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FRESH THINKING

REINVENT YOUR COMPLIANCE TRAINING FOR INCREASED VALUE

AS COMPLIANCE COSTS RISE, CONFIDENCE REMAINS LOW

A recent survey of nearly 200 senior financial services (FS) professionals shows that their organizations are typically spending 4 percent of their total revenue on compliance, and this could rise to 10 percent of revenue by 2022.

Despite this, businesses are struggling to properly resource and comply with the onslaught of today's financial regulations. For example, in Europe only 36 percent of firms that are subject to MiFID II are confident that they are on track to comply with the regulation by 3 January 2018[1], and many global banks are still experiencing major issues with their sales practices.

With this challenge in mind, it is perhaps surprising that many finance and risk executives and HR professionals will admit 'off the record' that their regulatory training programs are at best informative and at worst little more than box-ticking exercises. Many courses are in place primarily to communicate (or appear to communicate) to employees the basic facts and conduct that legislation requires.

There is a great deal at stake. Fines alone have totaled more than $321 billion globally between the onset of the financial crisis and the end of 2016[2]. The wage cost too is huge. A large employer, with thousands of employees who each undergo an average of five hours of compliance training a year, incurs millions of dollars of wage costs in addition to the cost of the learning itself. It has been reported[3] that in 2014, employees in JP Morgan's mortgage business alone completed 750,000 hours of compliance training.

Considering the financial impact, one would expect that the quality and effectiveness of this vital training would be more of a priority. This is especially true given the advances in our ability to successfully engage and embed learning and behavior change in people.

WHY SUCH LOW IMPACT?

Compliance training is most often delivered through stand-alone courses that are disconnected from the specific learning required for the employee's role and the workplace context. This results in the continued accumulation of learning requirements, each of which 'ticks a box' for a separate part of the risk and compliance function.

Given the frequency of compliance training hitting the 'front line', e-learning is typically used for large-scale, 'one size fits all' delivery. This is supplemented by traditional classroom training to achieve deeper-training objectives. The e-learning modules often focus on telling learners the rules. A result is that learners often skip the content and head straight to the test at the end, to get it done.

The experience can be disengaging for employees. Learning in isolation from the context has a weak impact on behavior and, on its own, will likely fail to embed a sustainable culture of compliance and risk management.

SO HOW DO YOU DRIVE REAL BUSINESS VALUE FROM COMPLIANCE LEARNING?

The term ‘compliance’ does not help its cause – it sounds reactive and implies that all that is needed is to know the rules and obey. But whatever you call it, giving status to compliance learning is a key starting point. This has four important characteristics:

1. Individually relevant learning – embedded in role-based learning pathways.
2. High-impact learner experiences using social, workplace and media-rich digital learning.
3. A focus on knowledge, skills, behaviors and decisions that embed lasting behavior change.
4. Joined up as strategic learning, reinforced and delivered at the point of need.

1. INDIVIDUALLY RELEVANT LEARNING

There has been a significant shift in the ambition for learning over the last few years. In the past, learning & development (L&D) professionals 'pushed' their program, courses and content on to learners; today their aim is for learners to be more proactive, and to 'pull' on-demand, highly personalized learning through new mediums such as mobile. The learning is often more 'bite-sized' and can be accessed when it is needed to respond to the specific requirements of the learner's role and situation.

