Ethics in Banking in a Changing World

What is a Virtuous Action?

By

Vesna Lukovic

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Abbreviations

AI	Artificial intelligence
APRC	Annual percentage rate of change
AQR	Asset Quality Review
BIS	Bank for International Settlements
BMPS	Banca Monte Dei Paschi di Siena
BRRD	Bank Recovery and Resolution Directive
CDC	Caisse des dépôts et consignations (Deposit and Loans Fund)
CJEU	Court of Justice of the European Union
CRD IV	Capital Requirements Directive
DPO	Data protection officer
DSGE	Dynamic Stochastic General Equilibrium (model)
EBA	European Banking Authority
EBF	European Banking Federation
ECB	European Central Bank
ECHR	European Court of Human Rights
EIB	European Investment Bank
EMU	European Monetary Union
ESCB	European System of Central Banks

ESMA	European Securities and Markets Authority
EU	European Union
GDP	Gross domestic product
GDPR	General Data Protection Regulation
IMF	International Monetary Fund
MFI	Monetary financial institutions
ROE	Return on equity
SSM	Single Supervisory Mechanism
TEU	Treaty on the European Union
TFEU	Treaty on the Functioning of the European Union

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Chapter One

Introduction

In the world of storytelling, only some narratives are as compelling as those that challenge our moral values and ethical compass. For instance: can a theft be a moral theft? The answer to this thought-provoking question reflects on our values and circumstances that can blur the lines between what is right and what is wrong. People may find themselves at a crossroads where personal beliefs are different from corporate or societal expectations and norms. It's not only about taking something that is not yours, it's also about understanding why someone might not resist doing so. Can stealing be morally acceptable if it serves a greater, perhaps public good?

By aggregating this question at the level of society, the issue of inequality appears. Economic inequality touches upon fundamental questions about who gets which share of what people produce together. This is not just an economic question or a question of neoliberal ideology with its focus on individuals, productivity, profit motive and efficiency gains from competition, followed by privatisation of companies previously in public ownership, reduced taxes on the richest and a shift of power to capital owners. Profit motive is an important driver of economic activity, because it encourages businesses and individuals to pursue endeavours which can, through innovation and risk-taking, bring financial gains. However, that has legal, social and ethical dimensions as it may involve taking something that does not belong to you. In today's society, this question is becoming increasingly important because worries surrounding social justice and moral ambiguity continue to unfold around us, producing increasing tensions in society.

The contemporary financial system, described by some authors as a mega-machine, maximises and accumulates in the form of capital and penetrates all pores of social spheres. The impact of financialisation on the economy extends globally as it has the power to decide what should be produced, where, when, how and in what quantity. It must be noted that the position of banks in a society is unique and quite different from other business entities or traditional business corporations. Banks are financial intermediaries that play a key role in modern society. People get paid via bank accounts. They also use bank accounts to make many transactions, such as paying utility bills, home insurance, mortgages, groceries and many other transactions. Banks lend money to households, corporations and public entities via their bank accounts. These corporations and public entities pay taxes or collect taxes via their bank accounts. Banks also provide debit and credit cards to people so that they can make purchases in shops and online. Since banks have such a unique position in society, governments, central banks, regulators and other authorities try to prevent a possible bankruptcy of a bank, if there is a possibility of that.

In September 2008, one of the world's largest and oldest investment banks in the United States, Lehman Brothers, filed for bankruptcy, sparked by a credit crisis and falling real estate prices. Large investment banks were central to the international financial crisis as they were actively involved in financial engineering and lending money to borrowers who had little ability to repay their loans. The bankruptcy of Lehman Brothers generated a freeze of credit markets and produced widespread economic pain around the world. The crisis has shaken the foundations of financial systems, with economic and social consequences many people have not yet fully recovered from.

