Effects of Product Complexity on Ethical Behaviour

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"Integrity has no need of rules" – Albert Camus

The decade following the global financial crisis has been damaging for the financial services industry. Not only has revenue suffered due to the precarious position of global capital, but the industry has been dogged by ethical dilemmas that have further damaged its position. In order for the industry to rehabilitate itself over the next decade, the sector needs to answer two questions: Why is it so vulnerable to ethical issues? And what can be done about it?

This paper will argue that ethical issues seem to occur to a greater extent in financial services due to the complexity of the products it deals in. This complexity leads to a differential in knowledge between institutions and their customers, which places the former in a position of power: over their customers but also over their employees. The power of institutions to drive their employees to increase revenue creates substantial pressure to leverage the position of power they have over their customers, which in turn provides a greater opportunity for ethical dilemmas to arise..

In order to address the problem regulators, legislators and the industry need to take a more holistic and proactive position than they currently hold. By understanding how the portion of agreed knowledge, brought about by product complexity, can lead to imbalances in power, these groups can leverage a wider range of approaches, alongside existing regulation, to develop more potent initiatives against unethical behaviour. The industry as a whole can develop solutions that are far

Alors, pouvons-nous mesurer la culture d'entreprise? Je dirais non. «Mesurer» n'est pas le bon mot. Cela signifierait que nous pouvons avoir des chiffres précis et mesurables. Nous pouvons créer des rapports de gestion, que nous pouvons regarder et examiner des faits incontestables. Nous pouvons toutefois créer des indicateurs de culture. Si les indicateurs sortent des bornes attendues, nous enquêtons. Ne définissons pas d'objectifs arbitraires mais comprenons l'histoire derrière les chiffres, peut-être y a-t-il des signes d'une culture déficiente peut-être que les fluctuations sont dues à des raisons parfaitement acceptables. Il n'y a rien de mal à cela.

more potent and sustainable than regulation alone can provide, by strengthening financial education for both adults and children, increasing the clarity of information about financial products and conducting deeper analysis of the factors that squeeze margins,

However, before these solutions can be developed it is essential to understand the nature of power and how the degree of agreed knowledge each party holds, due to product complexity, shapes buyer-supplier relationships.

The role of capitalism

To understand this interplay between consumer knowledge and unethical conduct, one needs to look at the central ideas of capitalism: the trade of goods and services (Wallerstien, 1975). Prices are set broadly by demand from the buyer, or the utility they attribute to an item, and the supply of this item by the seller (White, 1991). This principle creates a dialectic relationship between buyer and seller (Dampérat & Jolibert, 2009). Sellers try to achieve the highest prices for their goods, whereas buyers are trying to get the best deal (Inderst & Wey, 2007). This basic standard facilitates, in one way or another, our lives and the institutions we interact with (North, 1991). In healthy economies, where there is consumer demand, marketplaces are created with multiple vendors to facilitate provision of this service (Taylor, 2001). It is therefore in a supplier's interest to offer a competitive price because a customer can get the service from another supplier (Porter, 1979).

It is this competitive pressure, however, that forms the basis for unethical behaviour in business. A key assumption underpinning capitalism is that consumers have knowledge and oversight of the whole market, and can pick the best deal from the range of suppliers (Ratchford, 2001). Yet what happens if the consumer does not have oversight of the market or cannot understand the complex variables that make up the price of a service? Knowledge of these complexities is the unique selling point of service organisations. So how can consumers judge the best deal if they are not knowledgeable about the products? How can buyers have the ability to switch suppliers, if they are unable to differentiate effectively between products? It is this imbalance which gives financial institutions the upper hand over their customers. It creates an inequitable relationship between buyer and seller, with the power to price a good in the hands of the seller (Porter, 1979).

In order to demonstrate this notion, let us consider consumer behaviour regarding some of the simplest and most recognisable financial products: current (checking) account switching rates in the UK. If supplier and buyer power were more equitable, we would expect to see similar switching rates to other services.

Le déséquilibre entre le consommateur et le fournisseur est très prononcé dans les services financiers en raison de la complexité des produits financiers. En bref, plus le produit est complexe, plus il faut de connaissances spécialisées pour le comprendre. Cela crée un plus grand déséquilibre entre le fournisseur et le consommateur, ce qui offre une grande possibilité au com- portement contraire à l'éthique. Il est donc essentiel de com- prendre les racines de ce pouvoir et la façon dont il se manifeste sur le marché financier.

