

Ethikos Volume 37, Number 2. April 01, 2023 Diagnosing your culture through behavioral science

by Tracy J. Saale, JD, CCEP

Tracy Saale (tracy.saale@schwab.com, [linkedin.com/in/tracy-saale-jd](https://www.linkedin.com/in/tracy-saale-jd)) is the Corporate Responsibility Officer and Managing Director of the Conduct Risk Management program at the Charles Schwab Corporation.

How do we know what we don't know? Conduct, ethics, and compliance professionals routinely ask this question. It is also a question my peers and I frequently posed when I was a special agent and attorney for the Federal Bureau of Investigation (FBI). The FBI's elite Behavioral Analysis Units (BAU) are renowned worldwide for their outstanding work. They focus on preventing and solving crimes by understanding the psychology that leads individuals to commit certain acts. As a special agent, I sought their assistance in developing behavioral profiles. They provided valuable insights into individual behavior that I was unable to glean through standard investigative techniques. Their expertise in analyzing behavior and patterns of activity helped me become more predictive, resolve my investigations more quickly, and prevent future criminal activity.

I left the FBI several years ago to pursue a career as a conduct and ethics professional in the private sector. I was amazed to learn that similar behavioral analysis techniques were used in the private sector to better understand cultures and mitigate corporate noncompliance and misconduct.

Behavioral science risk management gained traction within the financial services industry after the 2007–2009 financial crisis. In many instances, compliance and ethics professionals were blindsided by the excessive risk-taking and misconduct that occurred during that period. They sought to incorporate enhanced techniques into their risk management processes to be more predictive and prevent the same type of misconduct from occurring in the future. With the encouragement of the Federal Reserve Bank of New York, the Financial Conduct Authority (FCA) of the United Kingdom, and the Dutch central bank, De Nederlandsche Bank (DNB), numerous financial services institutions sought out the expertise of behavioral science teams. These teams assessed corporate culture and individual behaviors to recommend techniques to enhance risk management practices. These techniques have since spread to a wide variety of organizations in both the private and public sectors.

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