



Trust in public finances

A survey of citizens in 10 European countries

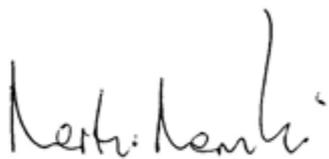
Foreword

Limited awareness and understanding of public finances, low levels of trust in governments' handling of public finances and strong support for better planning and management of public spending are key themes emerging in *Trust in public finances: A survey of citizens in 10 European countries*.

Carried out in late September, the survey provides a unique picture of the aggregate views of 10,000 Europeans on the state of public finances. The 10 countries surveyed include Europe's largest economies, eurozone and non-eurozone members, countries affected by 'austerity' measures, new and old EU member states and countries from the north, south, east and west. The data is further broken down by gender, age group and by broadly delineated geographical regions within each country.

In recent years, we have seen trust and confidence in public finances challenged by the financial and economic crises – and often by the political responses too. The survey results underline the strong call by citizens across Europe for greater transparency, democratic accountability as well as more effective and efficient public expenditure. The accountancy profession has an important role to play, helping to promote greater transparency of financial information for a more informed public debate, encouraging robust financial leadership in the public sector and improving interaction with financial markets.

This survey is part of our joint *Sustainable public finances – EU perspectives* initiative, seeking to promote discussion among key policymakers and stakeholders on how to enhance public sector accounting and financial management in Europe. We trust that the key findings will further inform debate by highlighting the views held by the wider European public as well as where they would like to see most improvement and action by governments.



Martin Manuzi
ICAEW Regional Director, Europe



Patrice Schumesch
PwC Global Public Finance and
Accounting Partner

Key findings

Transparency and financial literacy

- Across the 10 countries surveyed, fewer than 1 in 5 Europeans feel that their government provides them with sufficient information about the state of public finances.
- Low levels of understanding translate into high degrees of support for more government action to facilitate greater awareness on the state of public finances and how taxpayers' money is spent.

Trust and confidence

- Only 1 in 5 Europeans express confidence in their government's ability to manage public finances. Trust in governments' planning for future needs is also limited across the EU.
- There is a clear correlation between the low levels of trust that Europeans have in their governments' financial management and their low levels of confidence in their governments' ability to finance core public services, such as healthcare and education, in the future.
- The countries with the highest levels of distrust are also the ones where there is a greater demand for information and transparency on the state of public finances and on how public resources are spent.

Public finances: today and tomorrow

- Public debt appears to be a serious worry across the EU. A significant majority of Europeans (7 in 10 respondents) want more action from their governments to reduce the debts of their countries.
- A clear majority of Europeans want governments to better plan and manage public finances. More efficient spending is seen as critical across all countries surveyed, with 8 in 10 Europeans thinking that more can be done to ensure better value for money when it comes to public finances.

The base used for the graphs and charts on the following pages:
10,245 respondents in 10 countries unless otherwise stated.

Our insights

Drawn from a joint ICAEW-PwC discussion series on *Sustainable Public Finances: EU Perspectives*

Transparency and financial literacy

- Shortcomings in the current state of accounting and reporting within much of the government sector in Europe may effectively mask the real financial picture of countries. This makes it difficult for the wider public to understand the true and complete state of public finances.
- Greater transparency and comparability will help to underpin informed debate on the use of public monies. This is a key feature of democratic accountability, a process which requires strong political commitment backed by greater scrutiny by citizens, media and markets.
- High-quality information is needed for effective policymaking and financial planning. The financial literacy of Europeans needs to improve so they can better understand and use the available financial information.

Trust and confidence

- In a number of countries, the financial and economic crisis evolved from a crisis of confidence in markets to assume a wider political dimension. Governments need to continue to rebuild citizens' trust in public finances and help them to regain confidence in the state's ability to meet existing commitments and plan for the future.
- The provision of high-quality and transparent financial information can help enhance decision-making, ensuring that governments deliver value for money in the pursuit of public policy objectives.
- In strengthening the sustainability of public finances, better information and reporting can help create a positive legacy for the next generation.

Public finances: today and tomorrow

- Economic growth alone cannot achieve sustainable public finances in the longer term without appropriate public sector accounting and financial management frameworks.
- Reforms are critical to improving the management of public resources in light of mounting sovereign debt across the EU. The introduction of accruals accounting is an important piece in the jigsaw upon which others in the financial management and governance systems depend.
- Better management of current resources and improved planning for future needs are imperative to ensure governments' continuing capacity to fund, for example, advances in healthcare and to benefit from increasing longevity.

Transparency and financial literacy

Fig 1 Information about the state of public finances.

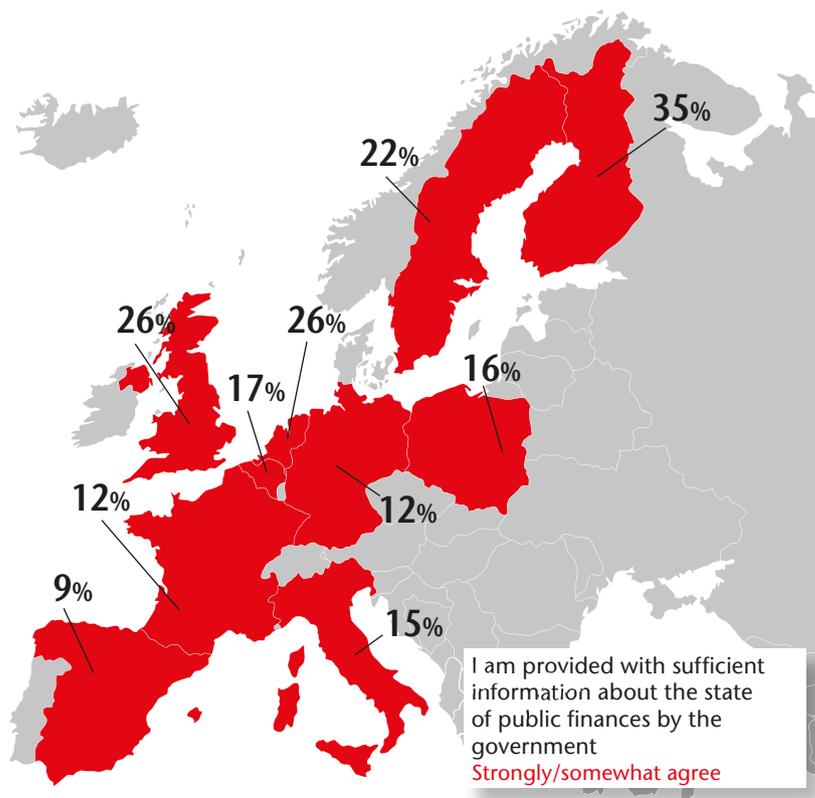
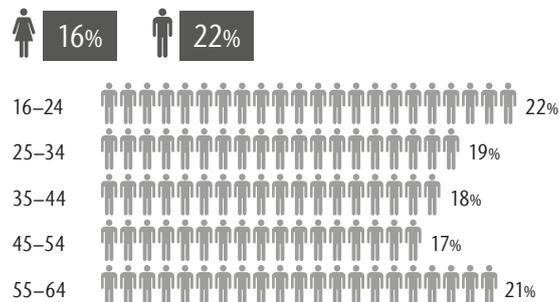


Fig 2 Information about the state of public finances: gender and age.

I am provided with sufficient information about the state of public finances by the government.

