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Integrating Ethics in Finance and Accounting Courses using Ethical Banks as Vignette

Aliza Racelis*

Abstract *The field of Business Ethics has an important role to play in identifying and establishing ethical parameters for business activities. Ethics professors have the continued challenge of being able to deliver ethics and morality teachings in the classroom. One topic in the area of business ethics and social enterprise that has begun hogging the pages of business and social responsibility research articles is the field of ethical banking. The ethical-social nature of the mission of ethical banks makes for an interesting discussion piece and scenario for a case-based teaching of business ethics.*

This paper presents the case of showing ethical banks as vignette in finance and ethics classes at the University of the Philippines, aimed at making students aware that it is possible for businessmen to be socially and ethically oriented and at the same time keep in mind the need for financial sustainability. The methodology involved content analysis and tests of differences based on a survey of 141 undergraduate business students.

Results show overwhelming positive response to the concept of the ethical bank. 96% of the student respondents were in admiration of the ethical raison d'etre of ethical banks and 93% opined that it pays to be ethical. There was no difference between male and female respondents in opining that it pays to be ethical. Overall, results corroborate the mounting evidence that there is an ever greater awareness of the ethical responsibilities of business and discernment of the form that ethics can take in specific enterprises.

Keywords *Ethical Banks, Finance Ethics, Philippines, Ethical Banking*

INTRODUCTION

Accountability failures in the first few years of the third millennium have caused us to take seriously the question of whether the corporations of the modern world can demonstrate not only their profitability but also their integrity. Numerous and voluminous news reports have revealed egregious failures by top executives and their advisers-including accountants, investment bankers, and lawyers-to fulfil their basic fiduciary duties to serve the interests of shareholders and the public. While researchers continue to be challenged to show that virtuous business pays and vicious conduct does not, it seems certain that non-virtuous business, in the medium or long term, leads to increasing entropy, disorder, inefficiency. Since it has been shown that ethics and an ethical culture have an impact on decision-making and relationships in organisations, it would be useful to dedicate more time and energy to ethics training (Boatright, 2003; Solomon, 2000; Gomez, 1992; Racelis, 2010; Marsh, 2009).

Some failures and mistakes (including those related to the 2007-2009 financial crises) cannot hide the basic fact that the effects of business schools in developing professionals and through them fostering job creation, investment, innovation and new firms has been impressive. The many leadership and managerial challenges that have ensued will sustain strong demand for professional managers and entrepreneurs. Business schools continue to have a decisive role in educating them and providing society with the managerial talent needed to face these challenges. The current financial crisis and the eroding of corporate reputations have given rise to strong criticisms of business schools and their role in those events. For these reasons, business schools will have to change if they want to keep having a positive impact on people, firms and societies (Canals, 2010a).

THE ROLE OF BUSINESS SCHOOLS

It is just as well that universities, especially business schools, have increasingly paid attention to the teaching of ethics-in particular, business and finance ethics-with the hope that the students can be trained in and given that *moral compass,* of which the economic system seems to be in urgent need. Time and again research studies have recommended that business ethics be taught in business schools as an integrated part of core curricula in both undergraduate and graduate business programs with a dual focus on both analytical frameworks and their applications to the business disciplines (Gandz & Hayes, 1988). Challenges remain, nevertheless, as for

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example when students do not have first-hand experience with business dilemmas and the choice of pedagogical materials, systems and approaches for the business ethics faculty. A good starting point has been to survey students on their opinions on or perceptions of ethical standards and behaviour (D'Aquila *et al*., 2004).

The field of business ethics has an important role to play in identifying and establishing ethical parameters for business activity. Periodic assessment of the standing of business ethics as a field for teaching, training, and research is therefore beneficial. This is especially true in Asia, a region that is known for inconsistencies and contradictions in ethical beliefs and practice. An important prerequisite for realizing the incredible potential of the region is to establish and maintain a business climate that is aligned with world standards in critical areas such as business ethics (Erdener, 2011).

