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Ethical Factors Affecting the Financial Market: A Study from Bangladesh Perspectives

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The global economic affairs have brought both opportunities and challenges for the commercial arenas in which financial market is also not an exception. But some employees in the financial market put their efforts to achieve their target in ethical manner while the other group aims to fulfill their materialistic gains in any manner even if that is unethical. Such behavior often leads to competitive advantages or ethical crises or challenges in a wide range of financial institutions, which, in turn, reflects the success or failure of an economic and social model based on certain ethical assumptions. With this end in view, this paper aims to review the ethical factors of the banking, insurance and investment industries representing the financial market. The present study found various ethical factors which influence the performance of the financial institutions. Such factors include commitment or their lacking to high ethical standards, authentic as well as false financing schemes or rumors for selfish gain, appropriate or overestimation of projected revenue, evil nexus of employees with customers, punctuality or delay in sanctioning loans, compliance or ignoring financial guidelines, informative as well as untrue advertisements, half-truths and nondisclosure of material information regarding what the policy covers, credibility of the agents and brokers, etc. This study concludes with recommendations of effective solution to enhance ethical reputation of the respective financial entities in one hand and counter the bad impact of the unethical factors on the other hand.

Field of Study: Banking, Finance, Ethics, Insurance,

Keywords: Ethical code of conduct, unethical practices, financial market, etc.

1. Introduction

The development trends of the global economy witnessed over the world as the result of globalization, free market economy, etc., except few occasions are the positive outcome. But such forces also brought so many challenges as people are becoming materialistic in achieving their targets in any manner even if that is unethical. It has often been stated that financial crisis in which the world economy has been deeply involved since mid-2007 is an ethical crisis. It has also been argued that this crisis is a crisis of leadership or governance in a wide range of institutions, and this, in turn, reflects the failure of an economic and social model based on certain ethical assumptions. The present study, in this regard, is the result of **motivation** to review the ethical issues of the banking, insurance and investment industries representing the financial market. This

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study concludes with various ethical factors which positively and negatively influence the performance of the financial institutions and recommends effective solution to counter the bad impact of the unethical practices in the said market.

The earlier research studies exhibit that the banking profession is highly regulated to ensure a sound financial system. This is because large-scale abuses will take place and the banking industry would be ruined if law does not properly regulate and protect it with acceptable ethical standards (Wellman, 1961). Dubinsky *et al*. (1980) argued that salespeople are often in the ethical dilemmas between short-term pressures from management to meet sales quotas and long-term goals of achieving client confidence. McDowell (1991) points put that to maintain a high ethics company, every manager should behave ethically them-selves, screen potential employees, have a meaningful code of ethics, implement ethics awareness training, reinforce ethical behaviour and relate a structure to deal with ethical issues. Dobson (1991) argued that reputation *bridges* the conflict between wealth maximizing (i.e. technical competence) and social responsibility (i.e. fiduciary obligation to the client).Ajzen (1985) and Jones (1991) suggested in their research that the social consensus was applied as a standalone factor which affected a decision making process from an ethical outlook. It is deeply agreed by Perks et al. (1992), that a community of institutional investors ethically conducting any investment could leave a success mark upon achieving the target. Investors might be tempted with the ethical jargon been fed to them from time to time but, it has been clearly reported that the return of each and every investment made inclusive of the conventional investment mentioned before is still their primary concern (Mackenzie, 1997).Adewunmi (1998) found that the introduction and adoption of a Code of Ethics in the banking industry in Nigeria ensured the highest level of adherence to good banking practice and a strong commitment to high ethical standards in the banker customer relationship. Smith (1996) identified four investment strategies namely inclusion, exclusion, engagement and confrontation as related to an ethical decision making. Singhapakdi, Vitell and Franke (1999) found in their studies that the education and income level together with gender and religiousness play an important part in executing ethical intention. However, the recent studies are different from the previous research works which highlight that unprofessional practices still abound especially in the areas of business acquisition as prospective insured and intermediaries are always inclined to exploit the cut-throat competition in the industry (Onaolapo, 2005). Azmi (2006) also noted that the importance of building a strong ethical culture is integral to the reputation, growth, and finances of any organization. Badi and Badi (2006) stated that, ethical issues in business can be divided into two types i.e. the overt which are open and visible activities (e.g., bribery, theft, sabotage, collusion) and covert which are hidden and invisible activities (e.g., corporate acquisition process, marketing policies, HRM policies, market espionage, capital investments). In the business world an organization sets standards for determining the difference between good and bad decisions making and behavior. Ethics in business helps to establish an entity's reliability and reputation with its clients (Akinbola, 2010). It is a norm that nobody will want to be in business with a person or company known to be fraudulent (Akinbola, 2010). Kumar and Sharma (2011), noted that every business by its existence, irrespective of the demands and pressures upon it, is bound to be ethical for at least two reasons: One, because whatever the business does affects its stakeholders and two, because every juncture of action, has trajectories of ethical as well as unethical paths wherein the existence of business is justified by ethical alternative she responsibly chooses. As Sanusi (2003) points out that it has become a worldwide saying that the quality of corporate governance makes an important difference to the soundness and unsoundness of banks.