Strongly/somewhat agree



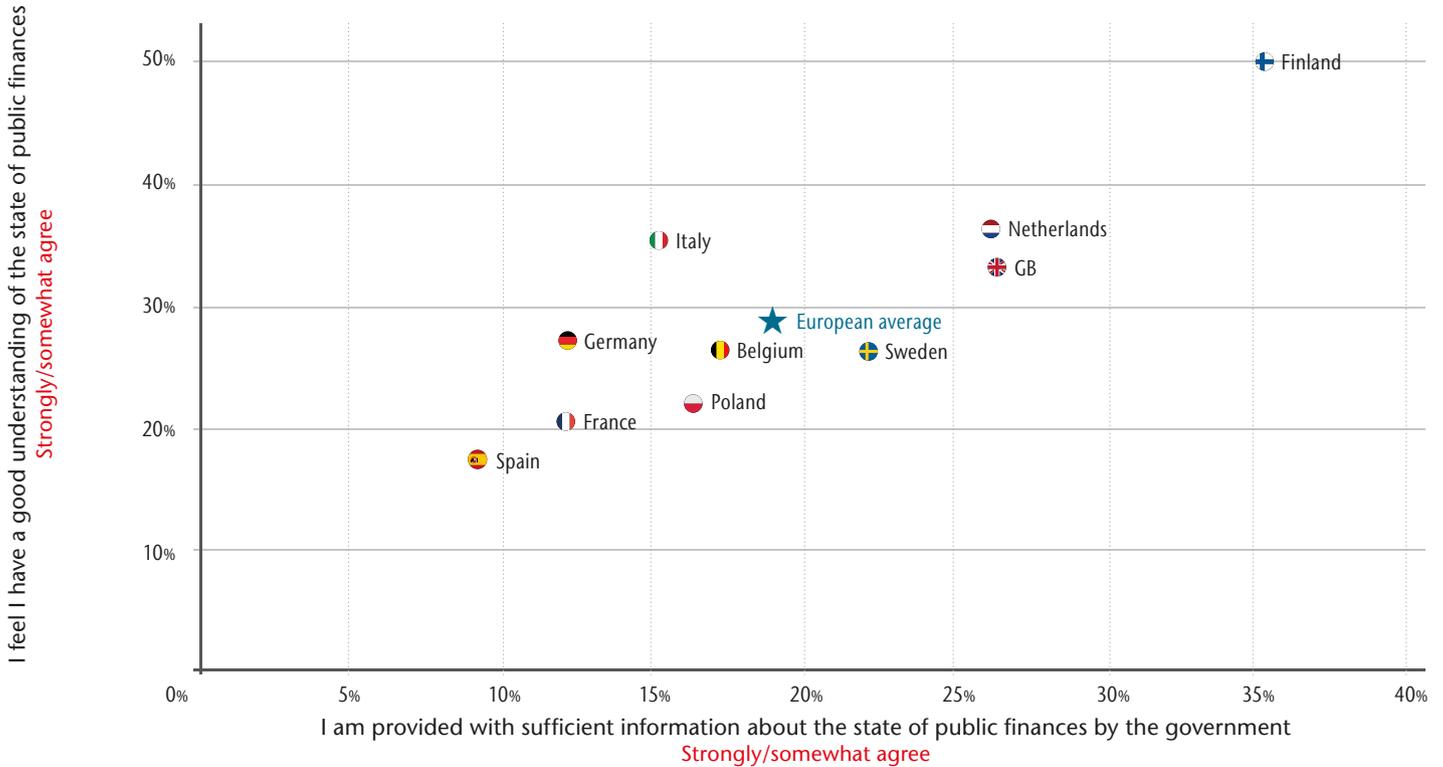
Most citizens don't feel well informed

Across the countries surveyed, on average less than 1 in 5 Europeans feel that they are provided with sufficient information about the state of public finances by their governments, underlining a high level of dissatisfaction with the current level of information.

This is evident in all countries, with 1 in 2 Europeans expressing dissatisfaction. Some divergences across the countries surveyed are visible. In Spain, France and Germany, on average nearly 7 in 10 citizens do not feel sufficiently informed about the state of public finances. Dissatisfaction is more moderate in Finland.

The sense of being ill-informed is common to both genders and across age groups, with comparable numbers indicating that they could be better provided with information about the state of public finances.

Fig 3 Understanding of public finances and levels of information provided.

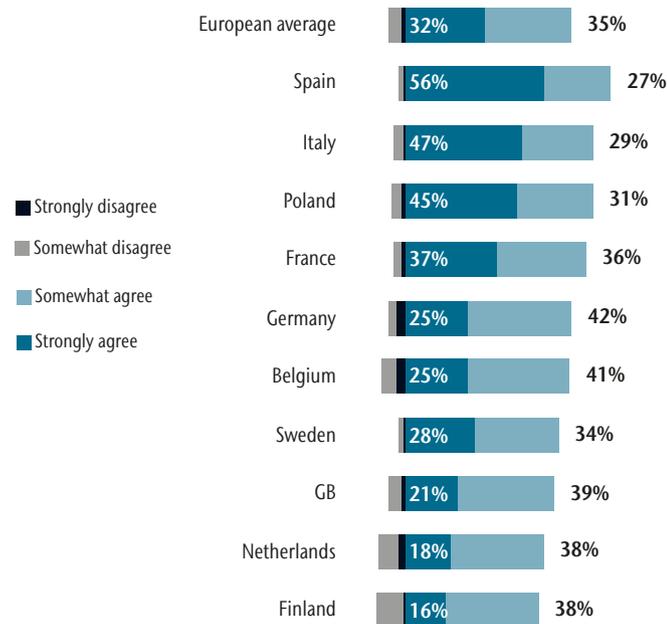


2 in 3 respondents don't feel that they understand the state of public finances or find it difficult to assess

A majority of Europeans feel that they do not have a good understanding of the state of their own country's public finances or find it hard to assess. Levels vary somewhat across the EU, with slightly fewer expressing confidence in their appreciation about the state of public finances in Spain, France and Poland, perhaps not surprising given that citizens from these countries also feel more uninformed. Understanding appears to be higher in Finland, with 1 in 2 saying they have a good appreciation of the state of their country's public finances.

Fig 4 Support for better information and greater transparency.

I believe the government should make it easier for me to understand the state of public finances and how public money is spent



Strong desire for greater transparency

Low levels of understanding translate into a high degree of support for more government action to facilitate understanding on how taxpayers' money is spent. A clear majority of Europeans (just over 2 in 3) want their governments to provide them with more comprehensible and transparent information about their country's financial situation and how public funds are being used.

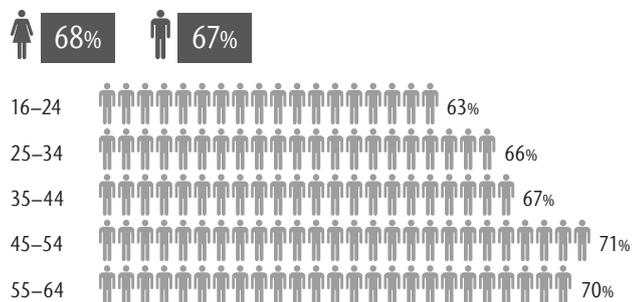
Support for such action is particularly high in Spain, with more than 4 in 5 wanting their government to provide clearer information, compared to the European average.

The demand for better information and greater transparency is shared equally by men and women across the EU. Older age groups, however, put somewhat more emphasis on the need for improvement in this area than younger Europeans.

Fig 5 Support for better information and greater transparency: gender and age.

