



Impact Of Bribery on Financial Services: Regulatory Challenges and Ethical Implications

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Abstract

The objective of the study was to evaluate the implication of bribery on financial services: regulatory issues and conflicts of ethics. This research work utilized a desk approach. One of the types of research design is a desk study whose study is widely referred to as secondary data collection. This simply involves gathering information in the already available resources ideally due to its low cost advantage over the field research. The studies and reports that have already been published were investigated in the present research since the information was freely available on online journals and libraries. The effect of bribery on financial services: regulation dilemma and ethics within the institution studies have cited an extensive relationship showing multiple influences as to how an effect of bribery occurs in financial services. In general, this paper addresses the rife problem of bribery in the financial services, impact it produces on the regulation systems and ethical standards. Bribery is an interference in the integrity of financial institutions, loss of the trust needed by the citizen and misaligned competition in the market. The paper looks into the different regulatory issues that emanate when fighting bribery, such as weaknesses of the existing laws, challenges to enforcement and existence of international cooperation. Moreover, it explores the ethical implication to the financial professionals by underlining the moral duties supporting transparency and fairness. This paper seeks to offer information on best practices towards counteracting negative impacts of bribery, establishment of compliance culture, and encouragement of ethical practice in the financial services sector through the analysis of case study reports and the contemporary regulatory responses. Finally, it supports such a comprehensive solution, which will combine powerful regulatory instruments and a powerful ethical policy, to fight against bribery and improve the image of the sector.

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I. Introduction

Financial services industry is central in the world economy, acting as a source of linking capital and risk. But the issue of bribery and corruption continues to pose serious threats to the integrity of this sector as it causes people to lose trust and misappropriate market forces. According to the results of recent studies, bribery is becoming not only a challenge to the lives of financial institutions in terms of their effectiveness in ensuring flawless operation but also a very serious regulatory and ethical issue (Transparency International, 2021). The financial sector is certainly finding itself in a difficult position these days as it not only has to create a culture of anti-bribery regulations but must also work within the intricate web of ethical rules that anti-bribery brings. As an example, as outlined by the Financial Action Task Force (FATF), the lack of rigorous enforcement of the anti-corruption policy may result in devastating consequences to institutional bodies and their parties (FATF, 2022). Furthermore, the question of ethics is not only whether one can bribe or not: there are fairness, justice, and social responsibilities involved, and whether financial services are actually built on moral grounds comes into question (Brennan, 2020).

This seminar will discuss the various effects of bribery on financial services; it will concentrate on the regulatory constraints imposed on financial services institutions as well as discussing the ethical considerations that emerge as a result of corruption. In the analysis of case studies and recent regulations, we shall attempt to learn the ways through which the financial sector can consider improving its integrity and support a culture of accountability.

Problem Statement

This phenomenon of bribery in financial services creates major regulatory problems and creates important ethical questions to financial service stakeholders. Attributable to its interference with customer confidence and effectiveness of the regulatory systems, the introduction of corrupt practices in the financial institutions hurts the integrity and transparency efforts of the financial institutions. As per some recent research, bribery does not just manipulate the market activity but also advances inequality in the economic sphere and creates a climate of impunity (Transparency International, 2022; World Bank, 2023). In spite of the current restrictions, the supervision of these financial institutions is uneven and is usually because of the interplay between financial institutions and supervisors and might result in some form of conflict of interests and low standard of supervision (OECD, 2023).

Additionally, the ethical consequences of bribery are not restricted to the legal accordance, as ethics of financial professionals are being tested as well. Established corruption practices may lower the ethical standards and lead to a unhealthy organizational environment, which may result into a serious cases of reputational damage and financial losses (Zarifian, 2023). To deal with these problems, it is necessary to have an in-depth overview of not only the regulatory environment but also ethical framework.

This paper will set out to identify the various ways in which bribery has had a complex effect on the financial services sector including the difficulties associated with regulation of financial institutions and the moral quandaries that take place when bribery is used. This study aims to add weight to a more qualified discussion of how to develop effective measures to fight bribery and foster ethical practices in the financial sphere by analyzing recent changes and practices illustrated by case studies.

II. Conceptual Framework

2.1 Bribery in financial transaction

Bribery in monetary exchanges is a widespread Netflix serial killer effect and flaws in the integrity of monetary systems and establishments. It entails the giving, acceptance, or seeking of something of worth to subvert the action of an official or other person who is in charge of a duty whether public or personal. This black-market activity may be in various forms ranging from cash payment, gifts or other favors and also are often hidden between a complicated financial scheme.