Such dilemmas create job stress, poor sales performance, and dissatisfied customers. Previous studies (Cupach & Carson, 2002; Bellizzi & Hasty, 2003) found that supervisor influence, role ambiguity and sales target have an effect on unethical intention. Situational factors such as size of commission, level of monitoring or supervision, organizational structure and culture also have been found to influence ethical behavior (Ross & Robertson, 2003). It has been observed that practice in the insurance industry is sometimes devoid of ethical orientation, as many firms do not have code of ethics that govern their operations. Second, the widespread unethical practices like rate cutting, premium loading, overriding commission, premium purchase, under-indemnity, (Soares, 2004), (Irukwu, 2009) also bear testimony to lack of ethical behaviour in the insurance business practice. Onaolapo (2005) noted that many underwriters are prepared to submit to pressures for fear of loosing business. Rate-cutting and offer of illegal inducement have eroded the profitability of the insurance industry. Continual unethical practices could lead to government intervention and regulations which will be more problematic than self policing in the first place (McMurrian and Matulich, 2006). According to Wise *et al.* (2010), an ethically void insurance business may be successful in the short time period, but sustainability in the long run is dependent on the application of ethical norms and practices. There is an increasing expectation for insurance business to be more ethical and socially responsible in the way they discharge their duties. This is because by its nature, is exposed to criticism of ethics (Akinbola, 2010). Insurance purchase is basically on trust as the buyer would not experience it until the occurrence of a specified event. Therefore it is a necessity for insurance practitioners to show high level of social responsibility in every of their actions (Akinbola, 2010). Insurance as a strategic business activity in the developing economies, much bottlenecks have been identified as responsible for its poor performance and growth. Some identified problems affecting the business as revealed by past researchers, include ethical issue, poor premium collection; solvency problem/low liquidity, lack of standards, absence of government, poor management, low level of information technology, lack of integrity/trust, customer attitudes towards insurance services, lack of innovation, (Akinbola, 2010).Schueth (2003) has instilled that ethical investment behaviour share the same nature of an investment formulation strategy.

While defining **research problem** it is seen that in the recent years due to gross violation of financial compliance, unethical practices including misuse or undue uses of authority and position for selfish gain have become acute problem that is hindering the financial market by adversely affecting the integrity of financial records. Such growing trend of unethical practices in the financial market has brought bad experiences of the respective stakeholders and so there are chances of misuse or unethical activities of the same by the customers, corrupt employees of the banks, insurance and investment companies and the other concerned. Such unethical practices include violating compliance relating to the sanctioning and transaction process of loan, insurance policy, beneficiary owners accounts, credit card, cheque, demand draft, mortgage, bill discounting, wire transfer, ATM, impersonation, etc., necessitate the measures to increase awareness among the concerned so that the growing trend of unethical practices can be prevented and mitigated by safeguarding the interest of the customers and other stakeholders.

