

Ethics in Banks' Publicly Accessible Documents: The Case of Slovenia

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Abstract

The article focuses on ethics being mentioned and addressed to in banks' publicly accessible documents in Slovenian banking system. Authors in the first part deal with the question, whether a bank as a financial institution can be ethical as such, taking the responsibility for formation and development in the recent financial crisis into consideration. However, ethics in banking refers to ethical behaviour and activities at all levels of banking operations: from back office to front office, bank's policies and strategies, and nevertheless, banks' influence and involvement in the community. Such banks provide financing for projects and scholarships, sponsor events, promote environmental protection and similar activities described as socially responsible banking. Socially responsible banks can by all means act ethically. Our research is geographically wise limited to the banking system of Slovenia and content wise by looking merely into the fact whether or not ethics and ethical principles are present in Slovenian banking system and being a subject of banks' reporting. We do not place a judgment about individual bank or banking system behaviour regarding ethics. The research is fully based on the presumption that information held in annual reports and other publicly accessible sources are correct and honest. In that context we set and tested two hypotheses. First (H_1), being divided into two sub hypotheses, deals with the presence of ethics and ethical activities (H_{1a}) and definition of ethical bank behaviour in banks' publicly accessible documents (H_{2a}) and second (H_2) tests, whether banks in Slovenian banking system have ethical codes. We have accepted H_{1a} and H_2 and partly accepted H_{1b} .

Keywords: ethics, banks, ethical banks, ethical code, Slovenia

Introduction

The reason, why we deal with the topic ethics in banking, is that is a more folded current problem, which offers colourful debates about ethical conduct of banks, morality of bank employees, possibility of non-banking finance, necessity of banking system and public discourse on banking sector's honesty. Sometimes negative opinion is rightful and sometimes based merely on rumours. The external bank environment often has the idea that the financial sector is much more unethical than any other business-organizational area. Cohn et al. (2015, p. 86) in this regard state that contemporary commentators have attributed many scandals to the financial sector's business culture, but no scientific evidence supports this claim. There are several reasons (Santa Clara University, 2015) for such an opinion. One is certainly the extent and diversity of financial markets and therefore common misunderstanding of their operations.

It is common sense to know, what is right, ethical and normal, and what wrong, unethical, in a certain society. This rules do depend on a cultural context, but basic rules are the same. These rules apply to all levels of personal and corporate life, society as such. The same goes for banking, conduct of bank, bank employees and central banks. In this regard the very basic question, whether a bank as financial institution can act ethically, arises. Especially, if we now those banks are partly responsible for the recent financial crises, when their role in the developments of the crisis's events has been discovered and proved. We cannot oversee the role and special responsibility of central banks for the events followed by

the turmoil, since these specialised financial institutions are considered to be banking system supervisor and guardians of financial stability (see Schelkle, 2011). Nonetheless, banking sector always has and still enjoys a high level of trust (for Slovenian case see Taškar Beloglavec & Šebjan, 2015) and according to Lah (2014) cannot be solely held responsible for the financial crises. All that could be avoided by responsible credit policy and decisions and by minding society and environmental, shortly, by acting ethical.

This article primarily deals with the significance and problematic of ethics, morality and ethically and morally within banking business and industry. The exact definition of those terms and distinguishing them is not a subject of this article and therefore not presented in this paper. In the first part of the paper we deal with social responsibility and ethical conduct in banking. We try to reason, why responsible conduct towards society and environment is especially necessary in financial sector and in banking. In literature body authors dealing with social responsibility and banks' ethical conduct usually differ these terms: social responsibility is impact on society and environment, while ethics refers to employees conduct (more Fischer, 2004). In practice however the terms are referred to as synonyms or at least ethics is thought about as a social responsibility's dimension. Ethics and ethical conduct occurs in annual reports and social responsibility reports in the context of bank behaviour in all levels of banking operations in relation to all bank's stakeholders. Various names or labels exist that should differentiate more socially responsible banks (e.g. ethical banking, sustainable banking, green banking, social banking, cooperative banking, banking on values, etc. (see Goyal & Vijay, 2011)), which act on ethical paradigm, from common banks that are mainly profit oriented and have only lately realised that customers' expectations were changed and are driven towards socially aware banks and they incorporate some of social responsible practice and ethical conduct in their operations.

