

# **Table of Contents**

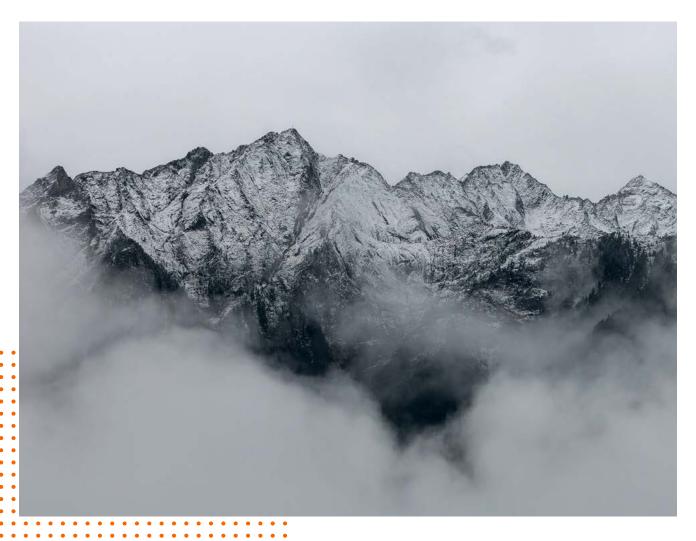
	U	introduction	02
	1	Digital trust	04
		Evolution of trust	08
		Forces that can impact trust	14
	2	Universal factors of trust	16
		(Dis)information	18
		Public Administrations	20
		Technology	22
	3	Regaining trust: challenges and solutions	26
		Banking sector	28
		Large corporations	31
		Mass media	36
		Big Tech	40
• • •			
		Cross-sectional innovative solutions	44
• • •	4	Strengthening trust going forward	46
• • •			
• • • •	• • •	• • • • • • • • • • •	
• • •	• • •	• • • • • • • • • •	

#### 0

# Introduction

"It takes 20 years to build a reputation and five minutes to ruin it".

Warren Buffett





The main private and public institutions in most of the world see citizen trust in them dwindle. Can the latest technologies to build trust reverse that trend? If so, what type of action is needed?

The Bankinter Innovation Foundation has held its Future Trends Forum think tank, which revolved around trust and the digital society, and brought together scholars and top authorities in mass media and corporations, among others. This report analyzes the status of trust and tries to address in what ways is trust built and, if need be, regained, and creates possible scenarios. Finally, we make the case for social and technological innovation, two levers that can secure trust, and we venture the evolution of trust over the next ten years.

This report analyzes the status of trust and tries to address in what ways is trust built and, if need be, regained, and creates possible scenarios. 1

# Digital trust



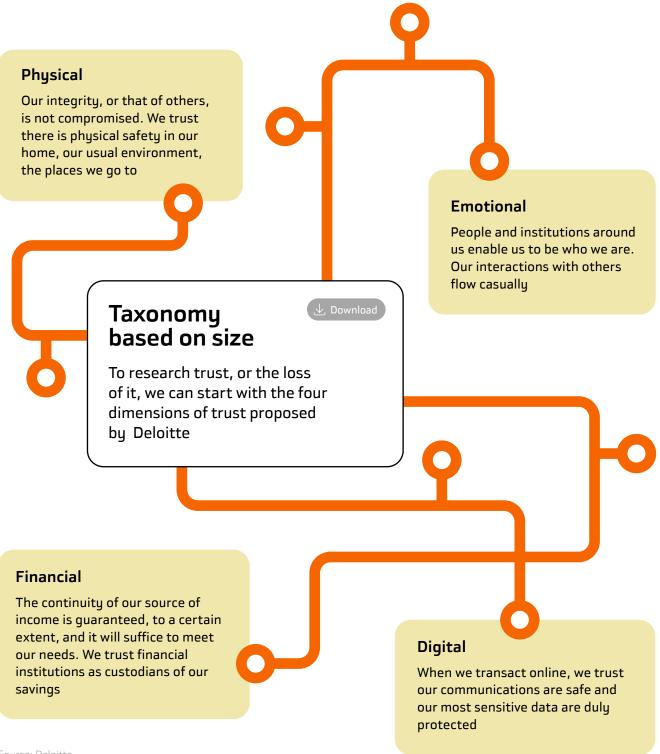
Trust is a key element of human relations between individuals, human organizations (corporations, institutions, countries, etc.) or both.

Digital trust blends in everything we do: our relations, our actions, or expectations vis-à-vis others, in the physical and digital world alike.

We need to trust certain truths; we need to interact in our physical or digital communities safely. We expect institutions, corporations, and other organizations to keep their promises and conduct themselves responsibly.

### "For it is mutual trust, even more than mutual interest that holds human associations together".

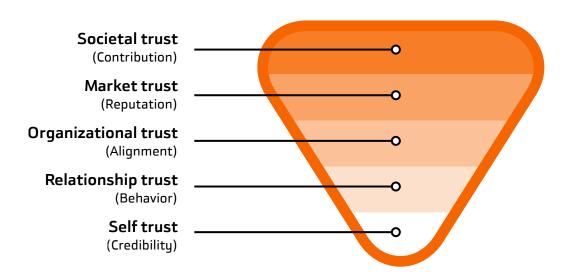
- H. L. Mencken



Source: Deloitte.

Trust can also be framed based on the scope of application. Stephen Covey, an expert in trust and leadership and author of *The Speed of Trust*, makes the difference between social, market, organizational, interpersonal trust, and self-trust.

#### Taxonomy based on scope



Source: "The Speed of Trust". Stephen M.R. Covey.

"Trust is the lubrication that makes it possible for organizations to work".

— Warren Bennis



#### Why is trust so important?

There are real, tangible benefits for organizations that build trust-based relations with their stakeholders:

According to a study published by the Harvard Business Review, employees in corporations with high levels of trust are 50% more productive and are more committed than those who work for corporations with low levels of trust.

Besides, clients are motivated to buy services and products from companies that embody their values and beliefs, according to another study by Accenture.

Paradoxically, in recent years society has lost trust in institutions whose main purpose is to facilitate and safekeep trust.

The challenge: how to regain the trust of billions of users, clients, and citizens. This report will cover how to regain trust, including redefining production, distribution, and communication strategies, even a complete overhaul of an institution's foundations,

depending on the size, scope, and type of trust in question.

The challenge: how to regain the trust of billions of users, clients, and citizens. This report will cover how to regain trust, including redefining production, distribution, and communication strategies, even a complete overhaul of an institution's foundations, depending on the size, scope, and type of trust in question.

In any case, trust does not work like a switch: it is lost suddenly and if regained, it is done gradually, as it is much more closely related to emotions than facts.

In his article "Why we need the 'Davos Manifesto' for a better kind of capitalism", the founder and CEO of the World Economic Forum, Klaus Schwab, asks all private corporations to do everything they can to deserve society's trust. According to Schwab, corporations, governments, and organizations are the custodians of society, they bring comfort and trust while they promote innovation.

#### Trust by the numbers

The Edelman Trust barometer 2020 reveals that none of the four social institutions analyzed (government, corporations, NGOs, and media outlets) deserve their citizens' trust.

The loss of trust is tremendously hazardous.

#### Brands face a trust crisis

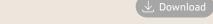
**60%** 

Nearly 6 in 10 customers don't believe companies have their best interests in mind.

Distrust is a deal breaker

**US\$2.5tn** 

A lack of trust costs global brands \$2.5 trillion per year.



Values matter

69%

of consumers will purchase stock in a company known for its ethical standards.

#### Transparency pays

40%

of costumers would abandon a preferred brans for a more transparent one.

Privacy and trust go hand in hand

92%

of costumers are more likely to trust companies that give them control over the information they share.

# **Evolution** of Trust

Throughout history, there have been many significant events driven by excess of trust, lack thereof or just the right measure of it (the creation of the European Union being one case in point).

Ethan Zuckerman, Future Trends Forum expert and Public Policy, Communications, and Information Professor at the University of Massachusetts Amherst, explains how trust has eroded around the world for decades in the following video.

Trust in the government dropped sharply in the 1970s in the aftermath of the Watergate scandal and the Vietnam war, and it has not recovered since.

The United States is not an outlier. There is a similar trend in all countries where statistical data are available. If you look at the OECD countries' average in recent years, trust in governments is in a downward trend.



You Tube

Ethan Zuckerman

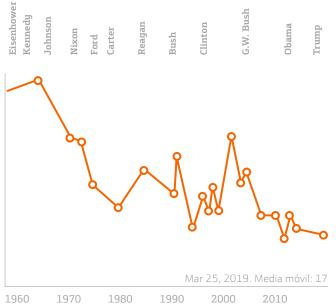
University of

Massachusetts Amherst

There have been reliable data collected in the United States since the 1960s, and we can see that trust in the government has gone from 80% back then, to less than 20% at present, as shown in the following figure.