Yet in 2015 only 3% of customers in the UK switched their current account, compared with 12% who switched their gas and electricity supplier (Hartfree et al., 2016). Furthermore, the argument cannot be made that banking customers are more satisfied with the service they receive. Substantial evidence shows that banking customers do not switch even when dissatisfied with their bank (Bansal et al., 2005).

The nature of the products and services that financial institutions sell means that the balance of power between supplier and buyer is skewed towards the supplier. This in turn makes it is easier to take advantage of buyers and thus create an ethical dilemma.

The balance of power

Why does this disparity in knowledge give so much licence for financial organisations to act unethically? In order to answer this question, it is imperative to investigate what is power, and how it is formed and maintained between suppliers and buyers.

The degree of complexity of a financial product has a profound impact on the relationship between financial institutions and their customers. This is because the more complex the product, the more expert knowledge is required to understand it. This mismatch in knowledge between the supplier (the financial institution) and the buyer (the consumer) has a significant impact on the degree of power each party holds. The more knowledge one party possesses, the greater its portion of power, as noted above. It is the disparity in power in the supplier-buyer relationship that increases the opportunity for unethical behaviour.

To understand this concept it is necessary to investigate notions of power. Classically, power was defined as being wielded by individuals or small groups, by way of "episodic" or "sovereign" acts of domination or coercion (Rabinow, 1991). However, this can be seen as a simple definition, only representing one manifestation of power. Classical definitions missed the power relationships that exist between individuals on a day-to-day basis. In this way, more modern discourse defines two forms of power: repressive power and normalising power (Foucault, 1980).

Repressive power

The first form of power, repressive power, incorporates traditional definitions of power. In this perspective, power is presented as a dichotomy; the capacity of an agent to impose its will on the powerless. Power is thus defined as a possession which is owned by those in power, to the detriment of those who do not possess it (Mills, 2003). For example, repressive power is evident when a judge orders a criminal to be sentenced, or a manager threatens employees to do what they are told, or be fired. In essence, it is the suppression of an undesirable act

Le pouvoir répressif est la définition traditionnelle du pouvoir. Le pouvoir est la position qu'une partie peut exercer contre une autre, par exemple un monarque contre ses sujets. C'est également l'approche traditionnelle de la réglementation des marchés financiers, les régulateurs ayant le pouvoir par le biais de la législation d'appliquer des mesures punitives pour lutter contre les comportements non éthiques. Cependant, cette forme de pouvoir est réactive, elle est souvent utilisée à la suite d'un comportement contraire à l'éthique, ce qui signifie qu'elle doit être considérée comme un pouvoir de second ordre.

by another agent through the use of force to get someone to do his or her bidding (Foucault, 1980). In the examples above, a judge is using repressive power to imprison a criminal for a crime, which in this case is the undesirable behaviour. Similarly, a manager is forcing his employees to do his bidding under the threat of being fired.

Two problems can be identified with using this definition of power alone. Firstly, repressive power is secondary power (Gore, 1995a). That is to say, the need to use repressive power implies a failure has already occurred; an undesirable act has already taken place. So, regarding the examples just mentioned, the state only needs to lock up criminals if its laws have been broken, and a manager who has to threaten employees is not fully in control of them. If an agent were truly powerful, then they would not have to use repressive power.

Secondly, by suggesting power is repressive intrinsically defines power as oppressive; it stops the powerless from doing what they want, bringing them in line with the wishes of those in power. This can be seen in classical interpretations of power such as Marxism, where individuals are puppets in the hands of powerful institutions (Althusser, 1984). This is an over-simplified explanation of power. As already explored, repressive power is a reaction to undesirable behaviour, which it aims to repress; yet it also enables resistant behaviour. If a state passes an unpopular law then resistant behaviour will result (Foucault, 1976). For example, when the United States passed prohibition laws in 1920, there was a boom in underground drinking dens and organised criminal activity to supply them (Lyman, 1997). This demonstrates that repressive power is inefficient because it can produce the opposite effect to its purpose. Instead of being an oppressive force, it can be a productive one.

This use of repressive power can be seen in the current approach to regulating the conduct of financial institutions. Much of the cornerstone pieces of regulation for financial services have been reactions to previous unethical behaviour; the legislation is reactive rather than proactive. A perfect example was the introduction of the US Sarbanes-Oxley Act 2002, in reaction to the collapse of Enron (Li et al., 2008). Alhough the act took great steps to outlaw the unethical behaviour seen at Enron, it did not stop it happening in the first place. This example illustrates the secondary nature of regulation; it will always lag behind those wishing to behave unethically who are not covered by particular legislation.

