

How to Shape Moral Attitudes in Banking - the Polish example

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This paper concerns the practical problem of the evolution of moral attitudes among representatives of Poland's banking sector in the face of the requirements imposed by the Sectoral Qualifications Framework for Banking in Poland (SQFB). In order to answer the question addressed in the title, we should reflect on whether work in the financial sector has a moral aspect. I will tackle this problem in the opening chapter of the paper.

In the second part, various methods and tools will be highlighted that are currently used to influence moral attitudes in professional practice. After demonstrating some downsides of such tools, part three will explore possible solutions to some emerging issues and identify relevant tools to meet the requirements established by the SQFB.

In the same section I will discuss an approach to shaping moral attitudes based on Aristotle's ethics of virtue. In the classical sense, virtue ethics is often juxtaposed with calculating and selfish economic motivation. I will try to demonstrate that it does not have to be the case and that, when some criteria are met, Aristotle's concept can be aligned with market activities. In particular, his concept of *phronesis* (practical wisdom) can significantly improve and complement some existing mechanisms and help nurture moral attitudes in the financial sector.

Moral aspects of work in the banking sector

Before identifying the moral aspects of work in the banking sector, we should define what is meant by morality. Morality can be considered

Cet essai porte sur l'évolution des attitudes morales parmi les représentants du secteur bancaire polonais face aux exigences imposées par le Cadre sectoriel de qualifications pour les banques en Pologne (SQFB). J'ai mis en évidence certains des défis auxquels le secteur bancaire est confronté dans le cadre de la mise en œuvre des exigences éthiques recommandées par le SQFB et traité les problèmes générés par le choix des méthodes employées jusqu'à présent pour développer des attitudes morales parmi les employés de banque. Lorsque les banques font de l'argent leur seul objectif, elles perdent toute possibilité de croissance morale. Cela présente le risque de créer une culture d'irresponsabilité et de déni de la réalité, comme c'était le cas avant la crise financière de 2008. Les codes ne sont pas un outil idéal pour promouvoir les attitudes morales ; pourtant, la loi, les règlements et les codes sont là pour empêcher les banquiers d'agir de façon insouciance.

as a set of social facts. If so, the technical dimensions become critical in professional ethics. The primary challenge is to find the answer to the question of what methods and techniques should be employed for effective, secondary socialisation of a specific professional role.

In this paper, however, I will rely on another understanding of morality as a person-to-person relationship based on taking responsibility for others. In my opinion, given the discussed context, every socially useful work somehow involves a relationship of responsibility for another person; by extension, it has a certain moral aspect. This aspect is obvious in the case of a physician or a lawyer. Less conspicuously, the moral aspect of a paver's work includes taking care that people will not trip and fall on the pavement; while for a baker it involves taking care of food quality. In such a moral context defined in this way, it becomes clear that banking sector work also has a certain moral dimension

Academic economists are increasingly aware of the moral aspects of work in banking and finance. There is growing research interest in matters surpassing the neoclassical paradigm in economics. There are publications appearing on the philosophy of economics and meta-economy or the ethics of economics which challenge the division of the subject into a science free of any axiological elements and normative economics defining goals

for the former. The growing number of members of the Polish Network of Philosophy of Economics also testifies to mounting interest in the subject. Recently, a Department of Meta-economics has been established as a new unit of the Institute for Market, Consumption and Business Cycles Research at Poland's National Research Institute.

Furthermore, there are numerous attempts to provide practical answers to the ethical challenges arising in the financial and banking sector. Some of the key projects in the banking sector have been the drawing up of the Code of Best Banking Practice in 1995, known since 2013 as the Code of Banking Ethics (CBE) and the appointment of the Banking Ethics Committee in the same year. Importantly, references to the CBE can be found in the SQFB, a constituent and detailed component of the Polish Qualifications Framework. In a concise manner, the SQFB defines "qualification (by industry) necessary for 67 job positions related to: customer service and consulting, retail, SME sector, corporations, risk (credit and other, as well as risk controlling and efficiency), dealing operations, internal audit, compliance, security (including IT), marketing, and macroeconomics." (Żurawski, Panowicz, Danowska-Florczyk & Kocharńska, 2017). At a basic level regarding knowledge, the SQFB requires familiarity with the banking codes of best practice and ethics (Żurawski et al., 2017, 41).