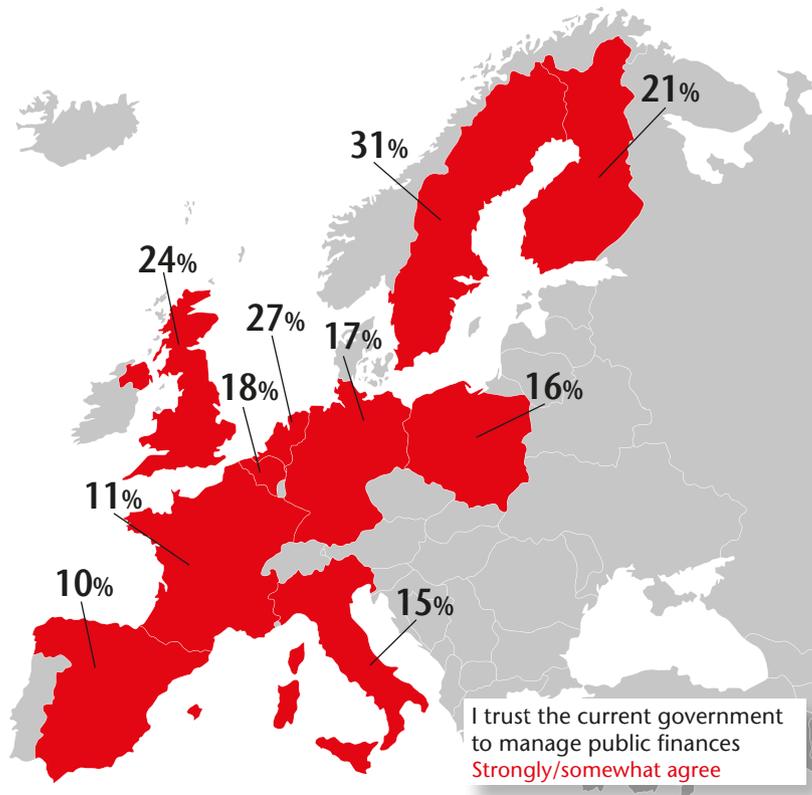
I believe the government should make it easier for me to understand the state of public finances and how public money is spent.

Strongly/somewhat agree



Trust and confidence

Fig 6 Trust in the government's ability to manage public finances.



Europeans have limited trust and confidence in their governments' ability to manage public finances

Trust in governments' public finance management is low across the EU (1 in 5 respondents). There is a clear correlation between the levels of trust that Europeans have in their governments' financial management and their confidence in their governments' ability to finance core public services, such as healthcare and education, in the future. This correlation may reflect the lack of understanding of, and information about, the state of public finances.

Citizens in countries which are currently experiencing economic hardship are likely to be more pessimistic when asked whether they are confident their government will be able to finance core public services in the future.

Fig 7 Trust: gender and age.

I trust the current government to manage public finances.
Strongly/somewhat disagree

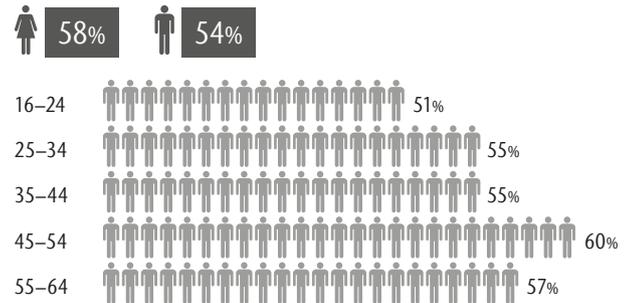
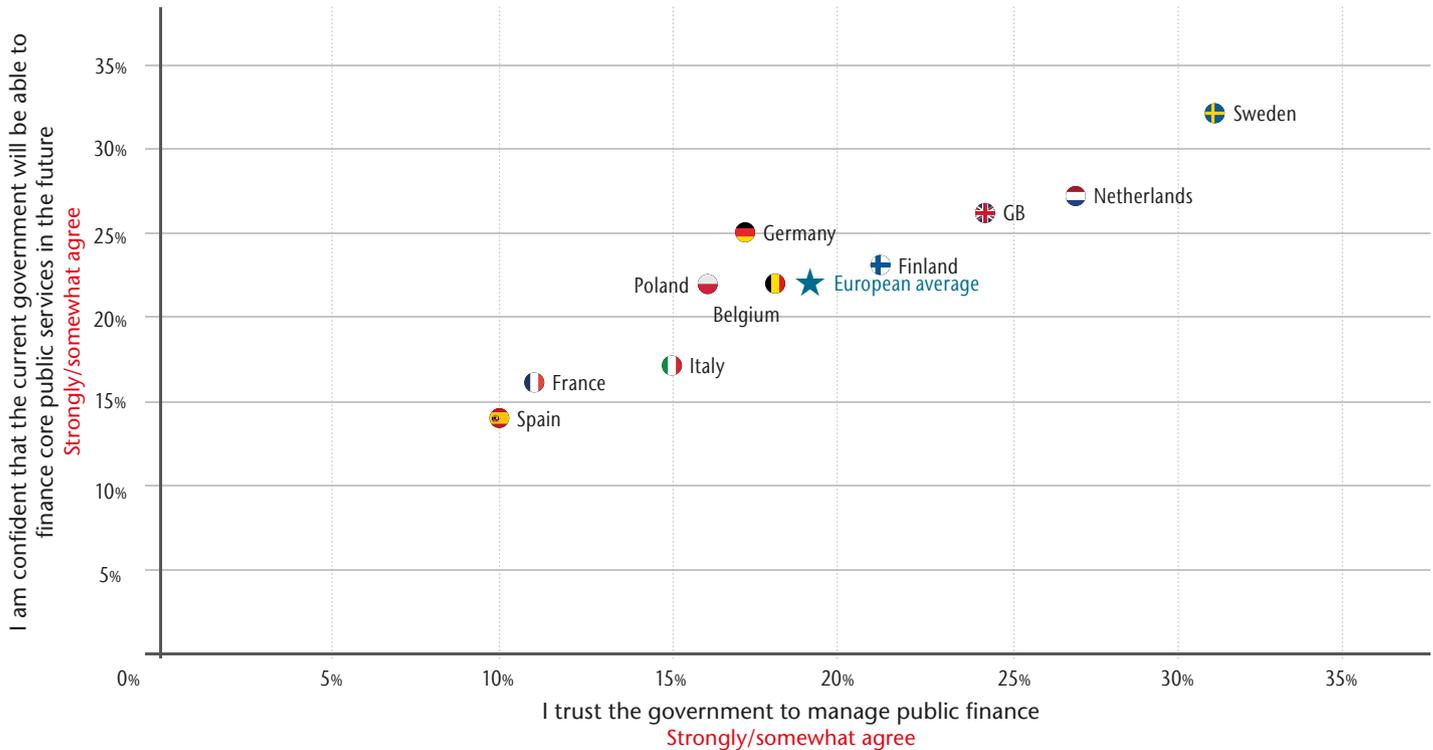


Fig 8 Trust in governments' ability to manage public finances today and in the future



Low trust across all age groups and genders

Levels of trust and confidence in current government action do not differ significantly between genders. Some divergences are visible in attitudes according to age group. Europeans aged between 45 and 54 show least trust and confidence when asked about their governments' ability to manage public finances and finance core public services in the future. Younger respondents, between 16 and 24, express slightly less scepticism.

Fig 9 Confidence: gender and age.

I am confident that the current government will be able to finance core public services in the future.
Strongly/somewhat disagree