The findings of the reviewed literature represent the impact of 14 unethical practices or factors in the financial market. However, each study focuses on their unique findings which are not always directly related to the banking, insurance and investment misuses, abuses, undue uses or frauds in Bangladesh. Moreover, these studies focused either one or some aspects other than the complete subject matter of the current study. This means that the past studies have not come into a conclusion with the concrete and exhaustive list of necessary factors which could have some sort of impact on the customers of the bank, insurance and investment companies in Bangladesh due to the unethical practices. So, there is a research gap which can be mitigated by undertaking an extensive primary survey.

To mitigate the research gap, it is very significant in the present study to investigate the research question: “Is there any ethical factor affecting the financial market in Bangladesh?”To find the answer to the research question the current study has been endeavored with the following hypothesis:

$H_{0:}$ There is no ethical factor affecting the financial market in Bangladesh.

H_a: There are ethical factors affecting the financial market in Bangladesh.

From the light of the above discussion, the objective of the current study is to examine whether there is any ethical factor of the financial market in Bangladesh or not. The main objective of this paper is to make a review of the ethical aspects related to the financial market. The study mainly focuses on the ethical and unethical issues of the banking, insurance and investment industries in general.

This paper is organized with the various sections. Section 1 deals with introduction, Section 2 focuses on the literature review, Section 3 outlines the research methodology, Section 4 contains the analysis and findings and finally Section 5 draws a constructive conclusion with reply to the research question and unique contribution, and managerial implications and direction to future research.

2. Literature Review

Ethics is a science of morals (Badi and Badi, 2006). Ethics can be described as a moral philosophy that addresses basic questions of right and wrong, good and evil, and the like (Fieser, 2009). According to Pasternak (2012) the moral principle of ethical egoism suggests that an act is ethical when it promotes the individual’s long term interest. In addition, Pasternak (2012) stated that it is possible for people to help others, follow the rules of society, and even grant gifts if they believe that those actions are in their best interest.

Francis (2000:15) believes that business ethics, like education, may seem costly, but not as expensive as the alternative since profit at any price is no longer an acceptable edict.

2.1 Ethics in Banking Industry

Khan (2008) advocated Islamic banking as an effective approach to ensure a justified interest free ethical banking for the pious people because Islamic banking, according to them, always focuses on the customer satisfaction and making progressing at desirable rate. They also stated that the number of account holders has increased by 200% since 2005 with approximate 81%inmcrease in year 2007 alone as compared to 2006.

Lu and Chan (2012) examine the impact of religious attendance and portfolio selection. They found that religious attendance is positively related to stock returns and can result in declining demand for risky asset investments. An explanation for this might be that religious investors have less money to allocate; because they have less working hours due to attendance of religious events and that they donate some of their money.

The following facts have been revealed from the findings of the research study conducted by Ram, et al (2011):

They found that the 70% of the respondents identified overvaluation of collateral, 60 percent respondents identified the approval of false financing schemes, 70% of the respondents identified the concealment of facts, 48% respondents identified that the evil nexus of bankers with customers. 50% of the respondents identified the overestimation of projected revenue, 20% respondents identified unnecessary delay in sanctioning loans, 10% of the respondents identified the ignoring accounts status of customers and 14% of the respondents identified ignoring banking guidelines as unethical actions in relation to appraisal of loan proposal.

They also found that 10% of the respondents giving guarantee without assessing elements of risk and without ensuring credit worthiness of the borrower, 30 percent to act as guarantor without either adequate security or counter guarantee of the customers, 20%respondents identify to act as guarantor without ensuring the credit worthiness of the borrower, 20 percent of the respondents identified influencing the bank officials to release from guarantee, 30 percent of the respondents identified them to try to know the secret of customers business, and 20% respondents identified the denial by the guarantor to follow the guarantee clause as unethical actions in relation to banker's role.

