



Value and Values: Perceptions of Ethics in the City Today

The 25th anniversary of the Big Bang deregulation of the UK financial markets presents a good opportunity to examine current perceptions of ethical values in the City. This report explores issues of ethical culture, financial history and the place that the financial sector has in relation to wider society.



An ethical approach to economics requires us to move away from the illusion that economics can be considered separately from questions of the health and well-being of the society we inhabit. It also involves recognising that we exist in a world of materially limited resources, so that environmental degradation has to be taken into account in any assessment of the cost of projects or transactions.

I suspect that getting this right would in itself introduce into the language of economics a sense that it couldn't be only about the mechanics of generating money and might help keep issues of ethics, justice and trust in perspective.

So I welcome the continuing focus that St Paul's Institute brings to these issues by providing a challenging and well-resourced space for conversation and I wish the Institute every success in this new phase of its work.

Archbishop Rowan Williams – June 2010



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St Paul's Institute exists to engage the financial world with questions of morality and ethics. In doing this, the Institute seeks to recapture the Cathedral's ancient role as a centre for public debate, contributing to the current discussion surrounding the direction of our financial, corporate and economic institutions.

The work of the Institute consists of professional seminars, public lectures and debates, an online video and article resource, as well as the production of analytical reports that deal with topics particularly relevant to values of financial and economic integrity. We also seek to support and highlight the work of similar organisations, with the overall goal being the creation of a space for open and rigorous dialogue on some of the most pertinent social issues of our times.

St Paul's Institute is a part of the wider mission of St Paul's Cathedral. The cathedral does not necessarily share the views of all of those who contribute to the web site or event programmes. Rather, the cathedral supports and endorses the Institute as a space in which this important discussion can occur.

Many of our events and other programmes take place in or around the cathedral itself, and our offices are located nearby. It is the location of St Paul's Cathedral and its role within the very heart of the City of London that provides us with a unique opportunity to directly engage those in the UK as well as people from all nationalities and walks of life.

For more information you can visit our website at:
www.stpaulsinstitute.org.uk



Foreword

The Right Reverend Graeme Knowles – Dean of St Paul's



The work of St Paul's Institute is an important part of the mission and ministry of St Paul's Cathedral. Set within the very heart of global capitalism, St Paul's is well placed to engage with the financial world from the perspective of the Christian tradition.

The widespread acknowledgement that the recent troubles of the world's economy have been bound up with what we have learnt to call 'moral hazard' makes this engagement all the more urgent and necessary. This new report makes fascinating reading.



Introduction

The Reverend Dr Giles Fraser – Canon Chancellor of St Paul's



The 27th October 1986 was the day that the City of London changed forever. For good or ill, there would never be any going back. The Big Bang transformed the financial City from an old boys' club, dominated by the values of public school honour – “my word is my bond” – into the boiler room of international capitalism. Without the deregulation that occurred in October 1986, the City of London could well have become a quaint financial backwater. Indeed, by the mid 80's, it had already been overtaken by New York as the world's financial centre. But as restrictions were loosened and fixed commission charges dropped, global capital found in the City of London its most sympathetic conduit. From now on, most financial products would be traded over the telephone and via computers. No longer would stockbrokers and stockjobbers wave frantically at each other across a crowded dealing floor: Technology made a different sort of trading possible, one less reliant upon human interaction. Computers were faster and cleverer than people – at least, that was the idea. And they didn't sleep. Business expanded exponentially. The UK increasingly relied upon the tax revenues provided by this international success story. According to our survey presented here, only 31% of those in the financial services industry could correctly identify 1986 as the year all these changes took place.

Interestingly, though, over half of those asked thought the Big Bang had a detrimental effect upon the ethical behaviour of the City; and it is remarkable that 79% of city professionals did not know the motto of the London Stock Exchange – “my word is my bond”. One explanation for both of these findings may have to do with the way in which Big Bang took a great deal of direct human contact out of the act of trading itself. According to that great Jewish philosopher, Emmanuel Levinas, the face of the other is the primary site of moral obligation. Having all the right rules and regulations in place is all well and good – indeed, they are obviously essential – but the real tug to do what is right comes from looking into the face of another and recognizing an obligation to someone other than oneself. The fact that trading is now so heavily mediated by technology and less reliant on direct human contact may go some way to explain how a sense of moral obligation has come to feel less compelling. Furthermore, as a great many have argued, morality is at its most robust when it is impregnated within a strong sense of community. The old City may have been an exclusive and inward looking club – but the benefit of clubs is that members often have a better developed sense of values and are able to hold each other to account for failing to live up to the club's standards. As Albert Schweitzer put it: “Ethics is a state of solidarity with other human beings.”

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Others might describe the problem differently. The general philosophy behind Big Bang was Margaret Thatcher's commitment to financial liberalism. Hers was arguably the most radical administration since the war. Markets worked better; that is, more efficiently, when they were free of rules and restrictions. Governments had to get out of the way. Billions of mini decisions made by traders in a free market were always going to be cumulatively wiser and more fleet of foot than the cumbersome and out of touch regulations that came down from the committees of the great and the good. This was people power at its most direct, the wisdom of crowds. The old order, one dominated by the tired and vested interests of a small minority, was to be wiped away. The Big Bang meant freedom. And freedom was the absolute precondition of human flourishing.

Introduction
The Reverend Dr Giles
Fraser – Chancellor
(continued)

That was the story we were told. And for some it became a sort of secular creed, never to be questioned. Those who told a different story were widely dismissed as either crusty old-fashioned paternalists or unreconstructed socialists who were more interested in how the financial cake was divided and willfully indifferent to how the cake was actually created in the first place. The Thatcher revolution was the only answer.

These days, it is much rarer to find such clear-eyed certainty about the value of the unregulated marketplace. October 2008 and the so called “credit crunch” changed all that. The market had become far too clever for its own good. Complex financial packages of loans – loans that very few of the people trading them really understood and whose ultimate value resided in a collapsing housing market in the US – were exposed as next to worthless. Banks collapsed. The availability of credit dried up. At one point treasury officials in the UK feared that cash points would no longer give out money. Governments had to step in with unprecedented levels of state support. Many rightly complained that when banks made huge profits the benefits went mostly to a few private investors and in extraordinary bonuses, but when banks made huge losses this became a public and taxpayer responsibility. This was socialism for the rich. And, for some, it was hard to see how all this bailing out of the banks didn't simply incentivize further irresponsible risk taking. Out of all this mess, two phrases seared their way into the national consciousness: “too big to fail” and “moral hazard”. Things had to change. The Thatcher dream could never be fully abandoned, but public confidence in the social value of unfettered markets had taken a considerable knock.



