

# Academy of Marketing Conference 2022

- Fabric of Live -

**Professor Thorhallur Gudlaugsson, Ph.D (th@hi.is)**

Marketing strategy and service management

## Extended abstract

### **The image of Icelandic banks after the financial crisis in 2008**

In October 2008, Iceland experienced the deepest and most rapid financial crisis recorded in history. In a matter of days, three of the country's biggest retail banks (Íslandsbanki/Glittir, Arion/Kaupthing and Landsbankinn), which represented around 85% of total banking assets, collapsed and were taken over by the Icelandic government. In 1995, the banking sector's level of foreign debt was 6% of GDP. In 2004, that level was 138%, and it grew to around 10 times GDP by the end of 2007. At the time of the banks' collapse in October 2008, serious liquidity problems meant that they had become too big for the Central Bank (or the government for that matter) to rescue.

Earlier research has shown that the image of Icelandic banks was severely damaged following the banking crisis (Eysteinnsson and Gudlaugsson, 2011; Gudlaugsson and Eysteinnsson, 2012; Gudlaugsson and Larsen, 2014) and there are several definitions of the concept of image in the literature (see Fombrum, 1996; Hatch, Schulz, and Williamson, 2003; Keller, 1993; Wrenn, Kotler and Shawchuck, 2010). Before the crisis the Icelandic banks were strongly associated with positive attributes such as "trust," "social responsibility," "satisfied customers" and "personal services." In 2006, 2 years before the crisis, the value for "trust" on a nine-point scale was 6.26, which is relatively high, while the value for "corruption" was relatively low at 4.13. In 2011, 3 years after the crisis, "trust" achieved its lowest value at 2.18 and the value for "corruption" was at its peak at 7.38 on the nine-point scale. In 2018, 10 years after the crisis, the value for "trust" (4.83) was still lower than the value for "corruption" (6.24), and according to a manager of one of the banks, it will likely take some time for the banks to regain the trust they had before the crisis. These findings reveal that certain image attributes such as "trust" are precarious in the sense that they are difficult to build and easily

lost. The research question addressed in this paper is “*how have the Icelandic banks managed to restore the image they had before the crisis in October 2008 thirteen years ago.*”

The findings presented in this paper are based on 15 surveys conducted between 2006 and 2021. The number of answers received was approximately 700 each year, and the questionnaires were similar for each period. A perceptual mapping methodology was used to examine the banks’ positions regarding to image. The image attributes used for the surveys were identified in an extensive exploratory study conducted in 2004 and these attributes are “support for good causes,” “progressive,” “modern,” “corruption,” “old-fashioned,” “personal service,” “social responsibility” and “trust.” The findings indicate that for the first time since before the financial crisis, “trust” score higher (5.78, +/- 0,16) than the image attribute “corruption (5.19, +/- 0,22) and the difference is significant. What is also of interest is that positive attributes, such as “social responsibility,” is strongly related to “trust” for the whole period.

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