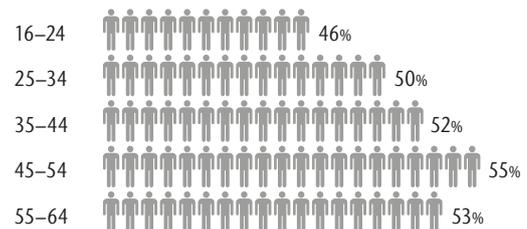
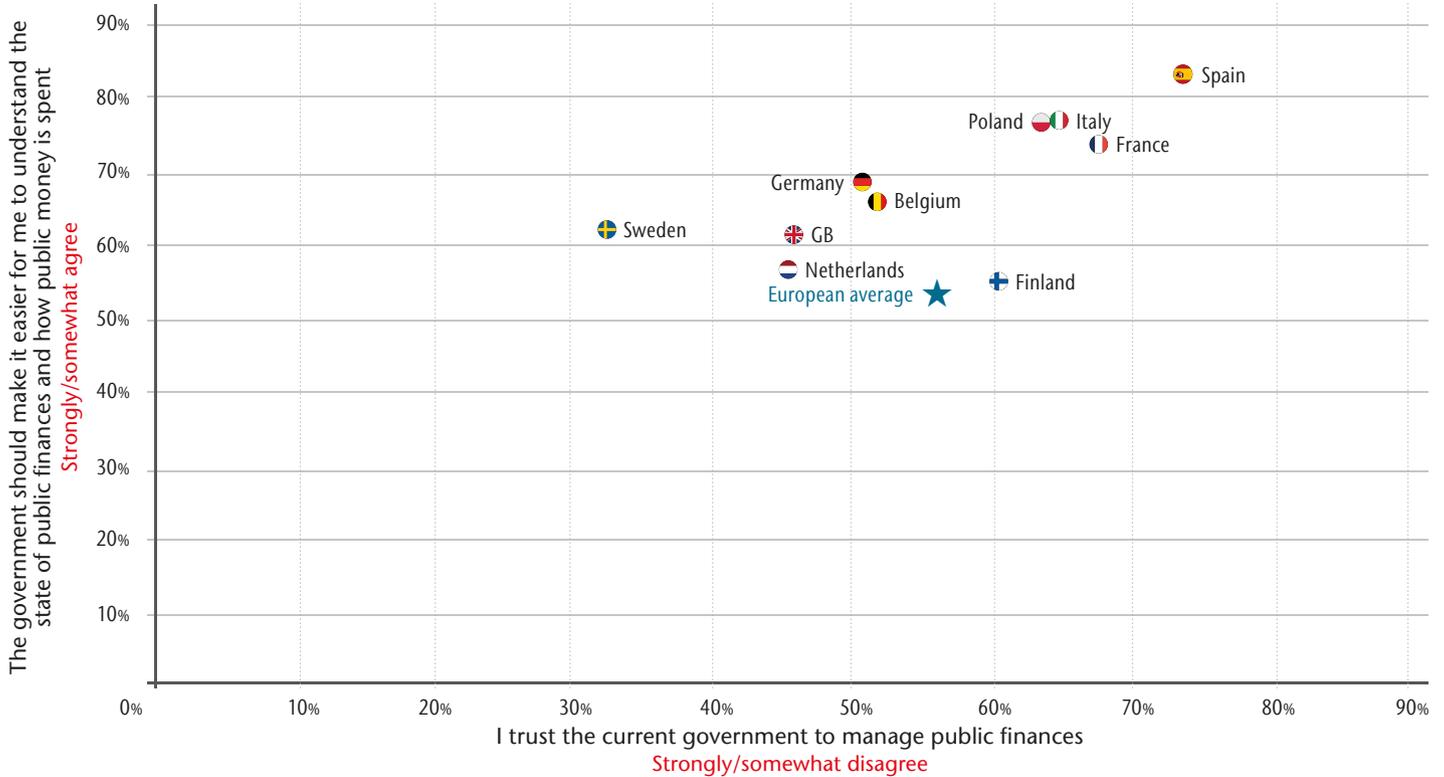


Fig 10 Relationship between levels of trust and financial literacy.

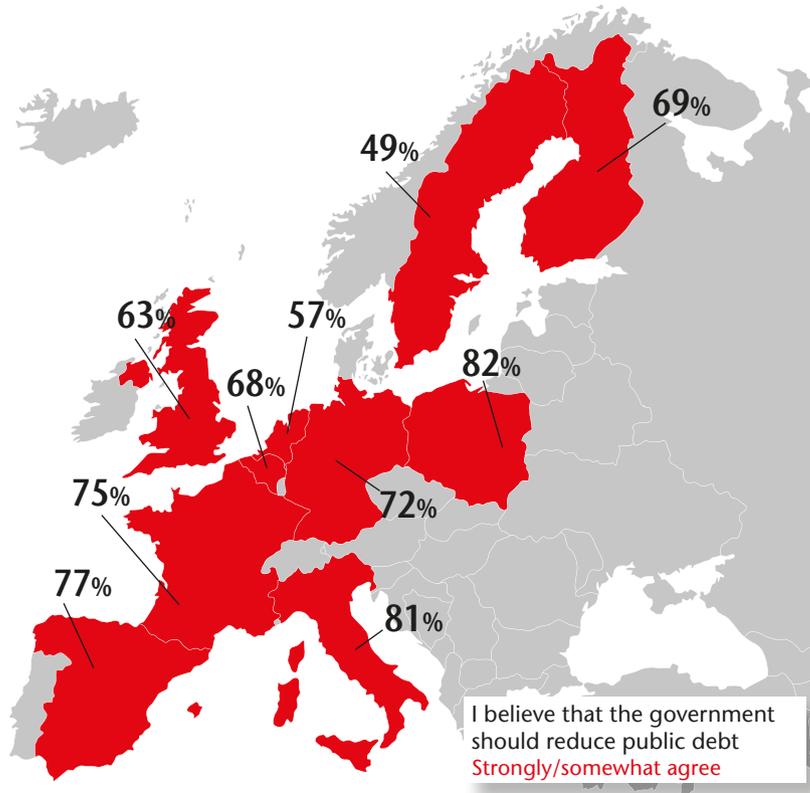


Distrust matched by demands for more transparency

The countries expressing highest levels of distrust in their governments are also the ones more likely to demand easier information and greater transparency. This seems to be particularly the case in Spain, Poland, Italy and France.

Public finances: today and tomorrow

Fig 11 Demand for government action to reduce debt.



Sovereign debt appears to be a serious worry across the EU

7 in 10 Europeans demand more action from their governments to reduce the debts of their countries. Again, there are differing levels of concern across Europe, with particularly strong support expressed in Poland and Italy for action to reduce government debt as well as spending public money more efficiently. In Sweden, the issue appears to be of less concern although 1 in 2 would like to see public debt levels reduced.

Fig 12 Support for action to use public funds more efficiently.