Many rightly complained that when banks made huge profits the benefits went mostly to a few private investors and in extraordinary bonuses, but when banks made huge losses this became a public and taxpayer responsibility



The issue of risk taking is at the heart of things. One of the major consequences of deregulation was that it moved the City on from a culture of financial partnerships, where bankers and traders were essentially betting the markets with their own money. Such a culture was considerably more risk averse than the one in which we find ourselves today. As the financial sector deregulated and borrowed money flooded into the system, many firms took greater risks in search of ever higher profits. It is true, though, that it is possible to overstate the significance of Big Bang in moral terms. Shortly after Big Bang, the Guinness scandal broke, which was all about share price manipulation and had happened under the old regime in early 1986. This was a huge deal at the time (and led to criminal prosecutions). The City has always been prone to the assumption of invulnerability among practitioners which has led to the breakdown of a moral code from time to time: clever people can always break whatever rules are in existence if they put the acquisition of money ahead of everything else.

The St Paul's Institute survey is the first of its kind, undertaken by the church, to look at the values of those who work in the Financial Services Industry. I arrived at St Paul's Cathedral a few weeks before the credit crunch broke with a brief to try and engage the City of London in conversation from the Christian and ethical point of view. At that time, I had little idea how topical or how challenging that work would be. It soon became clear that many in the financial services industry could not see the advantage of public debate on questions of ethics. They had been widely painted as villains, and public debate on questions of ethics would simply provide the media with further material for banker bashing. PR departments



It ought to be said that the Livery side of City life contributes a great deal of financial support to good causes – some £1 billion over the last 15 years



commonly advised their clients in the City that there was no up-side to public engagement. The City adopted a bunker mentality and would try and ride out the storm.

Another explanation for how challenging I found the work is to be found in the widespread belief, expressed very strongly in this survey, that the church has little of interest to say to the City. And it is interesting that, according to the figures, the City goes to church less than the general public as a whole. This is partly explained by the fact that the church itself is largely illiterate when it came to questions of finance. Despite the fact that, if you count up all the references, the right use of money is the number one moral issue in the Bible, the church has preferred to spend its time arguing endlessly about sex. Furthermore, in the world of credit default swaps, many in the church, and indeed in the general public as a whole, had become intimidated by experts. Economics had become a technical subject out of reach to the many. Yet surely the Archbishop of Canterbury, in a speech to the Trades Union Congress in November 2009, had it completely right:

“‘Economy’ is simply the Greek word for ‘housekeeping’. Remembering this is a useful way of getting things in proportion, so that we don’t lose sight of the fact that economics is primarily about the decisions we make so as to create a habitat that we can actually live in. We are still haunted by the dogma that the economic world, ‘economic realities’, economic motivations and so on belong in a completely different frame of reference from the sort of human decisions we usually make and from considerations of how we build a place to live. And to speak about building a place to live, a habitat, reminds us too that we look for an environment that is stable, ‘sustainable’ in the popular jargon, a home that we can reasonably expect will be an asset for the next generation. Economics understood in abstraction from all this is not just an academic error: it actually dismantles the walls of the home. Appealing to the market as an independent authority, unconnected with human decisions about ‘housekeeping’, has meant in many contexts over the last few decades a ruinous legacy for heavily indebted countries, large-scale and costly social disruption even in developed economies; and, most recently, the extraordinary phenomena of a financial trading world in which the marketing of toxic debt became the driver of money-making – until the bluffs were all called at the same time.”

The question of how far Corporate Social Responsibility is able to mitigate the widespread sense that the City does not contribute sufficiently to the common good is, I believe, moot. A great many of those surveyed agreed that there is too great a gap between rich and poor in this country. It ought to be said that the Livery side of City life contributes a great deal of financial support to good causes – some £1 billion over the last 15 years. Nevertheless, much of the focus of corporate giving is not upon the effects of poverty per se, but, in the words of one charity professional I spoke to, overly concerned with “kids and orchestras”. A greater emphasis on charitable causes that were less sentimentally compelling would no doubt be a challenge to many corporate organizations, but would enable them to engage with the question of “social usefulness” in a broader way.

Capitalism and ethics – and not least specifically Christian ethics – can often feel like uncomfortable bedfellows. Since Adam Smith many have come to regard the pursuit of self-interest within the marketplace as a legitimate driver for the common good. Christian ethics works in such a very different way – asserting that the common good is generated by a selfless commitment to the other. It is no wonder the conversation between the church and the City can be a tricky one. But it is not one the church can duck. Which is why I hope this report will act as a stimulus for further debate.

Value and Values: Perceptions of Ethics in the City Today

'Value and Values' is the first analytical report commissioned and produced by St Paul's Institute in order to explore levels of financial history knowledge held by those working in the financial services sector in London. It also provides a detailed look at current perceptions of the ethical culture within City organisations and their relationship to wider society.

The report consists of a survey study conducted and written by Rita Duarte, a Senior Research Analyst at ComRes, with an introduction by Revd Canon Giles Fraser, Director of St Paul's Institute and Canon Chancellor of St Paul's Cathedral, and further commentary by Rt Revd Peter Selby, former Bishop of Worcester.

Views expressed in the Institute's publications are those of the authors, not those of the Institute (which has no corporate view and exists to provide a forum for constructive debate), its staff or its Council of Reference.



Methodology

St Paul's Institute commissioned ComRes to conduct a survey of professionals working in the financial services (FS) sector in London. ComRes surveyed 515 professionals working in the FS sector in London online between 30th August and 12th September 2011.

Results were broken down by gender, age, and length of working in the financial services sector so that comparisons could be established. Throughout the report, we refer to respondents as professionals or FS professionals in London.

ComRes is a member of the British Polling Council and abides by its rules. Full data tables are available at www.comres.co.uk.

This commits the report to the highest standards of transparency.