The short theoretical background is followed by the research of Slovenian banking system on the topics of ethics. In Slovenia ethical banking¹ as defined by European federation of ethical and alternative banks and financier, FEBEA and Global alliance for banking on values, GABV does not exist yet and is in the near future not expected. This is supported by the fact that no Slovenian bank is found in the list of organisations that foster, support and develop ethical banking². Some time ago there was an idea of establishing such a bank in Maribor. Members of committee of cooperative Zebra have prepared a presentation for Bank of Slovenia representatives with the aim to introduce this variation of banking to Slovenian banking system. They would of course have to undertake all usual steps that are needed for grounding a bank under Slovenian legislation. Their basic feature would be low cost of operating and low cost of banking for their customers (Večer, 2015).

Facing the absence of »real ethical bank« the question still remaining is, how our banks operate and conduct in everyday activities, are they ethical? This contribution does not answer this question directly. Since Milic-Czerniak (2011, p. 70) reports that ethical behaviours in banks, despite a high awareness of moral norms, are largely declarative rather than actual, the authors decided not to "judge" banks on the criteria of ethics, but merely deal with the fact, whether banks report on ethics, ethical conduct and activities and if they have issued special documents, code of ethics, that deal with this problem field. We also look into a Slovenian banking association (further on ZBS) code of ethics³ and check, which of researched banks are signatories of that act.

We define the sample and methodology and look in to publicly accessible documents of Slovenian banks to search for Keywords as ethics, ethical, ethical activities and conduct. We set and tested two content wise separate hypotheses. H₁ deals with the fact, whether banks in Slovenian banking system report on ethics and their ethical activities and is divided in two sub-hypotheses that read as: H_{1a}: Ethics as term arises in banks' publically accessible documents of Slovenian banks and H_{1b}: Banks define the term ethics in their publically accessible documents and report about their ethical activities.

¹ FEBEA (2018) defines ethical banks in the frame of ethical finance and by saying that their objective is achieving a positive impact on the collection and use of money. They invest in new activities such as organic farming, renewable energies, the Third sector (or non-profit sector), Fair Trade and respond to the needs of those who are excluded from the traditional banking system. GABV (2018 in 2018a) on the other hand emphasizes the new banking paradigm, when banks are based on values that use finance to deliver sustainable economic, social and environmental development.

² At the FEBEA list from Slovenia we find only Sklad05 Fund 05 - Foundation for Social and Impact Investment. It is a private financial institution established to finance social entrepreneurship and social innovation, a private law entity established under the Foundations Act. Slovenian banks are to be found among found's partners (Sklad05, 2018).

³ The code of banking practice: The Code of Business Ethics of members of the Bank Association of Slovenia (ZBS, 2018a)

Second hypotheses, H₂: Slovenian banks have ethical codes, is addressed to in the second part of research. In conclusion we confirm or reject the hypotheses.