The increasing academic interest in ethics and business culture in banks is partly the result of the persistence with which misconduct has occurred even after the financial crisis of 2008. Many scandals involving fraud over the years have weakened trust in banks. In addition to over-investment in real estate, overly complex and opaque financial instruments, excessive leverage and conflicts of interest, there was another, a deeper dimension to the causes of the crisis. It was *a crisis of trust* in financial institutions, regulators, courts, business corporations and in the "efficiency" of markets.

A particular issue was trust in national governments and regulators as regards their responsibility and accountability to supervise national financial systems. The crisis exposed certain friendships and networks of politicians, lawyers, legislators, entrepreneurs and other elitist professionals. In his speech in 2005, Tony Blair, Prime Minister of the United Kingdom, a member of the EU at the time, was critical of regulation, stating that its result was a "plethora of rules, guidelines, responses to 'scandals' of one nature or another that end up having utterly perverse consequences" (UK Parliament, 2005). That was three years before the global financial crisis that hit the world hard. The crisis demonstrated that there should be adequate regulation and a return to a banking culture that conforms to the highest standards of ethical and professional behaviour.

A culture within a bank is often defined as the unwritten rules or the ways things are done in that particular workplace. Culture is typically considered a system of shared norms and values that shape mindsets and behaviours. If the culture of a bank deviates from societal expectations, the rule of law can be a driver to return to ethical conduct in order to align the interests of society with the interests of bankers and financiers.

Culture, behaviour, and ethics tend to be the topics of professional pursuits of philosophers, anthropologists, and psychologists—not lawyers, economists or central bankers. Is it possible to talk about ethics in the banking industry? That is a legitimate question, considering that the pursuit of profit does not necessarily ensure collective well-being. The banking industry must be guided by a corrective mechanism that requires compliance with legal obligations that are supervised by financial regulators. According to a study by Cohn et al. (2014), the prevailing business culture in the banking industry weakens the honesty norm. That indicates that employees in banks work in a business culture that tends to tolerate or even promote dishonest behaviour. The study showed that bank employees in general are not less honest people, but when their professional identity as bank employees is depicted as important, a significant proportion of bank employees become dishonest. This result indicates that a problematic business culture prevails in parts of the banking industry.

In his speech at the conference on the new financial regulatory system in 2014, Ignazio Angeloni, then member of the Supervisory Board of the European Central Bank, said that the underlying ethical behaviour in the financial sector had to improve (ECB, 2014). He emphasised that compliance with the rule of law should include not only the willingness to conform to the *letter* of the rules and laws, but also the willingness to conform to the *spirit* of those rules and laws. In other words, durable social trust requires not only compliance with the law; it also requires ethics.

This book has a topical approach to this theme. It introduces a systemic perspective rather than focusing on examining a particular leadership commitment in ensuring ethical behaviour. The focus of the book is on the wider framework which covers rules, patterns and relationships between certain elements. Recognising that a bank's behaviour emerges from dynamic connections between economic, social, legal and political environments, the analysis revolves around the interconnectedness of those elements. The book uncovers, piece by piece, a multifaceted picture of ethics in banks by examining their rules, practice and their attitudes vis-à-vis their customers and the institutional and regulatory frameworks.

The central theme of the book is based on the rule of law within a certain framework that is influenced by international, supra-national and national levels of governance. The ultimate question at the core of this book is whether the legal system at the level of the European Monetary Union (EMU) contributes to preventing or mitigating unethical conduct in banks, thus influencing consumers' trust. In addressing this question, the book looks at numerous cases, case law and the existing foundational structure for banks within the unique legal and institutional setting that characterises the monetary architecture of the euro area.

The common thread running through all chapters of the book is the issue of ethics, business culture, and institutional attitudes towards banks and their customers. The book examines how regulators, governments, courts and other authorities regulate, enforce and supervise the "ethical" use of money. Do these authorities protect banks or their customers or both, but to a different degree? The analysis in the book takes into account the long-term structural shift of the economy in Europe in the last twenty years. De-industrialisation and the move away from traditional industrial production towards finance provided banks with more power. As a result, the declining contribution of manufacturing to the economy is being increasingly replaced with financial services, which are not only influencing economic activity, but also have an impact on governance rules and policy decisions at the level of governments, central banks, the European Parliament and other authorities.

