

BUILDING & SUSTAINING ETHICS IN FINANCIAL INSTITUTIONS

Trainer: Jan Mirikitani, MBBW, LLC. jbcnsltg@hotmail.com

Ethical moral codes to be followed regarding finance-related behavior of a company towards its employees, customers, the public, & other stake-holders.

1. Acting with honesty & integrity while handling dilemmas in the world of finance.
2. Not associating with any real/clear conflicts of interests in personal or company relationships.
3. Providing information that is full, accurate, fair, complete, relevant, objective understanding & timely in & for different documents & reports.
4. Acting in accordance with all applicable rules, laws, & regulations of governments along with other relevant public & private regulatory agencies.
5. Acting responsibly & in good faith with due care, carefulness, & complete competence without any sort of misrepresentation of material facts.
6. Respecting the confidentiality of information which is acquired in the course of business. Such information should not be used for personal benefit.
7. Promoting ethical behavior among all associates & stake-holders of a company.
8. Adhering & promoting a code of ethics in the company on a daily basis.

Common financial ethical violations of Financial Planners & Executives: insider-trading, investor management, campaign financing, & stockholder vs stakeholder interests.

Common ethical violations of employees who work for financial institutions:

1. Breaching confidentiality of private customer information in personal conversations or via social media.
2. A failure to complete work as assigned in the time deadline assigned.
3. A failure to follow the specific instructions from their supervisor/boss in regards to relating customer information to other financial institutions, creating lapses in policies or loss of account finances.

All Financial Institutions must have OVERSIGHT & GOVERNANCE of their employees & daily practices.

- 1. Define OVERSIGHT of employee behavior & daily practices.**
- 2. Define GOVERNANCE of same.**
- 3. What do you have in place in your institution to ensure both?**
- 4. How does COURAGE in leadership interface in both of these areas?**

Scenario 1:

Two clerks from your financial firm are using the department restroom before going to lunch. Lisa works the front desk; Cindi is a secretary to a Broker. Each is in a bathroom stall with full wooden doors. Cindi asked Lisa if she saw the gray leather coat Mrs. Levi was wearing. She said that coat had to cost at least \$7000. Lisa said those Jews can afford whatever they want. Don't you wonder where they get all their money? Mrs. Rachel Levi is in the third stall. Neither employee knows she is there. Mrs. Levi heard their entire conversation. You, a manager, are washing y and also overhear their conversation. You now see Mrs. Levi leaving her stall and coming to the sink.

Scenario 2:

Your assistant Randy has seemed detached the past two weeks, as if he is floating. Today (Tuesday) at 9:30 am you tell him to put in a buy for 620 shares of ____ by 2:00 pm today. Randy nods his head and says sure. You are in meetings all day. On Wednesday your client calls and can't see his buy in his account. The stock has increased in value. The client wants to know what happened. You ask Randy. Papers are cluttered covering his desktop. He said he got busy & forgot.

Scenario 3:

You assigned five client accounts to your newly hired broker, Maxwell. All of the clients are 70+ years old. Tonight you are looking over the work Max has done for each client in preparation for your quarterly review. All of these clients were previously yours. You started with them when they were raising their kids. You notice four of these clients have opened money market accounts since being transferred to Maxwell. Each account was opened with a balance of \$50,000. Each month you see \$300-\$500. has been withdrawn to a third party account. No accurate client signature is on any of the withdrawals. You try to find the name & address of the person, but only find a post office box. You begin to further check on all of Max's accounts. At least \$14,000 is accounted for through normal transactions. What do you do next?

Scenario 4:

During the pandemic, your bank laid off 2/3 of its tellers, requiring customers to use the drive-through, use an ATM, or bank on-line. You are tasked with hiring four tellers. What process will you follow to ensure these new hires are safe to work with client funds and client confidential information?