With regard to business ethics in the Philippines, it seems necessary to discuss the historical and business landscape in order to understand better the standing of ethics as a field of study in business schools. It is a known fact that the country has enjoyed relative political stability especially since the mid-1980s. The political stability and the formal guarantees of a democratic process notwithstanding, there has been an alarming number of business-related peace and order irritants-such as bank heists and kidnapping-and a continued gaping lack of equity in income. Likewise, the drive for competitiveness has generally not pushed many Filipino businesses toward acts of social responsibility: instead of striving for higher productivity and excellence, many have found it easier to raise their competitive edge through unfair labor practices and corrupt or illegal transactions (Sison & Palma-Angeles, 1997).

In the Philippines just as elsewhere, the notion of corporate social responsibility has caught on: the topic has come to be developed and applied to countless ambits in public and private life. Even in universities, there has come to be called university social responsibility, understood as a strategy that seeks a holistic and synergistic integration of all of the colleges/schools and stakeholders of the academic institution in order to achieve a "social robustness" and thus to contribute to social capital (Molina & Santiago, 2011).

TEACHING BUSINESS ETHICS IN PHILIPPINE STATE UNIVERSITIES

Ethics professors have the continued challenge of being able to deliver ethics and morality teachings in the classroom. As the corporate world has come under increasing pressure to behave in an ethically responsible manner, the business ethics professor-specially in highly secularized institutions and environments-ought to take advantage of the times to intensify ethics teaching in the business curriculum. Non-sectarian institutions in particular-for instance the state universities and colleges in the Philippines-have the further challenge of demanding that professors take on a highly empirical approach: submitting speculative discussions to scientific examination, through the administration of surveys, the statistical analysis of such surveys, and coming up with scales or inventories. Happily, this can be made possible through the introduction of research into the classroom that involves natural moral philosophy (such as Aristotelian *aretaic* ethics) as well as the showing to the students of vignettes involving ethical banks and socially responsible investments.

At the University of the Philippines (UP) business school, the Corporate Governance and Business Ethics course is an elective class at the undergraduate level. The professor assigned to teach it is given autonomy to design and craft the course syllabus[1]. Depending on the philosophy exposure of the students enrolled, the professor would typically start with basic sessions on ethics and ethical standards. Distinctions are made between ethics theory and practice, and between deontology and consequentialism, and exposition is done on business values and virtues. It is usually found helpful to expose the students to Aristotelian Ethics and his treatment of the virtues.

The showing of vignettes involving ethical banks and socially responsible investments has become necessary, in order to make the students feel a strong keenness and awareness of their social responsibility, especially in the face of dire poverty in large swathes of Philippine society. The reality is that the poor have a very realistic idea about their conditions and how to improve them, and they are also ready to govern themselves responsibly. But they are too poor to solve their problems on their own. So, too, are their own governments. The rich world wonders how to ensure that money made available would actually reach the poor and be an investment in ending poverty rather than an endless provision of emergency rations (Sachs, 2005). Thus, introducing the students to the idea of ethical banks and social enterprises opens up horizons for ethical behaviour and attitudes in the finance industry, and gives them ideas for how they themselves could help in poverty alleviation.

The model of ethical banks and social enterprises provides a much needed moral framing to the whole discussion, which is helpful in clarifying the fact that mistaken business assumptions have effectively excluded ethical criteria from the behaviour of people and decision makers and from the functioning of the market. Students realise that firms are unlikely to survive unless the people in them learn and acquire new capabilities, habits and virtues. Without such learning – which is not the same as acquiring technical

1 https://sites.google.com/site/alizaracelis/corporategovernance

expertise – there can be no product or process innovation, and every error becomes a heavy burden rather than an opportunity to improve (Canals, 2010c). Such business ethics students are thus made aware of the extensive effects of business on the various aspects of our individual lives and society in general: business and finance affect our well-being and values, and these have the power to influence political policies. The pervasiveness of business and its widespread effects should have already made it clear that its activities are subject to a moral evaluation or should be guided by moral principles (Mabaquiao, 2007).