Ethics in the banking industry is closely associated with the law as they both have some similar features in guiding human behaviour. This book examines certain decisions and policymaking of central banks, governments and courts in different configurations. Banks are examined from several perspectives, including data protection and processing personal data by applying artificial intelligence and information technology tools. At the centre of this book are European banks and their practices, including as regards various fees they charge for consumer and mortgage loans, including loans denominated in Swiss francs. Other issues touched upon in the book are banking rescue operations, the behaviour of banks in response to international sanctions, and new rules and regulations.

The book extends its view to the future, taking into account the current changing global financial and political landscape and its risks for the banking systems and for their customers. Through its engaging narrative, supported by many graphs and tables, the book critically uncovers many layers of decision-making processes and outcomes that have generated legitimate questions about democratic legitimacy, accountability and responsibility of banks, regulators, courts and other authorities.

The book does not intend to be theoretical, abstract or too technical to understand. It revolves around real cases, facts and situations in finance, touching upon different constraints, ethical questions, the role of governments, regulators and courts, and what that means for society. The language of the book is simple, understandable and intelligible.

Chapter Two

Methodology and Definiton of Key Terms

Methodology

The methodology of this research includes collecting, sorting, analysing, and interpreting quantitative and qualitative data about all aspects of the wider framework that directly or indirectly impacts on the ethics and conduct of banks. In order to analyse different dimensions of ethics in banking, many data series and other data will be introduced. They include publicly available documents such as policy papers, speeches, reports, videos and transcripts from public sources. The analysis of these documents is supplemented with statistical analyses of data retrieved from databases at the European Central Bank (hereinafter: ECB), Eurostat, Statista and other sources. Other data include case law from the European Union (hereinafter:EU) courts, institutional reports from the European Commission, European Banking Authority, Bank for International Settlement, United Nations and many other authorities and bodies.

As the theme of this book is at the intersection of law, economics, sociology, finance and information/computer science, the methodology of research is a combination of methods. It includes qualitative methods such as case studies and content analysis of available online information on banks' websites. Case studies have been used in many areas and disciplines, including sociology (Grassel & Schirmer 2006), medicine (Crowe et al., 2011) and other areas, particularly in government, management and education.

In addition to case studies, another qualitative method of research applied in this book is content analysis. That covers the analysis of online sources about banks on their websites. Content analysis is suitable for this research because it makes sense of what is mediated between banks, on one hand, and people, on the other hand. For example, textual matter, symbols, messages, information, mass-media content, and technology supported social interactions (Krippendorf, 2018).

Fifty banks across EU countries were randomly chosen for this research. There were 4,633 banks in the EU as of January 2026. Given that the EU has its Single Market and that banks from EU members can compete across the bloc freely, the selection criteria for this random sample was to choose 3 banks from larger EU countries and 1 bank from other member states in the EU. Banks randomly chosen for research include Deutsche Bank and Commerzbank from Germany; BNP Paribas, Société Généraleand Crédit Agricole from France; ING, Rabobank and ABN AMRO from the Netherlands; Unicredit, and Banca Monte dei Paschi di Siena from Italy; Banco Santander, Banco de Sabadell and Caixa Bank from Spain; Laensfoersaekringar bank, Nordea bank and Ikano Bank from Sweeden; Bank Polska Kasa Opieki and Bank Handlowy w Warszawie; Addiko bank, Raiffesen bank and Erste bank from Austria, OTP bank from Hungary, NLB bank from Slovenia, Danske bank from Denmark, COOP Pank from Estonia, Hypo from Finland, Banque Internationale a Luxembourg from Luxembourg, Eurobank from Greece, Hrvatska postanska banka from Croatia, Banca Transilvania from Romania, First Investment Bank from Bulgaria, Bank of Valetta P.L.C.from Malta, Bank of Cyprus from Cyprus, Rietumu Banka from Latvia, Šiaulių bankas from Lithuania, Bank of Ireland from Ireland, Postova banka from Slovakia, Ceska Sporitelna from Czechia, Novo Banco from Portugal and Axa Bank from Belgium.