In addition, the introduction of further regulation elicits a response from those in financial institutions. Previously profitable activity is now inhibited, and as such, new types of behaviour have to be found to gain a competitive advantage. Consider in his context the implementation of

Il y a pouvoir normalisant lorsque nous interagissons avec d'autres êtres humains. Le pouvoir répressif, en revanche, n'est en action qu'à certains moments, lorsqu'un comportement contraire à l'éthique a eu lieu. Le pouvoir normalisant est donc le pouvoir qui décrète ce qu'est un comportement normal, ou quelles sont les normes sociales auxquelles nous devons obéir. Cela signifie que c'est une source de pouvoir plus puissante que le pouvoir répressif car ses fondements reposent sur les normes sociales qui régissent nos vies, plutôt que sur le paysage réglementaire et législatif en perpétuel changement. En d'autres termes, s'opposer au pouvoir normalisant, c'est s'opposer à l'ensemble de la communauté dans laquelle vous vivez, et non à quelques individus puissants.

Basel II regulations. Banks gamified these rules, finding loopholes and attributing capital to areas where the legislation was unclear or poorly drafted (Peston, 2013). This misallocation of capital had a major effect when this capital was required during the global financial crisis. This gamification was the fate of Basel I, which required the drafting of Basel II, and in the end this was also the fate of Basel II, which required the drafting of Basel III. In its current state, legislation is inefficient at regulating the ethical behaviour of financial institutions.

Normalising power

What of the second form of power: normalising power? Foucault (1980) says that our lives are only shaped by repressive power on rare occasions. For example, only a small number of people are sent to prison. Only a small number of people within financial services engage in unethical conduct. Further to this, we do not walk around with the insatiable urge to break the law; we do not walk around a shop, for example, with only the threat of prison stopping us from shoplifting. There has to be, therefore, something more profound at play.

This is the difference between repressive and normalising power. Repressive power makes us do something we do not want to; normalising power, on the other hand, enables us to do what we want to do anyway (Gore, 1995b). Put another way, normalising power is the power that decrees what is normal behaviour or what are the social norms that we must subscribe to.

One can already see the supremacy of normalising over repressive power. Think of the public backlash when a social norm is broken. Even if an action is not illegal, there can still be a public outcry. This is evident from the backlash against unethical behaviour in finance. Often this behaviour does not contravene any laws, but the actions are held to a higher ethical standard. It is this power that Foucault identifies as normalising power, which enables people to do automatically what society desires, by codifying these desired behaviours into social norms.

Foucault thereby dismisses the idea that there is a real individual beneath the baggage of social convention; rather, without these social norms, one would not be a person at all (Foucault, 1980). Desired behaviour, in this case ethical decision-making, is an integral part of who we are as individuals. To go against this is not just to resist a select few who possess power; it is to resist the standards that the community sets. Again, this highlights the reactive nature of repressive power, which seeks to solve a problem that should not exist. In an ideal world, individuals would engage in desired behaviour because they believed it was the right thing to do. Repressive power is in the hands of a select few; normalising power is everywhere.

If normalising power is everywhere, how are ethical issues allowed to arise? How can regulators harness this power? And how can one empower financial organisations to behave in an ethical way? In order to answer these questions, it is critical to look at the way in which relationships are formed through normalising power.

Power/Knowledge

For normalised power relationships, the level of power held by each party depends on how much agreed knowledge each party possesses (Foucault, 1980). The term "Power/Knowledge" is used to signify that power is constituted through accepted forms of knowledge, understanding and "truth":

"Truth is a thing of this world: it is produced only by virtue of multiple forms of constraint. And it induces regular effects of power. Each society has its régime of truth, its 'general politics' of truth: that is, the types of discourse which it accepts and makes function as true; the mechanisms and instances which enable one to distinguish true and false statements, the means by which each is sanctioned, the techniques and procedures accorded value in the acquisition of truth; the status of those who are charged with saying what counts as true" (Foucault, 1980, 131).

