

# ONGOING CHALLENGES FOR COMPLIANCE PROFESSIONALS

By Cathy Vasilev, Red Oak Co-Founder and COO



Compliance professionals are expected to be well-versed on the past; be fully immersed in current issues/trends; and be part of strategic preparations for future success.

This report highlights challenges impacting compliance professionals. Use its insights to invest in organizational training, emphasize the right skill sets for your teams, and adapt risk management strategies to meet ever-changing business needs.

# Flexibility

Compliance professionals know compliance isn't a game of black-and-white. With the proliferation of technology and the rapid evolution of disruptive products, services and companies, there are frequent areas where regulatory guidelines may overlap with each other, making their application impracticable.

While regulators are working to smooth out wrinkles and potential for misinterpretation, compliance professionals must focus on being flexible and continuing to learn, gain and apply information.

Adaptation is critical. The effective compliance professional must be able to adapt to handle changing regulations and abide by regulatory rules and guidelines, but to also use flexibility and critical thinking skills to advance beyond them.

Compliance professionals should employ judgement-based leadership skills. Instead of focusing on whether a certain action, decision or phrase is permissible or impermissible, compliance leaders need to shift their mindset and focus on whether a decision is the right one, whether it applies to the spirit of a regulation as well as to the letter of the law.

This approach is particularly important as corporate compliance strategy comes to the forefront and as compliance professionals are actively involved in processes like business model redesigns, or pricing and product development.

## **ACTION ITEMS:**

### **Be an active listener.**

Ask questions and become adept at getting people within your organization to open up to you. You need to get to the facts in order to take action.

### **Develop a culture of honesty and openness.**

People who feel comfortable are more willing to share information, which then leads to better, more transparent compliance efforts.

### **Recognize perfection is unattainable.**

In compliance, we're aiming at a moving target. Learn as much as you can and do the best you can, but don't paralyze yourself or your organization by demanding perfection in specific areas.

### **Read constantly.**

And, learn to dissect the information you obtain into actionable items.



# Non- Financial Risks

Audit, compliance and risk management professionals aren't the only ones involved when it comes to protecting their organizations from risk. In today's fast-moving, tech-driven business economy, risk management can apply across a variety of disciplines; it's not limited solely to economic risk.

Organizations have more people involved in the risk mitigation process because of the complexity and technological reach of their business efforts. The multi-faceted risks to organizations require scrutiny and active involvement from front-line and client facing team members and from support functions like HR, marketing, IT and legal. This breakdown of boundaries can make organizations more nimble, but can also put a strain on compliance teams.\*

Regulations impact and add costs to everything from advertising to vendor selection to technology integrations. Compliance teams are working harder, spending more and becoming a bigger portion of their companies' overhead expenses - all in an effort to remain compliant and mitigate risk. In order to manage these expanding responsibilities and interdepartmental collaborations, organizations must commit to a culture that embraces compliance as a valuable part of the innovation and growth process.



# Questions When Considering Non-Financial Risks

- Why are we at this point and are we happy/content with where we are?
- There's a risk in inaction as well as action. What is the risk if we don't move forward in this area?
- What new software, platforms, projects will we take on to get to where we want to be in the next year? Two years? Five years? How do we mitigate the risk we're taking on to move forward?
- What gaps do we see that make this decision riskier? Are we missing valuable team members, skills or knowledge that could mitigate the risk related to this decision?

## 3 Types of Non-Financial Risks

1

### **Technology-based risk.**

Customers expect technology-based services and seamless omnichannel experiences. Compliance professionals must understand the interconnections between platforms and their impact, as well as managing related data and privacy concerns.

2

### **Social responsibility.**

9 in 10 employees expect companies to take a public position on social issues\*\*, and many customers/clients have similar expectations. Taking a position on social issues may have a financial impact and may require additional strategic vetting from a compliance standpoint.

3

### **Data protection.**

Companies must balance their desire to know and serve customers/clients better with their regulatory obligation to keep information safe, data anonymized where required and to stay abreast of changing regulations related to data protection and management.



# Compliance Training

Compliance guidelines change quickly and are managed by a wide variety of governing bodies. While regulators continue the process of tailoring compliance guidelines, professionals are still expected to stay up to date and to ensure their organization's adherence to the myriad, and often contradictory or not fully fleshed out, regulations.

Meanwhile, many compliance professionals feel unprepared to handle the full onslaught of requirements that reach across a variety of fields.<sup>\*\*\*</sup> As compliance professionals are expected to weigh in on everything from social media management to product due diligence, they need consistent, ongoing, specialized training. And, they need intelligent tools to reduce the routine portions of their workload so they can dedicate their time to learning/staying abreast of expectations.

In addition to the need for compliance-industry specific training for professionals, many organizations are beginning to espouse the notion that "Compliance is everyone's job." Compliance resources must also be expended for organizational training and to build a company that does not simply tolerate compliance but actively strives to create a compliance-focused culture.

**Key Takeaways.** Compliance and risk management

responsibilities continue to grow, both in scale and complexity, as businesses evolve in their use of technology and appetite for data. Buy-in from executive leadership, both in the form of cultural support and investment in training time and resources, will be necessary for compliance professionals to meet expectations and protect the well-being of their organizations.

## TIPS FOR COMPLIANCE TRAINING

**Don't offer one-size-fits-all.** Offer training that covers their specific responsibilities, so team members understand how compliance personally affects their daily work.

**Offer training that highlights dependencies.** Make sure Team A knows that Team B's requests aren't unreasonable demands; they're compliance requirements. When people understand one another, they're more likely to have each other's backs.

**Keep training short.** Give people small, actionable training segments over time, rather than asking them to digest a large amount of information in one sitting.

<sup>\*\*\*</sup>[Survey: Lack of Adequate Funding for Compliance Training Pervasive, Compliance Week](#)



A PUBLICATION FROM **RED OAK COMPLIANCE SOLUTIONS**

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## About Red Oak Compliance Solutions

Red Oak Compliance Solutions is the advertising review software of choice in the financial services industry, serving clients with more than \$19 trillion in assets under management. Red Oak's advertising compliance review software offers quick implementation timelines, as well as agile technology that responds to client needs and is 100% Books and Records compliant. Clients of Red Oak typically see at least 35% faster approvals, and 70% fewer touches or better.

To learn more about Red Oak Compliance Solutions, visit [redoakcompliance.com](https://redoakcompliance.com).