The websites of these randomly chosen banks across the EU were examined at the beginning of 2026. The central point of research interest was the information on the code of conduct, ethical standards and what can be inferred about those standards from banks' websites. At first glance, there is significant heterogeneity across banks with regard to details, visibility and user-friendly design/structure of relevant information.

The research also includes the analysis of relevant case law at the Court of Justice of the European Union (hereinafter: CJEU). Other legal data sources researched are the primary EU law that covers legal texts such as the Treaty on the European Union (hereinafter: TEU) and the Treaty on the Functioning of the European Union (hereinafter: TFEU). Other legal acts examine numerous national and EU laws, including directives and regulations, such as, for example, the General Data Protection Regulation (GDPR) and Artificial Intelligence Act.

Definition of key terms

Traditional commercial banks, which are at the centre of this research, offer a wide range of financial products and services. Those include current accounts, savings accounts, loans, mortgages and credit cards. Commercial banks have many types of assets and liabilities and may engage in off-balance sheet activities. These banks typically have a physical presence, with branches located in various cities and countries. They have faced a number of headwinds in the last decade which have led to the consolidation and reduction of banks. That was influenced by profitability issues, digitalisation, the use of artificial intelligence and also changing consumer behaviour and preferences.

With the increasing use of digital technologies, consumers have been attracted to other types of financial services. Neobanks are new players in this respect. They have entered the financial landscape, and they offer, to some extent, similar financial services as traditional banks, but with a larger use of digital technologies and lower fees. Neobanks are not the subject of research interest in this book.

In order to clarify some specific key terms in the book, the following definitions that are in line with the definitions in relevant EU law, apply:

i. "Central bank" is a public, non-profit institution that manages a nation's money supply, currency, and interest rates. Its primary objective is price stability and low inflation;

ii. "Eurosystem" means the European Central Bank and national central banks of an EU member state whose currency is the euro. Throughout this book it is assumed that the ECB's activities are those that represent the entire Eurosystem;

iii. "Eurosystem task" means a task entrusted to the Eurosystem according to the Treaty on the EU (TEU), Treaty on the Functioning of the EU (TFEU) and the Statute of the European System of Central Banks and of the European Central Bank;

iv. "Eurosystem Ethics Framework" means the provisions of European Central Bank guidelines as implemented by each of the Eurosystem central banks;

v. "Governing Council" consists of the members of the Executive Board of the ECB and the governors of the national central banks of the EU member states whose currency is the euro;

vi. "Single Supervisory Mechanism" (SSM) means the system of financial supervision composed by the ECB and national competent authorities of participating member states as described in Article 6 of SSM Regulation;

vii. "SSM Ethics Framework" means the provisions of Guideline 2021/2256 of ECB as implemented by the ECB and each of the national competent authorities;

viii. "national competent authority" means a national competent authority as defined in point (2) of Article 2 of Regulation (EU) No 1024/2013;

ix. "non-public information" means information, irrespective of its form, that pertains to the performance of Eurosystem tasks by the Eurosystem central banks and which has not been made public;

x. "market-sensitive information" means non-public information of a precise nature which, if made public, is likely to have a significant effect on the price of assets or prices in the financial markets;

xi. "regulated entity" means any of the following:

1. a monetary financial institution (e.g. banks) as defined in point (1)(b) of Article 2 of Regulation (EU) 2021/379 of the European Central Bank (ECB/2021/2), but excluding money market funds;

