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REPORT

Media Coverage of Banking and Financial News

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Cover: A woman shelters under an umbrella as she uses a cash machine in Port Sunlight, northern England, 9 December 2011. REUTERS/Phil Noble

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Introduction

How media cover the banking and financial sector has been the subject of great debate, especially during the financial crises affecting Europe in recent years. Some have asserted that the coverage failed to properly inform and prepare the public, businesses, industrial sectors, and governments for banking and sovereign debt challenges that have weakened the European economy and pushed national governments into austerity programmes.

Even before the crises, business figures often criticised news coverage as highly negative and journalism critics complained coverage was uncritical and ill-informed. Solid evidence supporting either of the claims was limited, however, and many of the claims were based on anecdotal evidence, personal experiences, and self-interest.

In order to establish the nature and implications of coverage, two leading academic and industry research organisations combined their research capabilities. The Reuters Institute for the Study of Journalism at the University of Oxford, the leading European centre for research on journalism issues and practices, and PRIME Research, a global strategic communication research firm that specialises in public relations monitoring, corporate communication, and reputation analyses, joined forces to explore how the banking and financial sector was covered from 2007 to 2013.

This report is based on two separate types of analysis: one focusing on the broader level of banking and financial industry news, and one that looked more in depth at media coverage of specific banks. The broader study is based on an analysis of banking media reports from 12 news outlets in four European countries, plus four English-language business news outlets with wide European circulation.[1] The study covers stories printed between 1 January 2007 and 31 December 2013. The overview looking at coverage of single banks was based on English-language British and European opinion-leading print publications and online sources, analysing the period between 1 January 2008 and 31 December 2011.[2] The data were provided by PRIME Research and cover the entire universe of news reports in PRIME's database that are related to the banking industry and its companies and appear within the defined media sample.

As part of its services the firm systematically examines media content in the business press, general press, trade press, television, and the internet (both journalistic and social media contents). Using a combination of quantitative and qualitative media content analysis (PRIME's own QQI®-Method[3]), all relevant contents within an article are analysed according to a number of different metrics, to record aspects such as volume and prominence of coverage, its style, sentiment, sources of content, and initiators, among other variables.

In collecting information about sectors and companies' media coverage, PRIME's methodological approach is more robust than mere article-level analysis: all relevant stories are effectively divided into single thematic units where, usually over the length of a paragraph, a specific aspect is evaluated in a specific manner. Those units – for example, a headline, a picture or graphic,

[1] UK: *Financial Times*, *The Times*. Germany: *Frankfurter Allgemeine Zeitung*, *Handelsblatt*. Italy: *La Repubblica*, *La Stampa*. France: *Le Monde*, *Les Echos*. European publications: *Wall Street Journal Europe*, *Financial Times Europe*, *International Herald Tribune*, *The Economist*.
[2] The publications included *The Times*, *Financial Times London*, *Wall Street Journal Europe*, *Financial Times Europe*, *The Economist*, *Daily Telegraph*, *International Herald Tribune*, *Financial News*, *The Banker*, *Reuters*, *Breakingviews*.
[3] See appendix for details. For further information about PRIME Research's methodology please contact oxford@prime-research.com or directly bironzo@prime-research.com; for resources on media research and the latest debate on PR measurement and evaluation also see: www.commpro.biz/pr-roi.

captions, straplines, and of course each single paragraph – are all analysed separately by allocating each a series of values following a predefined grid of variables (tone, topic discussed, prominence, and origin of the story, to name a few).

For this study, PRIME Research has tracked tone, volume, and prominence of financial stories in key newspapers from the months before the Lehman Brothers crash of 2008 to the present day. It also looked at styles of coverage, more specifically attempting to differentiate between opinion- and fact-based articles, as well as between 'predictive coverage' (such as forecasts), rumours, and contents referring to present events.

Another aspect the study tackled was where journalists get their information, in this case by looking at direct and indirect references to the sources utilised, such as management quotes, or paraphrases of stakeholders' opinions. Some key journalists who covered the banking sector in 2007 and 2008 were also a subject of individual analysis, to see if the coverage they produced became more or less negative over this time. Journalists change roles frequently: selecting a limited time frame made it possible to track journalists during a period in their career when they reported on the same topics. The time selected also covers the months before and after the collapse of Lehman Brothers, the event that made it clear the banking sector was in crisis.

The financial crises of recent years put under unprecedented pressure the reputation of governments, banks, investment firms, financial regulators, credit rating agencies, accounting firms, and politicians. They harmed investors, businesses, and average citizens. In doing so, they also brought financial news to the top of broadcast news bulletins and to the front pages of newspapers that had traditionally tucked business news away inside. Studying coverage in this period will help increase understanding of how coverage takes place, how it is framed, who influences coverage, and whether and the extent to which the arguments of critics of news coverage of the banking and financial sector are valid.

What We Already Know

For more than a century, business and financial executives and researchers have understood that media coverage has benefits and disadvantages. It can help raise awareness of a firm and its products, promote sales, increase interest among investors, and build the reputations of executives and company brands. But executives have also been aware that media coverage can convey information that harms reputation, reduces sales, and leads to declining share prices (Cutlip, 1995; L'Etang, 2004).

In the banking industry media coverage has the additional potential for generating distrust in financial institutions, public fears over the safety of deposits and investments, and runs on banks that can lead to a bank's default and even wider reactions of 'panic' involving multiple banks (such as the so-called 'perfect storm' that followed the Lehman Brothers collapse). Consequently public relations activities of banks concentrate on solidifying reputations and promoting images of stability and community involvement (Ilg, 1937; Lindquist, 1956).

Much of press relations activities of companies in the twentieth century were not concerned with generating good press, however, but were intent on keeping negative or derogatory information out of the media or influencing how it was presented. Even today, many business executives argue that the media concentrate on bad news and that business coverage is overwhelmingly negative, usually basing their opinions solely on anecdotal evidence.

THE VIEW FROM PR

Robert Bailhache was Director of Communications at Direct Line Group. He has been head of HSBC Holdings press operations and was MD of Financial Services at Financial Dynamics during the financial crisis. He has also worked as a financial correspondent, on the capital markets desk in Hong Kong during the Asian financial crisis, and was City editor of *The Business* until 2003.

'Most journalism coverage is very narrow. It is interpreted through the lens of asset class, or through one stream of economic data. From a crisis management point of view it certainly makes it easier to handle.'

'The coverage of the Asian crisis was more thoughtful than the coverage of the European and US crisis. Maybe the structure of the economies, the exchange rate controls, meant there is a greater propensity to seek out and understand interdependencies. It may also have been due to the relative novelty of the Asian coverage.'

'Companies and policy-makers need to be more adept at explaining development of events in richer, more subtle ways. Explaining how credit scores are driving share prices, and the cost of borrowing. We are seeing a correlation of asset performance like never before. This needs to be explained.'

'Financial reporting has not changed as much as I would have expected since 2007. There is the still a focus on company earnings, profit and loss columns, not the balance sheet and cash flow. Understanding of debt, not just equity, should have grown. I thought that we would have got more sophisticated financial reporting by now. We are not there yet.'

'The biggest lesson in the financial crisis for public relations officials is that it is imperative to face in, to have a cogent narrative on and off the record, and to share expectations.'

Others, including social observers and media critics, take a completely opposing view, arguing that coverage of business and finance is not sufficiently robust and does not adequately scrutinize those activities because journalists tend to be too aligned with business institutions, act as boosters of business interests, and are too reliant upon – and cosy with – sources of business and financial information (Schriffin, 2012; Butterick, 2013). These factors deny society and markets the information necessary to effectively comprehend and respond to developments and trends, they argue.

Given the previous research and claims, one would expect there to be little regular coverage, it not to be prominently featured in the press, the news to be highly dependent upon information from banking and financial institutions, and news to be highly negative in tone.

What is a Financial Institution?

A financial institution, in its broadest terms, is an establishment that focuses on dealing with financial transactions such as investments, loans, and deposits. This definition draws in anything from small deposit-taking high street banks to large firms that offer investment services as well as corporate loans and credit.

This study deals with large, international investment, commercial and retail banks. Among their activities, they offer advisory services on sales, mergers, and acquisitions, issue bonds to finance corporate activity, provide advice on equity and equity-derived products, and on how to raise and structure debt, and help restructure companies. Their retail operations provide banking services to small and medium sized enterprises and individuals, as well as catering for high-net-worth individuals through private banking arms.

Some of the banks in the study, such as Goldman Sachs, have a long history of operating in investment banking, primarily providing financial services to institutional clients. Others, such as the Royal Bank of Scotland, from more traditional beginnings, have grown aggressively in recent decades, adopting a 'universal bank' model.

Why does Financial Reporting Matter?

The recently published *Global Risks* report (World Economic Forum, 2014) features a list of the top ten global risks as ranked in a multi-stakeholder communities survey.[4] Among all identified global risks, two economic issues ('fiscal crises in key economies' and 'structurally high unemployment/ underemployment') are perceived as the risks of highest concern, as well as the most interconnected. Both issues also rank very high when it comes to the separately measured dimensions of 'likelihood' and 'impact of occurrence', showing just how worrisome for this broad group of stakeholders are economic risks compared to, for example, societal or geopolitical risks. Furthermore, a third economic risk even more directly linked to the banking sector is also present in the top ten (ranking ninth): the 'failure of a major financial mechanism/institution' still represents a major risk according to the stakeholders' perception, as uncertainty persists about the solidity of systemically important financial institutions. In other words, regulators' aims to ensure a global common ground for 'too big to fail' banks and to reassure stakeholders about their asset quality are still very much seen as 'work in progress'. In this context, the information stakeholders and others receive about

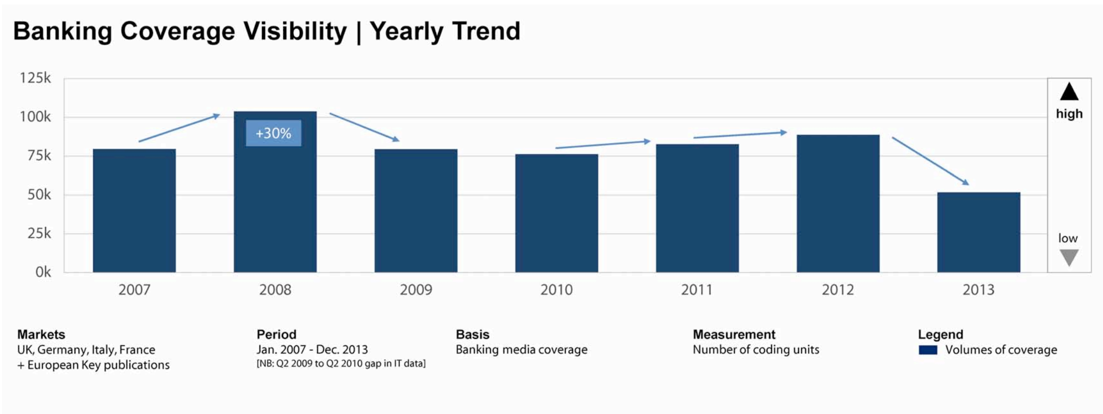
[4] The survey was addressed to groups of stakeholders from NGOs, academic institutions, business and government. Further diversity of the sample was ensured by the fact that respondents' origin included advanced economies as well as the emerging and developing world.

the banking sector is vital and arguably more important than the reporting of other business sectors.

