Reputation Foreclosure:

Favorability towards Banking Sector Tumbles amidst Credit Crunch

Mortgage Lending Industry on Reputation Life Support

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In the most recent March wave of the bi-annual *I-Rep American Public*—the Ipsos Public Affairs Corporate Reputation Syndicated Tracker—only 43% expressed a favorable opinion of the banking sector (down seven percentage points from August, 2007) with the mortgage lending industry reputation seen favorably by a mere 16%

New York, NY – As many Americans worry about the amount of debt they have, the value of their home and their ability to pay their mortgage amid the squeeze of tough economic conditions and the sub-prime meltdown, views of the banking sector have significantly deteriorated in seven months' time and the mortgage lending industry's image is dismal.

The survey found that only 43% (down 7 points from the previous sounding) of Americans expressed a favorable opinion of the banking sector compared with 22% who expressed an unfavorable opinion (up three points). Over the course of only seven months, net favorability towards the banking sector (the percentage of those favorable minus the percentage of those unfavorable) has declined a significant 10 points.

Net favorability towards the banking industry is lower among men, the middle-aged (35-54 years old), the more affluent (those with a household income of $75,000 or more), residents of the Northeast and the Midwest compared to those in the West and the South, and those with at least some college education.

Tracking among a key segment called *Ethical Advocates* – the one in five Americans who have advised peers in the past year either to use a company or to not use a company because it has or has not acted responsibly – indicates that one third are now *unfavorable* toward the banking sector.

But it's the mortgage lending sector that almost literally makes it to the bottom of the barrel in its inaugural reputation measurement.

The mortgage lending industry, in its new tracking benchmark, is even worse off than the banking sector: those unfavorable (44%) outweigh those favorable (16%) nearly three to one, resulting in a net favorability score of a dismal -28.

And, compared to 19 other sectors measured by Ipsos in the last two years, the mortgage lending industry attracts the second highest level of unfavorable opinions, only behind the oil and gas sector.

As a backdrop to these assessments, many Americans expressed a great deal of concern about the amount of debt they have (42%), the (losing) value of their home (33%) and their (tough) ability to pay their mortgage (25%).

But while mortgage lenders may have a reputation that's almost oily, it's the banks' long-term slide on the reputation monitor that is real pause for concern: leading banks tend to attract higher levels of negativity than major companies across all industries.

Of the 100 companies assessed by Ipsos over the last two years, two of the three companies with the most *unfavorable* ratings are… banks. In fact, since the summer of 2006, one bank has witnessed a stunning 18-point decrease in its net favorability.

While the leading banks tend to enjoy a level of *awareness* comparable with those of major companies in other sectors, previous insights have demonstrated that consumers don't have the same detailed level of *knowledge* about banks.

Nicolas Boyon, author of the bi-annual *I-Rep American Public* study points out that "Ipsos has consistently shown that among general public audiences, the best-known companies tend to be the most-favored companies and that when familiarity increases, there is a distinct positive correlation with a growth in favorability."

To wit, in a seemingly counterintuitive twist, when it's the worst of times and a corporate sector appears under reputation siege, it might just be the right time for individual companies to break from the pack and start turning up the communications volume.

Research Methodology

Online interviews were conducted as part of Ipsos' I-Rep American Public program between March 10-14, 2008 with a nationally representative sample of more than 1,000 adults aged 18 and over from Ipsos' U.S. internet panel. With a sample of this size, the results are considered accurate within ±3.0 percentage points, 19 times out of 20, of what they would have been had the entire adult population in the U.S. been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were weighted to ensure the sample's regional and age/sex composition reflects that of the actual U.S. population according to data from the U.S. Census Bureau.

Ipsos' I-Rep American Public investigates the expectations for and perceived performance of major companies from a variety of sectors on a range of reputation metrics twice a year. The next Ipsos' I-Rep American Public survey wave is scheduled to be conducted in September.

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