

Big Banks Begin Effort to Improve Image, Set 'Record Straight'

By Julianna Goldman and Robert Schmidt

March 24 (Bloomberg) -- One of Wall Street's main lobbying groups is starting an image-improvement campaign aimed at showing the financial industry as trustworthy and a positive force after more than a year of being chastised in Washington.

The board of the Financial Services Roundtable, which represents the 150 largest banks and insurance companies in the U.S., discussed the effort last week at a meeting in New York. The public relations campaign, which will come to fruition as the mid-term election season heats up, is being led by three firms: public relations specialists APCO Worldwide, pollster Luntz Maslansky Strategic Research and DDB, an advertising agency owned by New York-based Omnicom Group Inc.

"The financial services industry is dedicated to earning back the trust of the American people, and is engaging in a comprehensive effort to communicate directly with them," the Roundtable said earlier this year in a letter soliciting proposals from public relations firms. "Past experience in successful reputation enhancement campaigns is valued."

The group, whose membership includes New York-based JPMorgan Chase & Co. and Citigroup Inc., hasn't decided on the campaign's specifics or scope, said Scott Talbott, chief lobbyist for the Roundtable. Initially, it will focus on setting up a Web site and using other "social media," such as Twitter or Facebook, he said.

'Positive Benefits'

"The only ones out there talking are our critics, and it's our turn to set the record straight," Talbott said. "Our focus is two things -- one, to have a conversation with our customers and two, to demonstrate the positive benefits the industry brings to the economy and consumers' lives."

The critics include Congress, where the Senate Banking Committee on March 22 passed a regulatory overhaul bill that is opposed by many in the industry. The Obama administration also has not shied away from lambasting bankers.

"If these folks want a fight, it's a fight I'm ready to have," President Barack Obama said in January.

The Wall Street offensive comes ahead of a mid-term election season in which polls have shown voters remain angry about taxpayer bailouts for businesses during the worst recession since the Great Depression.

Along with the federal government, Wall Street will be the frequent target of political attacks, said Evan Tracey, president of Kantar Media's Campaign Media Analysis Group in Arlington, Virginia.

'Convenient Villain'

"Every election has its convenient villain," said Tracey, whose firm specializes in tracking and analysis of political advertising. "Wall Street is clearly going to be in the crosshairs of a lot of the candidates running for office this year."

He also said November's vote "is really the first major election since the country's had the chance to digest the too-big-to-fail mentalities" that helped fuel the bailouts of the financial services industry.

A new Bloomberg National Poll found that almost two-thirds of Americans said they have an unfavorable opinion of business executives, a rating that rivals the public's disdain for Congress, which was viewed with disfavor by 67 percent of respondents.

Also, 56 percent said they would support government action to limit compensation of those who helped cause the financial crisis, or to ban those people from working in the banking industry.

The survey of 1,002 U.S. adults was conducted March 19-22 by Selzer & Co. of Des Moines, Iowa; its margin of error is plus or minus 3.1 percentage points.

Tracey questioned the potential effectiveness of the financial industry's public relations effort.

No 'Silver Bullet'

"It's not going to be a silver bullet for them in terms of changing what's going on," Tracey said. "There's going to be an awful lot of negative chatter about Wall Street in the context of the midterm elections."

Obama administration officials have said that with enactment of regulatory overhaul a priority for the president by the end of the year, 2010 candidates will have to take a stand as either being on the side of banks or the public.

"We know firsthand that when you try to change the status quo in Washington, the special interests and the lobbyists are going to fight hard, but ushering in new rules of the road for our financial system and establishing new consumer protections for American

families is well worth the fight,” said White House deputy communications director, Jen Psaki.

With its victory on health care legislation, the Obama administration is turning more of its attention to rewriting financial regulations.

Proposals ‘Essential’

In his March 20 weekly address on the radio and Internet, Obama called the regulatory proposals being considered in Congress “essential.”

“We need common-sense rules that will our allow markets to function fairly and freely while reining in the worst practices of the financial industry,” he said.

Since the beginning of 2009, large banks and financial firms have spent more than \$500 million on lobbying and campaign contributions, according to data from the Center for Responsive Politics.

The U.S. Chamber of Commerce, the largest U.S. business lobby, spent \$144 million last year to influence federal officials, according to Senate records.

The bill approved by the Senate banking panel would create a consumer protection bureau at the Fed to police banks for lending abuses and set up a nine-member council of regulators to identify and respond to risks in the financial system. The bill would set up a mechanism for dismantling large firms that are failing and give shareholders a non-binding vote on executive pay.

Financial industry concerns about the measure include limits on proprietary trading and restrictions on owning hedge and private equity funds.