2. a non-MFI credit institution as defined in point (4) of Article 2 of Regulation (EU) 2021/379 (ECB/2021/2);

xii. "conflict of interest" means a situation where personal interests may influence, or may be perceived as influencing, the impartial and objective performance of duties and responsibilities;

xiii. "personal interest" means a benefit or potential benefit, of a financial or non-financial nature, for a member of staff or a member of a body, including – but not limited to – a benefit for a direct family member (being any parent, child, brother or sister), spouse or partner;

xiv. "short-term trading" means the purchase and subsequent sale of a financial instrument or the sale and subsequent purchase of the same financial instrument within 90 calendar days;

xv. "legacy asset" means a prohibited asset which was acquired by a member of a body or a member of staff prior to the prohibition of the asset or the prohibition becoming applicable to them, or which came into their possession at a later point in time due to circumstances over which they had no influence and

xvi. "advantage" means a gift, hospitality or other benefit – whether financial, in kind or of another nature – which is not agreed compensation for services delivered and to which the recipient is not otherwise entitled.

Chapter Three

Ethics in Banking – Definition

Introduction

The word "ethics", which is derived from the Greek word ethos (character), is related to the unique ability and privilege of people to choose their values, define their identity and establish their beliefs. Ethics is about how individuals choose to interact with one another. In philosophy, ethics identifies what is good for society and for the individual (Legal Information Institute, 2026). What could people in Europe imagine or think of when they hear the term "ethics in banking"? Each person would probably have their own interpretation of it. But given numerous scandals by banks over the years, it is not very likely that they would associate the term "ethics in banking" with morality, honesty, fairness, justice, respect for the rule of law and similar terms.

Codes of conduct are boundaries based on law, not on ethics or morality. Ethics is a subjective principle that is difficult to legislate and enforce. The misalignment between law and ethics in the banking industry is associated with corporate culture and systemic incentives in banks. While regulators focus on compliance and financial stability in society, banks prioritise profit maximisation over the social or environmental consequences of their decisions. The traditional strategy in banks is typically aggressive because that type of behaviour is rewarded, as long as it technically remains within the boundaries of law. If a bank voluntarily implements higher ethical standards of corporate behaviour, it may lose deals to competitors whose ethical standards are lower. Moreover, banks and other corporate financial entities have large lobbying power, which allows them to dilute regulations with strict ethical standards. Further, in the context of geopolitics, governments or politicians may compromise on certain issues such as international human rights or environmental concerns, if banks' deals bring jobs, economic advantage or energy security for their country.

In the formal sense, ethics in banks has two levels of regulation and two levels of manifestation of ethics. The first one is the corporate level that sets the code of conduct or ethical standards of the bank as a legal entity. The second level is the code of conduct for banks' employees. Both levels imply a vision of what is allowed and what is wrong or right in activities of a bank at a corporate and individual level.

Ethics in banking is, from a legal point of view, encompassed in a set of rules and principles, covering the conduct of banking employees, both collectively and individually. Banking ethics is a form of professional ethics in the field of finance, where trust is the most important element (ECB, 2014). However, each legal brick in a financial system implies different levels of complexity, leading to certain ethical questions some in the banking industry may confront on a daily basis.

Banks' codes of conduct and codes of ethics are formally designed to display respect for the rule of law based on ethical values and regulations imposed by the government, regulators and other authorities. Banks' employees are provided with rules they must adhere to. They are usually expected to disclose any issues related to integrity and ethical values. It is therefore assumed that within the applicable regulatory framework, banks configure their governance systems to respect legal boundaries of behaviour, increase equity value, and at the same time, ensure customer trust and satisfaction while assuming social and environmental responsibility.

Ethics and values are an integral part of the organisational code of behaviour in banks and other business entities. As presented in the following chapters, banks have clearly defined rules of conduct and a code of ethics that encourage a certain culture of behaviour. The value system of a bank reflects what is important to the bank and which principles govern their “mission”. A bank’s code of conduct is a defined set of rules about how employees should act in a set of different situations. There is a strong emphasis on banks’ willingness to act ethically at the social level, judging by some codes of conduct available on websites in banks across Europe. For example, in the Code of Conduct of ProCredit Bank under “Transparency”, paragraph 2, it states that:

> “We are not just a bank and a legal entity: we are a fair employer and part of the community. We pay our taxes and comply with all legal requirements – particularly with regard to money laundering and terrorist financing – and we contribute to the development of responsible and transparent standards in the markets in which we operate. Moreover, by supporting SMEs (i.e. small and medium enterprises), and thus economic stability, we also indirectly contribute to a stable society and democratic mechanisms” (ProCredit Code of Conduct, 2026, p.7).

