

# Balancing the Scales

## Why Financial Services Firms Should Invest in **People**, **Culture**, and **Technology**

A 3D rendering of a balance scale. It consists of a black sphere at the top, a black cone in the middle, and a black cube at the base. The scale is positioned on a light gray surface against a dark gray background.

Most financial services firms want to comply with applicable rules and regulations. These firms understand and have accepted that in today's highly-regulated environment, investing in a strong compliance function simply isn't optional. Beyond building and enforcing the firm's policies, there are three important elements that make up best-in-class compliance programs.

### Hire Compliance-Minded People

Compliance starts with having the right people in place. Firms need to hire skilled compliance professionals who are committed to protecting firm clients and stakeholders from risk. That doesn't necessarily mean you have to exclusively hire compliance professionals with decades of experience, however, the people you hire should understand your firm's business and the regulatory environment in which you operate.

Of course, an effective compliance department needs more than just qualified personnel. To keep your firm out of regulatory trouble, your employees must be empowered to do their jobs, with the firm's backing and support. Firms must also create and foster an organization-wide culture of compliance and provide compliance officers and their teams with the technology and other resources they need to succeed.

### Culture is More than a Buzzword

Offering, creating and maintaining a culture of compliance is something many firms strive for. Senior leaders should understand, at least at a high level, the risks the firm faces and the regulatory challenges it is up against. It's the job of the CCO and his or her team to keep the lines of communication open in all directions, providing updates, actionable insights, and recommendations.

A strong compliance culture weaves compliance into the fabric of the organization. When it's done well, every employee in the company understands why policies and procedures are in place and understands how their roles help drive the firm's compliance. Business and compliance personnel know how to partner when there is an issue to address.

Firms that embody a culture of compliance are committed to initial and ongoing education, and to finding ways to say "yes" to business while ensuring rules and regulations are adhered to.

## An Investment in Compliance Technology is an Investment in Your Firm's Success

The third element in a successful compliance program is giving employees the technology tools they need.

Compliance staffers today need solutions that help manage otherwise onerous tasks including monitoring employee personal trading, gifts and entertainment, political contributions, certifications and attestations, and more. When compliance officers have real-time visibility into employees' and supervisors' activities as well as comprehensive and customized reporting capabilities at their fingertips, they are better equipped to spot potential issues before they become problems and address concerns quickly and effectively.

### Firms benefit from automated compliance technology and regulatory reporting in many ways

The benefits of implementing automated compliance systems and workflows include the following:

- Technology creates process efficiencies, helping department leaders better allocate resources, lowering the cost of reporting and the overall cost of compliance.
- When regulators decide to audit or examine your firm, having compliance technology can also help you be more prepared, faster. Compliance officers and firm leaders can be confident that the firm has captured and retained the information regulators want and expect, and that the information is readily accessible.
- Technology solutions can help drive compliance at the individual employee level by making it easier for employees to meet compliance requirements.
- Automated compliance technology can also integrate seamlessly with other internal systems. For example, integrating your compliance and human resources technology platforms can help with new employee onboarding and simplify the process of managing employee access rights.
- Investing in a compliance system can not only strengthen your compliance defenses today; it also makes your compliance program scalable, helping ensure your team will be able to continue compliance oversight as the firm grows and changes.

## Striking the Right Balance

Many companies understand the need for skilled personnel and work hard to maintain a culture of compliance, but don't understand how critical it is to have the right compliance technology in place. Despite their best efforts, these firms often struggle with employee turnover because employees feel overworked or simply don't feel like they have the tools they need to do their jobs effectively.

Other companies buy compliance technology solutions with an unrealistic expectation that the act of implementing technology is all they need to do to achieve regulatory compliance. Having a compliance system in place is better than nothing, but it shouldn't be mistaken for an effective compliance program. Without the right staff in place and without a compliant tone from the top of the organization, even the best compliance system won't be able to prevent, detect, and correct potential compliance violations.

Effective compliance programs incorporate all three elements: The right people, a culture of compliance, and technology tools designed to facilitate and encourage compliance.