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A Study on Ethical Challenges Faced by the Credit Officers in the Banking Industry of Bangladesh

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Abstract: This article covers the need for ethical norms and identifies ethical difficulties that arise in credit sections of the private banking industry in Bangladesh. A research sample of 25 commercial banks has been included, and 239 questionnaires were accepted as a sample for the purpose of estimation and hypothesis development. The variables included are qualitative in nature. Linear regression model was used for data analysis. The dependent variable is the challenge level in credit department, and the independent variables are sales target, higher authority pressure, central bank and government regulation, unethical financial incentive, and request from acquaintances. The findings show that there is a significant influence on the challenge level of credit department by sales target, higher authority pressure, central bank and government regulation, and unethical financial incentive. Therefore, it is recommended that banks increase their focus on upholding the code of conduct, thereby enhancing ethical standards for long-term profitability and improved customer satisfaction.

Keywords: Ethical Banking, Credit Department, Private Bank, Bangladesh.

1.0 Introduction

The foundation of ethics is morally upright behavior, just decisions, and ethical work practices. It presents broad principles and viewpoints on proper conduct and behavior for all individuals, groups, and organizations. Ethics and ethical dilemmas are a hot topic for businesses and academics everywhere. Since a nation's entire economy depends on the banking business, ethics and ethical behavior are even more crucial in this field.

The primary players in any nation's financial system are its banks. The fundamental driver of a nation's economic growth and development is its banking system. They are one of the key financial foundations of the economy, which is essential to its proper operation. However, banks have frequently come under fire for engaging in unethical and unprofessional behavior. While unethical behavior may be advantageous in the short term, it can seriously harm a bank's reputation

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over time. Ethics is generally understood to be “a field of philosophy concerned with what is good and wrong as well as with moral duty and obligation.” The accepted application of various moral ideas or values is known as ethics. It focuses on the broad picture.

In order for the public to continue to have faith in the system, banks must not only operate competently but also ethically and transparently. The core concepts of banking ethics include loyalty and honesty toward clients and other stakeholders, objectivity, reliability, respect for values, and a high level of transparency in all business dealings.

Icke et al. (2011) examined the lending practices of 49 Turkish banks based on their ownership structures and roles to analyze the state of ethical banking. In terms of ownership structure, it was determined that state-owned banks were more moral than private banks when social exclusion considerations and asset placement were taken into account. From the perspective of avoiding exclusion, they discovered that deposit banks were more moral than other functional banking groups (i.e. development and participation banks).

In the study of the Nigerian banking business, Belás (2012) discovered that while the code of ethics was well known within the sector, not all Nigerian institutions had fully embraced it. According to the researcher, there are still certain unprofessional and unethical actions in the market.

According to Jasevičienė (2012) several banks’ codes were quite mechanical and did not place much emphasis on upholding ethical standards, which led to an increase in complaints and dissatisfaction from customers who were primarily dissatisfied with the terms of lending, the costs of the services, and the failure of the computer server while performing card transactions or e-banking operations. Furthermore, it was discovered that banks that prioritized finding and resolving customer concerns with goodwill and in the client’s best interests reported fewer complaints.

Belás (2013) discovered that the poor customer acceptance rate of the necessity to promote the bank’s products in Slovakia’s banking industry was translated to the low level of employee loyalty and satisfaction. A decline in total consumer satisfaction was also attributed to low levels of loyalty and contentment.

Kour and Khurana (2017) conducted a comparison study of ethical standards in India’s public and private banks. In terms of the bank code, professional banking, and ethical lending, it was discovered that there were no differences in ethical practices between public and private sector banks. However, there were noticeable disparities in the cases of ethical banking and managers’ ethical attitudes in the two industries. The distinction lay in adhering to the law, exercising sound judgment, and practicing what they preached.

The aim of this paper is to examine the challenge level of credit department in the banking business, to define the basic attributes of ethics in commercial banking, and to analyze relationships and morale in the banking business.

The author's empirical research on the moral attitudes of bank employees in Bangladesh is also discussed in the paper, along with how these opinions have changed. The research technique is based on questionnaire research, organized interviews, and a critical analysis of both domestic and international literature sources. In a study of a few private commercial banks in Bangladesh, we looked into some of the employees' moral attitudes and how they changed.

2.0 Objectives of the Research

In this paper, we tried to find out the factors that put the credit officers under pressure, including ethics as the primary concern. The variables included are all qualitative in nature and relate to the psychological and ethical standards of the persons concerned. Our objectives are to identify the factors that affect the level of challenge for employees working in the credit department of a commercial bank in Bangladesh. The objectives of this study are:

1. To understand the relationship between the level of pressure and ethical standards of credit officers in the credit department of commercial banks in Bangladesh,
2. To identify the factors that significantly increase pressure on credit officers in commercial banks in Bangladesh, and
3. To provide insights and recommendations for improving the work conditions and ethical decision-making of credit officers in commercial banks in Bangladesh.

3.0 Literature Review

Many international and a few domestic studies have been conducted on ethical issues in the banking sector. Ethics can be referred to as well-founded standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues.

Mitchell, Colquitt and Podsakoff (2000) found that the ethical climate of a bank has a positive effect on salesperson's organizational citizenship behavior. The study surveyed employees from various banks in the USA and found that overall, the ethical climate of banks was generally perceived to be positive. A Study of Public and Private Sector Banks in India by Sivakumar and Jayaprakash

(2010) published in "The IUP Journal of Bank Management" found that there were significant differences in the level of ethical awareness and perceptions of ethical issues between employees of public and private sector banks in India. The study found that employees of private sector banks had a higher level of ethical awareness and a more positive perception of ethical issues compared to employees of public sector banks.

