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Banking on team ethics : a team climate perspective on root causes of misconduct in financial services

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Statements

Banking on Team Ethics

A team climate perspective on root causes of misconduct in financial services

- 1 The recurring misconduct of traders within banking demonstrates that current responses of banks and financial supervisors are insufficiently effective in preventing future misconduct.
- 2 Preventing 'bad apples' from entering banking organisations, does not resolve unethical behaviour issues in frontline, trading or customer-facing roles.
- 3 'Corrupting barrels' create 'bad apples': team climates harbour root causes of unethical behaviour.
- 4 Culture and behaviour within financial institutions, seem to be under-acknowledged in internal supervision conducted by internal audit and in external supervision conducted by financial supervisory authorities.
- 5 If banks and financial supervisors want to prevent future misconduct, they ought to assess team climates in their internal and external supervisory assessments.
- 6 Psychologists, with expertise in assessing behaviour and culture, can provide valuable insights for financial services firms.
- 7 Banks can improve team climates as part of their prevention of misconduct.
- 8 Improving the ethical culture within an organisation requires an understanding of behaviours and an active approach to impact them at team level.
- 9 Whilst the banking industry often talks about 'tone from the top', the tone from leaders at 'shop-floor level' is at least as important in preventing poor behaviours and can therefore not be disregarded.
- 10 The financial crisis elicited a lot of attention for behavioural risks, whilst non-financial industries – such as healthcare, pharmaceutical technological industries – face the same risks of unethical behaviours having a detrimental impact on society.