- **Impact of Bribery on Financial Transactions**

Bribery can significantly distort financial markets and lead to a range of negative outcomes, including:

1. **Corruption of Financial Institutions:** The businesses which either do or tolerate bribery are subject to serious backlash regarding their reputations, fines, and loss of sales. Foreign corruption practices act (FCPA) has played a pivotal role in the prosecution of companies who offer bribes especially when conducting business overseas (Scheck, et al, 2019).
2. **Increased Costs:** Enterprises that practice bribery also end up with increased operational expenses because of bribes that they have to pay to influential people to win contracts and other treatment. This may result in high costs of goods and services which in the long run is detrimental to consumers and the economy (Ragazou et al, 2022).
3. **Erosion of Trust:** Bribery kills the faith in money and money monuments. Such perception by the stakeholders that there are corrupt practices that affect financial transactions erodes confidence in the market that may discourage investment and economic growth (Ragazou et al, 2022).

2.2 Importance of addressing bribery in the financial sector

The issue of bribery in the financial sphere is exceptionally important to deal with because: by keeping the market clean and intact, it will be beneficial to the extent that it promotes economic progress; it will be compliant with regulatory mechanisms. The consequences of bribery not only apply to particular companies but also to the economies and the confidence of the society on finance.

Significance of Bribery Issues.

1. **Market Integrity:** Bribery is a counteraction to the intrinsic value of fair play and transparency of the financial market. When business enterprises employ corrupt tactics, they misrepresent market forces and this creates inefficiencies and market favours. This may create a situation when investors lose confidence and people stop participating in the market leaving an adverse effect on the strength of the economy (Ragazou et al, 2022).
2. **Economic Growth:** Corruption and especially bribery have been observed to suppress economic growth. It makes business expensive and deters foreign investment, and causes misallocation of resources. Corruption hinders growth in countries that practice high corruption levels as studies show they grow at a lower rate than their less corrupt countries (Zafeiriou et al, 2023). Financial institutions can therefore participate in a more conducive atmosphere with regards to economic development by dealing with the problem of bribery.

3. **Regulatory Compliance:** The financial firms are exposed to rigorous regulations to help curb corruption and inculcate good ethical conducts. Failure to observe anti-bribery legislations carries punishment penalties that may involve heavy fines and tarnishing of the reputation. With institutions taking the challenging of bribery before it happens, they will be able to comfortably abide by the laws and regulations without fear of legal prosecution and create a positive reputation in the market (Sauve et al, 2023).

4. **Social Trust and Stability:** Bribery also induces distrust in the social life by corrupting the social trust in financial matters and governmental institutions. Social instability and unrest make citizens develop a lack of belief in the integrity of financial system when they turn out to see a lot of corruption in different spheres. Combating bribery is the only way of restoring lost faith and integrity and having the financial institutions work in such a way that it is considered fair and just (Ragazou et al, 2022).

5. **Sustainable Development:** Corruption has significant implications for sustainable development. It can hinder efforts to achieve social and environmental goals by diverting resources away from essential services and projects. By combating bribery, financial institutions can play a pivotal role in promoting sustainable practices and contributing to broader societal objectives (Zafeiriou et al, 2023).

2.3 The Prevalence of Bribery in Financial Services

The problem of bribery in financial services is a serious concern as it destroys the reputation of financial institutions and the whole economy. The most common good form of bribery may include the various players in the game such as the financial executives, regulators, politicians and clients.

Types of Bribery that happen in Financial Institutions

1. **Kickbacks:** In this particular case, the financial executives receive some portion of the profits on a transaction or a contract in order to have transactions or contracts made. This kind of arrangements tend to arise in the process of doing procurement, or even in the process of giving out a contract to a service provider.

2. **Facilitation Payments:** Facilitation payments involve small bribes to speed up minor actions of the government e.g processing of permits or licenses. Although they are generally considered a way to overcome bureaucracy they may continue to create a culture of corruption.

3. **Gifts and Hospitality:** The financial executives can provide lavish gifts or hospitality to the regulators or politicians to come forth with desired decisions or to be treated with favor. These may include opulent dinners, holidays or even costly gifts that make the distinction between acceptable business practice and bribery extremely hard.