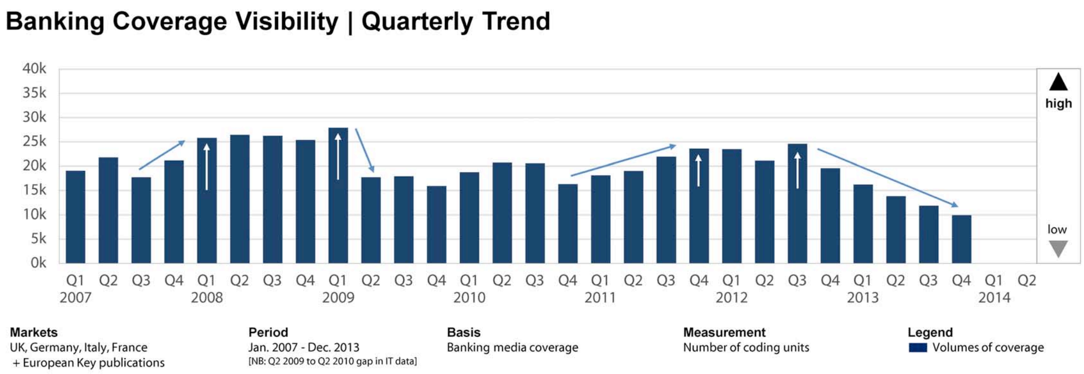
How Visible and Prominent is Banking News?

This study focuses on newspapers. General newspapers still have a traditional layout, where financial news appears in a dedicated section towards the back of the newspaper. Financial newspapers, which are included in this study, obviously spread business news across the entire paper. In both cases, the number of pages is determined mainly by advertising and banking stories compete for space with other business stories, which can include news on personal finance, company reports, and regulation.

Data from this study show that when it comes to issues of visibility and prominence, the adage no news is good news appears to hold. PRIME Research figures[5] show that, as the financial crisis broke, the amount of business coverage in newspapers increased, as would be expected. The crisis fitted into several categories of newsworthiness: the story was negative, involved elite institutions and well-known characters, and had a direct impact on people's lives. The visibility of business coverage in the UK and several European countries increased by 30% in 2008 compared to the year before.



The sharpest rises were from the first quarter of 2008, when the US bailouts were happening, and that continued through the first quarter of 2009. Following a relatively stable two-year period, with overall coverage volumes returning to pre-crisis levels, by 2012, largely driven by a wave of scandals,[6] the visibility of banking sector news had risen again, hitting a peak in the third quarter of 2012. From the fourth quarter of 2012, the banking sector's media visibility showed a normalising trend, decreasing quarter on quarter in 2013.

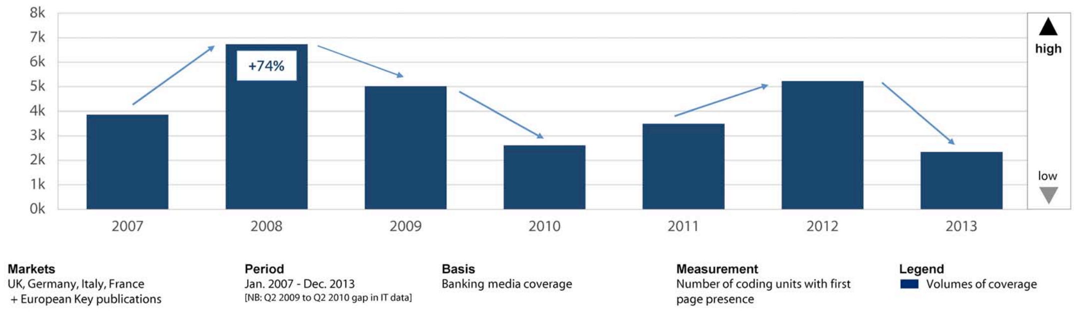


[5] In the study, visibility is measured by the number and size of all relevant articles that appeared in the chosen publications (level of analysis: thematic units within each article).

[6] Including the so-called 'London Whale', the Libor-fixing scandal, high-profile probes on insider trading, UBS's rogue trader case hearings, fiscal authorities' investigations in several different countries.

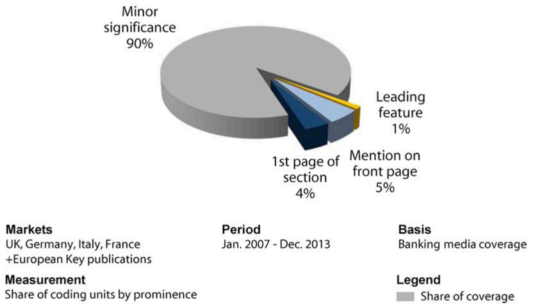
Switching our attention to prominence,[7] data show that the amount of banking news on the first pages of newspapers followed a similar pattern, rising throughout 2008 and early 2009 before falling back down in 2010 and 2011. In 2012, the prominence rose again before falling rapidly in 2013.

Banking Coverage Prominence | First Page Presence



The data also show that 10% of all banking news content in the period from 2007 to 2013 was likely to be displayed prominently within the newspapers analysed – on the front page (as the/one of the leading features, or in an index), or the first page of a section.

Banking Coverage | Overall Prominence



This figure is confirmed by PRIME's FTSE project, which looks at how British opinion-leading broadsheet publications cover all the top companies and sectors listed in the FTSE index. This set of data also allows for cross-sector comparisons and consideration of how the banking sector fared compared to other UK sectors in terms of prominence, showing that on average only 5% of all news about other top UK sectors had a high probability of being seen by readers.

In other words, in the UK, since the financial crisis began, banking coverage has been twice as likely to appear in highly visible parts of the newspapers, compared to the average of all other main business sectors. One can infer that editors saw financial-sector news as *more* newsworthy than developments in other sectors.

PRIME Research's data gathering also permits a more detailed assessment of the sector's trends by looking at visibility and tonality of specific banks during different periods or phases. This more detailed breakdown of coverage shows that the bank that generates the worst news at a given time

[7] Prominence is measured both in terms of article prominence, or the position of banking-related business news within the newspapers (e.g. first page, first page of sections...), and in terms of more detailed formal criteria on a coding unit level (e.g. presence of an important message, company or statement in the headline).

tends to gain the highest visibility.

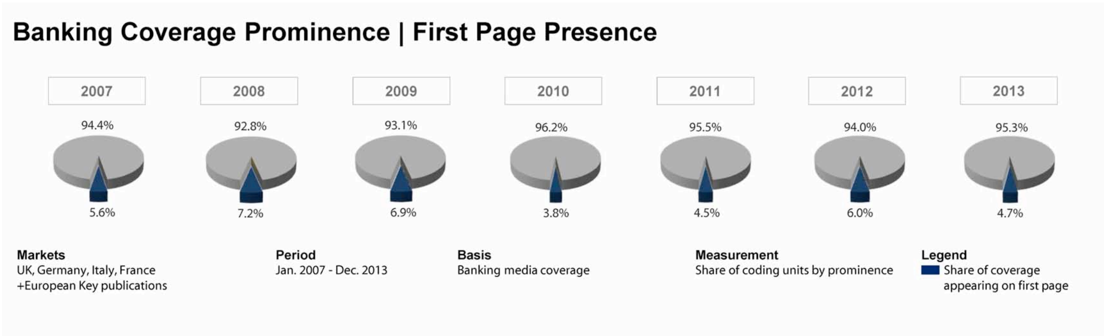
- In 2008, *UBS* generated the most coverage as, after booking huge sub-prime related losses, it announced lay-offs and was forced into a government bailout and transfer of toxic assets to the central bank-supported fund.
- *Barclays*, which bought the North American investment banking and capital markets businesses of *Lehman Brothers* in September 2008, and over the course of the year also raised £7bn in capital – largely from Middle East funds – to avoid part-nationalisation (a move that would later be sanctioned with fines in relation to fees paid to the Qatar Investment Authority), features prominently too – it is the fifth most visible bank in 2008. The following year, in the aftermath of the Lehman Brothers bankruptcy and after shareholders and the public repeatedly voiced criticism of Barclays' capital-raising decisions and high-bonus policies at the bank, it is the third.
- The *Royal Bank of Scotland* announced the largest trading loss in UK history at the start of 2009, and is the bank with the highest visibility that year.
- *Citigroup*, which was bailed out by the US government at the end of 2008, and removed from the Dow Jones Industrial Index in 2009, stayed at second place in 2008 and 2009. It slipped down to sixth and ninth place in 2010 and 2011 respectively.
- In 2010, *Goldman Sachs*, which had had lower rankings in earlier years, became the most visible bank, as the insider trading scandal involving one its directors – Rajat Gupta – broke, and the bank was fined $500 million for fraud.
- In 2011, the trading scandal where *UBS* lost $2.3 billion from unauthorised trades pushed the bank up to the top of the list.

It is notable that news which led to spikes in prominence is related to highly consequential developments with negative effects on the companies involved, their investors, employees, governments, and national economies. Thus, by interrupting the 'narrative of normality' (Heath, 2004), unusual developments drastically increase prominence of coverage – something that would be expected under traditional journalistic evaluation of what makes stories interesting or important.

Where is Banking News Placed and What Styles of Reporting are Used?

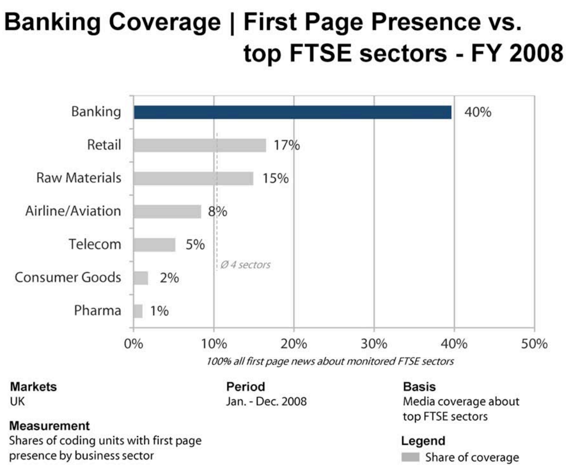
As mentioned above, business stories traditionally go at the back of general newspapers, in a special section separate from domestic news, international politics, and features. With the onset of the financial crisis, business news became more prominent, but still rarely appeared on the front page. Financial stories tend to be moved to the general news pages at the front of the paper when they are stories that directly affect consumers, or involve politically sensitive topics such as bonuses. These stories tend to be overwhelmingly negative in tone.

The data from Prime Research show that from 2007 to 2008 the number of stories on the front page experienced a sharp increase (+74% year on year), but still only made up just over 7% of all banking coverage, due to the parallel, overall increase in banking coverage. In later years, the number fell back down.

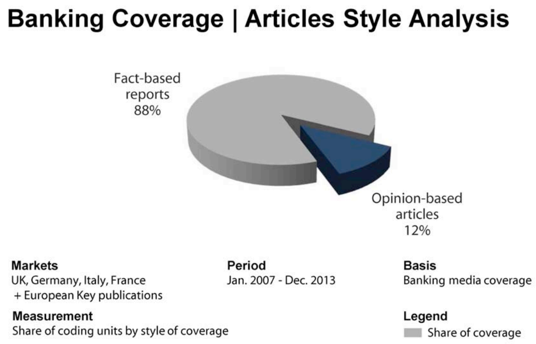


This apparent lack of prominence might sound baffling, given the sheer scale of the banking crisis, and the significant effects it had. However, taking the UK as an example, and looking at cross-sector data referring to media coverage of the top FTSE sectors, PRIME's figures show how the banking industry, in 2008, practically overshadowed all other business sectors in terms of front-page presence.

