



JAIIB NOV 2025
CAPSULE BATCH

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COMPLETE

MODULE D

- 15-20 marks //

IN ONE SHOT

50+ MARKS GUARANTEED



PPB

Module D

JAIIB Nov 2025

PPB EXAM WEEK

 **YouTube Schedule**

Date	Hinglish - By Himanshu Sir	English - By Afreen Azmat
2-Nov-25-Sun	JAIIB PPB Capsule Demo Class @ 5 PM	JAIIB PPB Capsule Demo Class @ 7 PM
3-Nov-25-Mon	JAIIB PPB Marathon (Module A) @ 7 PM	JAIIB PPB Marathon (Module A) @ 8 AM
4-Nov-25-Tue	JAIIB PPB Marathon (Module B) @ 7 PM	JAIIB PPB Marathon (Module B) @ 8 AM
5-Nov-25-Wed	JAIIB PPB Marathon (Module C&D) @ 7 PM	JAIIB PPB Marathon (Module C&D) @ 8 AM
6-Nov-25-Thu	JAIIB PPB Final Marathon (Part 1/2) @ 6 PM	JAIIB PPB Final Marathon (Part 1/2) @ 6 PM
7-Nov-25-Fri	JAIIB PPB Final Marathon (Part 2/2) @ 6 PM	JAIIB PPB Final Marathon (Part 2/2) @ 6 PM

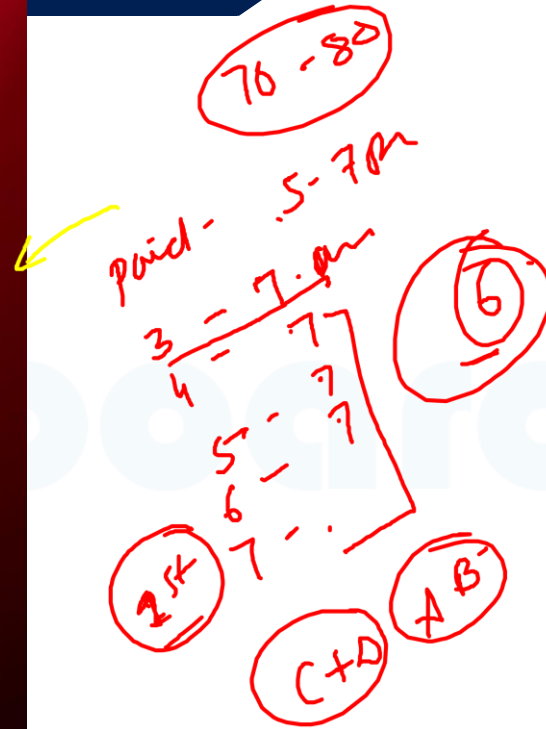
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ETHICS, BUSINESS ETHICS & BANKING: AN INTEGRATED PERSPECTIVE



VALUES AND ETHICS

Basic values are those which are at the core of being human. Values are stable long-lasting beliefs about what is important to someone. These are qualities one chooses to embody to guide one's actions and conduct.

Merriam-Webster defines "Ethics" as:

- "the discipline dealing with what is good and bad and with moral duty and obligation".
- "a set of moral principles: a theory or system of moral values".
- "the principles of conduct governing an individual or a group".
- "a set of moral issues or aspects (such as rightness)".

So, ethics is a set of moral standards and values acceptable in a society and guides human behaviour. It holds people from taking decisions that may be harmful to others or the society. Ethical principles are universal in nature. Ethics is prescriptive in nature - deals with what must be or ought to be done.



ETHICS AND BUSINESS VALUES

'Business values' is an informal term and explains the core principles or standards that guide the way business is done. They sum up what your business stands for. They are the core values or standards that influence the organisational culture and drive how and why of the organisation's actions. Business plans and strategies may change, the core values of a business will usually remain the same. Values help businesses grow and evolve without losing focus on what is important to them.



'Business ethics' means established principles that guide behaviour in the world of business.

[Investors, employees, customers, interest groups, legal system, and the community often determine whether a specific action is right or wrong, ethical or unethical.] Although these groups are not necessarily right, their judgments influence society's acceptance or rejection of a business and its activities.



<i>Business Ethics</i>	<i>Business Values</i>
Ethics refers to the guidelines for conduct, that address questions about morality	Values refers to the principles and ideals, which help in making judgment of what is more important.
Moral principle system	Induce thinking
Define - What is morally correct or incorrect in the given situation?	Determine - What we want to do or achieve?
Indicate - Magnitude of rightness or wrongness of one's options.	Indicate - Level of significance.

Table 51.1 Difference between Business Ethics and Business Values

Business Ethics: Myths and Reality

f. of

Business ethics aids in prioritizing moral values in the firm and also ensures that behaviours are aligned with those values. Myths about business ethics arise from general scepticism about ethics or from elementary views on ethical dilemmas. →

1. Myth 1: A common myth is that business ethics modifies peoples' behaviours-they cease to be what they are, obstructing realization of their full potential. **In reality**, business ethics is about managing values and conflict resolution. Divergence between individual and organizational ethics can be resolved.

