# Dirty Hands and Dirty Money: Towards a Framework for Fighting Pollution in Finance

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* The views expressed herein are those of the author and do not necessarily reflect those of the Organization she is affiliated to.

Whenever I tell people that my research focuses on ethics in banking and finance (Péreztz, 2012, Péreztz, Bouilloud & Gaulejac, 2011; Péreztz & Picard 2014; Péreztz, Faÿ & Picard, 2015) I usually get a cynical grin followed by "Ethics in banking? Ha! Haven't you read the newspapers lately?" As if banking and finance were inherently immoral or at least a-moral, and I was wasting my time (Péreztz, 2014).

But despite the persistent irony, a certain societal fascination for these issues seems equally persistent. Since the outbreak of the financial crisis in 2007, no fewer than seven major films have been released whichquestion the ethics of the financial world: *Capitalism, a love story* by M. Moore in 2009, *Wall Street 2: money never sleeps* by O. Stone in 2010, *Krach*, by F. Genestal in 2010, *Cleveland vs. Wall Street* by J.S. Bron in 2010; *Inside Job* by Charles Fergusson in 2010, *Margin Call* by J.C. Chandor in 2011, and *The Wolf of Wall Street*, by M. Scorsese in 2013. This is but one manifestation of the media frenzy around this subject, which can also be found in cartoons, television series and comedy sketches, somewhat revealing our fascination (or maybe obsession) with ethical issues in business in general (Trevino & Nelson, 2007) and in finance in particular (cf. Godechot 2011b).

And this obsession inevitably brings with it a series of questionsstirring our societies who demand long-term answers. Indeed, when people start asking,"what is a bank supposed to be and be for? What is it supposed to do?" We are far beyond the strict crisis-management phase. These are institutional, ontological

Notre fascination (obsession?) pour les questions éthiques dans les affaires en général et dans le monde financier en particulier est le reflet d'une obsession sociétale sous-jacente avec les questions de pureté et de pollution, telle qu'étudiée par des anthropologues comme Mary Douglas. L'idée que lorsqu'il est question d'argent (et en particulier d'importantes sommes d'argent) il y a de la pollution et donc un comportement immoral, est profondément ancrée dans notre inconscient collectif .

Le mot 'argent', simple et pourtant mystérieux, cache un objet paradoxal, craint et vénéré, tésaurisé et emprise, désiré et stigmatisé.

and teleological questions that challenge the very nature, purpose and reason for existence of banks – at least in their current form and practices. Furthermore, such questions reveal an enduring and underlying societal obsession with purity and pollution as studied by anthropologists like Mary Douglas (2004, 2005, 2013) which affects the financial industry in a stringent, silent and often understudied way. We cannot seem to get rid of the idea, lodged deep in the collective sub-conscious,that wherever money is involved (and especially large sums of money) there is pollution and dirt, *i.e.* immoral behavior.

This paper seeks to shed light on this deeply rooted issue; how finance – its professions, organizations and practices – is perceived more or less consciously as a source of pollution and danger to the economy and broader society (Jacobs, 2012: 384). This manifests itself through an increasingly generalized mistrust towards banking and financial institutions, at the crossroads of normative and ethical questions, but also and maybe more importantly anthropological and sociological dimensions. Exploring such dimensions allows us to better understand organisational responses such as risk management, control measures and compliance practices. Here, I shall attempt to provide insights using this anthropological lens on the construction of pollution in finance, as well as on the measures in place to fight such pollution through compliance practices. Such a perspective will allow me to highlight some underlying mechanisms of compliance and attempt to unveil their reception and implications in society. For practitioners, this will help to ground financial ethics in compliance, and make ethics an object not only of normative concern (a 'crime and punishment' perspective), but rather of more meaningful organizational practices in complex everyday working settings.