Almost 40% (39.6%) of first page features that UK broadsheet newspapers dedicated to the top FTSE companies was about the banking sector. By comparison, the next four most visible sectors (Retail, Raw Materials, Airline and Aviation, Telecommunication) netted an average of 11.2% each of all FTSE related business stories on first pages.



Most banking stories are fact-based as opposed to opinion-based. Analyses were made of each article in the study to determine its style, differentiating between opinion-based coverage (such as commentaries, op-eds) and fact-based articles (such as coverage prompted by events, announcements, etc.).[8] Overall, 88% of all reports are based on or prompted by facts and 12% come from opinions.



Media practices differ in various nations and significant variations are seen in France and the pan-European media where a larger proportion – 92% – of banking news is based on facts, and only 8% is purely opinion-based.

[8] Most articles do in fact have an element of opinion, and this could include analyst comments, explanation of share prices, or feedback to strategies being announced or implemented: so, although often embedded in articles prompted by 'facts' (hence fact-based, according to our classification), such evaluations can be identified by looking at who 'initiated' the contents (e.g. analysts) and whether there were evaluations (i.e. using tone analysis).

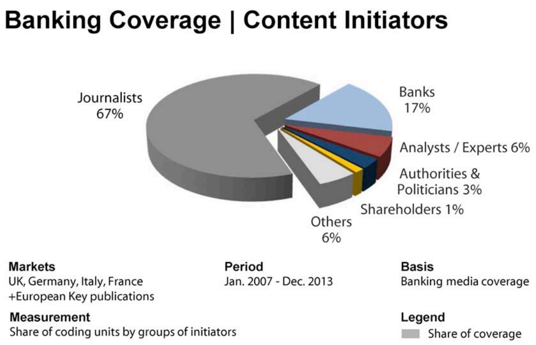
Who Sets the Agenda in Banking News Coverage?

As mentioned above, the study also considers the origination of coverage,[9] suggesting that stories originate from six main categories of sources: from journalists themselves, from the corporations, from analysts and other experts, from authorities and politicians, from shareholders, and from others.[10] The origin of stories gives us an idea of who may be setting the agenda and the influence of public relations on the industry. It should also provide information on the extent to which government and business drive the agenda. These are significant issues because one of the criticisms made of business journalism is that journalists are too reliant on sources within the industry to carry out a watchdog role. If most of the stories published originate from the corporations themselves, the information journalists receive is likely to be one-sided. The data in this analysis allow one to assess the extent to which that occurred and to draw out cultural differences in the independence of journalists in the countries included in this study.

Financial journalism does merit special consideration by comparison to other types of journalism because much of the way information can be released is legally regulated: publicly traded companies have to announce their results to the stockmarkets and journalists have to be wary of reporting on companies they have a financial interest in.

Most of the coverage in this study came from journalists: overall, 67% of news stories originated from journalists. However, it's worth bearing in mind that there might be stories or content ‘suggested’ by third parties, or ‘inspired’ by press releases. If the author of the article made no reference to such third parties ‘behind’ his/her story, the content would be recorded as generated by the journalist him- or herself, according to the methodology utilised.

As for corporations, they accounted directly for 17%, while analyst-generated contents stood at 6%. Official authorities and politicians accounted for 3% of stories.



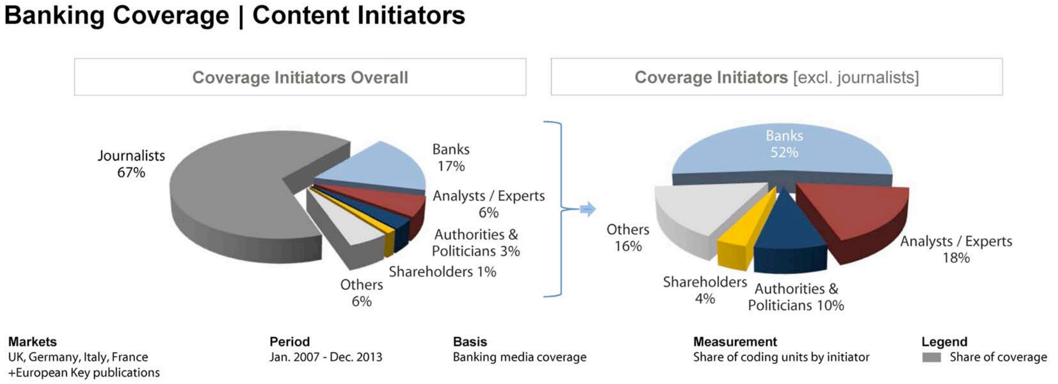
When excluding the ‘default category’ of journalists, most of the information in news stories about the banking crisis comes from banks themselves. On average 52% of all information comes from banks,[11] another 18% from analysts/experts.

[9] One of the key variables of PRIME Research's methodology focuses on ‘who’ prompts, generates, or steers certain contents in the media; to collect this information, PRIME's analysts look for statements that are quoted or can be referred to a specific source different than the journalist (e.g. a manager, spokesperson, government officials, experts and analysts, customers, and so on). Such statements include direct quotes, press releases provided by a company, and references by the author of the article, as well as indirect paraphrases and restatements by the journalist.

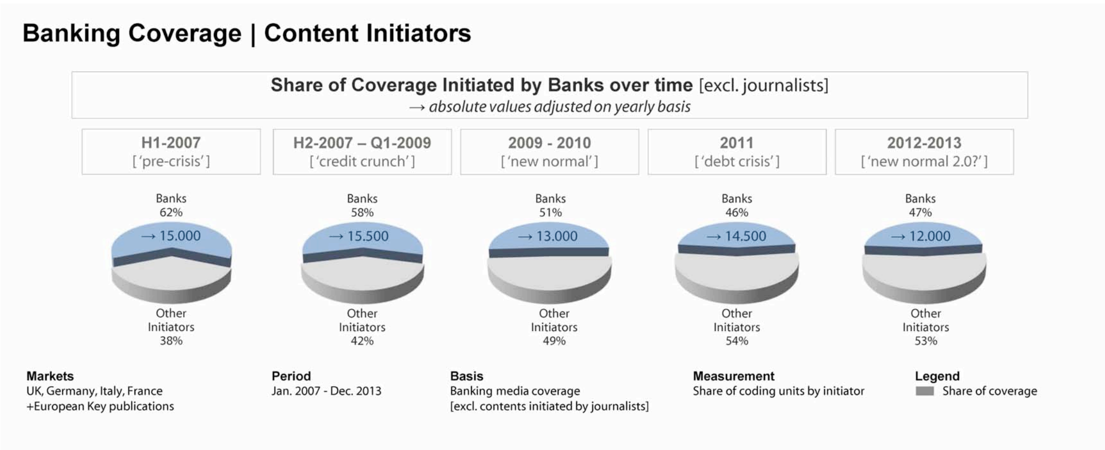
[10] All other sources that also contribute to shaping media coverage, although remaining below the visibility threshold in terms of their media presence.

[11] This category includes all sources that are directly connected to the banks analysed, including all named sources, such as top executives, managers, spokespersons, but also generic ones (such as the bank itself, its boards, employees).

Only 10% of related content comes from state authorities and politicians, and 4% from shareholders, although clearly this last category of stakeholders is very directly impacted by the banks' fortunes.



Interestingly, banks seemed to become less significant as sources of information for journalists over time.



Before the financial crisis, in 2007, banks themselves were the initiators of 62% of coverage. By 2013, this figure had fallen to 47%. However, by comparing absolute values (i.e. the total number of thematic units 'initiated' by banks), the trend indicates that banks' proactive steering efforts increased during 'crisis periods', in parallel with the overall rises in banking coverage.

Therefore the data suggest that, in terms of media coverage, one of the consequences of the financial crises of recent years might be a shift towards a more complex media arena: banking communications officers worked harder to defend themselves and preserve their media reputation as much as possible, but all other relevant stakeholders, being affected by the sector's issues, also started voicing their concerns more proactively – causing an overall decrease in share of voice of banking sources.

Breaking down the coverage by country, it is significant that a larger proportion of stories in the German press originated from the banks themselves. German banks tend to have well-staffed, active press offices run in-house which reach out to journalists. The German banking system also mirrors the country's decentralised, federal system. There are small local and regional banks which have close links to their local populations and to the local media.

The data show that 20% of all business stories in the German press originated from banks, as opposed to 14% in the UK, 16% in Italy, and 17% in

France and the pan-European media. The German media also had the lowest percentage of stories originating from journalists themselves: 62%, compared with Britain where 73% of the stories came from journalists, 71% in the pan-European media, and 67% in Italy and France. This might also reflect different reporting styles, as outlets in Germany appear to be generally more inclined to quote their sources and use experts' comments to interpret banking figures or stories.

Conversely, data suggest that politicians and authorities have more say in reference to the banking sector in Italy, possibly as a result of the historical set-up of the banking sector in the country (the structure of most banks includes not-for-profit, local, and often politically affiliated 'foundations' as stable shareholders).

UK and European-wide opinion leading publications seem instead to be the most journalist-centred when it comes to story origination. Strikingly, politicians and official authorities initiate only a very small proportion of news in any of the countries surveyed. As mentioned, the Italian media have the highest proportion of news coming from politicians – 6% of the total – and in other countries the figures are consistently between 2 and 3%.

This partly refutes the idea that business journalists are somehow instruments through which regulators and governments can get their message across. However, it is of course possible that journalists might carry official views, and 'frame' content[12] accordingly, without quoting directly regulators or the government as initiators of those views.

THE VIEW FROM A JOURNALIST

Lutz Meier is a German financial journalist, who worked as Paris correspondent for *Financial Times Deutschland* in 2007–2011. He is now a reporter for *Capital* magazine in Berlin.

'When I arrived in Paris, I was regularly invited to conferences and lunches by banks and economic institutions, that hosted these quite grand affairs for journalists. I accepted quite frequently because I wanted to understand the system. I rarely heard anything about a crisis. Even chief economists, at places like BNP Paribas, Société Générale, only began to speak about the dangers two or three months before the Lehmans crash.'

'Even as an economic journalist I didn't try so hard to understand it because I thought there were other journalists at *Financial Times Deutschland* who were experts on this subject who understood this better. But after the Lehmans crash my approach changed totally. I wanted to understand more, I attended more conferences, spoke to more people. I am definitely more conscious of the whole subject. The idea that there are experts out there who understand this all is wrong.'

[12] Gitlin suggests that news 'frames' emphasise certain aspects of a perceived reality. About this concept: Gitlin, 1980; Entman, 1993.

‘German newspapers are much more sober in their approach. French reporters tend to focus more on ideas, and that affects the way they report. Germans focus more on facts. Part of this is the Anglo-Saxon culture but it is also part of a very German trend to look deeply for causes and debate what changes need to be made. In the financial crisis all the journalists looked back and tried to analyse it. But this debate was never mainstream or on the front page of the general press.’