4. **Political Contributions:** These contributions are pledged to political campaigns as a method of gaining equitable regulations or contracts. It is the kind of bribery which is frequently related to the formation of the elaborate networks when the financial institutions desire to affect the policy by means of financing it.

5. **Fraud Reporting:** There is also a possibility of bribery to allow some institutions to bury or misrepresent financial record or even auditing process so as to make their financial position seem good compared to its reality. This means paying off auditors and regulators to ignore gaps.

2.3 Regulatory Challenges in Combating Bribery

Regulatory Issues of fighting bribery

- The struggle against bribery and corruption is not a simple matter and implies the presence of different regulatory frameworks, such as the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and other anti-Money laundering (AML) acts. Nonetheless, in spite of existence of these regulations, there are still major issues in enforcement and compliance besides dealing with loopholes that exist within the current frameworks. Also, the financial institutions are the key players when it comes to self-regulation and this can result in the decrease or escalation of these challenges.

Current Laws Against Bribery

1. **Foreign Corrupt Practices Act (FCPA):** The FCPA was enacted in the year 1977 to prevent U.S. firms and citizens bribing overseas officials with the aim of getting business benefits. It also demands companies to keep a good book and records and also have internal controls to ward off corruption.

2. **The UK Bribery Act:** UK enacted this anti-bribery law in the year 2010 and it is one of the toughest such laws in the world today. It is criminalized bribes to both the public and private sectors and has provisions on corporate liability where companies have a responsibility of preventing bribery that is committed by their workers and agents.

3. **Anti-Money Laundering (AML) Laws:** These laws are used to guard financial institutions against being used to cover a money laundering and other financial crime, such as bribery. By AML laws, regulatory bodies should have a compliance program, carry out due diligence, and report any suspicious actions.

Challenges in Enforcement and Compliance

Self-regulation of bribery and corruption is played by the financial institutions. They perform the roles of:

1. Establishing Compliance Programs: All financial institutions have the obligation to develop strong compliance programs that may correspond to AML regulations and also anti-bribery legislations. Such programs ought to incorporate risk evaluations, training employees and channels of reporting suspicious activity (Brudner et al, 2011).

2. Surveillance of Transactions: Tracking of transactions: by means of observing transactions and the conduct of their customers the financial institutions are able to detect and report any traces of corruption. Such preventive strategy will be indispensable in preventing bribery as well as in meeting the demands of regulation (Paulweiss, 2024).

3. Cooperation with Regulators: The institutions working on monetary matters can intensify their abilities to join contributors in complying with the regulatory oversights. Through such a partnership, improved understanding and execution of anti-bribery policies have the possible outcomes of enhancing the overall regulation system (Brudner et al, 2011).

Conclusively, even as there have been major improvements in setting up anti-bribery laws, there are still issues to deal with in enforcement, observance as well as loop holes in the existing systems. The self-regulatory elements of financial institutions (The compliance programs) are important in the continuous battle against bribery and corruption and it is vital that they uphold viable methods.

2.4 Ethical Implications of Bribery in Financial Service

The legal and ethical effects of bribery in the financial services are far-reach and not only that it compromises the integrity of the financial administration. Erosion of trust and integrity, the effect they have on fair competition and stability of the market, the effect it has on the customers and investors, and what can be done about it, corporate social responsibility and ethical leadership in resolving them, all this will be discussed.

- **Loss of Confidence and Probity**

The practice of bribery callously erodes the confidence needed in the existence of a financial institution. When organizations in the financial sector indulge in corruption, they violate their integrity and this loss of integrity loses the confidence of the stakeholders both customers, investors and the general society. This loss of confidence may culminate in the lack of desire to deal with financial institutions hence damaging the reputation and viability of such institutions. As it is observed, bribery and corruption negatively affect healthy competition and lead to the formation of the environment when the absence of ethics is justified, further deteriorating the lack of trust (Institutes for Financial Integrity, 2024).

- **Influence on a fair competition and stability of the market**

The presence of bribery levels the playing field against businesses that abide by the rules thus giving an advantage to the companies that use the corrupt practices. This blocks innovation and efficiency not to mention the instability of the market. Corruption tends to reduce the quality of services and products called by companies, this may discourage investments and economic development. The construction industry is one of them, and scholars suggest that corruption may cost 10-30 per cent of projects investments, making the market unstable (Institutes for Financial Integrity, 2024).