## Insights into the construction of (dirty) money

If, during the recent crisis, banks and financial institutions were singled out as the major crime scene and ethics was supposed to be absent, we still need to define the role played by money: the motive? The culprit? The victim? Behind the simple yet mysterious word 'money' lies the object that is both feared and revered, treasured and despised, desired and stigmatized (Bouilloud & Guienne, 1999) and constitutes an interesting gateway to study the equally ambivalent and complex relationship between ethics and banks (Zelizer, 1979). Indeed, if banks and financial institutions are morally problematic, it is largely because they are the main vehicles for the circulation of wealth in our global economy.

For the common citizen, it is easy to identify such institutions with the personifications provided by the media, such as the cynical characters of Gordon Geeko or Jordan

L'argent est un fait social et culturel, qui formate nos catégories mentales indépendament de sa valeur monétaire.

Belfort. These appear as the new figures of global power, replacing the portraits of the kings and emperors that we find on coins and bills since Antiquity. Political power, along with religion and money constitute the three pillars of belonging to a community (Durkheim, 1912), and the sole reason that would push us to pay the price of alienation (Marx, 1982 ). Stock markets are the 'modern temples', according to novelist Zola (2009 ), who hold the monopoly on value, values and valuables. Hence, financial markets have become "the new gods who comment on and change the course of human lives by delivering their daily verdicts from the top of their Olympus" (Godechot, 2001: 13[1]).

## Pecunia non olet?

Le sale, d'après Douglas, est une catégorie du désordre, du chaos. L'argent, en tant qu'il transgresse de nombreuses frontières, est donc une source de pollution.

Yet, despite being universally present, money remains universally invisible: it is a "'blind spot' of research", a "radical methodological unthinkable thing" and fundamentally a "taboo" (Bouilloud, 2004:5). This results in contradictory feelings which are projected upon the entire financial system, creating confusion between the real and the imaginary, and between the individual and collective representations and fantasies. As inescapable intermediaries, banks handle money but also anything that may have monetary value – including our fears or hopes, translated into products traded in the complex whirl of finance (Pérezts, 2014).

*"Money is sticky stuff"* (Green, 1989), and just like banks, it is an intermediary for social ties, a revelatory  of relationships, and not only business ones (Zelizer, 1989). It is a cultural fact, which shapes our mental categories of value, prestige and success (an idiot with money is not the same as an idiot without money, cf. Bouilloud, 1999). Money transports  meaning: *"by restraining and channeling the flow of money, people use it as a bearer of social meaning. Instead of interpreting restricted circulation as a sign that money has failed to perform, we should recognize that such patterns reflect the creation of meaning. Money is a way to communicate messages as well as command resources."* (Carruthers, 2005:357).

Far from being a universal equivalent as suggested by the famous phrase pecunia non olet (money has no smell)[2], money is not sociologically neutral, and will be used, perceived, or judged according to a variety of factors like its origins - stolen, earned, inherited…; its uses - investments, gifts, hobbies, food and health expenses, education…;, and the people involved in the transaction – a couple, family, friends, business partners, strangers… (Bou-

1 When there is no English version available of quoted texts, the translations are ours. Texts are referenced in the language and the edition that was used.

2 In the 1st century, Emperor Vespasian is supposed to have said this phrase to his son, when he complained about the disgusting nature of the new urine tax for the tanneries of Rome through the new Cloaca Maxima system of sewers.

rdieu, Boltanski & Chamboredon, 1963; Carruthers, 2005; Zelizer, 1989, 1997). It is therefore clear that money does not have the same smell – or colour or value or meaning for that matter – regardless of its source, and independently of its actual monetary value (Gaulejac, 2004).

## Money: between life and death, sacred and profane, purity and dirt

*"Money has become a synonym for life: don't we say "to earn a living"? (…) Money also announces death; it places the subject in the position of a funambulist between loss and gain. Ruin is the reverse side of power, loosing one's most precious possessions, and oneself. Money brings the taste for risk, the fever of the game, we think we can use it to play with death, to defy destiny, and at the same time we compulsively look for the fall, it is a way to flirt with death. (…) Money, games, alcohol, drugs, women, are all equivalents of death, but it is money that gives access to all others."* (J. Barus-Michel, 2004: 27).