‘There are not many educated critics of the banking system in Germany. Politicians in Germany tend to ask banks for advice on laws on the banking sector, so many of the banking laws are written by the industry. There is rarely an “other side” to the debate. In France, journalists are not necessarily better educated in business journalism. There is a more critical attitude to the global banking and finance industries but this does not often extend to its own banks. They were allowed to do what they wanted. Banks are considered public institutions. Till the late 1980s they were state owned. And this idea that the state can tell the banks what to do is very much alive. In Germany the debate is more about how to regulate them.’

‘Before the Société Générale trading scandal, France tended to say that the banking crisis an evil Anglo-Saxon affair. It’s rubbish because SocGen was one of the most aggressive banks of all. BNP Paribas was a bit less aggressive, but was also in the sub-prime business.’

‘Daniel Boutin, head of Société Générale was a very typical product of the French leading elite. He then became the evil boss who did not want to resign. Putting all the blame on him allowed people to believe that the rest of France and the French banking industry was different. In a certain way Kerviel became a bit of a hero.’

‘In France, the banking crisis was relatively quickly given a political approach. It’s different to Germany where we assume there is no priority given to politics. In France there is a belief that politics is more important than everything else so the response was to wait for the G20. We all put a lot of faith in the G20. In Germany we don’t have a big tradition of financial journalism. In London the City is part of the elite. Everyone knows someone who is a banker. In Germany, many MPs may never have spoken to one.’

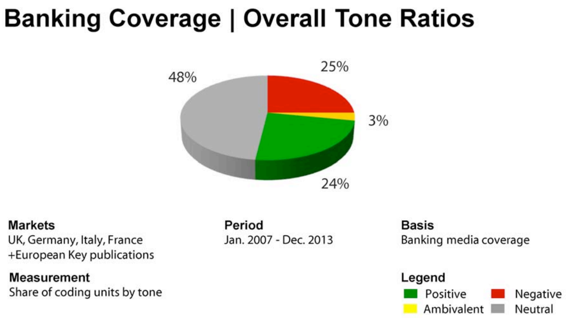
‘Deutsche Bank now appoints a PR to speak to political journalists in Berlin. This approach is quite new. They normally focus on Frankfurt.’

What is the Tone of Banking News Coverage?

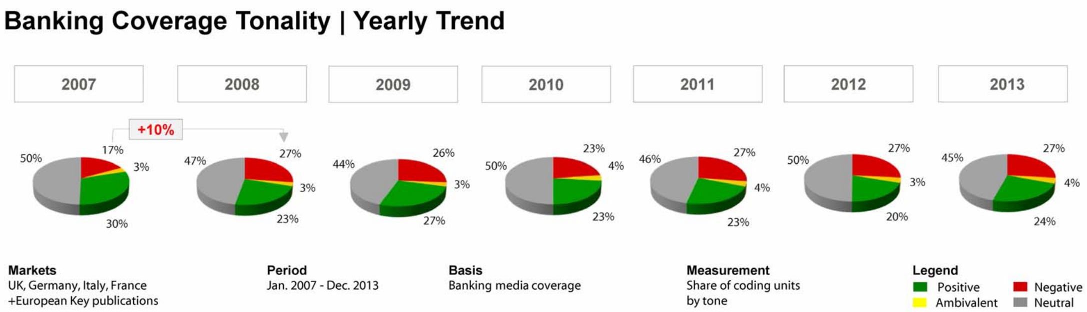
The tone of coverage was another element measured, revealing the extent to which coverage is neutral, positive, or negative.[13] This permits assessment of complaints that coverage is either too positive or too negative. Journalism has many functions, as a provider of information, a watchdog, and an advocate of a cause or an idea. And while few argue that the media is truly neutral, it is accepted that reputable publications will strive for an element of fairness and objectivity in their reporting.

Business reporting occupies two spaces and two different styles of reporting. First, it reports on it as a key part of the capitalist system and within this space there are debates on whether certain aspects of the financial system, such as privatisation, or emphasis on providing shareholder value, create wealth and stability, and whether and how public policies should address business issues. Second, there is a space with more black-and-white reporting on financial results, profits warnings, and staff changes – the reporting of announcements made by listed companies to the stockmarkets. The financial crisis fused the two styles of reporting and journalists everywhere began asking questions about the validity and usefulness of existing financial systems, instead of simply accepting and reporting on them. In such a situation one would expect business news to become more negative in tone.

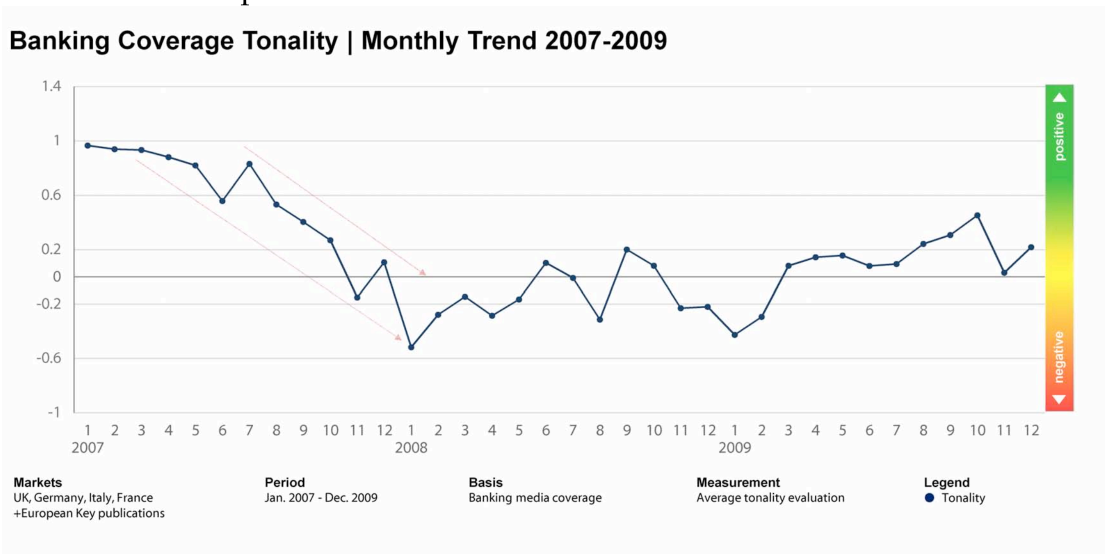
Tone matters to journalists, as it is a test of how they carry out their watchdog role. It matters to the banks, which would like to steer clear as much as possible from critical coverage,[14] and be reported in positive tones that generate confidence in their business activities. And it matters to readers as it makes the news they read more interesting, and gives the information texture and context. The overall average level of coverage for the period analysed is about 25% negative, 48% neutral, and 24% positive coverage. 3% of coverage was classed as ambivalent.



[13] The sentiment and intensity of media coverage is assessed on a seven-point scale (from very positive to very negative, with neutral = no evaluation). Explicit as well as implicit media evaluations are coded through human-based semantic analysis; furthermore, factual coverage that is clearly positive or negative (e.g. profit drops, shares gains . . .) is also attributed the appropriate tone, and so are comments meant to be interpreted in their context, such as ironic comments.
[14] Also in light of the so-called 'negativity bias', according to which negative information tends to influence more strongly the stakeholders' opinions (Fiske, 1980; Hamilton and Huffman, 1971; Skowronski and Calston, 1989).



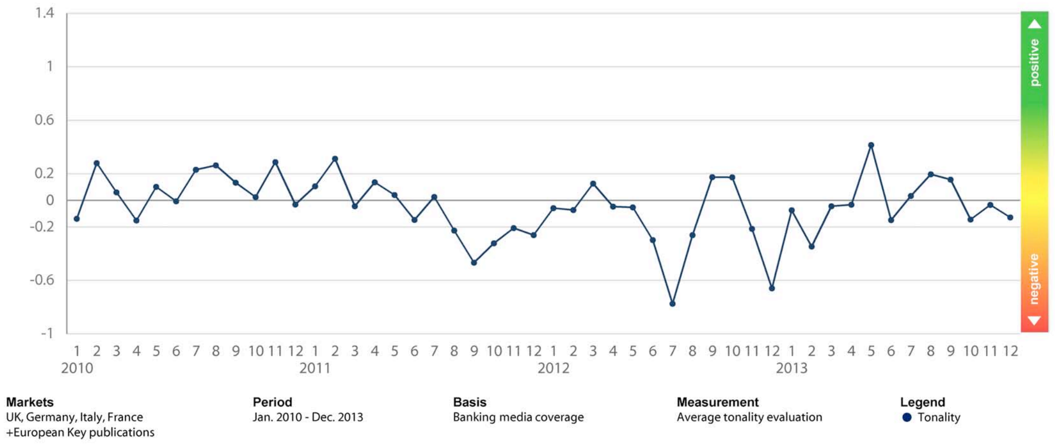
Development of media tone over time shows some interesting trends. First, as the volume of business news began to rise in 2008, the tone became more negative. January 2008 saw an absolute low in average monthly sector tonality, marking the end of a steady downward trend started in mid-2007. Throughout 2008, negative stories made up 27% of all business news, in comparison with 17% the year before. Later, even though the volumes of stories normalised, the negative tone remained, showing that, sector tonality – at least in the mid-term – never returned to pre-crisis levels.



This is unsurprising, given the financial crisis at the time was generating overwhelming amounts of negative news. It is hard to see how events such as Lehman Brothers filing for bankruptcy could be cast in a positive light. The tone improved briefly in 2010, when 23% of all stories were seen as negative, before reverting, in 2011 and 2012, to 27%. The European and Greek debt crises had kicked in in the last two quarters of 2011, clearly contributing to the rise in negative stories (debt 'haircuts', systemic risks . . .).

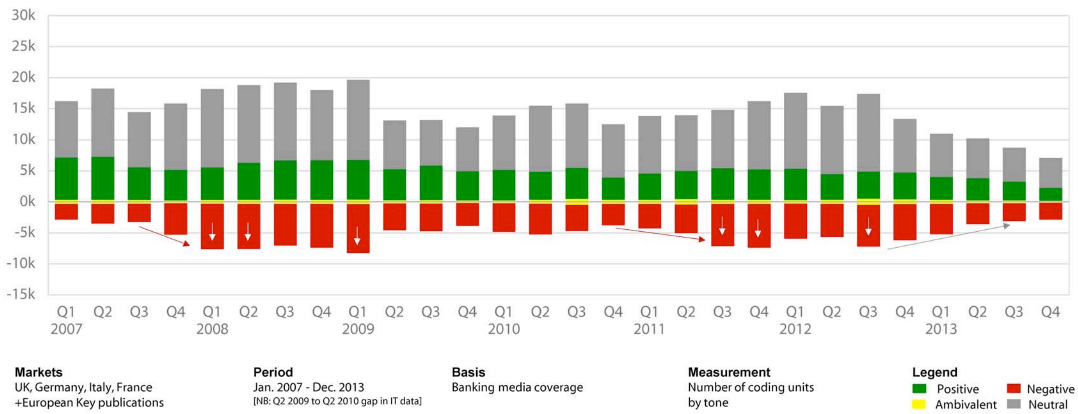
In 2012, the tonality of business news varies hugely. It is positive overall, with two striking dips in July, at the time of the Barclays Libor scandal, and in December, when there was a series of tax raids in Germany and several banks were hit with heavy fines and settlements costs. By 2013, the overall tone improves, with more positive than negative periods of news.