2. Myth 2: Many organizations believe that their people are already ethical and do not need to be trained. **In reality**, when faced with complex ethical dilemmas, managers often find it hard to resolve them. Organizational ethics challenges equally logical choices and help in navigating grey areas.

3. Myth 3: Some deny that business ethics can determine how organizations should do their routine activities. It is considered as a fad. These views are due to lack of interest and involvement of managers in ethical decision-making. **In reality**, business ethics has a lot to do with daily operations of an organisation.

4. Myth 4: There is nothing novel about business ethics is a common belief. It is considered to be only affirming what we all already know and naturally aspire for. This view ignores that business ethics safeguards the interest of the stakeholders. In the absence of ethics and values, an organization cannot ensure there is no violation of a code of conduct.

- 5. Myth 5:** Business ethics is all about good guys sermonizing the bad guys is a general perception. Good managers might make wrong decisions in a scenario full of scepticism and apprehensions. Ethical culture requires contribution of all the individuals working together and helping everyone to adhere to ethical course of action through ambiguous and stressful ethical dilemmas.
- 6. Myth 6:** Ethics cannot be managed, is another myth. In reality it can be managed though mostly indirectly. Priorities of an organization can indicate the ethics of the organization.
- 7. Myth 7:** Business ethics are deemed as social responsibility. The two are not same. Corporate social responsibility (CSR) is just one aspect driven by business ethics.

BUSINESS ETHICS - DEFINITION, PRINCIPLES AND PRACTICE

- ❑ According to Adam Smith, in a capitalist economy, both customer and industry co-exist for the benefit of each other. Ethics involves both internal stakeholders (employees) as well as the external stakeholders (investors, lenders, and customers).
- ❑ Ethics in business also covers inter-corporate relationships. Business is a part of society and business firms affect everyday human life. So, a business organization cannot estrangle itself from the principles of good and bad in society.
- ❑ Ethics covers each and every aspect of business and applies to all decision-making and operational activities.

(i) Dignity: An important principle is to treat others with utmost respect regardless of differences. All people should be treated with equal respect and dignity regardless of sex, race or national origin. Employees should be not be considered just as a means to an end. In dealing with customers the ultimate objective should be the customers' interest and not just profit making. The simple rule is to treat others the way you would like to be treated.

23

Respect

(ii) Fairness: Fairness is about concern with actions, processes, and consequences that are morally right, honourable, and equitable. Fairness establishes moral standards for decisions affecting others. It does not mean that everybody gets what they want, but everybody has an equal opportunity to benefit. Fairness is when everyone is treated equally and no one is left out. Fairness in competition provides level playing field to all the firms in the industry. A company should not conspire with anyone to lessen fair competition or engage in anti-competitive practices such as price-fixing or bid rigging.



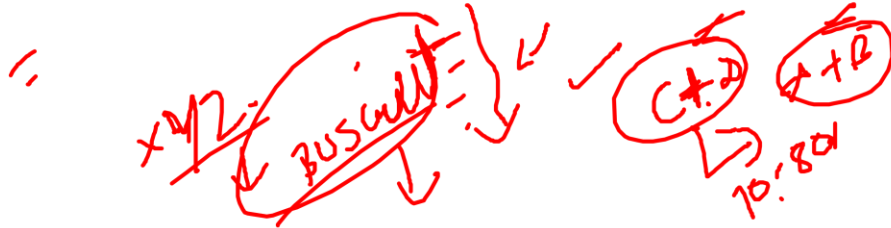
(iii) Honesty: Honesty means being truthful and straightforward. It is largely linked to an individual rather than a situation. Integrity is linked to honesty - to have consistency of honesty. That is, being honest is generalized to all situations. A person of integrity does not wear the hat of honesty in one forum and the hat of dishonesty in another. Honesty in business practices rewards the businesses, as it builds foundations of trust with employees, customers and other stakeholders.



(iv) **Openness:** The concept of openness is that things should be as they are supposed to be, and not concealed in some manner. That is not concealing that which should be revealed.

(v) **Reputation/goodwill:** Goodwill is one of the most important assets of a business, and also one of the most difficult to rebuild should it be lost. Business should work on building a good reputation, along with high morale for its staff.

(vi) **Prudence:** It is the ability of a business to make right decision, which is gained over a period of time from experiences and knowledge, Business requires prudence to exercise a degree of judgment that makes the situation no worse, but rather improves the circumstances.



(vii) Concern for Others: Every business takes birth, survives and grows with the consent and co-operation of the society. Being an integral part of the society, it makes the business morally responsible towards the society. It has to fulfil its responsibility towards both internal groups and external groups.





Philosophy of Trusteeship'

- ❑ Mahatma Gandhi explained that the capitalist should realise that the wealth in their hands is the fruit of hard work, toil, efforts and sacrifice of the workers and other sections of the society. The capitalist, therefore, should act as 'trustee'.
- ❑ Peter Singer has strongly espoused a similar view that each of us with wealth surplus to his or her essential needs should be giving most of it to the people suffering from poverty so dire as to be life threatening". This philosophy of trusteeship has its origin in 'Bhagwat Gita', which tells about "Aparigraha' (non-possession) and 'Nishkam Karmyoga' (selfless work). Trustees have to create, preserve and increase wealth without expecting the enjoyment of wealth.

