**Bank safety culture, risk taking and misconduct**

**Abstract**

We examine how and to what extent a bank's culture influences that bank's misconduct. We find that banks with a growth-oriented risk-taking culture are more likely to receive enforcement actions whereas banks with a safety-oriented culture are less likely to receive enforcement actions. Our findings remain despite accounting for look ahead bias, measurement error and omitted variable bias. Using state-level culture measure as an instrument variable, we find evidence supporting a causal effect of corporate culture on misconduct in banks.