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Banking for the Common Good: A Lonerganian Perspective

Joan Ballantine, Martin Kelly and Patricia Larres

Abstract

The financial crisis of 2008 left a legacy of hardship in its wake and exposed a culture of moral penury in UK banking. In an ex-post attempt to address this malaise and restore confidence in the sector, the Financial Conduct Authority (FCA) affirmed, in its mission statement, a strong commitment to serving the public interest. We appraise the FCA's public interest rhetoric and contrast the term public interest with its antecedent, the common good. In so doing, we conclude that the common good is superior to the public interest insofar as the former incorporates a moral dimension which is absent from the latter. Moreover, the common good embraces an inclusivity in its altruism that renders it superior to the majoritarianism of the public interest. Thereafter, we illuminate the concept of the common good by drawing on Bernard Lonergan's philosophical anthropology and, in particular, his cognitive structure of dynamic knowing. Finally, we provide a discourse for the banking sector which incorporates Lonergan's philosophy as a mechanism for conceptualising accounting and accountability for the common good. We argue for a new focus to liberate banking from self-interested desires, embedded in a neoliberal ideology, and redirect it towards a compassionate caring culture.

Keywords: Common Good, Public Interest, Accountability, Lonergan

1. Introduction

“The FCA serves the public interest through the objectives given to us by Parliament...above all, our goal is to serve the UK public interest through our regulation” (Financial Conduct Authority, 2017, p. 3). The prominence afforded to the term public interest in the Financial Conduct Authority’s¹ (FCA) mission statement confirms the pivotal role played by public interest legitimisation in the continued existence of organisations entrusted with “the devolved privilege” of regulatory powers (O’Regan and Killian, 2014, p. 620). By affirming public interest as its regulatory *raison d’être*, the FCA is seeking “to rebuild trust [in the banking sector] by asserting its altruistic credentials” (Walker, 2017, p. 8) and represent itself as a regulator “attributed with specialised knowledge” to prioritise, protect and intervene in financial markets “not for [its] own sake but for the public good” (Dellaportas, 2014, p. 679). Yet if truth be told, the FCA has something of a mountain to climb in this regard given the loss of trust in UK banking following the 2008 financial crisis. The Parliamentary Commission on Banking Standards (the Commission), established in June 2012 to review standards and culture in the UK banking sector, described this loss of trust as “serious and pernicious for at least three reasons. First, the public as taxpayers have footed and are still footing the bill for some of the behaviour which led to the loss of trust. Second, the events which led to that loss were the result of pervasive structural weaknesses, rather than the failings of a few individuals. Third, and most important of all, trust is necessary for banking to function at all” (PCBS, 2013a, pp. 82-83). In particular, evidence presented to the Commission revealed widespread weaknesses in accountability within the UK banking sector with the result that responsibilities were blurred and the system for controlling risk became a

¹ The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) replaced the discredited Financial Services Authority in 2013 as joint regulators of the UK financial services sector. The FCA is the body charged with the task of regulating behaviour and conduct within the UK financial sector.

box-ticking exercise whereby processes were followed, but judgement was absent. Accordingly, the FCA's mission to serve the public interest is somewhat juxtaposed with the unrestrained self-interest demonstrated by its constituents during this period. Episodes such as the London Interbank Offered Rate (LIBOR) scandal laid bare not only excessive risk-taking and an accountability vacuum, but also exposed the moral bankruptcy which stalked the UK economy's most influential institutions in the run up to the financial crisis. It is this lasting legacy which casts a long shadow over the FCA's recent affirmations of "selfless concern for the well-being of others"².

Scepticism regarding regulatory bodies' public interest intent is not without precedent in the accounting and finance literature. The consensus suggests that public interest rhetoric is a predictable response to a crisis of confidence triggered by financial scandal (O'Regan, 2010; Everett and Green, 2007), functioning only to pay lip service to the well-being of the wider community while serving as a cloak of benignity behind which self-interest continues to be promoted (Walker, 2017; O'Regan and Killian, 2014; Paisey and Paisey, 2012; Canning & O'Dwyer, 2003; Lee, 1995; Mitchell et al., 1994; Parker, 1994). Such like-minded cynicism, spanning time and context, taken together with the moral penury which pervaded the UK banking sector, invariably leads one to question the FCA's sincerity in affirming its public interest intent. In other words, is this just another example of regulatory posturing to conceal a self-serving culture which remains steadfastly loyal to a monistic institutionalised neoliberal ideology, aided and abetted by accounting conventions promoting short-termism and hierarchical accountability, or is it a genuine attempt at policy realignment to promote collective accountability and repair the moral chasm left by the 2008 financial crisis? We endeavour to address this question and, in so doing, challenge the notion that serving the

² Definition of altruism provided by the Oxford English Dictionary.

public interest provides a sufficiently altruistic mandate to propel the financial services sector towards an inclusive communal prosperity which would change UK banking for good.

Accordingly, the paper focuses on the moral authority of the decision-making practices of accounting and finance professionals, transporting them beyond a deontological adherence to formulaic external codes of professional conduct and standards of financial reporting towards the appropriation of ‘good’ decision-making approaches which incorporate the transcendental nature of ‘good’ decisions. Drawing on Bernard Lonergan’s philosophical anthropology, we posit that those regulated by the FCA (as human beings) have real causal powers, beyond the dominant institutionalised socially constructed discourses, and that they can interact with the powers that shape their objective life conditions to engender emancipation. In so doing, the paper seeks to encourage new forms of thinking, questioning and intervening that take standpoints against the hegemony of established institutions, the ultimate goal being to move the debate away from the aggregate individualism of public interest towards the collective accountability of the common good.