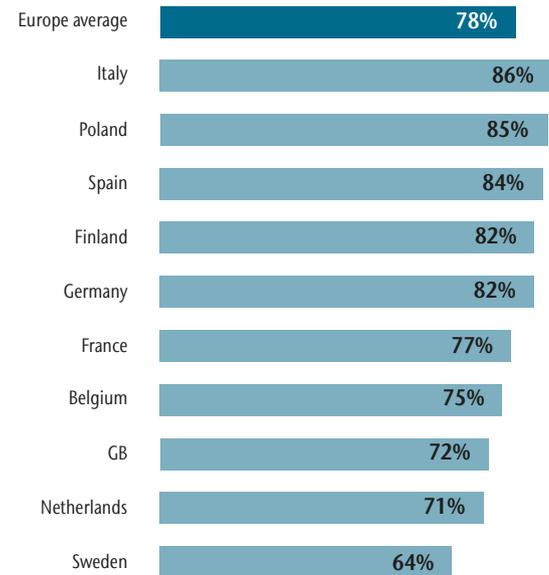
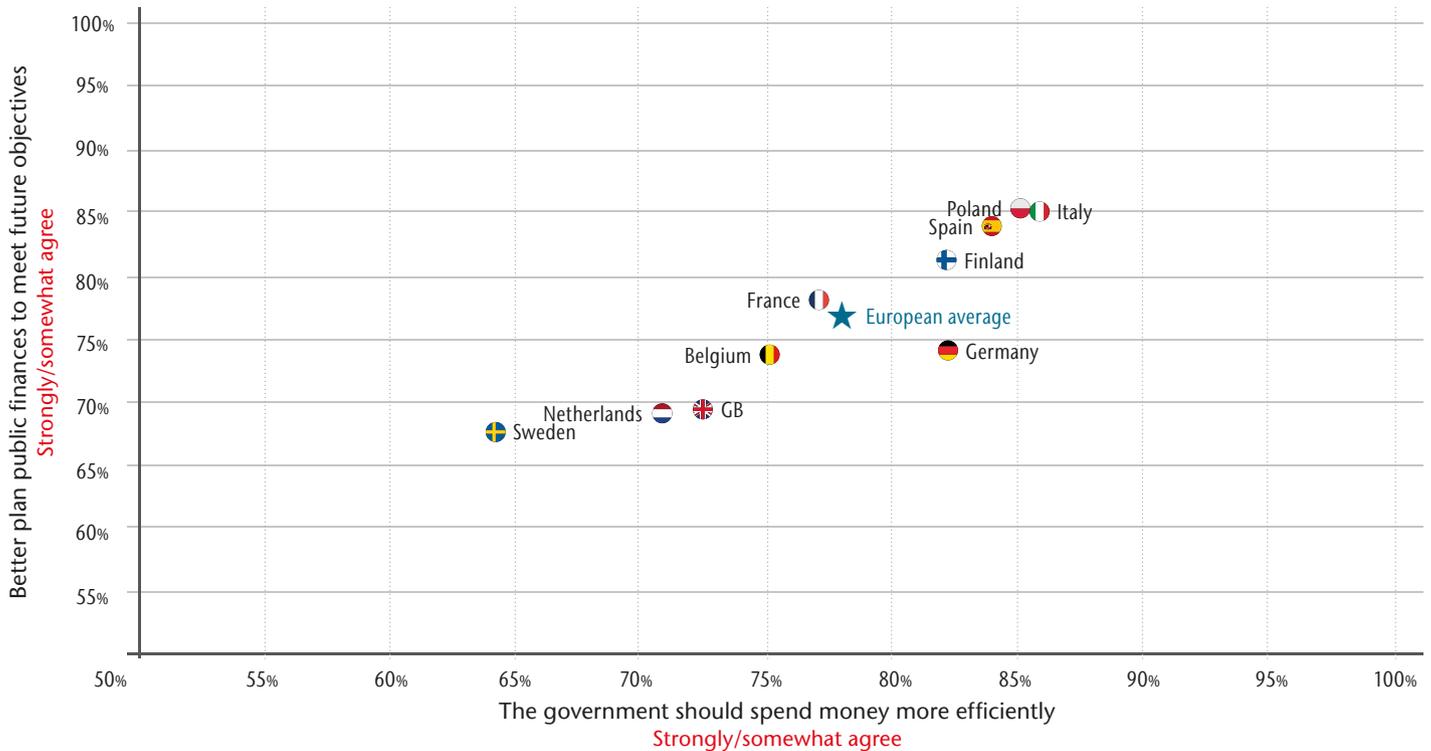


Fig 13 Relationship between financial planning and spending.



Clear demand for better financial planning and management

A significant majority of Europeans want their governments to improve their planning and management of public finances. More than 3 in 4 Europeans regard this as critical.

On average, nearly 8 in 10 Europeans think that more can be done to ensure better value for money when it comes to public finances. Levels of apprehension range across the countries surveyed. In Italy, Poland, Spain, Finland and Germany, over 4 in 5 consider more could be done by governments. Sweden is at the other end of the scale, although 2 in 3 respondents still believe that more should be done to spend public money efficiently.

Belgium

Base: 1,016 respondents in Belgium.

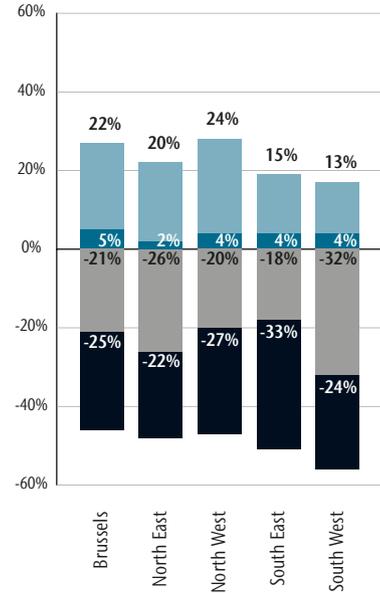


In Belgium, trust in the government's ability to manage public finances is almost aligned to the European average of 19%.

Less than 2 in 5 Belgians feel that they are provided with sufficient information about the country's state of public finances. Two thirds would like to see the government facilitate their understanding of the state of public finances and to improve transparency on how public money is spent, close to the European average of 67%.

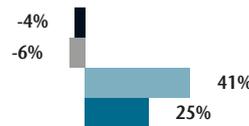
Confidence in the Belgian Government's ability to finance core public services in the future is lower in the south west and south east.

I am confident that the current government will be able to finance core public services in the future.

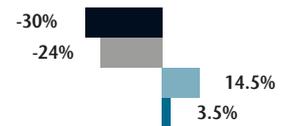


Strongly disagree Somewhat disagree
Somewhat agree Strongly agree

I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



Finland

Base: 1,024 respondents in Finland.

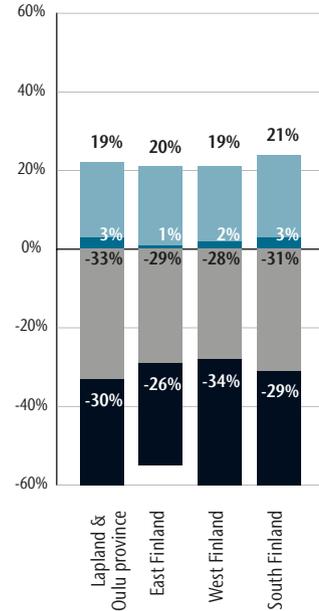


Trust in the government's ability to manage public finances in Finland is marginally above the average of 19% across all the countries surveyed.

Finland has the highest level of citizens who feel that they are provided with sufficient information about the state of public finances compared with the other 9 countries surveyed. Still, more than half would like to see the government assist their understanding of the state of public finances and improve transparency on how public money is spent.

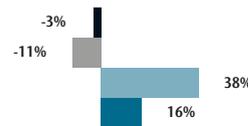
Confidence in the government's ability to finance core public services in the future is almost aligned to the EU average of 22% across Finland.

I am confident that the current government will be able to finance core public services in the future.



Strongly disagree Somewhat disagree
Somewhat agree Strongly agree

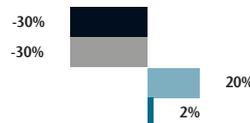
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



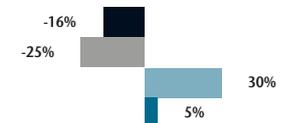
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



France

Base: 1,006 respondents in France

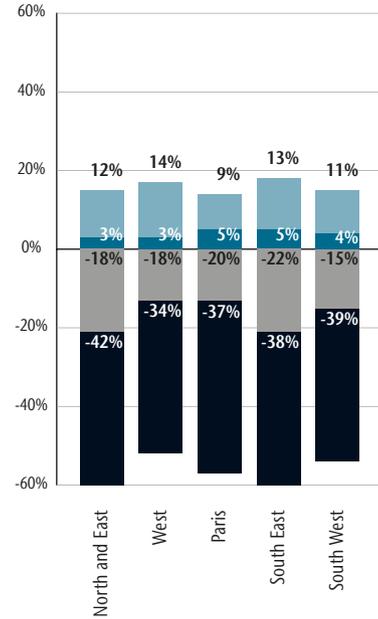


Trust in the government's ability to manage public finances in France is lower than the European average of 19%, with only 1 in 10 expressing confidence in the government's ability.

Matching the low levels of distrust, almost 7 in 10 respondents do not feel that they are provided with sufficient information about the state of public finances. A significant majority would like more government action to facilitate their understanding of the state of public finances and to enhance transparency on how public money is spent.

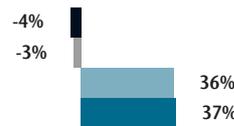
General distrust also translates into limited confidence in the government's ability to finance core public services, such as healthcare and education, in the future. This perception is shared across the country, with some minor divergences between those in the west and south west (slightly less negative) and those in the north and east (slightly more negative).

I am confident that the current government will be able to finance core public services in the future.