Thus, those who have more knowledge of accepted forms of truth have more power than those who have limited knowledge. One example is the power doctors have over your own body. Through their knowledge of medicine, doctors have the power to declare you fit or healthy. We therefore trade the norm of self-determination over our bodies to a doctor, based on their knowledge of medicine. Furthermore, we hold doctors to a higher standard to advise us appropriately on our health. This power, therefore, is not standalone; it is in the context of other social relationships. The power of a doctor is stronger than a random person on the street, because they have demonstrable medical knowledge.

The same is the case for the behaviour of financial institutions, which have power over managing their clients' financial risk. They hold this position because they have knowledge of the economic and mathematical levers through which this risk can be managed. In return, clients expect institutions to act in their best interests (Zacharias, 1995) and hold them to higher standards accordingly.

The problem in business occurs because employees are also tied to the norms between themselves and their employers. Employers delegate the ability to generate revenue to their staff who in turn let their employers take responsibility for their career progression and compensation (McDowell, 1990). If this power relationship between employee and employer did not exist, then businesses would give

En ce qui concerne les relations de pouvoir normalisées, le niveau de pouvoir détenu par chaque partie dépend du degré de connaissance reconnue détenue par chaque partie détient. Ainsi, plus un individu est au courant des formes de vérité acceptées, plus il a de pouvoir sur les autres avec moins de connaissances. Cela se voit dans la relation déséquilibrée entre les institutions financières et leurs clients. Les institutions financières ont le pouvoir de gérer le risque financier de leurs clients car elles connaissent les leviers économiques et mathématiques grâce auxquels ce risque peut être géré. Cette position de pouvoir ouvre alors la porte à un comportement contraire à l'éthique.

away their products for free, as this would be the best outcome for the customer. This division of power between employer, employee and customer comes back to the dialectic nature of capitalism noted above. Ethical issues occur, therefore, when the power of the employer to generate revenue (and the reward employers bestow on employees for this generation) is greater than the power of the client to hold organisations to account.

This disparity in power comes from the knowledge of a product. An employer can hold their employees to account over reduced revenue generation. Employers often have clear oversight of the products they sell, the revenue they generate and who is generating this revenue. Businesses fail when this oversight is not present; for example, during the build-up to the global financial crisis banks loaded their balance sheets with complex derivative products which they did not fully understand (Choudhry, 2010).

In the case of the power relationship between employer and individual employees, the power sits with the employer, because they have oversight of all sales and can promote those which generate the most revenue. Put simply, employers have knowledge of overall business performance which an individual employee does not possess. This is the case in all organisations (not just financial services) where employees are empowered to behave in a way that generates as much revenue as possible. The difference comes in areas with complex products or services, as it is more difficult for customers to hold suppliers to account. In other sectors, such as grocery shopping, customers are able to compare the best deal for vegetables and hold unfair suppliers to account by shopping elsewhere. As we have already seen, this accountability is difficult to enforce even with the most vanilla financial products (Hartfree et al., 2016). Customers have limited knowledge of financial products and often have an opaque view of what represents a fair deal. Power, consequently, sits with the institution. Ethical problems thus occur when the power of revenue generation is greater than the power of customers to hold organisations to account.

This discourse is not unique to financial services; rather it is a factor which influences all ethical decision-making in organisations and is amplified by product complexity. The more complex the product, the weaker the position of the consumer compared to the supplier and so the larger the window for unethical behaviour. Consider an example from outside financial services. The pharmaceutical industry is another sector which deals in complex products and has been dogged by ethical issues – notably by raising the price of life-saving drugs by hundreds of times (Haque, De Freitas et al., 2013). As with banking, the customer has very limited power to hold the pharmaceutical companies to account, because they are often prescribed the medicines by their doctors and depend on the drug to live. The power to generate revenue far outstrips the ability of the customer to deprive the company by switching to another supplier. As such, pharmaceutical companies have the ability to act in whatever way drives the best revenue growth, rather than in the best interests of the customer.

One can see, therefore, that the current reactive approach of regulators to tackling unethical behaviour is inefficient. The power that financial institutions hold over their customers is more profound and intrinsic than any regulation can remedy. As such, more nuanced approaches need to be taken in order to combat unethical behaviour.