The BPC's rules state that all data and research findings made on the basis of surveys conducted by member organisations that enter the public domain must include reference to the following:

- **The company conducting the research (ComRes)**
- **The client commissioning the survey**
- **Dates of interviewing**
- **Method of obtaining the interviews (e.g. in-person, post, telephone, internet)**
- **The universe effectively represented (all adults, voters etc)**
- **The percentages upon which conclusions are based**
- **Size of the sample and geographic coverage.**



75% agree that there is too great a gap between rich and poor



Executive Summary

This research confirms and refutes numerous stereotypes about financial services professionals working in the City of London. **In response to certain questions, the respondents play to type. For example, 'salary and bonuses' are the most important motivation** for professionals working in the FS sector in London for 2 in 3 (64%) of participants. 'Enjoyment of the work' comes a distant second. However, **in other areas, they confound the stereotype of 'greed is good' capitalists.** Most notably, FS professionals in London tend to think that bankers, stock brokers, FTSE 100 chief executives, lawyers and city bond traders are being paid too much. Moreover, most FS professionals in London think that deregulation of financial markets results in less ethical behaviour:

FS professionals in London tend to be positive about Corporate Social Responsibility (CSR) in their companies, with the majority agreeing that CSR is discussed and incentivised in their workplace. They also tend to reject the notion that CSR has a negative effect on shareholder value. Most notably of all, 75% agree that there is too great a gap between rich and poor in this country, and 58% agree that companies should invest directly in deprived communities.

Levels of knowledge on the history of the FS in the UK varies considerably, with the most experienced professionals far more knowledgeable about the history of the City and the economy more broadly.

- **Most do not know the London Stock Exchange's (LSE) motto (just 14%).**
- **Most FS professionals are not aware of earlier recessions in the UK around 1980 and 1990/91.**
- **Many are not completely familiar with what happened after the financial 'Big Bang':**
 - **2 in 5 think that the LSE crashed following the 'Big Bang'.**
 - **1 in 3 disagree that the financial markets were deregulated.**
 - **2 in 5 are not sure whether firms were allowed to be owned by an international corporation, although 42% say that was the case.**
 - **The majority do not know that minimum scales of commission were abolished and whether individual members of the LSE ceased to have voting rights.**
 - **More than two-thirds (69%) did not know that the financial 'Big Bang' happened in 1986.**

In the year of the 25th Anniversary of the financial 'Big Bang', these findings are particularly pertinent.

Finally, 41% of FS professionals in London currently believe in God, which compares to 38% who do not. However, findings suggest that they are not active about their faith as 47% say they never attend a religious service or meeting, apart from special occasions. 76% of FS professionals do not agree that the City needs to listen more to the guidance of the Church.

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Salary and bonuses is the most important motivation for working in the financial services sector in London
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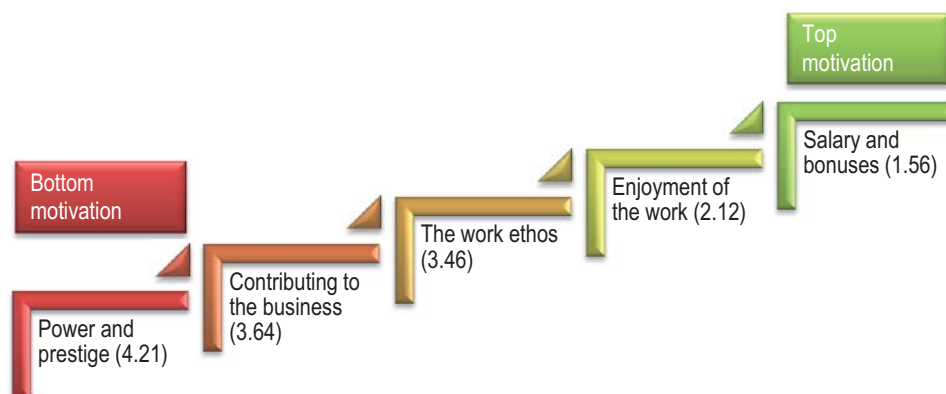
Fig. 1.1: Ranking of factors that motivate professionals to work in the financial sector
Base: All respondents

Section A – Wealth

I. Please rank each of the following in terms of how important they are in motivating you to work in the financial sector.

ComRes asked FS professionals in London to rank the five factors shown in the graph below in order of preference, where 1 would be their top motivation and 5 the bottom one. To facilitate the analysis, mean scores have been calculated based on a scale from 1 to 5. The lower the mean score, the more the factor is a top motivation.

With a mean score of 1.56, salary and bonuses is the most important motivation for working in the financial services sector in London. Indeed, around 2 in 3 professionals (64%) say that this is their number one motivation and a further 21% say it is number two. Enjoyment of the work follows as the second highest ranked motivation (2.12), with 47% saying this is their second most important motivation. 'The work ethos' (3.46) comes third and is followed by 'contributing to the business' (3.64) and 'power and prestige' (4.21). 59% say that 'power and prestige' is the least important motivation.



Further analysis:

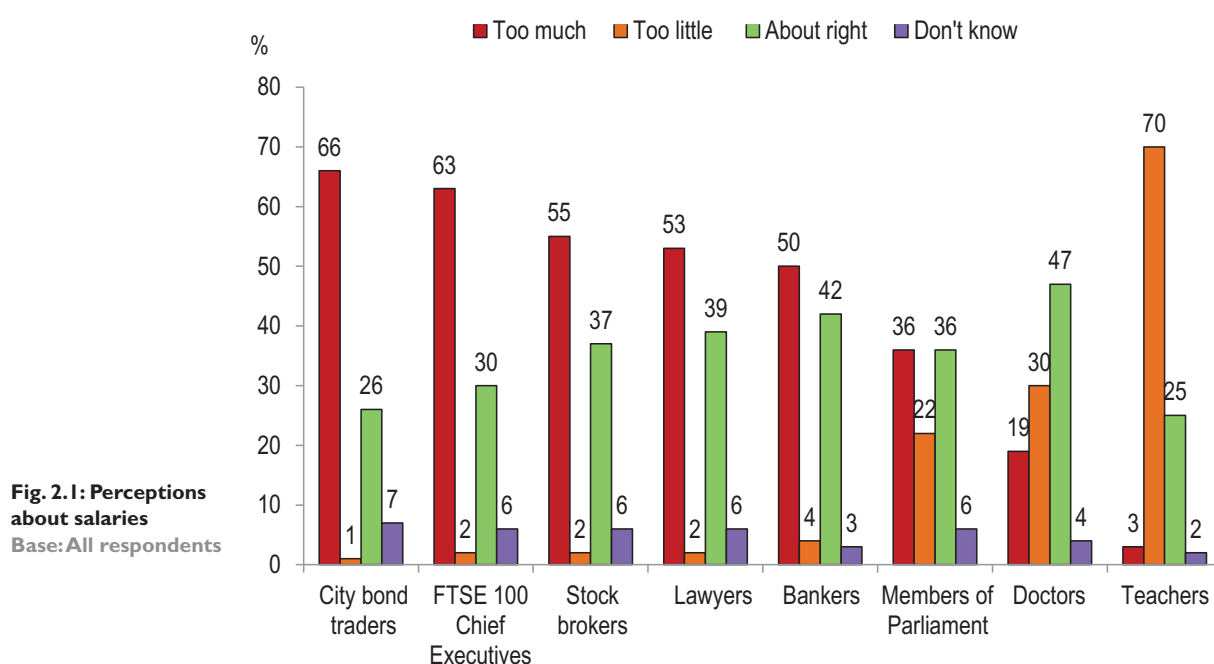
There is an interesting age trend where professionals aged 55 years old or above are less likely to say that 'salary and bonuses' is their number one motivation. Enjoyment of the work is the top motivation for this age group. In every other age group, a majority select 'salary and bonuses' as the most important motivation for working in the FS sector.

