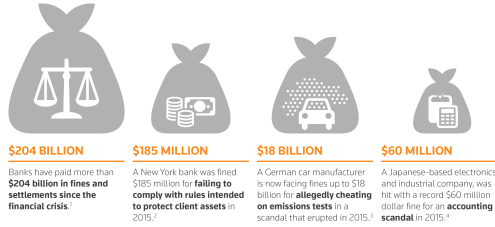


A Culture of Compliance

Nearly all institutions provide some level of training to employees, but a culture of compliance goes beyond one-size-fits-all training. It embeds compliance into everyday workflow and sets the foundation and expectations for individual behavior across an organization.

The Costs of Non-Compliance

Scrutiny around compliance is rapidly increasing as regulators look to ensure that companies are putting policies and procedures in place to effectively respond to and mitigate risk. The most obvious consequence of non-compliance is the huge monetary penalties and fines that can occur as a result of misconduct.



Establishing a Culture of Compliance

Establishing a culture of compliance requires continuous vigilance, resources and time to influence widespread change. As regulatory demands continue to grow, companies need to have the resources and technological framework in place to build compliance practices into their everyday workflow.

How to achieve a culture of compliance – the basics:

Awareness

A company can't be compliant if it doesn't fully understand regulators' expectations. In today's constantly evolving regulatory environment, companies need to find new ways to keep their finger on the pulse of changing regulations. It is extremely important that an organization has the resources in place to keep managers abreast of new developments, meet deadlines, and understand complex rules in a timely manner allowing them to make well-informed decisions to better mitigate regulatory risk.

Communication

Compliant behavior goes hand in hand with instilling an ethical culture across an organization. To achieve this, the tone needs to be set from the very top. The C-Suite needs to effectively and continuously communicate the expectations, policies and procedures that employees are expected to understand and practice daily. Senior managers need to be transparent about their own behavior by setting a high standard of ethical conduct that can be filtered down throughout an organization.

Education

Ensuring that employees are educated on an organization's internal policies and external regulations in a regular and influential way is essential. New approaches, like Microlearning, focus on delivering training in small, specific modules in order to maximize retention of information.

Effective Technology

There is no 'one size fits all' approach to compliance education, so companies need to create a customizable framework that appeals to the needs and learning styles of different employees. E-Learning programs that leverage interactive use cases, videos, games and quiz questions that cater to a specific user's job function, have proven to be an extremely effective way to reach the digital-savvy employee. A system that offers administrative tracking, reporting and mobile accessibility for users is also beneficial.

Incentives

A corporate culture reflects what managers reward. By developing suitable compliance incentives, management can demonstrate their commitment to compliant and moral conduct. An employee will be more motivated if there is potential for personal and professional gain.

Incident Reporting and Case Management

Incident reporting and case management is an important aspect of a compliance program in order to ensure a company is able to track and address any misconduct. Being aware of non-compliance is half the battle when it comes to mitigating risk.

Dating back to 2004, then SEC Director of Enforcement, Stephen M. Cutler, said:

*"Make integrity, ethics and compliance part of the promotion, compensation and evaluation processes as well. For at the end of the day, the most effective way to communicate that "doing the right thing" is a priority, is to reward it."*⁵

Ensuring that a company has its finger on the pulse of changing laws and regulations can help proactively steer that organization onto a successful and fruitful path. Effective technology, widespread organizational standards, and continuous education will help set a positive and rewarding culture of compliance across a company and competitive advantage over industry peers.

Learn more about the Thomson Reuters Compliance Learning at:
<https://risk.thomsonreuters.com/products/thomson-reuters-compliance-learning>