## OECD average trust in governments, 2006 to 2014

Percentage of the population reporting confidence in the national government

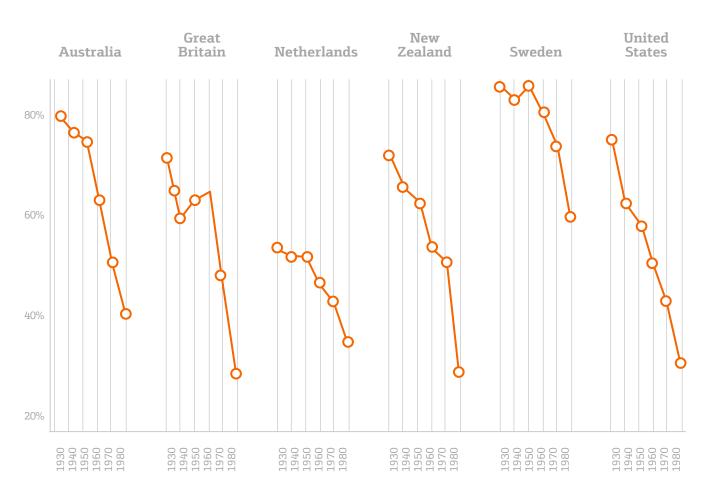




Source: Our World in Data.

And lack of trust in governments provides an alarming insight: The younger the citizens, the less they value political institutions, and therefore, the less important it is for them to live in a democracy.

# Across the globe, the young are less invested in democracy

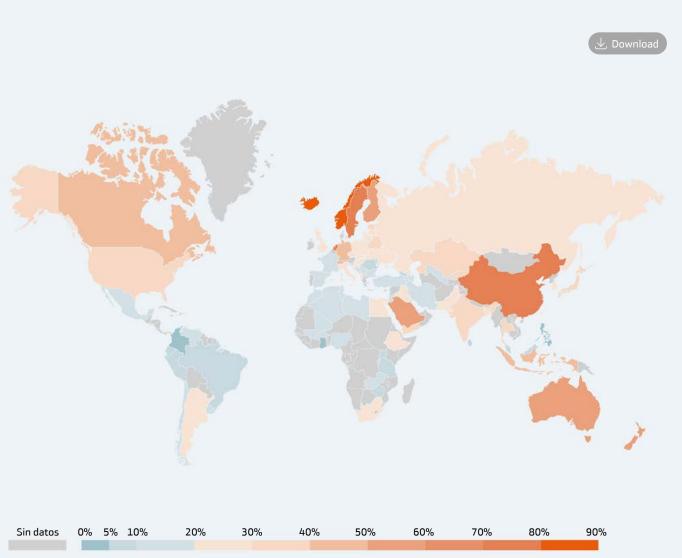


Source: National Endowment for Democracy.

This erosion of trust is a widespread trend, present in all areas of society.

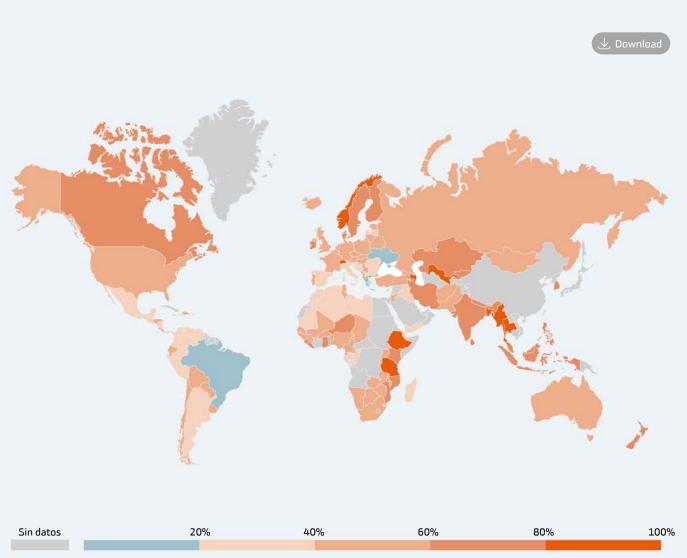
The following maps show how trust in others and trust in their own governments is rated across different countries.

# Share of people agreeing with the statement 'most people can be trusted', 2014



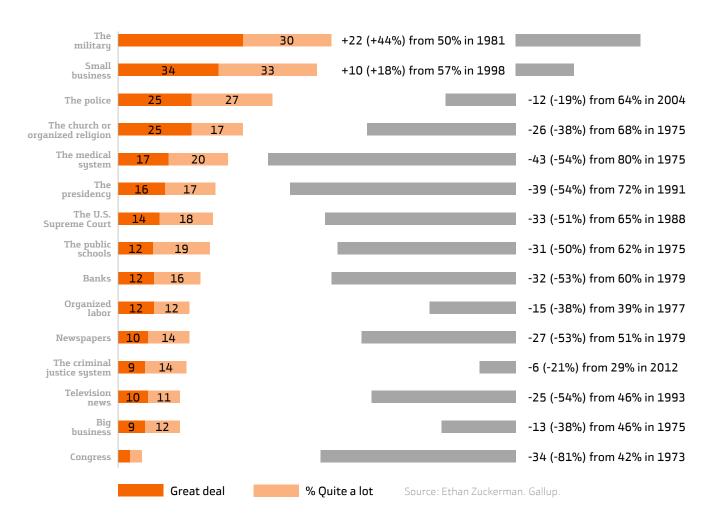
Source: Our World in Data.

# Share of people that trust their national government, 2018



Source: Our World in Data.

#### Trust in institutions. USA.



Trust in various institutions has evolved negatively—trust in the army and SMEs being two exceptions. While these data pertain the USA, experts believe they can be extrapolated to the rest of the world, save some exceptions, such as China, where the levels of trust are much greater.

In the previous section we asked why is trust so important. Now we ask...

#### Why is trust so important... now more than ever?

Worrying about trust is not new. In fact, human beings have done so since the beginning of times, which enabled them to create networks of cooperation and increasingly populated and sophisticated societies.

The history of humankind is the history of trust and mistrust: of family ties, clans, tribes, cities,

territories, empires. The great events in history have been marked by mass movements of trust or mistrust.

Currently, the difference lies in its global nature.

The arrival of the Internet and globalization accelerate the pace and the scope. Post-digital trust has global, immediate impact. Online media outlets or social networks can accelerate trends—and problems as well.

The rise of populism around the world is the result of the loss of trust in institutions. Beyond the Internet and globalization, our Future Trends Forum experts point out several causes for the current global mistrust:



#### Increased social inequalities

Several studies mention it, among others, "Growing Apart, Losing Trust? The Impact of Inequality on Social Capital", by the International Monetary Fund. The outcomes evidence that inequality erodes an individual's trust in others and in institutions.

#### Severe Institutional Failuress

Enron became a paradigmatic case. The Enron Corporation appeared as the seventh largest, most profitable American company in 2000. In 2001 it filed for bankruptcy. The global financial crisis in 2008, following the housing bubble burst in the United States in 2006 and the subsequent *subprime* mortgage crisis became a very painful example. Leaving aside some unscrupulous individuals, the lack of due regulation and oversight by competent authorities accounts for these systemic failures.

#### **Education**

Developed countries encourage critical thinking, and therefore, the level of trust is smaller. In a way, we could say it is a healthy lack of trust. However, we will see in this report that critical thinking is very much influenced by mass media, the so-called fake news or deepfakes.

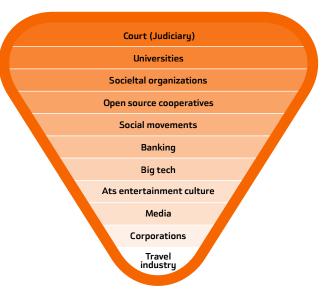
#### Besides, the experts have also mentioned:

- The digital divide and the technological gap cause mistrust among social groups.
- The formidable increase of available information comes along an even greater increase of noise (in the words of Nassim Taleb, "the noise bottleneck").
- Media outlets are focused on opinion, not facts.

The widespread result is disappointment, detachment, and polarization.

According to the Future Trends Forum experts, trust in governments and public administrations has been lost for the most part, followed closely by mass media.

#### Trust in institutions ranking



Source: Future Trends Forum *Rebuilding Trust in the Digital Era* experts survey

# Forces that Can Impact Trust

In the mid 1990s, the book "Trust: The Social Virtues and the Creation of Prosperity", by Francis Fukuyama, laid the foundation of research in social trust. Fukuyama argued that only those societies with high levels of trust and "social capital", backed by solid legal frameworks, could successfully compete in the then budding global economy.

This framework, which is still valid today, can be rounded out with the post-digital concept: globalization, the immediacy of information and the digitalization at scale come into play. The constant and sudden changes of today disquiet citizens, who are worried about potential violations of their basic rights and liberties.

According to one of our experts, there are 3 levels of distrust today, classified from the least to the most worrying:



#### Level 1

#### Single distrust.

You distrust one message, one idea, one person, something in particular.

#### Level 2

#### Institutional distrust.

You distrust the institutions, the powers-that-be. Society is built on trust, as discussed in the previous pages. When that crumbles, it all fails—or at least, it gets complicated.

#### Level 3

#### Distrust oneself.

Artificial Intelligence and the deepfakes as a very illustrative example, can make you doubt yourself: we do not trust what we perceive, as it could be so perfectly manipulated that we cannot see it is false.