Business Ethics Practices in India - Corporate Governance

- ❑ Ethics as a concept in the Indian business evolved during the 1980s, following rise of corrupt business practices. Major unethical issues were also on rise such as bribery, deceptive advertising, price collusion, product hazards, and environment degradation, Business confidence started to decline.
- ❑ Directors of a firm are responsible for creating wealth and happiness for all the stakeholders of an organization and improvising by using corporate governance.
- ❑ It is their duty to avoid ethical misconduct and also to provide leadership to prevent ethical misconduct in the organization.

- ❑ For this, most companies have developed formal systems of accountability, oversight, and control-known as corporate governance.
- ❑ In India, with the formation of SEBI in 1992, and addition of clause 49 (listing agreements) in 2005, business ethics gained the centre stage of business operations. Several Committees have been set up, the latest was the Uday Kotak Committee set up by SEBI.

The standard banking code of conduct includes following factors also-

- **Integrity-means that there is no intention to treat the business partner in an immoral way.**
- **Neutrality-means refrain from any kind of biased behaviour.**
- **Reliability-means to provide information to its customers that is understandable, clear and accurate. It should perform customer service in minimum time frame and impeccably - without a glitch.**
- **Transparency-means to keep its customers clearly updated about their rights and obligations and all aspects of the products and services offered to them. Also, banks must offer customers a particular product or service suitable to their requirement and profile.**

ETHICAL FOUNDATION OF BEING A PROFESSIONAL

Professionals have a certain set of acquired skills and specific qualifications. For a professional, the most valuable virtue is ethical decision-making with moral judgment. Professionals have to prescribe standards for themselves, but they are accountable to the overall society.

Duties of a professional include -Integrity in dealing, Honesty in actions along with being truthful, Humane values, Thoughtfulness in decision making. Objectiveness in actions, Responsibility towards employer and customer, and Leadership qualities at the work place.



Ethical Issue for Professionals

- ☐ Strong moral values help professionals in crisis situation. .
- ☐ It helps them in coming up with suitable solutions when they are facing ethical dilemmas. Practicing high ethical standards are essential elements of professionalism.
- ☐ An ethical dilemma is a situation, which requires an individual to choose among actions that may need evaluation as just or unjust.
- ☐ Dilemma arises either due to conflict between the personal values and the organizational values or conflict with the social values. For instance, (a) an issue that might impair independence and objectivity or (b) priority of transaction, for example customer over employer, (c) monetary benefits received following completion of a deal.

ETHICS AT THE INDIVIDUAL LEVEL

VALUES, NORMS, BELIEF AND THEIR ROLE

Values

- ☒ Values are concept of desirable behavior.
- ☐ These are internalized standards or principles, which evaluate-what is embraced by an individual. As values describe what is desirable, it must be desirable for all and not just for selected few.
- ☐ Such standards are relatively few.
- ☐ These influence an individual's evaluation of many objectives encountered in everyday life.
- ☐ Values are derived from moral principles determining individuals' judgment about good, right or desirable.

- ❑ Also, the true values must have universal command and acceptability.
- ④ Values are internalized as our core beliefs; this is because right from our childhood, we are continuously taught certain values by our parents, family members, teachers, etc. and the rest of the society.
- ❑ Values are derived from norms in our society, religion and culture. We continue to learn values even subconsciously, and these get imbibed in our personality. Our individual perceptions influence our attitudes, which guide our behavior. Thus, whatever we think and act is in synchronization with our value system. Values are beliefs that people use to give meaning to their lives.

(a) Characteristics of values

- Values provide standards of competence and morality.

- Values are not large in number and we have a few selective values.

- Values outdo specific objects situation or persons: are measure of evaluation applicable to all.

- Values are relatively perpetual and resilient to change, and changes happen over a long time.

- Values are at the core of a personality, steering decisions and actions that direct human behaviour.

- Values have content along with strength and distinctive features that make each individual distinctive.

(b) Values Classification

Terminal Value - A terminal value is an ultimate goal, which we desire to achieve in our lifetime. It is enduring belief that a certain end-state of existence is worth striving for and attaining.

Instrumental Values - It is a tool or means for acquiring a terminal value. Thus, instrumental values are, in the simplest words, the modes of behaviour. These are the core values and permanent in nature.