The paper adopts the following structure. An explication and evaluation of the term public interest, in the context of the FCA’s mission statement, is presented in the next section. Here, public interest is compared and contrasted with its antecedent, the common good. The paper promotes the common good over the public interest insofar as the common good incorporates a morality, absent from the public interest, and extends its benefits to society as a whole. Thereafter, we draw on Bernard Lonergan’s philosophical anthropology, and in particular his cognitive structure, to operationalise the common good. Finally, we provide a discourse pertaining to the banking sector which incorporates Lonergan’s philosophy as a mechanism for conceptualising accounting and accountability for the common good.

2. Public interest and the common good

Public interest rhetoric has featured prominently in statements of core purpose issued by financial and accounting regulatory bodies for some time (Everett et al., 2005). Moreover, the literature presents as reflexive the terms accounting and public interest to the extent that when discussing “accounting and society, the normative imperative creeps in, and we find it quite natural to insist that accounting ought to serve the public interest” (Neu and Graham, 2005, p. 585). However, while the use of public interest is well established in financial regulation, and its etymology discussed with great vigour in the accounting literature (Dellaportas and Davenport, 2008; Baker, 2005 etc.), the term itself lacks an empirical referent (King et al., 2010). Indeed, according to O’Regan (2010) “the essentially contestable nature of the term” public interest gives regulators the freedom to hone the concept to promote their personal mission (p. 301). In their critical analysis of the meaning of public interest in accounting, Dellaportas and Davenport (2008) stay true to the origins of the term by referencing the political science literature and proffer a general definition which focuses on serving “the collective well-being of people and institutions” while protecting “the economic interests of third parties by facilitating an efficient and effective economic decision-making process through the provision of relevant and reliable economic data” (Dellaportas and Davenport, 2008, p. 1093). Thereafter, they highlight the term’s ambiguity by skilfully employing Cochran’s (1974) typology of public interest theories to demonstrate how various aspects of accounting conform to each of Cochran’s four public interest types. The “ambiguity and fluidity of the public interest concept” (Walker, 2017, p. 9) presented by Dellaportas and Davenport (2008), renders almost inevitable “the diversity of rhetoric in the accounting literature that purports to relate to the public interest” (Baker, 2005, p. 690). They argue that the normative proposition of serving the entire public, though infinitely noble as a policy,

may prove to be operationally problematic and so, drawing on Cochran's (1974) consensualist theory of the public interest, they suggest that adopting the interests of "a relatively large number of people" (Dellaportas and Davenport, 2008, p. 1086) could provide "a practical solution to a sweeping concept" (p. 1088). In presenting public interest as an inadvertent fusion between Cochran's (1974) normative and consensualist theories, the accounting profession creates a conundrum wherein it aspires to benefit the public as a whole while simultaneously restricting the public to primary users of financial information (Dellaportas and Davenport, 2008).

What then of the FCA's mission to serve the public interest? Does it follow the path of the accounting profession wherein the normative proposition of extending its reach to all of society gives way to the operational expediency of majoritarianism through consent? As a national financial regulator, with powers devolved from the UK parliament, the FCA is compelled to pledge commitment to the public cause. Indeed, in this regard the FCA is quite specific about the public it serves.

"As a public body our aim is simple: to serve the public interest by improving the way financial markets work and how firms conduct their business. By doing this, we provide benefit to individuals, businesses, the economy, and so the public as a whole"
(FCA, 2017, p. 5).

Thereafter, the FCA homogenises its public into "end users" (FCA, 2017, p. 24) and states, with a level of conviction which brooks no dissent, that its regulatory reach is not restricted to a majority of society but rather that it extends to the population as a whole:

"We are responsible for regulating a sector which plays a critical role in the lives of everyone in the UK and without which the modern economy could not function. From

children's ISAs to pensions, direct debits to credit cards, loans to investments – how well financial markets work has a fundamental impact on us all" (FCA, 2018).

Notwithstanding this all-inclusive description of the public interest, the FCA introduces a caveat to dilute its own policy rhetoric. While it pledges to serve all of the public and makes explicit an assurance that it "do[es] not regulate to favour particular groups" (FCA, 2017, p. 6), the FCA, at the same time, alludes to a hierarchy of protection by conceding that, in making regulatory judgements, "some users of financial services get more protection than others" (FCA, 2017, p. 10). Notwithstanding the offer of an antidote to this inequity in the form of "transparent decision-making" (FCA, 2017, p. 10) and assurance of "more protection to consumers who are likely to have lower levels of financial capability" (FCA, 2017, p. 25), it would appear that the FCA's mission provides evidence to confirm the discourse emerging from both the political science and accounting literature that the public interest can only, at best, represent the greatest happiness of the greatest number (Walker, 2017; Dellaportas and Davenport, 2008; Douglass, 1980; James, 1981). Furthermore, this Benthamite notion of a public interest which espouses the concept of majoritarianism, despite being consensualist, "may well conflict with the interests of the few" (Douglass, 1980, p. 110), even if that interest is consensual. However, what if the reverse was the case and the interest of a small but influential elite was served? Could the moral ambiguity of majoritarianism (Douglass, 1980) be usurped by the unambiguous immorality of pursuing a minority interest?