THE NEED FOR SOCIAL RESPONSIBILITY AND ETHICS IN BANKING

It is crucial to have a robust and sound banking structure, because banks are according to literature the carrier of national economies' development (see Arestis et al., 2001) and economic growth, so when we witnessed a breakdown of the financial system in the period 2007–09, which created havoc throughout society, we realised how reliant is everyone reliance on banks (Villa, 2015, p. 9). The meaning and significance of the bank is therefore unquestionable, controversial and doubtful have been some of the bad practices that have emerged in finance and banking, when moral hazard issues have been once more pushed into the foreground. The mere fact that banks contributed to the latest financial crisis and caused large losses, which were then socialized by most of the countries by bail out measures (see for example Schimmelfennig, 2014), clearly shows the need to avoid such situations in the future and absolute imperative that financial sector introduces and discloses its social responsible and ethical actions. Although it is true that financial and banking sector has no direct implication on environment and its environmental impact is far lower as in other industries, we cannot agree with some authors (see for example Archel Domench, 2003, in Castelo Branco & Lima Rodrigues, 2006) that based on that fact think that financial sector and banks don't need to disclose their social responsibility. In spite of that fact, there is an indirect role played in the world environmental issues scenario, where banks can arbitrary decide, which industry and to which extend to finance and therefore cause damage via their credit policy (Thompson & Cowton, 2004). Villa (2015, p. 7) claims that ethical failure, which was demonstrated through irresponsible lending and lack of concern for the plight of borrowers and lack of transparency, was the reason for the economic crisis and what caused the banks to fail.

On the other hand, financial institutions also consume paper, energy and other resources and so create wastes. Therefore, its policies regarding how they contribute to the conservation of energy and natural resources and recycling activities are important aspects of their social responsibility activities (Castelo Branco & Lima Rodrigues, 2006) and it is necessary to implement social responsibility and ethic disclosure for banks.

The need for social responsibilities and ethics in banking is crucial. Recently activities of ethics based banking have been increasingly discussed on professional and secular level, but this public discourse leads to the point, where it is discovered only that ethics is a concept that can be defined in various ways and can be interpreted or perceived differently. But, non-awareness of the importance of ethics and morality at the theoretical level as well as at a purely practical level in the banking everyday business can lead to customer dissatisfaction and consequently bank performance worsens (Caruana, 2002; Gelade & Young, 2005; Yee et al., 2009). That is why banks prefer to report on their social responsibility and ethics. Green (1989) adds that company's recording, reporting and the perception of ethics and ethical doing affect its reputation and defines long-term success or failure. Carrasco (2006, p. 47) in that regard states even that some banking institutions have done research that shows that a large number of customers prefer their money to be ethically invested. Therefore, social responsibility in these institutions has had to assume these concerns. Green (1989, p. 631) argues that the perceived ethics of a company affect its reputation. Good reputations ensure long term success, Simpson & Kohers (2002, p. 104) however especially for the case of banking industry found out that there is a strong indication that the link between corporate social and financial performance in banking is positive. In the similar manner Relano & Paulet (2012) concluded in their paper that more ethical behaviour leads to both economic performance and social gains which increase wealth for all partner and not the least, researchers (McDonald & Rundle-Thiele, 2004; Aknabi & Ofoegbu, 2012) argue that socially irresponsible operation can have a negative impact on customer satisfaction, brand reputation of a bank and bank performance, since more customers and employees increasingly inquire on the bank's social responsibility position.

So, banks and other financial institutions find this topic more and more important, since the number of financial enterprises and among them also banks, which have made it to the global 100 most sustainable enterprises in the world chart, is growing. For 2018 among 100 we find 10 banks, all together 19 financial institutions, first being ranked on 24th place (Corporate Knights, 2018). In comparison to for example year 2013 banks have improved their ranking from 55th place for 31 places, while only 17 financial institutions, among them 5 bank, have made have been listed in this ranking (Corporate Knights, 2013). This demonstrates that financial institutions, banks included, find the necessity for social responsibility and ethical doing important and therefore banks' social responsibility research and ethics in their day-to-day activities is absolutely meaningful.

It seems that banks must finally reflect on and renew their business as they know it and that it is of great importance for traditional banking to recognize and accept the role of the bank, which is in line with today's challenges and demands of customers that are becoming increasingly demanding, not only regarding assortment and performance of services, but above all, as Goyal & Vijay (2011, p. 53) note, they are increasingly alerted about and aware of the impact of banking operations on the society and environment as a whole. Lentner et al. (2015, p. 95) add that economic welfare, however, may be increased alongside such values which are considered by traditional economics as externalities.

