How well does the media serve the public in its coverage of finance? A round-table discussion with Robert Peston (BBC), Sir Michael Bishop, Merryn Somerset Webb (*MoneyWeek*) and David Stevenson (*Investor's Chronicle*, entrepreneur).

To be held on Wednesday, September 15, 2010 from 12:30-2:15pm.
At Armourer's Hall, 81 Coleman Street, London EC2R 5BJ

The idea for the heavily subscribed round-table on how well the media serves the public in its coverage of finance was inspired by a recent CSFI intern's confessed ignorance when it came to financial decision-making. The round-table began with a question (and an assertion) as to why the media had failed adequately to inform and educate the public on a subject so central to their daily decision-making.

One speaker felt that the background of financial journalists had changed quite a bit in recent years. Financial journalists increasingly were hired out of MBA programmes or professional journalism courses. Another panellist noted that journalists often ended up covering finance by default, ie they failed to get more coveted positions, and therefore lacked a fundamental passion for the subject. This made them more susceptible to financial PR firms and less questioning of what they were told by companies.

The need to explain complex issues to the widest possible audience was highlighted by one speaker. Northern Rock, for example, illustrated the degree of ignorance amongst the general public, which presented a real challenge to those in the media. At the time, it surprised the speaker to discover that such a large number of people simply did not know that deposits were not 'sitting' in the bank. Even amongst those who worked in the media, most had no idea what Northern Rock was doing. So, there was a steep learning curve for both the public and journalists.

In addition, there had been, until recently, an over-emphasis on the equity market in financial reporting. Journalists knew little about debt/derivatives markets and there had been a knowledge gap both amongst ordinary people and those who might have better informed them, This 'knowledge gap' had become even more important to address given the increased responsibility that had been handed over to individuals (eg on pension planning) but without many of them being equipped to make well informed decisions.

In response to a question as to why there was no domestic equivalent to Bloomberg/CNBC in the US, one speaker pointed to the structural differences between the two countries. A smaller welfare state and the fact that Americans had been managing things like their 401(k)s for much longer had created a demand for that type of financial television that had not yet developed in the UK. Another speaker disagreed and felt there was both a need and a market for that type of programming in the UK. The panel agreed that there was a need for programming that met the practical needs of people and, given the dull nature of much of what was produced, engaged them.

One of the speakers was less critical of the quality of what was produced by the financial media; noting that it covered the whole spectrum, good, bad and mediocre. More importantly, particularly in highly scrutinised industries, it provided incentives for safety and quality. He, in fact, didn't agree with the negative portrayal of the media put forward by the other panellists.

Where he did have significant criticisms related to investigative journalism which he felt was poor. He, along with some of the other panellists, was highly critical of what he felt was the increased leverage of the financial PR firms and the undue pressure they put on journalists. One of the other speakers disagreed with that and felt that financial pressures were behind the decline in investigative journalism.

Another problem was in the nature of what was being reported. A number of commentators in blogs/radio etc had pointed to a bubble in the debt markets, for example, in 2007. In television broadcasting, however, it was felt the subject was too complicated and the inclination was to look for stories with firm answers (when would there be a crash?). This made it difficult to report on things that, essentially, were not yet hard news and created a disincentive to go against the consensus.

One member of the panel pointed to the product-driven nature of the financial services industry and emphasised the need for the media to remain independent (ie refrain from making product recommendations). She also noted the media alone could not sufficiently provide financial education to the public. Education needed to catch up to the responsibility that individuals currently had. All the members of the panel agreed that more financial education was needed in schools and that the media alone could not fill in the gaps in financial literacy.

One of the speakers broke financial media into further categories and considered the coverage of 'high finance' in the UK to have been very good. Although he agreed that coverage of personal finance needed improvement he noted people did express an interest in what was relevant to them. He noted, as one of the panel pointed out, that there had been a plethora of property programmes, which demonstrated people's interest in maintaining and getting the most value out of what was – for many – their most valuable asset. In what he termed 'low finance' (investments) there was the most need for improved programming. It needed to get people interested in investment and encourage them to take charge of their financial future. And while the crisis has increased interest in finance in general, the challenge was to maintain the salience of the issues in more stable times.