Reference to the public choice theory of regulatory capture would suggest that there is every possibility that minoritarianism could come to pass if the more influential groups among the FCA's end users assert their particular interest by capturing the regulator and dominating the public interest. As a consequence, the regulator would cease "to serve some notion of a wider collective public interest and begin to systematically favour specific vested interests, usually

the very interests...[it was] supposed to regulate and restrain for the wider public interest” (Baker, 2010, p. 648). The resultant Orwellian configuration of a society in which power and privilege are captured by a small elite, creates a public where all [end users] are equal but some [end users] are more equal than others. The normative imperative of serving the public interest, even in its consensual majority form, would be completely contaminated by what Benthamite scholars might refer to as sinister interests. Therefore, given Stigler’s (1971) famous politico-economic predication that powerful entities will always try to capture a regulatory process to promote their own advantage, particularly in the early stages of regulatory realignment (Canning and O’Dwyer 2013), it is with some apparent naivety that the UK’s financial regulatory schema has been configured to expose the FCA to capture on a very significant front. Despite being accountable to the UK Treasury, the FCA receives no financial support from the government and instead relies for funding on mandatory fees paid by market participants. The danger from this arrangement is that “he who pays the piper calls the tune”. Therefore, while the FCA has been commended for acting decisively in the consumers’ interest on a number of occasions (Binham and Guthrie, 2015), the fact remains that prominent influential regulatees wield such power that they have the potential to capture the regulatory process and corrupt the public interest with their sinister interests by promoting their own financial agenda to advance their economic welfare (Thornburg and Roberts, 2008).

There is little room for societal welfare and selfless concern for the well-being of others in contemporary liberal democracies which promote a neoliberal agenda dedicated to the rights and liberties of individuals (Everett and Green, 2007). In a society where neoliberalism is the dominant economic and political discourse, “the purposes of government are increasingly seen in terms of the promotion of freedom and free conduct of individuals” (Everett and

Green, 2007, p. 129). This agenda is clearly in evidence throughout the FCA's mission. Pledges to support "a framework that allows fair, open and competitive markets to develop" (FCA, 2017, p. 6) and to "promote clean and competitive markets so that participants can be confident that markets are fair, transparent and open" (FCA, 2017, p. 6) sanction a financial services model which remains steadfastly loyal to a managed neoliberal ideology. While the FCA draws attention to the vulnerability and limited financial capability of certain groups in society such as the elderly and payday borrowers, it does so against the backdrop of a guiding hand which promotes individual choice, citing its long-term goal as promoting competition "to provide better consumer choice in financial services" (FCA, 2017, p. 30). However, promoting individuality and encouraging individuals to take responsibility for their own affairs, does so at the cost of stigmatising society's disadvantaged who are not in a position to fend for themselves (Everett and Green, 2007; Baker, 2005). For example, the FCA restricted the number of short-term high-credit lenders in the UK financial market by placing price caps on the payday loan industry, but as a consequence, individuals who are not in a financial position to simply tighten their belts have had to seek financial assistance from alternative sources which, because of their circumstances, often means illegal loan sharks. The result is greater financial exploitation (Kollewe, 2017). So long as groups in society remain disenfranchised from the subjectivised neoliberal definition of public interest, the term can never provide "a basis for the moral justification of public policy" (Douglass, 1980, p. 111). Even if regulatory capture is successfully eliminated and consensualist majoritarianism prevails (Dellaportas and Davenport, 2008), satisfying "the tastes of the majority... is hardly very compelling as a moral argument" (Douglass, 1980, p. 111). To incorporate a moral dimension into the public mandate, public policy development must transcend the individualistic public interest, which reflects the limitations of the neoliberal model, and embrace the inclusivity of the common good.

The common good rejects majoritarianism and offers a moral dimension absent from the concept of public interest. With its origins in the Aristotelian-Thomistic tradition and its position of prominence in Catholic social teaching, the common good perspective is closely aligned with spiritual and religious wisdom. It is this tradition and provenance which make the common good suitable for secular models of morality seeking to depress personal advantage and promote social justice in modernity (Offe, 2012). The moral appeal of the common good principle is that it “avoids both a focus on individual interests (individualism) and a domination of community based principles (totalitarianism) by proposing a clear connection between community good, human development and personal good” (Frémeaux et al., 2018, p.6). Pursuing a community good which is orientated towards human development (Frémeaux et al., 2018), necessitates obedience to internalized virtues, engendering a sense of duty. If virtues “are not internalized in actors as normative resources or dispositions, then no institutional procedure can evoke them” (Offe, 2012, p. 667) and the common good is unattainable. This focus on virtues, reflecting the Aristotelian conceptualisation which emphasises the traits of the actor as essential normative qualities in ethical decision making, supports Koehn’s (1995) assertion that virtue ethics stands alone as the only ethical theory which encapsulates the ideals of community. When applied to the financial services sector, the simple contention is the actors’ ethical judgment, when faced with everyday choices, cannot be directed by codes or rules imposed externally, but rather is dependent on the extent to which the actors have internalized virtues. Accordingly, ethical decision making is “exercised not through a routinizable application of rules, but as a function of possessing those [virtuous] dispositions that enable choices to be made for [the common good]” (Mintz, 2010, p. 115). However, this is only the case if reflexive thinking and ethics consciousness are embedded to facilitate ethical judgement and decision making. This transition from self-

interested desires, which underpin the banking sector's neoliberal ideology, towards a more inclusive conceptualisation of the common good is best explored in the company of Canadian theologian and philosopher, Bernard Lonergan. With Lonergan as a chaperon, one gains insight into the decision-making process whereby one discovers in oneself the dynamic structure of one's own cognitional and moral being and the implication of this for understanding accountability as a social practice within banking.

