from a sizable power imbalance that enables executives and companies to assume far less risk than the average person (Arthur W. Page Society, 2009).

### ***Theoretical background***

#### **Global financial systems and trust**

A growing body of literature has evolved around the idea that modernity has been accompanied by a qualitative shift in the basis of trust relations (Giddens, 1994) – and not just trust relations, but mistrust relations too. Among the many theories of trust is the idea of system trust, the basic tenet of which is that modern societies need to manage complexity, and one strategy for this is trust. Theories of system trust provide a useful lens for looking at financial systems. Of course, it should be understood that trust is not the only way to coordinate social actors' expectations. Power is another such social mechanism, which can operate similarly to trust. This is why I believe it is crucial to understand the relationship between trust and power, and to understand the methods by which power can be used to produce trust in financial systems through discourse.

Society is not necessarily aware of deliberate, strategic trust production, since many citizens continue to regard trust as rather akin to climate, noticeable only as we notice air, when it becomes scarce or polluted (Baier, 1986). But in the modern world, people are more focused on trust than they were in the past because the form of trust that we think about today is very different (DeVita, 2007), hence the shift in basis of trust relations. Interconnectivity of global markets and media has been an important driver behind this shift. For most of the twentieth century, receiving news was a passive activity (Wyatt, 2006). People had no choice over its

content, or, with broadcast news, over the time at which it was available to them. But in the 1990s, news became a two-way street. As stock markets and the media became 24/7 activities, so did trust (Hobsbawm, 2006). As a result, contemporary globalisation has brought with it not just increased global business activity but increased media coverage of that global business activity. The upshot has been an increase in the level of discourses – certainly in the Western World – which have reconstructed trust as a ‘problem’ or a ‘crisis’, and the resulting mantra of ‘lost trust’ is regularly promoted by the Western media (Worcester, 2004).

The authors most associated with theories of system trust are Niklas Luhmann (1979) and Anthony Giddens (1990, Giddens, 1994). Giddens’s thesis was constructed, in part, as a response to Luhmann’s work, a decade before. Luhmann’s work takes a bottom-up approach to trust in order to understand and define the function trust has for the society as a whole or for one social system within it (Bentele and Seidenglanz, 2008, Misztal, 1996). Luhmann characterised modern societies by the increasing importance of ‘system trust’, built on the belief that both the system and the actors benefit from trust’s ability to reduce the uncertainty caused by social complexity (Luhmann, 1979). This notion of trust, roughly analogous to the idea of public good, rests on a ‘presentational’ base (Misztal, 1996). It ensures that everything seems in proper order, which, in turn, increases our ‘trust in trust’. Luhmann argued that in modernity, system trust is automatically built up through money. Because reality is too complex for actual control, trust is kept under control through the implications provided by symbolic tokens or symbols, of which money is the quintessential example (Luhmann, 1979).

Giddens takes a top-down approach to his diagnosis of modernity (Bentele and Seidenglanz, 2008). His analysis of the notion of society starts with the reformulation of the question of order as a “problem of how it comes about that social systems ‘bind’ time and space” (Giddens, 1990; 14). Giddens (1990) offers trust relations as a solution to the modern condition of risk and danger because of trust’s ability to compress space and time. He suggests the concept of ‘disembeddedness’ to explain how people are able to trust abstract systems. By disembeddedness, Giddens means the ‘lifting out’ of social relations from local contexts of interaction and their restructuring across indefinite spans of time-space. Like Luhmann, Giddens argues that money is a disembedding mechanism, working to reduce complexity and manage expectations in modernity (Giddens, 1990). He emphasises that it is money which enjoys trust far more than the individuals and organizations with whom particular transactions are carried out.

Giddens adds that expert systems of technical accomplishment or professional expertise are another important disembedding mechanism. For the layperson, trust in expert systems depends neither upon a full initiation into these expert processes nor on the mastery of the knowledge these systems yield.