Banking Coverage Tonality | Monthly Trend 2010-2013



But, even during the crises, most of the coverage about banking did in fact retain a neutral tone. In 2007, 50% of the stories about banking were neutral. In 2009, this figure slipped to 44% and the proportion of negative stories increased, but the proportion of neutral stories climbed back up to 50% the following year.

Banking Coverage Tones | Quarterly Trend



The data found that coverage of business news among pan-European newspapers and British newspapers was more critical than average. The Italian media coverage of business was more positive until the country's debt crisis intensified. German coverage, in counter-trend, has got more upbeat since the third quarter of 2011.

Overall, the tone of business coverage was reasonably aligned over time. All newspapers started with balanced tones at the start of 2007. The coverage began to worsen as the sub-prime crisis in the US intensified throughout 2007, and hit a low in the first quarter of 2008, when US home sales dropped to their lowest levels in 25 years, the Dow Jones average fell to the lowest level since 2006, and Britain's Northern Rock was nationalised. In this period, pan-European newspapers and the British press had the most negative coverage of business stories, while German and Italian coverage was comparatively more positive.

The coverage then evened out for the rest of the year. The last quarter of 2008 was a torrid one for the financial sector: Lehman Brothers declared bankruptcy, Iceland's banking industry collapsed, three major British banks –

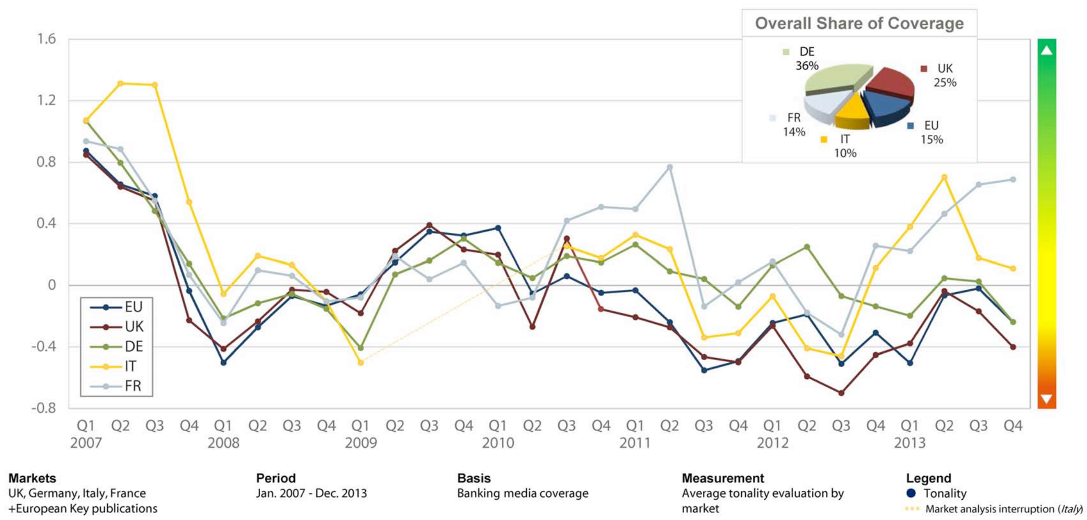
the Royal Bank of Scotland, Halifax Bank of Scotland, and Lloyds – had to be bailed out by public funds, and Bernie Madoff was arrested for running a vast Ponzi scheme.

The tone of the coverage of the business sector began to worsen at this time, and collapsed sharply at the start of 2009, when Britain's Royal Bank of Scotland announced the largest loss in UK history, and UK bank shares fell sharply. Delving into the country analysis at the time shows that the most positive coverage of business came from pan-European newspapers and the British press, even though Britain was in the eye of the storm. The most negative coverage during this period was from the Italian and German media – the countries whose coverage had been more positive a year previously.

A similar trend occurs in the third quarter of 2011, when the Italian banking crisis hits, and both Italy and Spain are downgraded by credit ratings agencies. Coverage across all media became more negative in tone during this time, but coverage of business news in Italy, which was this time the centre of the bad news, was more positive than that of the UK and the pan-European media. The most positive coverage at this time came from the German and French press.

The British press coverage adopts a comparatively more negative tone in the first quarter of 2010, when Greece's financial crisis triggers riots, and in the third quarter of 2012, when the Libor scandal is revealed, but bad news also focuses on Goldman Sachs and UBS.

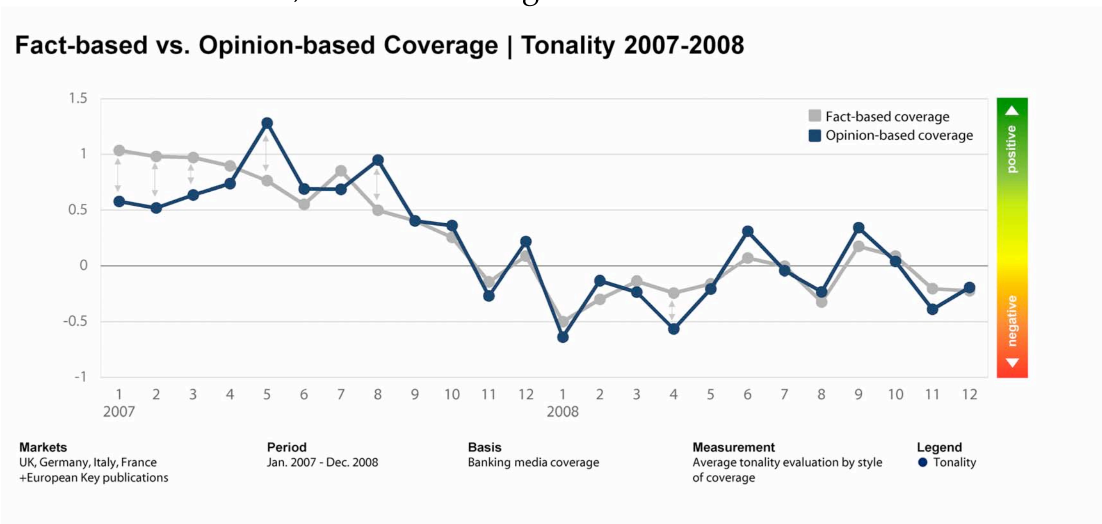
Banking Coverage Tonality | Market Comparison



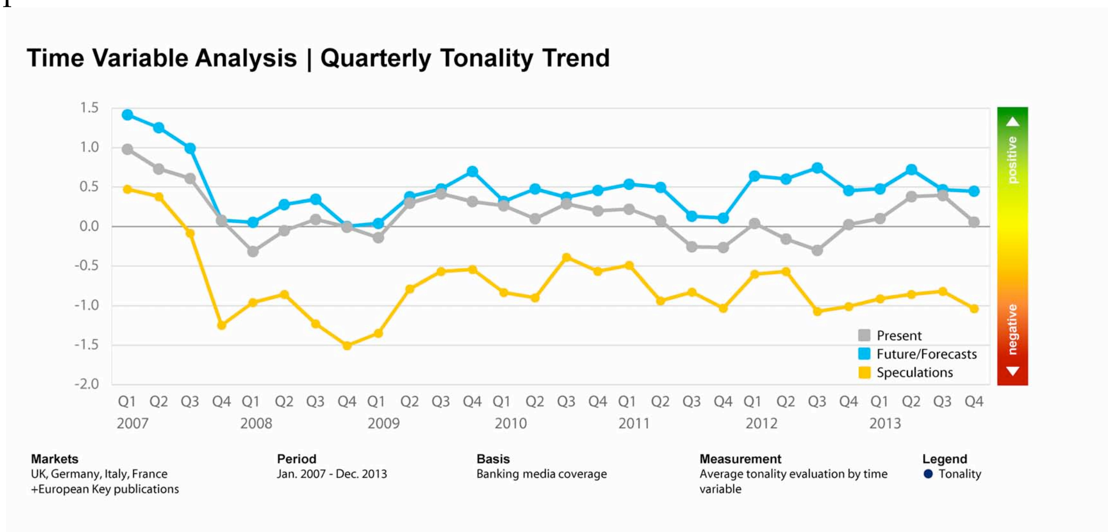
The phenomenon of a country's media adapting a less negative tone when its own business sector is in crisis could be linked to the often close relationship between reporters and their sources, both in business and in government. So when the Royal Bank of Scotland was undergoing convulsions, its public relations people would speak to British business journalists, government officials would speak to lobby journalists. While it was impossible to ignore the bad news, i.e. the fact that one of Britain's biggest banks had almost failed, the close contact between reporters and public relations officers meant that much newspaper coverage in Britain contained background and context on the Royal Bank of Scotland, on how it grew rapidly in the late 1990s and overstretched itself under the abrasive management of its former chief executive Fred Goodwin. The media in neighbouring countries may not have had as much access to people offering a more balanced, if not positive, spin on the news, and were therefore likely to be more critical.

The coverage of business in Germany has remained relatively positive throughout the period. Even at the end of 2012, when authorities carried out a series of tax raids in Germany and fines and settlements hit several banks, German business coverage was more positive than other European countries.

As mentioned before, the study was able to make distinctions between fact- and opinion-based coverage, also allowing differences in the tones to be observed. Monthly comparisons of fact-based versus opinion-based coverage show that in the first half of 2007, tone of fact- and opinion-based coverage move in opposite directions. As the tone of fact-based coverage gets worse, opinion-based coverage becomes more positive. But as the financial crisis intensifies in late 2008, the two converge.



There are also interesting variations in the tone of news, in relation to speculation and forecasts. The study defines news as based on three categories: present, with content or statements referring to current events or actions being taken; future/forecast, with content or statement referring to the future and officially confirmed or planned by a given company, or based upon projections made by professionals and experts (e.g. analysts' forecasts); and rumour/speculation, which is content or statements based upon assumptions and speculations that are yet to be confirmed and/or that are not claimed by a specific initiator.

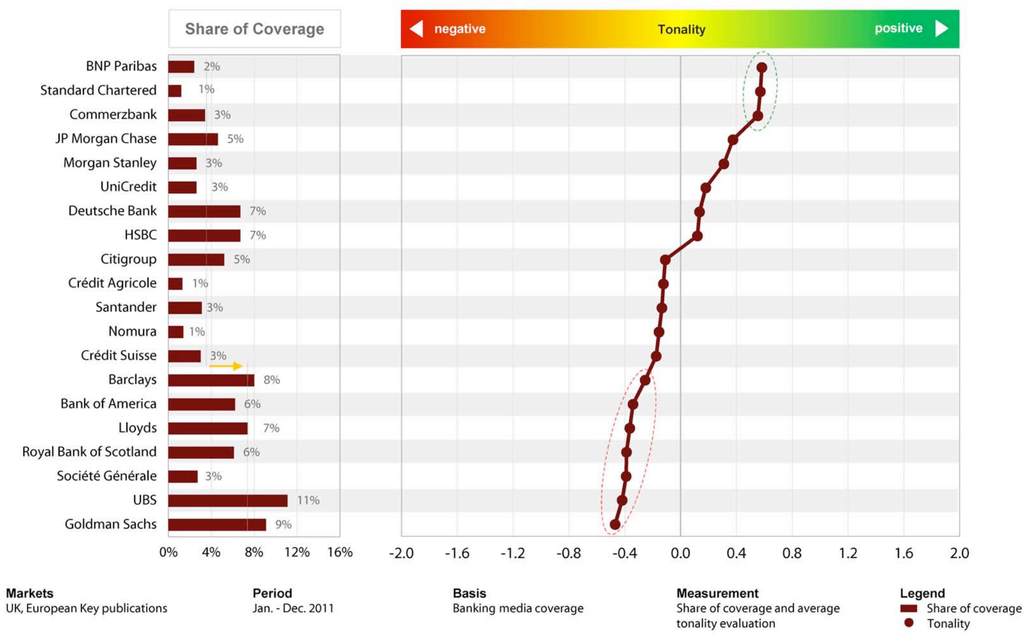


Speculative reporting of hearsay and rumour is the least relevant quantitatively, but also the one that generates the most negative coverage. Reporting based on the present, i.e. on current news and on forecasts, is generally more upbeat. This news often comes from the companies themselves, and they have a chance to present it in a favourable light.