Asif and Ishaq (2016) found that the ethical behavior of bank employees in Pakistan is influenced by factors such as job satisfaction, organizational commitment, and personal values. The study surveyed employees from various banks in Pakistan and found that overall, the ethical behavior of bank employees was perceived to be good.

Mahboob (2007) observed that if bank management is fair enough to establish proper managerial rules and regulations, reward and punishment systems for bankers on the basis of their moral standards and social values discourage corruption, and hence ethics in banking can be established. Ethics in banking is directly related to both bank management efficiency and social values and is negatively related to the corruption in the society. Akenbor and Imade (2011) examined sales target for marketing executives in Nigerian banks, and the study revealed that sales targets for marketing executives in Nigerian banks are usually established by executive opinion and such targets are realistically unattainable. In a bid to achieve the high sales target marketing executives exhibit one form of unethical behavior or another such as indecent dress mode or industrial espionage. According to Adeyanju and David (2014) the majority of banks in Nigeria did not fail due to lack of adherence to ethical practices but mostly due to other factors such as insider abuse on lending, lending to high-risk borrowers, micro-economic instability, and a deficiency in bank regulation and supervision.

A UK case study by Gray and Dowling (2015) found that there are ethical challenges in credit risk management in UK banks, particularly in areas such as decision-making, communication, and transparency. The study conducted a case study of a UK bank and found that the bank had implemented a number of measures to address these ethical challenges. Potential solutions to these ethical challenges have also been proposed in the literature. A study by Thompson (2017) suggested the use of a code of ethics and regular ethics training for credit officers to help them navigate these ethical challenges. Additionally, a study by Wilson (2016) suggested the use of independent review processes to ensure that credit decisions are made in the best interest of the client. Pressure to approve loans or extend credit to clients, even if they do not meet the institution's credit standards, is also a challenge faced by credit officers. A study by Davis (2018) found that this pressure can lead to ethical dilemmas for credit officers, as they must balance the institution's financial interests with their duty to act in the best interests of their clients.

Another major challenge faced by credit officers is the risk of involvement in financial crimes such as money laundering. A study by Brown (2019) found that credit officers may be unaware of the warning signs of these crimes and may be vulnerable to manipulation by criminal elements. This puts credit officers in a difficult ethical position, as they may be required to report suspicious activities while also maintaining client confidentiality.

One of the major ethical challenges faced by credit officers is the potential for conflicts of interest. A study by Smith (2018) found that credit officers may be faced with the difficult decision of balancing their duty to act in the best interest of their clients with the financial interests of the institution. This can lead to ethical dilemmas, such as approving loans to clients who do not meet the institution's credit standards. Additionally, a study by Thompson (2018) found that the ethical challenges faced by credit officers in banks can have a significant impact on the stability of the financial system. A literature review published in the Journal of Financial Crime by Johnson (2020) found that credit officers in financial institutions face a range of ethical challenges, including conflicts of interest, pressure to approve loans or extend credit to clients, and the risk of involvement in financial crimes such as money laundering. Another study by Brown (2020) found that credit officers in banks often face pressure to approve loans or extend credit to clients, even if the clients do not meet the bank's credit standards. This pressure can lead to ethical dilemmas for credit officers, as they must balance the bank's financial interests with their duty to act in the best interests of their clients. The study also highlights that credit officers may be at risk of being involved in money laundering and other financial crimes, which can further complicate ethical decision-making.

A recent study by Smith (2021) found that credit officers in banks face a number of ethical challenges in their daily work. These include dealing with conflicts of interest, managing relationships with clients, and maintaining the confidentiality of client information. The study also notes that credit officers may face pressure to approve loans or extend credit to clients even if the clients do not meet the bank's credit standards, leading to ethical dilemmas and the need to balance the bank's financial interests with their duty to act in the best interest of their clients.

After conducting a comprehensive review of the existing literature, it is evident that there has been a lack of national research on ethical concerns in the credit department of banks. While some limited studies have touched upon ethical issues in banking, none have quantified the percentage of impact on credit department management in the banking industry. Furthermore, no previous studies have utilized a linear regression model to analyze the relationship between credit department management and ethical concerns in the banking sector. This research paper aims to fill this gap by employing a linear regression model to elucidate the link between credit department management and ethical issues in the banking industry, thereby contributing to the existing body of knowledge on this topic.

4.0 Research Methodology

4.1 Sample and Data

To test the challenge level in the credit department and to identify the significant factors that influence the pressure of the work, 25 commercial banks have been included in the research sample. We have selected 25 banks based on convenience and ease of communication. From each bank, 10 respondents were selected, and questionnaires were distributed. Altogether a total of 250 questionnaires were distributed; among them, 239 questionnaires were returned with complete feedback and with all parts filled in. We considered these 239 questionnaires as our sample for the purpose of estimation and hypothesis development. The subsequent analysis is based on primary data only; and the statistical package R has been used as a tool for data analysis.