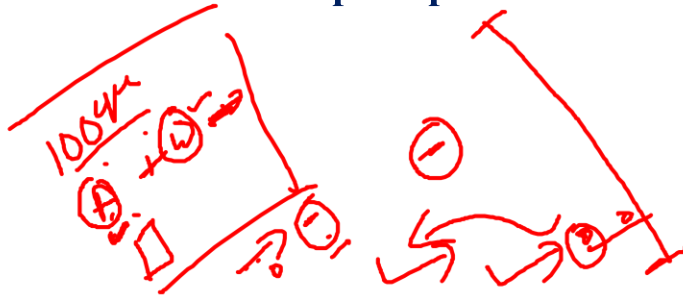
2 main

Norms

- ❑ Norms are expectations of proper behaviour and not the requirements of that behaviour.
 Norms are the ways an individual expects all the people to act in a given situation. They are inconsistent but universal. Norms are not published, may not be obeyed and cannot be made obligatory except by sanctions (penalties, condemnation or exclusion) of a group.
- ❑ Norms are informal guidelines for behaviour and actions considered normal (as correct and incorrect) social behaviour in a particular group or social unit. They play a key role in social control and social harmony. Even though norms influence every aspect of our lives, we are many a times unaware of it.

Beliefs

- ❑ A belief is some thought considered to be true by a person, Beliefs could arise out of some certainities of life, or some probable events or consequences, or simply out of faith in some ideas. Beliefs in the ethical code of an organisation are standards of thoughts.
- ❑ Beliefs are basic to our understanding of a wide range of phenomena. Our beliefs are the key constituents of our personalities and senses of individuality.
- ❑ Our expressions of beliefs often define us to others, and our internal reactions to others are based on our beliefs and perceptions.



CORE VALUES: THE VALUE OF A VALUE

Core values are the fundamental beliefs of a person or an organization. These guiding principles dictate behaviour and can help people understand the difference between right and wrong. Core values also help companies to determine if they are on the right path.

An organization's values are based on human values. We should understand the value system of individuals and organizations and then develop a suitable practice based on alignment of both of these. This is management by values, comprising - Identifying core values, Communicating core values and Aligning values and practices.

~~(i)~~ Identifying core values

~~(ii)~~ Communicating core values

~~(iii)~~ Aligning values and practices



MORALITY AND PERSONAL VALUES

Morality

Morals are an individual's guiding principles. Morals are those principles that have internalized automatic response to the situations. They are part of who we are and our unique personality.

Moral standards are first absorbed as a child through family, friends and various social influences.

Different moral standards emerge from the different value systems which people and society hold.

Moral standards include the norms we have about the kinds of actions we believe are morally right and wrong. Values are at the heart of all kinds of morality.

Moral norms are expressed as general rules or statements: 'Always tell the truth'. Moral Values are expressed as statements describing objects or features of objects that have worth like- "Honesty is good" and 'Anger is bad'.



Personal Values

An individual's value-system is unique for each individual like a fingerprint. Because it is in the form of a combination of different instrumental and terminal values.

And this combination varies from person to person. Therefore, in the context of an organization when different business managers come across similar ethical dilemma, their interpretation of the situation and responsive actions may differ significantly.

Personal values provide an internal reference for what is good, beneficial, important, useful, beautiful, desirable and constructive. Values generate behaviour and influence the choices made by an individual. Personal values denote a sense of right or wrong, good or bad, and other judgmental criteria based on one's strong sense of what the ideal ought to be.

Value - Conflict in an Organization

Value differences and conflicts are caused by two discrete, whether perceived or actual, incompatible belief systems. Values explain what is "good" or "bad," "right" or "wrong," "just" or "unjust." Differing values need not cause conflict, though these would create divergence. For instance, if any discrepancy occurs between the individual values and corporate culture, then the friction between the individual and organization where he works is inevitable. However, if the divergence is managed it can be resolved.

THE GOLDEN RULE

2 marks

The moral principle known as the 'The Golden Rule' has been espoused by many humanists, which otherwise is also known as the ethic of reciprocity. The Golden rule suggests that people should aspire to treat each other as they would like to be treated themselves - with tolerance, consideration and compassion. It suggests that one should treat inferiors, as you would want superiors to treat you.

There are three Golden rules of ethics, which establish the foundation of human moral values.

- ① • Everything you want others to do to you, you should do to others.
- ② • Do not do to others that you do not wish them to do to you.
- ③ • Do not do anything to others, which, if done to you can cause harm to you.

These rules provide us a screening test for finding out the validity of what we decide as core values

ETHICAL REASONING AND REAL-WORLD APPLICATION

Ethical reasoning is the process of recognizing, which decisions require ethical judgments, determining potential reasonable course of action, finding support for potential course of action, and then selecting the course of action best supported.

Ethical reasoning has the same basic structures that underlie all reasoning. If we are to reason well ethically, we must learn to identify and assess our use of these basic intellectual structures in ethical reasoning. Here is the basic idea: We think for a purpose; Within a point of view, Based on assumptions leading to implications and consequences. We use ideas and theories to interpret data, facts, and experiences in order to answer questions, solve problems, and resolve issues.

Theory of moral judgment: Lawrence Kohlberg, in his theory of moral judgement, explained that moral judgment is based on the concept of objectivity, justice and fairness.



ETHICAL DIMENSIONS:EMPLOYEES

u.f. 45+
u.f. 45+
65
+200

ABUSE OF OFFICIAL POSITION:

INSIDER TRADING, PROPRIETARY DATA, BRIBES, ETC.