A unique challenge to financial services

This holistic recognition of normalised power relationships between buyer and supplier in turn produces a unique challenge for financial services. How can the balance of power be redressed between financial institutions and their customers if the products and services that are sold are inherently complex (Howcroft et al., 2012)? Financial services differentiate themselves based on the complexity of managing financial risk. As already highlighted, the problem occurs because of the dialectic relationship that exists at the heart of capitalism. An abstract way of solving the problem would be to solve this contradiction within capitalism. This is the solution reached by many 19th and 20th century ideologies; that capitalism is inherently flawed, and as such, a new basis for social institutions has to be found (Godelier, 1967). This is not a position which this paper accepts or seeks to engage. As mentioned, the central nature of capitalism to our institutions means the outcome of these abstract discussions have far wider social impacts (Tormey, 2012) than those of ethical decision-making in financial institutions. Financial institutions must therefore be allowed to generate revenue and differentiate their product-offering like all businesses.

How can strategies be implemented to improve ethical behaviour within financial services if abstract arguments do not efficiently redress the balance of power between financial organisations and their clients? .The answer can be found by exploring real-life examples of unethical behaviour within the sector and understanding where the gaps are present.

Examples of unethical behaviour in financial services

Two scandals in the UK show how these power relationships can turn into ethical issues. These scandals are the mis-selling of payment protection insurance (PPI) and the mis-selling of interest rate swaps.

Le déséquilibre dans les connaissances spécialisées concernant les services financiers est très accentué parce que la complexité des produits financiers, de par leur nature, est très forte. Il est donc essentiel d'explorer les comportements qui se sont manifestés pour identifier des recommandations pouvant améliorer le niveau éthique des décisions prises.

Au Royaume-Uni, deux scandales montrent que ces relations de pouvoir peuvent se transformer en problèmes éthiques. Ces scandales sont : la vente abusive d'une assurance de protection des paiements (PPI) et la vente abusive de swaps de taux d'intérêt.

The PPI mis-selling scandal occurred when credit providers built high- margin, low-coverage insurance products into loans in order to increase profits. Put in context, for every £100 that insurers received on car insurance, they paid £78 in claims; for PPI, they paid out just £15 for every £100 of policy income (de Meza et al., 2007). Financial organisations were able to do this because customers were not knowledgeable about the terms of the loan agreements (De Pascalis, 2018), or what constituted good insurance. As a result, credit providers were able to add insurance with little coverage for loans, safe in the knowledge that claims would not be made against it. Credit providers abused their position of power by exploiting their knowledge of the products to generate profit for their organisation.

One can see the power relationships at play in this example. Salespeople within financial organisations were placed under great pressure to increase margins for their employers. In response, products were developed for the sole purpose of generating revenue at the expense of customers. This example demonstrates how inequity of power between customers and organisations, and employees and employers, played out in the production of unethical financial products.

In a similar way, the interest rates swap scandal took place within the capital markets divisions of global banks, when they used their knowledge of interest rate trends and the swaps market to sell unfair interest rate swaps to their business clients. Rate swaps were initially set up to protect customer loans against interest rate rises. If interest rates rose then the bank would pay the customer compensation, but if they fell then the customer was liable for the cost. Some of the world's biggest banks sold these swaps to their customers at times of falling interest rates, almost guaranteeing increased customer expense. Banks were also accused of failing to mention the "break costs" of exiting the swap should a customer wish to terminate the agreement, telling clients the protection was "zero cost". The level of compensation paid by banks' client was so heavy in some cases that businesses were forced to go out of business (Popper, 2012).

Financial organisations, in this case the banks, used their knowledge of macro-economic trends to sell one-sided products where customers had no knowledge of the market, or access to it. The lack of customer knowledge of how swaps worked - in particular, that compensation can be paid both ways - delivered guaranteed margins for the banks. Once again, it can be seen from this example how banks took advantage of their power over customers to generate profit for themselves.

Strategies to address ethical issues

Lack of customer knowledge causes a power imbalance between customer and financial organisations that can be exploited for increased profits. The social norm among these institutions is to drive for increased revenue, due to the balance of power being in their favour. What, then, are efficient strategies to address future unethical behaviour, given that regulation draws on repressive power, which we have seen is an ineffective approach?

Firstly, we need to address the fundamental knowledge differential in society, namely, a lack of knowledge of finance and economics generally. In its simplest form, this means focussing resources on improving financial education across the board. For example, it involves carving out an increased portion of the curriculum in schools for financial education in matters like how to budget, the time value of money, what is a bank and its function and what products do they sell. It also requires an increased focus in schools on economics and financial mathematics. At a higher level, more advanced education should be made available to adults about how to manage their own financial risk, including the best approaches to follow.

