

CONTENTS

List of figures x
About the author xi
Acknowledgements xii

Introduction 1

01 Ethics theory 3

Introduction 3
Learning objectives 3
What do we mean by ethics? 4
Key ethical principles 10
Virtue ethics 12
Care ethics 17
Teleological ethics 20
Deontology 32
Chapter summary 41
Objective check 42
Further reading 42
Further resources 43
Further viewing – a personal selection of films relevant to this chapter 43
References 43

02 Professionalism and ethics in banking 45

Introduction 45
Learning objectives 45
Values and work 46
Professionalism in the financial services industry 47
Technology and banking professionalism 55
The role of professional bodies in raising standards 56
The Chartered Banker Institute 59
Industry-level initiatives 62
Conflicts of interest 65
Whistleblowing 73
Speaking-up 75
Chapter summary 76
Objective check 77

Further reading 77
Further viewing – a personal selection of films relevant to this
chapter 79
References 79

03 Ethical decision making in practice 82

Introduction 82
Learning objectives 82
Ethical decision-making criteria 84
Ethical decision-making models 87
Influences in ethical decision making 97
Application of decision-making models 98
Chapter summary 106
Objective check 106
Further reading 107
References 107

04 A short history of banking 108

Introduction 108
Learning objectives 108
What is money? 109
The development of money and banking 110
Economic perspectives on money 114
Differentiation and specialization in banking 115
Banking as a competitive market? 118
Innovation in banking 119
It's long been a bumpy road 121
Ethical banking 123
Another banking model – Sharia banking 124
The 2007–08 financial crisis ('the crisis') 125
Chapter summary 135
Objective check 136
Further reading 136
Further resources 137
Further viewing – a personal selection of films relevant to this
chapter 137
References 137

05	An overview of regulation and legislation in banking	139
	Introduction	139
	Learning objectives	140
	What do we mean by legislation and why is it necessary?	140
	What do we mean by regulation and why is it necessary?	142
	Self-regulation	146
	What is supervision and why is it necessary?	147
	Approaches to regulation	148
	Banking and UK law	150
	The Independent Commission on Banking (ICB), its impacts on banks and their regulation	157
	Wheatley Review	159
	The current UK regulatory framework	160
	UK regulators and their review processes	164
	The UK Senior Managers and Certification Regime (SM&CR)	166
	UK banking Conduct Rules	169
	Legislation and customer behaviour	172
	A short introduction to international regulation	174
	The Basel Accords	178
	The Dodd–Frank Act	181
	Payment Services Directive (PSD)	182
	Chapter summary	183
	Objective check	184
	Further reading	184
	Regulations	185
	References	186
 06	 Corporate governance	 188
	Introduction	188
	Learning objectives	188
	What is meant by corporate governance?	188
	The scope of corporate governance	190
	Responsibility for the implementation of effective corporate governance policies and practices	191
	Agency theory	192
	Governance failures: what can shareholders do?	194
	The development of corporate governance in the UK	195
	The UK Corporate Governance Code	198
	Deficiencies in corporate governance: lessons from the financial crisis	201

Implementing corporate governance in banking organizations	206
Chapter summary	217
Objective check	217
Further reading	218
Further viewing – a personal selection of films relevant to this chapter	219
References	219

07 Conduct and culture in banking 222

Introduction	222
Learning objectives	222
Conduct and culture: an overview	223
Banks and business ethics	224
Conduct in a more global context	235
What do we mean by corporate culture?	240
Culture, conduct and incentives	249
Catalysts for transformation in culture	256
Challenges in achieving cultural change in banks	260
‘Generic’ challenges to achieving culture change	262
Chapter summary	264
Objective check	265
Further reading and viewing	265
Further resources	266
References	266

08 Conduct risk management 269

Introduction	269
Learning objectives	269
What is conduct risk?	270
The drivers of conduct risk	271
What are the main elements of conduct risk?	282
How does conduct risk impact on the customer proposition?	287
Chapter summary	292
Objective check	292
Further reading	292
Further viewing – a personal selection of films relevant to this chapter	293
References	293

09 Corporate social responsibility and environmental issues 295

Introduction 295

Learning objectives 295

The objectives of banking organizations 296

Stakeholder theory 297

Corporate and social responsibility 304

Broadening access to banking services 310

Banking and the environment 315

Chapter summary 317

Objective check 318

Further reading 318

Further viewing – a personal selection of films relevant to this chapter 318

References 319

10 Ethics and technology 320

Introduction 320

Learning objectives 321

Technological development: the backstory 321

The impact of technology on customers 323

The impact of the internet on customers 324

The impact of technology on the workplace 325

The growth of knowledge management 327

Big Data 328

The growth of fintech 332

The five moral dimensions of the information age 336

Chapter summary 340

Objective check 341

Further reading 341

References 342

Glossary 343

Index 353