#### The keys to trust

What factors have impact on trust? We live in "The Age of Trust", featuring three factors:

- Trust so important... now more than ever.
   Over 20 years of research about how to gain
   and lose trust, Edelman has concluded that
   the two key elements in trust are efficacy and
   ethical behavior. The expectations about what
   institutions must do to keep their promises have
   changed radically.
- **2.** There is an enormous gap between expectations and reality. 74% of clients expect more from corporations, not just regarding the features of

- a product or service, but also regarding the way companies treat their clients, employees and the environment, according to research by Gartner. That is a shortage of trust.
- 3. Companies and institutions are now expected to have a social purpose. Data speak for themselves: up to 40% of the people believe a product/brand should not be used if it has not proven their support in the fight against the pandemic. More than 70% of the people say that they lose trust in companies that prioritize their profit to fighting the pandemic.

# When making a purchase decision, trust is second to price

#### Therefore, it is key to focus on:



#### What are the key building blocks of trust?



#### Integrity

With well-defined values and convictions, which are always abided by. The opposite of an honest company or institution is one that acts differently from the messages or ideas it defends.

#### Skill

Which is the ability to manufacture products or perform the services entrusted to them.

#### **Fulfilment**

Which means you not only know how to do it (skill), but you can do it correctly and in good time.

#### Purpose

Companies and institutions are increasingly expected to have a social and environmental purpose, beyond their purely economic purposes. If a company or institution follows a purpose I can identify with as citizen or consumer, I will trust it more.

More than 90% of investors claim that ESG (Environmental, Social and Governance) criteria are a priority in new investment decisions, and 88% want the companies they have already invested in to prioritize ESG. ESG investments already account for a third of the total assets under management by professional funds in the USA, up to \$17.11 billion in early 2020.

As far as consumers go, they request—particularly *millennials* do—from the companies they buy from to lead their business sustainably and ethically. According to a Nielsen report, 66% of consumers are willing to pay more for a sustainability-branded product. That percentage rises to 73% among *millennials*.



You Tube

Alex Heath

Edelman,

New York

2

# Universal factors of trust



#### (Dis)information

If we trust the truthfulness of the information, news, and events, we can take purchase, investment or spending decisions, trusting that our perception of reality is correct

#### **Public administrations**

If we trust local, state, and international governments, we will trust that the future will offer a modicum of economic and social security, which will empower us to act, trusting our decisions to request a mortgage, buy or sell goods or homes, or spend our time at leisure or learning

#### **Trust**

There are three main factors that can impact trust universally: (mis) information, public administrations, and new technologies. These are the three great catalysts of trust around the world. When the citizenship trusts them, trust in the remaining public and private institutions comes much easier

#### New technologies

If we trust new technologies, (i) we can provide our data in the context of a transaction, (ii) trust the recommendations made by the applications we use, because we trust the algorithms meet some ethical requirements and (iii) trust that the technology is a tool for personal and professional growth

### (Dis)information

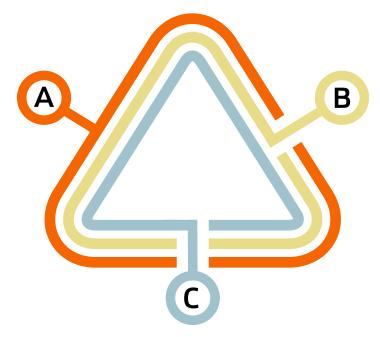
One of the greatest current scourges of trust is disinformation. By disinformation, we refer to those who create and/or spread false information deliberately, seeking to harm others and sometimes, profit at their expense.

The ABC framework (*Actor* (who) *Behavior* (how) and *Content* (what)) put forward by *Camille François*, Innovation Director at Graphika is useful to study disinformation. Since it was published in 2019, this framework has been adopted as a key tool to identify information/influence operations and assess the response:

#### Addressing disinformation

Source: Annenberg Public Policy Center of the University of Pennsylvania

# A (Actors) Manipulative Actors who clearly intend to interfere with democratic processes or the information ecosystem.



# B (Behaviour) Deceitful behaviors. Deceitful techniques and ploys to make it seem as there are many users where there is only one, or having a robot generating contents.

#### C (Content)

Harmful content created to harm or undermine a person's or an organization's reputation, or damage public interest and influence the public debate.

Let's look at an example: The Russian disinformation campaign during the 2016 American presidential elections is a clear example of a manipulative actor. Certain political players leveraged on social networks to manipulate and influence their audiences. This affair brought to light the lack of preparedness and proactivity in government and industry alike to face this type of manipulation.

Deceitful behaviors can be executed through automated tools (such as a bot army that amplifies the scope and effect of a message) or manually (through paid campaigns or hiring *trolls*).

Finally, a disinformation campaign can be classified by the content of its publications and messages. Content is the most visible vector: all users can see and form an opinion on social media posts. A very severe issue brought about by disinformation is that authentic social movements lose credibility: Any social movements questioning the status quo is said to be orchestrated by Russian, Chinese or Turkish *trolls*, thus delegitimizing their claim.

# The role of Big Tech in the fight against disinformation

Big Tech have reacted and offered a lot more transparency. By opening up data on trolls and constantly blocking shady accounts they have made the process a "boring routine". Nathaniel Gleicher, Head of Cybersecurity Policy at Facebook summarizes Facebook's strategy against disinformation in the following video:



**Facebook**,
San Fancisco

#### **Mis**information

false information is shared with no intent to harm

#### **Dis**information

false information is shared with intent to harm

#### **Mal**information

genuine information is shared with the intent to harm, e.g., the famous "leaks".

Source: Brookings.

Then, Google's policy against disinformation is explained in their White Paper "How Google Fights Disinformation", based on a three-pronged strategy: making quality count in their ranking systems, counter malicious actors and offer more context to users.

Media outlets are spending increasingly more time and effort commenting, nuancing, weighing in and interpreting the news, rather than merely presenting the news. Because of this, citizens tend to pay more attention to those who interpret or nuance the way we would, thereby creating a vicious circle of disinformation.

Information pollution can be classified in three categories, according to Mary Blankenship's work (2020): How Misinformation Spreads Through Twitter. These are the three categories of information pollution:

A key to the destructive success of misinformation is that it plays with an individual's emotions, encouraging feelings of superiority, anger, or fear. These feelings drive people to share and connect with their communities online. Because most social platforms are designed for people to interact publicly through *likes*, comments, or actions, one can easily understand why emotional content travels so fast and reaches so many places.

As citizens, do we want to hear the truth or whatever resonates with our ideology, way of thinking, values, etc.?

# **Public Administrations**

Public Administrations are the first actor we must think of when we talk about trust, since when trust in them is high, citizens feel safe and protected, and their trust in other public and private institutions increases. And much the same way, when trust in Public Administrations declines, it drags along the remaining institutions, just like a house of cards. Trust in Public Administrations varies widely, depending on how close they are to citizens. The more foreign they are to citizens, the smaller the trust.

Civil society has come up with very interesting initiatives to build trust. For instance, Monithon in Italy (Monitoring Marathon) has developed tools and methods for society to monitor public financing. Their reports include information on how public projects are progressing and what is their impact on final beneficiaries (citizens and companies).

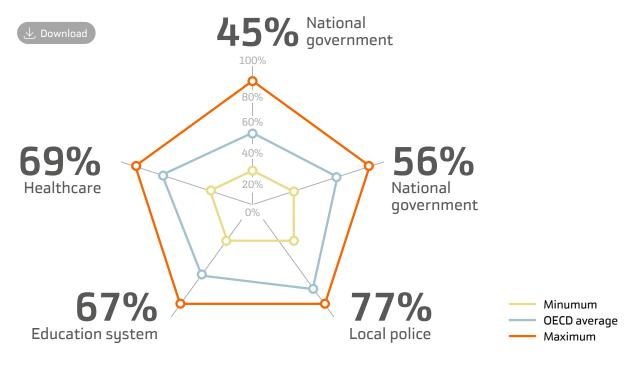
It is interesting to verify that only 10% of the projects monitored by the social movement Monithon are classified as ineffective. This insight shows that mistrust is much greater than what it should really be, if you look at objective data only.

That is one of the greatest challenges for trust: trust is not only driven by facts, it includes a strong emotional component.

Therefore, any initiative to improve or regain trust must include the emotional angle of citizens and users.

Therefore, as indicated by the following figure, there is greater trust in public service (education, healthcare, the judiciary, law enforcement) than in government itself. Data correspond to OECD countries.

# Citizens trust public services more than the government itself (2919)



Source: OCDE

What is the reason behind this? Experts have pointed out that some public services strike closer to home, they offer experiences that develop an affinity, a bond, which means they generate emotional loyalty.

In any case, citizens expect public institutions to be empathetic, receptive, and respectful, as well as

fair, equitable and responsible. When one or more component fails, trust is lost. The mechanism works very similarly with corporations or companies, the only difference being that citizens have a tacit social contract with their government, and their yardstick is higher.

The following figure summarizes the OECD proposal for the public sector to lead with the measures needed to regain trust.