SOCIAL RESPONSIBLE FINANCE AND ETHICAL BANKING

Corporate social responsibility is the continuing commitment by business to behave according to business ethics and contribute to economic development, while improving the quality of the life of the workforce and their families as well as the local community and society in general (Uddin et al., 2008, pp. 199-200).

As already mentioned above, banking system and its role in recent financial crises and the future of banking or its practices as such are discussed on day-to-day bases on many levels. If we for instance merely see bank from the angle of being a special enterprise with an important role within a partly reserve banking system and traditional banking sector as we know it, there is inevitable to also think of it as a pillar of neo-liberalistic capitalism system with the only aim of gaining profits, leaving society and its needs aside. The possibilities for such an institution to be socially responsible or even be organised formally as ethical bank, are very low. It is a kind of black and white perception of banking industry. On the other hand, the answer, whether or not such an institution, can be socially responsible, the answer is surely positive. A bank in any form (old or new) can act socially responsible (McDonald and Rundle-Thiele 2004; Scharf et al., 2012), especially cooperative bank (Davis and Worthington, 1993) and social bank (Weber and Remer, 2011 in: Goyal & Vijay, 2011). As a result of this global crisis, social banking and social finance have become important trends among bank customers in US and Europe. The crisis transformed social banks from niche institutions to large, publicly visible players. This is due to the growing level of awareness among number of bank customers in Europe about social banking which is a less speculative, more responsible, ethical, and community-oriented. It is the modest way to deal with money than traditional banking (Goyal & Vijay, 211, p. 53).

The positive effect on the community that has established the ethical bank and thus supports the operation of the bank is the main foundation for the ethical bank's operation. The main areas of the ethical bank are obtaining deposits and lending, the same as with traditional bank, distinguished however by the service policy that encourages the bank to support mainly sustainable energy projects, organic food production and funding of non-profit organizations. They also help individuals who find it difficult to acquire sources in a form of bank credit, since that should be thought of as one of basic human rights (eBanka, 2017).

ETHICS IN SLOVENIAN BANKING SYSTEM

Methodology and data

Research was carried out in August and September in 2018, when we researched publicly accessible bank data and documents. We have approached the research of Slovenian banking system methodologically in two steps: firstly, we defined the sample, sample limitations and argumentation for the bank selection and secondly, checked, whether or not selected banks were reporting about ethics and their ethical conduct given the research limitations, which are discussed further on.

We took the whole Slovenian banking system into consideration that is the whole population, with some exemptions, which are defined in the progress. In Slovenian Banking Act (ZBan-2) the term credit institution and all other sub-meanings of that term are clearly defined. Credit institution is a generic term for bank, savings banks and bank subsidiaries. Because these forms of credit institutions offer the same services as bank, but on a limited scale, we presume that based on common public knowledge these financial institutions are perceived literary as the same and therefore use term bank when referring to them. Another reason for using unified term is the fact, that we find the term credit institution not commonly used, not even in professional language, therefore a term "bank" in our research is a synonym for credit institution and combines banks and savings banks active in Slovenian banking system. According to Bank of Slovenia (2018; 2018a) there are 12 banks and 3 saving banks currently active in Slovenia. From our research we have exempted branches of EEA state's credit institutions, EEA state's electronic money institutions, payment institutions and credit institutions that have notified their operations in Slovenia due to data uniformity from our research, undermining the fact that those are also under central

bank supervision. We have one further exemption, which is »SID banka«, a bank, which has a special purpose¹ and is not considered as other commercial banks and its business activities are limited. Our sample so contains 11 banks and 3 saving banks (for details see Table 1).

In that context we set, as already mentioned in introduction, and tested two hypotheses with sub hypotheses. We conducted our research based on pre-defined steps, that support selected hypotheses, and each of them separately answers research questions:

Step 1 to support H_{1a} – search of the term ethics in publically accessible documents of Slovenian banks: does a bank mention ethics in any context in its publically accessible documents?

Step 2 to support H_{1b} – search of the ethics' definition and activities in publically accessible documents of Slovenian banks and defining various documents and sources, that are publically accessible, in which ethics arises, is defined or ethical activities are reported about: Do banks define ethics and expose ethically driven activities? In which documents ethics is addressed?