A breakdown of media tonality over 20 of the most influential banks in 2011 shows an interesting pattern. Most of the institutions that receive a high proportion of coverage generate the most negative news stories. The banks that received the most positive coverage, such as *BNP Paribas*, *Standard Chartered*, and *Commerzbank* were also the least visible.

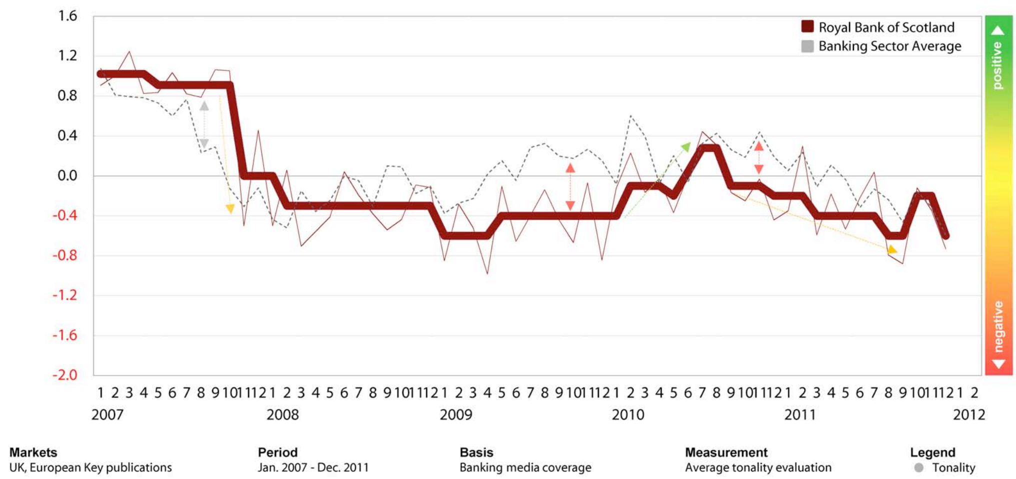
The notable exceptions were *HSBC* and *Deutsche Bank*, which received high levels of coverage, possibly because of their size and importance, but with an accompanying moderately positive tone. At the other end the scale, *Crédit Agricole* and *Nomura* received a small amount of coverage, but with a mixed to negative tone.

Media Visibility and Tonality | Top 20 Banks - FY 2011



The *Royal Bank of Scotland*, one of the highest-profile failures of the banking crisis, started off 2007 with strongly positive coverage. At the start of the year, when RBS won its bid for ABN Amro and expanded in the US and in Asia, it received far better coverage than the rest of the banking sector. The tone began to turn more negative in late 2007, as concerns over large write-downs emerged. At that moment, the fall in tone over RBS coincided with a fall in tone in the banking sector in general. But at the start of 2009, as the bank posted record losses and its chief executive Fred Goodwin was publicly pilloried for his role in the crisis, the two began to diverge. The tone on banking stories became more positive, boosted possibly by the Bank of England's announcement that it would introduce a £150 billion quantitative easing policy, but the Royal Bank of Scotland still generated negative coverage. The two tones began to converge again in mid-2010. Coverage of the banking sector improved and the tone of coverage about the Royal Bank of Scotland improved too as the bank announced the sale of its non-core assets and posted its first quarterly profits in three years. But a year later, as it posted a first-half loss, job cuts, and said it was being investigated for toxic loans, coverage again grew more negative. This time the downward trajectory mirrored the rest of the banking sector, which also generated negative coverage. However, in this segment, the tone of coverage for the Royal Bank of Scotland was still more negative than the rest of the banking sector.

RBS vs. Banking Sector Tonality | Monthly Tonality Trend



The research did not indicate that the media in the countries surveyed have an agenda in reporting business news. They apparently do not see it as their role to either bolster business in bad times or be overly critical. When things are going well, the media appear keen to report good news: the Royal Bank of Scotland received very positive coverage before the financial crisis began. But when businesses post losses, or a crisis hits the financial sector, journalists do report on the news in a fair way, with negative coverage. If the situation improves they are willing to adjust their tone. The data show, however, that bad news generates more coverage: journalists are more likely to report on businesses when they run into difficulty. This ties in with wider definitions of news used in journalism. Information becomes newsworthy when it features an element of conflict or of failure, and when it impacts directly on people's lives. The risk of failure of European banks fitted into all these categories.

The Royal Bank of Scotland has received some of the most 'extreme' media coverage, both positive and negative. The bank began as a high street operation with high ambitions to become a global player. Its rapid growth did, initially, generate positive media coverage. The Scottish media in particular were keen to record the rise of a national champion. As the bank ran into financial difficulties, the media appeared to change their tone, arguing that the rapid expansion was in fact a sign of hubris, not ambition as they had initially reported.

Journalists: Friends or Foes?

The 'media' are not a homogeneous block. They are made up of journalists and editors, with very different educational backgrounds, personal views, and ways of working. They are important for the critical eye they bring to the information they receive and the decisions they make in how and what they decide to publish.

This study also looked at some of the key journalists who report on the banking sector. In particular, the study identified the most prolific two journalists writing in each of the publications in the study, in 2007 and 2008.[15] This time covers the period before and after the collapse of Lehman Brothers, when it became clear the banking sector was in crisis. Journalists also tend to move jobs frequently, even within an organisation. A limited time frame makes it more likely that we are studying journalists while they are writing on the same industry: the period studied was a turbulent one, and it is unlikely that a specialist reporter would have been moved off the beat during this time.

The purpose of the exercise was to see if this relatively elite group of journalists, who enjoyed better access than most of their colleagues to key people and information sources within the financial industry, saw the industry in a similar way. A quick overview of the tones adopted by the leading journalists in 2007/8 shows that most of them adopted a neutral or ambivalent tone in their stories. The study shows that even the most critical of the journalists, Julia Werdigier at the *International Herald Tribune* and Christine Seib at *The Times*, were not that negative. Only 33% of Werdigier's coverage was classed as negative, an equal amount to her coverage classed as positive. 35% of Seib's is classed as negative and 22% is positive.[16] The output from most of the journalists increased from 2007 to 2008, and their tone became more negative, presumably reflecting the growing negative developments in the sector.

There are some interesting variations by country. The Italian journalists Francesco Manacorda and Andrea Greco became significantly more negative in their tone during this period, but their output stayed reasonably steady. The British journalists Jane Croft at the *FT* and Christine Seib at *The Times* wrote considerably more in 2008 than they had in 2007: Croft's coverage went from reasonably positive to more negative in that time, but Seib's coverage, which was more negative than average in 2007, remained consistent in 2008.

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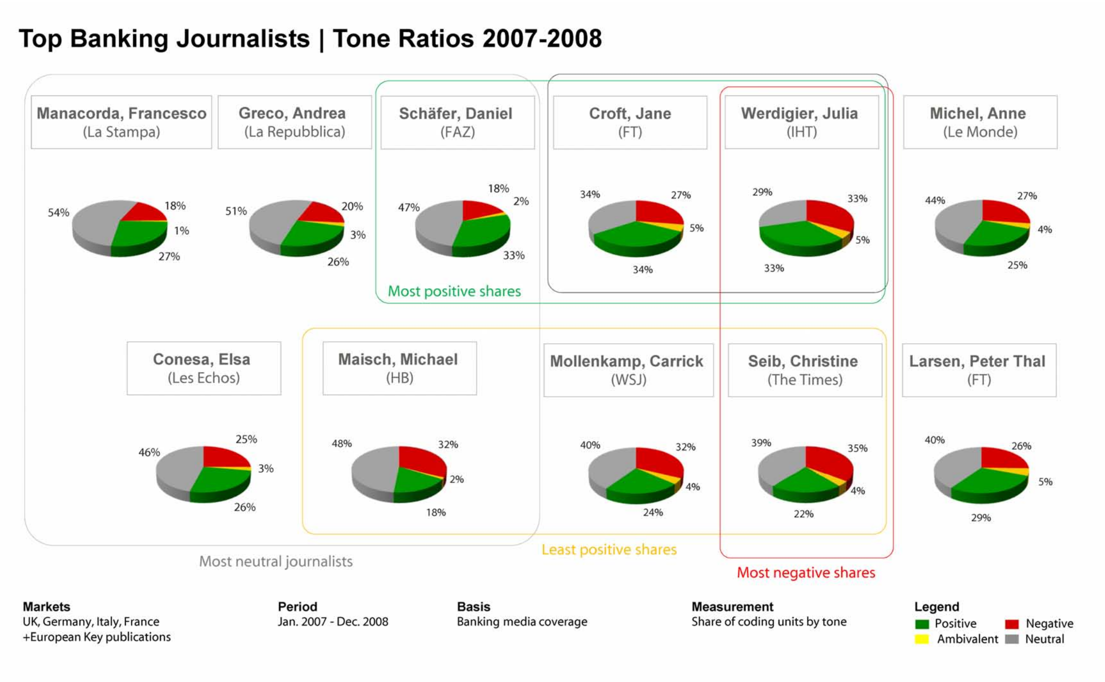
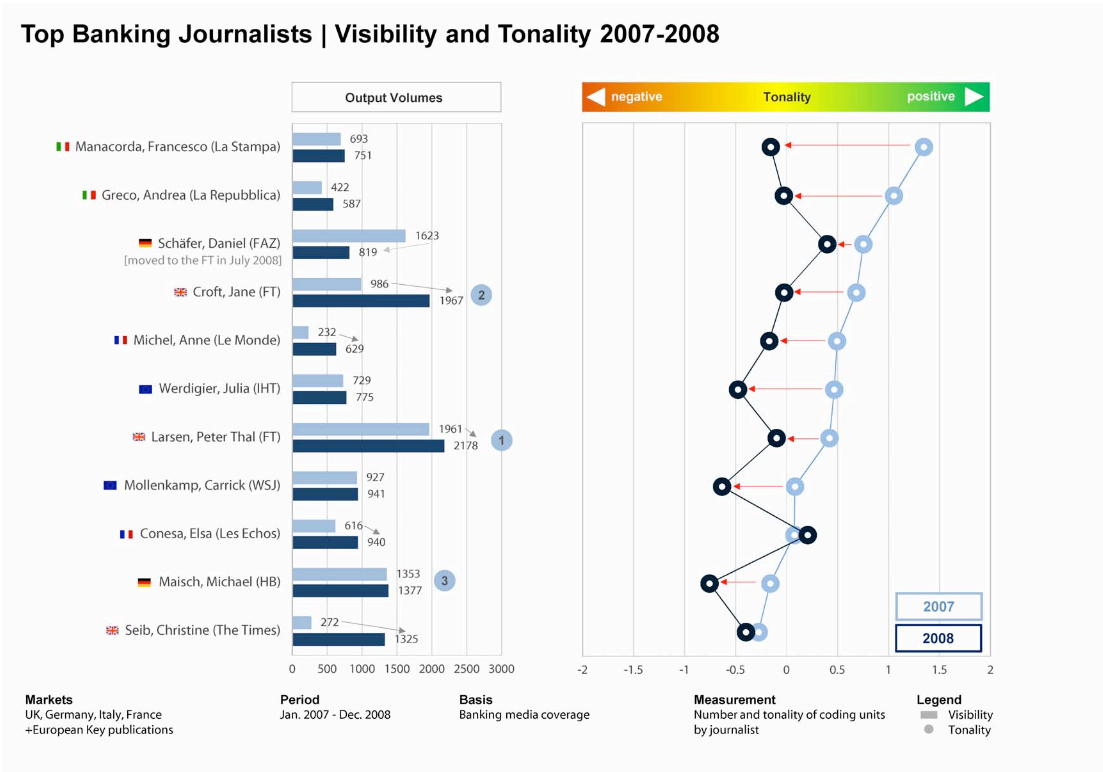
[15] The journalists covered are: Francesco Manacorda (*La Stampa*), Andrea Greco (*La Repubblica*) Daniel Schaefer (*FAZ*), Jane Croft (*Financial Times*), Anne Michel (*Le Monde*), Julia Werdigier (*International Herald Tribune*), Peter Thal Larsen (*Financial Times*) Carrick Mollenkamp (*Wall Street Journal*), Elsa Conesa (*Les Echos*), Michael Maisch (*Handelsblatt*), Christine Seib (*The Times*).