**Policy Dimension** 

Public institutions role leading to trust

1 Responsiveness

Provide or regulate public services

**2** Reliability

Anticipate change, protect citizens

3 Integrity

Use power and public resources ethically

4 Openness

Listen, consult, engage & explain to citizens

**5** Fairness

Improve living conditions for all

Source: OCDE.

These papers are based on the guidelines published by the OECD towards the end of 2017: "OECD Guidelines on Measuring Trust" offers international recommendations on gathering, publishing and analyzing data on trust, in an effort to encourage national statistic offices to use these data. It describes best practices when measuring trust and proposes a basic set of measures to make international comparisons.

Trust is not only driven by facts, it includes a strong emotional component.



## **Technology**

# What role does technology play around trust?

Can we truly trust the technology? Before an affirmative response is granted, we must make sure that technology is secure, responsible, and protective of privacy and data.

New technologies are enabling the digitalization of all aspects of our lives. As mentioned by the Future Trends Forum expert and platform economy expert Albert Cañigueral, they are the "Digital Pharmakon", cure and poison at the same time. For every new, positive application of a technology, there is a criminal, abusive or unethical application as well. For technology to be trustworthy, it requires specific regulation and meeting certain values and ethical codes.

The great factors of technology and trust revolve around disinformation:

# The fear of losing jobs to automation

#### **Biases**

A problem that emerges right away is that technologies replicate their creators' biases: algorithms can be racist or sexist, for example. These are some high-impact cases:

- A chatbot launched by Microsoft in 2016, which, as it evolved, tweeted "utterly inappropriate and objectionable words and images", as acknowledged by the company, which then proceeded to eliminate it and apologize.
- The initial failure of self-driving cars to recognize pedestrians of color as people. Along the same line, Amazon's Rekognition had much more trouble than similar services by IBM or Microsoft to identify dark skinned female faces.

If the data learnt by these systems are incorrect, a biased decision might be made, even when the model is built right. As Al joins more realms of our daily lives, minimizing the bias of the models becomes a front-page issue. It is essential to work to identify and mitigate the prejudice in order to generate trust.

The AI bias cannot be eliminated completely, but it is essential to reduce the bias and work actively to prevent it. Knowing how to mitigate the AI biases is the result of understanding the data sets used to generate and evolve the models.

A way of tackling the problem is "Explainable AI", which makes AI applications understandable and includes their own traceability, so that they are no longer a "black box" of incoming data where the algorithm proposes a solution.

#### Misuse of data

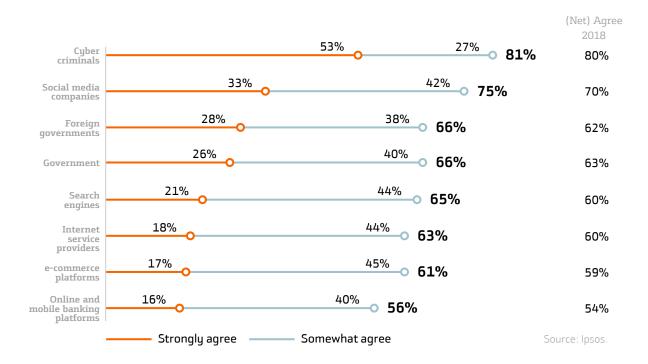
There is an intense debate about personal data privacy, and the property of the said data: If my data hold value, I want to be rewarded when third parties are using them for profit.

Everything we do leaves a data trail. Data analysts study and analyze our political preferences, what we read, our psychological state, our favorite meals, our routes... seeking to obtain the most valuable raw material at present: our data.

When we search for an item in an online shop, and the next day, while reading the newspaper online, we see an ad with that same item, we feel uncomfortable, "spied upon" even, and that makes us mistrust technology.

Interestingly, one of the main reasons we don't trust the Internet are social networks, only surpassed by cybercrime.

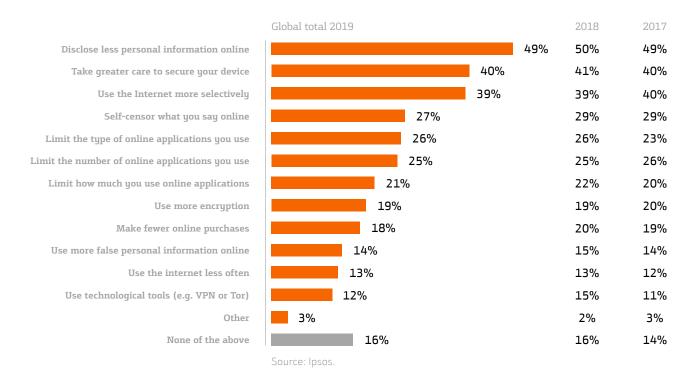
#### **Factors contributing to distrust**



Lack of trust in data privacy has changed the behavior of users, as shown in this graphic:



#### Way lack of trust has changed internet behaviour



Data privacy and the use made of data requires legislation and regulation: Law and Information Systems blend in Computer Law. Because rules depend on national constitutions and legislative systems, they are very different around the world. But because digitalization and globalization enable international and global interactions among several actors, the use of data requires international cooperation and coordination efforts to progress towards a fairer, more transparent, and equalitarian society.

#### Increasing trust in technology

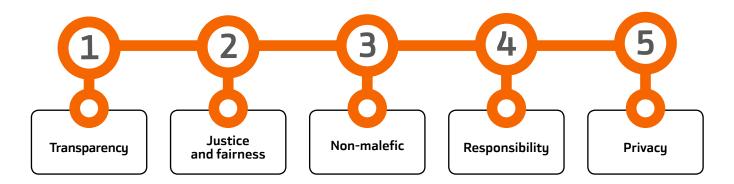
We focus on Artificial Intelligence, because the algorithms and the way systems are programmed can generate—or not—trust in the technology. It also holds the hope of solving many of the most difficult problems in the world, although there is great concern regarding the misuse of AI. There is a growing agreement about how its use must be regulated to avoid breaching our rights.

There are many initiatives by different groups who have discussed and proposed ethical guidelines regarding the development and roll out of new technologies, particularly focused on AI:

- The IEEE is the largest technical professional organization in the world dedicated to advancing technology for the benefit of humanity. They have brought together over 700 global experts to draft some value-based, human-centric guidelines: "ETHICALLY ALIGNED DESIGN", promotes that systems are developed and run in a beneficial way for people and the environment.
- The European Union has formed the High-Level Expert Group on AI, which has drafted two very interesting reports: "Ethics guidelines for trustworthy AI" and "Policy and investment recommendations for trustworthy AI".

Anna Jobin, an expert in the social dimension of AI, has researched if a global agreement on these issues is emerging, mapping and analyzing the current set

of principles and guidelines around ethical AI. Her results reveal a global convergence around five ethical principles:



Future Trends Forum experts are deeply concerned with the lack of representation of some geographical regions and minorities when facing trust issues. These are some clear examples of this lack of representation: The guidelines and recommendations reflect the values of the individuals who draft them and publish them. The fact that most ethical recommendations in Al are drafted in Western countries means that the field is dominated by Western values, such as the respect of independence and individual rights.

#### Automation and work

A study by KPMG reveals that 67% of employees think that technology might eventually replace them, and 70% believe Artificial Intelligence will destroy more jobs than those created in the long term, based on a survey by Gallup. That fear leads to mistrusting the technology.

The discussion about whether automation and the new technologies will create net jobs in the future is out of the scope of this report. Experts do not agree on the long-term effects of automation on employment. Some say that new technologies always create an abundance

of jobs for workers with the right training. Others are not so sure. The fact is that this issue instils fear in society, and therefore, mistrust.

The World Economic Forum's report, "The Future of Jobs Report 2020", estimates that 85 million jobs can be displaced by a shift to how humans and machines divide work, while there may be 97 million new jobs better adapted to the new work division among humans, machines and algorithms. There seems to be a consensus around how the jobs of the future will require different skills and might have higher educational requirements. One of the main findings in the report "Jobs lost, jobs gained: Workforce transitions in a time of automation" by McKinsey, is that between 75 to 375 million people around the world may need to change their job category and acquire new skills by 2030.

Innovative, transparent, and fair public policies are the only meaningful way to tackle the mistrust in technology out of fear of losing a job. Issues such as the need for a universal basic income, or studying how automation should be taxed to offset potentially unearned income taxes are on the table of many public policy makers. Prominent technology leaders, such as Bill Gates, think we should open that debate.

If public policies foresee and anticipate future scenarios, they will take a step forward towards increasing citizens' trust.



3

# Regaining trust: challenges and Solutions

Trust is a fundamental pillar to build positive relations (win-win) across all societal areas. In fact, as the song goes: without trust, there is no shared present, and there is no shared future.