However, while ProCredit Bank promotes transparency in its code of conduct, as stated on its website, the reality may be different. For example, in 2025, the National Bank of Georgia imposed a large fine on its branch for non-submission of reports and financial information in the prescribed or designed form as well as the submission of inaccurate information (National bank of Georgia, 2025). ProCredit bank was also delivered a separate monetary fine regarding anti-money laundering and combating the financing of terrorism provisions (National bank of Georgia,2025a).

A banking system can be viewed as an important element to economic growth and development, being “essential to unlocking wealth, creating opportunities, providing jobs, and facilitating commerce" (Douglas, 2008). Despite the fact that the financial ecosystem has become more diversified through competition and innovation over the years and more choices are now available to households and firms than ever before, traditional banks have remained the primary source of financing for individuals and businesses alike in most EU countries. As such, they are vital to the functioning of the economy and society.

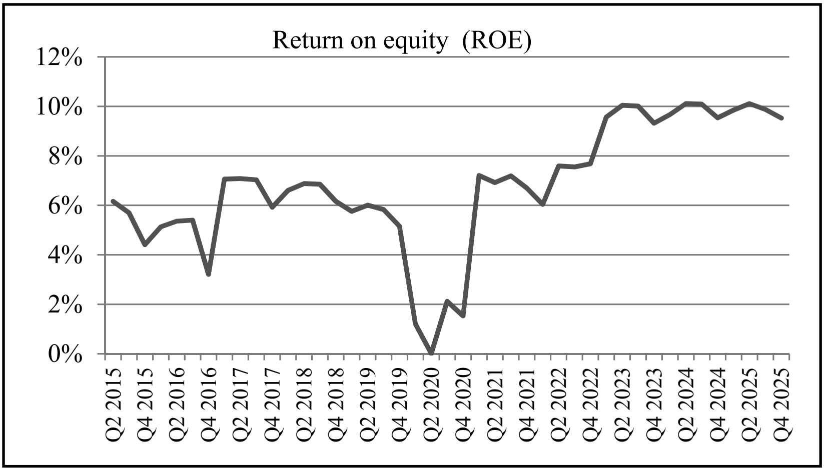
Banks in the EU serve people and businesses. Their operations are strongly associated with the central bank in the euro area, i.e. the ECB. The ECB is designed as a highly independent EU institution whose legal basis is set by the EU Treaties since 1992 (TEU, 2012). The ECB is the authority whose primary objective is price stability. As regards monetary policy, the banking sector plays an important role in transmitting changes in the ECB monetary policy decisions to the real economy (corporations and other business entities). The key interest rates that are set by the ECB, influence the economy via the interest rates set by banks which lend to households and businesses to purchase houses, business equipment and similar.

Therefore, crucial players that determine these borrowing interest rates for households and businesses are banks and other credit institutions. Banks play a key role in the transmission of the ECB's monetary policy to the wider economy. Problems in the banking sector can make credit expensive or difficult to access, even if the ECB is targeting a low money market interest rate. As a result, the ECB and other central banks collect a range of different information on bank lending conditions.

In the last few years, many uncertainties in the global environment have had an impact on the economy, but the banking sector in the euro area has remained resilient. The profitability of the largest banks has been high over the last 10 years, apart from a large dip in 2020 due to the COVID-19 pandemic (Figure 1). The return on equity has remained solid (Figure 1, left), despite the changing geopolitical situation and unstable global environment. All large banks had a positive return on equity (ROE) over the last two years (European Banking Federation, 2025).

Much of the high profits from 2022 to 2025 are attributable to the almost instantaneous pass-through of the hikes of ECB policy interest rates to commercial banks' lending rates. On the other hand, banks have shown reluctance to raise deposit rates for their customers (IMF, 2024).