Money has never been considered suitable for mealtime conversation, perceived as bad taste, and a social transgression (Bouilloud, 1999:7; Gaulejac 2004). It is not strange then to find that money is often associated with a vocabulary of pollution: toxic, rotten, dirty, blood money, dodgy debts, dunghill... It is truly a diabolic element in the etymological sense of the word: that which separates (dia-two) and forgets the fundamental unity (Droit & Henrot, 2010: 89).

Drawing on the works of anthropologist Mary Douglas (2004, 2005, 2013), the notions of pollution and dirtiness provide an interesting approach money and markets, and better understand the construction of our mental schemes of reference, of a symbolic order that operates through separation and discrimination that will have a profound influence not only on our representations but first and foremost on our practices. Dirtiness is deeply linked to non-conformity with conventions of a given order . Today for instance, we speak of shades of grey: grey money being the product of undeclared tax money for example, and black money resulting from criminal activities (Zeigler, 1990). The origins of money prevail over its nature (whether ontological or even legislative) when constructing classifications.

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Dirtiness, according to Douglas, is a category of disorder, of chaos. Money, in that it transgresses numerous boundaries, is such a source of dirtiness. First, a confusion of the boundaries of being and having *(être et avoir)*, where the latter becomes the measuring item for the former (Barus-Michel, 1999). This changes our relationship to ourselves and to others. Second, the boundary between the sacred and the profane: awarding a price to something is akin to reifing it, and this reification is a desacralisation: as when insurance companies set a price on one's health or life, or kidnappers ask for a ransom in exchange for a loved one.

Les banques apparaissent comme l'endroit idéal où les imaginaires derrière l'argent convergent. Et en cas de mauvaise gestion des risques lies à l'argent, elles peuvent devenir une source de pollution pour le reste de la société.

But pollution is more ambiguous than binary logic would suggest: indeed the realm of the sacred is so because it is polluted and dangerous (Eliade, 1958: quoted in Douglas, 2005:30), and must therefore be kept apart from the profane, the common. A strange proximity between the dirty and the polluted is a line as thin as the one between good and evil, and therefore profoundly problematic. For instance, traders see "the lack of money as a fault, a failure, a stain in a world where one's value comes through competition for profits and individuals' status results from their revenues" (Gaulejac, 1999:95). This figure of the trader is emblematic of the dialectic between the polluted and the sacred, or to use Douglas' term, it is a magician, a sorcerer, a figure of transgression, and therefore on the margins of society, inspiring a certain fear and respect. And money, as any object that transgresses established boundaries of a given order, is seen as a dangerous and impure element (Douglas, 2005). Dirtiness, once we've moved beyond the conceptual prison of hygiene, is simply about something that is not in its proper place within the order.

Therefore, it all depends on the internal rules of this order. For example, not all money-laundering is necesarrily 'bad'. Indeed, nation states can 'launder' money as a legal and also 'good' activity: *"Money from 'sin taxes' on tobacco and alcohol products supports particular ends, like public education, partly because these revenues posess a problematic political meaning that must be managed."* (Carruthers 2005:357-358).

Money is a semiotic instrument, which classifies things by giving them a certain 'colour' or 'smell', as shown in Douglas' extensive work on the abominations of Leviticus (2005): jurist-priests become the guardians of such classifications into an established order, just as compliance officers sanctify formality and paperwork in the financial sector today.

Considering dirtiness allows us to better understand both sides of the coin: order and disorder, cosmos and chaos, the existence of all organized business and societal relationships and the transgressive elements which unbalance such relationships. Dirtiness is therefore never an isolated fact, because according to Douglas (2005), where there is dirtiness, there is a system. And this system acts by rejecting the elements that do not conform or comply, the anomalies (a-nomos, a-normal).

## From dirty money to dirty hands: how banks become both polluted and a source of pollution

These are turned into objects of surveillance and control,or into rules to indicate what the anomaly does not conform to, and the patterning of such categorizations into a formalized system .

