

Trust

Part of the background of the great "credit crisis" we're going through right now has to do with a fundamental need of human nature, as well as business: the principle of trust.

Cut to their very core, banks trade not on their bricks and mortar protections, but on trust. If you trust the bank, you are willing to keep your money there -- even though few people sit back and realize that their money isn't really in that big safe at the back. Few banks keep extensive cash reserves hidden in those vaults -- but still the vault is usually there, in plain sight, for all to see, and the bank is usually built in a big, solid building -- no matter how solid the bank might actually be financially.

The building, the safe, and the various stuff strewn around the bank all are there to foster the feeling of trust. The bank trades on that trust. In effect, banks, insurance companies, even casinos, all trade on the trust of the public.

Furthermore, credit rating agencies exist to quantify that trust -- to tell you who to trust, if you will.

A prospective mate might look sideways at someone who has cheated on a former spouse -- and with good reason. A bank might also look sideways at someone who has gone through financial troubles in the past -- also understandable.

In business, we have set up methods to quantify trust -- but the current wariness in the world financial institutions are at based, at least in part, on the fact they don't know who to trust.

In human relationships, however, so many people expect someone to trust them immediately -- and if you don't trust someone else, right out of the blocks, you're sometimes looked down upon.

Trust, however, as the banks know well, is a tricky thing. At its base, it's as much faith as it is anything else -- like the biblical definition, trusting someone else, like faith, is a reliance on something that cannot be seen or touched -- it's a step in the dark, even after all the research you have done.

Many of us have taken great pains to make ourselves so we can obviously be trusted financially. We pay our bills, we check our credit, we watch what we spend, and we try and invest wisely. We try to become someone who can be trusted financially.

But in personal relationships, there is no Equifax to check -- no Dun and Bradstreet rates individual relationships.

In these cases, it's important to remember the words of Ronald Reagan, who (we assume) quoted a Russian proverb: "Trust, but verify."

Most of the time, trusting another person is all about taking a chance -- we take their check, we open ourselves to them (at least to some extent), or we choose to ally ourselves with them in one sort or another, from a loving relationship to a business acquaintance.

At each point, however, we still must avoid being lulled asleep. We have to stay awake in many relationships -- for we might not realize where the truth may lie.

We must, then, in personal relationships, as well as business relationships, maintain the trust of those we deal with.

We do that in several ways. First, we share enough of our beliefs, our experiences, and our goals, to help them gain an understanding of who we really are.

Second, we make ourselves worth trusting. I don't care how many years it takes to roll off a credit report -- if someone declares bankruptcy, I'm still going to have to think twice before I lend money to him or her. That person needs to extend him or her to make them more trustworthy -- in other words, they need to make the first step -- and so do we.

Nobody will trust us unless we are truly trustworthy -- and we become trustworthy by playing by the rules, doing what we say we will do, and sticking up for our beliefs.

Third, we make ourselves more trustworthy by trusting others. Sure, we might need a bit of verification there, but we need to trust others.

That third step is the banks' current status -- they need to get back into trusting each other.

Few people realize it, but the Internet is built up largely on trust. The Internet is a collection of individual networks, all running the same protocol, and interconnected. At those interconnection points, often the connection is done without lengthy contracts, but only on a handshake between two engineers. That trust sticks as long as one party doesn't violate it -- but when they do, the walls go up and the connection is broken.

Society is similar -- we raise walls in our society when the trust breaks down. We raise walls within companies when trust vanishes. We raise walls in our families when one spouse can no longer trust the other, and against all odds, we trust the CEOs of our companies to do what is best for the company. (Perhaps where CEOs are concerned, we should learn to trust that they will act in their own self interest, not necessarily the company's self interest.)

Trust is essential to our lives -- and developing and retaining that trust should be as essential a part of our lives, as is developing a financial past that can be trusted by others.

We should remember that trust is something that can flee in a moment -- even though it may take a lifetime to gain. We should live our lives so we can always be seen to be trustworthy -- and if we've strayed from that path, we need to rebuild our lives to the

point where we can once again be trusted for who we are. Others may, after all, trust us -- but they also will verify.

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