Il existe un intérêt croissant pour la recherche dans des domaines dépassant le paradigme néoclassique de l'économie. Ainsi, il existe des publications sur la philosophie de l'économie, la méta économie ou l'éthique en l'économie qui remettent en question la division entre une économie scientifique dépourvue d'éléments axiologiques et une économie normative dont serait issus les objectifs de la première. Certains des projets clés du secteur bancaire ont sans aucun doute été l'élaboration du Code de bonnes pratiques bancaires en 1995 (le Code d'éthique bancaire depuis 2013; CBE) et la création du Comité d'éthique bancaire la même année. Il est important de noter que les références au CBE se trouvent dans le Cadre sectoriel de qualifications pour les banques en Pologne (SQFB), qui est lui-même une composante détaillée du Cadre polonais de qualifications.

The SQFB's guidelines on social responsibility for higher qualification levels are also important in the context of the development of ethical attitudes in Poland's banking sector. Level 4 is worded as follows: "Assumes responsibility for satisfying the needs of external and internal customers in accordance with applicable regulations, supervisory regulations, internal procedures, quality standards and professional ethics" (Żurawski et al., 2017, 42).

Responsibility aligned with professional ethics is vital to the context of this work. Level 5 requires an even higher ethical standard, where an employee at this level should be a role model of ethical behaviour in his or her team (Żurawski et al., 2017, p.43). Level 6 requires an employee to be able to resolve complex ethical dilemmas in his or her professional practice (Żurawski et al., 2017, p.44). At the highest Level 7, a banking sector employee additionally promotes attitudes based on the professional ethos by developing a culture of communication and cooperation focused on solutions that generate an added value for all partners (Żurawski et al., 2017, p.45).

In conclusion, the level of moral awareness required of financial sector employees, especially in banking, is relatively high. This theme is explored both in academic discussions and by practitioners, including members of the Polish Bank Association (PBA). A

noteworthy outcome of this interest is the requirements regarding employees' moral attitudes which are embedded in the SQFB. Such a programme suggests a fair degree of moral maturity across the sector.

At the same time, the proposed programme is very ambitious and demanding. I discuss below the currently available methods and tools for shaping moral attitudes in the banking sector in relation to the requirements included in the SQFB.

Classical ways of moulding ethical attitudes in professional practice

When there is a need for shaping moral attitudes due to a growing number of new ethical challenges, or a certain moral crisis erupts in a specific sphere of public life or a specific profession, we reach for two standard tools: regulations and incentives. The classic example was the response to the 2008 financial crisis. An overwhelming majority of commentators demanded increased regulation or enhanced systems of financial incentives in the financial sector.

The first way to respond to the emergence of a moral crisis is to attempt to regulate the condemnable action. In such cases, a standard approach would be to develop a code of ethics. As Magdalena Środa pointed out in her article in "Etyka":

"The very need to frame codes is cyclical. It emerges in those professions and institutions of public

Lorsqu'il est nécessaire de façonner les attitudes morales en raison d'un nombre croissant de nouveaux défis éthiques, ou qu'une certaine crise morale éclate dans un domaine spécifique de la vie publique ou dans une profession spécifique, nous avons recours à deux outils standards : les réglementations et les incitations. L'exemple classique est la teneur dominante des débats sur la crise financière de 2008. Une grande majorité des commentateurs ont réclamé une réglementation accrue ou des systèmes renforcés d'incitations financières dans le secteur financier.

life which face a crisis; it emerges where there is "insufficient" ordinary honesty and personal uprightness. ... The weaker individual decency, the more demands for codes" (Środa, 1994, p.168).

That low opinion of human behaviour seems to be well-founded if we look at numerous professional codes formulated in Poland since the 1990s. Most of them enumerate constraints and prohibitions to be observed by the representatives of various professions. These bans have an evident cyclical character and often address various specific, unacceptable behaviours.