It is not new that professions

linked to money have endured a longstanding contempt from society. Usury was already denounced by Aristotle, and later we find this same condemnation by most religions[3]. This religious image finds itself reinforced in art, like in the painting below of a common motif, and in literature, with characters like Faustus, or Moliere's *Misanthropistr*.

**Figure 1: Q. Metsys. Le Prêteur et sa femme, 1514. Musée du Louvre. Paris**

Prostitution, or the selling of sacred things (like the body) in exchange for money, has also seen widespread condemnation. It is not a coincidence that Marx calls money a prostitute, and that recently the rogue trader Jérome Kerviel wrote in his autobiography that in the Société Générale, the bank where he worked for, traders were nicknamed "*bonne gagneuses*" or whores (Kerviel, 2010). What's worse, far from being an insult, this was claimed with pride even louder in order to further provoke others who stood outside of this golden elite.

Gambling is another common image used to both accuse finance and fantasize about it, as British humorists John Bird and John Fortune commented on in their sketch about the subprime crisis aired in 2007: "market participants don't know whether to buy on the rumor and sell on the news, do the opposite, do both or do neither depending on which way the wind is blowing" and "this was the kind of rigorous analysis that banks would pay huge salaries and bonuses for".

Banks appear then as one of the perfect places where such imaginaries converge, as a series of recent events seem to confirm – the subprime crisis in 2007, Kerviel's record rogue trading loss in 2008, closely followed by scandals of Bear Sterns, the fall of the Lehman Brothers and Madoff's disappearing trick of over 50 billion dollars by the end of that year. What do all these have in common? That each time, banks didn't know, didn't see, didn't detect any anomaly despite their sophisticated control and risk management measures (Favarel Garrigues, Godefroy & Lascoumes, 2009). The problem is that in our globalized economy, systemic risk is an unescapable fact, and when financial institutions make mistakes in handling pollution, they

3 Judaism restricts its forbiddingforbidance of usury to betweenamong Jews, which has resulted in numerous anti-semitical criticisms with the tragic consequences we know (see Attali, 2002 for a historical account, or Marx' Jewish Question). Islamic finance condemns usury as well, and Christianity has made poverty the condition for redemption (see The Gospels of Mathew 6:24a; 19:24 or Luc, 16:13a)

inevitably spill this pollution across the rest of society. The boundary of cosmos is transgressed, opening the door to chaos.

## Fighting pollution

The concern over dirty money is not new, and its potential dirtiness was identified very early on in the stages of production, circulation, recycling and counterfeiting as one of the oldest jobs in history. New ways of fighting pollution have proliferated since the earliest times. Here I will take two examples of practices currently used by financial institutions worldwide as part of their regulatory obligations, and try to discuss their inconsistencies in the light of the anthropological perspective detailed above.

Avec l'institutionnalisation de la lutte anti-blanchiment, aujourd'hui on exige des banques qu'elles intègrent une fonction de police à leur logique commerciale traditionnelle, et qu'elles soient les gardiennes du système financier légal.

## Current construction of dirty money

We have progressively installed means of control at national and international levels, such as the creation of the United States Secret Service in 1865 to fight counterfeiting, to author legislative and normative measures to frame practices, to identify dummy companies like Capone's laundries, smurfing methods, cash transfers across borders or off-shore transits (Couvrat & Pless, 1988; D'Aubert, 1993; Favarel-Garrigues *et al.* 2009).

Recently, anti-money laundering (AML) has gained increasing importance and visibility, with direct impact on the financial sector. Since the European Council of June 27th 1980, the Basel declaration on AML of December 12th 1988 and the 1989 G7 "Summit of the Arch" which lead to the creation of the Financial Action Task Force (FATF) as the main international regulator on AML, it has become a major player in the fight against dirty money and the financing of terrorism (Favarel-Guarrigues, 2003; Scheptycki, 2000; Williams & Baudin-O'Hayon, 2002). As key intermediaries of the economy, banks always ask two questions: where is the money coming from and where is it going? (Rouquié, 1997). They are expected to act as gatekeepers of the legal financial market, by becoming watchdogs or 'sentinels of dirty money' (Favarel-Garrigues, *et al.* 2007, 2009). They can no longer confine themselves to their traditional commercial logic: policing and regulation have become one of their central functions (Edwards & Wolfe, 2004, 2005; Reiner, 1997).