[16] The sentiment and intensity of evaluations in media coverage are assessed by PRIME according to a seven-point scale, going from +3 (very positive) to -3 (very negative), with an ambivalent code (0) reserved for assessments that have the same degree of positive and negative evaluations, and a neutral code for coding units with no evaluations. Explicit as well as implicit media evaluations are coded. PRIME's tonality-index is calculated as the arithmetic mean of the evaluations and represents the exact distribution of positive and negative evaluations (e.g. tonality 1,6 = 90 positive : 10 negative). Tone ratios represent instead the overall portions of positive, negative, ambivalent, and neutral tones attributed to the contents analysed.



The results illustrate how hard it can be to steer media coverage: if there is this much significant variation in the way this elite group report on and view the financial industry, there will be significantly more variation in the rest of the industry. It would be worth exploring how public relation officials deal with this: do they provide different information to different journalists, or try to approach each one in a different manner?



What does This Tell us about the Way Media Cover the Banking Sector?

The results of the study bear out the theory that no news is good news. On a macro-level, when the volumes of business news have increased, the coverage has become more negative in tone. And this negativity stuck: when volumes fell back down, the negative tone remained.

This reflects the fact that the financial sector was going through a crisis during the period covered: the negative tone merely reflected the events. In fact, considering the scale of the crisis, it could be argued that the media's response was remarkably muted. While the volume of banking coverage increased, overshadowing other business sectors, only a relatively small fraction of the stories appeared on the front pages of the newspapers. Around half of all stories were also reported in a neutral manner.

The banking-related information that the newspapers primarily provide is fact-based, as opposed to opinion-based, and the stories are usually generated by the journalists themselves. The theory that journalists are too close to business sources and rely on them for their stories is not backed up by these data, although the methodology applied only took into account when sources were explicitly referenced by journalists – thus not reflecting in full the 'behind-the-scenes' work carried out by PR officials.

As mentioned, about half of coverage is neutral: there is no evidence that the media as a whole appear to pursue vendettas against banking or other financial institutions. Bad news generates more coverage, and larger banks are reported on more than smaller ones, but the data do not show one institution faring worse than another independently of these factors. In the case of the Royal Bank of Scotland, for example, the data appear to suggest that its size and activity helped generate more positive than average coverage until it ran into difficulties.

A Day in the Life of a Financial Journalist

Katherine Griffiths, banking editor of *The Times*, London, describes a typical day.

'In the morning, at home, I listen to the *Today Programme*, check emails, Twitter. I follow people who cover banking or know about it – investors, fund managers, professionals. I am not terribly diligent about checking Twitter though. I also don't really check RNS first thing. I don't prioritise it. If you cover banks, you will find your stuff other ways. If you cover markets or smaller companies maybe you need RNS. I don't check Bloomberg or Reuters at all first thing, even though they do have very good sources. But I do follow them on Twitter. '

Once in the office, she will continue to check her emails, and will also go through the main British daily newspapers: the *Financial Times*, *Daily Telegraph*, *Guardian*, *Independent*. She will occasionally look at the *Wall Street Journal* and the *New York Times*, but tends to focus on the British newspapers. 'There is a morning meeting at 10am. 50% of stories are suggested by the reporters, the other 50% by the newsdesk. After the meeting, I would go through things you need to do, read statements, make phone calls, have meetings or lunches. In an average week I have meetings or lunches three out of five days. I prefer meetings – my best time is at 10am, or mid-morning, or lunch. I don't like afternoon meetings.'

'I file for the paper, realistically from 4.30 onwards. The desk starts to want copy by 5–6pm. If I am filing at 7.30 it's for a specific reason. The story goes to the newsdesk and they read it and it goes through to subs. Usually if I've filed it's done. I don't ask where it is going – I just want to know how many words to file. We have a page lead which is 600 words, or a shorter story – average is 400 words. I aim for 500. There are no longer pieces on *The Times*. We are a tabloid and don't have much space.'

Business reporters start with the assumption that their stories are for the business section, but the general home newsdesk does take a reasonably active interest in their stories. Certain stories are more likely to reach the front of the newspaper. Stories about bonuses, more consumer-led stories, like the recent breakdown of IT systems at RBS, will be popular. Stories about big banking names such as Bob Diamond may also move up front. 'More people will read it at the front of the paper, which is a good thing of course, but from our point of view, we lose control of things if they go up front. We never know where they will go in or at what length. And of course there are lots of very big business stories that will not fit in the front pages. So while it's nice to have the extra readership, it's not always considered "better" or more prestigious to be in the front.'

Print reporters now have to think about the web. Some newspapers still have two teams but they are rapidly merging. 'We have an online reporter and editor who post stories early online. But we are expected to do more. I like to have control of banking stories from the beginning, so I will write the first take for the web and follow it through. Sometimes you just can't, if you have meetings and so on. It depends on the workload. If I can I will. I need to get on top of it anyway, so I may as well have a first version out as it puts you a few steps ahead. We have a growing readership on the web who want news quickly so we do increasingly have to cater for them.'

'For stories that come from a company I read the statement, and speak to a company's PR person initially. I like to speak to some people I can reach quickly. I know a few banking analysts very well and will phone them or others in banks. Carry that on through the day. The statement itself will be emailed to me or will be on the bank's website.'

She prefers to speak to an in-house senior PR, rather than an external one, as she feels they can provide more relevant information on background. Her relationship with senior PR communications people is generally good. 'Mostly, I have a good relationship with senior public relations people. I don't always get the information I need from them, but I do trust that the information they give is truthful.' Contact is through industry events, press conferences, phone calls, and occasional lunches. 'I only tend to meet a very small handful of people. Most contact is done over the phone. I've built up relations with analysts by ringing them over a long period of time. They have different takes on things, positive or negative. I trust their information. I speak to fund managers, similarly, by phoning them. They tend to be honest in their views but won't always tell you everything they know.'

'There are situations you want to play off external PR against internal PR to double-check they are giving you the whole picture, but I would not expect a senior PR person to lie. I would expect them to refuse to tell me things or be obstructive. Fund managers are the same – they would not actively lie. The group that are more tricky are investment bankers who will lie on occasion. And think it's fine to do that. They think it's fine in some cases. For example, if they are financial advisers on deals they will sometimes lie to try to negotiate a better deal or to not see something in the paper. Some more junior PR people also do lie sometimes, but not often.'

She says she decides the tone of a story. ‘Occasionally I may get view from the editor about how they see the story, and on the whole they will listen to you.’ Negative stories are not necessarily more popular. ‘I actually do think that on the business section of *The Times*, if you say this is a positive story for x reasons, it will be taken seriously. But it depends. On a bonus story people’s starting point is bankers shouldn’t be earning as much as they earn – it’s hard to put a positive spin on the existence of bonuses.‘

The study also shows that business news failed to predict the crisis, possibly being ‘guilty’ of seeking opportunities to report on business news in a positive light (e.g. boosting the benefits of M&A operations) or because no significant source was raising questions about developments in the sector. Outside a time of financial crisis, the readers of business news tend either to work in the industry themselves or are small-time investors, looking for information on their investments. Business journalists are unlikely to want to alienate their core readership by being overly critical of the industry, and investors are looking for advice on safe or profitable places to put their money, so the institutions that offer these are more likely to be covered.

During the financial crisis, the readership of business news broadened, and these new readers were more interested in learning what had gone wrong, who was responsible, and how it would affect them. Thus, as the volume of news increased, the tone became more negative. So while journalists failed to anticipate the financial crisis, they did report it when it occurred, adapting their tone accordingly.

Furthermore, although there is no evidence that broadsheets are regularly anti-business in their attitude, it does appear that, once a company like Royal Bank of Scotland goes through a sustained period of difficulty, it will continue to receive more negative media coverage than the rest of the sector, suggesting that extremely negative events have a long-term impact on media reputation.[17]

Finally, public relations are important, and if companies can only expect to directly and explicitly originate less than a fifth of all content, they can still indirectly help frame stories by providing background, figure-based information and campaign for neutral, factual views about them.

Corporate crises cannot be analysed as static facts: they are interpretative events where individuals involved seek to make sense of a new reality, often evaluating and reinterpreting it through media accounts of the events (see Heath, 2004; Heath and Millar, 2004). The experience of a crisis is therefore a mediated experience for the vast majority of stakeholders (Coombs and Holladay, 2009; Taylor, 2000), and this means that corporate public relations have room to help define new, more favourable narratives to steer stakeholders’ perceptions through diverse media.[18]

On the other hand, most stakeholders only play a minor role in setting the media agenda about banking through statements and PR work, and journalists appear to be generally willing to report about topics referencing facts and using reasonably neutral tones.

[17] On this point, risk literature has applied the asymmetry principle to public trust in a company, showing how negative events (and the ensuing media coverage) have a greater impact on trust compared to positive events – see Slovic, 1993.
[18] On the importance of perceptions of an event compared to the actual event: Ni, 2009.

Conclusions

While there are some variations in the way the media in different countries have reported the news, the study shows that the media across Europe have moved broadly in tandem in response to the financial crisis. As a result, there are certain strategies companies can adopt across Europe to ensure fair coverage.

Existing literature has suggested that there is little regular coverage of financial affairs, it is not prominently featured in the press, the news is highly dependent upon information given by banking and financial institutions, and that news is highly negative in tone. The study shows that much of this is not true.