By increasing financial education we can address the knowledge gap between those on the inside and the outside of financial institutions. For instance, if customers had more awareness of the basic components of a swap product, they would have had a better grasp of the risks involved when their bank tries to sell them interest rate protection products. In particular, they would have been better placed to realise that what they were being sold was not "zero cost".

Secondly, if financial institutions are serious about addressing unethical behaviour, they need to make the components of their products, and thus the related risks, easier to understand. This means not hiding risks in small print and instead bringing them to the fore of product descriptions. This would give customers knowledge of the key points of the product they are considering whether to buy, free of financial jargon, and of any potential consequences of engaging in such an arrangement, thereby balancing the scales of agreed knowledge on which normative power is based. In this context, few customers would have purchased PPI, if they had had a clear view of what was being added to their loan agreements and an understanding of what this insurance covered.

Lastly, regulators need to be more proactive in assessing and identifying which market trends are likely to cause ethical dilemmas. For example, regulators should be considering where there are high levels of product saturation, or squeezes on margins, in order to understand where organisations could be motivated to use unethical practices to hit revenue targets. These warning signs were present with both PPI and interest rate swaps and could have been identified well before mis-selling actually took place. Regulators could have seen that falling or stagnant interest rates might provide an opportunity

Afin de réduire les comportements contraires à l'éthique, un certain nombre de stratégies efficaces doivent être mises en œuvre. Premièrement, il faut identifier et réduire les lacunes dans les connaissances spécialisées. Deuxièmement, si les institutions financières veulent sérieusement lutter contre les comportements non éthiques, elles doivent faciliter la compréhension des composants de leurs produits, et donc des risques associés. Enfin, les régulateurs doivent être plus proactifs pour évaluer les tendances du marché et identifier lesquelles de ces tendances sont susceptibles de causer des dilemmes éthiques.

for investment banks to make use of one-side swap deals to boost profit margins, targeted especially at business customers, with larger loan agreements but little insight into the swaps markets.

Strategies to address unethical behaviour, therefore, are much more efficient if regulators and legislators are able to identify where there is a significant mismatch between customers and financial institutions. It is this mismatch that forms the base of normalised power relationships and provides the opportunity for unethical behaviour to occur. Efficient strategies are needed to close this gap and thus reduce the window of opportunity in which unethical behaviour can take place.

Conclusion

The complexity of financial products leads to a greater window for unethical behaviour to occur. To address unethical behaviour in financial services it is necessary to understand the normalised power relationships between institutions and their customers and between institutions and their employees. This is because normalising power enables us to behave in a way that is deemed correct by a social group.

The balance of power in these relationships is set by the amount of agreed knowledge one party has over the other. In the case of financial services, institutions hold power over their clients, who are consumers of financial products with limited knowledge of what they are buying. In this case, self-regulation through notions of supply and demand is flawed because buyers are unable to shop around in an informed manner in order to get the best deal.

Additionally, one must assess the relationship between financial institutions as employers and their individual employees. Financial institutions in this relationship exercise power over their employees to generate revenue for the organisation. As such, employees of financial institutions may be motivated to generate revenue for their organisation at the expense of their customers.

This power differential is present in all capitalist relationships between buyer and seller. The unique challenge faced by the financial services sector is that financial products are inherently complex. Without this fact, financial services would not exist in their present form, raising the question: How can all customers have a more equitable relationship with financial institutions if the products they are sold can only be fully understood with expert knowledge?

By considering the UK's PPI and interest rate swaps mis-selling scandals, one can see how financial institutions can tend to exploit their superior knowledge of financial products to the detriment of their customers, with revenue generation prioritised over customer benefits. In the case of financial institutions, social norms tend towards increased revenue generation rather than customer welfare, based on the normalised power that institutions hold over consumers.

How can this misbalance of power be addressed? Firstly, governments and educators need to promote financial education. This can start at school with more financial and economic mathematics being included in the curriculum, and lead to more advanced education on managing risk for adults. Secondly, if financial institutions are serious about addressing unethical behaviour, they need to state clearly and simply the key components of the product and the related risks, in an easily digestible manner. Finally, regulators need to be more proactive in identifying potential problem areas, such as where high product saturation or squeezes on margins occurs.

By developing a greater understanding of the normalised power relationships at play within the provision of financial services, we can begin to acquire a better appreciation of the factors that produce unethical behaviours, and implement initiatives to combat them. •

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