Figure 1 *Profitability of banks, significant institutions in EU countries, participating in Single Supervisory Mechanism (SSM), 2015 - 2025*



Source: ECB database, 2026

According to the Guideline of the ECB, central banks in the Eurosystem should take necessary measures to ensure that, in carrying out their duties and responsibilities, they observe the highest standards of ethical conduct (ECB Guideline, 2021). That implies that their bodies act independently, honestly, impartially, with respect and discretion, avoiding any form of inappropriate behaviour, and "without regard to self-interest, thereby maintaining and promoting public trust in the Eurosystem" (ECB Guideline, 2021, p.25).

The aim is to safeguard the Eurosystem's credibility, reputation and public confidence in the integrity and impartiality of the members of the bodies and the members of staff of the ECB and of the national central banks of the Eurosystem (ECB Guideline, 2021). Therefore, the highest standards of professional ethics and integrity are expected to be maintained, in particular regarding insider trading, preventing and managing conflicts of interest, and the misuse of non-public Eurosystem information.

Codes of conduct versus ethics

Law and ethics have some similar features in guiding human behaviour. Ethics is subjective and revolves around personal and internal attitudes that determine how an individual acts in certain situations. Therefore, ethics is guided by individual personal integrity and personal moral value system (Mohi Ud Din & Zhang, 2023). Individual ethical behaviour is influenced by different societies and different cultures that all have their own criteria about what ethics is (Kohlberg, 1963). The external environment may affect a person's understanding and attitude towards what is right and what is wrong.

On the other hand, a formal code of conduct of a bank is based on the rule of law established by regulations that aim to maintain respect for the legal boundaries of people's and businesses' behaviour. Laws are designed, imposed and enforced by governments with the aim of protecting their citizens, and in the case of the banking industry, to enforce legal norms related to the operation of banks. The relationship between the law and ethics in the banking industry is complex because there may be situations where some actions may not be illegal *per se*, but are unethical. For example, marketing a product to a customer without clearly disclosing all possible risks or minimising the possibility of those risks that may not be present at the time of advertising that product.

In the business world of banking and from a legal point of view, banks must, in order to manage compliance, implement many internal controls to identify, understand and minimise risk. These controls include procedures, training, risk assessments, identifying gaps and monitoring programmes to track compliance, and implementing corrective action. The overall success of formal compliance programmes, however, is highly dependent upon the bank's culture, which may be driven by subjective individual action not only at the top of the bank, but at lower levels as well.

According to banks' codes of conduct analysed in this book, based on information on their websites, all of them encourage their stakeholders and employees to take action and report any potential irregularities or breaches they uncover in the performance of their duties. Information on banks' websites also indicate that banks typically prohibit any retaliatory action against a person who reports, in good faith, suspected misconduct or violations of their codes. However, the system of laws and regulations, although comprehensive in many contexts, may not be exhaustive with regard to every possible situation that may arise within the scope of human interaction. Therefore, in many situations, employees in banks may only ask themselves if something is legal and may not be concerned with whether it is ethical as well.

The importance of corporate culture was largely overlooked in the years before the crisis of 2008. There is now a greater understanding of how the prevailing culture of an organisation shapes behaviours, judgements and ethics (ECB Culture, 2024). Regulations can have an impact on operations in banks by embedding a more ethical culture. When examining banks' websites, one can conclude that banks have detailed and thorough information about their rules of conduct, claiming high ethical standards. Unfortunately, many scandals over the years indicate that banks fail to act in line with their own codes of conduct. There are numerous examples in that respect and a few of them are presented here.

In 2014, French bank BNP Paribas was found to have processed many transactions through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban entities that were subject to U.S. economic sanctions. The bank agreed to pay 8.9 million USD for large-scale, systematic violations of U.S. economic sanctions which the bank tried to "conceal, cover its tracks, and deceive U.S. authorities" (US Department of Justice, 2014).