- **Consequences for Customers, Investors, and the Economy**

The consequences of bribery extend beyond individual companies to affect customers and investors significantly. For customers, the quality of services may decline, and they may face higher costs as companies pass on the costs of corruption. Investors, on the other hand, may experience reduced returns due to the inefficiencies and risks associated with corrupt practices. The broader economy suffers as well; corruption can lead to misallocation of resources, reduced foreign direct investment, and ultimately, slower economic growth. The International Monetary Fund (IMF) has highlighted that corruption can exacerbate the effects of disasters, leading to increased fatalities and economic losses (Institutes for Financial Integrity, 2024).

- **Corporate Social Responsibility and Ethical Leadership**

In light of these challenges, corporate social responsibility (CSR) and ethical leadership are crucial in the financial sector. Financial institutions must adopt robust anti-bribery and anti-corruption (ABAC) policies that not only comply with legal standards but also promote a culture of integrity and transparency. Leadership must demonstrate a commitment to ethical practices, setting a tone that prioritizes ethical behavior across all levels of the organization. This includes implementing comprehensive training programs, conducting regular risk assessments, and establishing clear channels for reporting unethical behavior (Institutes for Financial Integrity, 2024).

2.5 Strategies for Mitigating Bribery in Financial Services

It is important to combat bribery in financial services industry to uphold integrity, to bring about trust, and to uphold regulation. Among the effective strategies include intensifying regulations and international collaboration, increasing transparency and protection of the whistleblowers, initiating ethical training to financial practitioners,

and the use of high-end technologies such as blockchain and artificial intelligence (AI) to identify fraud and prevention efforts (Sun, 2025).

1. Intensifying Regulatory Control and Cross-border Collaboration

Effective regulatory regulations form the mainstay in the fight against bribery. The anti-bribery laws and regulations are strident and the financial institutions are obligated to comply, therefore the oversight entities undertake checks regularly to ensure the laws are being followed. These efforts are also further accentuated by international cooperation. An example is the establishment of the International Anti-Corruption Prosecutorial Taskforce that involves the authorities of the U.K., France and Switzerland to improve efforts to fight bribery and corruption. This effort highlights the significance of international cooperation regarding the investigation of financial crimes (Whistleblower Protection, 2024).

2. Strengthening Disclosure and Whistleblower Protection

Financial institutions use transparency to discourage practices of corruption. They are crucial to making clear policies and keeping good channels of communication. Important elements include whistleblower protection; there is incentive to report unethical behavior because a person who does it will be protected. Royal United Services Institute (RUSI) further advises the U.K to look at monetary rewards to be given to whistleblowers as a way of increasing financial crimes reporting. These can be used to create a culture of empowering employees in knowing that they can report a behavior that is accepted in society as unethical without the fear of being punished (Brennan & Slim, 2025).

3. Introduction of Ethical Training Programs to the financial professionals

Ongoing education on ethics is carried out to make sure that a financial professional is well-trained in any anti-bribery code and morality principles. Specific training which involves real-life situations and role-related advice can help employees improve their capacity to recognize and handle bribery risks. Frequent training maintains the value of ethical behavior and adherence in the organization (Brennan & Slim, 2025).

4. The Role of Technology in Fraud Detection and Prevention

Advanced technologies like blockchain and AI are pivotal in detecting and preventing fraudulent activities. Blockchain offers transparent and immutable transaction records, reducing opportunities for illicit activities. AI enhances real-time monitoring and analysis of transactions, identifying anomalies that may indicate fraud. For example, Visa has invested significantly in AI and data infrastructure to bolster its fraud detection capabilities, highlighting the industry's move towards technological solutions in combating financial crimes (Bary, 2025).

Theoretical framework

1. Agency Theory

Agency Theory was mostly advocated by Michael C. Jensen and William H. Meckling in their classic article that was released in the year 1976. Although the economic components of the agency theory can be considered as having been developed by Stephen Ross in 1973, Jensen and Meckling are the ones who first applied these ideas in the theory of the firm and thus had a substantial impact on future studies in business, and management (Payne & Petrenko, 2019). Their activity was dedicated to the nature of relationships between principals (including shareholders) and agents (including company executives), and they discussed such problems as costs of agency and conflict of interest. In the case of bribery in financial services, agency theory can be used to research the questions of how bribery destroys trust and accountability between stakeholders. It may also put some light on how the regulatory difficulties come about when the agents are participating in corrupt acts to acquire personal profits which affect the entire integrity of the financial agencies.