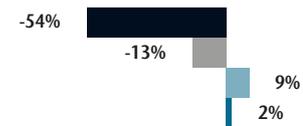


Strongly disagree Somewhat disagree
Somewhat agree Strongly agree

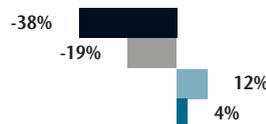
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



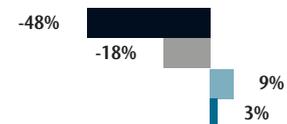
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



Germany

Base: 1,025 respondents in Germany.

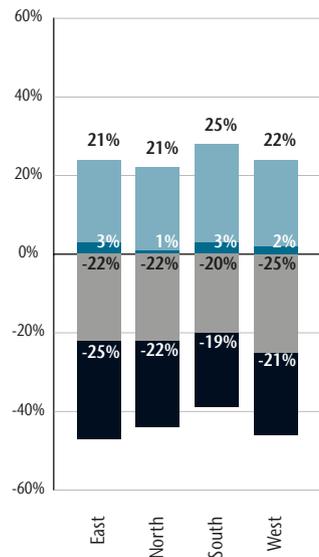


Trust in government's ability to manage public finances in Germany is aligned with the European average, with less than 2 in 5 expressing trust.

Only about 1 in 10 Germans feel that they are provided with sufficient information about the state of public finances. This is also reflected in a strong desire for more government action to facilitate understanding of the state of public finances and improve transparency on how public money is spent.

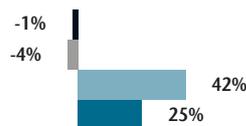
Citizens from the western and eastern part of Germany appear to have slightly more negative perceptions when asked about their confidence in the government's ability to finance core public services in the future. Strong and somewhat agreement is higher in the south.

I am confident that the current government will be able to finance core public services in the future.

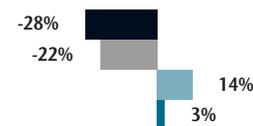


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Somewhat agree Strongly agree

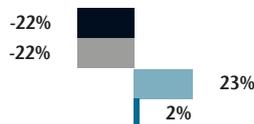
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.

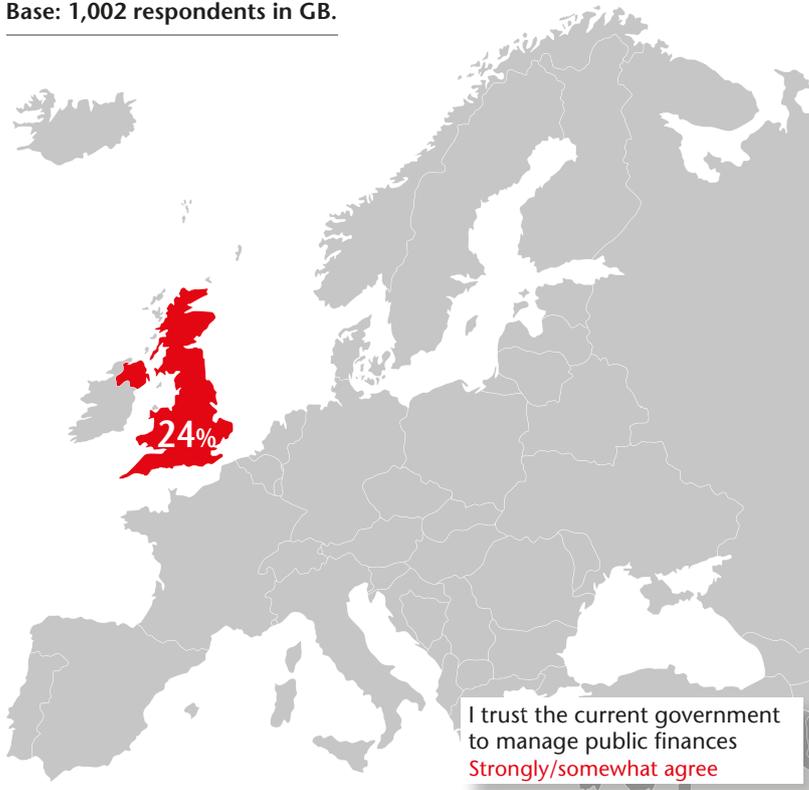


I am provided with sufficient information about the state of public finances by the government.



Great Britain

Base: 1,002 respondents in GB.

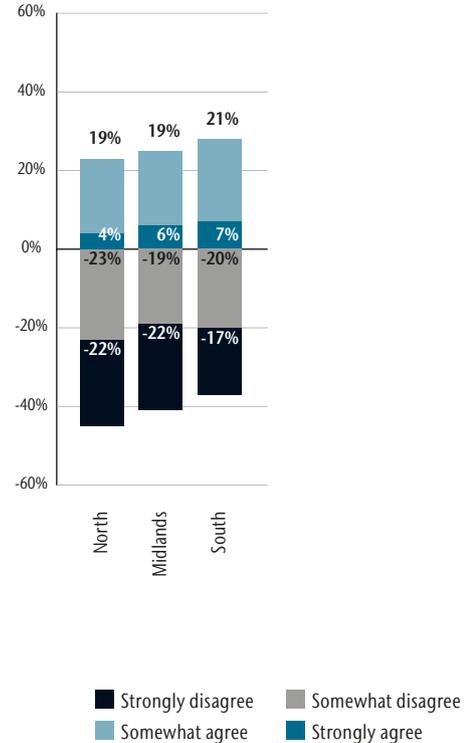


Trust in the government's ability to manage public finances in Great Britain is somewhat above the average in EU member states surveyed, albeit still low with 1 in 4 expressing reservations.

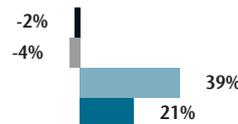
Around 1 in 4 respondents feel that they are provided with sufficient information about the state of public finances. The majority would like more action from the government to facilitate their understanding of the state of public finances and to improve transparency on how public money is spent.

Confidence in the government's ability to finance core public services in the future is slightly above the European average of 22%, with somewhat higher levels of confidence in the south.

I am confident that the current government will be able to finance core public services in the future.



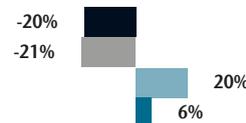
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



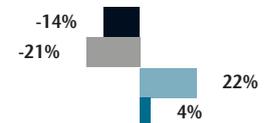
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



Italy

Base: 1,040 respondents in Italy.

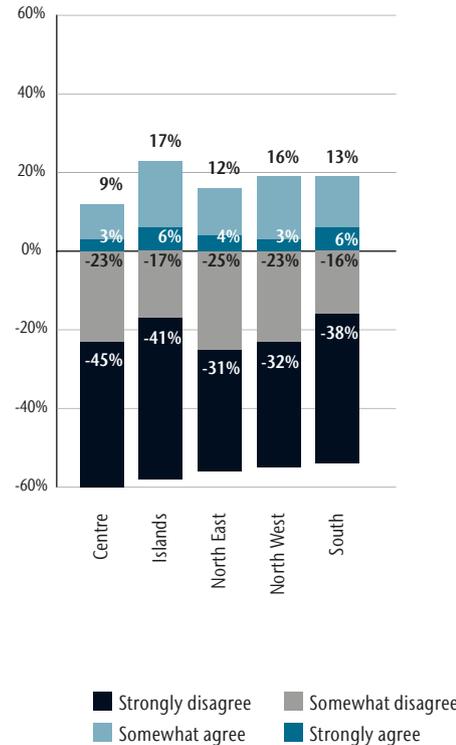


Trust in the government's ability to manage public finances is even lower in Italy than the European average of 19%.

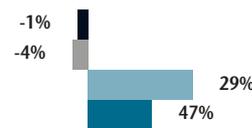
Only 14% of Italians feel that they are provided with enough information about the state of public finances. This is also reflected in one of the highest levels of support for clearer information about the state of public finances and how public money is spent (76%), compared to a European average of 67%.