2. Do you think each of the following professions get paid too much, too little or about the right amount?

A majority of FS professionals in London think that 'bankers', 'stock brokers', the 'FTSE 100 chief executives', 'lawyers' and 'city bond traders' get paid too much. Professionals are particularly likely to hold this view of 'city bond traders', with 66% saying they get paid too much, compared to 26% who say they get paid about right.

Professionals are less likely to think that teachers, MPs and doctors are paid too much. Indeed, 70% think that teachers are paid too little and 77% think that doctors are paid too little or about right. Opinions are split about MPs, with 36% indicating that they are paid too much and the same percentage indicating they get paid about right.

Clearly, FS professionals tend to have greater sympathy with the salaries of people working in a non-FS environment (teachers, MPs and doctors) than their peers in the City. This is particularly interesting, considering that salary and bonuses are the main motivation for professionals to work in the financial services sector as we saw in the previous question.



Further analysis:

Women are significantly more likely than men to think that MPs and bankers are paid too much.

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3. What impact, if any, do you think increased wealth has on a person's moral views?

Opinions are split about the impact of increased wealth on a person's moral views. While around 1 in 3 (34%) think there is no impact, 30% think it has a positive impact and 28% think the impact is negative.

There are no clear trends by age, gender, or length of service in the sector, and the reasonably equal distribution between the three options is interesting, particularly given answers to later questions.

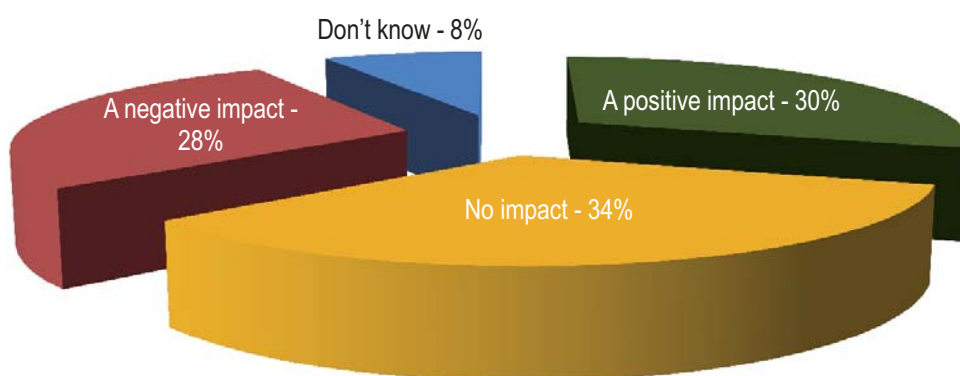


Fig. 3.1: Impact of wealth on moral views
Base: All respondents

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79% of FS professionals in London did not answer this question, indicating that they do not know what the London Stock Exchange's motto is
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Section B – Financial services history

4. What do you think the motto of the London Stock Exchange is?

79% of FS professionals in London did not answer this question, indicating that they do not know what the London Stock Exchange's (LSE) motto is. 14% of professionals indicate correctly that the LSE's motto is 'My word is my bond' (including 1% who correctly identify the motto in Latin). 8% of professionals have given other responses related to money, wealth and hard work.

5. In which years, since 1980, do you think the UK economy has been in recession?

ComRes asked professionals to pick which years the UK had been in recession from a list of years (from 1980 until 2009). The following graph shows the most common answers. A majority of FS professionals in London believe that the UK was in recession in 2008 and 2009 – 74% and 77% respectively think this is the case. They are less likely to be aware of the recessions around 1980 and 1990/91. Interestingly, around 1 in 5 professionals (22%) falsely believe that the UK was in recession in 2007 when that was not the case.

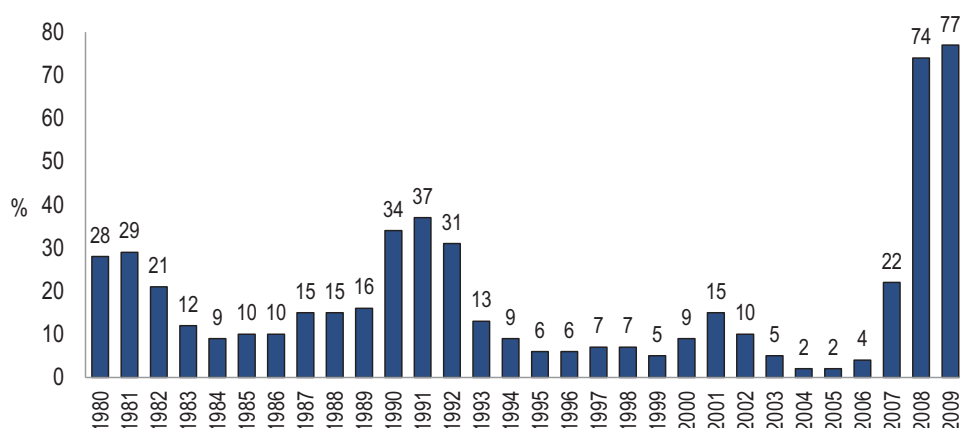


Fig. 5.1: Years when the UK was in recession
Base: All respondents

6. Which of the following changes, if any, do you think happened after the financial 'Big Bang' in the UK?

53% of FS professionals in London believe that trading started being performed by computer and telephone after the 'Big Bang' and 50% believe that firms were able to operate in a dual capacity as brokers and dealers.

However, there is no such consensus in the other areas. Although 43% say that the financial markets were deregulated, 1 in 3 (33%) think that this is not the case. Similarly, 42% say that firms in the LSE were allowed to be owned by an international corporation, but 2 in 5 (40%) are not sure. Moreover, professionals don't know whether minimum scales of commission were abolished and whether individual members of the LSE ceased to have voting rights (44% and 56% respectively).

