

Chicago Booth/Kellogg School Financial Trust Index reveals highest level of anger about the economy since 2013

CHICAGO (February 9, 2021) – The latest set of results of the Financial Trust Index (FTI), conducted in December 2020, shows a decrease of trust in financial institutions and increased anger with the economy. The FTI was created to measure the overall level of trust in American institutions and is administered by the University of Chicago Booth School of Business and Northwestern University's Kellogg School of Management. The new wave indicates a **decrease in public trust in financial institutions to approximately 31.3 percent**, after reaching its highest level in 2019, at 33.3 percent. The falling level of trust in large corporations is the primary driver of the recent decline, decreasing from 21.9 percent in 2019 to 18.9 percent in 2020.

Anger about the US economy reached its highest level since 2013, with 40.3 percent of those interviewed reporting being angry at the current economic situation. Although the increase occurs independently of political affiliation, the rise was particularly robust amongst Republicans, whose anger more than doubled in the period, from 18.1 percent in 2019 to 38.9 percent in 2020.

Other key findings include:

- **Second-highest level of trust in the US Government:** Trust in the government increased from 21.5 percent to 25.6 percent. Republicans' trust in the government reached a record high at 31 percent. Although the story remains the same for white and Black people, Hispanic people's trust in the government fell approximately 16 percent, compared to last year.
- **Trust in the Fed continues to increase:** Trust in the Federal Reserve reached its highest level since inception in 2020 at 41.9 percent. The increase was driven primarily by people with at most some college education.
- Although trust level decreased slightly, from 32.8 percent to 28.3 percent in 2020, **we found large disparities of trust in the market system between racial groups.** White people's trust in the market system remained the same, while Black people's trust increased by almost 10 percentage points to 35 percent. Meanwhile, Hispanic people's trust decreased significantly, from 40.8 percent in 2019 to 17.9 percent in 2020.
- **A fifth of respondents do not trust the police:** 21.7 percent reported they have no trust in police, and only 50.8 percent reported some trust. The differences in trust in police are especially distinct across races. Approximately 58.3 percent of white people replied that they trust the police, while only 33.3 percent of Black people share their trust. More importantly, 39.9 percent of Black people reported not trusting the police. Lastly, we can also see some differences across the political spectrum, with 61.7 percent of Republicans trusting the police, compared to only 43 percent of Democrats.

Financial Trust Index Methodology:

Financial Trust Index captures the level of trust that Americans have in institutions. The study was conducted for the Financial Trust Index via telephone by SSRS, an independent research company. Interviews were conducted between December 21–29, 2020, among financial decision-makers. A total of 1,023 interviews were conducted, with a margin of error for total respondents of +/-3.64 percent at the 95 percent confidence level. More information about SSRS can be obtained by visiting www.ssrs.com.

About the Index:

Professors Paola Sapienza and Luigi Zingales created the Financial Trust Index in 2008 to study the changes in trust in the financial industry and its impact on investors' decisions. The measure monitors the level of American's trust in institutions yearly and regularly evaluates how current events, policy, and government intervention might affect it. The initiative is sponsored jointly by the Kellogg School of Management at Northwestern University and the University of Chicago Booth School of Business and administered by Social Science Research Solutions.

Paola Sapienza is the Donald C. Clark/HSBC Chair in Consumer Finance Professor at the Kellogg School of Management at Northwestern University. **Luigi Zingales** is the Robert R. McCormack Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business.