4.2 Data Collection Criteria

This research is based on data collected from 25 commercial banks in Bangladesh. The data used in this study are primary data, which were collected through various means, such as surveys and interviews. The data was collected directly from the banks rather than from secondary sources such as reports or publications. This approach was chosen to ensure the accuracy and relevance of the data to the research question being addressed. The sample size of 25 commercial banks was selected to provide a representative sample of the banking industry in Bangladesh and to ensure a sufficient amount of data to draw meaningful conclusions from the research. The following table describes the names of the banks included in this study.

Bank Name	Generation	Year of Establishment	Branches
AB Bank Ltd.	1st Generation	1982	104
Pubali Bank Ltd.	1st Generation	1959	498
National Bank Ltd.	1st Generation	1983	200
NCC Bank Ltd.	1st Generation	1985	109
The City Bank Ltd.	1st Generation	1983	150
IFIC Bank Ltd.	1st Generation	1976	136
United Commercial Bank Ltd.	1st Generation	1983	170
Uttara Bank Ltd.	1st Generation	1965	245
Southeast Bank Ltd.	2nd Generation	1995	200
Eastern Bank Ltd.	2nd Generation	1992	201
Prime Bank Ltd.	2nd Generation	1995	160
Dutch-Bangla Bank Ltd.	2nd Generation	1996	220
Dhaka Bank Ltd.	2nd Generation	1995	100
One Bank Ltd.	3rd Generation	1999	102
BRAC Bank Ltd.	3rd Generation	2001	200
Mercantile Bank Ltd.	3rd Generation	1999	202
Premier Bank Ltd.	3rd Generation	1999	150
Mutual Trust Bank Ltd.	3rd Generation	1999	100
Trust Bank Ltd.	3rd Generation	1999	114
Jamuna Bank Ltd.	3rd Generation	2001	205
Bank Asia Ltd.	3rd Generation	1999	107
Standard Bank Ltd.	3rd Generation	1999	113
Bangladesh Commerce Bank Ltd.	3rd Generation	1998	48
Meghna Bank Ltd.	4th Generation	2013	47
Union Bank Ltd.	4th Generation	2013	67

4.3 Data Collection Technique

The variables included in the proposed model are qualitative in nature. As a result, to measure the level of response from each respondent, we used a Likert scale with a scale of seven (from 1 to 7). There are several techniques available to help evaluators collect data. The use of a scale is one of those techniques. A Likert scale is one of the most commonly used types of scales. A Likert scale is frequently used to quantify changes in behavior as well as attitudes, knowledge, views, and moral standards. In order to score their answers to evaluative questions, respondents can select from a sequence of statements on a Likert-type scale (Vogt, 1999).

4.3.1 Dependent Variable:

Here we marked dependent variable with Y, which denotes the ***challenge level in credit department***. Here, the term challenge indicates the pressure that comes from injurious physical and emotional responses that occur when the requirements of the job are excessive or impose an extra load on the employee without providing supporting resources. As we know, creating financial assets also increases the risk of default, and excess risk may deteriorate the whole system. As a result, mental pressure to create more credit files and to ensure the growth level has become binding on the part of the loan officers and thus creates mental and physical pressure, resulting in an increase in the challenge level.

4.3.2 Independent Variables:

Sales Target means the limit set by the banking organization that works as a standard of minimum credit limit. Credit officers try to live up to the level of sales target or even more. Sales target allows *the* credit officers to set their goal. Employees' benefits, such as salary, bonus, and allowances, depend on sales target. As a result, it acts as a source of stress for the employees who must complete the tasks. It is an independent variable in our model, which is denoted by X1.

Higher Authority Pressure is a significant factor in credit decision-making. Pressure from higher authority can have both a positive and a negative effect. In some cases, the power of the higher authority can be so extreme. As a result, higher authority pressure is a significant factor in determining the mental health of the employees in an organization. It is an independent variable in our model, which is denoted by X2.

Central Bank and Government Regulation is imposed by the central bank. A financial organization with exclusive authority over the creation and distribution of money and credit for a country or a group of countries is known as the central bank. In contemporary economies, the central bank is typically in charge of monetary policy development and member bank regulation. Rules developed by the central authority are a significant factor in determining the mental health of the employees in an organization. It is an independent variable in our model, which is denoted by X3.

Unethical Financial Incentive is a great factor in determining the ethical condition of the employees. According to a recent study, incentive awards can encourage and boost employee performance, but they can also encourage unethical behavior at work. Unethical financial incentive can create ethical difficulties on the part of the employees; thus, it is an independent variable in our model, which is denoted by X4.

Request from Acquaintances is very difficult to handle in some situations. It means credit officers in general have to face some situations in which they receive requests from friends and acquaintances; in many cases, these requests may pertain to areas beyond the legitimate operational procedure. This trend is quite common in different economic regions and particularly true in Bangladesh, where nepotism is a common feature of economic transactions. Request from acquaintances can create ethical difficulties on the part of the employees; thus, it is an independent variable in our model, which is denoted by X5.

Thus, we can summarize the variables of the proposed model as shown in the following table.