This state of affairs rests on two popular, yet false assumptions. Firstly, many people naively and almost magically cherish a belief in ethical intellectualism. They assume that the mere identification and naming of morally reprehensible attitudes and behaviours will make people act well. However, the mere naming of moral evil is only the first step towards shaping what a moral action can be. Since Ovid's confession, *Video meliora, proboque, deteriora sequor* (I see and approve of the better, but I follow the worse), (Ovid, 7.20-21) it has been a commonly shared belief that to take a morally acceptable action we need something more than an awareness of our moral duty.

Secondly, people would like to receive a clear, unambiguous and conclusive instruction on how to act morally. Maria Ossowska gives a name to that need, "a hunger for the absolute" (Ossowska, 2000,

p. 17-24). If I have a right, rules of procedure or code, I can consider it conclusive in resolving what is morally right. In this situation, I do not need to ponder "what I should do" but just check "what the code requires." In other words, this kind of instruction helps to liberate me from the constant need to take responsibility when facing moral challenges and allows me to rely on a code to discover what is moral.

In order to grasp the problem fully, it should be noted that the moral dimension of our actions consists of several elements. In the cognitive order, the first one is awareness of the moral nature of our performance. The second element is a sense of agitation (empathy, sadness, fear, a prick of conscience) which calls for action. The final element is the decision to act, following the perceived moral challenge.

In this context, let us consider the incentives for moral conduct. As with the drafting of codes, the mechanism of incentives partly allows us to evade the question of responsibility. This is because it is another decision-maker who determines what actions are desirable and what incentives should be proposed for employees. In this situation, all pressure is put on the second and third components of moral conduct. The main question is how to persuade people to act as we believe they should. The fundamental problem, however, is that external stimuli very often replace moral motivation and start to drive our choices.

Cet état de fait repose sur deux hypothèses répandues mais erronées. Tout d'abord, de nombreuses personnes, naïvement et presque magiquement, croient profondément en l'intellectualisme éthique. En partageant une telle conviction, nous supposons que la simple identification et la désignation d'attitudes et de comportements moralement répréhensibles inciteront les gens à bien agir. Cependant, le simple fait de nommer le mal moral n'est que le premier pas vers la définition et formulation de ce que peut être une action morale. Leszek Kołakowski dissipe toute illusion quant à l'efficacité des codes d'éthique dans son essai classique, *Etyka bez kodeksu* [L'éthique sans code moral]. Kołakowski souligne trois faiblesses essentielles de la «pensée codexée» inhérentes à l'idée de codification des principes éthiques. Le premier problème est l'asymétrie des devoirs et des revendications; le second se rapporte à l'hétérogénéité des valeurs.

Why are ethical codes not an effective tool in cultivating moral attitudes?

Leszek Kołakowski dispels all illusions regarding the effectiveness of codes of ethics in his classic essay, *Etyka bez kodeksu* [Ethics without a Moral Code]. Kołakowski points to three key flaws of “codex-ridden thinking” which are inherent to the idea of codification of ethical principles. The first problem is the asymmetry of duties and claims; the second one comes down to the heterogeneity of values.

The asymmetry of duties and claims results from the tension between the duties that we assume and a claim of the right to demand from others, so that everyone in a similar situation would recognise the same duty. Kołakowski notes that the difference between the legal and moral standards is that the former are binding universally while the latter only in particular cases. He also observes that the most morally valuable deeds are those that we cannot demand of all as an absolute duty. Moral heroism is based on the unique nature of action taken and not on acting in line with a universal obligation.

The last element stressed by Kołakowski when defending the asymmetry of duties and claims is the “*cogito* factor.” It assumes that not all moral decisions translate into a universal duty. My decision, for example, regarding the choice

between mine and someone else's interests, cannot in a specific situation only refer to the assessment that a third party has the right to accept the transfer [of this assessment]. The formula expressed in the third person ends in a contradiction (Kołakowski, 2010). Every code will be flawed because it is not the result of a wrong formulation of some principle but of an existing attribute of every attempt to create an ultimate moral instruction. As Barbara Skarga points out:

“Morality has never been framed into legal regulations; and when some attempted to squeeze it into regulations or systems of do's and don'ts, it became a source of repression and wickedness and only fuelled social hypocrisy. Moral problems blow legal clauses apart; they are rarely unambiguous and most often arise from the clash of opposing values whose hierarchy is anything but evident. The ethical dimension of action is lost and deformed as soon as it is subjected to codification or captured in systems of binding norms whether by the state, churches or professional groups” (Skarga, 1994, p.170-171).