THE EMERGENCE OF ETHICAL BANKS

One topic in the area of business ethics and social enterprise that has begun hogging the pages of business and social responsibility research articles is the field of ethical banking, whose very mission is to bridge social opportunity into sustainable reality innovatively, effectively, and efficiently, with the specification that ethical business and values are inherently embedded in the ideology, principles, standards and objectives of the banking organisation. This special type of social enterprise has called the attention of business students and professionals alike, for its being strategically ethical in its very essence. Evidence shows that transparency of information and placement of assets are factors that differentiate ethical banks from other financial intermediaries (Borzaga & Defourny, 2004; San-Jose *et al*., 2011), and the case of the ethical bank should make quite an interesting vignette to demonstrate to students in order to draw out their perceptions of ethics and whether they think that it pays to be ethical.

The ethical-social nature of the mission of ethical banks makes for an interesting discussion piece and scenario for a case-based teaching of business ethics. Firstly, it is possible to draw out students' notions of ethical business; secondly, when evidence can be shown that specific ethical banks have been performing well financially, we can survey them whether they think that it pays to be ethical. A number of studies have shown a steady growth in the market shares accounted for by some ethical banks, as for example the Cooperative Bank in the U.K, and Banca Popolare Etica in Italy. It appears that part of the attractiveness of these banks comes from their essentially ethical approach to banking practice-issues of stakeholder dialogue, corporate strategy, and marketing—, all these undertaken within the social enterprise environment (Cowton *et al*., 2000; Harvey, 1995).

TEACHING ACCOUNTING AND FINANCE ETHICS

It has been said that it is in the interest of business that business ethics be taught. Likewise, as socially responsible organisations, business schools have an obligation to teach ethics in both their degree and executive development programs (Gandz & Hayes, 1988). At the University of the Philippines, the Corporate Governance and Business Ethics course is an elective class at the undergraduate level. The professor assigned to teach it is given autonomy to design and craft the course syllabus. Depending on the philosophy exposure of the students enrolled, the professor would typically start with basic sessions on ethics and ethical standards. Distinctions are made between ethics theory and practice, and between deontology and consequentialism, and exposition is done on business values and virtues. It is usually found helpful to expose the students to Aristotelian Ethics and his treatment of the virtues. The students' response has come to depend on the combination of social science and philosophy subjects they would have taken up prior to business ethics (Racelis, 2012b).

A challenge they are typically confronted with, especially in business schools where post-graduate students are trained largely empirically, is to empiricize on ethics, for instance, by administering surveys, statistically analyzing such surveys, and coming up with scales or inventories (Racelis, 2012b). Thus, the administration of surveys and the validation of ethics scales within the ethics classroom turn out to be a helpful tool for a moral engagement with the business students. Apart from giving the students some understanding of what would be considered ethical conduct before the student moves into the "real" world (Agacer *et al*., 1993), the faculty-researcher is likewise enabled to measure the ethical style, awareness, perception and learning of her own students.

Similar empirical ethical surveys have been carried out among students elsewhere. For instance, a study, in which business students from three different countries located in three different continents were surveyed through the showing of several ethical vignettes or cases, showed that, overall, the students from the three universities differed significantly in their perception of ethics (Agacer *et al*., 1993). In another study, which used data from multiple interviews with law and business school students at one university, revealed that students learn vocabularies of motive concerning how lawyers and managers should balance profits, carry out responsibilities to various stakeholders, and weigh ethical concerns, and they then moderate their own expressions of extreme self-interest or self-sacrifice (Schleef, 1997).

