The Pressure Release Valve: Fraud in a Financial Services Company

By Francisco Gomez, M.S.

Corporate fraud cases, especially those involving large numbers of employees, raise intriguing questions: What caused so many people to simultaneously engage in unethical acts? What common factors were they responding to? While some might have considered misconduct as standard practice from the start, most likely experienced a gradual erosion of their personal ethics. How did that happen?

Organizational culture is comprised of the unique stories of employees—each navigating similar workplace conditions with their own moral codes, abilities, and personal circumstances. This is the story of an ordinary person's drift into criminal behavior, shaped by an environment that enabled it. Although fictional, this character's experience reflects the same context many employees have faced, as documented in numerous news articles, case studies, and white papers available online.

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"Audit scheduled for tomorrow" flashed on the computer screen, jolting Julie from her thoughts. "Not another one of these things," she thought. Their internal audits were nothing but a waste of time—a check-the-box exercise she and her manager conspired in. The first one had wracked her with anxiety, but this would be the fourth one this year, and just like all the others, it wouldn't amount to anything. He always avoided looking into the places that mattered. *"There's nothing to worry about,"* she reassured herself.

Her gaze drifted to the fraying poster beside her computer. Two years ago, she had proudly tacked it up in support of the latest sales challenge. It read, "Fuel Your Ambition, Empower Their Financial Journey." Back then, it had felt right—even inspirational.

She used to love connecting with her customers. She worked at the single bank in the town she'd grown up in, so when she recommended savings programs or retirement plans, she wasn't just doing her job: She was advising friends and community on some of their most important life-decisions.

Julie used to strategize how she would run things if—or when—she became a branch manager. But over the last two years, that vision of her future had become murky and unwelcoming.

It all began with that first memo they had received—a light and innocuous memo that had since gained so much weight. Before it became a marker for when things changed, it had been a simple communication about a shift in sales strategy. Corporate wanted everyone to sell more credit cards, mortgages, and additional accounts to existing clients. Not just more, though. A lot more. An average of nine new products per day.

How had the executive team come up with that number? Had they agonized over that target under the same strain she felt? Or had the number been chosen casually, without considering its impact on people like her? Julie would probably never know. What she did know was that one little memo set off a chain of events that had rippled through this little small-town bank.

The raised expectations had been bolstered by a sizeable bonus. For a single mother of three with two aging parents to care for, the large incentives painted the picture of financial security she'd yearned for. But it had never been just about the money. This opportunity had a personal side. She had always expected more for herself, and she wanted to make her daughters proud. Considering that she wasn't as young as most of her colleagues, this could very well be her last shot at the career breakthrough she'd been hoping for.

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In the beginning, the chatter of possibility and ambition filled the office. The honeymoon period was short but inspiring. Most of them saw the potential to stand out and do something that had never been done before. The sales workshops had great participation. The posters for the initiative went up in everyone's cubicles. They had begun their prospecting with the customers most likely to need additional services, and Julie had a lot of those to choose from. As a result, Julie and some of her peers hit their quota that first month or two.

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However, once that source was tapped, the honeymoon ended abruptly. As the weeks wore on, the implications of their targets unveiled an alarming truth. No matter how many workshops, motivational speakers, and inspirational posters were tacked up on the walls, an average of nine new services per day was not going to happen.

She did her best, as did most of her colleagues, but they always came up short. Their managers were as overwhelmed as they were, so asking them for help wasn't much of an option. All they seemed to do nowadays was harass them about meeting the quota.

Most branches missed their targets by the first two quarters of the year, leaving executives to face a room full of disappointed board members. They had made big promises to stockholders and did not want to backtrack. So, instead, they forged ahead by doing what they thought would help. They amplified the punishment for falling short with rolling quotas. This approach required employees to make up for missed targets by adding them to the following week's quota. This didn't help Julie and her colleagues sell more, but it did compound their stress by piling problems on top of problems.

To turn the screws even tighter, an employee ranking system was implemented with a very simple equation. The lower your sales numbers, the lower you ranked. Those lowest in the ranking would have to show up to performance review meetings—with their branch and regional managers sitting in judgment—to explain why they were so far behind on their goals.

Technically, these meetings were private, but it was impossible to hide what would happen behind those doors. Their faces gave it away as they walked past the gauntlet of cubicles and into the branch manager's stuffy office. The people who ended up in those performance reviews several times in a row were labeled as underperformers and typically quit or were fired.

This approach did nothing to develop anyone's sales skills, nor did it increase customer value. However, it did create a collective experience shared within Julie's rapidly fracturing work group: desperation and fear for their livelihoods. Given that this was the only bank in the area, the loss of employment carried significant implications.