In the decades since Luhmann and Giddens developed their theories, other authors have incorporated their ideas in setting out different approaches to system trust, public trust or impersonal trust. Shapiro (1987) describes impersonal trust as a continuous variable, arising due to collective agency and determined by availability of alternative mechanisms of social control. Thompson (Biltreyst, 2004) contends that the institutions which make up systems must actively sustain or acquire trust, but that systems acquire a 'thin' trust when compared with the 'thick' trust acquired between individuals. Zucker (1986) maintains that not all systems generate the same amounts of trust, but as the number of exchanges increase, so does the importance of reliable modes of trust production. Zucker also argues that as trust-producing mechanisms become formalised, trust becomes a saleable product with the size of the market determining the amount of trust produced. Public relations researcher, Günter Bentele (Sommer and Bentele, 2006) identifies four types of public trust – basic interpersonal trust, public system trust, public institutional trust and public personal public trust (Sommer and Bentele, 2006). Bentele categorises public relations practitioners and journalists as 'trust intermediaries' because trust building and subsequent loss depend heavily on information conveyed by public relations and the media (Bentele and Seidenglanz, 2008).

### **Reclaiming Trust and Power**

The idea that trust and power may be closely linked is increasingly evident in the literature, with trust characterised as an alternative or substitute to power, or in balance with power (Knights et al., 2001, Luhmann, 1979, Edelenbos and Klijn, 2007). Power can be perceived as the functional equivalent of trust, that is, a mechanism coordinating expectations of social actors and enabling them to cooperate with each other (Luhmann, 1979). Sometimes power can be seen as a facilitator, even a precondition, for the creation of trust; when the power in question is the impersonal form embodied in a legal system, a state policy or rigid, hierarchical structures (Lane and Bachmann, 1998). Trust and power can also be seen as a duality, each assuming the existence of the other, referring to each other, creating each other, but

remaining irreducible to each other (Mollering, 2005). Power may not necessarily substitute or even destroy trust. But at least exercised in a certain manner, power may enhance trust, thus leading to an even more powerful position in a network (Young and Wilkinson, 1989).

Finally, there is the idea that trust is subordinate to power, with trust occurring only among those who are relatively equal in power (Kincaid, 2006). In situations of a power imbalance there can be a temptation to enforce cooperation through power rather than trust (Schweers Cook, 2005). At one end of this spectrum, trust is regarded as a rational response to the distribution of power, functioning as an acceptance of the power wielded by certain individuals and authorities in society (Rendtorff, 2008). At the other end of the spectrum is the idea that the language of 'trust' frequently conceals relationships of power (Harriss, 2005). Power is therefore a double-faced mechanism, which can be completely concealed behind a façade of trust, from where it can be used to promote vested interests through the manipulation and capitulation of weaker voices in knowledge discourses (Hardy et al., 1998).

### **Discursive perspectives on trust**

A poststructural Foucauldian perspective is interested in the power strategies which help constitute how we come to think about things, and govern how we speak about them. The perspective is inspired by the contributions of the late French philosopher, Michel Foucault, whose work has given rise to a widely used form of 'discourse analysis', in which discourse is envisioned as sets of statements which form objects, concepts, subjects and strategies (Motion and Weaver, 2005). The process of manufacturing or producing trust is a strategic one, which exhibits power, and is therefore a discursive relation (Grey and Garsten, 2001). Some discourses are more powerful and influential than others, and Foucault suggested that the strongest discourses of all are those attempting to ground themselves on the natural, the sincere, the scientific and rational (Holtzhausen, 2000, Hook, 2001). Foucauldian scholars have applied discourse theory to the production of trust in scientific knowledge systems (Carolan and Bell, 2003, Carolan, 2006, Gilbert, 2005b, Grey and Garsten, 2001). Some describe trust as a precarious social accomplishment enacted through the interplay of social or discursive structures, including those of work organizations and individuated subjects (Grey and Garsten, 2001). Others present trust as rooted in discourse. Just as knowledge is constituted dialogically and intersubjectively, so is the network of trust which envelops us (Carolan and Bell, 2003). Voices



that are loud enough or dominant enough in a discourse can contest existing social relations of knowledge resulting in the possibility of new social relations of truth, and therefore new social relations of trust (Carolan and Bell, 2003).