2. Ethical Decision.

Many researchers have offered ethical decision-making models, but a majorly recognized model is the model developed by James Rest, in 1986. This approach questions how people and organizations make ethical decisions and involves itself with these processes. It takes into consideration an element like the moral values, the interest of the stakeholders and the embeddedness of the action.

Four-Component Model of ethical decision-making presented by Rest incorporates:

1. Moral Sensitivity - The identification of the existence of an ethical issue.
2. Moral Judgment-The Discovery of The Right Course of Action.
3. Moral Motivation- giving moral values first priority as opposed to self-interest.
4. Moral Character- Forging ahead with ethical course of action.

Such a model has had its impact in different spheres, such as the sphere of business ethics, healthcare, and education. The framework provides an opportunity to evaluate the impact of ethical dilemmas to bribery on the decisions of financial services. It is also able to solve the regulatory issues that occur as organizations do not maintain ethical value and this results in systemic corruption and damaged reputation.

Empirical review

Yusuf et al (2025) analysed Bribery, Corruption and Compliance: Enhancing anti-Financial Crime in the Nigerian Financial System. The research was able to look into the effectiveness of anti-corruption compliance efforts in Nigeria, role of anti-bribery models as well as enforcement systems to have feasible ways of enhancing compliance and discouraging financial crimes in the nation. The study considered representatives of the financial institutions, regulatory bodies, and government sectors in Nigeria using a cross-sectional design. A stratified random sampling of 150 respondents was taken. The structured questionnaires and descriptive and inferential insights were used in the analysis of data gathered using SPSS. Results indicated compliance elements, such regulatory oversights, internal controls, and policy enforced, were highly critical in pursuing anti-corruption endeavors. The strongest predictor was the policy enforcement, then the regulatory oversight, and the internal controls. These variables as a whole clarified 65.9 percent of variance in both bribery and corruption and the model was very significant. It was determined by the study that an approach involving a comprehensive and a transparent compliance strategy is a vital tool in limiting bribery and corruption within the financial system in Nigeria

Antecedents of Compliance with Anti-Money Laundering Regulations in the Banking Sector of Ghana is a study conducted by (Hoffman et al 2024). The study was based on the mixed-methods research design; both quantitative and qualitative methods have been used. The given methodology has provided an opportunity to have an in-depth concept of the perceptions and experiences that banking professionals have had during the time of bribery and compliance issues. The interviews involved different stakeholders in the banking industry who include compliance officers, managers and the regulatory bodies and this allowed to gain a balanced opinion to the issue. Analysis of the effect of bribery to the financial services in Ghana shows huge regulatory issues and ethical implications. The present study is an empirical research whose subject is the influence of bribery on banking industry, conformity to regulations and integrity of the financial organizations. Findings are that the rate of bribery is high in the financial service industry in Ghana that has affected the performance and image of banks. It vitiates the purpose of trust and indeed, could translate to huge financial losses by respective institutions engaged in the business of corruption.

The study by Ofoeda et al (2023) under the title Impact of anti-money laundering regulations on inclusive finance: Evidence experience in Sub-Saharan Africa was conducted. The impacts of anti-money (AML) regulations on financial inclusion in Sub-Saharan Africa (SSA) were reviewed in this study. Once more, the research evaluated that the extent of AML regulatory capability defines the influence of AML regulations on financial inclusion. The research utilized the Systems Generalized Methods of Moments (SGMM) approach in estimating the number in which AML regulations can affect financial inclusion by using a panel of 44 countries in SSA between 2012 and 2019. Information has been taken by the World Development Indicators and Basel Institute on Governance. As demonstrated in the study, negative effects of AML regulations are associated with ownership of accounts as well as the population size of commercial bank branches whereas positive effects of AML regulatory measures are noted to be associated with the population size of commercial bank depositors, the population size of commercial bank borrowers, and population size of ATMs. The study also offered the evidence that the AML regulations have positive effects on commercial banks branch numbers and the number of borrowers in the low-effectiveness countries (the countries with regulations of AML below the mean). Contrastingly, it was found that the AML regulations impact negatively on accounts ownership among the high-effectiveness countries (countries whose AML regulations were above the mean) but positively on the parameters of the number of depositors, the number of commercial bank borrowers and the numbers of ATM above and beyond the mean. The research results have the implication that the effect of AML regulations on financial inclusion is influenced by the proxy of financial inclusion and also by the level of AML regulations in the SSA jurisdictions.