In several of the studies that carried out surveys of college students, findings revealed differences in ethical perceptions, depending on various demographic factors, such as gender, field of study or discipline, personal characteristics, etc., for instance, it was found in some that females are more ethical and socially responsible than males (Arlow, 1991). In another paper which sought to assess the perceptions of business students and of business practitioners regarding ethics in business, it was found that students were significantly more accepting than business people of questionable ethical responses, and they also had a more negative view of the ethics of business people than did the experienced business people (Cole & Smith, 1996). Another survey of college students showed that an undergraduate major has a greater influence on corporate social responsibility than business ethics. Business students are no less ethical than nonbusiness students. Females are more ethical and socially responsible than males. Age is negatively related to one's Machiavellian orientation and positively related to negative attitudes about corporate efforts at social responsibility (Arlow, 1991).

EXPERIENCES ON INTEGRATING ETHICS IN FINANCE AND ACCOUNTING COURSES AT THE UNIVERSITY OF THE PHILIPPINES

The giving of importance to business ethics in the curriculum and in faculty research at the University of the Philippines business school is manifested in some journal articles as well as in the efforts at research projects carried out by Filipino professors teaching in universities abroad visiting the Philippines for short periods. The recent assignment of the Business Ethics course, however, was the fruit of a series of training courses on Corporate Governance, the need for which was keenly felt due to the notable accountability failures globally in the last decade or so; these corporate scandals have led to bankruptcies and restatements of financial statements that have harmed countless shareholders, employees, pensioners, and other stakeholders. Professors of ethics in the Philippines are able to draw richly from natural moral philosophy material, a chief reference for which is Aristotelian Ethics.

Thereafter, an exposition of the field of social enterprise and ethical banking is embarked upon, which is most useful especially in the Philippine setting, where large swathes of society remain beneath the poverty line. As mentioned above, social enterprises are organisations whose mission is to bridge social opportunity into sustainable reality innovatively, effectively, and efficiently (Borzaga & Defourny, 2004). This context is critical for business students of the University of the Philippines, as the mold in which they have been traditionally trained is the context of multinational corporations. If business students in the Philippines are to help in poverty alleviation and economic development, infusing some ethical sensitivity into them by way of cases of ethical banks and social enterprises would be useful and meaningful. This is what the current study sought to embark upon: the students were presented with an ethical bank vignette in order to make them aware that it is possible for businessmen to both be socially and ethically oriented and at the same time keep in mind the need for financial sustainability.

METHODOLOGY AND HYPOTHESES

Groups of business and finance students in the Philippines' state university were shown the case of an ethical bank to make them aware that it is possible for businessmen to both be socially and ethically oriented and at the same time keep in mind the need for financial sustainability. Their reactions to the existence of a successful European ethical enterprise were gathered through responses to essay questions consisting of basically two queries: 1) their notions or perceptions of business and finance ethics, and 2) their opinion on whether it pays to be ethical. Their essay responses were submitted to content analysis and actual counts of the words or phrases in praise of or in opposition to the ethicalness of these banks were made. These responses-negative or positive, for example: "I admire the social motivations of the ethical bank", "I don't think it pays in the long run to be ethical", etc.- were tabulated, and later subjected to *t*-tests of differences of proportions, to see if the reactions or perceptions differed depending on the respondents' gender or on whether they received prior ethics training or not.

There were a total of 141 undergraduate business students at the University of the Philippines surveyed. The showing of a vignette consisting of a short article on an ethical bank is patterned after the showing of specific ethics cases or dilemmas done in a study of business students from three different countries located in three different continents, whereby their awareness of ethical conduct was surveyed (see Appendix A for the vignette on *Banca Popolare Etica* as shown to students).

As mentioned above, this study also attempted to make comparisons of the ethical perceptions of the respondents based on gender and academic year level (the survey was done among two groups, one with prior business ethics background, the other a group of students in a pure finance class). The independence between two variables that are qualitative in nature can be established through hypothesis testing. A chi-square (χ^2) test of independence should easily provide the answer to this question. As may be seen, in hypothesis testing the researcher goes beyond mere description of the variables in a situation to an understanding of the relationships among factors of interest. For instance, if there doesn't seem to be a relationship between the variable A and variable B, we say that the two seem to be independent. This can be statistically confirmed by the chi-square (χ^2) test—a nonparametric test—which would indicate whether or not the observed pattern is due to chance. As we know, nonparametric tests are used when normality of distributions cannot be assumed as in nominal or ordinal data (Sekaran, 2003).