Variable Description

Variable Name	Notation	Abbreviated form	Nature of Variable
Challenge Level in Credit Department	Y	CHCD	Dependent Variable, qualitative in nature
Sales Target	X1	ST	Independent Variable, qualitative in nature
Higher Authority Pressure	X2	HAP	Independent Variable, qualitative in nature
Central Bank and Government Regulation	X3	CBGR	Independent Variable, qualitative in nature
Unethical Financial Incentive	X4	UFI	Independent Variable, qualitative in nature
Request from Acquaintances	X5	RFA	Independent Variable, qualitative in nature

For the purpose of hypothesis testing and evaluation, a proposed model is required at this stage. Considering all the independent variables, as described above, and the dependent variable, we propose the following regression model for estimation and hypothesis development:

Y= Challenge Level in Credit Department

X1 = Sales Target

X2= Higher Authority Pressure

X3= Central Bank and Government Regulation

X4= Unethical Financial Incentive

X5= Request from Acquaintances

Model: $Y = \alpha + \beta1 . X1 + \beta2 . X2 + \beta3 . X3 + \beta4 . X4 + \beta5 . X5 + e$

Table 1: Data Summary

CHCD	ST	HAP	CBGR	UFI	RFA
Min. : 2.000	Min. : 2.000	Min. : 3.000	Min. : 1.000	Min. : 1.000	Min. : 1.000
1st Qu. : 5.000	1st Qu. : 5.000	1st Qu. : 5.000	1st Qu. : 4.000	1st Qu. : 2.000	1st Qu. : 2.000
Median : 6.000	Median : 6.000	Median : 5.000	Median : 5.000	Median : 3.000	Median : 3.000
Mean : 5.547	Mean : 5.698	Mean : 5.396	Mean : 5.123	Mean : 3.189	Mean : 3.453
3rd Qu. : 6.000	3rd Qu. : 6.000	3rd Qu. : 6.000	3rd Qu. : 6.000	3rd Qu. : 4.000	3rd Qu. : 5.000
Max. : 7.000	Max. : 7.000	Max. : 7.000	Max. : 7.000	Max. : 7.000	Max. : 7.000

(Primary Data source and outcome from r software)

Based on the data summary table, the mean of the sales target is 5.69, which indicates that the sales target is relatively high, implying that there may be a significant level of pressure on the credit department to meet this target. The minimum value of the sales target is 2, while the maximum value is 7, suggesting that the sales targets range from relatively low to moderately high levels. This information can be useful in determining the challenge level for the credit department in meeting the sales targets set by the organization.

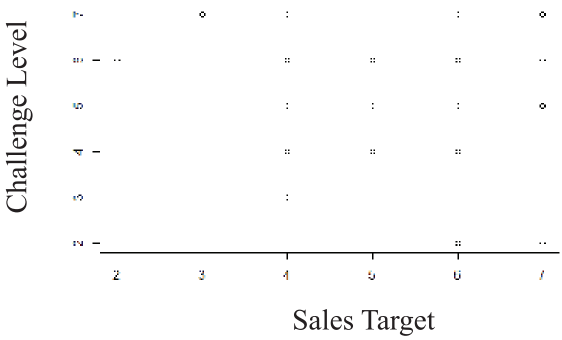
The average of Higher Authority Pressure is 5.396 and Central Bank and Government Regulation is 5.123, indicating that these factors have lower pressure compared to the sales target in determining the challenge level for the credit department. The minimum value for Higher Authority Pressure is 3, while the maximum value is 7. Similarly, the minimum value for Central Bank and Government Regulation is 1, and the maximum value is 7.

Furthermore, the mean of Unethical Financial Incentive is 3.189, indicating lower pressure on the credit department in terms of this factor. The minimum value for Unethical Financial Incentive is 1, and the maximum value is 7. Additionally, the average Request from Acquaintances is 3.453, also indicating lower pressure. The minimum value for Request from Acquaintances is 1, and the maximum value is 7.

This information suggests that the sales target may be the most significant source of pressure for the credit department, while other factors such as Higher Authority Pressure, Central Bank and Government Regulation, Unethical Financial Incentive, and Request from Acquaintances have comparatively lower pressure levels in determining the challenge level for the credit department.

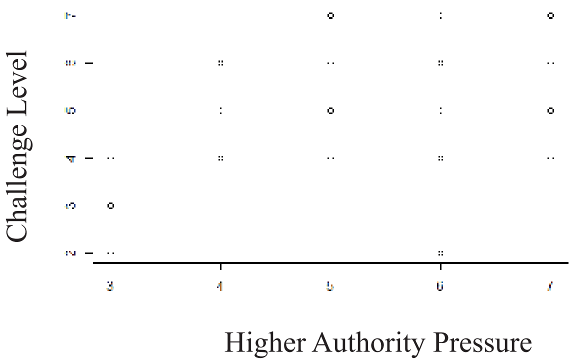
5.0 Results and Findings of the Analysis

Figure 1: Correlation Sales Target and Challenge level



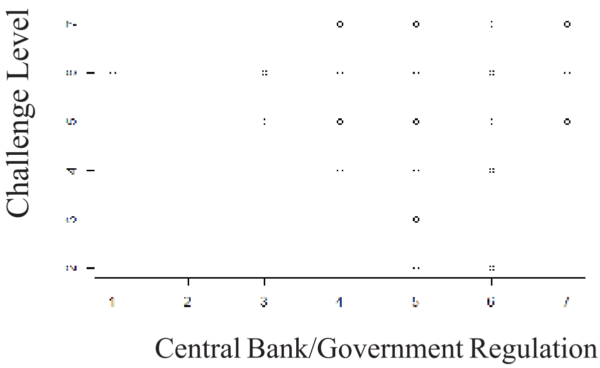
From the correlation graph, we can say that there is a positive relation in moderate form between sales target and challenge level for credit department.