Employees are required to follow Code of Conduct laid down by the bank. Abuse of official position for personal gains or providing gains to friends, family members and others with selfish motive is unethical and would be violation of the Code of Conduct of the bank.

Examples of abuse of power can be:

- Bank employee goes for a personal travel and claims reimbursement of expenses as official travel
- Showing preference to customers based on proximity to the employee (relatives, friends, etc)
- Use of official resources for personal use
- False claims beyond the fixed perquisites

(a) Insider Trading

Employees trading based on the internal information of the client which is not available to public amounts to insider trading. Say, just before a specific bank account of a large company is going to become NPA that is not announced officially, an employee knowing this sells the stocks of the company or advises friends to sell and get out of the stock, amounts to insider trading.

Handwritten notes in red ink:

- 7:00 AM - 1st
- 7:00 AM
- 2nd
- 50 → 75-75
- 20

(b) Dealing with Proprietary Data

Proprietary data refers to the information relating to the intellectual property rights and trade secrets of any company. All employees are expected to keep confidentiality of the data relating to all stakeholders, customers, vendors, promoters, investors and others who are associated with the bank. Key strategies and sensitive data are to be kept confidential and should not be revealed to competitors through unfair means.

(c) Bribes

Bribes refer to paying money or gift to a person with a motive of getting some favour done. Bank employees conduct various operations of credit appraisals, loan disbursements, monitoring, recovery, marketing of bank products and services where element of bribery may appear. Similarly, bank employees deal with many agencies for official purposes, any act of getting favorable treatment in such transactions by offering bribes to the concerned officials is an offence related to bribery. Taking or giving bribes both amount to unlawful activity and is punishable.

OBLIGATIONS TO THIRD PARTIES

When a bank outsources its functions to certain third parties, it needs to have clear, transparent contracts and agreements with all terms & conditions incorporated. Especially in service contracts, the service level agreements (SLAs) have to be defined minutely and ensure that the third party does not cause any inconvenience to the customer.

SLA

JOB DISCRIMINATION ✓ ✓ ✓ ✓ ✓

Job discrimination refers to differentiating employees based on religion, caste, sex or race. Right from the entry into the job, working conditions, emoluments and promotions, one may observe certain instances of discrimination, though there are laid down Rules and regulations that there should be no discrimination among employees. One needs to ensure proper HR practices and also employee conduct in inter-personal behaviours.



SEXUAL HARASSMENT

Indian banks have implemented elaborate system of handling the sexual harassment cases. One can observe increasing number of cases have been reported in the larger society in recent years. This can be attributed to the transparency in dealing with cases, and also awareness of the legal recourse amongst the employees.

About two decades ago, in February 1998 the RBI advised all commercial banks to implement the Guidelines given by the Hon'ble Supreme Court of India titled Sexual Harassment in Work Places

POST

- Guidelines by Supreme Court To Prevent Such Harassment.

Employees are to be made aware of the definition of sexual harassment and its express prohibition. The conduct rules governing the employees should cover these aspects, and provide for appropriate penalties against the offender. Banks need to ensure that appropriate work conditions are provided in respect of work, leisure, health and hygiene, and there is no hostile environment towards women at work places. A woman employee should not have grounds to believe that she is disadvantaged in connection with her employment. Banks should set up a mechanism in the entire bank to deal with complaints of sexual harassment.

Sexual harassment includes unwelcome sexually determined behaviour (whether directly or by implication) as:

- (a) Physical contact;**
- (b) A demand or request for sexual favours;**
- (c) Sexually coloured remarks;**
- (d) Showing pornography; and**
- (e) Any other unwelcome physical, verbal or non-verbal conduct of sexual nature.**



Where any of these Acts is committed in circumstances where the victim of such conduct has a reasonable apprehension that such conduct can be humiliating and may constitute a health and safety problem. It is discriminatory for instance when the woman has reasonable grounds to believe that her objection would disadvantage her in connection with her employment or work including recruiting or promotion or when it creates a hostile work environment.

HRM ETHICS

Human Resource Management refers to designing and managing formal systems to optimally utilise the people as human resources. With satisfied employees in a bank, the bank tends to optimise their utilisation with greater employee engagement. Unless the employees are satisfied with their conditions at work and compensation, recognition, promotion, etc.,

PRINCIPLES OF REPRESENTATION AND WORK ENVIRONMENT

A well laid down process of representation of any concern or whistle blower policy helps employees to work fearlessly. Work environment that is based on ethical principles makes employees more motivated and confident in delivering their duties and responsibilities.



EMPLOYEES AS ETHICS AMBASSADORS & MANAGERS AS ETHICAL LEADERS

The ethical culture from the senior leadership percolates down in the bank. However, the employees do not personally know the senior leaders. They form their opinions based on what they come to know through others or when they listen to the top leaders. Therefore, the senior leadership should convey the importance of ethics in a variety of ways and in such a manner as to reach to every employee in the organisation. If senior managers talk about ethics regularly and also walk their talk without exception, they will develop a reputation for their ethical leadership. Leading by example, they shall become role models for others. The employees, in turn, will also practice ethics in letter & spirit and turn into ethics ambassadors in their own ways.