In our specific example, there are two (2) demographic variables of the respondents that may distinguish them:

(1) a group enrolled in a Finance class without prior Ethics training, vis-à-vis a group enrolled in a Business Ethics class; and (2) female students vis-à-vis male students. The chi-square test of independence can be employed to provide an answer to the questions of whether there was a difference between males' and females' reactions to the ethicalness of ethical banks; and whether there is a difference in reaction or ethical awareness between students with ethical training via an Ethics class and those without such ethics exposure.

Hence, the following hypotheses:

H_1: There is difference between Male and Female respondents' finding Ethical Banks admirable.

H_2: There is difference between Male and Female respondents in opining that it pays to be ethical.

H_3: There is no difference between those with Ethics training and those who do not have it, in finding Ethical Banks admirable.

H_4: There is no difference between those with Ethics training and those who do not have it, in opining that it pays to be ethical.

In summary, the methodology involved content analysis and tests of differences based on a survey of undergraduate business students, on the following: their notions or perceptions of business and finance ethics, whether they found the notion of an ethical bank remarkable, and their opinion on whether it pays to be ethical. In each case, the showing of a vignette on an ethical bank was made, and recording of their essay responses was done.

FINDINGS AND IMPLICATIONS

An overall analysis of the students' responses appears to reveal a sufficient level of ethical awareness among all the business students, specifically that they found finance ethics to be necessary especially in this world where frequent economic crises are experienced due to a lack of ethics, and that they think that it pays to be ethical, that is to say, that there is a need for sustainable ethical enterprises, such as ethical banks, in whose very vision statement is embedded an ethical framework and mandate, in addition to acceptable financial performance.

Table 1 shows details of the empirical results. It shows overwhelming positive response to the concept of the ethical bank: 96% of the student respondents were in admiration of the ethical *raison d'etre* of ethical banks and 93% opined that it pays to be ethical, that is, they were of the belief that ethical enterprises would turn out to be sustainable. Tables 2 to 5 show data related to the χ^2 tests of independence for all the hypotheses enumerated in the previous section.

Table 1: Opinion Survey, Filipino Business Students, Percentages

	Ethical Banks admirable	%	It pays to be ethical	%
Yes	136	96	131	93
No	5	4	10	7
Total	141	100	141	100

H_{0A} = No difference between Male and Female respondents in finding Ethical Banks admirable

H_1: There is difference between Male and Female respondents' finding Ethical Banks admirable.

The tests, as shown in Table 2, show that the first hypothesis does not find any support in the evidence of this particular sample of Philippines students, that is to say, there does not seem to be any difference between male and female respondents' opinion regarding the likeability and necessity of ethical banks.

Table 2: Test of Difference: Male vs. Female – Ethical Bank concept likeable

	Male	Female	Total
Like	48	88	136
Not	3	2	5
Total	51	90	141

$\chi^2 = 1.2714$ $p > 0.10$ Cannot reject null hypothesis.

H_{0B} = No difference between Male and Female respondents in opining that it pays to be ethical.

H_2: There is difference between male and female respondents in opining that it pays to be ethical.

Likewise, tests as shown in Table 3 reveal that this first hypothesis does not find any support in the data of the current study, that is, they show male and female respondents do not differ in their opinion whether it does pay to be ethical or not, and whether ethical banks are sustainable.

Table 3: Test of Difference: Male vs. Female – Whether it pays to be ethical

	Male	Female	Total
It pays	46	85	131
It does not pay	5	5	10
Total	51	90	141

$\chi^2 = 0.88754$ $p > 0.25$ Cannot reject null hypothesis.

H_{0C} = No difference between those with Ethics training and those who do not have it, in finding Ethical Banks admirable.