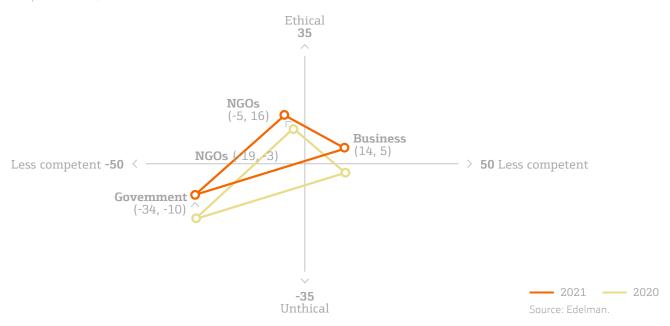
No sector is free from the lack of trust. As we have seen this far, the widespread lack of trust is driven by three vectors: (dis)information, governance, and technology. However, the dynamics of trust in each sector and with their *stakeholders* vary. The following are the great challenges faced by the industries where the loss of trust is greater, and the potential actions that could mitigate that loss.

2021 Edelman Trust Barometer indicates that the pandemic and the subsequent healthcare, social and economic crises exacerbate the trust issue. The report points out that the current ecosystem of trust cannot face the rampant infodemics and that a new route to rebuild trust is needed.

The data are alarming: Out of all actors analyzed (government, NGOs, mass media and companies) only companies are perceived as competent and ethical, the two essential elements of trust.

#### Institution seen as both competent and ethical

Competence score, net ethical score



Considering that most citizens expect corporations in general and CEOs in particular to fill in the void of trust left by Public Administrations, companies face

a huge challenge and opportunity: fulfilling citizens' expectations.

#### Business expected to fill void left by government

Percent who agree

CEOs should step in when the government does not fix societal problems.

68%

CEOs should take the lead on change rather than waiting for government to impose change on them.

**66%** 

CEOs should hold themselves accountable to the public and not just to the board of directors or stockholders.

**65%** 

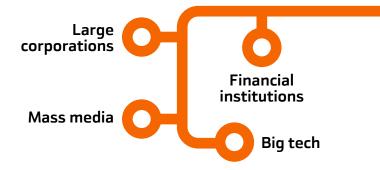
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Source: Edelman.

The problem with high expectations is that the gap between the expectations and reality widens: 65% of respondents think CEOs should lead against the pandemic, and only 29% think CEOs are doing that.

There are several *stakeholders* that have greater impact on our daily lives and are more exposed to mistrust, within this widespread lack of societal and institutional trust:

No sector is free from the lack of trust, that a new route to rebuild trust is needed.



## **Banking sector**

# Current situation: problems and challenges

Banks fulfill an essential economic function: the link between savings and investments. One may say that banks deal in trust: Clients trust the banks with their savings. And in turn banks trust the rest of society (companies, administration, and families) with loans). On one hand, they can stimulate and store society's savings, and on the other hand, distribute them across the economic agents in need of liquidity for their activities.

Trust is the second most important factor consumers value when purchasing financial products. It ranks second, following "ease and convenience", and higher than the price for the service.

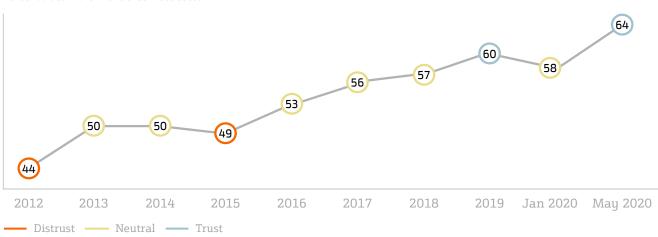
What factors have led the financial industry to the current, lower than desirable level of trust?

Experts indicate that the loss of trust in the sector worsened and hit an all-time low with the global financial crisis of 2008. Since then, the financial sector has been trying to regain the lost trust. More than a decade after the global crisis, the banking industry continues to have low trust levels, despite regulatory and industrial efforts.

In Spain, the "black" credit card scandal, or the irregular sale of preferential shares fall to a few institutions, but they have tarnished the whole sector and have precluded banks from fully regaining trust after the crisis. However, a constant increase of trust in banks is perceived over the last decade around the world.

#### Trust in financial services reaches all-time high

Percent trust in the financial services sector



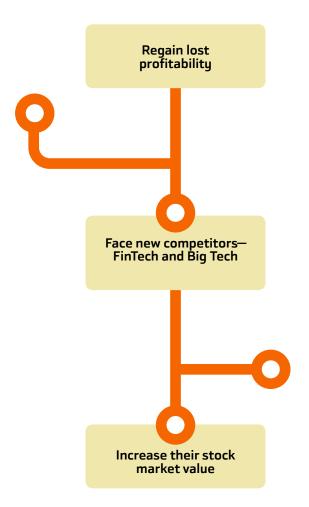
Source: Edelman.

What factors have led the financial industry to the current, lower than desirable level of trust?

# Trust is the second most important factor consumers value when purchasing financial products.

As shown in the previous graph, trust increased considerably in the first half of 2020. This is driven by the role of financial institutions in the COVID-19 crisis: with suitable levels of liquidity and solvency, banks have played an important social role, deploying several measures that have pumped liquidity to companies, freelancers, and families during the months of lower economic activity. And they continue to do so.

Banks are in a difficult position: continue to sustain society while controlling delinquency and regaining profitability. Beyond delinquency, the risk of a potential devaluation of the assets backing the loan must be considered. Reinforcing trust among all *stakeholders* (clients, investors, markets, governments) in this crossroads is key for banks to:



Advancing to solve social problems is one of the greatest challenges faced by this sector. According to the RepTrak report "Banking Industry Report July 2020", an essential factor for the banks' reputation over the next few months is "Citizenship", that is, actively taking a stance to make the world a better place through social and environmental initiatives.

# How can banks increase trust?

Experts have unanimously stated that trust requires showing that clear value is created for the whole of society. This value is generated by helping people and companies achieve financial security.

Some Future Trends Forum experts suggest to:

Include the trust index as a KPI (Key Performance Indicator) weighed in executive compensation.

Create an incentive program for employees, so that ideas and actions are proposed to increase levels of trust.

Explore further regulation that guarantees financial stability.

Opt for transparency.

Include innovations expected by clients in two key areas in corporate strategic plans:

Enhancing social responsibility

Improving the customer experience when interacting with the institution



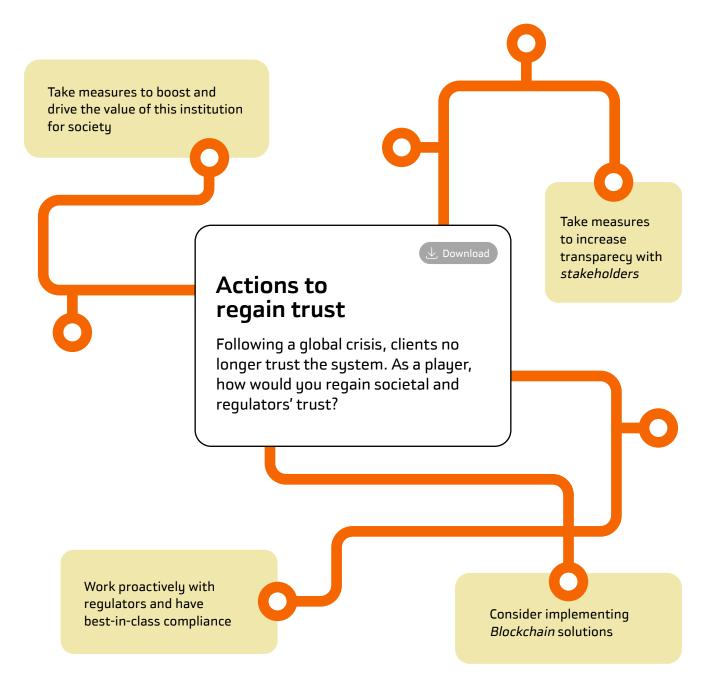
In addition, advancing the digitalization of the financial industry seems to be the clients' favorite field to innovate: financial aggregation apps, increasingly sophisticated chatbots, or apps to send money between individuals, such as Bizum. These are some services highly valued by consumers.

All of it surrounded by maximum security. Cybersecurity is an increasingly important field where clients' trust must be earned. Paradoxically, we see Zero Trust solutions being implemented (known as ZTA: Zero Trust Architecture), based on the principle of not trusting anybody by default and demanding a strict verification of each person or device before granting them access.

On a different note, the road towards digitalization brings in tangible advantages, such as greater financial inclusion, and making a greater product and service offering available to clients. In this regard, it is clearly desirable for apps made available to clients or employees to be free from discriminatory biases or potential manipulations.

#### A possible scenario

Let us imagine a scenario where there is no trust in the financial industry and propose several ideas and actions to face it:



# Large corporations

Regarding trust, it is key to meet or exceed the citizens' expectations. Be it a car manufacturer, a pharmaceutical or energy company, citizens have several expectations regarding social and personal problems that brands must address.