By focusing not on the production of dirty money or its final reinvestment in the legal economy but instead on the middle phase of transformation by the global financial system, AML is increasingly placing banks at the forefront of the fight. However, despite general acknowledgement that the problem is on a global scale, ratifying a global response is far from evident. AML legislations differ from one country to the next, even within the European Union, making dirty money harder to track because classifications and control enforcement measures may vary from country to country. This constitutes an ideal loophole to exploit in order to continue laundering money – a challenge still faced by professional international associations such as ACAMS[4], and by analysts and regulators no matter what organisation they belong to. For example, a strong point of enduring disagreement concerns bank secrecy in countries like Switzerland. There secrecy is considered part of their basic professional ethics towards their clients but it may also hinder AML investigations.Poor enforcement and/or poor cooperation in countries where the institutional framework is weak may also prove a hindrance.

La Lutte anti-blanchiment est étroitement liée à la connaissance client (KYC - Know-your-client), avec ses pratiques de profilage et de catégorisation des clients, donc de la source et de la destination de l'argent.

While initially considered as a form of window-dressing, some semblance of a *global prohibition regime* (Djelic & Sahlin-Andersson, 2006; Nadelmann, 1990) now seems plausible, with the progressive *legalization* of international relations geared towards risk management was further reinforced after the 9/11 attacks (Hood, Rothstein & Baldwin, 2001; Power, 2004). Pressured by an effective soft law combined with institutional stress (Favarel-Garrigues *et al.* 2009), the USA has progressively constrained over 170 countries to adopt AML regulations as a mandatory prerequisite to continue dealings with their financial system.

Closely linked to AML are KYC (Know-your-client) profiling practices, since AML largely relies on identity theft and concealement.

4 Association of Certified Anti-Money Laundering Specialists (www.acams.org)

## Dirty hands: Know-your-Client

Perhaps even more so than AML, KYC is about classifications, lists and risk ratings aimed at enhanced risk management and control of customers, *i.e.* the source of money or the beneficiairies of a transaction (Hodgson, 2002; Mulligan, 1998). When analysts detect a potential client, a current client or even a transaction that makes them suspect money-laundering, they are able to express theirsuspicions to the internal AML officer, and to national or international financial intelligence units[5]. The reputation of the bank is of course one of the primary concerns, but increasingly important is also its criminal liability, with, for example, penaltiesin France ranging from 10 years of imprisonment and a 750'000 euro fine to the loss of the operating licence.

It was strongly resisted at first by financial practitioners:

*"ABA strongly urges the respective agencies to withraw the current proposal. Given the widespread and increasingly negative perception of this proposal, we are very concerned about the prospect of having the public lose confidence in the banking industry, and in government insitutions generally, if this proposal is not withdrawn.*

5 La SEC (Securities Exchange Commission) and FinCEN (Financial Crime Enforcement Network) in the USA ; the FSA (Financial services authority) and SOCA (Serious Organized Crime Agency) in the UK ; TracFin in France. At the global level, it is the FATF (Financial Action Task Force).

*Furthermore, the proposal expands the regulatory imbalance between banks and their competitors, increases regulatory burdens on banking institutions and raises serious privacy concerns on the part of bank customers"* (Cocheo, 1999:26).

Yet today, through their client supervisory units, banks largely implement the proposal. The perception has slowly evolved, and despite persistent criticism, particularly concerning the weight of bureaucratic paperwork involved, it is now accepted as being of interest to risk management and even client satisfaction.

Travailler, que ce soit en tant qu'analystes de la conformité, courtiers, régulateurs ou professeurs-chercheurs, doit être relié à nos vies et à la vie elle-même, à notre besoin anthropologique de sens. Cela nous ramène à une des significations premières du mot éthique, lié à ethos, à notre sens d'être et notre désire inhérent de faire quelque chose de significatif dans la vie.