Figure 2: Correlation Higher Authority Pressure and Challenge Level



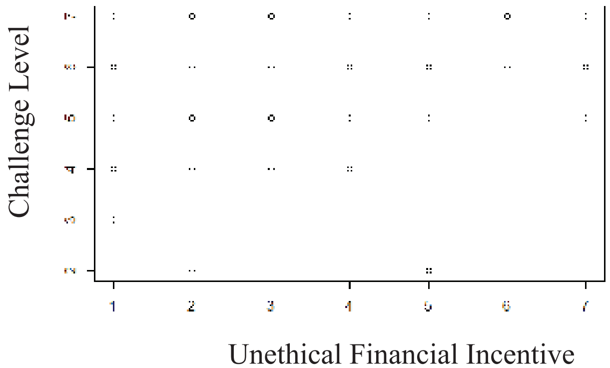
From the correlation graph, we can say that there is a strong positive relation between higher authority pressure and challenge level for credit department.

Figure 3:Correlation Central Bank/Government Regulation and Challenge Level



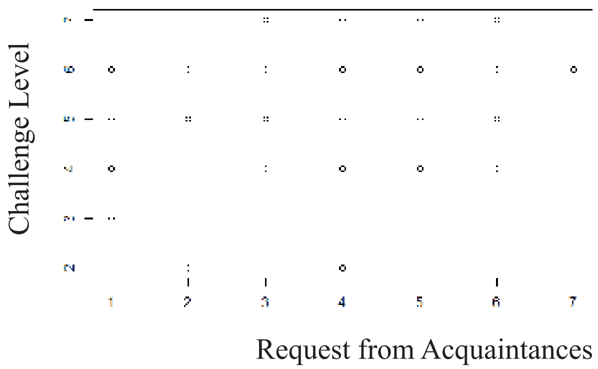
From the correlation graph, we can say that there is a moderately positive relation between central bank government regulation and challenge level for credit department.

Figure 4: Correlation Unethical Financial Incentive and Challenge Level



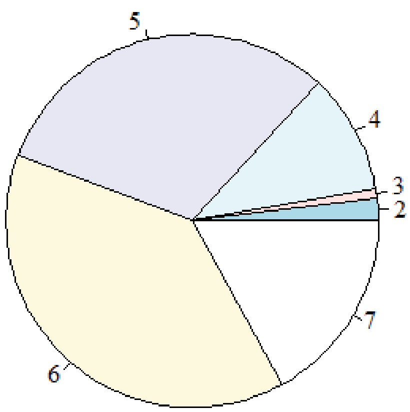
From the correlation graph, we can say that there is a weak relationship between unethical financial incentive and challenge level for credit department.

Figure 5: Correlation Request from Acquaintances and Challenge level



From the correlation graph, we can say that there is a very weak relationship between request from acquaintances and challenge level for credit department.

Figure 6: Pie Chart of Challenge level in Credit Department

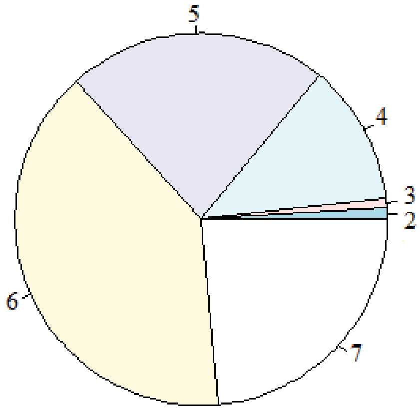


Score 1 = Extremely low pressure.

Score 7 = Extremely high pressure.

The pie chart shows that the majority of the credit officers are under high work pressure. Most of the respondents marked 6 as the level of work pressure and stress. Then level 5 and level 7 were selected as the indicator of stress level. As we know, level 1 to level 4 are the lower stress levels; however, very few respondents selected these pressure levels, indicating a very high level of work pressure and stress in the credit department.

Figure 7: Pie Chart Sales Target

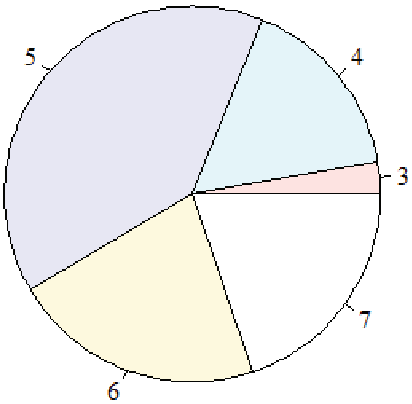


Score 1 = Extremely low pressure.

Score 7 = Extremely high pressure.

We can say that maximum pressure in challenge level for credit department has arisen from sales target. The data shows that the heavy pressure faced by the credit officers is the sales target. The majority of the credit officers marked the pressure as too high, which is clear from the pie chart; on a scale of 7, majority of the respondents marked number 6, after that number 7, and then number 5. This situation is the reflection of high pressure level as the respondents prefer to mark the higher numbers.

Figure 8: Pie Chart Higher Authority Pressure

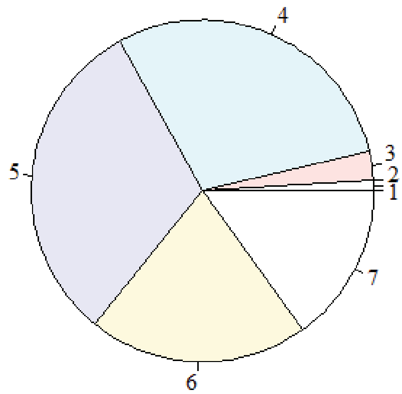


Score 1 = Extremely low pressure.