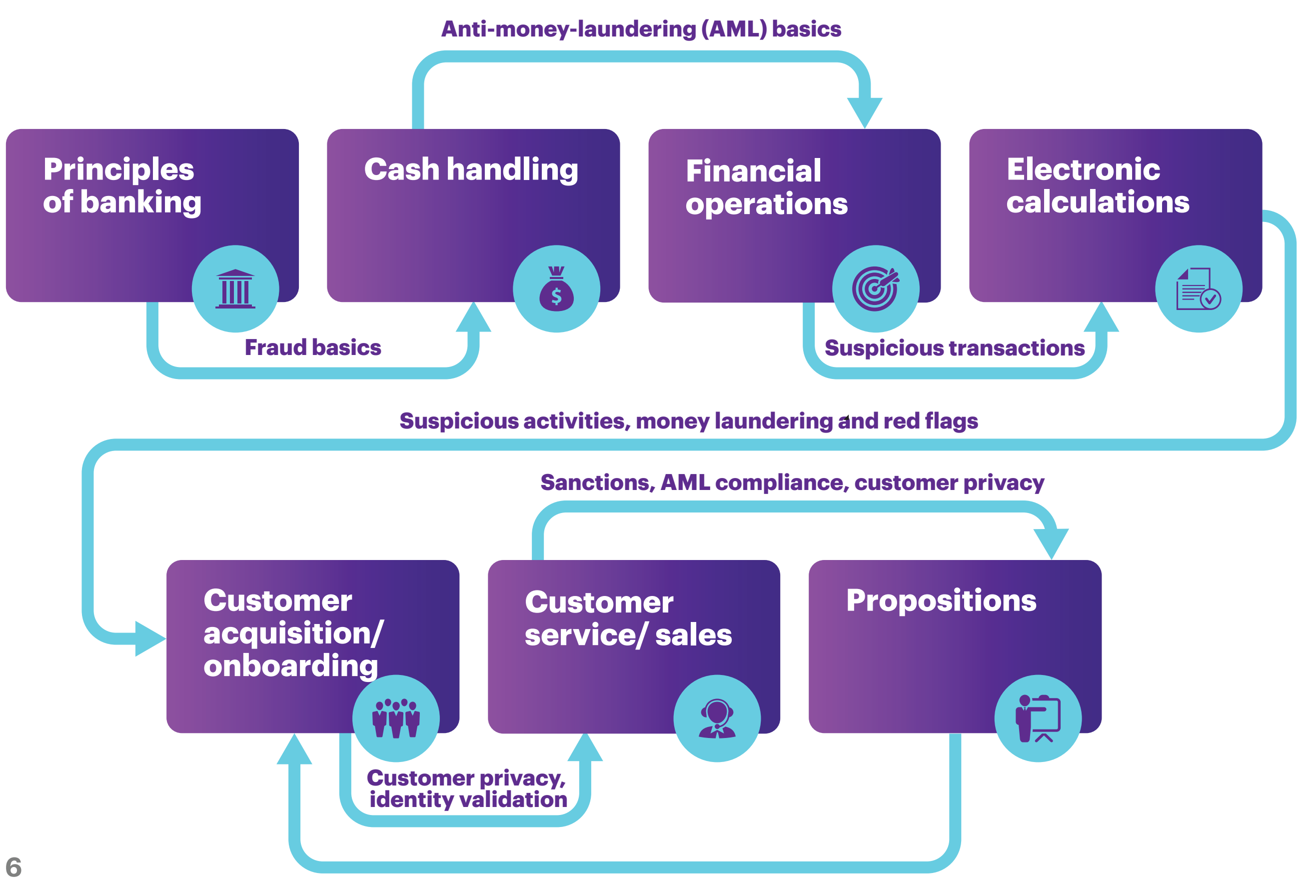
Compliance learning should be embedded into role-specific learning, to ensure it is based on everyday scenarios that encourage the contextual application of knowledge, skills, behavior and judgment. Continual participation and engagement, and the ability to see the consequences of one's decisions, motivate employees to master the learning content. Real-life case studies, storytelling, coaching and follow-up exercises in the workplace enable users to better connect with the learning.

Learning should address the knowledge, skills, behaviors and judgment employees and leaders need to do their jobs in both a compliant and effective way – compliant in that they understand how both the spirit and the letter of the law apply to their role; and effective in that they not only demonstrate compliant behaviors, but do so in a way that creates great customer experiences and business outcomes.

While this sounds logical, it does present challenges for learning design. The potential costs associated with higher levels of program customization are an issue. What is more, as policy is typically high level, help is needed to enable employees to successfully navigate to the right behaviors in what is sometimes a 'messy' context. Our experience with clients that have successfully navigated this challenge supports the value of an approach to learning design that builds consistency of messaging and intent, but allows for flexibility to tailor for specific contexts and roles.

