

The Biggest Compliance Issues Financial Institutions are Facing

With the Financial Conduct Authority (FCA) having already issued fines exceeding £160m this year, compliance leaders have never felt under more pressure to deliver results and protect businesses. With many different factors boosting the fines being issued, it can seem like an uphill struggle. However, with smart implementation and work alongside areas such as HR and technology departments, it is possible for businesses to cover themselves properly. Let's take a closer look at the most significant issues that are facing financial institutions, and how they can cover their backs.

Since the financial crisis, there has been a much closer look at how financial institutions work, and the FCA has cracked down on individuals and companies throughout the country. The increased numbers of rules and regulations that have popped up since this occurrence are staggering and, while compliance professionals strive to stay on top of the regulations, implementing them can be difficult. With new issues popping up with the increased use of technology, and the long-standing individual grievances that are well known throughout the sector, the time for collaboration with other parts of the company is growing beyond belief.

Social media is one of the fastest growing tools in all of industry, and the use of Facebook, Twitter, and other social media sites is a great way to keep in touch with your customers. It is also a medium that brings with it many compliance issues. An ill-advised tweet can wreak havoc throughout companies for weeks and months to come, and that is without even looking at the heightened risks to data security that social media can incur. As social media is still up and coming, the number of regulations that are yet to be released is unknown and, as a result, getting good practice in now is the best bet for any company.

Keeping data secure and safe is absolutely a key part of using any form of technology, and the relatively new practice of using social media is even more critical. In collaborating with tech divisions in the company, and ensuring the compliance officer is up to date with the rules and regulations that are flying out of the FCA offices, the risks associated with this are lessened.

Strict training for anybody using social media sites associated with the company is essential, and keeping sites secure and safe from criminal activity will be a task that only increases over time, as the technology of criminals also improves. Cyber-hacking and attacks are on the increase, and knowing how to stay safe is a task that not only the everyday employee faces, but also the technology developers the company employs.

Having said this, the most significant area compliance is needed in is absolutely on an individual level. The FCA has openly stated that they are aiming to focus more clearly on the activities of individuals, to reduce the chances of money laundering. Indeed, new regulations such as the Senior Managers and Certification Regime (SMRC) and the Fourth Money Laundering Directive (4MLD) are aimed to fight misconduct that has been found throughout the higher levels of financial institutions for decades.

The direct result of these new regulations is that compliance professionals are expected to use a higher level of technology to fight the compliance regulations that are being released.

Tracey Groves, head of ethics and compliance in PwC's UK Forensic Practice, indicates that the biggest issues facing compliance professionals are keeping up with the fast-paced world of compliance. However, the use of technology should make this much easier to keep up with.

Concentrating more on why and how work is being undertaken, rather than what business is being done, is likely to contain a steep learning curve in the beginning. However, once proper and effective technology and processes have been implemented, it is likely to become much easier to spot where compliance isn't being taken seriously enough.

TalenTeam is a company that is working towards training employees to more easily spot compliance issues, using newer technologies to ease the burdens. They will be hosting a roundtable discussion that will explore approaches that make for the most successful compliance practices, and how using technology can make this much easier. With professionals from the Chartered Institute for Securities and Investment (CISI), some of their own greatest technology compliance experts, and a select group of other peers in the industry, this is one of the top events for exploring the ever-changing world of compliance.