Score 7 = Extremely high pressure.

We can say that maximum pressure in challenge level for credit department has arisen from higher authority pressure. The data shows that the credit officers faced heavy pressure due to higher authority pressure. The majority of the credit officers marked the pressure as too high, which is clear from the pie chart; in a scale of 7 majority of the respondents marked number 5, after that number 6, and then number 7. This situation is the reflection of high pressure level as the respondents prefer to mark the higher numbers.

Figure 9: Pie Chart Central Bank and Government Rules

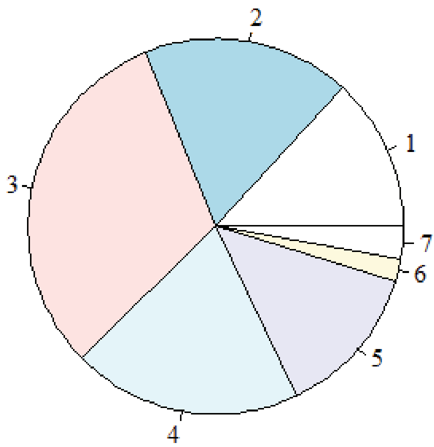


Score 1 = Extremely low pressure.

Score 7 = Extremely high pressure.

We can say that maximum pressure in challenge level for credit department has arisen from central bank and government rules. The data shows that the heavy pressure faced by the credit officers is due to the central bank and government rules. The majority of the credit officers marked the pressure as too high, which is clear from the pie chart; in a scale of 7 majority of the respondents marked number 5, after that number 4, and then number 6. This situation is the reflection of high pressure level, as the respondents prefer to mark the higher numbers.

Figure 10: Pie Chart Unethical Financial Incentive

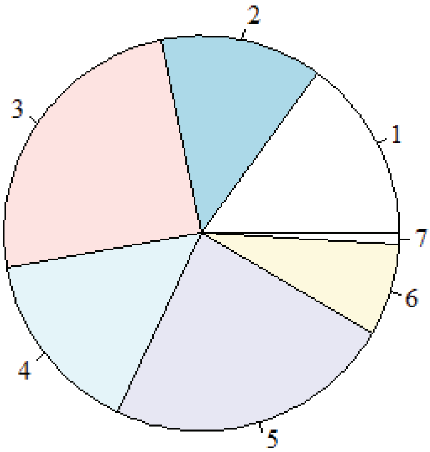


Score 1 = Extremely low pressure.

Score 7 = Extremely high pressure.

We can say that moderate pressure in challenge level for credit department has arisen from unethical financial incentive. The data shows that moderate pressure faced by the credit officers due to unethical financial incentive. The majority of the credit officers marked the pressure as moderate, which is clear from the pie chart; in a scale of 7 majority of the respondents marked number 3, after that number 4, and then number 2. This situation is the reflection of moderate pressure level, as the respondents prefer not to mark the higher numbers.

Figure 11: Pie Chart Request from Acquaintance



Score 1 = Extremely low pressure.

Score 7 = Extremely high pressure.

We can say that moderate pressure in challenge level for credit department has arisen from request from acquaintance. The data shows that moderate pressure faced by the credit officers due to request from acquaintance. The majority of the credit officers marked the pressure as moderate, which is clear from the pie chart; in a scale of 7 majority of the respondents marked number 3, after that number 5, and then number 4. This situation is the reflection of moderate pressure level, as the respondents prefer not to mark the higher numbers.

Table 2: Correlation Table

	CHCD	ST	HAP	CBGR	UFI	RFA
CHCD	1.0000000	0.1778832	0.3683641	0.1787915	0.166543	0.1434381
ST	0.1778832	1.0000000	0.3367231	0.3400636	0.1205910	0.1809712
HAP	0.3683641	0.3367231	1.0000000	0.2434371	0.2443662	0.3289674
CBGR	0.1787915	0.3400636	0.2434371	1.0000000	0.3112093	0.1041097
UFI	0.166543	0.120591	0.2443662	0.3112093	1.0000000	0.3555027
RFA	0.1434381	0.1809712	0.3289674	0.1041097	0.3555027	1.0000000

(Primary Data source and outcome from r software)

The level of correlation among the variables used in multivariate regression analysis is shown in the correlation table. The correlation between the variables is not so strong; also, the variance inflation factor (VIF) is less than 3 in all the circumstances, which suggests that there is no multicollinearity problem among the variables.

Table 3: Beta Coefficient

Residuals:				
Min	1Q	Median	3Q	Max
-3.7767	-0.6004	0.2233	0.5759	1.9285

Coefficients:				
	Estimate	Std.Error	t Value	Pr(>|t|)
(Intercept)	4.54265	0.55404	8.199	6.75e-13 ***
ST	0.17629	0.09563	1.843	0.0681 .

Signif. Codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1.031 0n 104 degrees of freedom Multiple R-squared: 0.03164, Adjusted R-Squared: 0.02233 F-statistics: 3.398 on 1 and 104 DF , p-value : 0.06811

(Primary Data source and outcome from r software)

From Beta Coefficient table, we can say that if sales target changes by 1%, then the challenge level for credit department will change by 17.62%. R–Square tells us that 3.16 % variation in the challenge level of credit department will be explained by sales target. In unique regression model, F – Statistic value is 3.398 and the P value is .06811 which is less than .10; the estimate tells us that sales target has a significant influence on challenge level.