EXAMPLE OF A BLENDED LEARNING JOURNEY

A typical compliance learning path for bank tellers. The diagram shows how examples of customer due diligence, service and sales conduct compliance are woven into a wider learning journey covering customer acquisition, service and propositions.



2. HIGH-IMPACT LEARNER EXPERIENCES USING EXPERIENTIAL, SOCIAL, WORKPLACE AND MEDIA-RICH DIGITAL LEARNING

One of the key L&D challenges, according to the Chartered Institute of Personnel & Development (CIPD), is the fact that many L&D practitioners lack confidence in the ability of their firms to reap the benefits that new learning technologies bring[4]. In some firms there are barriers to this, such as technology availability, bandwidth and development skills.

But, as our personal learning experiences utilize digital media to an ever-greater degree, the delivery methods used at work need to keep up. Innovative learning channels help diversify content and engage participants. They also enable organizations to track outcomes, allow easier access to learning and reduce time away from the workplace.

With instructional learning, for example, using embedded system tools such as EnableNow and WalkMe to their full extent can not only guide employees on the process or system steps required when they need help, but also factor in the necessary business and compliance context to support the actions they take.

DYNAMIC MEDIA-RICH CONTENT

Video is now the predominant way many people consume news and other content. When multiple senses are engaged the impact of learning is deeper and richer, and knowledge is more effectively retained. Accenture research shows that the graduate market is now a fully digital generation, with 76 percent expecting digital technologies to positively impact their work experience. Nearly three quarters of graduates in 2015, for example, said they planned to use mobile apps, YouTube or other social platforms to access content regularly and easily whilst 'on the go'[5].

Accenture itself has started using TV mini-series-style productions (such as the Hackerland series about a group of cyber-criminals who target a specific business) to anchor learning. These programs develop a dynamic storyline, build compelling characters, and use drama to engage audiences over multiple episodes.

SERIOUS GAMES

Gamification is intrinsically motivational as the competitive element encourages engagement in a light-hearted way. It also creates an audit trail of the decisions learners take, pointing to the actions that are needed to influence their behaviors. The repetitive nature of gamified learning helps embed behaviors, as participants will typically play a game four or five times – they will rarely complete an e-learning module more than once.

SIMULATIONS

Simulations benefit FS organizations that are implementing complex role-based compliance learning. For example, they can combine the customer dialogue with processes, procedures, rules and systems, creating a more realistic environment where the appropriate decisions and behaviors can be sought. This allows users to learn in a risk-free environment.

Immersive technologies such as augmented and virtual reality are now seeing widespread application within learning. The ability to apply critical training in a non-critical environment has clear applications in compliance and risk. Until recently these media were predominantly aimed at developing purely technical and manual skills, but today they are being applied to recreate more complex and nuanced behavioral scenarios that feature objects and avatars and apply visual, audio, movement and even virtual touch to the experience.

COLLABORATIVE LEARNING

Collaboration platforms such as Yammer (part of Office 365), Jive, SAP Jam and Facebook at Work are playing an increasing role in learning. At a basic level they can be used to host and share user-generated content, including posts, video and blogs. This is particularly useful to let communities answer each other's questions and to connect individuals to experts amongst that group. Experts within a community are, to a growing degree, curating their own learning content from both within and outside the organization.

Collaborative learning tools such as discussion forums with scenarios, tips, wiki pages and FAQs help to create a positive and non-threatening environment for employees to ask questions and learn from one another. Therefore, firms need to create safe environments that give employees the much-needed 'space to fail', encouraging them to participate in the change and display new compliance behaviors with confidence.