The article studies the issues of Internal Control towards Money Laundering Prevention: An Interrelation Perspective by Vijeyan and Rahmat (2022). The study will allow defining how the control environment, risk assessment process, information and communication process, and monitoring have an impact on how well the anti-money laundering control activities have become. The information was obtained by administering survey questionnaires to the 300 branch managers of banks within Klang Valley, but only 108 replied. The outcomes show that Malaysia banking institutions could avoid money laundering by indulging in anti-money laundering control activities. The findings also indicate that monitoring and control environment positively affected the effectiveness of anti-money laundering control measure in prevention of money laundering. Previous studies have attached less priority in the matters that affect the effectiveness of the anti-money laundering control activities in order to prevent money laundering. In this regard, the study has therefore filled this gap by investigating the characteristics that determine the effectiveness of anti-money laundering control activities. In addition, the study also possesses practicability in the determination of the factors that contribute to the efficiency of the anti-money laundering control activities that may perhaps alleviate money laundering at the highest degrees.

A study by Pontes et al (2022) on Anti-money laundering in the United Kingdom: new directions towards a more effective regime was done. This paper attempts to give a more subtle conclusion of whether the anti-money laundering (AML) regime has been successful in the UK and how the policy and performance can be improved.

Qualitative research design based on the semi-structured interviews and focus group of representatives of the practice in the public and the private sectors. The research predicts that the preventive efforts undertaken by the public sector are underfunded; the link between regulatory requirement and the supervisory practice by the regulators is broken and contributes to the impractical realization of the risk-based approach; and the regulators have no power to prevent the bad-utility reports. More cooperation among institutions and across sectors, greater use of innovative technologies and a fund plan are required to achieve a common effort against money laundering. At the end of the study, a statement was made that practitioners should enhance the AML regime and thus this research forms part of the reform of the current measures with regard to financial crime.

Zaman et al (2021) conducted a study on the investigation of the effect of corruption and money laundering (ML) on banking profitability and stability: a case of Pakistan and Malaysia. This paper will attempt to outline how corruption and money laundering (ML) influence the banking profitability and stability. The research refers to the panel data of the 72 banks of Pakistan and Malaysia of 2012-2018. This study has laid down solid evidences that both corruption and ML are related positively and adversely with banking profitability in Pakistan and Malaysia respectively and empirical evidence indicates that both corruption and ML have a mixed effect on the stability of the banks in Pakistan and Malaysia. Besides, the relationship between risk and the profitability and stability of banking is also moderate by corruption and ML established in this paper. The research arrived at the conclusion that corruption and ML are more influential in the banks of the highly corrupt environment as compared to the least corrupt one. Therefore, it has been advised that the Government of Pakistan needs to come up with effective anti corruption and money laundering policies.

III. Methodology

The present research was based on a desk approach. An investigation or a research design that surveys a desk is also widely referred to as secondary data collection. This simply involves the gathering of information using available resources possibly due to its cheap nature in comparison to field studies. Any published studies and reports were investigated in our current study because the data could be located easily on the internet and in the outlets of online libraries.

IV. Results

Conceptual Gap in Research

Bribery and financial services is an area where there is a very intricate situation that suggests important regulatory and ethical concerns. Although the literature pertaining the impact of bribery on different aspects are increasing, little literature is availed concerning the impact on financial services. This theoretical research dearth impedes on a sensitive interpretation of the effect of bribery on regulatory environments and ethics at the financial sector.

Existing studies are mainly concerned with the overall impacts of bribery on economic development, governance, and corruption rate. As shown in the studies, there is the negative effect of bribery on efficiency of the market as well as investor confidence. Yet, such studies fail to take into the consideration the distinctive features of financial services, risk management, regulatory compliance, and ethical behavior which are essential aspects of comprehension of the overall effects of bribery in this industry.

Regulatory Challenges

Poor Regulatory Regimes: There is a lack of proper regulation to cover the bribery ins and outs in financial services. Most studies do not investigate the implementation and enforcement of existing laws, so there is no knowledge concerning the efficiency of such frameworks.

Cross-Border Regulatory Matters: Financial services are usually global in nature with a diverse number of jurisdictions with no common or standard anti-bribery laws. Absence of a universal international regulation project forms difficulties that are not well dealt with in available literature.

Evolving Financial Technologies: The rise of fintech and digital currencies introduces new avenues for bribery that traditional regulatory frameworks may not adequately cover. This aspect remains largely unexamined in existing studies.