## Towards an integrated view of ethics and compliance

KYC indeed implies a lot of paperwork. Cross-verificatons of the authenticity of documents is required before, during and up to several years after the business relationship with the client has ended in order to show regulators in case an audit is conducted at a later date. This concerns clients, and in case of companies, the actual physical persons behind them and the beneficiaries. Since AML often involves some form of corruption, specific attention is paid to politically exposed persons (PEPs), particularly in non-cooperative, non-democratic or otherwise 'opaque' countries.

Favarel-Garrigues *et al.* (2009) have recently pointed out the need to consider AML and related practices not only from a regulatory or international policing perspective, but also at the meso-level of organisations, namely banks, in charge of implementing AML and contributing the its institutionalization through the use of a common vocabulary, common IT and surveillance tools, etc.

This has lead to the creation and the profesionalisation of new activities, like AML analysts, officers and-whistleblowers, who are in charge of internal surveilance and who eventually denounce the malpractices of the organisation itself to regulators. This results in numerous organisational paradoxes and day-to-day difficulties for the people in charge of such positions, trapped in the ambiguous position of "internal enemy" (Pérezts *et al.* 2011, Pérezts & Picard, 2014) or at least largely perceived as such by colleagues.

By trying to respond to the demands of our so-called 'risk society' (Beck 1992; 1999), we have strengthened the structuring force of our fears and what we perceive as threats by reinforcing audit and control (Power 1997, 2004). But while these mechanisms and policies are largely debated, the anthropological impact on actors of the financial industry remains largely unexamined : how do actors actually embody and enact compliance practices? How does the evolutionary nature of regulations affect their work relationships within their organization and with the regulators? How is compliance (re)constructed endogenously, and how is this changing our perception of dirty hands and dirty money?

In my work as a professor and researcher in the fields of philosophy of management and business ethics, I am amazed by how students are seekinga deeper analysis of issues such as ethics in finance beyond what is usually required in teaching CSR, micro-credit and ethical/green investments. Far from considering them as a useless yet necessary window-dressing components of the programme – a vision far too commonly circulated in business school curricula while supporting 'hard skills' – their quest for understanding most of our current practices in business and finance is real and should not be neglected. Likewise, when talking to compliance officers, I often get the feeling that they become weighed down by the formalities of their work while they actually hunger for a meaningful practice which goes beyond ticking boxes. This reassures me that not everybody is a cynical gambler who is in it for all he or she can squeeze out of the system by exploiting every possible loophole to maximize efficiency.

Les étudiants et professionnels de la finance sont de plus en plus insatisfaits avec une approche strictement rationnelle des marchés. Inclure des perspectives comme celle des Etudes Sociales de la Finance semble urgent afin de préparer les étudiants à être non seulement des praticiens efficaces, mais aussi réfléchis.

Work, whether as a compliance analyst, broker, regulator or researcher needs to be linked to our lives and to life itself, *i.e.* it should relate to our anthropological need for meaning. This, in so many words, is actually one of the deepest meanings of the word ethics: relating to ethos, to one's sense of being and self, and to one's inherent desire to do something meaningful in this life (Pérezts, 2012). In order to conclude this paper I will now outline some directions as to how reclaiming the anthropological perspective on the ambivalence of money is not some 'dirty work' reserved for sociologists and philosophers who are outside the 'real world'. Instead, I will try to show the positive implications that this can yield and the possible ways in which they can be achieved.