The key findings from the report are as follows:

- Banks that generate the most bad news receive the most coverage.
- Since the financial crisis, the banking sector can be expected to be more likely to appear in highly visible sections of a newspaper compared to other business sectors.
- Banking stories are more likely to be based on fact than on opinion.
- Banks themselves provide a lot of the information journalists use in their stories. The German press has the largest proportion of stories that originate from banks. Italy meanwhile has the largest proportion of stories originating from politicians and official sources.
- As the volume of business news rises, the tone tends to become more negative. The tone tends to remain negative for a prolonged period, even as the volume of business news falls back down.
- The research showed no indications that the media have an agenda in reporting business news. They do not see their role as either to bolster business or be overtly critical.
- However, once a company goes through a sustained period of difficulty, it will continue to receive more media coverage than the rest of the sector, suggesting that extremely negative events have a long-term impact on media reputation.
- Public relations are important. A company can play a significant role in framing stories, by providing background and figure-based information.

There is a substantial amount of goodwill between the financial industry and journalists. The media are not actively looking for negative stories in the financial sector and are willing to report on business news in a positive manner and with a neutral tone where possible. The media are however more likely to report on negative than on positive news about the banking sector, echoing the way they assess newsworthiness in other sectors.

Public relations officials need to realise that a company is likely to receive the fairest, least negative coverage if it presents information clearly and accurately: in all countries surveyed, reporting focused on present facts or events was more positive in tone than reporting based on speculation. It does appear that journalists have not played a watchdog role. There has been instead a tendency to report positively on banks when they are undergoing periods of rapid growth, without asking too many questions on whether this growth is sustainable.

The study also offers evidence that the media, to an extent, have changed their approach to reporting on the banking sector. The financial crisis and its ongoing consequences have impacted the sector's reputation, not only bringing more short-term attention to sector-related topics and issues as events unravelled, but also having a lasting impact on tone. In fact, since the crisis hit, the share of negative coverage has remained higher than pre-crisis levels.

A further proof that banks, in comparison to other industries, still suffer from a dented reputation among the public, comes from last year's *A Crisis of Culture* report by *The Economist*,[19] where results of an annual survey of global consumer sentiment for 2013 show that financial services and banking sectors ranked as the two that are 'least trusted to do the right thing' (Kapoor, 2013).

While sectors such as technology or automotive are trusted the most by the general public (with 58–76% approval), only 48% of the respondents trusted the financial services industry overall, a figure that drops under 30% when looking exclusively at respondents in the European Union (Kapoor, 2013; Edelman Trust Barometer, 2013, 2014). In short, five years after the Lehman Brothers crash, the reputation damage for the industry persists.

Furthermore, journalists have offered increased space and voice to other stakeholders as part of their attempt to interpret banking stories, a factor that seems to have had a lasting impact on the way banking news is covered. Whether journalists are becoming more inquisitive, or critical, in the way they report on the financial sector is still very much an open question. The prolonged nature of the financial crisis, combined with the more recent Eurocrisis, keeps this subject topical and important.

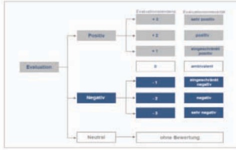
[19] Measurements provided by the Edelman Trust Barometer, an annual survey of global consumer sentiment, surveying over 30,000 respondents in 26 markets around the world to measure people's trust in institutions, industries, and leaders (http://www.edelman.com/insights/intellectual-property/trust-2013).

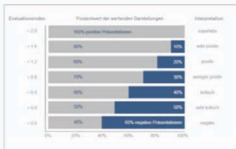
Appendix: Methodology

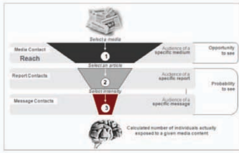
PRIME Quantitative-Qualitative Content Analysis (QQI®)

- PRIME QQI® Method analyses systematically, objectively and transparently the quantity and quality of global media coverage of companies, managers, products and issues in different opinion-leading media (print, broadcast, online, radio; traditional and social media; trade and general press) in several markets and regions across Europe, the Americas, Asia.
- Since 1998, PRIME Research has continuously analysed the media coverage of the financial sector and provides access to a huge data set with numerous case studies. The measurement system is tailored to the particular needs of each client and also to the specificities of the sector.
- The QQI® method combines the advantages of qualitative–hermeneutic media analysis with the advantages of a classifying, quantitative approach. PRIME's use of content analysis, with the network-like structure of its category system, allows for complex statements to reconstruct the reasoning context.
- The analysis distinguishes between three different types of content units – articles, presentations and statements:
  ➢ an article is considered if it contains at least one presentation about a company, manager, product or issue.
  ➢ the coding is carried out on the detailed level of presentations: a presentation is a thematic unit, in which one object
  (i.e., a specific aspect of a product) is evaluated in a specific manner (usually over the length of a paragraph).
  ➢ a statement is the smallest coding unit and applies to special objects, e.g., key messages, managers and analysts.

  The analysis is usually undertaken at the presentation-level, on the basis of a detailed set of rules (PRIME's codebook).
- All QQI® results are documented in a quantitative–numeric database and a text database, which contains all key passages with a reputation impact in each relevant article.
- The QQI coding follows a simple logic: Who says something, about which object, on which theme, with which tonality?
- The evaluation and intensity of media coverage is assessed according to a 7-point scale: from +3 [~ very positive] to −3 [~ very negative]. Explicit as well as implicit media evaluations are coded.
- The tonality index is calculated as the arithmetic mean of the evaluations and represents a certain distribution of positive and negative evaluations (e.g., 1,6 => 90:10).
- PRIME media analysis measures all relevant key performance indicators of strategic communications activities:
  visibility index, tonality index, share of coverage, competitive advantage and benchmark, share of voice, agenda setting index, opinion-leadership, self- vs external-perception index, etc.







Methodology | Coding Logic: Formal categories

Article	
Media title	Financial Times Europe
Country	United Kingdom
Date	28.06.2012
Journalist	Brooke Masters, Caroline Binham, Kara Scannell
Prominence factors	
▪ Position	Front page
▪ Size	530 words
▪ No. of Pictures	1 Logo [Barclays]
▪ Colour	Colour
Style of coverage	News Report
Event	Legal Issue

Methodology | Identifying PRIME Coding units

Bank sanctioned over Libor rigging ● Diamond to waive bonus ● Probes of other groups continue

Barclays fined a record $450m

By Brooke Masters and Caroline Binham in London and Kara Scannell in New York

US and UK authorities have fined Barclays more than $450m for attempting to manipulate the London interbank offered rate, a benchmark interest rate that is used globally to set the price of everything from credit card fees to corporate loans.

Bob Diamond, Barclays chief executive, said that he and three of his top lieutenants would waive any bonus for this year "to reflect our collective responsibility as leaders" as the UK bank admitted to "misconduct" over five years and three continents in its submissions to the bank panels that set Libor and Euribor, the Brussels rate.

The Barclays settlement is the first shoe to drop in a sprawling probe that was launched by the US Commodity Futures Trading Commission and now spans nearly a dozen regulators and more than 20 banks. Yesterday's settlements were with the UK Financial Services Authority, the CFTC and the US Department of Justice.

The probes are continuing and the record fines are expected to set a basis for settlement talks with individuals and other institutions. Libor, the reference rate for $360tn in global contracts, is set by banks submitting rates at which they believe they can borrow in a reasonable market.

'Dude. I owe you big time! Come over one day and I'm opening a bottle of Bollinger'

Former Barclays employee

But the authorities' statements included email exchanges in which Barclays' submitters agreed to requests from traders to adjust their rates, sending responses including "always happy to help" and "done . . . for you big boy".

In one case, a former Barclays employee asks a derivatives trader to submit a lower Libor rate and then writes "Dude. I owe you big time! Come over one day after work and I'm opening a bottle of Bollinger."

Barclays admitted to two main types of misbehaviour and has put in place new controls on its submissions. From 2005 to 2007, the bank took requests from its own derivatives traders and those at other banks into account when submitting Libor and Euribor quotes.

The bank also admitted to lowballing its Libor rate submissions to paint a false picture of its financial health after the collapse of the UK's Northern Rock and Lehman Brothers in the US.

During that period, senior Barclays managers expressed concern about media reports noting that Barclays' Libor submissions were higher than average – suggesting it was a riskier proposition for other banks looking to lend money, the FSA said in its notice. This concern "in turn resulted in instructions being given by senior managers at Barclays to reduce Libor submissions in order to avoid negative media comment. The origin of these instructions is unclear," the FSA said.

While the settlements focus on "attempted manipulation", the DoJ said on some occasions the fixed rates were affected, which could leave the bank open to class-action lawsuits.

Editorial Comment, Page 10
Lex, Page 14
'Pervasive' rate-rigging, Page 18
www.ft.com/alphaville

Article	
Coding Units:	10 individual "Central Presentations" [PRIME coding units], all analyzed separately for each relevant bank mentioned.
Modules	Focus on legal issue, governance and management
Initiator	Journalist

Methodology | Coding Units Analysis [3 units]

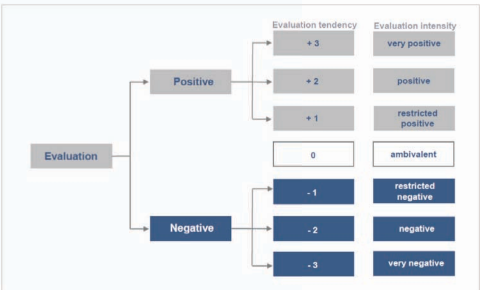
Bank sanctioned over Libor rigging ● Diamond to waive bonus ● Probes of other groups continue

Barclays fined a record $450m

Coding Unit No. 1| Headline	
Barclays fined a record $450m	
Prominence	Headline
Initiator	Journalist
Bank	Barclays
Module	Corporate
Aspect/Theme	Costs/Libor case
Tonality	Negative

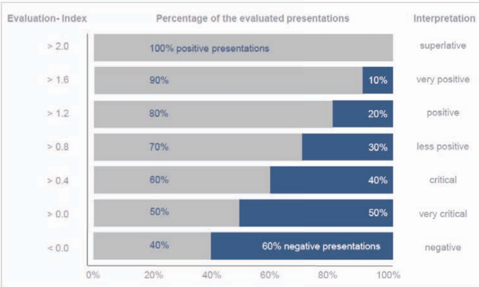
	Coding Unit No. 5| Text	
	Bob Diamond […] said that […] he would waive his bonus for this year […] as the UK bank admitted to "misconduct" […]	
5A Corporate module	Prominence	Text
	Initiator	Barclays' CEO
	Bank	Barclays
	Module	Corporate
	Aspect	Malpractice
	Tonality	Negative
5B Management module	Bank	Barclays
	Manager	Bob Diamond
	Module	Management
	Aspect/Theme	Success/Bonus
	Tonality	Neutral

Methodology | Tonality Score and Tendency Index



- The evaluation and intensity of media coverage is assessed on a differentiated **7-point scale**:

  (**+3** [~ very positive] ... **-3** [~ very negative])
- **Explicit** as well as **implicit media evaluations** are coded



- The **Tonality index** is calculated as an **average of the media evaluations**. The index represents a **certain distribution** of positive and negative evaluations.

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