The survey suggests that confidence in the Italian Government's ability to finance core public services in the future is low across the country, with higher levels of positive responses expressed by the islands.

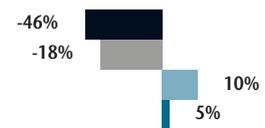
I am confident that the current government will be able to finance core public services in the future.



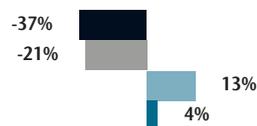
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



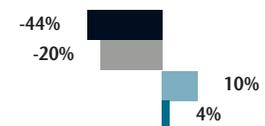
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.

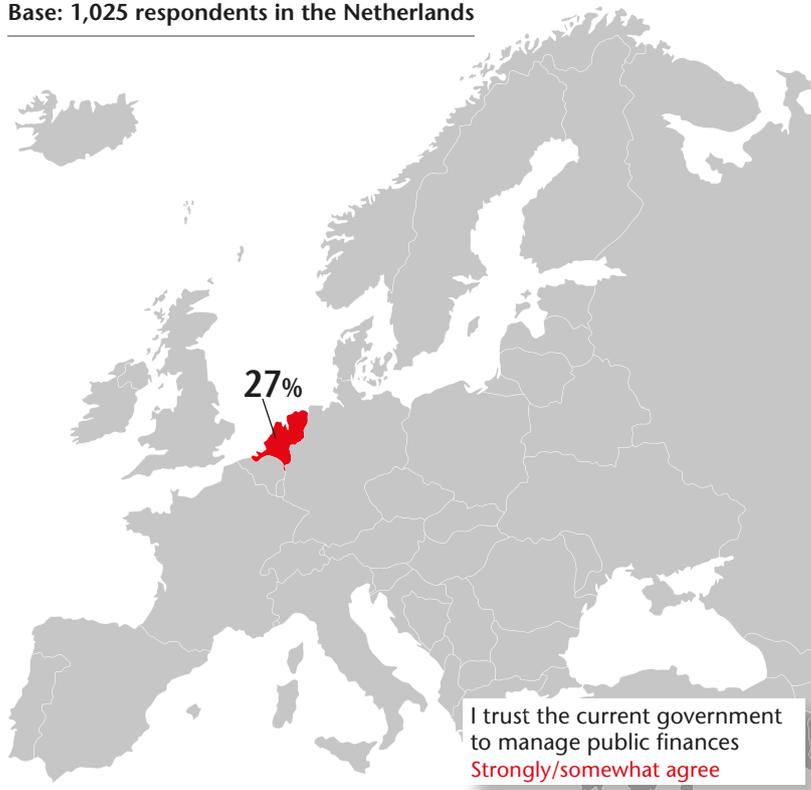


I am provided with sufficient information about the state of public finances by the government.



Netherlands

Base: 1,025 respondents in the Netherlands

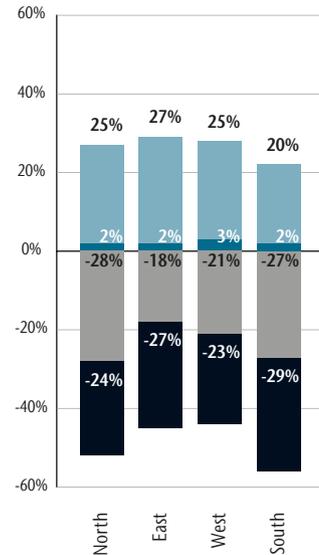


Trust in the government's ability to manage public finances is somewhat higher in the Netherlands, with 27% expressing some confidence, compared to the European average of 19%.

1 in 4 respondents from the Netherlands consider that they are provided with sufficient information about the state of public finances by the government. While 56% would like to see action by the government to facilitate their understanding of the state of public finances and improve transparency on how public money is spent, this is lower than the European average of 67%.

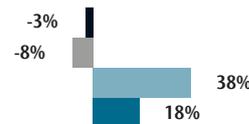
The results indicate that confidence in the government's ability to finance core public services in the future may be lower in the south.

I am confident that the current government will be able to finance core public services in the future.

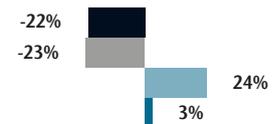


Strongly disagree Somewhat disagree
Somewhat agree Strongly agree

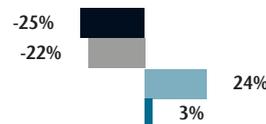
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



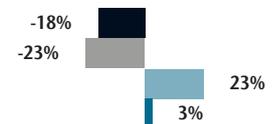
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



Poland

Base: 1,045 respondents in Poland.

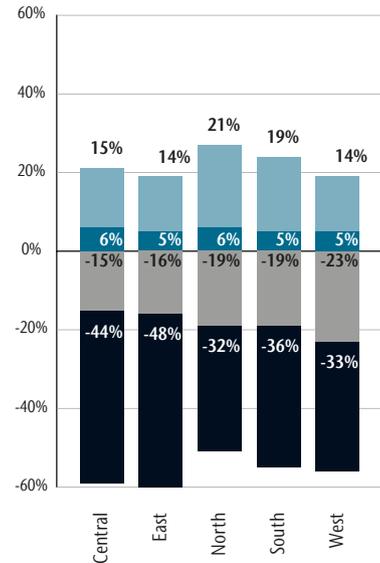


In Poland, trust in the government's ability to manage public finances is slightly below the average of 19% in the countries surveyed.

Only 16% of those surveyed feel that they are provided with sufficient information about the state of public finances. 3 in 4 would like to see the government facilitate their understanding of the state of public finances and improve transparency on how public money is spent.

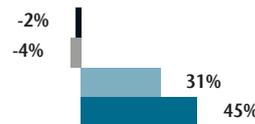
The results indicate that confidence in the government's ability to finance core public services in the future is higher in Poland's north.

I am confident that the current government will be able to finance core public services in the future.



Strongly disagree Somewhat disagree
Somewhat agree Strongly agree

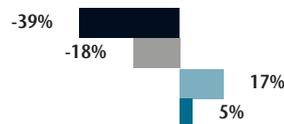
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



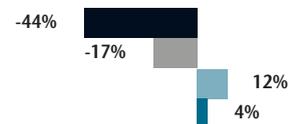
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



Spain

Base: 1,051 respondents in Spain.

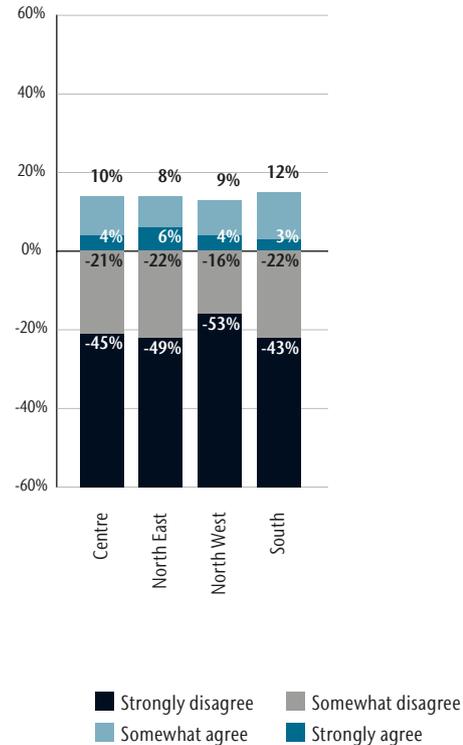


Spaniards are the most distrustful of their government's ability to manage public finances, compared to the other countries surveyed, with only 1 in 10 expressing confidence.