Step 3 to support H_2 – Does a bank have its own ethical code? Is a bank signatory of Slovenian banking association's code?

We have examined various publically accessible sources, first among them being ethical codes, then business reports for 2017, where we searched for special chapters on ethics, ethics content sections within the report and any evidence of ethics and ethical doing. Than research of other sources was conducted, such as banks' Internet sites, where we searched within the sites by using some Keywords: ethics, ethical conduct and ethical activities and antonyms of those words (un-ethical). Also banks' vision, mission and strategies were taken under consideration.

The research is based upon the presumption that publically accessed bank data on ethics in Slovenia are reliable and authentic and truly report on banks' ethics and their ethics driven activities. Priority researched literature also indicates that annual reports is a reliable source regarding this matter (Gray et al. 1995, KPMG 2002) and as additional source recommends internet sites (Munthopa Lipunga 2014) and other mentioned documents (Castelo Branco & Lima Rodrigues; 2006, Sweeney & Coughlan 2008). In this contribution we do not in any way question the data collected or assess banks' ethical conduct. We do not place any judgment about certain bank and its activities are ethical. We merely look into the fact, whether or not bank mention, define ethics or ethical activities or have special codes of ethics.

Research is content wise limited to the notion of ethics and ethical activities search in publically accessible documents of Slovenian banks, which were defined above. Geographically we are limited to Slovenian banking system and Slovenian banks, with a few exemption, which were already previously explained. "Slovenian bank" is in this article geographical designation and does not imply on the ownership structure of a certain bank. Also we did not look for the ethics content on the level of mother banks, should researched bank belong to an international group and integral reports for those banks and groups are issued. However, we are fully aware that if such document should exist at the level of banks' mother company, they also apply to daughter companies and that is the case of some Slovenian banks that are foreign owned (the example are Sparkasse or Addiko Bank). The publically accessible documents were searched for within the time window of August and September 2018.

Results

Results regarding certain step of the research, discussed above, are presented in tables below that follow the order of steps. First step, which represented the search of the term ethics in publically accessible documents of Slovenian banks gave us an answer to the question, whether a certain bank mentions ethics in any context in its publically accessible documents. In Table 1 we can see that only 2 out of 14 banks do mention ethics, their ethical conduct or activities. No bank defines the term ethics, in a sense of defining, what they understand under ethics, ethical conduct and activities. Therefore also the term banking ethics is not defined.

¹ SID Banka operates as export-credit bank and as authorized Slovene export-credit agency (ECA), which provides non-marketable insurance and Interest Rate Equalization Programme (IREP) on behalf and for the account of the Republic of Slovenia (SID banka, 2014).

Table 1: Ethics and definition of ethics in Slovenian banking system

	Banks	Occurrence of term ethics/ethical	Definition of ethics
1	Abanka d.d.	Yes	No
2	Addiko Bank d.d	Yes	No
3	Banka Intesa Sanpaolo d.d.	Yes	No
4	Banka Sparkasse d.d.	Yes	No
5	Delavska hranilnica d.d., Ljubljana	Yes	No
6	Deželna banka d.d., Kranj	Yes	No
7	Gorenjska banka d.d., Kranj	Yes ¹	No
8	Hranilica Lon, d.d., Kranj	Yes	No
9	Nova Kreditna banka Maribor, d.d., Maribor	Yes	No
10	Nova Ljubljanska banka d.d., Ljubljana	Yes	No
11	Primorska hranilnica Vipava d.d.	Yes	No
12	Sberbank banka d.d.	Yes	No
13	SKB banka d.d., Ljubljana	Yes	No
14	UniCredit Banka Slovenija d.d.	Yes	No

In step two we search for the ethical activities in publically accessible documents of Slovenian banks. We also define various documents and sources in regard to this topic. Table 2 deals with the context of content, in which terms ethic, ethical conduct or ethical activities are used. Because of article's limitations we have only chosen two credit institutions, a bank and a savings bank, which have had covered ethics and ethical in as many as possible documents. The reader can by these examples see in which way the research was conducted and where, content wise speaking, banks pay attention to ethics and ethical. The rest of banking system is summarised in the following lines.