With reference to this objection, the SQFB's recommendations about the need to take responsibility in accordance with professional ethics appear to be a more difficult challenge than we might expect. It turns out that it is not enough to refer to a line in the code to identify your professional responsibility because in many practical situations these provisions

L'exigence d'être un modèle moral devrait découler de l'accomplissement des exigences auxquelles les employés se conforment, et non pas être un des éléments fondamentaux du développement moral. Sinon, nous risquons de promouvoir les attitudes de pseudo-modèles auto-proclamés. Si nous disons constamment aux gens ce qui est juste et ce qu'ils doivent faire sans respecter leur opinion, ils perdent tout intérêt à chercher leurs propres réponses aux questions morales. En conséquence, ils perdront tout intérêt pour la moralité et se concentreront sur l'obéissance aux ordres ou le changement d'emploi.

will not offer unambiguous guidance on the preferred action.

In the sale of goods or services, the seller wants to dispose of the maximum number at the highest possible price. The buyer has the opposite purpose: to purchase only as much as he or she needs at the lowest possible price. A bank employee offering a product faces a dilemma: show the customer all possible options and products that might interest the customer or only selected products that are the most profitable for the bank (Lipiński, 2008, p. 92). Furthermore, in such a situation, the code may even offer contradictory guidance. Seen in this light, the code can only indicate which moral obligation should be followed immediately and not as a source of solutions to professional ethics dilemmas. We thus end up not knowing how we should understand "compliance with professional ethics", due to the lack of criteria,

Another problem raised by Kołakowski is the heterogeneous character of values. In his opinion, every code author must accept that all values which are presented as the subject of moral duty can be sequenced on the same scale, like a thermometer (Kołakowski, 2010, p.166). Since we assume the possibility of making a code, we must be ready to resolve a conflict between different values. Given this *cogito* factor, it is not possible to create a universal rule that determines which value should prevail over another in a certain situation.

In this context, however, it is important to note Kołakowski's conclusion that each moral choice is at the same time a resignation. This awareness is needed both to accumulate energy to mitigate the negative effects of choice and in order not to lose the perspective of a different choice in similar future situations. In addition, such awareness is needed, to tolerate someone else's choices which are not aligned with ours (Kołakowski, 2010, p.169). We might otherwise conclude that codes instruct us about how to become ideal. Worse, acting according to a code can delude ourselves that we are already ideal.

This threat is explicit, especially in the context of Level 5 of the SQFB, which requires employees at this level to be moral models for their team. There is nothing worse than self-styled moral heroes who consider themselves superior only because they blindly follow some externally imposed set of moral rules. Such people tend to force others to imitate their behaviour, miss the nuances and complexity of moral problems, and inflate other people's mistakes while ignoring or downplaying their own.

You cannot force anyone to recognise a person as a model or authority. On the contrary, you have to earn the right to be regarded as an authentic moral model, by demonstrating competence in resolving tough moral dilemmas. In my opinion, the requirement to be a moral model should follow the

Si les codes présentent tant de difficultés, peut-être les incitations sont un meilleur outil pour façonner les attitudes morales? Si les gens veulent faire ce qui est juste et que nous les récompensons pour cette attitude, il est évident qu'ils seront encore plus désireux de copier ce type de comportement. Il semble bien évident que si nous avons deux raisons d'agir, la probabilité de passer à l'acte est encore plus grande. Parfois, deux raisons d'agir se font concurrence au lieu de créer un effet de synergie. C'est important lorsqu'il s'agit d'incitations financières et de moralité. Les recherches en psychologie sociale des 50 dernières années l'ont prouvé. Plusieurs études importantes confirment la thèse selon laquelle la «commercialisation» des actions entraîne des modifications de la façon dont nous les percevons.

fulfilment of those requirements by employees and not be defined as a precondition of moral development. Otherwise, we risk promoting the attitudes of self-proclaimed (and therefore false) models. If we constantly patronise people about what is right, without respecting their opinion, they will lose interest in seeking their own answers to moral questions. As a consequence, they will lose interest in morality at all and will focus on obeying commands or changing jobs.