A possible explanation is that, overall, studies which have examined the influence of business ethics instruction on students' ethical attitudes are mixed and that, in the Western studies, it appears that the stereotypical male is aggressive, dispassionate, and clear-headed, as compared to women (Miesing & Preble, 2005). It appears that this cultural characterisation of males vis-à-vis females does not exist in the Philippines and that, by household as well as primary and secondary education upbringing, boys and girls may have similar ethical orientations.

H_3: There is no difference between those with Ethics training and those who do not have it, in finding Ethical Banks admirable.

On the other hand, when the sample was divided up into the group that had prior ethical training, as the students were one year older and enrolled in an Ethics class, versus those without prior ethical classes, Table 4 reveals that there is a difference in opinion regarding the likeability and necessity of ethical banks depending on the year level and the prior ethical training received. Some of those who were older and had received prior ethics classes were more inclined to put to doubt the authentic ethicalness of such ethical enterprises.

Table 4: Test of Difference: With vs. Without Ethical training – Ethical Bank concept likeable

	With training	Without training	Total
Like	49	87	136
Not	5	0	5
Total	54	87	141

$\chi^2 = 8.3509$ $.001 < p < 0.005$ Reject null; There is a difference.

H_{0D} = No difference between those with Ethics training and those who do not have it, in opining that it pays to be ethical.

H_4: There is no difference between those with ethics training and those who do not have it, in opining that it pays to be ethical.

Table 5 reveals that the students, whether they received prior ethical training or not, do not differ in their opinion whether it does pay to be ethical or not, and whether ethical banks are sustainable. This result differs somewhat from the finding of Arlow (1991) whereby those who are younger have significantly higher Machiavellian scores than those who are older. In the case of our Philippine student sample, there does not seem to be any difference between the older students and the younger ones in terms of power and authority views; besides, in our student sample, there was basically just a year's difference between the Finance students and the Business Ethics enrolees.

Table 5: Test of Difference: With vs. Without Ethical training – Whether it pays to be ethical

	With training	Without training	Total
It pays	50	81	131
It does not pay	4	6	10
Total	54	87	141

$\chi^2 = 0.01317$ - $p > 0.75$ - Cannot reject null hypothesis.

The unexpected result based on Table 4 (third hypothesis) may be explained by the finding found in Schleef (1997), whereby students learn "vocabularies of motive" and then, based on these, moderate their own expressions of what "ethical" truly is, especially in survey situations. The results suggest a greater need to focus business ethics instruction based on student characteristics. This result may likewise be similar to findings by Miesing & Preble (2005) and Arlow (1991), whereby a significant difference was found for Negative Orientation toward Social Responsibility, with older individuals showing a greater negative orientation toward current social activities by corporations.

In any case, the overall results corroborate the mounting evidence that there is an ever greater awareness of the ethical responsibilities of business and discernment of the form that ethics can take in specific enterprises. We repeat here the overwhelming evidence that business and finance students-especially when shown vignettes of ethical banks-show an ever greater ethical awareness and knowledge of the need for greater social responsibility: 96% of the student respondents were in admiration of the ethical *raison d'etre* of ethical banks, and 93% opined that it pays to be ethical, that is, they were of the belief that ethical enterprises would turn out to be sustainable.

RECOMMENDATIONS AND AREAS FOR FURTHER STUDY

Finance and accounting raise many ethical issues; hence, finance ethics ought to receive heightened attention in our academic institutions, especially in business schools. We should say goodbye to the days when the study of finance and accounting excludes normative and ethical questions (Boatright, 1999). The strong criticisms of business schools due to the current financial crisis and the eroding of corporate reputations should cause business faculty to change if they want to keep having a positive impact on people, firms and societies (Canals, 2010a). The modern business corporation will have to be reformed in such a way as to make it conducive to develop civic virtue, in the context of our larger democracy and its values and processes. Finance and accounting professors must equip themselves to be able to deliver helpful and meaningful learning experiences to business students in the area of ethics and social responsibility (Mitchell, 2001). Business ethics should be taught in business schools as an integrated part of core curricula with a dual focus on both analytical frameworks and their applications to the business disciplines. The introduction of the concept of ethical banks, especially in regions outside of Europe, turns out to be an instructive tool to sensitize business students to the reality that ethical enterprises do exist and they can be constructed in such a way as to equally attend to social needs and objectives, and the achievement of financial sustainability.