WORK ETHICS AND THE WORKPLACE

WHAT IS WORK ETHICS? SOMETHING BIGGER THAN THE SELF

Work Ethics

It is tough to identify whether or not some employees are following work ethics. Work ethics does not have universally similar connotations across countries, religions, organizations, departments, etc. yet there is substantially common agreement on this aspect.

One can understand an employee's work ethics by observing and analysing: the way employee feels about the job (and thereby the responsibilities and authority), is engaged with the current organization, gets along with subordinates and superiors in work matters, values the tasks, communicates with the external stakeholders, etc.

Something Bigger Than the Self

There is a hierarchy in which human beings generally think about the purpose of one's life. The hierarchy can be as under: Self; Family; Community; Religion; Society; Global causes




ETHICAL BEHAVIOUR AT THE WORKPLACE: BENEFITS

- ❑ Actions that are warranted and are appreciated not just by the internal management and colleagues but even by external stakeholders can be considered as ethical behaviour.
- ❑ Each employee, irrespective of position or tenor in an organization, can realize whether his actions augur well for the organization or not.
- ❑ One is not required to spend much time on reflecting about ethicality of routine transactions that have already been determined to be ethical behavior.
- ❑ Certain situations in which routine transactions are to be undertaken, or certain peculiar type of transactions would require decision making with ethics.

RECOGNISING ETHICAL WORKPLACES ✓

An ethical workplace can be identified easily by even ordinary persons who may not have any expertise in fields like organization theories, philosophy, law, communication, etc. Some of the indicators of an ethical workplace are:

- Respectful treatment of all categories of customers by the front-office personnel;
- Employees' awareness of the business processes and quick and to-the-point clear answers to queries;
- Giving correct and authentic information to customers on bank's products and practices;

- 
- Acceptable body language of the employees at the workplace;
 - ~~High~~ degree of energy level and commitment to work, and going the extra mile to help customers;
 - Confining to work-related talks and avoiding other matters not relating to the work directly;
 - No direct or indirect hints to customers to meet the employees outside the workplace;
 - No expectations or acceptance of gifts/favours (irrespective of the amount);
 - Fair and appropriate treatment given to co-employees;
 - Wherever necessary, parsing and defending the policies and decisions of the employer,

UNETHICAL BEHAVIOURS: CAUSES AND REMEDIES

Causes of Unethical Behaviours

The major causes for unethical behaviour at workplace are as follows:

Non-availability of Code of Ethics Manual; Lack of fear of Action; Unrealistic Targets; Influence of Co-employees; Unprincipled Leadership; Means are not appreciated

(a) **Code of Ethics Manual:** Some organizations keep a formal code of conduct manual. However, it does not take the shape of the Code of Ethics.

(b) **Fear of Action:** Employees may behave differently if they find that the management practices ethics very seriously and even take actions against them if things go unethical.

(c) Unrealistic Targets: Due to competition, employees are pressurized to meet unrealistic targets. Some employees resort to short cuts by claiming work which was never done, etc. The cause is the pressure (external or self-created) to achieve unreasonably high targets.

(d) Influence of Co-employees: In some departments or even entire organizations, few of the employees may resort to corrupt or unethical behaviour at workplace. Like focus on personal work during office hours, leave workplace several times during the day, etc. This kind of behaviour has a bearing on the new recruits, who will be learning this from their superiors or colleagues.

(e) Unprincipled Leadership: If the regulators or investigating agencies enquire top managements of an organization and media reports poorly about their involvement the middle and junior level employees lose respect towards such leaders.

(f) Means are not appreciated: Let us take two situations where a sales department is dealing with two employees in comparable position with similar experience.



The following measures can be tried as some of the remedies:

Developing Ethics Manual; Having conversations about ethics in the organization; Nipping of unethical behaviour in the bud; Frequent utilization of the Manual; Imitable behaviour by the Top Management; Appreciation and Rewards for ethical behaviour; Encouragement of counter viewpoints and discussions in meetings; Care for reputation rather than results

Some of the following practices give a perception about some of the common unethical practices found at the workplace:

Abuse of the official email; Pre-employment Tests; Personal Habits; Data Leakage, Helping Friends in Social Decisions CONDUCTING PERSONAL BUSINESS DURING OFFICE TIME TAKING CREDIT FOR OTHERS WORK

ETHICS OF A BANKER

A banker can be evaluated for the ethical commitment at three stages of his/her career-

- i. at the initial stage (up to first 5-7 years of entry in banking),
- ii. at the middle management stage (7-15 years into banking), and
- iii. at the senior management level (normally after 15 years into banking)

WHISTLEBLOWING IN BANKS

Whistle-blower policy for the public sector banks and RBI was brought under the purview of the Central Vigilance Commission (CVC) with effect from April 21, 2004, On April 18, 2007, the Reserve Bank of India brought out the 'Protected Disclosures Scheme for Private Sector and Foreign Banks' in the context of whistle-blower mechanism in these two categories of banks. Following are some aspects of the Scheme:

WHISTLEBLOWING LAW IN INDIA

- ❑ Those officers and staff who attempted in the past to expose the corruption and wrongdoings by some unscrupulous employees or other stakeholders like contractors/operators empanelled with their organisation were killed or injured or faced life threats.
- ❑ Many incidents took place in public works of government of India, public sector enterprises, cooperatives and police departments to name a few.

