



# How do you improve compliance in your firm?

## Improve Training!

### 11 top tips

We bet you are interested in how to improve compliance in your company. This question is quite complicated and there a lot of answers. We suggest you to improve your compliance training. Since some of our clients expressed concerns about the manner on how to improve their compliance training program, we've decided to outline some practical tips that can assist you in establishing a robust compliance training program.

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## How training can improve compliance in your company?

Companies must always improve their compliance with laws and regulation. This can be done by promoting ongoing development and knowledge within the firm and training of employees. Compliance training brings far-reaching positive attributes to the well-being of your business. Firstly, training helps to minimize the number of policy breaches. Secondly, when a breach has occurred, reputational damage and sanctions can be minimized if the company had an adequate compliance regime that includes the training of employees. Hence, compliance training and its effectiveness are important aspects of the operation of all companies subject to regulatory requirements.

We look at compliance training as an ongoing process dedicated to achieving compliance from the employees by continuously training them. The main idea is to ensure that all relevant employees are aware, understand and internalize the rules and requirements applicable to them. Action research helps to do it by constantly analysing the effectiveness of a compliance training program and assumptions on how it can be improved.

The following guidance is focused on the assumptions (tips) on how a compliance training program can be made more effective. Nevertheless, it does not mean that all these tips will make your compliance training sessions and program more effective.

You can test the effectiveness and suitability of our tips for your company using **action research** \* or other comparable methodology.

\* <https://research-methodology.net/research-methods/action-research>



## 11 tips on how to improve compliance in your company by improving training

### 1. Involvement of top managers increases attendance and motivates employees

When top managers follow instructions and visit training sessions, employees are led by their example. <sup>[7]</sup> Top managers can take part in ensuring that employees participate in training sessions. <sup>[3]</sup> Invitation to a training session can be sent from a top manager's e-mail or at least the head of department's e-mail. The attitude of employees towards training sessions becomes more serious if somebody with a higher authority tells them about the importance of visiting such sessions. It helps to show the top-down approach related to compliance, which is esteemed in the raising of successfulness of any training programs.

The personality of a Chief Compliance Officer is also crucial. It is one of the most important members of the management team. If the position is taken by a charismatic, reputable and respected person, there is a higher chance that this person will be capable of motivating other top managers and regular employees to learn and understand guidelines and subsequently be compliant.

### 2. Short informational sessions followed by practical workshops and tests can make the learning process more efficient

Training sessions should be appropriate in length and frequency. <sup>[1]</sup> Sessions should not be too long, because it is hard to stay focused for a long time.

For complex issues, there should be information sessions, workshop sessions and tests as scientists proved the efficiency of retrieval practice and that tests improve knowledge. <sup>[2]</sup> The idea is to provide employees with theoretical knowledge, with some practical knowledge and then test their knowledge to ensure that it will stay their long-term memory.

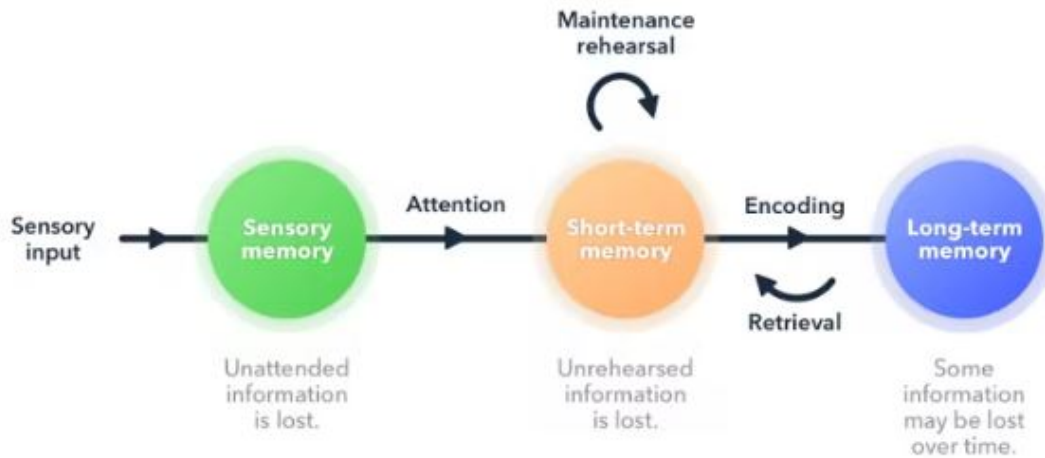


Image: Wooclap - <https://www.wooclap.com/en/blog/brain-education/why-teachers-need-to-understand-how-memory-works>

### 3. Make your training material and training sessions clearer and more relevant

While it sounds obvious, training material and training sessions should be clear for the employees. There are many cases when the information provided in training materials or during sessions is too complicated, ambiguous or does not provide any valuable information.

If you provide materials for self-studying, you have to make sure that it will be easy to read, listen and understand. We saw companies sending their employee's long Word documents with poor structure and a lot of quotes from laws and policies. It is extremely hard and boring to read plain text unless you are from the legal or compliance industry. The best combination is short videos explaining the concept and example of cases (real or artificial case-study) followed by a well-structured manual. In cases that you do refer to the excerpts from the legislation, make sure to make summary tables/illustrations that will present all of this information in an accessible manner.