What happened during the 'Big Bang'	Percentage saying yes	Percentage saying no	Percentage saying don't know
The start of trading being performed by computer and telephone	53%	23%	24%
Firms were able to operate as brokers and dealers	50%	16%	34%
The financial markets were deregulated	43%	33%	24%
Firms were allowed to be owned by an international corporation	42%	18%	40%
Minimum scales of commission were abolished	35%	21%	44%
Individual members of the LSE ceased to have voting rights	15%	29%	56%

Fig. 6.1: Events after the financial 'Big Bang'
Base: All respondents

Interestingly, 2 in 5 (40%) FS professionals in London think that the LSE crashed after the 'Big Bang'. Moreover, professionals are unsure whether firms on the LSE were allowed a higher debt to equity ratio and whether standardised scales of commission were introduced (50% and 45% respectively).

57% of professionals say that trading on the LSE was not closed for a week, following the financial 'Big Bang'. Nevertheless, around 1 in 3 professionals (36%) do not know whether this happened or not.

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Around 1 in 3 professionals working in the financial services sector (31%) correctly identified 1986 as the year of the financial Big Bang



Further analysis:

Unsurprisingly, professionals with more years of experience working in the sector are more likely to correctly identify the consequences of the financial 'Big Bang'. Male professionals are more likely than females to identify the correct answers.

7. In what year did the financial 'Big Bang' in the UK happen?

ComRes asked FS professionals in London to tell us the year of the financial 'Big Bang'. This question was unprompted which means that respondents could type in any year they wished.

Around 1 in 3 professionals working in the financial services sector (31%) correctly identified 1986 as the year of the financial 'Big Bang'. Professionals working in the sector for 15 years or more are particularly likely to know when the 'Big Bang' happened.

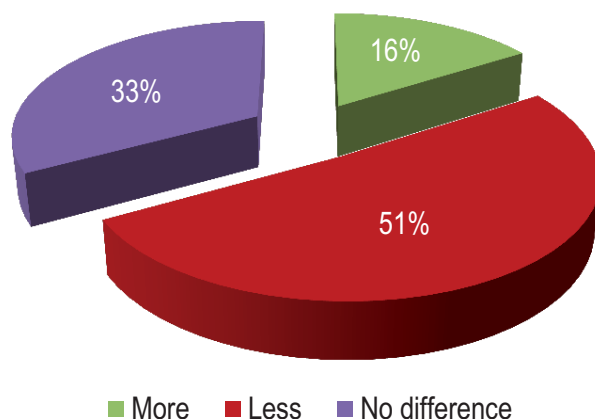
In general, incorrect answers were spread across a broad range of years, but participants were more likely to choose a more recent year (i.e. after 1986) than they were to choose an earlier year. Indeed, 10% identify the 'Big Bang' as occurring in 2008, perhaps confusing the term with the credit crunch and financial instability of that year.

Section C – Ethics and Corporate Social Responsibility

8. Do you think that in general, deregulation of financial markets results in more ethical behaviour, less ethical behaviour, or did it make no difference?

While the financial 'Big Bang' deregulated the financial markets in order to increase market activity and make financial institutions more competitive, it is interesting to see that 51% of professionals think that this deregulation results in less ethical behaviour in general terms. However, 1 in 3 professionals (33%) think it makes no difference and 16% think it results in more ethical behaviour.

Fig. 8.1: Impact of deregulation of financial markets on ethical behaviour
Base: All respondents



9. How strongly do you agree or disagree with each of the following statements about Corporate Social Responsibility and ethics?

Respondents were asked to state whether they agreed or disagreed with the statements shown in the graph below. To facilitate analysis, scores from 1 to 4 were attributed to the answers whereby 1 = disagree strongly and 4 = agree strongly. Mean scores above 2.5 show agreement in overall terms, and below indicate disagreement overall.



Moreover, professionals tend to agree that corporate ethics and ethical behaviour are not only regularly discussed, but also incentivised in their workplace



FS professionals in London tend to feel positively about CSR in their companies and they disagree that CSR has a negative effect on shareholder value. With a mean score of 3.19, 82% of professionals agree or strongly agree that their companies maintain high ethical standards in their business practices. They also agree that the ethics of their companies are broadly aligned with their own personal moral standards (2.93).

Moreover, professionals tend to agree that corporate ethics and ethical behaviour are not only regularly discussed, but also incentivised in their workplace (2.85 and 2.74 respectively). Nevertheless, 1 in 3 professionals (34%) disagree or disagree strongly that this is incentivised in their work place.



Fig. 9.1: CSR at work
Base: All respondents

Further analysis:

FS professionals in London working in the sector for more than 15 years are more likely than professionals working in the sector for a shorter period of time to agree that ethics and CSR are discussed, incentivised and taken into consideration in their business practices.

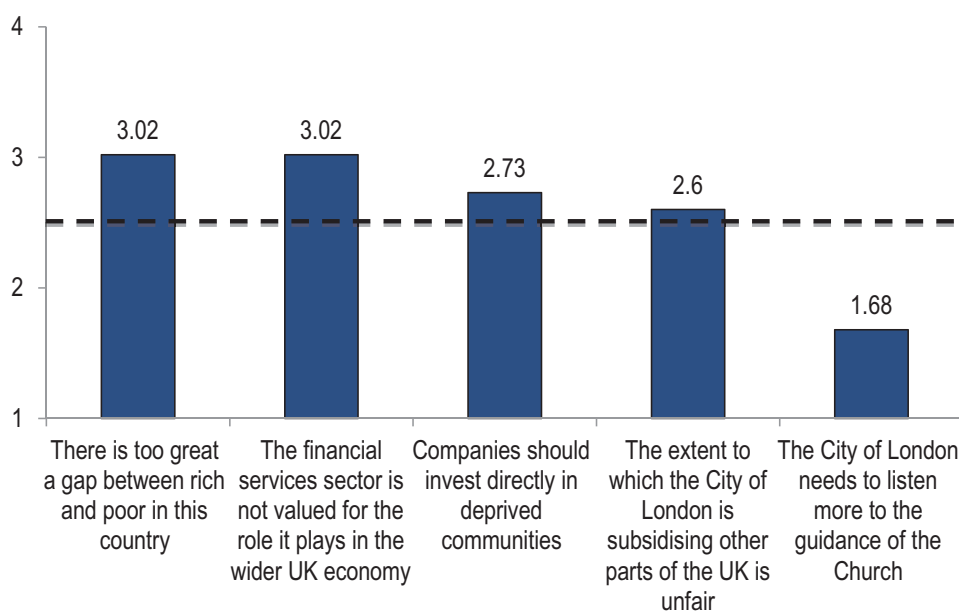
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10. How strongly do you agree or disagree with each of the following statements?