3. Lonergan's philosophy and the common good

Lonergan's philosophical anthropology views humans as being immanently constituted by the spirit of inquiry for understanding and motivated by value to do good. He focuses on the operations and processes of knowing and doing, an approach that is dependent on questions which stem from pure inquiry and exist in advance of methodology. The desire that draws one to inquire is a desire of 'being' which Lonergan says is the "objective of the pure desire to know" (Lonergan, 1992, p. 372): "an inherent human orientation to inquire intelligently and reflect reasonably (Lonergan, 1992, p. 539). When one answers all the pertinent questions to arrive at a true judgement, one enters the realm of being (Perry, 2004). From an ontological perspective, Lonergan argues that objectivity is in the realm of factual knowing. He eschews the idea that factual objectivity consists of an accurate representation, namely matching an idea formed in the mind with how things actually stand in the external real world. Instead, he postulates, "that genuine objectivity results from authentic subjectivity – that is, faithfulness in answering all the questions posed about whether or not things really are so" (Byrne, 2016, p. 7). Thus, for Lonergan, the inception and development of knowledge proceeds through a dialectical interaction of the agent with the phenomenal world.

Lonergan's unique contribution comes in tracing questions back to their originating and invariant sources in the two most basic human desires, namely "our unrestricted desire to know the whole of reality, and our equally unrestricted desire to discover and actualize whatever is genuinely good" (McCarthy, 2016, p. 141). These desires (or transcendental notions) are culturally invariant because of their unrestricted orientations and because all specific cultural contents are created in response to them. Lonergan's account of how one achieves self-transcendence, which he termed 'transcendental method', is his most important contribution to philosophy. This dynamic and self-reflective approach to knowing is a four-level transcendental process (see Figure 1) comprised of experiencing, understanding, judging, and deciding (Crowe and Doran, 1992). Lonergan argues that one needs to be attentive to experience, intelligent in understanding, reasonable in judgement and responsible in making decisions. Essentially, self-transcendence³ is mediated by social structures and social structures are mediated by self-transcendence. One achieves moral self-transcendence on the fourth level of consciousness intentionality when, through the operations of deliberation, decision and action, one does not only what is satisfying, but what is truly (genuinely) good and worthwhile. "There is a still further dimension to being human, and there we emerge as persons, meet one another in a common concern for values, seek to abolish the organisation of human living on the basis of competing egoisms [ideologies] and to replace it by an organisation on the basis of man's perceptiveness and intelligence, his reasonableness, and his responsible exercise of freedom" (Lonergan, 1972, p. 10). To be human is to be born into a community of shared meanings and values. It is from such a

³ At its most primordial level, self-transcendence is the pervasive phenomenon of questioning. Every language possesses interrogative forms. Genuine, as opposed to rhetorical, questions draw the inquirer beyond anything he or she has as yet come to understand, accept or value. For Lonergan, self-transcendence begins with questioning which in turn rises out of the unrestricted desires for knowledge, truth and goodness (McCarthy, 2016).

common pool of shared meanings that human beings progress and provide for their own well-being by contributing to the common good. Thus, Lonergan's philosophy emphasises the dual dialectic of the subject and the community (Ogbonnaya, 2013a).

(Insert Figure 1 here)

Lonergan's dynamic structure of human knowing (Figure 1) presented in his seminal work, *Insight*, provides a practical framework to reflect critically upon one's decision-making approach. Knowing occurs to the extent that one is attentive to one's experience, intelligent in one's understanding and reasonable in one's judgement. Finally, a question of value arises which should prompt a person to make a responsible decision based on those values. It is through the different levels of cognitional operations that the human subject is conscious of him/herself as one who is experiencing, knowing, judging and deciding. In so doing, one begins to truly know others and their needs, shattering one's cognitional myth that one can know by simply "taking a look" (Lonergan, 1972, p. 213).

Through commitment to the operations of the dynamic structure of human knowing, human beings become authentic (Ogbonnaya, 2013a). Authenticity is achieved in self-transcendence. However, we must recognise that although the world of interiority is an inner realm, it is one that is always already ruptured by subject-transcending sources⁴. Applying Lonergan's methodology to financial services, actors in the sector must be aware of the relationship between their own internal dynamic cognitive model of questioning, which is invisible to others, and the public manifestation of that questioning (Flanagan and Clarke, 2007). In

⁴ Although transcendent sources such as religion, nature, society and politics are independent of us as subjects, they engage us in a manner that calls us beyond ourselves.

contrast to an environment which imposes external rules and codes, Lonergan's model provides a structure of questioning that, if appropriated faithfully, adds real value to moral judgment and decision making in the financial services sector. It offers an alternative frame to the FCA's ongoing neoliberal agenda: an ideology so devoid of concern for key societal issues, such as sustainability and global poverty, that it is rendered incapable of satisfying the demands of the 'other' (Everett and Green, 2007; Baker, 2005). Society clearly matters so that moral judgement, whatever other cognitive abilities it may require, must involve the 'enlarged thought'. In other words, the fulcrum becomes the actor's capacity to make up his/her mind "in an anticipated communication with others with whom...[the actor knows he/she] must finally come to some agreement" (Arendt, 1961, p. 221).