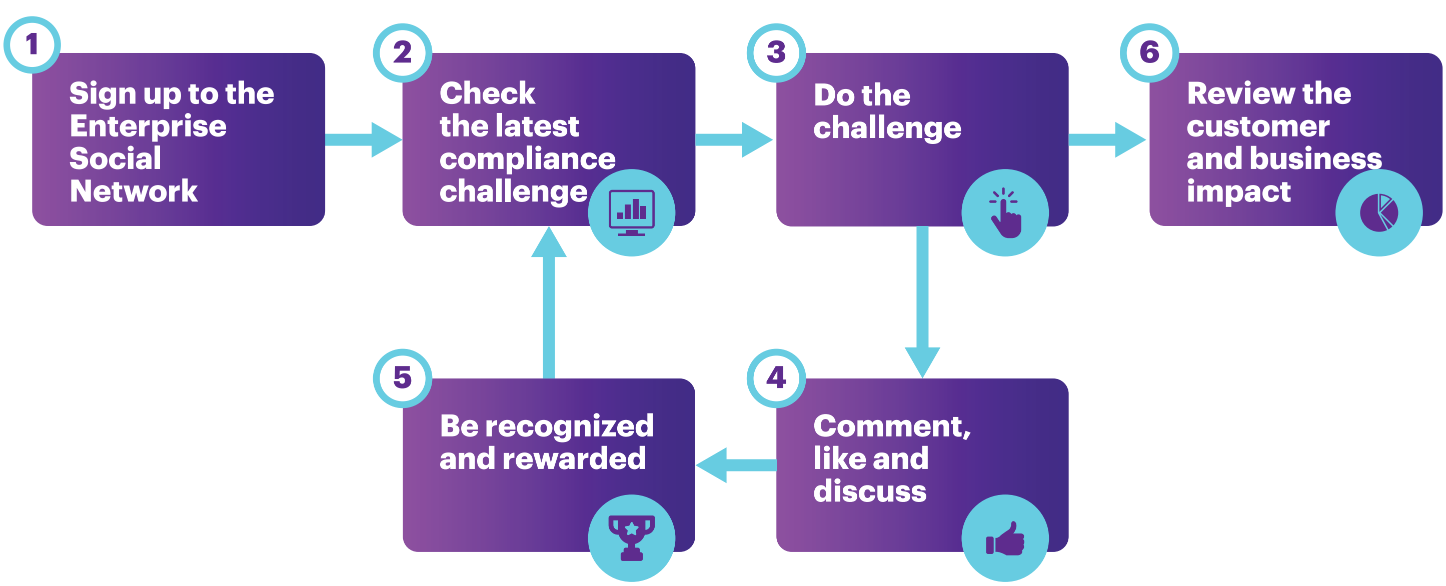
From our experience, the potential uptake and value derived from these tools are realized by selecting the right tool and ensuring that 'real work' is then moved onto the platform so it remains relevant to all.

MICRO-ACTION INITIATIVES

Traditional learning experiences can stimulate a conscious effort to adapt behavior, or take a different action or decision. Yet we normally need repetition to form and embed a new habit. For day-to-day behaviors, initiatives such as Accenture's 30 day challenge can help to do this. Thirty-day challenges kick-start behavioral change with micro-actions to drive macro-behavior change. Micro-actions take less than 10 minutes over a period of, for example, 30 days. They can be delivered and monitored digitally, and stimulate the small, repetitive actions to ensure new behaviors become a habit and are properly engrained.

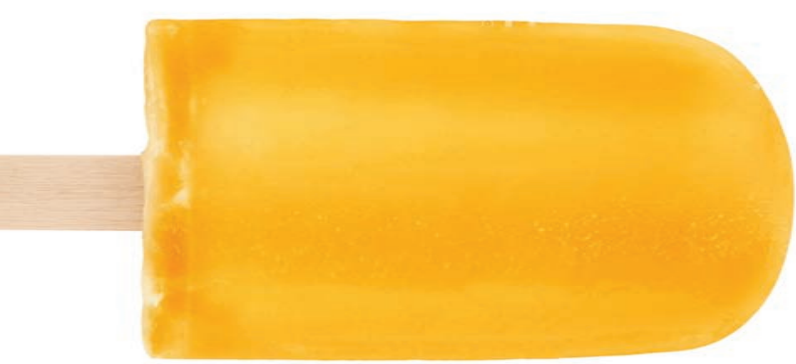
The use of social collaboration platforms encourages peer support and interaction for employees throughout the change.