They found that 80% of the respondents allowing more time to the customer than grace period, 70 percent of the respondents identified influencing the customers to divert the loans in other purpose, 60 percent of the respondents identified maintaining unauthorized relationship with customers, 50 percent of the respondents identified sending the legal notice after due date, 60 percent of the respondents identified fixing up payment schedule without considering surplus generation capacity of the borrower, 60 percent of the respondents revealed that frequent persuasion not made as unethical actions in relation to realizing of dues from customers.

They also showed that 50% of the respondents identified the collection of crossed cheque (account payee), 60 percent of the respondents identified the collection of cheque(accounts payee) for person other than the actual payee, 60 percent of the respondents identified the collection of cheque crossed not negotiable, 70 percent of the respondents identified the serving as an agent for any amount incompatible as unethical actions in relation to bankers as representative or agent on behalf of customers.

2.2 Ethics in Insurance Industry

Govt. of India (2002) found that premium charged by the insurance companies in India tends to relatively high due to obsolete and rigid actuarial practices and inefficient operations.

NDIC 2003 Annual Report highlights 7 types of major frauds and forgeries namely granting of unauthorized loans/overdraft, presentation of forged cheques, posting of fictitious credit, loss of money to armed robbers, fraudulent transfer and withdrawals, outright theft and suppression of cash/cheques.

In particular, it has been alleged that the compensation of agents and brokers through commissions, often related to the underwriting quality or volume of business placed with an insurer, constitutes an anticompetitive practice that is detrimental to buyers (Spitzer, 2004; Hunter, 2004, 2005). Perhaps the reason is that insurance intermediaries can help insurers to economize on information and transaction costs in insurance markets, as observed by Eckardt (2007).

Balachandran (2007) stated that things go wrong in insurance when the agent becomes concerned with the commission that he will earn from the policy, rather than the benefits to the prospect.

Shah (2008) found that insurance agents were selling whole life policies as retirement plans due to high rate of commission.

Chandrasekharan (2008) showed that the insurance sector faces many more unethical practices such as untrue advertisements, half-truths and nondisclosure of material information regarding what the policy covers and what it does not.

Adewunmi (2009) noted that if insurance firms and practitioners can give desirable attention to their reputation, the benefits they provide to their clients, operate more efficiently to enable them bring down their premium rate and enhance personality and capability of their agents and brokers, we can expect increased patronage of this sub sector in the near future.

Irukwu (2009) stated that, in response to sacred insurance law principle of uberrimafidei; or the doctrine of the utmost good faith, he is obliged to confess that whilst the majority of insurance professionals are conducting their professional activities with absolute commitment, we do have a few practitioners, in all sections of the insurance industry, who have very little regard for professionalism and ethics in the conduct of their business activities. Furthermore, he advised that the professional disciplinary machinery must be strengthened to deal decisively with those who perpetuate such destructive and unprofessional practices as rate-cutting premium purchase, other forms of market indiscipline such as the encouragement of fraudulent and grossly exaggerated claims and other unprofessional practices that damage the image and visibility of insurance industry.

Flesch (2010) mentioned that the insurance companies advertise themselves as king of the market by false statement of competitor and also misrepresent competitor's product to gain a competitive edge.

Mathew (2010) found that the private sector develops and introduces only those policies/schemes, which involve minimum risk burden and are more profitable to them. They overlook the interest of common people.

The literature on the insurance market suggests that commissions received by insurance brokers to mediate a policy may encourage unethical behaviour (Game and Gregoriou, 2014).

2.3 Ethics in Investment Industry

Lewis and Mackenzie (2000) found that the two crucial factors play a major role in turning a socially responsible investment to an accomplishment. The first was personal values and the second was an ethical devotion of investors at large. Hence, this could be a principle for all investors and fund managers of general insurance to enhance the ethical investment.