## Including a social sciences perspective of finance

*Social studies of finance* (SSF) is a growing branch within economic sociology which aims to encourage a multi-disciplinary dialogue between the social sciences (anthropology, sociology, psychology, philosophy…) and financial and economic theory. It takes the world of finance, understood broadly, as a privileged observatory of social change (Godechot, 2011a). Since Weber's founding study of the stock market ([1894] 1999), this emerging group of scholars has taken a great interest in studying the multi-dimensional construction of markets, and the impact that the organisational, technological, and institutional changes in the finance industry can have on the individuals and societies (see Smelser & Swedberg, 2005; Swedberg, 1987). In view of the inability of economic or financial theory alone to account for such transformations, SSF is building a considerable body of work to fill this gap (see Knorr Cetina & Preda, eds. 2012). Understanding the impact of the progressive mathematisation of finance (Walter, 2010), the construction of financial theory itself (Callon, 1998; MacKenzie, 2006; Mackenzie *et al.* 2007), the transformation of professions (Abolafia, 2001; Godechot, 2001), the organisation of space, information and networks (Beunza & Stark, 2004; Hassoun, 2005; Walter, 2010) and the representation of value in the markets (Baker, 1984) among other things can help business school students – as future market participants – to trace the construction of markets and the interplay between their material and symbolic dimensions (Carruthers, 2012; Jacobs, 2012). Without limiting it to the approach of behavioral finance (still largely aimed at reducing psychological biases to increase market efficiency), I argue in line with other SSF scholars that a complementary view of education in finance should be implemented. Students, and future practitioners, need more than a bucket full of theories, models and modeling skills – such 'hard skills' are easily bent when a crisis of meaning arises: our certainties and trust in market efficiency and rationality disappear in an instant. In such moments, but also in prevention of such moments, teaching students to have a critical perspective on the practices and theories that they will use once on the job will give them not only the conceptual, but also and more importantly the ethical strength to pull through in difficult times.

But these works remain largely marginal not only in research but also in teaching. The limits of an abstract and largely disembodied view of finance and their so-called efficiency have become evident to newer generations particularly since the recent financial crisis. They now crave and demand not the golden dream of the eighties achieved through complex modelisations, but a practice that is deeply embedded in the rest of the 'real world', and make finance part of social life in a deeper and meaningful way.

## Beyond risk management and normophrenia

More than ever, students and practitioners are unsatisfied with an objective and rational explanation of markets. Whether it is the description of the Amsterdam Stock market in the 17th century by Braudel (2008), the one in 19th Paris by Zola (2009), Steinbeck's accounts of the crash of '29 (2003) or the current news reports on Wall Street or the City, we are no longer naïvely fascinated by the Confusion de confusiones (José de la Vega, [1688] 1958) generated by financial turmoil. Including this complementary perspective in business school curricula is urgent, in order to prepare students to be not only efficient but also reflexive practitioners (Cunliffe, 2004).

Our society's current obsession with risk management makes it omnipresent, and the growing feeling of insecurity is reinforced by the very existence of such prevention mechanisms. We may even have forgotten how we came to fear such risks and label them as risks in the first place.

Le revers de l'addiction de nos sociétés contemporaines au risque et à sa gestion, est ce que j'appelle la normophrénie, ou la prolifération de codes, normes et procédures de contrôle. Et on peut facilement s'enfermer dans ce système binaire de risques et de normes. Là, le vrai problème éthique n'est peut-être plus la cupidité, mais bien notre conformité à un tel système.
Au lieu d'opposer l'éthique et la conformité comme c'est souvent le cas, une approche anthropologique à la conformité bancaire nous permet d'enraciner l'éthique au sein des pratiques de conformité, et de mieux comprendre le rôle que joue l'éthique dans la mise en pratique effective de la conformité au quotidien, y compris à ses différents niveaux (micro-méso-macro).

Yet, once they are identified as risks, whether imaginary or real, they become modelized, measurable, insurable, and lead to a series of prevention methods. But all these elements, which render it objectifiable, cannot make us forget its inherently irrational and imaginary dimension, strongly rooted in our collective subconscious.

Risks are categorized as anomalies, exceptions to the desired normal state of affairs. Their management is in turn viewed as a positive thing, and by privatizing it, risk turns into equity. Their symbolic power has become so important, that managing risks, and even producing them in order to control them later through exclusive expertise has constituted an entire market: "in late modernity, risk production increasingly becomes at least as important as wealth production" (Tsoukas, 2005: 40). It is not a coincidence that the name chosen for such instruments is securities. The symbolic battle for the monopoly and control of risk and information becomes therefore as important or perhaps even more important than the economic war.

