

ETHICAL DILEMMAS FACED BY BANKING PROFESSIONALS IN BANKING SECTOR ON DECISION MAKING PROCESSES: A CASE STUDY OF ABC BANK

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1. Introduction

Ethical dilemmas in banking industry pose significant challenges to decision-making processes with potential negative impacts on financial institutions, customers, and the overall economy. This study investigates the ethical challenges that influence decision-making at ABC Bank, Sri Lanka.

2. Research Methodology

This research was conducted through a positivism philosophy, deductive approach and the data was collected using a survey questionnaire. The study employs a case study-based survey method, focusing on ABC Bank in the Borella area, where 190 employees worked across three branches. Using the Morgan table, a sample of 123 employees were chosen through random sampling. Data analysis has been conducted using descriptive statistics along with multiple regression analysis.

3. Findings and Discussion

The findings revealed that ethical challenges significantly impact the speed and quality of decision-making processes within the bank. Fraudulent activities, conflicts of interest, and unethical sales practices lead to compromised decisions, which in turn tarnish the bank's reputation and erode stakeholder confidence. Additionally, these issues have broader negative effects on both local and international economies. The results emphasize the need for effective compliance, risk management, and the establishment of stringent ethical standards to address these challenges.

3. Conclusion and Implications

The study highlights the importance of implementing robust internal controls, fostering an ethical climate, and providing ongoing training for banking professionals to prevent unethical behavior. Establishing clear ethical guidelines and self-imposed compliance measures are essential for ensuring that decision-making processes are legally sound and morally responsible.

Keywords: Ethical dilemmas, Decision-making, Fraud, Conflicts of interest