In 2021, the Dutch Public Prosecution Service identified serious shortcomings in the processes of ABN AMRO bank in the Netherlands. Those shortcomings regarded money laundering and the client acceptance, transaction monitoring and client exit processes in the period between 2014 and 2020. Because of these shortcomings, some clients were able to abuse ABN AMRO accounts (ABN AMRO, 2021).

Like other large banking groups that have been receiving significant fines over the years, Société Générale is not an exception in that respect. In 2024, the French regulator (Direction générale de la concurrence, de la consommation et de la répression des fraudes) charged the bank with a fine of 4.5 million euros for misleading commercial practices and unjustified fees (Société Générale, 2024). Société Générale argued that those practices were the result of computer configuration errors (Société Générale, 2024).

In 2024, Nordea bank from Sweden reached a final resolution with the New York State Department of Financial Services, following an investigation related to the adequacy of Nordea's anti-money laundering programme during the period 2008 to 2019 (Nordea, 2024). There were certain issues about the compliance framework and processes, policies and controls to prevent money laundering (Nordea, 2024). The bank agreed to pay a fine totalling 31.5 million euros.

In 2021, the Bank of Valetta from Malta was fined 2.63 million euros by Malta's Financial Intelligence Analysis Unit for failure to identify beneficial owners of over 2,400 corporate clients (FIAU Notice, 2021). This penalty concerned the bank's failure to know whom it was servicing and who the individuals behind a corporate customer were (FIAU Notice, 2021).

An interesting recent case was a large fine for ABN AMRO Bank N.V. in the Netherlands. During the financial crisis, several banks received state aid from the state. A bonus ban for members of the Executive Board of the bank, imposed by the state in 2012, was applicable to those institutions that had received state aid. In addition, an increase in fixed salaries beyond the annual collective wage increase was banned as well. On 10 June 2025, the national central bank of the Netherlands, De Nederlandsche Bank (DNB), imposed a 15 million euro fine on ABN AMRO for non-compliance with the bonus ban (DNB, 2025). The ban was extended to the second-tier management in 2025. However, ABN AMRO acted against this ban as it awarded bonuses to several second-tier management positions between 2016 and 2026 (DNB, 2025). The total amount of awarded bonuses exceeded 1.5 million euros. In addition, one official had received an increase in fixed salary in two consecutive years, above the permissible collective wage increase (DNB, 2025).

The national central bank of the Netherlands stated on its website that:

> "This act of non-compliance damages society's confidence in financial institutions, especially given the fact that banks have an important societal role in ensuring a smooth functioning economy and society. Given this societal role and the sensi-

> tivity of the subject of bonuses, DNB considers the non-compliance to be grave.
>
> A professional market participant and licenced bank such as ABN AMRO may be expected to be aware of the relevant laws and regulations and to comply with them. It may also be expected not to let the non-compliance continue after it has been made aware of it, and to act promptly to restore compliance with the ban.
>
> The supervisory authority specifically pointed out to ABN AMRO that awarding and paying bonuses to second-tier management officials is prohibited. ABN AMRO then initially halted the payment of bonuses. However, at a later date, ABN AMRO decided not only to resume paying out the bonuses, but also to award a new tranche of bonuses. In doing so, ABN AMRO deliberately allowed its non-compliance with the bonus ban to continue for an extended period of time and went against the supervisory authority's explicit instructions. DNB strongly condemns ABN AMRO's course of action" (DNB, 2025).

In summary, it is obvious that despite the fact that banks adopt extensive and detailed codes of conduct that they publish on their websites, their online presentation of commitments appears to be more for public display, public image, public relations or compliance with regulations rather than their fundamental attitude towards ethical standards and ethical behaviour.

There is a deeply embedded pressure to produce high returns in the banking industry (Morrison & Shapiro, 2016) and there are usually special incentives in this respect (ECB Buch, 2025). Questionable practices, such as excessive risk-taking, manipulation of markets and selling products with hidden risks are all the result of those incentives.