Anyone wishing to develop and deepen their moral stance should bear this important point in mind, especially when they aim to master the ability to solve complicated ethical dilemmas effectively.

Demoralising aspects of incentives

If codes pose so many obstacles, perhaps incentives are a better tool for shaping moral attitudes? If people want to do the right thing, and we additionally reward them for such an attitude, it naturally follows that they will be even more eager to copy that kind of behaviour.

It seems quite obvious that if we have two reasons to do something, the probability that we will do it is even greater. Yet sometimes, two reasons to do something compete with each other instead of creating a synergy effect. This is important when dealing with financial incentives and morality, as has been substantiated by research in social psychology over the past 50 years.

Several pivotal studies confirm the thesis that the “commercialisation” of actions causes changes to how we perceive them.

The first such study is Richard M. Titmuss's classic analysis of a blood donation experiment in his 1970 book, *The Gift Relationship*. Titmuss compared the British blood collection system, where all the blood came from volunteer donors, with the U.S. system in which some blood came from volunteers and some was purchased by commercial blood banks. Titmuss found that the British system worked better than its American counterpart at all levels and in all dimensions. The quality of blood was higher, there was less blood deficiency, less blood was wasted, the risk of contamination was reduced, and the process of collection was more cost-effective. The researcher concluded that financial incentive weakened the sense of civic duty (Titmuss, 1997).

Another noteworthy study was carried out by two economists, Bruno S. Frey and Felix Oberholzer-Gee. In 1993 the Swiss village of Wolfenschiessen was selected as a potential storage location for nuclear waste. The local citizens were invited to a referendum to decide whether such a facility should be created in their community. Shortly before the voting, the two researchers conducted a survey among the locals. They asked 305 people (out of 2,000 inhabitants) whether they would have approved of the construction in their village of a radioactive waste

Les études susmentionnées montrent que la formation d'attitudes morales fondées sur un système d'incitations peut souvent s'avérer contre-productive. Le problème est que lorsque l'incitation est en place, elle influe sur le choix et les gens cessent de se demander «Quel est mon devoir?» et s'en tiennent à la réponse à la question «Quel est mon intérêt? ». Afin de trouver des outils capables de répondre aux exigences imposées par le SQFB aux employés du secteur bancaire et d'éviter en même temps les problèmes résultant des limitations des codes et des systèmes incitatifs, il est conseillé de se tourner vers l'éthique de la vertu. De tels essais ont déjà été faits par les philosophes contemporains en économie.

storage site with low and medium levels of radioactivity. To their surprise, 51% of the respondents said “yes.”

The villagers were aware of the hazard and the diminishing value of their property but were still positive because Wolfenschiessen had been selected by the Swiss parliament as the best destination for such a facility. The respondents also felt that it was their civil duty to take responsibility for the waste. Later, the researchers asked the respondents whether they would have been ready to accept the proposal of building a radioactive waste repository with low and medium levels of radioactivity in their village if the parliament had paid them compensation of CHF 5,000 per person per year. On this question, the level of acceptance dropped to 25%.

The researchers achieved similar results in subsequent studies in six other places that were considered as locations for another waste storage site. They concluded:

“Our theoretical and empirical knowledge has evolved considerably since Titmuss’ intuitive theory that monetary compensation destroys altruistic values. We can now rely on an established theory of motivation crowding-out which goes far beyond the example of blood donation. This theory is consistent with a rational choice [and] therefore can be incorporated in economics. The crowding-out effect explains why the support for the toxic artefact decreased when monetary

compensation was offered for its consumption (Frey & Oberholzer-Gee, 1997, p. 753).”