WHAT A 30 DAY CHALLENGE LOOKS LIKE...



3. FOCUS ON KNOWLEDGE, SKILLS, BEHAVIORS AND DECISIONS THAT EMBED LASTING BEHAVIOR CHANGE

If compliance training aims to translate, into real-world behaviors, the firm's business values and its interpretation of regulation, then the content needs to be straightforward and pragmatic and should reflect the language and expected behaviors of the people who are being trained. However, this can only be achieved if there is an applied understanding of how regulations, company strategy and company values and policies translate in practice within specific roles and contexts. As more regulation becomes principle- as well as rules-based, this is what regulators expect. They are aware that rules alone do not tend to shape behaviors any more than at a superficial level of compliance.



MAKING COMPLIANCE LEARNING BRAIN-FRIENDLY

With advances in neuroscience, scientists have been able to accurately depict brain activity through changes in blood flow[6]. This has led to a large body of research that sheds light on how we learn and grow, and the kinds of environments, mindsets and stimuli that enable us to become more successful[7]. In the context of compliance, this can explain how we can challenge the mind's 'predictable irrationality'[8] in decision making, and help us understand the biases, assumptions and mental shortcuts that often get in the way of spotting or rationally understanding the inherent risk in our decisions.

Armed with these insights into how the human brain works, we know that the following principles will have a profound influence on the effectiveness of any learning and its application:

- Applying the full experiential learning cycle, making time for action, reflection, creation and testing, as well as deeper reflection on underlying assumptions. This process of experiential learning and reflective practice allows people to make personal connections with the content.

- Making learning available in bite-sizes via different channels with a variety of methods. Attending to our short attention spans and applying methods like storytelling that improve understanding and retention.
- Creating opportunities for social engagement and interaction with others. We are social animals and the effect of collaboration can aid learning and carry-over to the workplace.
- Creating a safe environment. A ‘burning platform’ where urgency and fear are generated may achieve short-term attention, but positivity, optimism, safety and certainty achieve better learning outcomes and have a greater impact on wider workforce performance.
- Engaging both feeling and thinking, and as many senses as possible. Compliance learning traditionally focuses on a rational ‘tell’ message. However, appealing only to reason will not create a deep underlying shift in behavior. When new behaviors are motivated by both rational and emotional hooks they will stick better.

Whilst many firms are starting to take steps to ensure these principles are incorporated into their learning curriculums, it is rare that they are applied to compliance learning.

The challenge is exacerbated by the comparative infrequency with which compliance behaviors or decisions are triggered, and the need to override habit or complacency when they are.

4. JOINED-UP STRATEGIC LEARNING, DELIVERED AND REINFORCED AT THE POINT OF NEED

Compliance rules are not normally set by just one part of the business, which can lead to competing and overlapping priorities. But compliance learning strategies must remain closely aligned to each other and to the overall learning goals for the organization, and must address different compliance needs simultaneously through more rounded and role-based learning.

THE ROLE OF PROFESSIONAL BODIES

Most FS organizations spend (and will increasingly spend) a great deal of time liaising with regulators. In parallel, regulators have become much savvier regarding learning, capability and culture. It is vital that there is close collaboration between FS organizations and professional bodies, such as the Banking Standards Board in the UK, and accrediting bodies such as the Chartered Bankers Institute or the Chartered Institute for Securities and Investment. This external engagement needs to happen across all departments – not just in compliance, risk and legal, but also in L&D.

Consultations with professional bodies

on compliance learning strategies and materials can be used to confirm the rules to drive compliance behaviors. This will build regulator trust, which in turn will lead to consumer confidence. The Senior Managers Regime and the Certification Regime in the UK, for example, are bringing to the fore some of the challenges discussed above, and highlight the benefits of closer liaison with the regulator.