#### **4. Group your compliance training audience by their prior knowledge and specialisation**

While all the employees must be aware of the gift policy, only certain employees have to know what kind of gift from a client or partner can breach the gift policy of her/his company. When an employee, who usually does not directly interact with clients or receive gifts, receives a gift from a client or partner, it would be enough for the employee to be aware of the gift policies, read the instructions and consult with the compliance department if necessary. Unlike for employees who receive gifts very often, there is no need for such an employee to have comprehensive training related to the gift policy.

Temporary staff, independent contractors, and business partners require training as well. Their training may require a different attitude and they may not need full induction. However, in specific areas (since regulated entities cannot contract out certain regulatory responsibilities) they may need the same level of training. Therefore, it is important to ascertain the different areas and tailor training specifically to such types of staff members.

Employees that are more skilled are usually bored with listening to the information they already know. Newcomers should be trained separately from those who are working for a quite some time. If the time of the employees is not wasted on redundant compliance training sessions, more time is left for training sessions that can really help the employees not to violate the policies and deepen their knowledge.

#### **5. Face-to-face compliance sessions are a must-have**

Face-to-face sessions can help employees encountering difficulties with learning and understanding. Additionally, the sessions ensure that the key employees understand the rules applicable to them and know somebody from the compliance department personally. <sup>[3]</sup>

Furthermore, personal interaction allows ensuring that the training is made interactive and the message is delivered to the recipients in a proper manner. Personal engagement helps the employees to raise concerns and engage with the trainers.



## **6. Gamification element during compliance training sessions related to uncomplicated rules for the less-knowledgeable employees improves learning**

There are researches showing that in cases of uncomplicated training materials and when employees do not have a solid prior knowledge of the topic, gamification of a training session is capable of making it more effective.<sup>[5]</sup> <sup>[6]</sup> Gamification allows for employees to grasp basic concepts more efficiently and retain them in their memory for a longer period of time.

## **7. Improve access to information**

In some companies, employees are unable to find the information they need to understand how to behave in a compliant way. Training materials, recordings of training sessions (if appropriate), standards, procedures, and policies must be available to those expected to comply with them.<sup>[4]</sup>

A company may use a cloud database (e.g., DropBox) or an internal database. In any case, the employees should be able to find the information they need without any difficulties. If a company has enough resources, it can create a database search algorithm that allows finding all the necessary information by using filters and keywords. Additionally, the FAQ section can be created for each compliance area.

## **8. Training is effective when employees are not busy, so the company should take its employees workload into consideration**

There should be an appropriate schedule for the employees, so they are physically able to read, learn, and visit the sessions. Perfect timing for training sessions should be found. For instance, the end of quarters and years are usually busy periods in many companies. Therefore, training should not be conducted during such periods.



## 9. Motivate employees

A compliance training program can be effective only when the employees read the materials and visit the sessions. Generally, employees should be motivated to train and be compliant.

On the one hand, training sessions should be obligatory, and those who ignore training sessions should be penalized [4] and reported to the management. [3] Additionally, there can be some penalties for failed training tests.

On the other hand, there is an opportunity cost for the attendees. For example, traders cannot do their work when they study, [3] and they can lose performance-based remuneration. It is hard to achieve effective compliance training if the employees are motivated only by a 'stick.'

Thus, there should be some 'carrots' for the employees. A company may think about prizes for the employee with the best test results. Random prizes can be used to motivate employees to participate in surveys and interviews.

Additionally, the employees can be motivated if training gives them certification that will improve their competitive position within the market of professionals. Finally, case studies and explanations of consequences of non-compliance for the society and the company (e.g., corruption in Africa and Shell) can help to explain the social value of compliance and training.



## 10. Regular e-mails increase awareness

Corporate e-mail is an answer to the question of how to improve compliance training programs at no cost. It is a great way to deliver some training materials, news, and other updates. E-mail can be made catchy if e-mail marketing tricks are used.

Additionally, different e-mails can be sent to different groups of employees. Even if the employees read only the titles of the e-mails, they will be still aware of the changes and the rules applicable to them. As well, it is important to tailor the emails to specific topics rather than sending once in a while a detailed summary of the changes and updates that were undertaken during a lengthier time-span. It will allow creating an ongoing information how with relevant updates and their break-down.

## 11. Software that will provide training for employees in real-time, help employees to be more compliant

Since the nineties, Intel has used the so-called 'Lawyer in a Laptop' software program that provides just-in-time coaching to sales representatives to assist them in dealing with difficult legal compliance issues.<sup>[8]</sup> A company can develop 'Compliance Officer in a Laptop' software that can be integrated with the usual software. For example, onboarding software can have a 'virtual AML Compliance Officer' that will give guidance regarding red flags in real-time. Some companies may decide to use an Artificial Intelligence method that will assist an employee in determining whether a client should be accepted.

Unfortunately, right now there is no comprehensive software that can tell you how to improve compliance training programs in real-time, but you can contact **PSP Lab\*\*** instead and we will assist you with choosing the right **software\*\*\***

\*\* <https://psplab.com/contact>

\*\*\* <https://psplab.com/services/fintech-software>





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