

Ethics and finance

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- Every professional assignment represents a battle for the excellence
- The results of this battle depend on the excellence and on the ethics of the professional and of his/her Association
- Ethics is the most important feature

- A professional without ethics is devoid of everything
- These quotations come from a speech made by Joseph Pulitzer at the Columbia University (1904).

- Ethics, what a beautiful word! What a deep sound!
- At present we speak a lot about ethics in the politics, in the business, in the professions, in the finance.....
- It seems that we need ethics, but what we really do to be ethical? Is it possible to be ethical?
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- Let us translate the Pulitzer's words in actuarial terms.
- Excellence : in what way may we reach the excellence in our profession?

- The actuarial profession is a liberal one. Hence it requires:
 - Freedom
 - Autonomy
 - Independence
 - Loyalty
 - Moral correctness

- Our Codes of conduct are based on these principles.



- You could ask:
 - Has the actuary to be an hero?
- The reply is: No
- I would like only that each of us owns the sense of the dignity and may walk with an erect position.
- Who of us at least once in his/ her work life had to face the dilemma of accepting the willingness of the client or loosing the assignment?
- The dignity may help in making the right choice in this situation.

- Dignity is not only an ethical feature, but it is highly connected with the professional competence.
- Competence means to own the knowledge and the tools kit.
- To be competent is an individual duty required by the Code of conduct .
- It is also a duty of the associations to guarantee that members be competent.
- This implies that the associations have to take care of the training and of the qualification and of the continuous professional updating.

- These duties are not generally explicitly provided for in the regulations. Hence they must be added.
- You can ask why we speak about ethics during the financial crises. We have to speak now, because in my view the crises is mainly due to the lack of knowledge of the effects of particular financial instruments, that is the lack of competence.

- At the end of his speech on the financial crisis in the occasion of the ICA in Capetown, Paul Embrechts recommended with passion “a message we would like to give is to be always scientifically critical, socially honest and to adhere to the highest ethical principles especially in the face of the temptation ... which will come” . And money is a big temptation: too much profit in the financial field.

- In the US, last year a list of professions classified according to the annual income was published. The actuarial profession was on the top of the list.
- I was disappointed. It was not a good message. Maybe it was appealing but not healthy. I'd have preferred a list built according to other criteria, for example excellent skills.
- Our profession should be appealing not because of the high income, but because of the high social value.

- At the end of my talk, I again re-phrase J. Pulitzer:
- “ An actuary is the lookout on the bridge of the ship ... it does not act on the base of his own gain or the profits of his client. He is on the alert to guarantee the security in the case of uncertain event”.
- These concepts should be the main principles that we have to learn, to teach, to practice.