### ***Hypothesising trust practices in financial services***

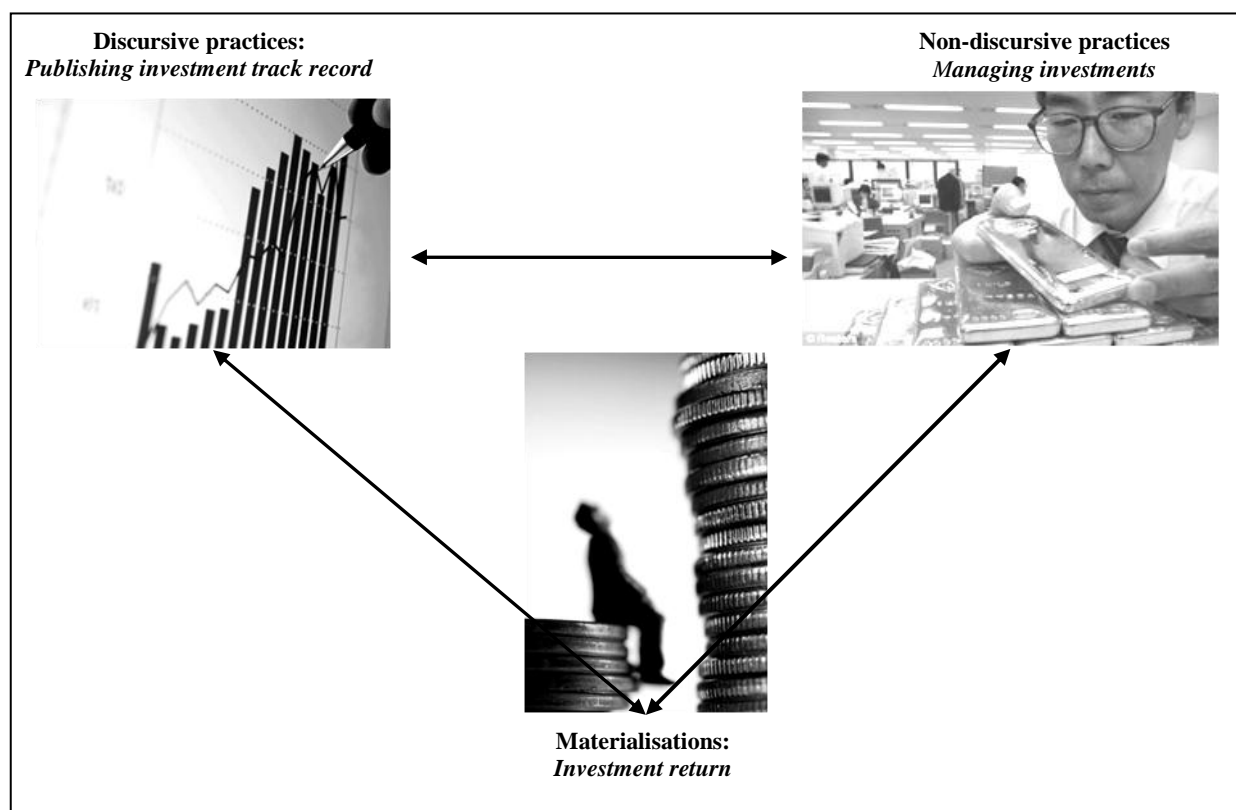
A discursive approach to trust has not yet been explored in depth in public relations research, where it would be a useful application as public relations has been imagined both as trust management, and as a process that deploys discourse. Foucauldian theory proposes that discourses are productive (Kendall and Wickham, 1999). In this way, financial discourses can produce ‘investors’, ‘savers’, ‘debtors’, ‘homeowners’ and ‘policyowners’. Yet Foucault never entirely explained the relationship between discursive objects and the statements made about them, on the one hand, and the real objects on the other (Howarth, 2000). He was unable to say in what concrete or empirical relationship discourses and things and/or real events are linked to one another (Jäger, 2001). Jäger contends that Foucault’s discursive and non-discursive are not opposites or even different planes because “there is nothing societal that is determined outside the discursive” (Jäger, 2001; 42). The rules that ensure practices are material and discursive at the same time do not rule out the possibility of non-discursivity, but they do ensure that the non-discursive is always within the ambit of discourse, under its sovereignty (Kendall and Wickham, 1999).