Table 4: Beta Coefficient

Residuals:				
Min	1Q	Median	3Q	Max
-3.7648	-0.4044	-0.0439	0.5956	1.5956

Coefficients:				
	Estimate	Std.Error	t Value	Pr(>|t|)
(Intercept)	3.6023	0.4905	7.343	4.83e-11 ***
HAP	0.3604	0.0892	4.041	0.000102 ***

Signif. Codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.9745 0n 104 degrees of freedom Multiple R-squared: 0.1357, Adjusted R-Squared: 0.1274 F-statistics: 16.33 on 1 and 104 DF , p-value : 0.0001023

(Primary Data source and outcome from r software)

From Beta Coefficient table, we can say that if higher authority pressure changes by 1%, then challenge level will change by 36.04 %. R–Square tells us that 13.57 % variation in the challenge level of credit department will be explained by higher authority pressure. In unique regression model, F – Statistic value is 16.33 and the P value is .0001023 which is less than .10; the estimate tells us that higher authority pressure has a significant influence on challenge level.

Table 5: Beta Coefficient

Residuals:

Min	1Q	Median	3Q	Max
-3.6872	-0.5276	0.1532	0.632	1.632

Coefficients:

	Estimate	Std.Error	t Value	Pr(>|t|)
(Intercept)	4.72962	0.45239	10.455	<2e-16 ***
CBGR	0.15959	0.08612	1.853	0.0667 .

Signif. Codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ‘ 1

Residual standard error: 1.031 0n 104 degrees of freedom Multiple R-squared: 0.03197, Adjusted R-Squared: 0.02266 F-statistics: 3.434 on 1 and 104 DF , p-value : 0.06669

(Primary Data source and outcome from r software)

From Beta Coefficient table, we can say that if central bank government regulation changes by 1%, then challenge level will change by 15.96 %. R–Square tells us that 3.197 % variation in the challenge level of credit department will be explained by central bank government regulation. In unique regression model, F – Statistic value is 3.434 and the P value is .06669 which is less than .10; the estimate tells us that central bank government regulation has a significant influence on challenge level.

Table 6: Beta Coefficient

Residuals:

Min	1Q	Median	3Q	Max
-3.7675	-0.5242	0.2325	0.5974	1.719

Coefficients:

	Estimate	Std.Error	t Value	Pr(>|t|)
(Intercept)	5.15933	0.24653	20.928	<2e-16 ***
UFI	0.12163	0.07061	1.722	0.088 .

Signif. Codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ‘ 1

Residual standard error: 1.034 0n 104 degrees of freedom Multiple R-squared: 0.02774, Adjusted R-Squared: 0.01839 F-statistics: 2.967 on 1 and 104 DF , p-value : 0.08796

(Primary Data source and outcome from r software

From Beta Coefficient table, we can say that if unethical financial incentive changes by 1%, then challenge level will change by 12.16 %. R–Square tells us that 2.77 % variation in the challenge level of credit department will be explained by unethical financial incentive. In unique regression model, F – Statistic value is 2.967 and the P value is .08796 which is less than .10; the estimate tells us that unethical financial incentive has a significant influence on challenge level.

Table 7: Beta Coefficient

Residuals:				
Min	1Q	Median	3Q	Max
-3.5992	-0.5992	0.3058	0.5909	1.4959
Coefficients:				
	Estimate	Std.Error	t Value	Pr(>|t|)
(Intercept)	5.21901	0.24381	21.406	<2e-16 ***
RFA	0.09504	0.0643	1.478	0.142

Signif. Codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 1.037 0n 104 degrees of freedom Multiple R-squared: 0.02057, Adjusted R-Squared: 0.01116 F-statistics: 2.185 on 1 and 104 DF , p-value : 0.1424

(Primary Data source and outcome from r software)

From Beta Coefficient table, we can say that if request from acquaintances changes by 1%, then challenge level will change by 9.5%. R –Square tells us that 2.05 % variation in the challenge level of credit department will be explained by request from acquaintances. In unique regression model, F – Statistic value is 2.185 and the P value is .1424 which is greater than .10; the estimate tells us that request from acquaintances does not have significant influence over challenge level.

Table 8: Beta Coefficient

Residuals:				
Min	1Q	Median	3Q	Max
-3.6896	-0.373	0.0437	0.6871	1.8021
Coefficients:				
	Estimate	Std.Error	t Value	Pr(>|t|)
(Intercept)	3.167045	0.661224	4.79	0.0000058 ***
ST	0.037909	0.101728	0.373	0.7102
HAP	0.316617	0.101625	3.116	0.0024 **
CBGR	0.060518	0.092175	0.657	0.513
UFI	0.044789	0.075877	0.59	0.5563
RFA	0.000797	0.068277	0.012	0.9907

Signif. Codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.9864 0n 100 degrees of freedom Multiple R-squared: 0.1485, Adjusted R-Squared: 0.1059 F-statistics: 3.488 on 5 and 100 DF , p-value : 0.006003

(Primary Data source and outcome from r software)

The *F*-ratio tells whether the overall regression model is a good fit for the data. The table shows that the independent variables are statistically significant to predict the dependent variable at 10% level of significance, F (5, 100) = 3.488, p <0.10 (i.e., the regression model is a good fit of the data). There is significant influence in the challenge level of credit department by sales target, higher authority pressure, central bank and government regulation, unethical financial incentive, and request from acquaintances. R–Square of the model is 14.85%, which is good for a research involving social science or human behavior. In contrast to quantitative research, qualitative research involving human traits produces a lower R–Square, but still the result is useful and the estimates are reliable estimates of the independent variables (Wooldridge, 2003).