LEADER-LED

To date, compliance learning has targeted mainly frontline colleagues. Yet many regulatory and compliance topics are most influenced by the decisions made at the top. Where the behaviors and decisions of the whole organization are at issue, change should be led from the top down. The leadership team must act as role models, setting a clear direction for the organization and exhibiting the new desired behaviors. Executives, middle management and team leaders need to own and take pride in their behavior. Team leaders have a particularly important role to play in setting the right tone and coaching their teams.

While this sounds straightforward, at the leadership level these behaviors and decisions are more complex and less easily codified to the regulation.

Leaders need to reflect on their individual and team actions, mindsets and behaviors, and coach one another to ensure that the tone set at the top drives the right behaviors elsewhere in the organization.

USING MEASUREMENT, ANALYTICS AND CERTIFICATION TO FUEL CONTINUOUS LEARNING

Compliance learning metrics produced today typically focus on percentage completion rates and a basic proof that everyone has been trained. Rarely do they gauge how well individuals have understood or applied the training in their work. For compliance learning to be effective there needs to be a renewed emphasis on proper measurement of the impact on the performance of individuals. This goes beyond attendance and in-course test pass rates to assessment of capability, behaviors and culture as more meaningful metrics.

Capability examples include issue-to-resolution timelines, disposition accuracy percentages, process quality metrics, screening tests, surveillance and adoption analytics, amongst others. There are also many cultural assessment tools that can measure and report effectively at organization and sub-culture levels.

These insights can then be used to highlight specific areas that need more attention. Tailored solutions can be built efficiently and effectively to rectify these gaps.

Certification tracking is increasingly a key component of compliance learning. This can include tracking regulatory licenses and qualifications to do the job, as well as the completion and renewal of mandatory learning. Certification should not only demonstrate evidence of the desired behaviors at an individual level, but also enable L&D professionals to help influence and drive corporate strategy by showing the impact of the learning on the workforce.

Finally, when we consider implementation in the business, there should always be a robust feedback loop from employees to help them simplify or enhance regulatory interpretation and implementation, such as the removal of process or reporting obstacles and the clarification of any policy ambiguities.

GLOBAL FS GROUP FINDS BLENDED DIGITAL LEARNING DELIVERS GREAT RESULTS

A global financial services group with a presence in more than 50 countries realized that, to maintain its credibility and relevance with its people and stay in line with its modern customer proposition, its digital journey had to include enhancing its learning.

Historically invested in classroom training, the group recognized the limitations of this approach: the cost and time demands, the lack of customization, and the low potential for knowledge transfer. So it made a shift towards more digital, more blended learner pathways with easy-to-consume modules and virtual classroom components.

This award-winning transformation program also enabled compliance learning to be infused into individual employees' pathways through multiple interactive digital media as well as a stand-alone gamified format for compliance professionals. This ensured that compliance learning is now applied in multiple contexts and in the everyday actions and behaviors of people irrespective of their roles and work situations. It has led to more optimized learning experiences, reduced duplication and measurably improved retention.

A FUTURE WHERE COMPLIANCE LEARNING DELIVERS

Compliance learning should not be an expensive, frustrating and ineffective exercise. We see a future where it is dynamic and high-impact. It starts with the learner, not the compliance functions ticking a box. It is entirely embedded in role-based curriculums and individual learning paths, rather than being a set of time-consuming, stand-alone modules. Experiential and digital techniques are used to change behaviors and create a sustainable shift in culture and professional standards. This enables employees and leaders to effectively apply the skills, behaviors and decision-making they need in ways that improve business performance and the customer experience in line with the professional ethos by which financial services businesses should be living.

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With thanks to Paman Sidhu, Susannah Davidson, Rafael Gomes, Eric M. Garner Jr., Susie Sutherland and Jessica Wolfe

Accenture delivers learning for almost two million learners a year. We combine advanced learning techniques with digital and media capabilities, along with our deep experience in financial services and in risk and regulation.

To find out more about how we could help you realize a better future for your compliance learning, or to join our FS People Innovation Forum, please contact the authors.

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