



## **Unclear language undermines trust of business**

by Deborah Bosley, Guest columnist

*Good writing is like a windowpane -- George Orwell*

A large financial-services company sent a letter explaining new investment information. However, the letter contained words and concepts that were specific to the industry, but not common to their clients. In one week, the company received more than 7,000 calls asking what the letter meant.

That lack of clarity led to a loss of thousands of productive hours and hundreds of thousands of dollars. The people who called were frustrated, or angry, or confused, or felt stupid: not emotions most of us want associated with our business.

In 2006, the National Assessment of Adult Literacy reported that the average American has a reading level of the seventh to eighth grade. But even highly educated adults have trouble understanding many financial documents.

The wording below comes from a typical credit-card agreement:

*Cash Advances: 0% Introductory APR applies to Direct Deposits that are not processed online (non-online Direct Deposits) and Check Cash Advances through your first twelve statement Closing Dates (the Promotional Period). When the Promotional Period ends, the Standard APR for non-online Direct Deposits and Check Cash Advances posted to your account either during the Promotional Period or before August 11, 2007 is 7.9%...*

Readability tests indicate such agreements (and most financial information) are written beyond a collegiate level. But regardless of our education, how quickly or easily can we understand what that wording means? The first sentence contains 61 words. Both sentences are full of jargon, and even the formatting works against easy understanding.

The news is full of the consequences of subprime-mortgage foreclosures and complex credit-card agreements. In both situations, the complexity of the written information was cited as one of the contributing factors. Whatever fears the public has about "the fine print" was supported by the stories of people who have lost their homes, pensions and businesses because they did not understand what they had signed.

As a result, Congress likely will increase scrutiny of the language of financial agreements.

Whether intentional or unintentional, complicated written information does not serve a financial company well in the long run.

Gaining trust and loyalty

People find it hard to trust a company whose written information they can't understand. And despite that they always are looking for somewhere else to take their business, they will stay and pay for services they trust.

A consumer study conducted by Golin/Harris International in 2002 reported: "Trust remains the most 'essential' quality for a financial-services firm, outranking performance." Understanding written information builds trust.

Of course, the financial industry is highly regulated, and agreements are often extremely complicated. It's not likely all financial documents could ever be written in plain language. But certainly they can be better.

Christopher Cox, chairman of the Securities and Exchange Commission, in an address to the 2007 Corporate Counsel Institute, reaffirms the agency's commitment to plain language: "We're going to be relentless in seeing to it that the language in which both regulation and disclosure are written in plain English."

Using plain language

As financial institutions seek ways to retain and build their customer base, the strategic use of plain language and clear writing can prove to be a powerful communication tool.

The following three steps can create easier-to-understand financial information:

\* Run readability tests as a first step to determine the complexity of your written information. The average adult in the United States reads at less than an eighth-grade level; much financial information is written at 16+ grade level.

\* Use plain-language principles. Many financial documents can be legal and easy-to-understand at the same time. Citigroup Inc. did it years ago with an award-winning, simplified auto-loan contract.

\* Test documents with members of the intended audience. Nothing is more helpful or more necessary than getting feedback from customers.

Staples has run a successful campaign based on the "Easy" button; Phillips advertises "Sense and Simplicity."

Financial institutions, too, could go a long way to gain and retain customers by eliminating the "pane" of bad writing.

Deborah Bosley is the principal of The Bosley Group: Simplified Communication and an associate professor of English at UNC Charlotte. She can be reached at (704) 641-1334 or [deborah@simplifiedcommunication](mailto:deborah@simplifiedcommunication).