Respondents were asked to state whether they agreed or disagreed with the statements shown in the graph below. To facilitate analysis, scores from 1 to 4 were attributed to the answers whereby 1 = disagree strongly and 4 = agree strongly. Mean scores above 2.5 show agreement in overall terms, and below indicate disagreement overall.

With a mean score of 3.02, professionals tend to agree that there is too great a gap between rich and poor in this country. Indeed, 75% agree or agree strongly with this statement. Similarly, 58% agree or strongly agree that companies should invest directly in deprived communities. However, it is worth noting that 1 in 3 (33%) disagree with this statement.

Fig. 10.1: Perceptions about the economy and social issues
Base: All respondents



Focusing on the FS sector, it is interesting to see that professionals tend to agree that the sector is not valued for the role it plays in the wider UK economy (72% agree or strongly agree). With a mean score of 2.60, opinions are fairly split about whether the extent to which the City of London is subsidising other parts of the UK is unfair or not. However, professionals are fairly united that the City of London does not need to listen more to the guidance of the Church. Overall, 76% disagree with this statement, with most of those disagreeing strongly.

Further analysis:

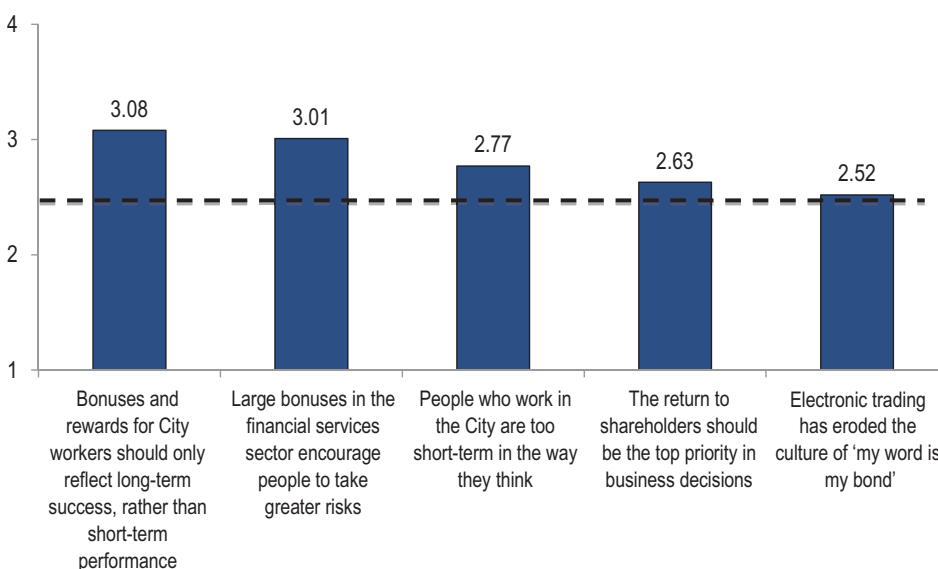
Women are less likely than men to agree that the extent to which the City of London is subsidising other parts of the UK is unfair. The most experienced in the sector are more likely to agree that the FS sector is not valued for the role it plays in the wider UK economy.

11. How strongly do you agree or disagree with each of the following statements?

Respondents were asked to state whether they agreed or disagreed with the statements shown in the graph below. To facilitate analysis, scores from 1 to 4 were attributed to the answers whereby 1 = disagree strongly and 4 = agree strongly. Mean scores above 2.5 show agreement in overall terms, and below indicate disagreement overall.

With a mean score of 3.08, FS professionals in London tend to agree that bonuses and rewards for City workers should only reflect long-term success, rather than short-term performance. Similarly, they also agree that large bonuses in the financial services sector encourage people to take greater risks. 70% or more agree or agree strongly with these two statements.

Fig. 11.1: Bonuses and people who work in the city
Base: All respondents



FS Professionals in London tend to agree that bonuses and rewards for City workers should only reflect long-term success, rather than short-term performance.



Agreement with the other statements is not as widespread. 58% of professionals agree or strongly agree that people who work in the City are too short-term in the way they think (mean score of 2.77) but around 1 in 3 (34%) disagree or strongly disagree. Moreover, 54% agree that the return to shareholders should be the top priority in business decisions, and 39% disagree or strongly disagree. Similarly, opinions are split over whether electronic trading has eroded the culture of 'my word is my bond' (2.52).

Further analysis:

Men (67%) are more likely than women (42%) to agree or strongly agree that people who work in the City are too short-term in the way they think.

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12. Have you had professional experience of working in the financial sector during a recession, before 2008, or not?

69% of FS professionals in London have had professional experience of working in the sector during a recession before 2008. However, 28% have not.

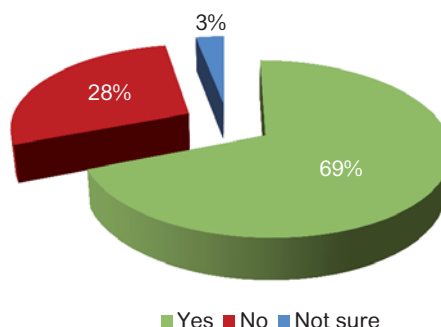


Fig. 12.1: Percentage of professionals working during a recession before 2008
Base: All respondents

Further analysis:

Unsurprisingly, older professionals are more likely than younger professionals to have had professional experience of working in the sector during a recession before 2008. Men (74%) are more likely than women (59%) to have worked in the sector during a recession before 2008.

Section D – Religion

13. Which one of the following statements comes closest to your own view about God?

37% of FS professionals in London have always believed in God and further 4% say they believe in God now, but have not always done so – 41% currently believe in God. A similar percentage (38%) do not believe in God, although this lack of belief assumes different forms for different people. Indeed, 15% say they have never believed in God, 11% say they believe in a higher power (albeit not a god), 7% say they are a spiritual person (but not a god-believer) and 5% say they used to believe in God, but no longer do. Interestingly, around 1 in 5 professionals (21%) do not know whether there is a God.