Applying intelligence to generate insights enables the actor in the financial services sector to develop concepts and ideas, via reports or verbal briefings, which can be communicated to others and subjected to further questioning. Indeed, it behoves the FCA, as the regulator, to take a lead in developing and nurturing a more critical and reflective approach to decision making by creating spaces (physical or virtual) where discussion, questioning and critique are facilitated and encouraged. Upon reaching the third level of Lonergan's dynamic structure of human knowing, actors are required to reflect on the rightness of their insights before reaching judgement. The three levels must interact and contribute to a reflective insight on the third level of intentional consciousness at which point actors are in a commanding position to say 'yes' to what is suggested as being true and real. Arriving at mere possibility is not sufficient. To this end, further information may be required to gain a more comprehensive understanding of the situation. The process, according to Lonergan, will result in selection of the option which is morally valuable to the actor (Byrne, 2016). Not all judgements will be beyond reasonable doubt. The social order can be distorted by 'bias', at

both an individual and group level (for example, unethical culture, domination and power struggles) (Flanagan and Clarke, 2007). Individual bias, referred to as ‘egoism’ (Lonergan, 1992), results in the individual good taking precedence over the good of others, ultimately leading to the erosion of the common good (Ogbonnaya, 2013a), while group bias, according to Lonergan, arises when the group’s interest is protected to the detriment of other groups. The Lonerganian discourse on bias, as a distortion of social order, presents a ringing indictment of the pursuit of particular interest, be it group or individual. Accordingly, it lays down an axiomatic challenge to the concept of public interest which can only ever satisfy the interest of some in society, while frustrating the interest of others. Moreover, when applied to the UK’s financial services sector, Lonergan’s narrative on bias foreshadows a regulatory capture situation in which the vested interests of powerful influential groups among the FCA’s regulatees are protected at a potential cost to other groups in society. These vested interests are often sinister interests masquerading as societal interests. Overcoming bias requires a culture whereby actors in the sector are transparent, sharing information and testing their opinions by constantly subjecting those opinions to further questioning. This is difficult and the transition will take time, but it is incumbent on the FCA to promote this type of social accountability if banking for the common good is to be achieved.

At each of the cognitive levels, one is aware of oneself but, as one transcends, it is a fuller self of which one becomes aware and the awareness itself is different. At the fourth level (i.e. ‘*Be Responsible*’), through experience, understanding and judgement, the banker has established a reasoned position and now needs to take responsibility for the choices confronting him or her. There is an awareness of something new happening in his/her consciousness: a pressing drive towards a clear moral responsibility to do the right thing. For Lonergan, “the ‘good’ is intended in questions for deliberation...It is known in judgements of

value made by a virtuous or good person... and is brought about by deciding and living up to one's decisions" (Lonergan, 1996, p. 277). Being ethical is doing what is authentic, not what others expect. Reflecting on what others say and asking pertinent questions is also part of the process of ethical intentionality (Byrne, 2016, p. 294). However, authenticity can never be merely a knee-jerk reaction to do the opposite of what others expect. Authenticity is the exercise of the wholeness of one's own agency, including the intelligent, critical and normative evaluation of what others have to say. There is no guarantee that one will attend to experience and search for insight. One can be inattentive and miss or distort data. One can run from insight and accept the dominant ideology by turning a blind eye or refusing to ask questions. As outlined by Coghlan (2008), while the desire to know reveals itself in attentive questioning, there are fears which block or divert this questioning, censoring and selecting what one chooses to question. One can also be unreasonable in his/her judgements, settling for what is comfortable rather than for what questions of inquiry conjure up, for example, not seeking an alternative to institutionalisation of shareholder value and not challenging those who wield the power. Hence for Lonergan (1972), authenticity is characterised by adherence to what he calls the four transcendental precepts: *be attentive; be intelligent; be reasonable and be responsible*. Indeed, "it is through experiencing, understanding and judging that we conscious subjects, by intending and questioning, transcend ourselves to affirm that the object of our questioning does exist independently of our thinking, in its absolute realm" (Beer, 2010, p. 46).

To understand the common good "one needs something in the way of a scheme, something that will suggest to one the great variety of questions connected with thinking about the human good" (Lonergan, 2010, pp. 494-495). Such a scheme will incorporate the transcendental process that is used to generate insight (see Figure 1). The structure of the

human good is an open one, one that is big enough “to include both subject and object, to unite the subjective and objective, the individual and the social” (Lonergan, 2000, pp. 39-40). According to Lonergan, human beings desire the particular good, the good of order of the community and life as motivated by value (Lonergan, 1972). Schemes of recurring events that ensure provision of the human good often break down and private or individual good (i.e. particular good) takes the place of the common good. “So the good of order deteriorates” (Lonergan, 1972, p. 54). One can also see this particular good articulated in the shareholder maximisation model whereby the solitary pursuit of self-interested desires becomes the key driving force. What accounts for the shift from the first stage of the structure of human good, i.e. particular good, to the second stage, i.e. the good of order, is the recurrent nature of the need for particular goods. Accordingly, the good of order represents the coordination of human activity (Lonergan, 1992). Institutional breakdowns and financial crises “are the breakdown and decay of the good of order” (Lonergan, 1992, p. 239). Co-operation and self-transcendence change to meet new and emerging needs of the community and are also, by necessity, dynamic. This is evidenced in the way some businesses respond to social and environmental crises. Acknowledging that no single good of order or any institution or set of institutions are the only ones possible, Lonergan moves his attention from the second stage of human good to the third. “When human beings are reflective and rational, particular goods, institutions and goods of order are inextricably bound to be considered, evaluated and criticized” (Lonergan, 2000, p. 39). Reflecting on the good of order and evaluating and criticizing it, gives rise to the notion of value⁵, namely asking the question, is it worthwhile (Lonergan, 2000)? This third stage of the good requires judgement and responsibility, a collective critical reflection on whether the patterns of cooperation contribute to the common

