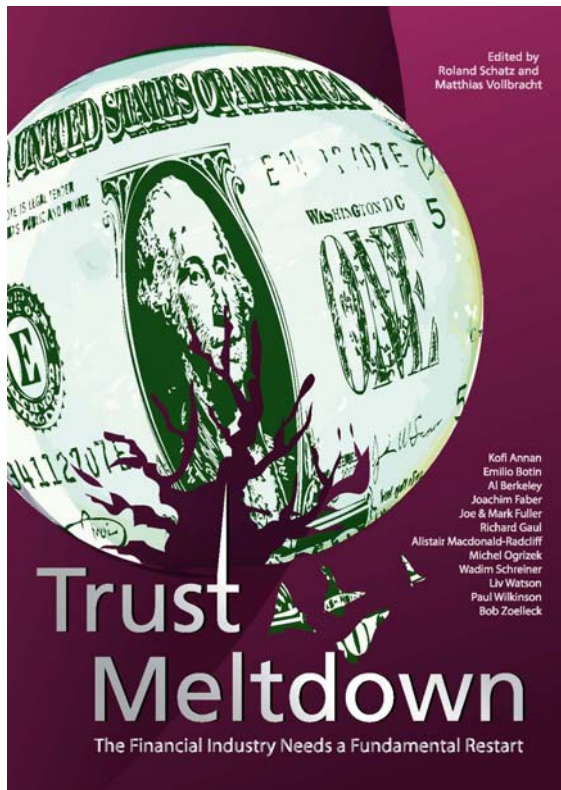


MEDIA TENOR publishes trust survey

Trust Meltdown: The Financial Industry Needs a Fundamental Restart

Zurich, 27.01.2010. The loss of trust in financial institutions threatens our society. This shows the latest study by the Zurich-based research institute MEDIA TENOR. The analysis with contributions from renowned academics and business representatives will be presented at the Annual Meeting of the World Economic Forum in Davos.



The long-term analysis of the international media coverage shows, how dangerous the loss of trust in banks and insurers is one and a half year after the financial bubble burst. Although banks are now rated even worse than tobacco companies, a fundamental change of corporate behavior is not even contemplated by bankers worldwide. But public support for our economic system depends on trust in institutions and managers.

Joachim Faber, head of Allianz Global Investors, the largest investment company in Germany, shows, how sustainable investment must become a principle for financial companies, in order to evade the next bubble and regain the trust of the public. "If you think about demographic changes and about climate change, none of these issues can be mastered without functioning capital markets. Demographic changes and the results on ageing societies and the funding of the old age pensions, which have to be paid out, by larger and increasing older generations is not feasible if it is not based on a well founded mechanism backed by papers generated by the capital markets." Mark B. Fuller and Joseph B. Fuller, heads of Monitor Group call for a change in security regulation: "During the past several decades, financial services firms developed a dizzying array of new, often complex investment approaches, structures, and instruments that government consciously and deliberately chose not to regulate—hedge funds, highly-leveraged private equity deals,

off-exchange trading of derivatives, securitized debt, credit default swaps, and the like." Looking into the future they conclude: "Targeting greedy individuals may be popular but it doesn't address the fundamental challenges... If we do not see significant changes in securities regulation, if we do not see public officials most responsible for ensuring the integrity of the global financial system addressing the real issues, and if we do not see governance reform in financial services firms, then we should not be surprised by the next crisis in the financial markets."

More transparency is one key to restoring trust. Liv Watson, a founding member of XBRL international consortium, explains how this universal language of business information can transform the approach to disclosure and improve transparency. "Executives have a fiduciary responsibility to their stake holders to learn more about XBRL and how this powerful open source royalty free information standard can help bring transparency and trust back to markets."

In his preface former UN Secretary-General Kofi Annan points out the scope of the challenge for governments and financial businesses around the world: "There are many who rightly see the crisis as the consequence of failure to put economic policies at the service of the common good. As Adam Smith wrote over 250 years ago in his Theory of Moral Sentiments, universal values far beyond the profit motive – including humanity, justice, generosity and public spiritedness – must provide the framework for markets to work effectively. Now, he might argue, is the perfect moment to ensure that such core values are finally hardwired into public policy and international relations. In a highly interconnected world beset with shared problems, we cannot afford to get this wrong. And if we get it right, then we might finally have learned the lessons that Smith was trying to teach us."



Joe Fuller, CEO Monitor Group during the TRUST MELTDOWN launch in Davos 2010

An abstract of the report can be downloaded at www.mediatenor.com/pdf/Trust_short.pdf