### **Problematising trust**

A crucial point about Foucauldian discourse analysis is problematisation, selecting a problem rather than a historical period for investigation (Kendall and Wickham, 1999). In my case I am problematising the deliberate production of trust – and mistrust – in financial systems, not simply the specific period of the global financial crisis. Problematising trust is one thing, but how exactly does one empirically observe trust, or indeed mistrust, in a discourse? In her dialectical research, Markova et al (2003) suggests a number of ways that one might observe trust discursively – through ontology, semantics, related behaviours and acts, implicitness or asymmetries. But the suggestion from Markova which sits well with a poststructural perspective is to seek out *trust practices*. I propose that a model for seeking out trust practices in financial discourses can be adapted from Jäger’s triangular representation of Foucault’s dispositive of

discursive and non-discursive practices and their materialisations. In Jäger's interpretation of Foucault's dispositive; discursive practices are those which primarily transport knowledge while non-discursive practices are those which primarily transport action. However, since non-discursive practices are preceded by knowledge and are constantly accompanied by knowledge, they often transport knowledge too (Jäger, 2001). Materialisations, the third part of the triangle, are the objects manifested by discursive and non-discursive practices.

**Figure 1: A financial services knowledge/power apparatus (adapted from Jäger, 2001)**



In my modification of Jäger's dispositive (*Fig.1*), the discursive and non-discursive in financial systems are, as Jäger points out, neither opposites nor on different planes. This is perhaps even more so in financial systems because money is symbolic, and by nature, both material and discursive (Deleuze and Guattari, 1983). So the act of managing investments can be regarded as non-discursive – involving decisions such as increasing holdings in shares, property or gold for example (*Fig.1*). But in the modern world, financial professionals often do this sort of asset allocation at their computers where they will plot graphs, speak to other professionals and produce new graphs and reports – all of which can be regarded as discursive activity. Much of

the activity in a financial dispositive is certainly discursive. Many financial institutions ‘speak’ of their investment ability through advertising, publishing or otherwise reporting their performance or ‘track record’. One way in which they ‘speak’ or deploy discourses is to publicly track their performance over a period of time (e.g. three, five years or ten years) and produce evidence of that performance in the form of data. Financial institutions publish performance records to ‘prove’ that they can be trusted to produce value in absolute terms, as well as value that is greater relative to their competitors.

It is the discursive production of financial performance which often determines which financial institution we choose to look after our money. Discursive production of investment performance is a financial institution’s attempt to ‘populate the future’, to render it free of risk, thus producing trust. Yet it is impossible to use the past to populate the future, which is why regulators insist that a caveat is published boldly next to all performance records: ‘Past performance is no guarantee of future results’. The final corner of the financial dispositive (*Fig.1*) reveals the materialisations of financial practices. One of the most important materialisations in the eyes of the public is the production of value in the form of financial return. We place a pot of money in financial institutions and, in most cases, we expect this pot to grow steadily. But even that materialisation can be discursive. While our pot of money might grow, changes in inflation or currency valuation could cause the value of our money to be reinterpreted.