Lewis (2001) showed that moral consideration is a factor that was stated as a boundary to more free and efficient investment options. Other underlying factors beside financial benefits like moral values and attitudes are also main contributors to a person's choices in making an investment decision.

McLachlan and Gardner (2004) include a number of demographic issues such as education level, age and income level as factors directly affecting an ethical investor. The findings indicate that the group of investors from a lower age group with a high education and higher income tended to make ethical decisions in terms of investing as not being one of the main contributors as part of demographic factors.

In a study conducted by Hofmann et al (2005), it is indicated that moral considerations could also be included in investment behaviour; a subset of ethical investment. They describe the earlier period of ethical investment involvement in Europe's financial sector employed in classifying and categorizing investments to be ethically or socially responsible.

Battalio and Loughran (2008) carried out a study using data from the New York Stock Exchange and show that the main objective of brokers was to maximize their profits rather than the wealth of their clients, even in a well-regulated industry. They conclude that brokers' decisions may sometimes lead to actions that do not optimally serve their clients' interests.

Peong and Devinaga (2011) found that there is a positive correlation, which is 0.067, between attitude and ethical investment behaviour projected by general insurance fund manager.

Game and Gregoriou (2014) pointed out that brokers do not always act in the best interest of clients, although they are ethically obligated to do so.

3. Methodology of the Study

The current study has been undertaken through the combination of secondary and primary data collection. For the collection of the secondary data relating to the subject matter of this study, various research papers published in the reputed journals have been studied. On the contrary, primary data have been collected during the month of October 1, 2019 to October 30, 2019 from the sample size of 120 respondents including customers and employees of banking, insurance and investment companies using convenience sampling method through a structured and self-administered questionnaire based extensive survey comprising of open-ended and non-forced, balanced and odd numbered non-comparative itemized questions using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). Inferential statistical tools have been used for the analysis of the collected primary data. From the literature review 14ethical factors having impact on the financial market in Bangladesh have been identified as variables which are exhibited in the **Table 1** from v1 to v14.

Table 1: Identification of Variables

Code	Variables	Sources
v1	Unauthorized facilities to customers	NDIC 2003 Annual Report; Ram et al, 2011
v2	Evil nexus of the financial service providers with customers	Ram et al, 2011
v3	Unnecessary delayed process	Ram et al, 2011
v4	More concerned with commission rather than the benefits to the prospect	Balachandran, 2007; Hunter, 2004, 2005; Soares, 2004; Spitzer, 2004
v5	Intention to sell high commission offers	Game and Gregoriou, 2014; Shah, 2008; Ross & Robertson, 2003
v6	Priority on achieving sales targets rather than the interest of their clients	Battalio and Loughran, 2008; Bellizzi& Hasty, 2003; Cupach& Carson, 2002; Mathew, 2010
v7	Fraudulent transfer and withdrawals	NDIC 2003 Annual Report
v8	Grossly exaggerated claims	Irukwu, 2009
V9	False, untrue and half-true information regarding offer in advertisements	Chandrasekharan, 2008; Flesch, 2010
v10	Nondisclosure or Concealment of facts/material information/	Chandrasekharan, 2008; Ram et al, 2011
v11	Offer of illegal inducement	McMurrian and Matulich, 2006
v12	Overestimation of projected return and under valuation of cost and risk	Ram et al, 2011; Soares, 2004; Spitzer, 2004; Hunter, 2004, 2005
v13	Ignoring ethical norms and practices	Ram et al, 2011; Soares, 2004; Wise *et al.* 2010
v14	Misrepresent competitor's offer to gain a competitive edge	Flesch, 2010

4. Analysis and Findings

4.1 Reliability Analysis:

In **Table 2**, all the variables (14 independent variables and 1 dependent variable) studied in the current paper altogether exhibit alpha value of .875 which is greater than 0.6, a value between 6.0 to 7.0 recommended as acceptable (Cooper and Schindler, 2006; Malhotra and Birks, 2007). This justifies the reliability of the study.