Trust in a brand or company becomes ever more important to decide on a purchase. As you can see, it ranks third in the purchase criteria, following value for the price and quality:

#### Brand trust ranks as a top purchase criteria

Percent who rate each as critical or important when deciding which brands to buy or use

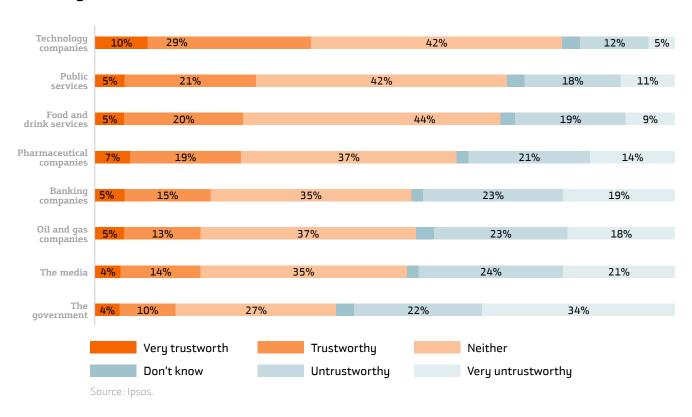
	Total	Critical deal breaker	Important to have
It offers a good value for the money	90	39	51
It offers the best quality	90	34	55
I trust it	88	34	54
It has a good reputation	85	26	58
It is convenient to find, buy and use	84	27	58
It offers high quality customer service	84	28	56
I love it	80	26	54
It has as small of a negative impact on the environment as possible	76	23	53
It is innovative, introducing new products, features, services and new ways of doing business	72	20	51
It actively supports a cause or speaks out on social issues I care about	66	18	49
It has a unique design that stands out from its competitors	65	17	48
Owning or using it says something positive about me. It reflects well on me	63	18	45

Source: Ipsos.

Trust in a brand or company becomes ever more important to decide on a purchase.

According to a report by Ipsos, large corporations, be them pharmaceutical or energy companies, do not deserve the trust of the respondents.

#### Trust by sector



Why are large corporations less trusted? The abovementioned report ventures two reasons:

- they rate low in "having the best of intentions" about what they do and how they do it and
- respondents believe "they would take advantage of others if given the chance".

The experts involved believe this is basically driven by certain infamous cases, such as *Dieselgate*, a scandal that surfaced in September 2015 when the EPA, the Environmental Protection Agency, discovered that the nitric oxide output of Volkswagen engines was much greater than during emission testing.

## Why are large corporations less trusted?

In April 2017, Volkswagen was sentenced to pay \$4.3 billion in the US, for having sold close to 600,000 diesel cars, previously tampered to hide their real emissions. In January 2019, the Fiat Chrysler group (FCA) accepted to pay \$800 million in the US to settle the claims regarding the use of illegal software that covered up the emissions of their diesel engines.

Due to scandals in the food industry, a sensitive sector as it affects human health, trust in large corporations has taken a toll: One known case involves the Coca-Cola company, which has paid scientists and organizations that ensure public health to declare that obesity is not caused by sugary soft drinks. Or at least, to omit the causality link.

The unanimous conclusion of our experts: the type of capitalism that is exclusively focused on money or profits is reaching its end.



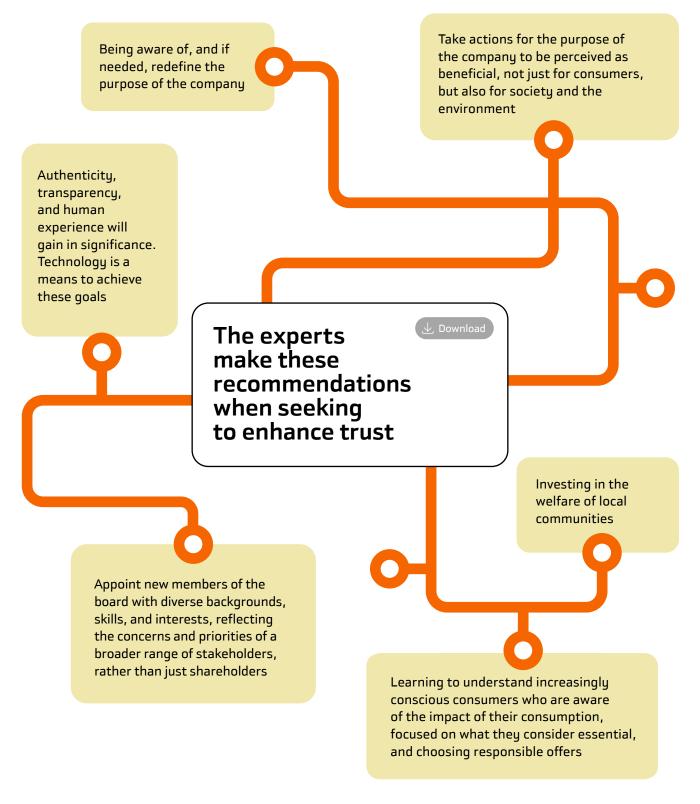
# How can large corporations increase trust?

Thierry Malleret and Klaus Schwab, in their book "COVID-19: THE GREAT RESET", propose the end of *shareholders' capitalism*, and advance the stakeholders' capitalism, as defined in the Davos Manifesto 2020.

Under the new model proposed, corporations will seek to serve the interests of all their stakeholders (clients, vendors, employees, shareholders, and local communities), so that the purpose is to create long-term value, rather than maximizing the gains and improve value to shareholders, at the expense of other stakeholders and society.

In short, it is the triple bottom line approach: advancing towards positions where environmental sustainability and social sustainability are considered, beyond economic sustainability.

Innovating around methods, processes, products, and relations can speed up the sustainability balance.

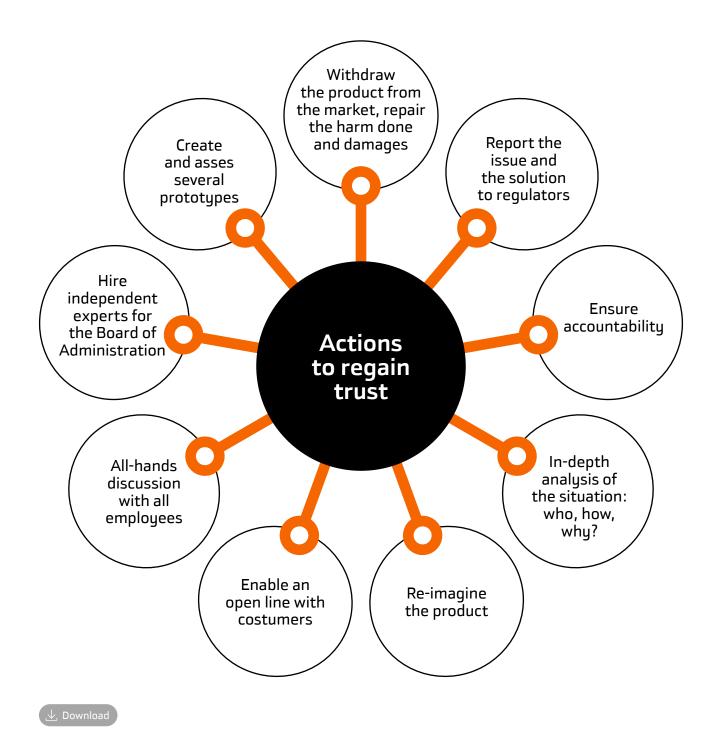


Many large corporations have contributed their logistics networks, infrastructures, or production capacities during the pandemic to public health. This type of action is being rewarded: According to RepTrak, companies who have positioned themselves in the socially responsibly zone during the pandemic are winning the game, and more than two thirds (67%) of the public say they will start to buy from them. However, more than half the consumers (56%) have declared they will stop buying from a company that has not responded well to the COVID-19 crisis.

#### A possible scenario

Let us imagine a scenario where there is no trust in a large corporation and propose several ideas and actions to face it.

The company has re-invented itself around green technologies. Unfortunately, its new, innovative green product is actually worse for the environment than the previous versions. How to regain the clients' and employees' trust?

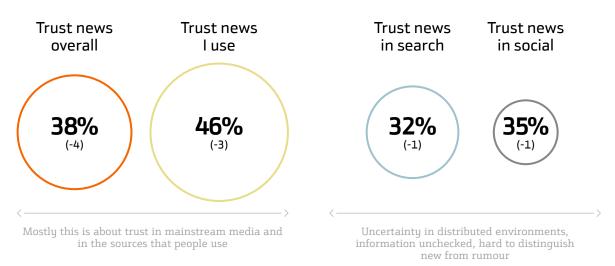


## Mass Media

# Current situation: problems and challenges

Very much influenced by the (dis)information dynamics presented in chapter 2, mass media have very low levels of trust. In a report published in 2020 worldwide by the Reuters Institute and the University of Oxford, less than four in ten (38%) said they trusted news most of the time—a four percentage point drop compared with 2019. In addition, less than half (46%) said they trust the media outlets they use.

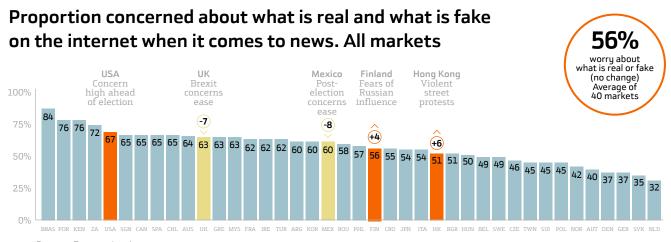
#### Proportion that trust each most of the time. All markets



Source: Reuters Institute.