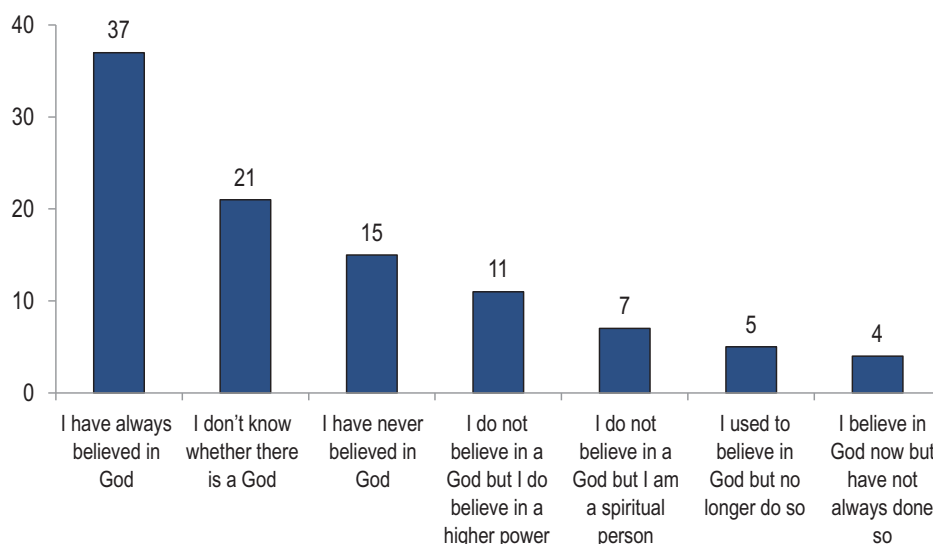


Fig. 13.1: Perceptions about God
Base: All respondents

Further analysis:

Women are more likely than men to believe in God and be more spiritual. Older FS professionals are more likely than younger people to believe in God.

14. Apart from special occasions like weddings, funerals or baptisms, roughly how often do you attend a religious service or meeting?

47% of respondents say that they never attend a religious service or meeting, apart from special occasions. 19% attend a religious service or meeting several times a year and a further 18% once a year. This leaves 16% who attend a religious service or meeting once a month or more frequently, which is broadly in line with the public.¹

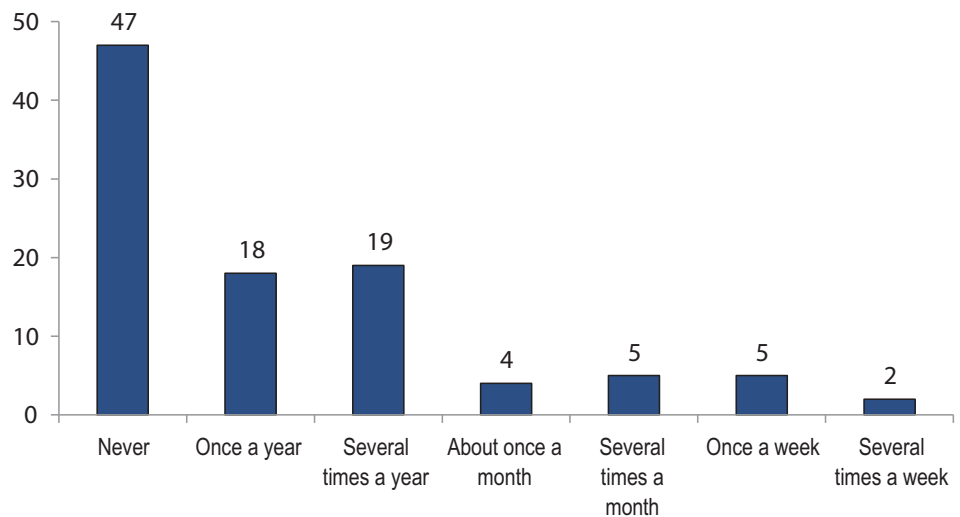


Fig. 14.1: Attendance of a religious service or meeting
Base: All respondents



16% attend a religious service or meeting once a month or more frequently, which is broadly in line with the public.



¹ http://www.whychurch.org.uk/tearfund_church.pdf

Value and Values: Response to survey

The Right Reverend Dr Peter Selby



Since this survey was bound to tell St Paul's Institute things it did not particularly want to hear it is commendable that the survey was undertaken at all. Churches do not often ask themselves questions about their audience, and when they do there has been a depressing tendency to assume that what churches say is what the audience hears, and that knowing what the audience needs to hear is sufficient to determine what should be said to them. For that reason alone St Paul's Institute is to be congratulated on confounding that stereotype of church and actually seeking to know some of the key characteristics of the audience they seek to address, the financial sector professionals [FSPs] working in the City of London.

The Institute is also to be applauded for undertaking that search *professionally* by employing an outside organisation to undertake the work. The result is a series of answers to questions capable of quantitative analysis, breaking out of the anecdotal mould that often characterises churches' evidence about their audience: telling the stories that emerge from pastoral engagement adds vitality to our understanding of those to whom we wish to speak; but it does not always provide a reliable basis for communication. Marketing, and the skills associated with it, has often been regarded as a bad thing, when in fact marketing arises from a genuine interest in communicating with people as they actually are rather than as you imagine them to be, and not requiring them to change before you engage with them.

The report is of great value, regardless of whether the respondents present the world as the Institute would like it to be. The results are quantitative and therefore show percentages of respondents giving particular answers to questions. Those who have analysed the results are quite right to say that they both confound and confirm prevalent stereotypes of professionals working in the financial sector:

The report shows clearly the contradictions with which the FSPs who responded seem to live. We learn, for instance, that around two thirds of respondents think that FSPs are overpaid and about the same percentage declare that salary and bonuses are their principal motivating factor in the work environment; that will mean that a significant number appear in both majorities. That could be one of the most important discoveries for those planning the Institute's programme, or indeed for anyone seeking to engage FSPs in conversation: to judge by the report, many are motivated by the financial rewards that go with their work while believing that those rewards are excessive. It would, one presumes, be possible to correlate these two responses so as to see precisely what



A significant number of people are motivated by the financial rewards that go with their work while believing that those rewards are excessive.





Such decisions may not seem to the wealthy to be moral decisions, but of course they are



percentage of the respondents come in both categories, but in any event the overlap is striking, and presents an intriguing 'space' in which engagement can potentially take place: 'How do you live with this contradiction?' seems like a fertile question for both individual encounters and discussion/conference work.

What I know from my own experience and that of those who have worked in industrial mission in particular is that it is not difficult, once in conversation, to explore contradictions to good effect. What is much more difficult is to do so in a way that produces outcomes that are resistant to the institutional pressures to which working life exposes people. The 'Monday morning institutional drag', a mixture of fear for one's own future, actual loyalty to colleagues, and the peer pressure that operates in highly demanding work situations represent significant obstacles to engagement that is effective in engendering change rather than simply a rehearsal of fainthearted guilt. In that connection it is of some interest that in later life (in the case of this sample those over 55) the financial motivation becomes less strong: that suggests that people are able to think more independently and attend to other motivations when they have a career behind them, less to lose – and have enough in the bank to be less worried.