Table 2: Reliability Analysis

Number of variables	Cronbach's Alpha
15	.875

4.2 Multiple Regression Analysis

Multiple regression analysis has been used to examine whether there is any ethical factor affecting the financial market in Bangladesh or not.

The dependent variable (impact of ethical factors on the financial market in Bangladesh) has been regressed against each of the 14 identified independent variables in Table 1.

The following **Table 3** exhibits the results of the regression analysis. To predict the goodness-of-fit of the regression model, the Multiple Correlation Coefficient (R), Coefficient of Determination or, Square Multiple Correlation Coefficients (R^2), Adjusted R^2, F ratio and t-values with significance have been examined.

In the **Table 3a**:

Firstly, the multiple correlation coefficients (R) of 14 independent variables (v1to v14) on the dependent variable (Y_{DV}) is 0.775, which showed that the impact of ethical factors on the financial market in Bangladesh has input from the 14 independent variables or factors. In other words, the R value 0.775 shows 77.5% multiple correlation coefficients which means that there is 77.5% correlation between the predictors or 14 independent variables and the dependent variable (DV).

Secondly, the Square multiple correlation coefficients (R^2) is 0.601, suggesting that more than 60.1% of the variation or variance in the dependent variable (DV) has been explained by the 14 predictors or independent variables.

Thirdly, the adjusted R^2 value 0.565 is ideal to generalize the model well because this value is close to R^2 value with a small difference of 0.036 (0.601 – 0.565). This means that if the model were applied to the population, it would account for 3.6% less variance in outcome.

Table 3a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.775[a]	.601	.565	.58827

a. Predictors: (Constant), v14, v5, v13, v6, v12, v7, v3, v1, v9, v11

In Table 3b: ANOVA[a]

The F ratio is 16.434, which is highly significant ($p<0.001$) and this means that the model significantly improves the ability to predict the outcome variable. In this table, the p value is shown as 0.000 which is less than 0.05 indicating the model has a significant fit to the overall data. This means that there is impact of ethical factors on the financial market in Bangladesh.

Table 3b: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.871	10	5.687	16.434	.000[b]
	Residual	37.720	109	.346		
	Total	94.592	119			

a. Dependent Variable: DV
b. Predictors: (Constant), v14, v5, v13, v6, v12, v7, v3, v1, v9, v11

In **Table 3c:Coefficients[a]**

Since the beta values are the standardized versions of the b-values and are directly comparable, these values may be used to infer regarding the relative importance of each predictor or independent variables to the model. In other words, the beta coefficients could be used to explain the relative importance of the 14 dimensions or factors (v1 to v14 i.e., independent variables) in contributing to the variance in the impact of ethical factors on the financial market in Bangladesh(DV i.e., dependent variable).

The application of the beta-values in the multiple regression model equation ($Y_{DV} = \beta_0 + \beta 1v1 + \beta 2v2 + \beta 3v3 + \beta 4v4 + \beta 4v5 + \beta 4v6 + \beta 4v7 + \beta 4v8 + \beta 4v9 + \beta 4v10 + \beta 4v11 + \beta 4v12 + \beta 4v13 + \beta 4v14$ Or, = .085 + .032 + .062 + .116 + .012 + .001 + .248 + .322 + .193 + .125 + .025) interprets this model to mean that for every increase of one unit in v1, assuming the effects of v2 to v14 be held constant, impact of ethical factors on the financial market in Bangladesh would increase by 0.032. Likewise, should the effects of other components be held constant, a single unit increase in v2 would result in a 0.062 increase in impact of ethical factors on the financial market in Bangladesh. Similarly, being other components held constant a single unit increase in v3 to v14 would lead to a .116,.012, .001, .248, .322, .193, .125 and .025 increase respectively in impact of ethical factors on the financial market in Bangladesh.