The side effects were numerous and emerged in plain view. Teamwork and morale took the hardest hit. Her former colleagues and friends turned into aggressive competitors in a zero-sum game played for their careers. Helping out a colleague could only hurt you in the long run.

The change affected her relationship with her boss as well. He seemed increasingly distant and preoccupied with his own problems, and pressuring his team seemed to be the only thing he could do to relieve his stress. They used to have engaging conversations about process improvements and maximizing customer service. Those chats had all been replaced by his sharp interrogations and her obsessively rehearsed answers on how she'd hit the targets next week.

The last time she'd been honest about her struggles with the quota, he'd accused her of making excuses. Since then, she had learned to say whatever it took to placate him. She felt for him—his stress levels were obvious—but she had also grown to dislike their interactions and took every possible step to avoid them.

It took about a year of this before something in the social contract broke, and Julie and her colleagues crossed personal and legal boundaries so remote they hadn't even known they existed. They solved their mounting problems with a few clicks of the mouse, enrolling customers in services they hadn't requested and wouldn't even know they had. It was disarmingly easy—just 50 grams of pressure on the mouse to escape a weight that had felt insurmountable only moments earlier. And with that small, seemingly weightless act, they became criminals.

The first few times were not that easy. She remembers the queasiness and her heartbeat pounding in her ears as she first crossed that line. But that discomfort didn't last. She eventually learned to compartmentalize—to take action without thinking about the customer. It was just numbers and words on her monitor, pixels and data points to be manipulated. It wasn't like she was looking into their eyes, reaching into their pockets, and stealing their wallets. "It's just a few extra dollars a month," she reassured herself, with each click becoming a little easier than the last. Evidently, a person can learn to accept all sorts of things from themselves, as long as they do it one baby step at a time.

They solved their mounting problems with a few clicks of the mouse...

Once the group embraced the growing flexibility of their moral compass, the floodgates opened, and their descent gained momentum. They discovered that forging signatures allowed them to open new accounts and even transfer funds without customer consent—a tactic that nearly doubled their sales. At first, Julie was reluctant to go that far; forgery felt like a line she couldn't cross—until she realized her numbers would fall behind those who did.

With a list of prospects she'd nurtured for decades, Julie had endless targets to game the system. Once she started forging, her sales soared to record levels. Her relationship with her boss improved. He stopped bothering her about her numbers, and they went back to strategizing on customer value and process improvements. Her bonus alleviated her financial difficulties, and the leadership team praised her numbers. And every once in a while—as long as she didn't think too much about it—things felt almost normal again. She had found her pressure release valve.

Since the 1980s, public awareness of corporate fraud has skyrocketed, fueled by high-profile scandals and amplified by media coverage. Understandably, these cases often provoke outrage because they reveal self-interested choices that betray public trust and victimize innocent people.

Although it's natural to label those involved as 'corrupt' or 'dishonest,' and punishing them might satisfy a sense of justice, this approach doesn't address the organizational conditions that led to the unethical behaviors in the first place—nor will it prevent the problem from occurring again. Remedying the situation requires self-reflection on the part of leaders and a rigorous examination of the systems in place and how they impact the workforce—this can include people, performance, incentive, governance, communication, and operational systems.

The core conflict—and tragedy—of stories like Julie's is not that inherently bad people set out to commit fraud. Rather, it's that large numbers of well-intentioned individuals can be driven to compromise their values when faced with errors in leadership practices and a systemic misunderstanding of human behavior.

The objective isn't to absolve employees of responsibility for their freely chosen actions. Rather, it's to highlight management's critical role in building environments that motivate employees to uphold corporate values without feeling pressured to compromise them.

The science of behavior equips leadership teams with principles and tools to understand how their practices and decisions impact employee performance. It also empowers them to motivate the patterns of behavior that best reflect their cultural objectives. Rather than inadvertently creating high-pressure environments like the one that engulfed Julie and her colleagues, leaders can intentionally reinforce behaviors that drive world-class results ethically and sustainably.

If you'd like to learn more, reach out to ADI to discuss how our Surveys, Culture Assessments, and Behavioral Leadership programs can support your organization.

[About the Author]

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With a career that has encompassed performance management consulting for multiple industrial sectors across the globe, as well as executive positions in the tech industry, Francisco consolidates this experience to generate results and bring value to his customers.

Francisco is a board member for industrial as well as a nonprofit organizations and serves as public speaker and columnist on behavioral science and performance management. He and his family currently reside in Asheville, North Carolina. In his free time, he enjoys spending time in the North Carolina mountains and playing music.

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