⁵ Melchin (1998) identifies value as a level of moral meaning in which we make judgments about whether these social obligations are truly good or not. In other words, values involve us judging whether we are doing the right thing.

good over time. In other words, this level asks where are the patterns of cooperation heading and to what extent are they contributing to the long-term common good? The third level acknowledges that corporate activity may contribute to inequalities, injustice and environmental degradation and wreak havoc on the lives of those affected⁶. Conversely, corporations can also enhance the quality of life for citizens (McAleese, 2012) by enquiring as to how our social patterns of cooperation fit into the wider ecologies of history and nature (Melchin, 2005) or asking is this in the common good? When human beings judge, choose and act authentically, according to the transcendental precepts, they bring about the common good (Byrne, 2016). Lonergan's philosophical anthropology is about people (the 'I' and the 'other(s)') and does not have the potential to denigrate or hold any human being in contempt (Ogbonnaya, 2013b). Attentiveness, intelligence, reasonableness and responsibility reside in human subjects regardless of race, culture or creed (Ogbonnaya, 2013a).

4. Accounting and accountability to a common good

The FCA's mission, setting out its unwavering commitment to neoliberal policies designed to make financial markets more efficient, reinforces the primacy of shareholder value. This agenda, past and present, owes much to calculative accounting practices. To this end, accounting's role in the 2008 financial crisis is undeniable. Indeed, one of the witnesses providing evidence to a House of Lords Select Committee on Economic Affairs (HoLSCEA) investigation into the crisis (*Auditors: Market concentration and their role*), went so far as to describe "the bank crash in the UK and Ireland as a crisis largely caused by accounting" (HoLSCEA, 2011, p. 33). Examples of accounting practices to which the witness was

⁶ Lonergan describes evil as being the opposite of the good. In other words, if evil is the opposite of the good, then evil will be opposed to each aspect of the good at every level. For example, with respect to particular goods, there are particular evils perpetrated by individuals including harm and destruction (Lonergan, 2000).

referring include financial reporting requirements governing asset valuation and off-balance sheet entities (Arnold, 2009; Ryan, 2008). However, despite the barrage of criticism unleashed against the neoliberal discourse in the finance and accounting literature (see for example Chiapello, 2017; Cooper et al., 2010), it continues to be the FCA's ideology of choice, not least because "one of the tricks of ideology is that it makes it very difficult to imagine alternatives" (Cooper et al., 2010). Following on from Cooper et al.'s (2010) concern and responding to Chiapello's (2017) call "to identify opposing forces and seek to theorise them" (p. 13), we argue that Lonergan's cognitive structure of dynamic knowing represents a counter-discourse, grounded in the pluralistic notion of the common good. Accounting, in making things visible, also creates invisibility. By understanding how those working in the banking sector experience, understand, judge and take action, we can support demands for a more inclusive form of accountability and, as highlighted by Lehman (2013), create enhanced visibility and break the silences. Lonergan's cognitive structure, with its emphasis on human flourishing, supports Ravenscroft and Williams' (2009) contention that in order to prevent the neoliberal drift, accounting needs to be re-anchored in the root metaphor of accountability and stewardship. The conventions, derived from neoliberal doctrine underlying accounting (e.g. decision usefulness), are developed by powerful elites masquerading as accounting standard setters, charged with the task of determining the specific conventions to be followed. The result is a socially-constructed world in which these conventions are embedded. Yet, while the standard setters, preparers and users agree that International Financial Reporting Standards (IFRS) have binding normative force, and while there is epistemological objectivity in the wording of the standards themselves, such standards remain ontologically subjective, being the product of human negotiation and agreement, having no reality outside this collective agreement process (Barker and Schulte, 2017). The problem inherent in such conventions, prescribing rules to calculate, judge and make decisions, was specifically

highlighted by their Lordships (HoLSCEA, 2011) when they condemned the imprudence of IFRS in the banking sector. They acknowledged that “aspects of the [IFRS] model seem more targeted at short-term trading (decision usefulness) rather than stewardship accountability” (p. 35). Such esteemed criticism endorses the view that power and group bias, operating via ideological hegemony, produce a *raison d’être* for financial accounting which is focussed solely on serving the financial markets (Arnold, 2009). Altruism is largely absent in this self-serving world so that the notion of a common good can only ever be anathema.

While accounting information can provide an important mechanism through which major aspects of accountability, particularly financial accountability, are discharged, accounting cannot be understood solely in accountability terms nor can accountability be entirely satisfied by accounting-type statements and techniques (Gray et al., 2014; Roberts and Scapens, 1985). The rules and principles which comprise financial reporting are based on the premise that they provide decision-useful information to enhance market efficiency. Despite academics such as Williams (2018) cautioning that a financial reporting system, constructed on blind faith in the economics of the market, will never prevent financial crises, significant regulatory bodies such as the FCA continue to promote the mantra that better regulation can enhance “trust and confidence in the market” (FCA, 2017, p. 6). Moreover, the FCA’s commitment to hierarchical accountability is evidenced by its warning that a regulatee found breaching its rules may be subject to “public censure, suspension or a financial penalty” (p. 14). It would appear that sanctions and blame apportionment are encouraged by the FCA in its attempts to establish enhanced visibility and culpability (Roberts, 2009). In so doing, hierarchical reporting reduces the concept of accountability to compliance with rules of conduct or reporting standards (Joannides, 2012).