- ❑ **Whistle Blowers Protection Act, 2011** received the assent from the President of India in **May 2014**. It provides a mechanism to investigate alleged corruption and misuse of power by public servants and also protect the complainant who exposes alleged wrongdoing in government bodies, projects and offices.
- ❑ The wrongdoing might take the form of fraud, corruption or mismanagement. The Act provides punishment for false or frivolous complaints. The protection of genuine complainant is the responsibility of the CVC.

BANKING ETHICS: CHANGING DYNAMICS

ETHICS AND TECHNOLOGY

Role of Information Technology in Banking

Banking and financial services sector has been witnessing unprecedented changes and improvements with increasing use of Information Technology (IT), In fact, IT is driving financial services business. Now it is no more a matter of choice, but a matter of compulsion for banks and financial institutions to use state-of-the-art technology for survival and growth. Be it the highly educated and tech-savvy urban Indians or not so technology-familiar semi-urban or rural Indians, almost all bank customers today are open to taking the benefit of technology.

DATA SECURITY AND PRIVACY

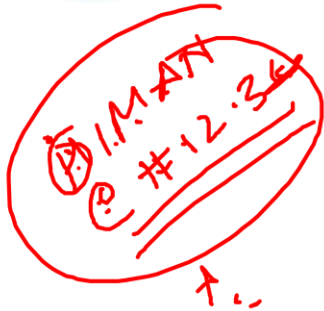
Online banking transactions on various digital platforms mean risks related to data security and privacy are much more critical. As technology based activities are outsourced to FinTech companies to a greater extent, banks need to have strict internal control system to ensure that FinTech companies adhere to the established internal procedures and compliance of the bank. The banks need to ensure that the staff/personnel of the bank and FinTech service provider have appropriate level of integrity, awareness and capability to ensure the compliance and privacy of banking data. Data privacy rules may vary from bank to bank and also geography to geography. Each bank needs to develop strong internal awareness, processes and capability to ensure data privacy.

Data Security

RBI provided "Guidelines on Information security, Electronic Banking, Technology Risk Management and Cyber Frauds" to all commercial banks.

- i. To define and implement procedures to ensure integrity and consistency of all data electronic form (databases, data warehouses and data archives).
- ii. To ensure uniform data protection within and outside the institution.
- iii. There should be secure storage of media. Controls could include physical and environmental controls such as fire and flood protection, limiting access by means like physical locks, keypad, passwords, biometrics, etc., labelling, and logged access.

- iv. Banks need appropriate disposal procedures for both electronic and paper based media.
- v. Banks should maintain security of media while in transit or when shared with third parties.
- vi. Banks should encrypt customer account and transaction data which is transmitted, transported, delivered or couriered to external parties or other locations.
- vii. A few other aspects include blocking, filtering and monitoring of electronic mechanisms like e-mail, printing, monitoring for unauthorised software and hardware like password cracking software, key loggers, wireless access points, etc.



Data Privacy

Some studies show that it is easier to track frauds undertaken through electronic means than physical fraud. FinTech companies can use technology and analytics to prevent and predict frauds. The onus could be on the FinTech players to utilize their technological expertise, and assist/engage with regulators to draft appropriate guidelines to prevent fraud.

INTELLECTUAL PROPERTY RIGHTS, PATENTS AND PROPRIETARY RIGHTS

Intellectual property refers to creation of an asset by any individual or anyone using his or her creativity, innovation. Such intellectual property (IP) belongs to that individual and any unauthorised use of such IP is strictly prohibited under the applicable law of the land. Some examples of IP are artistic works; and symbols, innovative process, method, etc.

Intellectual property is divided into two categories:

- **Patents:** inventions, trademarks, industrial designs and geographical indications.
- **Copyright:** literary works, films, music, artistic works, and architectural design.

Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and broadcasters in their radio and television programs.

Intellectual Property Rights (IPRs) are formal mechanisms by which the asset or the property is established in intellectual assets. IPR allows its creator/innovator to use the IP for his or her own benefit and prohibits any third party to use such work.

What is a Patent?

A patent is an exclusive right granted for an invention a product or process that provides a new way of doing something or that offers a new technical solution to a problem. A patent provides patent owners with protection for a limited period, generally 20 years for their inventions.



ETHICS OF INFORMATION SECURITY

The IT team of the bank or financial institution is the custodian of the information of its customers/dealings/ activities. Their work conduct and ethical conduct is of paramount importance for the organisation. Any failure of professionals handling the IT desk and data can result in major leakages of sensitive information, with huge losses to the banks, reputation risk, and expensive legal battles.