Table 2: Content contexts in which the term ethics occurs in Slovenian banking system

Banks	The contexts of term ethics in a certain bank
1 Hranilica Lon, d.d., Kranj	<i>Code of ethics</i> - Kodeks etičnih in strokovnih standardov LONa (Hranilnica Lon, 2018a)
	<i>Annual report</i>
	<i>Internet sites</i>
	<i>Vision</i> – ...This will ensure an adequate long-term economic return for shareholders, taking the highest standards of business ethics and satisfaction, personal growth of employees and wider social responsibility in our bank's environments into account (Hranilnica Lon, 2018).
	<i>Mission</i>
	<i>Strategy</i>
2 Nova Kreditna banka Maribor, d.d., Maribor	<i>Code of ethics</i> - Kodeks ravnanja Nove KBM d.d. in skupine Nove KBM (NovaKBM, 2017)
	<i>Annual report</i>
	Supervisory board: All members of the SB also have the necessary personal integrity and professional ethics to hold their offices (NovaKBM, 2017a, p. 11).
	Compliance function: ... by developing and promoting an organisational culture that encourages ethical conduct and commitment to compliance with the law,... (NovaKBM, 2017b, p. 24).
	Strong risk management and compliance: ...We encourage the culture of ethical conduct and commitment to operate in line with the legislation and the Bank's values (NovaKBM, 201a, p. 26).
Operational risk: The Bank manages fraud and the risks arising from fraud or suspected fraud through the process of fraud prevention, detection and response, which involves establishing a solid ethical culture, identifying and assessing the risk of fraud,... (NovaKBM, 2017a, p. 31).	

¹ The term ethics is merely mentioned as a part of the title of the Code of Business Ethics of Gorenjska banka, d.d., Kranj. Nor in the annual report neither in the code of business ethics it is not addressed in any other context (describing activities, actions, definition of the term,...).

	<p>Plan for 2018 – Culture and talents: Under these activities, special attention will be paid to strengthening the values of trust, responsibility, excellence, fairness, loyalty and integrity, commitment to operate in accordance with legislation and ethical standards (NovaKBM, 2017a, p. 50).</p> <p>Description of main features of internal control and risk management in relation to financial reporting procedures: ... as well as internal and external financial reporting and communicating are applied, and that operations of the Bank are carried out in compliance with the law and business ethics (NovaKBM, 2017a, p. 51).</p> <p>Sustainable development and social responsibility: The Nova KBM Group pursues its mission, vision and strategic goals in accordance with its values, legislation, ethical standards, and national and international norms, while seeking at the same time to strengthen a broader societal well-being and preserve the natural environment in the long run (NovaKBM, 2017a, p. 61).</p>
	<i>Internet sites</i>
	<i>Vision¹</i>
	<i>Mission²</i>
	<i>Strategy³</i>

Based on the research, we can conclude that all banks taken into consideration use those terms in connection with ethical standards and values as such. Some banks address to those terms in the context of management or supervisory board activities and the context of social responsibility and sustainability. Delavska hranilnica (2017, p. 32) for example uses a term “ethical communication” and has established system to report violation of unethical communication and conduct. The notion of violation reports, also anonymous, is present in codes of ethics of researched banks, as they all apply zero tolerance to un-ethical behaviour, conduct and activities in communication with banks’ stakeholders. Vision, mission and strategy of most researched banks do not contain the searched term. However Hranilnica Lon (2018) in its vision states that they will guarantee adequate long term economic gain to stockholders, with taking the highest standards of business ethics, satisfaction and employees’ personal growth and wider social responsibility into consideration. SKB bank (2018) lays out in their group strategy that they will maintain their level of sustainable management quality also in the future to guarantee their clients the same or even higher levels of service and also take care that employees continue to maintain the highest standards of socially responsible, ethical and professional behaviour (SKB, 2018). Nova Kreditna banka Maribor (2017, p. 61) ethically wise defines vision, mission and strategy in its annual report for 2017. As we can see from data in table 2, the documents that we set out to research in the methodology and data section are not always a separate document in physical sense. The content of mission, vision or strategy often overlaps annual report or is written on the internet site under a separate tab.