Such a comment is not intended cynically: the fear that is prevalent among those working in the sector is palpable in any honest conversation. If you work in the financial sector and are well paid the abyss into which you look in the context of a climate of job uncertainty can be very deep and frightening. The question asked in the survey about the effect of wealth on moral attitudes produces a roughly three-way split between those who think it has no effect (the largest group), those that think it has a negative effect and those that think it has a positive effect. It might be of some interest to know what the answers would be if the question was not about the effect of wealth but of job insecurity. There are also other important areas of exploration that suggest themselves around this question in the survey: those who have a lot of money have more decisions to make about what to do with it and must (one would think) spend rather more time than poor people do on what to invest in. I recall being told by a friend that his brother had contacted him suggesting that they buy a property jointly on the grounds that 'my financial adviser says I'm under-mortgaged' (it was a while ago!). Such decisions may not seem to the wealthy to be moral decisions, but of course they are.

One of the questions with the most far-reaching topical relevance relates to the effect of the 'Big Bang' on the behaviour of FSPs. An actual majority of those asked believed that deregulation resulted in less ethical behaviour. That implies a further area of contradiction worthy of exploration: deregulation did not just happen; it was an essential aspect of the economic liberalism that has dominated western countries in the last decades of the twentieth century and since, and what that implies is that it had the support not just of the political right but of most of those in influential positions in the financial sector. Probably, that is to say, many of the older respondents actually voted for the deregulation which they now assert has had a negative ethical effect. That is not a surprising discovery: in the current debates about what is to be done about the international financial crisis it is rare to hear a banker supporting further regulation, and on the whole the

**Value and Values:
Response to survey
(continued)**

recommendations for regulation contained in the report of the Independent Commission on Banking have been accepted as the minimum that can be got away with rather than with enthusiasm; all the talk is of the negative effects of regulation on competitiveness and on the contribution the City of London makes to the wider economy.

So here we have it: a community of people as represented by the respondents (the FSPs) supports deregulation and believes it contributes to declining ethical standards. At the same time that community believes that the companies for which they work maintain high ethical standards, ones that accord with their own, and that maintaining ethical standards is not inconsistent with maximising shareholder value. Yet the maximising of shareholder value seems to require deregulation, and deregulation (the same community believes) has a negative effect on people's tendency to behave ethically. Naturally such statements made on the basis of quantitative analysis of monosyllabic answers to survey questions may lack the nuances that would emerge in individual conversations; but they certainly demonstrate a community profoundly at odds with itself, opening up a vital arena of discussion around the question, 'what is this thing you call "ethics", which you so strongly favour though it is so negatively affected by the economic decisions you are taking every day?' As with the matter of motivation, it transpires that it is among the older participants that the CSR dimension is most strongly supported.

Further contradictions emerge when questions are asked about social issues. On the one hand there is a large measure of support for the proposition that there is too large a gap between rich and poor; though this support declines when faced with the practical suggestion of investment in deprived communities. On the other hand, there is a widely held view among respondents that their sector is not sufficiently valued in society at large, though it is not clear what form that 'valuing' might take. Given that the respondents believe that they (i.e. FSPs) are overpaid and teachers underpaid, and given their support for the deregulation which has made their affluence possible, we are surely faced here with an ethical incoherence well worth exploring if not exposing.

The survey reveals interestingly a more atheistic, or at any rate a less pro-God, community than is the case in the society at large. But even in the face of that there are still a third of respondents who profess belief; and therefore the overwhelming majority who do not agree with the proposition that the City should listen more to the guidance of the Church will include a significant number who do believe in God. This question, whether the City should listen more to the guidance of the Church, is in a sense the 'bottom line' of the survey from the Institute's point of view: this is, after all, an inquiry conducted for the purpose of evaluating the Institute's work with FSPs, its purpose and direction. But the question and the responses to it are perhaps more tantalising than revealing. What, one would love to know, is the image that comes into the mind of a recipient of the survey when faced with a question about the 'guidance of the Church'? Is it documents produced by the Mission and Public Affairs Division of the Archbishops' Council? Or archiepiscopal statements? Or Christian Aid posters? Is this the response of FSPs to what is likely to emerge from a Church which is aptly described as a community of Daily Telegraph readers ministered to by Guardian readers, well-meaning but unrealistic comments on

public affairs by people who have never had to worry about their job security or their pension, let alone shout trades down the telephone? If this is the 'guidance' we have to offer then the Institute knows (or rather has had confirmation of what it surely knew before) that their audience widely and strongly declares itself not interested.

But that need not be depressing news. Perhaps a question that might have been asked, and certainly needs to be asked now in the light of that 'guidance, no thanks' response, is 'What, if any, contribution does a Church body have to make to your facing of the issues raised by your work in the financial sector?' My guess is that faced with a question in that form, one that does not conjure up the negative images about 'guidance', a more reflective and attentive answer might emerge.

And if the answers to the other survey questions are anything to go by the shape of that contribution by the Church is not that hard to discern. We have to find ways of enabling our hearers to become participants in a conversation about the contradictions in our attitudes to all that the financial sector is and symbolises. (I say, 'our' attitudes because Church members, and the Church institutionally are of course totally complicit and enchained by the issues focussed in the financial sector; and therefore it 'our' conversation.)

To enable that conversation means providing safe places where we might create a critical mass of resistance to some of what passes as 'ethical' in the City, and certainly a place where courage might be sustained in the struggle to translate ethical beliefs into policies for a financial system conducive to human flourishing. Such a place also needs to be inhabited by people with the attentiveness and non-judgmental skills that enable their fellow-explorers to say what is in their heart and how they may find strength to live by it and resist the pressures ranged against any humanising change.

It would be odd if Christians – and indeed members of other faith communities too – did not find this an entirely traditional and authentic expression of their faith, since the search for 'holy wisdom' and for spiritual guidance are deeply embedded in our history. The pity is that it has not been embedded in the search for much needed wisdom in the matter of money and all it drives us to. This survey reaffirms the difficulty and challenge of incarnating the search for wisdom in the City – but even as it does that it makes as plain as could be just how necessary that search is.



So here we have it: a community of people as represented by the respondents (the FSPs) supports deregulation and believes it contributes to declining ethical standards.



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