The following aspects relating to information security need particular attention:

- Employees made aware of the professional obligations relating to information security
- Advising about various types of prevalent cybercrimes.
- Making the employees (especially the IT employees) aware of the patterns of IT attacks on bank customers/servers/other assets like ATMs, etc. and to familiarise with the profiles of attackers and patterns of thefts and modus operandi.

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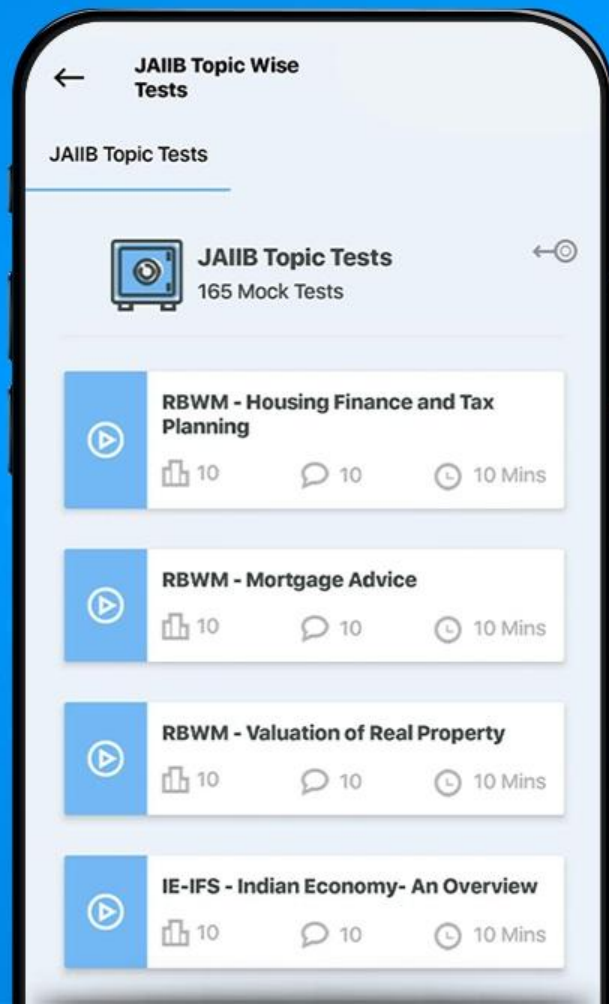
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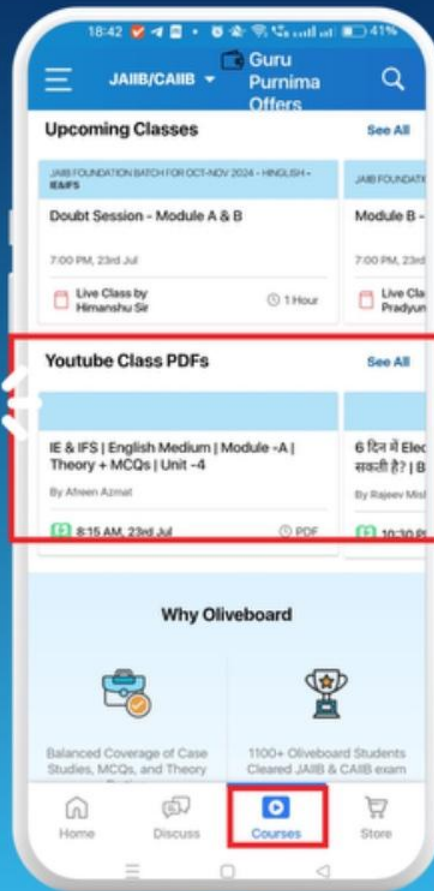
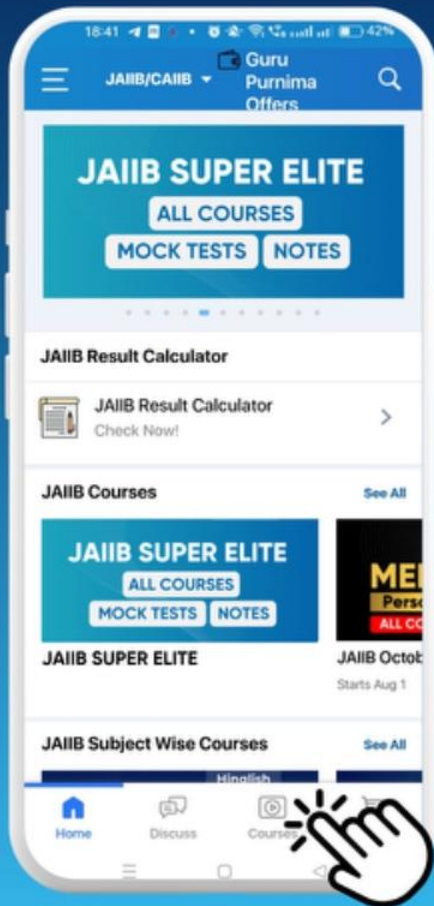


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