

Ethikos Volume 37, Number 3. July 01, 2023 On ethics: Christian Hunt

by Christian Hunt and Adam Turteltaub

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AT: Before we get into the heart of the interview, I want to make a quick detour into your background. You spent most of your career in the financial services arena, working at UBS, Deutsche Bank, and the United Kingdom Prudential Regulation Authority, a part of the Bank of England responsible for regulating financial services. Finance tends to stay off to itself when it comes to ethics and compliance. It's a bit of a black box to the rest of us. What do you think they do well that the rest of the industry could learn from?

CH: I'm not entirely sure what drives that "black box" perception. The ethics and compliance challenges in financial services (FS) are similar to those faced by other industries. It's just a different context. While there are industry-specific dynamics and regulations—for example, non-FS companies aren't required to hold "capital," assets that ensure the firm can withstand losses—the idea of ensuring a business is ethical and compliant is the same. Although my background is in FS, I now do more work with non-FS clients!

FS has lessons for other industries in the complexity and nature of the regulatory landscape. Many of the regulations that banks have been managing for some time, such as financial crime prevention and conduct—how firms and individuals within them "conduct" themselves, in other words, their culture and behavior—are things other industries are also now having to deal with.

AT: Are there any areas, particularly on the ethics front, where they need to catch up?

CH: Yes! Part of the reason FS is so heavily regulated is the historical failings of the industry. It isn't "safety critical" in the way that, say, transport is. But as we saw in 2008, when things go wrong in FS, it has huge societal implications. Decision-making in the industry—within regulators and firms—hasn't always fully reflected that.

Finding examples of unethical behavior in FS is easy. Take Wells Fargo, where millions of accounts were fraudulently opened on behalf of customers without their knowledge to meet unrealistic sales targets. It illustrates how incentive programs and poor cultures within FS have led to terrible outcomes. Many people, particularly in investment banking, are also paid disproportionately—I'd argue unjustifiably—high salaries relative to the functions they fulfill and societal value they add.

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