In third step we answered the questions, whether banks have their own ethical codes and are signatories of Slovenian banking association’s code. The results are in Table 3 and show that 12 out of 14 banks do have their own codes of ethics, which represents a great majority of selected and researched banks.

Table 3: Documents in which ethics is addressed to for researched banks in Slovenian banking system

List of banks		Type of document and other sources					
		Vision	Mission	Strategy	Annual reports	Code of ethics	Banks' Internet sites
1	Abanka d.d.				✓	✓	
2	Addiko Bank d.d. ⁴					✓	✓
3	Banka Intesa Sanpaolo d.d.				✓	✓	✓
4	Banka Sparkasse d.d.				✓		
5	Delavska hranilnica d.d., Ljubljana				✓	✓	✓
6	Deželna banka d.d., Kranja				✓	✓	✓

¹ The vision of NovaKBM is ethically wise defined in its annual report for 2017 (NovaKBM, 2017, p. 61).

² The mission of NovaKBM is ethically wise defined in its annual report for 2017 (NovaKBM, 2017, p. 61).

³ The strategy of NovaKBM is ethically wise defined in its annual report for 2017 (NovaKBM, 2017, p. 61).

⁴ Addiko bank has issued a separate document in accordance with article 88 of Banking act Ureditiv notranjega upravljanja (eng. implementation of internal governance) regarding the bank’s disclosure, which addresses ethics and ethical conduct (Addiko bank, 2018).

7	Gorenjska banka d.d., Kranj ¹					✓	
8	Hranilica Lon, d.d., Kranj	✓				✓	✓
9	Nova Kreditna banka Maribor, d.d., Maribor ²				✓	✓	
10	Nova Ljubljanska banka d.d., Ljubljana ³				✓	✓	✓
11	Primorska hranilnica Vipava d.d. ⁴				✓		
12	Sberbank banka d.d.					✓	✓
13	SKB banka d.d., Ljubljana			✓	✓	✓	✓
14	UniCredit Banka Slovenija d.d.					✓	✓

In Table 3 we can clearly see that the majority of banks have addressed ethics and connected issues in their annual reports, codes of ethics and banks' internet sites.

All of 14 researched banks and savings banks are members of ZBS (ZBS, 2018) and are therefore signatories of The code of banking practice (ZBS, 2018a). Milic-Czerniak (2012, 78) in regard of national banking associations' code of ethics deliberates that associations in different countries have developed rules (canons) of good banking practice. These rules respect confidentiality of personal data, building advertising messages, behaviour of bank employees, handling complaints, bank relationships with clients and mutual relations between banks. Often they are a repetition of legal norms existing in a particular area and the rules covering customer relations usually emphasize the obligations of the bank and its employees towards customers. Slovenian version is no exemption in this regard (ZBS, 2018). Its core principles are protection of reputation, confidentiality of relationship and protecting rights and benefits of a customer. Furthermore, bank employees have to act as experts and be aware of the fact that their work and actions reflect their bank as a member of the association. They should base their relationships to other employees on professionalism, respectful conduct and mutual help. In the third section the code deals with relationship between the banks and customers, which should derive from confidence, respect of needs and wishes and taking comments and proposals. Particular attention shall be paid when customer complaints are addressed. Fourth section deals with relationship between banks, which are members of the Bank association of Slovenia and foresees mutual solidarity and cooperation. The code also addresses the field of advertising and communications.