Ethical Implications

1. Corporate Culture and Ethics: Although few studies have implied ethical implication of bribery, more thorough and in-depth studies on the impact of bribery on corporate culture in financial institutions is necessary. It is important to understand this relationship in order to come up with effective ethical guidelines.

2. Stakeholder Perspectives: An existing body of literature tends to omit the opinions of such stakeholders as employees, clients, and regulators regarding the ethical aspects of bribery. This creates a gap that restricts the possibility of getting the full picture of the extensive effects of bribery.

3. Long-Term Implications: Long-term ethical implications of bribery acceptance such as reputational loss, loss of trust, etc. have not been clearly worked out in the available studies. Greater studies should be made to investigate these implications.

Research Gap within Context

The financial services industry is very instrumental when it comes to stability and growth of an economy. The rate of bribery however presents serious challenges to the framework of regulations and ethical codes in this industry. Albeit numerous previous studies have investigated diverse implications of bribery, a contextual research gap lies in the fact of increasing complexity on how bribery exerts its effects on the financial services industry in regards not only its relationship with regulatory issues and ethical concerns.

• **Pre-existing Research**

1. Regulatory Frameworks: The regulatory response to bribery has attracted prior research that has been conducted with an eye on the compliance procedures and the consequence of its enforcement. Nevertheless, little examination has been conducted regarding the impact of such regulations on the operational practices of the financial institutions across the jurisdictions.

2. Ethical Implications: Individual ethical dilemmas of financial professionals have been appeared in research in the setting of bribery. However, there are limited extensive research studies that dwell on the ethical climate that exists in organizations and its influence in decision making processes.

3. Cross-Cultural Perspectives: Most of the current publications focus on particular regions or countries, which most of the time fail to establish a comparative investigation of the cultural attitudes towards bribery in relation to the regulatory compliance and the learning levels of the respective ethical codes between the various financial markets.

• **Identified Gaps**

1. **Interplay Between Regulation and Ethics:** There is a need for research that specifically examines how regulatory frameworks influence ethical behavior within financial institutions. Understanding this interplay can provide insights into creating more effective compliance programs.

2. **Impact Assessment:** While some studies have addressed the economic costs of bribery, there is a lack of empirical research evaluating the long-term impacts of bribery on the reputation and sustainability of financial institutions.

3. **Stakeholder Perspectives:** Research often overlooks the perspectives of various stakeholders, including customers, employees, and regulators. Exploring these viewpoints can yield a more holistic understanding of the implications of bribery in financial services.

4. **Technological Advancements:** The role of technology in combating bribery, such as through the use of blockchain and artificial intelligence, remains underexplored. Investigating how these technologies can enhance transparency and accountability in financial transactions is vital.

Geographical Research Gap

The combination of bribery and finance services is one of the areas where there is a huge regulatory and ethical challenge over bribery in many countries in the world. Although there are body of researches and study on the general implication of bribery, there is a significant geographical research gap on the specific consequences of bribery concerning the financial services in various regions. Incorporation of these variances is important in the establishment of specific regulatory mechanisms and ethical guidelines.

1. Financial Services and Bribery overview

Bribery in financial service can break down trust as well as it distorts the market competition and results in failed efficient usage of resources. The consequences are especially serious to developing economies where the regulatory structures are often loose and enforcement lax.

2. Regional Disparities

• **Developed vs. Developing Economies:** Studies tend to concentrate on developed markets, yet the situation in developing ones can apply to the phenomenon of bribes even more. This knowledge deficit prevents the possibility to know how the local cultures, the economics, and the prevailing financial regulations interfere with bribery.

• **Case Studies:** Few case studies representing different regions do not allow gaining a wide-ranging perception of the impact of bribery on finances services. These are different political, cultural, and economic contexts of each region that define the situation with bribery.

3. Regulatory Challenges

• **Diverse Regulatory Environments:** Very little is known on the effects of the diverse regulatory environment in different countries and the prevalence and the nature of bribery in the financial services. Some of these nations that are very strict in their rules; they can have bribery because of system of enforcement. There are some who are very loose in their rules that there is so much corruption.

Transactional Financial Services: Finances are international by nature making it complicated to regulate against bribery. Studies have frequently neglected the effect that international procedures, as FCPA (Foreign Corrupt Practices Act) or the UK Bribery Act have on local standards in different geographical locales.

