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**TRUST RISES TO 23 PERCENT IN
CHICAGO BOOTH/KELLOGG SCHOOL FINANCIAL TRUST INDEX**

*Trust in banks stabilizes in new report,
attitudes toward housing market and job security also improve*

CHICAGO (October 30, 2012) – As the economy continues to be a top issue for voters in the final days of the presidential campaign, a new report finds that 23 percent of Americans say they trust the country’s financial system. According to the latest Chicago Booth/Kellogg School Financial Trust Index issued today, this is an increase of two percentage points since the last issue of the Index in June 2012 and reflects a rebound of trust in the banking sector.

The Index measures public opinion over three-month periods to track changes in attitudes. Today’s report is the 16th quarterly update and is based on a survey conducted in September 2012.

“Trust in banks has returned to levels we’ve reported in the last year of the Index, bouncing back to 33 percent from 27 percent just three months ago. The low level of trust banks experienced last quarter was likely due to the effect of the JP Morgan scandal, demonstrating that very public cases of mismanagement can have short-run effects on trust,” said Luigi Zingales, co-author of the Financial Trust Index and the Robert R. McCormack Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business.

Zingales added that this gain in the banking sector was largely driven by an increase of trust in national banks in particular, which rose by five percentage points to 28 percent since the last report. Also, trust in community banks and credit unions remained relatively high at 56 percent and 61 percent, respectively.

Other factors important to voters in this year’s election improved in this issue of the Financial Trust Index, such as increased optimism on the U.S. housing front. Thirty-seven percent of people surveyed said they think house prices will increase in the next 12 months, as compared to 14 percent who think they will decrease.

“We saw similar improvements on the job front in this quarter’s survey, with only 12 percent of respondents saying they fear losing their jobs in the next 12 months,” said Paola Sapienza, co-author of the Financial Trust Index and the Merrill Lynch Capital Markets Research professor of finance at the Kellogg School of Management at Northwestern University. “This is an improvement from 15 percent just three months ago, and is significantly lower than the 23 percent we reported in December 2008 in the earliest months of the financial crisis.”

Other findings from this quarter's Financial Trust Index include:

- Since June 2012, trust in stocks edged up (to 17 percent from 15 percent), as did trust in mutual funds (to 29 percent from 25 percent). Trust in large corporations remained stable at 15 percent.
- The majority of Americans have a neutral view of the stock market, with 76 percent of survey respondents planning to leave their investments in the stock market unchanged and more than half of respondents saying that a stock market drop of more than 30 percent within the next 12 months is unlikely.
- Sixty-eight percent of respondents with an opinion on Medicare and Medicaid benefits agreed with the following statement: "The country's public finances can be made sustainable without cutting Medicare and Medicaid benefits and without increasing taxes on households with incomes below \$250,000."
- Sixty-one percent of respondents think some financial institutions choose to be big because there is a political benefit for being large, and not because of an efficiency consideration. The researchers noted a gender difference on this topic: Among men, 40 percent said financial firms are big for efficiency's sake and 51 percent for political benefit, versus 31 percent and 57 percent for women, respectively.

ABOUT THE SURVEY: On a quarterly basis, the Financial Trust Index captures the amount of trust that Americans have in the institutions in which they can invest their money. The survey is conducted by [Social Science Research Solutions \(SSRS\)](#) as part of their weekly national telephone survey, *EXCEL*. In the most recent wave, a total of 1,011 individuals were surveyed by live interviewers (not IVR) from Sept. 19 to Sept. 26, 2012. The institutions considered in the survey are banks, the stock market, mutual funds and large corporations.

MORE INFORMATION: To learn more about the Chicago Booth/Kellogg School Financial Trust Index visit www.financialtrustindex.org. To arrange an interview, contact Betsy Berger or Allan Friedman at the contact information listed above. To learn more about the Kellogg School of Management at Northwestern University, visit www.kellogg.northwestern.edu. To learn more about the University of Chicago Booth School of Business, visit www.chicagobooth.edu.

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