Milic-Czerniak (2012, p. 78) continues with the overlook of codes and states, that they do not describe the most ignored obligation to inform customers of the reasons for refusal to provide a specific service (such as about negative decisions concerning a loan application) because such an obligation does not exist. That is however not true for a case of Slovenia. In the code of banking practice (ZBS, 2018, p.3) it is stipulated that a member bank must take into consideration, within the limits of their resources, a customer's needs and wishes and strive to meet his expectations, whereby each refusal must be carefully considered, grounded and always expressed in a polite manner.

CONCLUSIONS

Ethical problems in financial markets and banking influence everyone, regardless of the fact, whether you are a part of bank owners, management, employees or merely a customer that need their financial problem to be solved via banking services and are not in any way limited by legal form of a bank. In the article we draw out the necessity of social responsible and ethical conduct in banking sector and an absolute imperative for credit institutions to report about social responsible

¹ The word ethics is only a part of the code's title and is not addressed in any other way in the code or on internet site (Gorenjska banka 2016 and 2017).

² Nova KBM issued a separate Report on sustainable development for the first time in 2017. Ethics and ethical conduct is addressed in this document. The bank sees effort for social responsibility and sustainable development at all levels of its operations as a self-regulatory mechanism that not only provides for active compliance with the law, ethical rules, and national and international standards (NovaKBM, 2017b). Bank set out the table of all indicators that are in accordance with GRI standards of reporting (NovaKBM, 2017b, p. 25).

³ The bank issued a separate Annual report on social responsible policy 2017: We conduct responsible towards our customers, co-workers, society and environment. The report is not a separate file; it is published on bank's internet site (NLB, 2017b).

⁴ Primorska hranilnica Vipava has issued a separate document in accordance with article 88 of Banking act Ureditev notranjega upravljanja hranilnice (eng. implementation of internal governance of savings bank) regarding the bank's disclosure, which addresses ethics and ethical conduct (Primorska hranilnica Vipava, 2017a).

and ethical activities to avoid public discussion and in spite of the fact that financial institutions do not have a direct negative impact on environment and society.

Our research involved Slovenian banking system, 14 selected credit institutions, 11 banks and 3 savings banks. We have examined various publically accessible sources. Firstly, documents like ethical codes and business reports for 2017, where we searched for special chapters on ethics, ethics content sections within the report and any evidence of ethics and ethical doing. We investigated also other sources, such as banks' Internet sites, where we searched within the sites by using some Keywords: ethics, ethical conduct and ethical activities and antonyms of those words (un-ethical), banks' vision, mission and strategies.

In that context we set and tested two hypotheses:

H₁: Banks in Slovenian banking system report on ethics and their ethical activities.

H_{1a}: Ethics as term arises in banks' publically accessible documents of Slovenian banks.

H_{1b}: Banks define the term ethics in their publically accessible documents and report about their ethical activities.

H₂: Slovenian banks have ethical codes.

We confirmed first sub hypothesis H_{1a}, since all researched banks mention ethics in their publically accessible documents that were defined before the research. None of the researched banks defines the term ethics or how they perceive that notion. But do report about their ethical activities. As seen in Table 2 they mainly use term ethics and ethical in the annual report regarding supervisory board report, governance report and in the field of risk taking (operational risk). NovaKBM is the bank that has addressed the issue of ethics and ethical in most pre-defined documents, except on its internet site. However, we have to add that reporting on ethical activities is content wise not defined as activities that have impact on the society and environment (for example by ethical choices in credit policy), but is in the most cases defined as ethical conduct and high ethical standard compliance for the management and supervisory structures of a bank. Therefore second sub hypothesis H_{1b} is partly confirmed.

Second hypothesis H₂ about Slovenian banks having ethical codes can be accepted. All selected banks except for Primorska hranilnica Vipava and Banka Sparkasse have their own codes of ethics. Because all researched banks are members of Slovenian bank association and are by that fact committed to the code of banking practice, we can derive that indirectly also them have that code. Foreign owned banks or those, which are a part of international banking groups, often adopt the business codes of conduct from their mother banks and they publish translations of original codices.

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