As far as the relative importance of the 14 dimensions is concerned, v11: (Beta=0.322) followed by v9: (Beta=0.248), v12: (Beta=0.193), v13: (Beta=0.125), v5: (Beta=0.116), v3: (Beta=0.062), v1: (Beta=0.032), v14: (Beta= 0.025), v6: (Beta= 0.012) andv7: (Beta= 0.001) are all significant in the impact of ethical factors on the financial market in Bangladesh.

Again, since there are more than one predictors (independent variables), the magnitude of the t-value in conjunction with the significance has been considered to assess the overall contribution to the model. Based on the decision rule “the greater the t-value, the greater the contribution of the predictor”, it is seen that v11: (t=3.298) followed by v9: (t=2.739), v12: (t=2.720), v5: (t=1.640), v13: (t=1.458), v3: (t=.771), v1: (t=0.382), v14: (t=0.301), v6: (t=0.166) and v7: (t=0.015) are all significant predictors or independent variables of the impact of ethical factors on the financial market in Bangladesh. In this regard, from the t-values it can be also concluded that b11 has greater impact on the outcome (i.e. DV) than other variables.

Table 3c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.085	.344		.248	.805
	v1	.032	.083	.032	.382	.703
	v3	.072	.093	.062	.771	.442
	v5	.088	.053	.116	1.640	.104
	v6	.011	.064	.012	.166	.868
	v7	.001	.088	.001	.015	.988
	v9	.241	.088	.248	2.739	.007
	v11	.290	.088	.322	3.298	.001
	v12	.158	.058	.193	2.720	.008
	v13	.124	.085	.125	1.458	.148
	v14	.026	.087	.025	.301	.764

a. Dependent Variable: DV

In summary, it can be stated that all underlying dimensions are positive and therefore are significant. Thus, the result of multiple regression analysis rejects the null hypothesis (H_0)that "There is no ethical factor affecting the financial market in Bangladesh" and proves or accepts the alternative hypothesis (H_a) that "There are ethical factors affecting the financial market in Bangladesh". So, there is a relationship as expected.

So, the regression model achieved a satisfactory level of goodness-of-fit in predicting the variance of DV in relation to the 14 predictors or independent variables, as measured by the above mentioned R, R^2, Adjusted R^2, F ratio, beta and t values. In other words, at least one of the 8 predictors or independent variables of the DV is important in contributing to the impact of ethical factors on the financial market in Bangladesh.

5. Conclusion

The Hallmark Group corruption, two times stock market crash in 1996 and 2010, money laundering of around BDT 76,000 crore to foreign countries, etc., are some few exemplary unethical and fraudulent cases in the financial markets of Bangladesh. There are many such similar bad practices around the world where unethical and fraudulent events take place in the financial markets due to moral degradation and supervisory lapses from the law enforcement and policy regulators inside and outside the organization. More often, the ill practitioners or culprits are often encouraged by the concerned officials and employees in the financial institution to commit wrong doings because they know very well that there are certain individuals in the organization who can back them up with their unethical and fraudulent activities. This may be termed as the continued crisis in the financial market system. Hence, the only dependence on the law enforcement agencies will not eradicate this problem overnight. The result of the previous studies suggests that there is a strong need for focusing on the ethical system side by side of the prevailing law enforcement agencies to beat the identified unethical and fraudulent activities in the financial market. So, the proposed recommendations should be considered as wakeup call to everyone in the financial market in any country to further develop and strengthen the strict monitoring of the financial strategies. It is believed that proper growth and profitability and transparency in the entire financial sector will be achieved through a strict implementation of the recommended ethical approaches with a strong emphasis on the training and nurturing morality and consciousness from the root i.e., family to reduce the unethical acts of the selfish individuals.

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