There are significant implications for the organisations where such risks are conceptualised, measured and managed (Hutter & Power, 2005), *i.e.* concerning their areas of potential responsibility that will be constantly negotiated both internally and externally (Maguire & Hardy 2013) by redefining what is categorised as risky. Following Douglas, we see that dirtiness, once identified, becomes the object of separations, classifications and purifications (*e.g.* KYC and AML). By removing dirty elements, which are not in their proper place and therefore constitute a threat to order, we are not only accomplishing a negative gesture, but on the contrary we are positively organising our environment. Normativity seeks to achieve normality, normalisation, and conformity.

The reverse side of this addiction to risks is what I call a normophrenia, *i.e.* an increasing proliferation of codes, norms, control procedures and enforcement methods. Today, normophrenia seems to be a fact in the processes of organising. By attempting to cover every possible grey area of the law representing a potential risk, we have achieved a massive complexification of our normative system, with different layers of norms overlapping both as legal obligations and soft laws. This indeed leads to a reorganization of the world order, from the "rule of law to the law of rules" (Djelic, 2011).

Here I argue that we can easily be trapped in this binary system of risks and norms. The real ethical problem might very well turn out not to be greed, but the conformity to such a system. Cutlure is indeed important (Osesik, 2013), but in a globalized system where "markets happen" in thousands of transactions per second, it is actual people who can make the difference, since it is their responsibility to interpret and ultimately enact compliance policies, constructing them endogenously (Edelman, 2007;

Edelman & Stryker, 2005; Edelman & Suchmann, 2007; Lenglet, 2008, Pérezts & Picard, 2014). It is important to focus "not on regulators but [on] business firms and their responses to and implementation of regulation" (Parker & Lehmann Nielsen, 2011:2), where it is people who will make the difference between a mere legitimacy façade and an truly responsible behavior (MacLean & Benham, 2010; Weaver *et al.*, 1999).

Instead of setting ethics and compliance in opposition to one anotheras is usually the case, an anthropolgical approach to compliance allows us to embed ethics within compliance practices, and better understand the role ethics plays in the effective mise-en-pratique of compliance on a daily basis. Indeed, taking this perspective as a starting point can help us to understand how actors in such institutions construct their own moral-rules-in-use (Jackall, 2010) and negotiate them symbolically, discursively and in everyday practice (Baïada-Hirèche *et al.* 2011, Pérezts, 2014). Considering ethics as an ongoing phenomenon instead of a moral content to be applied and translated into CSR reports and ethics codes opens up an entirely new perspective on ethics in business.

This means studying ethics "in relation to the ambiguous, unpredictable, and subjective contexts of managerial action [to provide] theoretical resources for studying the different ways that ethics manifest themselves in organizations. […] Ethics is best understood and theoried as a form of practice" (Clegg, Kornberger & Rhodes, 2007:107). It also means accepting the messiness and complexity of its subjective nature embedded in complex and often contradictory settings, instead of blindly denying them in the name of the ideal of a rational homo economicus (Painter-Morland, 2008, Pérezts *et al.* 2011). An ontologically founded ethics, rooted in the subject, incarnated so to speak, which does not fall into moral relativism, but acknowledges moral pluralism and constructs a path in its midst (cf. Bauman, 1993, Pérezts *et al.* 2015).

This implies considering ethics as being simultaneously at work at three different levels: incarnated in individuals (micro level, not only limited to psychology, but acknowledging also the imaginary dimension), nested in interpersonal relationships (meso level) and embedded in organisational and institutional settings (macro level) (Pérezts, 2014). Unfortunately, numerous works on business ethics tend to isolate one or another of these levels, instead of seeking to understand the connections between them. There are indeed additional methodological challenges posed by considering different levels simultaneaously, but in return an overall view can provide insights into the complexity of the phenomenon, and envision intersecting solutions that might not have been identified through *"level-specific mindsets"* (Hitt, Beamish, Jackson & Mathieu, 2007:1387). Such perspectives could yield interesting developments both for research and practice, in order to make ethics more meaningful and truly embedded in daily financial compliance practices.

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