I have hypothesised several categories of trust practices in respect of the financial institutions responsible for safeguarding savings and investments on the public’s behalf – including banks, mutual societies, asset managers and life insurers. I maintain that it is the underlying practices involved in manufacturing trust in money and expertise that are trust practices – not whether financial experts and institutions say “we are trustworthy” or whether consumers say “we trust”. In other words, our trust in savings and investment institutions revolves around the system’s ability to produce value, and financial discourses revolve around the production of value (Deleuze and Guattari, 1983). For example, it is the financial return as reported to us via monthly statements or quarterly performance records that we trust above all else. Any savings or investment institution wishing to be trusted will engage in trust practices such as reporting their investment performance (discursive) and in expertly managing investments (non-discursive). If the institution goes onto produce value in the form of a positive

financial return, they will continue to be trusted. If the institution does not succeed in producing a positive financial return, or if that reported return is later proved to be false, the financial institution will come to be mistrusted.

### ***A Trust Practice Framework***

I am hypothesising five sets of trust practices in financial services (*Table 1*) as follows: the practice of *protecting*, in which a company shows that it will represent its customers’ best interests since they bear the risk when they entrust their money. The second trust practice is the act of *guaranteeing* to deliver an agreed financial result. The act of guaranteeing follows on logically from the act of protecting. Companies often guarantee to provide a specific level of protection, such as protecting investors’ initial capital minus fees. The third category of financial trust practice is that of opening up or *making transparent*, in which a company is truthful enough to make visible its way of doing things. The fourth category is that of *aligning* with other trust systems and codes such as the government, professional or trade associations and certifications. Finally, there is the trust practice of *simplifying*, in which a company demonstrates that it is expert enough to explain what it does in simple terms.

I am also proposing that the five hypothesised trust practices do not operate discretely. Instead, the first practice, which I have identified as protecting, overlaps with the second – guaranteeing, which overlaps with the third, and so on. I also submit that each of the first four trust practices – *protecting*, *guaranteeing*, *aligning* and *making visible* - is successively more discursive than the last. In this way, *protecting* is largely a material practice, which may involve assigning a custodian who works behind the scenes to hold customer funds in safekeeping. However, it can be a discursive practice when, for example, a company adopts the role of ‘consumer champion’ representing, indeed ‘standing up’ for the needs of consumers – not just the company’s own customers but all consumers of its product category. *Guaranteeing* is a trust practice that is both discursive and material – a company has to communicate a guarantee for the customer to know that it exists.

***Table 1: A Trust Practice Frameworks***

<b>TRUST PRACTICES</b>			
<b>1. Protecting</b> <i>“We represent our</i>	<b>2. Guaranteeing</b> <i>“We are certain of</i>	<b>3. Aligning</b> <i>“We associate with</i>	<b>4. Making visible</b> <i>“We are truthful,</i>

<i>customers best interests since they bear the risk”</i>	<i>delivering set results in a set time frame”</i>	<i>other trust codes and systems”</i>	<i>thus transparent about how we do things”</i>
Building wealth or reducing debt  Managing risk while providing customers with exit strategies  Assigning high/low trust actors e.g. custodian to look after funds  Respecting property e.g. installing and monitoring customer data protection  Adopting an industry role as ‘consumer champion’	Keeping promises, honouring contracts, repaying money  Producing certification of competence, expertise  Monitoring system soundness  Assessing effectiveness of policies  Enlisting third party endorsement, recommendation, ratings, warranties, seals of approval	Adopting standards and codes of ‘best practice’ e.g. auditing  Complying with law and regulation  Foregoing competitive imitation  Recognising and supporting customer loyalty  Negotiating against stated expectations, with willingness to compromise  Supporting socially responsible behaviour	Making and pricing accessible, transparent products and services  Making transparent contract terms  Measuring financial performance, reporting frequently, honestly  Submitting or subscribing to monitoring and assessment  Giving customers a voice, listening to and acting on complaints  Apologising for failings (accepting vulnerability); making amends
<p>  <b>5. Simplifying</b>  </p> <p> <i>“We are expert enough to explain what we do in plain terms”</i> </p> <p>           Seeking binary divisions, selecting and omitting messages, clarifying financial jargon, explaining and educating on technical occurrences in markets, ranking product providers, separating opinion from fact         </p>			

The practice of *aligning* with other trust systems is, again, an act that companies would generally communicate to the public for the act of alignment to serve a material purpose. An insurer might submit its products and services in annual rankings, and if approved as a ‘five star provider’, it will certainly communicate this ranking for it to serve a material purpose. The trust practice of *making visible* is equally discursive as it is material as transparency must be communicating whether through words, symbols or signs. The final trust practice, that of

*simplifying* is I believe, entirely discursive one – and is related to all the others as it is the act of explaining how a financial institution protects, guarantees, aligns and makes visible in order to establish knowledge/power.

