

## Honesty in Regional Cooperative Banks

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### Abstract

Corporate scandals are not a phenomenon that is unique to the banking industry. However, the examples of misconduct of individual bank employees or even of entire banks that popped up in recent years have promoted the interest in business culture and business ethics in the banking industry. Honesty is one important cultural and ethical dimension. Based on their results of a survey in a large, international bank *Cohn et al.* (2014a), for example, conclude that the banking industry's business culture favours dishonest behaviour of employees. The present paper applies the design of *Cohn et al.* (2014a) to a small sample of regional cooperative banks in Germany in order to verify their outcome. The results of *Cohn et al.* (2014a) cannot be confirmed. There is no evidence of more dishonesty among employees of the banks in the sample relative to a control group. Business culture in the banking industry differs between banks or group of banks, a fact that needs to be considered e. g. by legislators.

*Keywords:* banking, business culture, corporate culture, business ethics

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„Was wir bewundern und nicht besitzen,  
ist die angelsächsische Kultur im Geldgeschäft.“  
(*Alfred Herrhausen, 1930–1989*)<sup>1</sup>

### I. Introduction

On Monday, 27 November 1989, Deutsche Bank AG announced the takeover of Morgan Grenfell, a UK merchant bank (*Deutsche Bank* 2014). With this transaction Deutsche Bank gained a stronger foothold in the international in-

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<sup>1</sup> “What we admire and do not have is the Anglo-Saxon culture in financial transactions” (as cited in *Büschgen* 1995, p. 851; own translation).