When surveying truthfulness of the information, more than 50% of the population worried the information they are reading might not be real

in basically all countries. Spain, at 65% and the USA, at 67%, ranked higher.



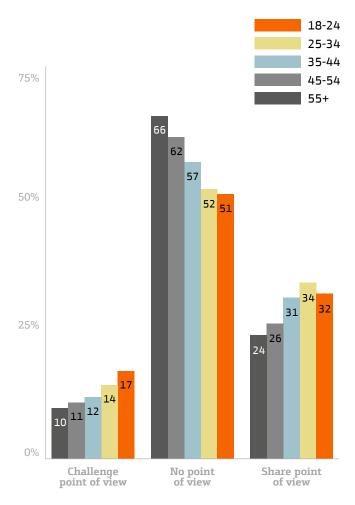
However, the trust issue in this industry is not explained by (dis)information exclusively. A Future Trends Forum expert said that the low levels of trust in media outlets in particular are due to the fact that the quality of information has become a lower priority than profitability. This is not new, it has been brewing since the late 1980s, spurred by market consolidation and some groups' IPOs.

The enormous clout mass media wield on the public opinion allows them to take a stance in certain political or geographical issues, movements, or initiatives. Experts pointed out as well that there is increasingly less objective news items and more opinions and interpretation.

The news and facts we receive are biased. Media outlets partial to our political ideology will ring true, and those partial to the opposite ideology will seem biased to us. We want a vision of reality that fits ours. According to this graph, the youth prefer to read news in media outlets that reinforce their points of view, surprisingly, compared to a vast majority of older individuals who prefer the most objective information they can get.

Manipulated information is not new, the difference now is that technology can make us think we all have first-hand access to "real" facts. The truth is that media outlets and their audience feed each other their own ideology, which leads to greater social polarization and the rise of populism.

#### Proportion that say they prefer to get news from sources that have no point of view by age. All markets



Source: Reuters Institute.

The quality of information has become a lower priority than profitability. That there is increasingly less objective news items.





## How can mass media increase trust?

The more noteworthy efforts in this industry are platforms that promote transparency and truthfulness, created by the media outlets themselves and independent professionals.

There are three remarkable initiatives:

#### **First Draft**

which mission is to
"empower society with the
knowledge, understanding,
and tools needed to outsmart
false and misleading information."
This initiative seeks to share
cutting-edge digital tools to help
both content creators and the
public make better-informed
judgments about the information
they encounter online



#### The Trust Project

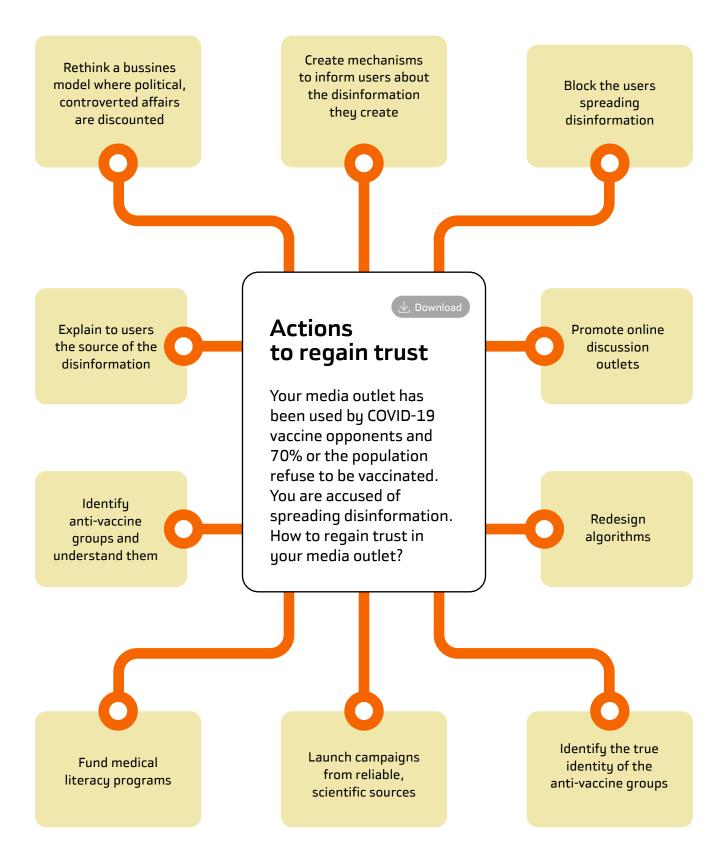
Which mission is to "amplify journalism's commitment to transparency, accuracy, inclusion and fairness so that the public can make informed news choices". Founded by journalist Sally Lehrman, its most notable contribution are its trust indicators, which seek to become a global news transparency standard that will unite user needs and wants with journalistic values

#### The Media Manipulation Casebook

A digital research platform intended for researchers, journalists, technologists... who want to learn about detecting, documenting, describing, and debunking misinformation, helping them to detect media manipulation and disinformation campaigns. This project is driven by Harvard University, and led by professor *Joan Donovan* 

#### A possible scenario

Let us imagine a scenario where there is no trust in a media outlet and propose several ideas and actions to face it.



# Big Tech



# Current situation: problems and challenges

The weight of big tech is becoming greater and greater in the world. Managing that power is related to trust, from two angles:

- 1. They are regarded basically as monopolies.
- **2.** How they manage data privacy and the use they make of data is being questioned.

#### The data issue

How big tech uses, reuses, bundles and sells user data is increasingly questioned. The *Privacy and Security in a Digital World* study, carried out in 2020 in the USA concludes that:

- 74% of consumers believe they have little control on the personal data collected from them.
- 86% of consumers are very worried about their privacy when using free online tools.

#### The monopoly issue

Most national governments and supranational organizations have bodies to promote and defend the proper functioning of their markets, in the interest of consumers and all companies. A monopoly is always regarded as something dangerous, as the profit-seeking monopolist is not necessarily aligned with society's best interest, and it is not self-regulated the way a competitive market would. Because of the mistrusted monopolies, several public administrations have acted upon them.

The report made public by the United States House Judiciary Subcommittee on Antitrust, Commercial and Administrative Law indicates that Apple, Amazon, Google and Facebook each have significant market power in large sectors of the economy, and that over the last few years, each of these corporations have expanded and wielded their market power in various anticompetitive ways.

In Europe, the EU set the largest fine ever to Google in 2017. The EU accused the tech company of "anticompetitive behavior". It has also presented antimonopoly claims against Amazon.

Even though most services provided by the big tech are free for the end user, the data they collect from that very user is the cornerstone of their economic model.



In September 2020, Consumer Reports published the survey "Platform Perceptions: Consumer Attitudes on Competition and Fairness in Online Platforms" and the conclusions show the citizens' (mis)trust:

As much as **85%** of Americans are concerned about the amount of data online platforms have on them.

And **58%** are not sure they are obtaining objective, impartial search results when using an online platform to buy or search information.

**60%** support stricter government regulation of online platforms.



Internationally, the EU leads in data protection with its General Data Protection Regulation. Unfortunately, because of the global nature of these platforms, it is sometimes unclear who is competent to regulate what. It is once again the EU, through the Council of Europe, leading the update of Convention 108 as a way to encourage third countries to adopt the basic principles of GDPR.

When users don't trust how their data are used, this translates into lost value. The Facebook case is quite paradigmatic: certain scandals around privacy have dragged down trust in technology and have translated into lost value for the company. The brand value started to wane in 2018 because of these revelations. New controversies have continued to undermine Facebook's efforts to repair its reputation.

How can Big Tech increase trust?

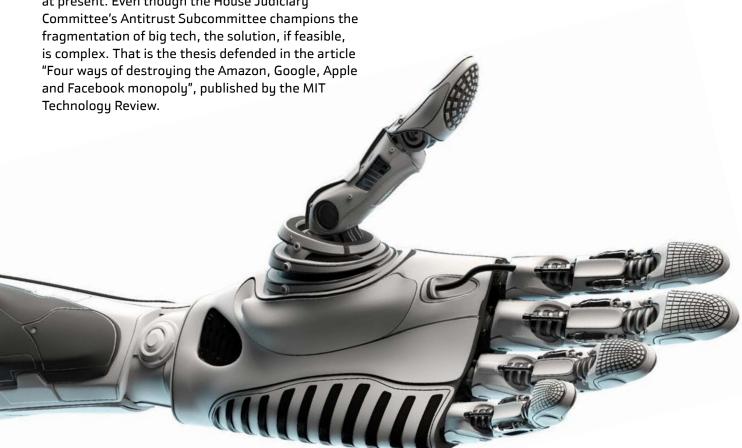
Mistrust in monopolies cannot be resolved easily at present. Even though the House Judiciary

A Future Trends Forum expert explains that distrusting the use of data is an easily presented problem, but one hard to solve.

Research published by the University of Cambridge about how more transparent information could influence consumers' trust recommends the followina:

- 1. Taking measures to make the criteria used to classify search results evident to consumers.
- 2. Enable users to re-classify search results using different criteria.
- 3. Encouraging platforms to implement quality controls to enhance the authenticity and number of user reviews.