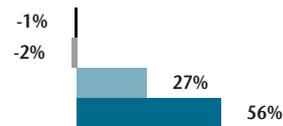
An overwhelming majority (about 3 in 4) does not feel that the government is providing enough information on the state of public finances. Support in Spain for clearer information is particularly high with more than 80% wanting action to facilitate understanding of the state of public finances and improve transparency on how public money is spent, compared to a European average of 67%.

The results suggest that confidence in the government's ability to finance core public services in the future is low across Spain.

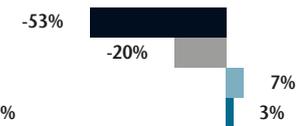
I am confident that the current government will be able to finance core public services in the future.



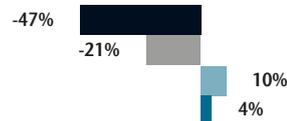
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



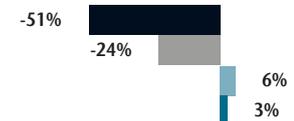
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.

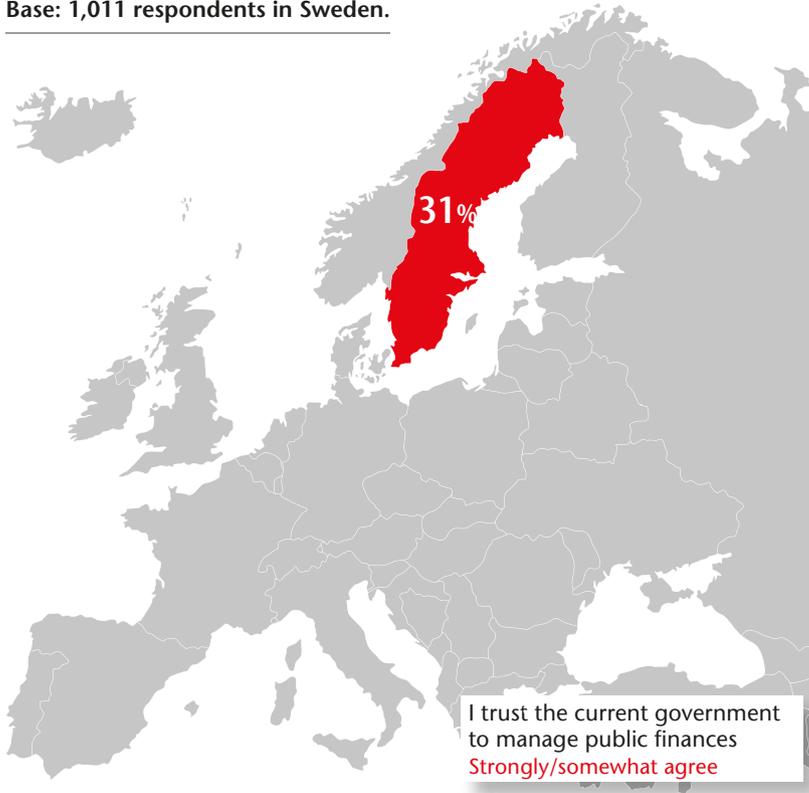


I am provided with sufficient information about the state of public finances by the government.



Sweden

Base: 1,011 respondents in Sweden.

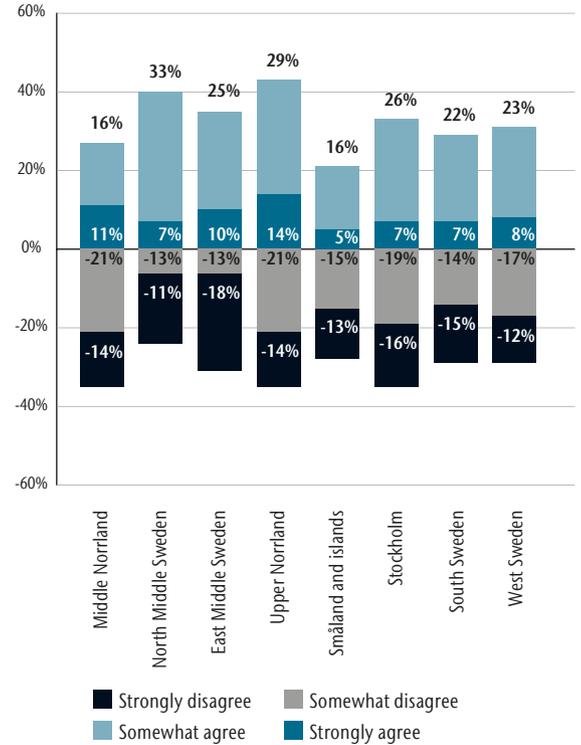


1 in 3 Swedes trusts their government's ability to manage public finances, well above the European average.

1 in 5 Swedes do feel that they are provided with sufficient information about the state of public finances. 62% would like to see the government facilitate understanding of the state of public finances and improve transparency on how public money is spent, compared to an average 67%.

The results indicate that confidence in the government's ability to finance core public services in the future is somewhat higher in upper Norrland and north middle Sweden.

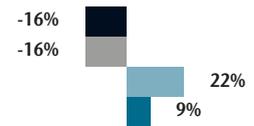
I am confident that the current government will be able to finance core public services in the future.



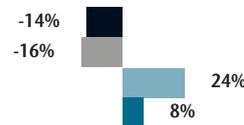
I believe that the current government should make it easier for me to understand the state of public finances and how public money is spent.



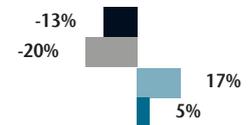
I trust the current government to manage public finances.



I am confident that the current government will be able to finance core public services in the future.



I am provided with sufficient information about the state of public finances by the government.



Technical appendix

Survey details

This study was conducted in Great Britain, Germany, France, Finland, Italy, Poland, The Netherlands, Belgium, Sweden and Spain via TNS Ncompass, an internet omnibus survey. A sample of 10,245 adults were interviewed (a minimum of 1,000 in each country). The sample has been weighted to represent the adult population of each country. Interviewing was conducted by online self-completion from 25 September – 2 October 2014.

The responses may be impacted by the existing political climate in the countries by the time the interviews were conducted and may be sensitive to specific political developments at the time. Cultural perceptions may also play a role. The way citizens interpret questions and terms may not be similar for all countries. The term 'government' has been applied without further specification. This may play a particular role in countries with strong federal structures.

Panel information

The sample for TNS Ncompass is drawn from Lightspeed Research (also part of the Kantar Group). Lightspeed Research builds the online panels worldwide and works for the purpose of market research with those panels and other panels within their global network of partners.

The online panels are recruited and maintained according to rigorous standards to ensure high quality sampling. While the collective panel is not in itself representative (being an access panel) representative sections of the Lightspeed panel can be drawn and invited by email to complete the weekly survey. Quotas, based on age within gender, are placed on the survey to ensure that there is no demographic skew in the sample. Quotas are set to achieve a sample that represents the given population.

A variety of recruitment methods are used to build the Lightspeed panel. Panel recruitment is achieved on a continuous basis and through multiple sources; Lightspeed Research uses a variety of broad reach web portals and special interest sites to ensure balanced panel.

The panelists are incentivised by receiving Lightspeed Points when they participate in surveys. For example, once a panellist has earned Lightspeed Points they can redeem them for gift certificates and services through an online catalogue.

Careful panel management is undertaken to ensure a responsive panel with 30%+ completion rates being achieved through active management of the panel database. Various criteria are used such as managing the number of invites and completed surveys of individual respondents.

Sustainable Public Finances

The global financial and economic crisis is bringing about profound changes in international, financial and government institutions. In Europe, the crisis has also drawn particular attention to the need for better financial management, reporting and governance within the public sector, stemming in particular from the inadequate application of accruals, accounting and budgeting, and the management of government balance sheet assets and liabilities.

This survey is part of a joint ICAEW-PwC initiative on Sustainable Public Finances – EU Perspectives, which encourages greater debate among key policymakers, business, the accountancy profession, academia, media and the wider public on how to enhance public sector accounting and financial management in Europe.

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