



Ireland's newest
mobile news app
DOWNLOAD IT TODAY

SEARCH TEXAS ANCESTORS

Birth, Marriage, Divorce, Death. Start Your 7-Day Free Trial Now!

[HOME](#) » [BUSINESS](#)

‘Human errors spark financial crises’



Monday, March 17, 2014

 [Follow @MrVincentRyan](#)



By [Vincent Ryan](#)
Business Reporter

A man walked into a bank in Ireland during the Celtic Tiger and demanded €3m to set up a nightclub in Dublin, which he was granted with scarcely any background check, according to Robert Webb of Nottingham University, who is trying to figure out why this happened.

Dr Webb will be addressing a seminar in Trinity College Dublin on March 26 on the role played by individuals in the financial crisis.

As part of his research, Dr Webb has interviewed a number of senior bankers, some of whom were parachuted into Ireland to see what

BREAKING STORIES



[UTV Ireland expects losses of up to €3.8m in first year](#)



[Kingspan sees 4% revenue increase](#)



PROSTATE CANCER TREATMENT

[prostrcision.com](#)

Groundbreaking Protocol in Atlanta.
Survival Data on Over 14,000 Men!



FOLLOW THE IRISH EXAMINER



[MOST READ](#)

[TOP STORIES](#)

[MOST SHARED](#)

was happening here.

Dr Webb's theory is that complex economic models have very little to do with what sunk Ireland into recession, but that the key to understanding how we got here is analysing the risk and rewards of the economy on a simple human scale.

He believes that the internal hierarchies of financial services institutions make serious fraud, financial loss, and seriously miscalculated risk events almost inevitable, both now and in the future.

Dr Webb has been conducting research with Cormac Bryce and Carly Cheevers at University College Dublin to uncover just why good staff go bad and why bad staff go undetected until crisis strikes.

He believes that it is not in the interest of staff to blow the whistle on practices where internal policies were completely ignored.

"In Credit Suisse, the staff carried out very diligent assessment on clients' risk appetites, but then they completely ignored them and went ahead and sold people what ever product the bank felt like selling," said Dr Webb.

Similarly, he said, in Royal Bank of Scotland under Fred Goodwin, the whole culture of the business was to sell whatever was in the bank's interest.

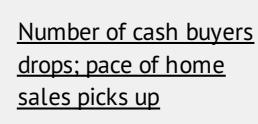
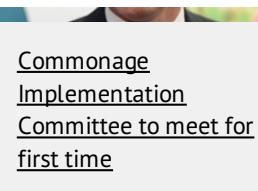
Dr Webb believes the majority of workers, particularly those at a junior level, often do not understand the rules that are there to protect customers.

"What we have found is a series of risk rules many staff don't understand or care about, and a disconnect between the top and bottom in most organisations," said Dr Webb.

"The effectiveness of any risk training is also never tested. This creates a perfect storm: Lots of people acting subjectively out of sometimes ignorance, sometimes malice and sometimes greed."

His research, using behavioural economics, is now testing call centres, traders, and trainees in how they comply with risk regulation.

"One of the few good things that will come out of the economic



LIFESTYLE



[Thomas Cohen talks of Peaches' addiction problems](#)



[Tracing a tragic life in New York](#)



[Brendan Gleeson shows his acting range](#)

MUST READ | TOP STORIES | MOST SHARED



[Emirates to host recruitment drives in Cork, Galway, Limerick and Dublin to help fill 5,000 jobs](#)



[GDP growth is revised upwards](#)



[Dunne US bid to speed debt release](#)



[Casey publishing group in red](#)



[ECB is ready to do more](#)



[Ryanair announces nine new winter routes for Dublin](#)



[Ryanair boss in Cyprus Airways takeover talks](#)



[Business Woman of the Year named](#)



[Quinn firm seeks health policies move](#)



['Budget measures](#)

crises is lots of PhDs as people try and figure out what the hell went on," said Dr Webb.

© Irish Examiner Ltd. All rights reserved



Irish Examiner live news app for smartphones lets you quickly access breaking news, sport, business, entertainment and weather.

APPSTORE

GOOGLE PLAY

Irish Examiner ePaper app gives you the entire newspaper delivered to your phone or tablet for as little as 55c a day.

EPAPER



[Irish charity has US moms making toys for Russian orphans](#)



[totalling €500m required](#)

Simple Irish Retirement

 [internationalliving.com](#)

Free Report for people considering Living or Retiring in Ireland.



MORE IN THIS SECTION



[Chamber calls for improved SME access to credit](#)



[Irish banks 'manipulating market' to lift house prices](#)



[ACCA pessimistic about recovery](#)



[Whitegate oil refinery owner reports €32m pre-tax losses](#)



[Eircom decision on IPO 'not yet finalised'](#)

An advertisement for Jordan Ford featuring a red Ford SUV, a white Ford F-150 pickup truck, and a blue Ford sedan. The text 'HOME OF MENU PRICING' is prominently displayed in yellow, along with the 'Jordan' logo and 'www.JordanFord.net'. A red button at the bottom right says 'VIEW INVENTORY' with a right-pointing arrow.

Mincon earnings set to drop by more than 20%



Cyprus seeks bids for national carrier



French crisis part of wider austerity debate



Roche to buy InterMune for €6.3bn as it expands into rare diseases



VMware's all-in-one line boosts push into data centre market

[HOME](#)

MORE FROM THE IRISH EXAMINER



Group »



VIEWPOINTS

[Our view \(editorial\)](#)
[Your view \(letters\)](#)
[Send letter to letter page](#)
[Columnists](#)
[Books](#)
[Book Store](#)

NEWS

[Breaking News](#)
[Today's Paper](#)
[World](#)
[Farming](#)
[Technology](#)
[Weather](#)
[Family Notices](#)
[Archives](#)
[Text Only](#)
[Election 2014](#)
[Titanic 100](#)
[Referendum 2013](#)

SPORT

[Soccer](#)
[Podcast](#)
[Columnists](#)
[GAA](#)
[Rugby](#)
[Golf](#)
[Racing](#)
[Other Sport](#)
[Results](#)

BUSINESS

[Breaking Business News](#)
[Business Analysis](#)
[Getting Ahead](#)
[The Small Business Show](#)
[Small Business](#)
[Budget](#)

PROPERTY

[News](#)
[House of the Week](#)
[Cover Story](#)
[Commercial](#)
[Starter Homes](#)
[Trading Up](#)
[Features](#)
[Property Search](#)

LIFESTYLE

[Showbiz](#)
[Fashion & Beauty](#)
[Food & Drink](#)
[Health & Life](#)
[Home & Gardens](#)
[Travel](#)
[Arts, Film & TV](#)
[Features](#)

HELP

[FAQ](#)
[Contact Us](#)
[Media Pack](#)
[Privacy Policy](#)
[Cookie Policy](#)
[Mobile](#)
[Subscriptions](#)
[Terms and Conditions](#)
[NNI](#)
[ePaper](#)
[Postal Delivery](#)
[Competitions](#)
[RSS](#)