



# Making the Business Case for Web-based Compliance Training

Compliance ... what a bore. That's the view of many financial institution professionals and support staff. And it's hard to blame them. Most organizations issue employees with a large ring binder jammed with indecipherable lawyer-written "don'ts", instruct people to "Read this!" and consider the matter closed.

Unread compliance materials represent a gigantic risk to financial institutions – if employees do not manage to get through the required compliance reading, they are not aware of compliance procedures and requirements.

This can result in enormous liability when things go wrong, not only in terms of immediate exposure, but also in terms of subsequent liability if the organization is found to have not made every effort to ensure that employees were compliance-aware in the first place.

The case for web-based compliance programs cannot be made just on the numbers, as the ultimate "cost" of a non-compliant employee cannot be known until after the event. However, the case for web-based compliance programs can be made on a risk/benefit basis.

## What is being done now?

In trying to gauge whether or not to implement web-based compliance training, first determine what compliance training measures are being done at present and have been done historically.

Are new hires being given compliance training? If so, are all new hires being given this training? Or only those based at the regional headquarters? Following the training program, is testing done? What is done with the results of the tests? Is a certain level of knowledge required?

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What follow-up training is being done? Are employees issued with compliance manuals? Is it easy for them to determine a course of action in the event they encounter possible non-compliance? Is follow-up training given at any point across the entire organization?

Are compliance updates issued when local and or organizational compliance regulations change? If yes, are employees tested on their knowledge of these? Are they required to demonstrate a certain level of awareness?

Does the organization record the results of these tests and does it save the results?

### **What is being spent now?**

Another factor to consider in deciding whether or not to implement web-based compliance training is obviously cost.

Questions to consider include: what is the dollar figure now being spent on compliance programs? Does this number correspond to the relative importance of compliance to the organization's reputation and well-being? If not, why not? Has an evaluation been made recently of the return being realized by the organization on its compliance training spending?

Is what is being done now seen as effective (e.g., in meeting the organization's goals)?

Does management feel compliance regulations are well

understood within the organization? Does management feel the various work groups are getting the relevant levels of compliance training? Is management itself aware of the importance of compliance training to the organization globally? How often are managers briefed on the compliance awareness of their subordinates?

Do employees feel that they have access to adequate compliance training/resources? Can the majority of employees pass a simple five-question compliance quiz?

What are the advantages of web-based training versus face-to-face or self-study options?

Good question. Web-based training does not spell the end of all other types of training. But it does have some outstanding benefits.

First of all, it can provide real-time, universal tracking. Managers can know exactly who's studying what, how diligently and how successfully. Records can be maintained centrally and easily exported to remote locations. Reports can be customized to local regulatory authority standards.

Nearly every knowledge worker today has web access. As a result, web-based training provides easy access for staff to learning programs and knowledge resources. On-line testing can provide immediate global reference points, and can be customized to suit the needs of local markets. Changes to course material can be made quickly and easily, and implemented immediately on a local or global basis.

Last but definitely not least, web-based training programs can be delivered more quickly than live seminars, and are less costly.

Ignoring the importance of compliance training is risky business.

"We've never had a problem," is a common response to questions about the effectiveness of compliance programs. But just because an organization has never had a problem (and what financial institution can claim that?) doesn't mean it won't.

The day before the last five major insider trading or rogue trader scandals broke, the compliance officers and CEOs of each of the affected organizations probably felt pretty good about the compliance procedures and training they had in place. Two days later, their feelings were probably a bit different.

The finance business is inherently a risk business. Assess your risk, and then prepare for the worst.

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