4. Ethical Implications

- **Cultural Perspectives on Bribery:** There is a lack of research exploring how cultural attitudes toward bribery influence ethical decision-making in financial services across different regions. Understanding these cultural nuances is essential for formulating effective ethical guidelines.

- **Impact on Stakeholders:** Existing literature often fails to address the disparate impacts of bribery on various stakeholders (e.g., consumers, small businesses, and large corporations) in different geographical contexts. This oversight limits the development of inclusive solutions.

V. Conclusion and Recommendations

Conclusion

Regulation of the effect of bribery to financial services is a serious matter which challenges ethical issues that brings the financial system into dishonesty. The comprehensive fight to prevent bribery requires the multi-stakeholder approach since the cooperation among the governments, financial institutions, and civil society can help to create the atmosphere of transparency and responsibility.

Improving ethical practices and introducing reforms in regulations are very important measures in reducing hazards of bribery-related risks. It can be achieved by introducing more explicit rules and stricter control systems so that the use of ethically compliant behavior becomes a culture valued by stakeholders.

Conclusively, financial integrity and accountability needs to be handled by a concerted effort. This cross-industry approach to dealing with bribery and tackling it actively will enable us to herald a more stable and sure financial services industry that can serve society and society as a whole.

Recommendations

The recommendations are on theory, practice, and policy detailing as follows:

Theory

1. To enhance transparency government needs to come up with strict laws that ensure the financial institutions report on every transaction surpassing a specific amount. This entails the cause of money, recipients, and third parties. Higher level of transparency could prevent bribery by making illegal deal slower to hide. It also gives the regulators and the population an opportunity to question the monetary activities, which leads to the promotion of confidence in the monetary structure.

2. Government develops strong whistleblower protection legislations and offer monetary compensation to those who report bribery and corruption in the field of financial services. Whistleblower protection helps to attract more people to present information about unethical activities without the fear of being punished. This may prompt the early detection of bribery and more restrictive culture of accountability.

3. Compel financial institutions to carry out elaborate ethical training and compliance programs to all employees that focus on the implications of bribery and corruption. Ethical culture in organizations can be instilled through education and training thus raising the level of awareness of employees on the implication of bribery. Regular training ensures that ethical standards are maintained and adapted to evolving regulatory landscapes.

Practice

1. Strict laws on bribery must also be enacted and implemented by governments especially focusing on the financial services sector. This entails setting a proper definition of bribery, a fine strict policy on bribing and making individuals and corporations jointly responsible. The audit and evaluation of adherence to these laws should be conducted periodically with protection of the whistle blower so that one could report judiciously.

2. Financial institutions are encouraged to take rigorous transparency policies including compelled announcements of transactions, helpful proprietorship, and third-party dealings. This will assist in the establishment of accountability culture as well as curbing the chances of bribery. Interest in developing an agreed system of reporting whereby the stakeholders can easily access and review operations carried on financial issues in an input whereby all transactions are accountable and explicable.

3. Financial services companies ought to employ the use of constant ethical training to their staff to inform them on the consequences of bribery and ethical conduct in their transactions. This should be done by creating an effective ethics program involving frequent ethics workshop, ethics training via scenarios, and the formation of

an ethics hotline where employees are free to report unethical behavior without fear of reprisal. This will go a long way in promoting a corporate culture that championed integrity and ethical decision making.

Policy

1. Introduce powerful whistleblower whims within the financial services sector. These involve legal protection against retaliation, monetary rewards on reporting a bribery and anonymous reporting procedures. The schemes of bribery can be detected through encouraging people to report unethical practices. Proper whistle blowing protection may establish a culture of accountability and transparency and eventually prevent any corrupt activities.
2. Enact stringent disclosure of financial dealings, especially in the risk prone areas like mergers, acquisitions and government contracts. This must entail disclosure of anything given in the form of gifts, hospitality, or payments to the public officials. More transparency will minimize chances of bribery in that the areas which illegal transactions can be done with impunity will be difficult. With more transparency in financial dealings the stakeholders will be able to hold account institutions to their actions.
3. Create an harmonized international regulatory framework that harmonises anti-bribery legislation between jurisdictions within the financial service sector. This model ought to be enclosed by the articulate description of what constitutes bribery, similar punishment on the infraction and cooperative instruments of execution across nations. The fight against cross-border bribery can be fought off using a uniform regulation measure which can establish a level playing field among financial institutions. Through harmonization of laws, nations will be able to cooperate better in inquiry and prosecution limiting the loopholes that enable the bribery.

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