The studies discussed above show that the shaping of moral attitudes based on an incentive scheme can often prove counterproductive. The problem is that when an incentive occurs it begins to determine choice. People stop asking, “What is my duty?”, and stick to answering the question, “What is in my best interests?” One example is when executives ignore the long-term condition of their enterprises and pursue short-term profit, combined with extra financial bonuses. An over-reliance on incentives will demoralise employees in two ways. First, it causes incentivised people to lose morale, understood as a moral and inner motivation to do work. Second, professional activities lose their morality when replaced by stimuli derived from an incentive system, such as financial bonuses.

Virtue ethics as a tool for shaping moral attitudes in the Polish banking sector

It is advisable to look at virtue ethics in order to find tools that will help meet the requirements imposed by the SQFB on banking sector employees and, at the same time, avoid issues resulting from the limitations of codes and incentive-based schemes. Such attempts have already been made by contemporary philosophers of economics. Deirdre McCloskey has written about

Barry Schwartz et Kenneth Sharpe ont également écrit sur l'éthique de la vertu dans le secteur bancaire dans *Practical Wisdom* (La sagesse pratique). Ils soulignent que gagner de l'argent n'est pas la seule finalité de la banque. Les banques peuvent jouer un rôle socialement utile. La *phronesis*, ou sagesse pratique ou prudence, est une vertu décrite par Aristote. Elle repose sur le désir de faire la chose correcte et d'apprendre la bonne compétence ; elle découle d'une expérience individuelle et nous aide à poursuivre efficacement la bonne action. En pratique, assumer ses responsabilités conformément à l'éthique professionnelle peut se manifester dans la sagesse pratique, par exemple lors de la tenue minutieuse des registres des revenus et des ressources du client afin d'évaluer sa solvabilité.

the seven virtues of middle class economic life: love (kindness and friendship), faith (honesty), hope (entrepreneurship), courage (endurance and perseverance), temperance (moderation and humility), prudence (know-how and foresight) and justice (social balance and integrity) (McCloskey, 2006.). Similarly, Luigino Bruni and Robert Sugden have suggested that participation in work and trade is consistent with such virtues as self-help, entrepreneurship and vigilance, trust and credibility, respect for the desires of other people and the perception of others as potential partners in mutually rewarding transactions (Bruni & Sugden, 2013, p. 141–164).

Importantly, Sugden and Bruni attempt to address objections raised against economics by virtue ethics theoreticians. In their opinion, the criticism of Alasdair MacIntyre and Elizabeth Anderson is misguided because it ignores the possibility of the existence of an economics-specific *telos* or ultimate aim. The critics assume in advance that economics must always be driven by the instrumental logic of the market. From this perspective, it is not possible to practise virtues through economic activities (Bruni & Sugden, 2013, p. 144–148).

In response, Bruni and Sugden formulate a market-specific *telos* as the facilitation of voluntary, mutually beneficial transactions (Bruni & Sugden, 2013, p.153). At this point, I would note that the use of the word

“transaction” may be too narrow and limit the moral elements that might be incorporated into the spectrum of economic activities. I would rather refer to it as the facilitation of voluntary and mutually beneficial exchange. Such a wording would allow the inclusion of cooperation (Sennet, 2012) as one of the possible elements of the *telos* of economics.

Barry Schwartz and Kenneth Sharpe also write about virtue ethics in banking in *Practical Wisdom* (2010). They point out that making money is not the bank's only pursuit. Banks can play a socially useful function, for example, by supporting individuals in raising capital to grow their businesses while making money out of the loan. Bearing that in mind, banks can be said to generate profit but also to develop the community. According to Schwartz and Sharp, a good banker is a trustworthy person who serves a community, takes responsibility for customers and is interested in them. At the core of this concept of banking is the relationship between the banker and the customer, which is based on mutual trust and responsibility. In Schwartz and Sharpe's opinion, a banking system without trust is very vulnerable to collapse. And trust, in the authors' view, is mainly based on practical wisdom (*phronesis*) (Schwartz & Sharpe, 2010).