In contrast to the defensive processes triggered by hierarchical accountability (O'Neill, 2002), Shearer (2002) and Messner's (2009) relational accountability emphasises the need for broadening corporate accountability content beyond the purely economic and financial to embrace the social, based on the accountant's focus upon the other rather than upon him or herself. "People are required to explain and take responsibility for their actions" (Sinclair, 1995, p. 221) through "the giving and demanding of reasons for conduct" (Roberts and Scapens, 1985, p. 447). There is a need to embrace wider concerns and stress the importance of the personal account with the other, with the face and voice of "those most vulnerable to the effects of corporate conduct" (Roberts, 2003, p. 263). This acknowledges the responsibility for being in relationship with and accountable to the community, that is to say, a community-centred approach (Parker, 2014). Moreover, this is consistent with Lonergan's cognitive structure whereby one is aware of oneself but, as one transcends, it is a fuller self of which one becomes aware and such awareness also embodies the other.

Drawing on the linkage between morals and accountability, Taylor (1996) states that "accountability is not an administrative tool but a moral principle" (p. 68), signifying that any practice based on accountability raises an array of issues that are more philosophical in nature and which have important practical consequences. Indeed, Roberts' (1991) call "to recover accountability from the elusive and apparently mesmeric grip of accounting" (p. 367) should be understood in the context of his desire to advance new forms of socialising accountability driven by values and ethical considerations. Schweiker (1993) echoes this concern and suggests that the conceptualisation of accountability may be drawn from religious and cultural traditions. His imperative directs us to time-honoured values: "we must draw again from the wells of moral wisdom found in our religion and cultural traditions" (Schweiker, 1993, p. 239). By giving an account of oneself, an individual assumes the role of a moral

agent within the community and demonstrates concern for the common good, human solidarity and basic respect (Schweiker, 1993). Personal accountability includes conformity with personal conscience and a respect for others and their human dignity. This, Sinclair (1995) argues, may be reinforced by an organisational culture in which such responsibility and accountability become a “way of being” (p. 231). Explicitly recognising accountability as a social practice, Roberts (2009) identifies an accountability “which expresses and enacts our responsibility to others, and for others, rather than just myself” (p. 967). Such compassion serves a social agenda for broadening corporate accountability beyond the narrow confines of profit maximisation (Parker, 2014).

Fry (1995) distinguishes between an externally-focused accountability, based on a hierarchy, and accountability as an internal dimension motivated by a ‘felt accountability’ where management genuinely wants and chooses to account. The actor must feel responsible for that which he/she is being held to account: “it is through the act of making a promise, that responsibility becomes felt” (Fry, 1995, p. 189). They (the actors) are motivated by “an internal sense of moral obligation” (Mulgan, 2000, p. 557). Moreover, Sinclair (1995) contends that felt accountability is the “the product of an upbringing or a personal voyage of discovery” (p. 231). Consequently, felt accountability, which may be drawn from “personal religious and moral values” (Hall et al., 2007, p. 412), forms an important underpinning motivation towards accomplishing the organisational mission. This method of self-discovery, of taking responsibility, is the foundation of Lonergan’s dynamic invariant structure of knowing and the common good. Besides questions for understanding (what and why?) and questions for reflection (is this so?), there are questions for deliberation (is this worthwhile?). Furthermore, the existential questions of value on which the accountant deliberates and acts, require him/her to look at the effects of his/her own actions on others. Accordingly,

accountability becomes internally felt, rather than externally imposed (Sinclair, 1995). Felt accountability and the drive towards value, draws the actor through the transcendental precepts (see Figure 1). From a Lonerganian perspective, the actor will ask what is this; why does it happen and is that so? In contrast, the hierarchical aspect of accountability emphasises compliance rather than informed decision making for which the accountable self should be responsible. A more intelligent form of accountability (Roberts, 2009; O'Neill, 2002) which moves away from a rational and calculating approach to giving an account is required. In other words, one should “listen at another rhythm for something else, for an incalculability and unforeseeability that cause the accountability programme to stammer or stutter” (Kamuf, 2007, p. 253) or be attentive to what Lonergan calls the ‘tension of inquiry’. “Well-placed trust, [something which has been absent within the banking sector], grows out of active inquiry rather than blind acceptance” (O'Neill, 2002, p. 7). Instead of protecting my transparent self, or believing in my own perfection or perfectibility, there needs to be a more “compassionate attitude both to myself and others” (Roberts, 2018, p. 236). The mindset of an individualised self, promoted by neoclassical economics, is not given or fixed but rather, is produced and reproduced only through the disciplinary processes of individualising systems of organisational accountability (Roberts, 2018).

Accountability systems must be redesigned to move actors away from a preoccupation with achieving individualised calculative performance targets. Lonergan's cognitive framework offers a powerful antidote, not only to challenge the prevalent discourse whereby actors see their value reflected as calculated numbers, but also to seek alternatives based on an appropriation or discernment (Byrne, 2016) of virtues which, in turn, assist actors in making informed ethical decisions in pursuit of a common good. Personal accountability does not arise in a vacuum. It is elicited when one confronts the needs and expectations of others. As

Lonergan (1972, p. 253) postulates “Just as it is one’s own self-transcendence that enables one to know others accurately and judge them fairly, so inversely it is through others and appreciation of others that we come to know ourselves and to fill out and refine our apprehension of values”. Rather than simply imposing a menu of extrinsic rules and standards, it behoves the FCA to promote an environment which helps regulatees to identify the normative dynamics of self-transcendence already present within their own experience and, in so doing, make a contribution to a good beyond oneself. The accountability system must promote an open and honest dialogue for arriving at an appropriate course of action “consistent with the norms and values of the community” (Dillard and Brown, 2014, p. 80).