### ***Discussion***

In this section I want to look more closely at each hypothesised trust practices and consider them against some of the highly-publicised events in which trust was supposedly lost during the 2008-09 financial crisis. It may be equally possible to find trust and mistrust practices in these events, or to conclude that these practices are the same but conducted from different positions in financial discourses.

### **The act of protecting**

Beginning with the act of *protecting*; in financial services this usually means the protection of money, along with certain other assets. Much about the act of protecting is material, carried out behind the scenes, becoming discursive through representation in customer statements, annual reports and other communication. Protecting can include building wealth or reducing debt; managing risk while providing customers with exit strategies to avoid that risk; assigning high/low trust actors such as custodians to look after funds. Protecting also takes in activity such as respecting property, for example, by installing and monitoring customer data protection. Protecting can also include the position of ‘consumer champion’ in a financial discourse, in which a discourse actor promotes better deals or speaks out against unfair industry practices. Northern Rock was certainly the young ‘consumer champion’ in UK mortgage market offering the cheapest home loans. The company had a long history, but had successfully reinvented itself in modern times as Britain’s fifth largest mortgage lender (Masters and Goff, 2010). Northern Rock achieved this by offering borrowers high multiples of their income and large loan-to-value ratios. But while personal mortgage products may seem dull and safe, Northern Rock mortgage loans were not, because instead of being backed by customer savings, they were backed by Northern Rock’s risky borrowing in the money markets (Masters and Goff, 2010). Media revelations of these practices led to a loss of trust made visible through a physical ‘run’ on the bank when thousands withdrew their savings.

### **The act of guaranteeing**

The act of guaranteeing strikes me as a trust practice with significant discursive power. I say this because a guarantee is itself a statement. It is usually issued on a piece of paper, but unlike money, the value of a guarantee is easily contested by the voice issuing it or the voices contesting it. Guarantees can be implicit as well as overt – they may entail financial institutions keeping promises, honouring contracts and repaying money, or producing certification of competence and expertise. The trust practice of guaranteeing implies that a financial institution is monitoring system soundness, assessing effectiveness of policies, enlisting third party endorsement, ratings, warranties and seals of approval. Royal Bank of Scotland (RBS) is one of the UK's biggest banks and it was probably one of the names trusted most by the British public as a place to deposit their money. The 'guarantee' of banking with RBS was both overt and implicit. Firstly, the bank had impeccable lineage, having been founded by royal charter in 1727 (BBC, 2009). It was one of Britain's 'Big Four' banks, successfully acquiring NatWest in the biggest takeover in British Banking history (BBC, 2009). Yet despite its image as a 'safe', traditional high street bank, RBS was one of the institutions ratcheting up losses on risky, sophisticated credit derivative products. RBS took a hit of almost £6 billion from the global financial crisis leading to the biggest loss in UK banking history (Dey, 2008). Centuries of safe, traditional banking turned out to be no guarantee.