6.0 Findings

1. There is a positive correlation in moderate form between sales target and challenge level for credit department; strong relation exists between higher authority pressure and challenge level for credit department; moderate relation exists between central bank government regulation and challenge level for credit department; there is not so much strong relation between unethical financial incentive and challenge level for credit department and a very weak relation exists between request from acquaintances and challenge level for credit department.

2. Sales target, higher authority pressure, central bank government regulation, and unethical financial incentives have significant influence on challenge level; request from acquaintances does not have a significant influence over challenge level.

3. The main findings of this study are that there is a significant influence on the challenge level of credit department by sales target, higher authority pressure, central bank government regulation, and unethical financial incentive.

7.0 Conclusion

One of the key financial foundations of the economy, banks are essential to the smooth operation of an economy. The finance requirements of trade, industry, and agriculture must be handled with a higher level of responsibility and dedication if a nation is to see economic growth. Participants in the banking industry should be actual experts who follow the ethical standards set by the sector. They must adhere strictly to the morals and laws. Financial service providers should discourage any suspected unlawful or unethical action and, if necessary, disclose it to the appropriate authorities. In reality, the Banking Ombudsmen Scheme was created for the same reason. Bank lending should be prudent.

Before providing loans to clients, whether they are individuals or businesses, they should thoroughly evaluate them. They need to be careful to avoid lending money to organizations that engage in wrongdoing or otherwise harm society or the environment. They should use caution when investing client money in various ventures. They should refrain from being excessively hazardous and speculative.

According to the findings of several studies, public banks may exhibit greater morality toward their clients than private sector banks (Icke et al., 2011). Additionally, it has been noted that private bank managers put a lot of pressure on their executives, which causes them to approach clients incorrectly (Belás, 2012). According to several studies mentioned above, banks' beliefs and ethical behavior increase customer satisfaction (Belás, 2013). Many of the studies mentioned above have focused on ethical concerns and ethical behavior in banks (Goyal and Joshi, 2011; Icke et al., 2011). All of these studies have emphasized the significance of ethical behavior in raising client loyalty, profitability, and output.

The aforementioned research papers have been carried out to better understand bank collapse, particularly in the context of Nigeria (Adeyanju and David, 2014). The majority of these investigations identified unethical behavior and a disregard for the code of ethics as the primary causes of bank collapse. According to Safakali (2005), the factors that caused serious ethical issues that resulted in the financial crisis were favoritism on the part of management, inadequate use of funds, political interference, lack of accountability, illegal use of funds, lack of transparency, and risky investments with low returns.

The unifying theme and finding from the review of the literature is that ethical standards in banks are related to customer satisfaction. Customers feel more secure and at ease entrusting their hard-earned money to those banks where they believe their money is safe. Unethical behavior merely tarnishes the banks' reputation, resulting in disgruntled clients and ultimately fewer deposits. Additionally, it is discovered that a violation of the code of ethics is the leading cause of bank collapses.

Therefore, it is recommended that banks increase their focus on upholding the code of conduct, thereby enhancing ethical standards, for long-term profitability and improved customer satisfaction.

8.0 Scope for future research

In order to create a comprehensive and flawless report, a thorough understanding of various aspects and experiences is required. However, this study has encountered obstacles that have hindered the ability to produce a complete and perfect one. Additionally, it's important to note that this study solely concentrates on primary data obtained from the private banking industry.

Other factors can be considered such as indecent dress code to seduce male prospects, improper use of a bank's assets, using bribes and kickbacks to secure a sale, industrial espionage, unpredictable price increases and profiteering, deceptive and misleading product claims, and environmental pollution.

The findings of this paper will be used to increase the bank's focus on upholding the code of conduct and enhancing ethical standards for long-term profitability and improved customer satisfaction. The paper will aid policymakers in their analysis of key issues.

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Appendix

Questionnaire

A Study on Ethical Dilemma in the Banking Industry

This is meant for academic purpose only. The information will be kept confidential in all circumstances; this condition will be maintained very strictly.

I appreciate your participation in the survey and also thanks for your valuable time and effort.

Please tick [✓] where appropriate or fill in the required information on the spaces provided.

Section A: Demographic Information

1. Gender: Male [ ] Female

2. Age: 18-30 Years [ ] 31-42 Years [ ]
43-54 Years [ ] 55 Years and above [ ]

3. Job Experience: a) 1-3 Years [ ] b) 3-6 years [ ] c) 6-9 years [ ]
d) Any other (Specify) ______________________

4. Academic background: Post Graduate [ ] Undergraduate [ ]
College [ ] High School [ ]
Any other (Specify) ____________________

Section B: Credit Proposal related Information

5. How long have you been in the credit department? ____________ years.

Please follow this scoring system: **Score 1 = Extremely low pressure.**
Score 7 = Extremely high pressure.

6. When opening a new loan file, how much pressure you feel from the following sources:

	Score						
Source	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Sales target of the bank							
Pressure from high authority							
Rules of Govt. or central bank							
Unethical financial incentive							
Request from friends							

7. From ethical perspective, how much challenging is the task of managing the credit department?

Score 1 = Not challenging at all.

Score 7 = Extremely challenging.

Score						
1	2	3	4	5	6	7

Thank You