Governments and international organizations need to enhance their regulation and control. Furthermore, big tech must commit to be the posterchild of transparency, inclusion, and ethical behavior, if they want citizens' trust to increase.



#### A possible scenario

Let us imagine a scenario where there is no trust in big tech and propose several ideas and actions to face it.



# Cross-sectional innovative solutions

There are several technology-driven solutions applicable across several sectors and areas. When an

institution or corporation loses trust, there are two non-exclusive shifts:



#### From the issuer to the receiver

The institution or corporation takes measures to regain the trust lost, either voluntarily or to comply with regulation.

#### Blockchain solutions

This category includes Blockchain solutions (in general, Distributed Ledger Technologies), whereby the institution or company dumps its processes in a transparent, data and transaction tamper-proof technology.

#### Digital tools

And digital tools that promote open data and transparency.

#### O Solutions that meet the Open Trusted Technology Provider™ Standard (O-TTPS)

There are solutions that meet the *Open Trusted Technology Provider™ Standard (O-TTPS)*, created and promoted by an international consortium, The Open Group, made up of the large hardware and software global manufacturers. They seek to support suppliers to build highly secure and robust products, so that clients trust the technological products they use more.



#### From the receiver to the issuer

The citizen, user or clients looks for trustworthy options.

#### Zero trust solutions

This category includes anonymity tools, for instance anonymous search engines such as Startpage and Swisscows, or VPN (Virtual Private Network) Internet connections.

Then, there are DTL-based solutions that are not anonymous, but they are confidential. They are not widely developed or rolled out yet. However, this type of solutions will enable transactions between two unknown parties, where the technological platform will guarantee the identities and availability of assets to be exchanged.

#### Trusted party solutions

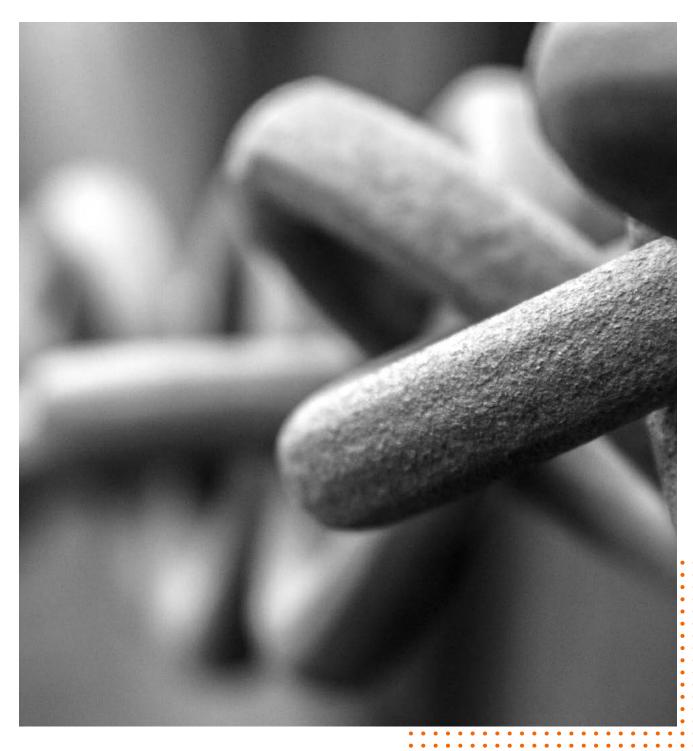
Tools that allow trust in well-known, close circles, or via referral. Some digital platforms can play this role. The shared economy expert *Albert Cañigueral* calls them "our digital tribes".

#### Trusted solution certified by a third party

Tools such as digital platforms that certify and ensure the authenticity and goodwill of the other parties. Shared economy platforms such as Airbnb or Blablacar fall within this category. A new name is emerging for all these technology-driven solutions: TrustTech. It will most likely consolidate over the next few years as a way to describe the tech solutions that address trust issues. This category includes companies, platforms and services that enable trusted relations between people and human organizations (public bodies, companies, or the administration).

The corporate world is taking the first steps: a myriad companies around the world, from many industries—finance, energy, telcos, healthcare

and logistics—are researching and experimenting on Blockchain. Governments, authorities, and regulators are actively studying their applications in the public administration and its interactions with the private sector and citizens. They all seek to generate trust between the parties involved in the processes. There are a great many areas of application, from voting processes, to auctions and supply chain management. Traceability, digital identity, and automatic contracts are some of the fields where trust will be embedded into the technological solution.

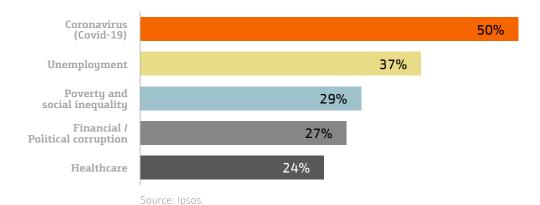


# Strengthening trust going forward



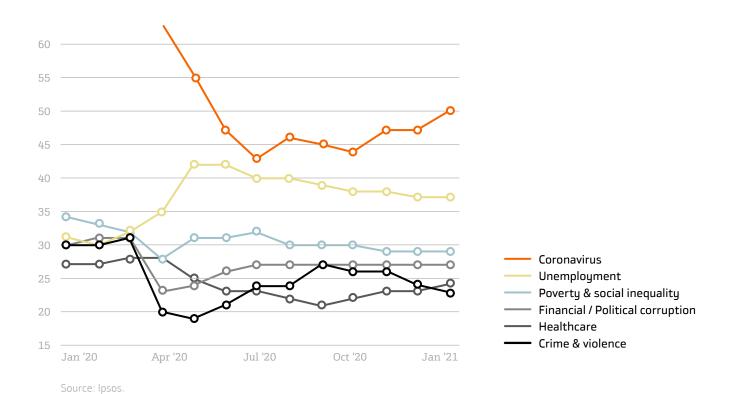
#### What worries the World

2021 January's top 5



#### Top global concerns

January 2020 - January 2021



So, the pandemic, unemployment, social inequality and poverty, corruption, crime, and violence must be the focus on all public and private institutions wanting to earn citizens' trust, to the best of their ability.

# The Future Trends Forum experts make the following recommendations:

The Future Trends Forum experts make the following recommendations:

In order to gain citizens' trust, the most important is:

- O Authenticity
- O Rendering the service and
- Transparency

For this, the support of these four pillars is necessary:

- Integrity
- Skill
- Compliance
- O Purpose

he purpose must be definitely geared towards the **triple bottom line**: It must not only be economically sustainable, it must seek:

- Social sustainability, with inclusion and support policies for underprivileged groups and sectors.
- Environmental sustainability, driving forward clean energies, minimizing pollution through their own processes, and supporting initiatives to curb climate change.

Because we live in a digital age, we must ensure that the technologies we roll out:

- Respect user **privacy**.
- Meet or exceed their expectations.
- Are free from bias and governed by widely agreed and recognized ethical rules.





# The Future Trends Forum experts recommend as well

<u>UDownload</u>

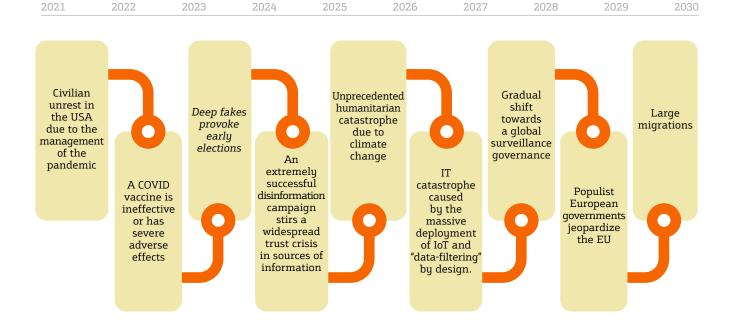
To include the **trust index** as an essential KPI (Key Performance Indicator) in the organization

Create an **incentive program** for stakeholders, so that ideas to increase levels of trust are proposed

Create or take part in **industry-wide** and cross-sectional **platforms** that promote transparency

## Roadmap by the experts of the Future Trends Forum to rebuild trus

#### Possible events that would undermine trust



#### Possible events to regain trust

□ Download

Civil society
comes together
to support each
other: solidarity
and environmental
awareness
movements

Religious leaders encourage solidarity and environmental stewardship: humanitarian inter-religious dialogue

Global campaign on civic and democratic values: courses are included in all educational levels Massive roll-out of satellite Internet: Universal access A global digital identity mechanism that establishes the source of information and vetoes disinformation

A movement
of civilian
volunteering
experts who
supervise the
technologies
applied by
governments
and other
organizations
(Public Interest
Technologists)

UN 2.0:
Re-imagine
international
and regional aid
and cooperation
systems

An **open source version** of Google's
knowledge panel
(KG - Knowledge
Graph)

Youth-led environmental protection movement Majority of women in political and corporate leadership positions

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The opinions expressed in this report are the author's own, they do not reflect the opinion of the experts who participated in the Future Trends Forum meeting.

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