Phronesis, or practical wisdom or prudence, is a virtue described by Aristotle. It rests on the desire to do the right thing and learn the right competence; it is derived from

Les personnes travaillant dans une institution bancaire ne peuvent pas être motivées uniquement par des stimuli internes. Des incitations externes sont donc nécessaires pour les encourager à bien travailler. Le système bancaire dépend dans une large mesure de la capacité des banquiers de discerner à qui faire confiance et que eux-mêmes méritent de gagner la confiance et qu'ils soient ainsi perçus par les clients. La *phronesis* est certainement l'outil de promotion d'un tel système bancaire. Cette vertu doit être soutenue à tous les niveaux de la carrière bancaire afin que les exigences éthiques énoncées dans le SQFB deviennent une réalité.

individual experience and helps us pursue the right action effectively. Practical wisdom is therefore a combination of the will to do the right thing and the ability to act in line with this will. A person guided by practical wisdom knows how and when to make an exception to any rule if circumstances require.

To be able to be guided by *phronesis*, we must be able to improvise and not fall into a routine. Schwartz and Sharpe say that a prudent person is like a jazz musician. He or she has a musical score with some notes (some rules), but they also have space to improvise, building a moral competence by “bending” or temporarily suspending rules. Too many notes (rules) prevent a jazz musician from improvising (developing their moral competence) or make them lose interest in playing. In this context, a code only becomes a set of guidelines that we can use, but we are also aware that we cannot just follow its instructions blindly.

Practical wisdom can be developed by learning from senior, experienced, and wise colleagues (mentors). There are several moral figures in banking, as noted by Schwartz and Sharpe. The most outstanding figure is perhaps the Nobel Peace Prize winner, Muhammad Yunus, the founder of Grammen Bank and the mastermind of the micro-loan scheme for the poor. For a number of reasons, Yunus is a perfect example here. He needed specialist economic knowledge to

create his micro-loan programme. More importantly, Yunus possessed knowledge of people living in small rural communities. Without the trust, support and commitment of people from supported communities, the idea of micro-loans would not have been successful. A similarly noteworthy figure is Ron Grzywinski, one of the founders of ShoreBank, a leading American bank supporting community development, known as CDBs or Community Development Finance Institutions (CDFIs).

Taking care of practical wisdom can help meet the challenges framed by the SQFB. In reality, taking responsibility in accordance with professional ethics can be manifested in practical wisdom; for example, when keeping careful records of customer's income and resources in order to assess their creditworthiness. Practical wisdom will help solve ethical dilemmas in the professional practice of banking sector employees, by finding room for the complexity and ambiguity of moral situations that occur; for example, when assessing whether a loan applicant is trustworthy and whether the risk is worth taking.

Phronesis can help build an attitude that seeks solutions that bring added value to all partners when deciding how to manage the bank's assets and how to give good advice to customers. Implementation of these recommendations and putting them into practice in professional life can also earn individual people the status of moral models in their team.

Creating good conditions for the development of practical wisdom is not easy. It requires bank managers to offer their staff opportunities to meet the people whom they support. Consent to some degree of improvisation is necessary, which of course, involves the risk of making mistakes and accepting them. Yet fostering practical wisdom can lead to increased satisfaction and internal motivation, and also spawn innovations such as micro-loans. Additionally, encouraging practical wisdom will allow banks to cultivate virtues enumerated at the beginning of this chapter to be guided by them in the right situations and at the right time.

Conclusion

In this paper, I have highlighted various challenges that the banking sector faces in connection with the implementation of ethical requirements recommended by the SQFB. I have also covered the problems generated by the choice of methods so far used to develop

moral attitudes among bank employees. When banks make earning money their only goal, they lose the possibility of moral growth. This may foster a culture of irresponsibility and denial of reality, as was the case before the 2008 financial crisis. Codes are not an ideal tool for promoting moral attitudes; yet, the law, regulations and codes are there to prevent bankers from acting recklessly.

People working in a banking institution cannot be driven only by internal stimuli; some external incentives are also needed to encourage them to work. The banking system depends to a large extent on whether bankers know whom to trust, and whether they are perceived by customers as trustworthy. *Phronesis* is certainly a tool for promoting such a banking system. This virtue must be supported at all levels of an employee's banking career so that the ethical requirements framed in the SQFB become a reality. •

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