

**BUSINESS ETHICS:**

# Equity business model stirs the banking industry

By Mwangi Wajumbi

The rise and rise of Equity Bank has sent shivers in the business and banking world in the East Africa region.

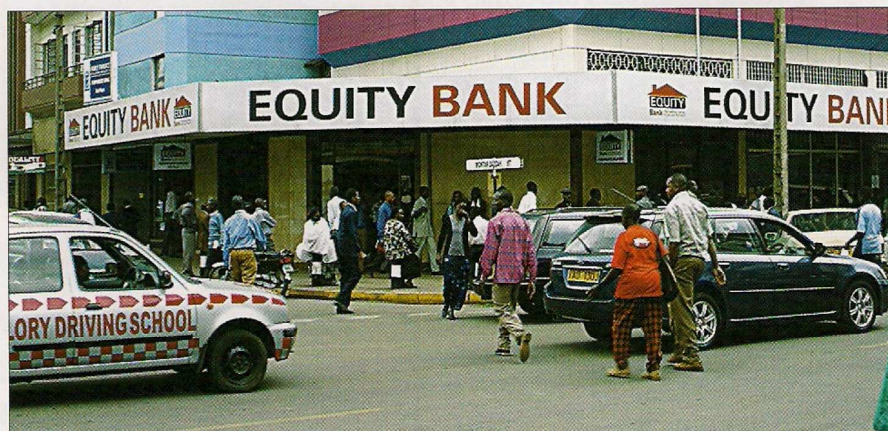
But just what drove this small bank into the summit of the banking world, hitherto a preserve of multinationals?

Surprisingly, Equity Bank has been the subject of numerous international research undertakings. What is now evident is that the bank is reaping the benefits of deliberately pursuing business strategies, guided by business ethics and balancing the profit motive with the moral ethics. This is apparently the most outstanding observation that I made out of a presentation by Dr. James Mwangi, the Equity Bank Chief Executive at a recent British Council Leadership Forum. But first, what do I mean by those seemingly strange business terms?

Moral ethics are the core value/standard about what is right or wrong. It is about the choices that we have to make in our day-to-day lives. There are many core values which have survived the ages. Some of them include honesty, fairness, caring, respect for others and their property, responsible citizenship, integrity, pursuit of excellence and promise keeping amongst others.

Just as these moral attributes apply to us as individuals, they apply to the business situation too. In any case any registered business is a legal entity with rights and obligations. That is the essence of the study of business values and ethics. Whereas ethics is a Greek word, morality is derived from Latin and both can be used interchangeably. Why is it so important for us to understand business ethics today?

Upon attaining maturity, all of us engage in either formal or informal employment. The conduct of business on the other hand is guided by three attributes. These include ethics derived from following the laws of the land, ethics derived from the profit motive and finally ethics derived from the moral standards. Following the laws of the land is generally a straight forward affair. One will ensure not to break the law as a way of avoiding court action, which could lead to severe penalties. Profit motive on the other



*Equity Bank along Muindi Mbingu street.*

hand is crucial because businesses need to make profits in order to repay loans and provide a return on investment.

How these profits are made is the bone of contention. The question to consider is whether it is done through infringement of the expected moral values or worse still trampling on the rights of others.

These and many other questions which are of interest to both decision makers and the entire workforce could continually be asked. The requisite answers are the very essence of this study on business values. In

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fact, I see the concepts of Business Values and Ethics applying to our lives on day to day basis. Consider the many reports that we are always getting through the media. Company A disposes affluent into the neighborhood causing hazardous living conditions for residents; Company C is involved in destruction of the environment through cutting of trees and so on; Company D is pre-occupied with discriminating workers on account of age, gender, health status and other factors; company B collected farmers' produce but never paid for the same despite continued pressure; company K is taking advantage of unemployment to underpay its workers. These and others are the many issues of morality that we encounter on a routine basis.

Inevitably, companies identified with

activities as mentioned above have more often than not tended to put the profit motive ahead of their moral obligations. They consider themselves to be fine as long as they are not breaking the laws of the land. Are there any repercussions? Yes indeed; when the time of reckoning comes, the said companies start wondering what could have hit them. In fact, there has been glaring evidence of companies suffering a severe backlash for having ruthlessly pursued the profit motive with little or no regard to the social good as an attribute of moral ethics.

With due respect the corporate segment of the banking industry, largely pursued the profit motive when the economy was at its lowest ebb. The rural economy was hard hit leading the banks to abandon their rural based branches. When they did so and at the same time ditched the premises too, the SME banks took over and acquired the abandoned customers too. The SME's banks especially Equity as was espoused by Dr. Mwangi, continued caring and nurturing the seemingly snubbed existing and potential customers. Today, the corporate banks are back on track trying to reclaim the earlier lost ground.

Equity's caring aspect, going by Dr. Mwangi's argument has continued empowering the previously unbreakable Kenyan's on a scale that is unprecedented. Accordingly Equity Bank has become a movement of empowering people thus making it an irresistible brand. “Who can stop a movement anyway,” Dr. Mwangi posed.