### **The act of aligning**

As a trust practice, aligning with other trust systems can be quite specific – promoting membership in a professional body, or a quality kite mark. Aligning can also be more nebulous – when, for example, institutions choose to align with the past and with traditions. Financial institutions can align with other trust systems by adopting standards and codes of best practice such as auditing. They produce trust by complying with law and regulation. They can even produce trust by foregoing competitive imitation, or simply by recognising and supporting customer loyalty. Other aspects of aligning can include showing willingness to compromise and supporting socially responsible behaviour. Stanford Bank was a relatively new financial institution which sought to align itself with the symbolic traditional institutions. Founded by Texas financier, Allen Stanford, Stanford Bank was an offshore institution headquartered in the

island of Antigua. Allen Stanford became an Antiguan citizen, and was eventually knighted by the Antiguan government through the Commonwealth honours system. He also helped bankroll English cricket, sponsoring the Twenty20 tournament and its US\$20m purse (Foley, 2009). The very English game of cricket and the very British title ‘Sir Allen’ helped align Stanford Bank with traditional institutions. But this alignment was merely a façade of trust. Regulators in various jurisdictions uncovered Stanford’s fake reporting of investment results over a period of 15 years. It further emerged that the bank was allegedly being used as a money laundering centre for drug cartels (Foley, 2009).

### **The act of opening up, making transparent**

The question of transparency or ‘opening up’ as a trust practice is a crucial one for modern financial services, since savers and investors rarely have a tactile relationship with the money they entrust to the modern financial system. A transparent financial institution is one that manufactures and prices products, services and contract terms that are clearly visible and accessible. Such institutions measure and report on their financial performance frequently and honestly, and they submit to monitoring and assessment. They give their customers a voice, as well as listening to and acting on complaints. And finally, transparent financial institutions apologise for failings and make amends. One example of a trusted financial institutions which turned out to be anything but transparent, was Madoff Securities, the US investment house founded by Bernie Madoff. For many years, Madoff investors were delighted with the value produced by this firm, which consistently outperformed its competition and reported outstanding financial return. But the positive returns printed on investors’ statements turned out to be entirely fabricated. Madoff Securities had ceased trading in the 1990s, and was instead using new investors’ money to pay out return to existing investors in an elaborate Ponzi scheme (Bray and Lauricella, 2009).

### **The act of simplifying**

The final trust practice I have hypothesised is simplifying. Any discourse actor who can explain complex finance often takes a dominant place in financial discourses. Financial advisers or experts, consumer organisations and, of course, public relations practitioners and the media often simplify financial discourses by seeking out and presenting binary divisions, selecting and



omitting messages, clarifying financial jargon, explaining technical occurrences in markets, ranking product providers and separating opinion from fact. One highly-visible actor in the UK media is MoneySavingExpert.com, whose founder, Martin Lewis, is a well-known media ‘pundit’ offering advice on personal finance. The site claims that “its ethical stance and Consumer Revenge approach have made it the UK’s official no. 1 money site with nearly 7 million unique users a month” (Lewis, 2010). While the website takes credit for producing value (hence earning trust) by helping people to avoid poor products and get the best deals, it too has experienced blows to its credibility. After the collapse of the Icelandic bank Icesave, it emerged that a significant number of consumers had been introduced to the Icesave brand and persuaded to put their savings there through recommendations on MoneySavingExpert.com (O’Sullivan, 2010).

### *Conclusion*

#### **Implications for Further Research**

I have hypothesised a financial services trust practice framework for which I believe there are now some worthwhile research directions. Firstly, it would be useful to apply the trust framework to all the determinable practices carried out by a financial institution in order to determine its level of trustworthiness. A large volume of trust research is concerned with levels of public trust, but evidence of public trust cannot be equated with institutional or systemic trustworthiness. Applying the trust practice framework could help to address this balance, particularly as many trust surveys only extrapolate ‘trustworthiness’ by gauging public perceptions of ‘confidence’ or ‘reliability’ (O’Neill, 2009a, O’Neill, 2009b). Another potential research direction would be to establish whether there ought to be a separate framework for mistrust practices or whether trust and mistrust practices in financial services are two sides of the same coin. From a public relations perspective, it would be specifically useful to investigate further the proximity or distance between public relations process and each of these trust practices. This might be done by exploring specific financial discourses for evidence of public relations in respect of protecting, guaranteeing, aligning, opening up/making transparent and simplifying. It would be good to see further public relations studies about discursive trust

production, not just in financial systems, but in other specialist systems of knowledge production.

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