



# The four Cs of **compliance training**

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The headlines haven't slowed. Enforcement actions, fines, citations, penalties and threats of products being discontinued are just some of the challenges facing companies because of the Dodd-Frank Act, the Consumer Financial Protection Bureau and the new regulatory environment. No financial services company is exempt. Regardless of size, your company is required to have a compliance program with training that addresses all of the laws and regulations that pertain to the types of transactions being performed in your business.

To develop a strong compliance training program, companies should consider the following four questions:

- Is the program comprehensive?
- Is the program cost effective?
- Does the training program create a culture of compliance throughout the entire organization?
- How effectively does your training program demonstrate your company's commitment to compliance?

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# 1 Comprehensive

A great deal of gray area exists when it comes to compliance in the financial services arena. While most companies are generally familiar with the requirements of the Bank Secrecy Act and anti-money laundering laws, they often find there are no clear expectations set forth by their respective regulators.

Many companies with long established compliance and training programs are finding gaps and weaknesses within programs that previously passed regulatory scrutiny. Regulators are paying greater attention to military lending, red flags for identity theft, privacy practices, and unfair, deceptive or abusive acts and practices. With costly penalties at stake, it is important to reevaluate the breadth of the program at least annually, and to establish trusted resources outside of the company that can help validate and navigate the expectations.

# 2 Cost effective

The cost of compliance has historically been burdensome with the changes to regulations and the volume of information that had to be addressed. In recent years, many compliance training programs have been streamlined and are becoming more affordable.

Many of the state and national trade associations have opted to direct efforts toward compliance when it comes to policies, procedures and training by outlining the training expectations and requirements, creating uniform standards and best practices, and in some cases even offering reduced pricing on training packages for members to ensure they have established a uniform program that meets all of the required criteria.

# 3 Culture

Engage in a top-down approach. This means training and empowering employees to recognize how their actions affect others and the organization as a whole. Employees should be trained on how to treat subjects such as discrimination in the workplace, how to communicate with customers seeking credit, how to recognize potential fraud, when to report transactions that exceed the established thresholds or appear suspicious, how to advertise free products, and how to handle sensitive and private customer information. These examples play into the big picture, and when employees are properly trained, can create a culture of accountability, and ultimately, compliance.

# 4 Commitment

As a business leader how can you demonstrate your commitment to compliance? Commit to using the five pillars of success when building out your compliance program.

1. **Designate** a dedicated compliance officer.
2. **Document** internal policies, procedures and controls.
3. **Train** employees regularly and systematically.
4. **Engage** and outside company for a third-party, independent, review of your compliance training program.
5. **Conduct** ongoing customer due diligence.

Using these four questions as a guideline will illustrate your dedication to best practices business models to regulators, auditors, banks, employees and stakeholders in your business, resulting in a compliant and well-run company that is here to stay.