5. Conclusions and reflections

The tale of banking in the UK is one of an industry that lost its way. As Mark Carney, Governor of the Bank of England, admitted, “too many participants [in UK banking] neither felt responsible for the system nor recognised the full impact of their actions. Bad behaviour went unchecked, proliferated and eventually became the norm” (Carney, 2017, p. 2). Acknowledging Carney’s concern, we argue that an imposed morality cannot deliver the UK banking sector’s conversion. Rather, what is needed is a virtuousness which emanates from a self-appropriated ethic. This cannot be achieved by serving the public interest. The FCA’s public interest mission can never attain objective societal well-being as it favours personal choice and, ultimately, private advantage. We believe that the FCA’s core purpose and focus should, instead, be directed to serving the common good. The common good, unlike the public interest is more than the sum of particular interests. It incorporates a morality which is absent from the public interest and embraces the notion of a communal prosperity. This inclusivity renders the common good superior to the majoritarianism of the public interest in

general and, more significantly, superior to the minoritarism of a captured public interest in particular.

The premise in mainstream accounting and finance research of an individualistic self-interest, rooted in neoliberal ideology, that emphasises material gain, is too narrowly focussed. It ignores the possibility that when human beings judge, choose and act authentically, according to the transcendental precepts, they collectively bring about the common good. We argue the importance and potential of research that places the 'tension of inquiry' at the centre of analysis when investigating accountability practices within organisations. We create the common good when, as members of the human community, we begin to move towards attentive experience, then to intelligent understanding, then to reasoned judgment and finally to responsible choice of actions. These choices begin to structure a new society as each new situation builds upon the previous, with further insights and more significant courses of action, leading towards progress and development. The banking crisis exemplified a failure in the good of order wherein self-serving biased actions distorted trust and legitimacy. This was confirmed by the Commission who attributed the epithet "appalling" to the behaviour of bankers involved in the financial crisis (PCBS, 2013b, p. 12). If the banking sector is to move towards a common good model, then as a community it must embrace the social order (i.e. the good of order) and commit to the notion of a common good over time. If bankers are to act responsibly, particular goods should not be in conflict with the good of order. A regulatory system of accountability, based on sanctions and enforcement, will never deliver collective moral responsibility as envisaged by Lonergan's dynamic structure of human knowing.

If change is to be enacted, regulation issued by the FCA must encourage actors to question existing practices rather than merely ‘ticking the box’ and confirming compliance. New insights will emerge, through deeper reflection and critique, with the goal of reaffirming good practice and/or, when necessary, identifying new measures that would improve current practices within the sector. Lonergan’s dynamic structure of human knowing shows us how virtuous living can be achieved through one’s conscious intentionality to live an authentic life. Developing a concern for other people is a fundamental aspect of ethics and for the continuance of a cohesive society. Those working in the banking sector must not aim for satisfaction of particular goods without considering the impact on the higher level good where societal trust is threatened. The contemporary narrow concept of ethical responsibility isolates those working in the banking sector from the rest of society where management action is focused on financial performance to the exclusion of concerns for fellow man. If the banking sector is to regain trust, actors must shift their focus and understand that responsibility to others emanates from within. Like the medical practitioner, at the good of order level, those working in the banking sector need to engage in collegiate dialectic to test their insights. It is this discourse that brings to light the different understandings and conceptions of truth arrived at by each professional. Lonergan’s dynamic structure of human knowing is consistent with a desire to understand how we come to know the common good within the banking sector. Accordingly, members of the banking community must direct their focus towards ongoing critical enquiry and be accountable for their decision making arising from experiential insights. Such enlightened questioning, we would argue, fosters an intelligent accountability, promoting a culture of responsibility within banking to advance the common good.

From its inception, critical research has strongly contested the idea that the financial profession is neutral, apolitical and geared to the common good (Morales and Sponem, 2017). Moreover, scholars have also raised concerns as to whether the financial profession can ever serve the public interest. They argue that public interest has become an identifier to justify self-regulating monopoly (O'Regan, 2010, Everett and Green, 2007; Sikka, et al., 1989). The rhetoric of neutrality emerges as an ideological weapon serving to legitimize the profession, secure its self-regulation and increase its power and prestige (Morales and Sponem, 2017). Drawing on new theoretical frames such as Lonergan's philosophical anthropology, enables new visibilities, new voices and new discourses which have the potential to disrupt and encourage possibilities for change. As highlighted by Morales and Sponem (2017), critical research in accounting and finance provides a forum for questioning what practice and research usually takes for granted, including its ideological underpinnings and the interests it promotes. This is precisely what Lonergan calls us to do: to look out for, pay attention to and critically reflect on the 'tension of inquiry'. A new focus on accountability for the common good would redirect banking away from a culture festooned with self-interested desires, embedded and institutionalised in a pervasive neoliberal ideology, towards a pluralistic perspective which encompasses a more caring, compassionate approach to finance, in other words, a discourse which contributes towards human flourishing. Not least, such a discourse may help to recapture and reaffirm the original purpose of banking enshrined in the Bank of England's founding charter of 1694, namely "to promote the public Good and Benefit for our People" (Bank of England, 2014, p. 2).

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Figure 1: The Dynamic Structure of Human Knowing⁷

⁷ Adapted from the work of Father Bernard Lonergan S. J.