Possible areas for future study are: empirical work that addresses the cross-cultural dimensions of business ethics, surveys utilizing vignettes or cases other than that of ethical banks, as well as research studies showing the impact of ethical training of business students and professionals on their later professional performance.

The belief that corporate ethics pays, is both attractive and influential. It appeals to those who wish to encourage firms to become more responsible as well as to those who want to manage, and work and invest in, ethical enterprises. It is also an important component of the business model of the Socially Responsible Investment (SRI) industry and informs much popular and academic writing on CSR. This paper has attempted to show that, especially in developing countries in Asia where there is a huge gap between rich and poor, sensitizing college business students towards the plight of those who can benefit from more socially concerned businessmen can go a long way in contributing to long-term value creation. The ongoing economic crisis has laid bare the problems caused by the myopia of sheer wealth-maximisation aims bereft of the ethical and moral. It's about time business schools, including those in poor developing nations, began truly investing in what prove to be real solutions for ending poverty: human capital, business capital, public institutional capital, and knowledge capital particularly in the moral and ethical spheres (Canals, 2010b; Sachs, 2005).

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APPENDIX A

Ethical banking in Italy

A bank that takes its name seriously

http://www.economist.com/news/finance-and-economics/21578691-bank-takes-its-name-seriously-ethical-banking-italy (accessed June 1, 2013)

Another Italy was on display this month at Florence's 16th-century Fortezza da Basso, where Banca Etica, an ethical bank, held its annual meeting. Outside, stands were selling all sorts of bio foods. Inside, casually dressed shareholders discussed weighty subjects such as social responsibility and the economic crisis.

Until a few months ago Banca Etica was known only to insiders. But then the new parliamentarians of the anti-establishment Five Star Movement, which won more than 25% of the vote at the general election in February (but flopped at local polls on May 26th and 27th), queued to open accounts when parliament convened. That helped spread the word. Now people are curious.

Ethical banks are nothing new, but Banca Etica takes its name seriously. Its annual report calls for a citizens' revolt against casino finance, the use of tax havens and speculation in commodities. Executive pay is not allowed to exceed six times the lowest wage at the bank. And it does not want to get involved with anything having to do with pornography, oil or arms (a rule that even applies to shareholders: the directors' report raised concerns that two, Banca Popolare di Milano and Banca Popolare dell'Emilia Romagna, are now on a list of banks related to arms production and sales).

Such ideas may explain why Banca Etica is small: it has only 17 branches, around 230 staff and loans of less than €1 billion ($1.3 billion), and made a profit of €1.6m in 2012. The firm provides mainly credit to the non-profit sector and green businesses. It was, for instance, the first Italian bank to lend to co-operatives of young people who farm land confiscated from the Mafia.

Yet Banca Etica has attracted a broad range of shareholders. They number 38,400, of which 5,900 are firms, including 83 financial institutions. By some measures, it is among Italy's best-run banks: only 0.4% of loans are in default and only 4.9% of loans are classified as "problematic". And its managers seems inventive. They have set up a platoon of 24 travelling bankers to drum up business in areas far from its branches.

Can Banca Etica grow beyond its niche? That probably depends less on the firm itself than on Italy's established banks. If there are more scandals such as the one surrounding Monte dei Paschi di Siena, the world's oldest bank, which lost billions in dubious derivatives deals, Banca Etica may attract more business than it can deal with.

Instructions: Read the above article. Then answer this: Think about "finance ethics". What would motivate you to create an "ethical company"? What in finance jobs would cause you to turn to ethical considerations? Does it really pay to be ethical?