

# COPING WITH COMPLIANCE

NFU 2021





# AGENDA



**Purpose & Method**



**Benchmark Analysis**



**Coping strategies and Perspectives**



**Recommendations**



**Compliance in the future and Self-management**



**Questions**

# PURPOSE & METHOD

# METHOD

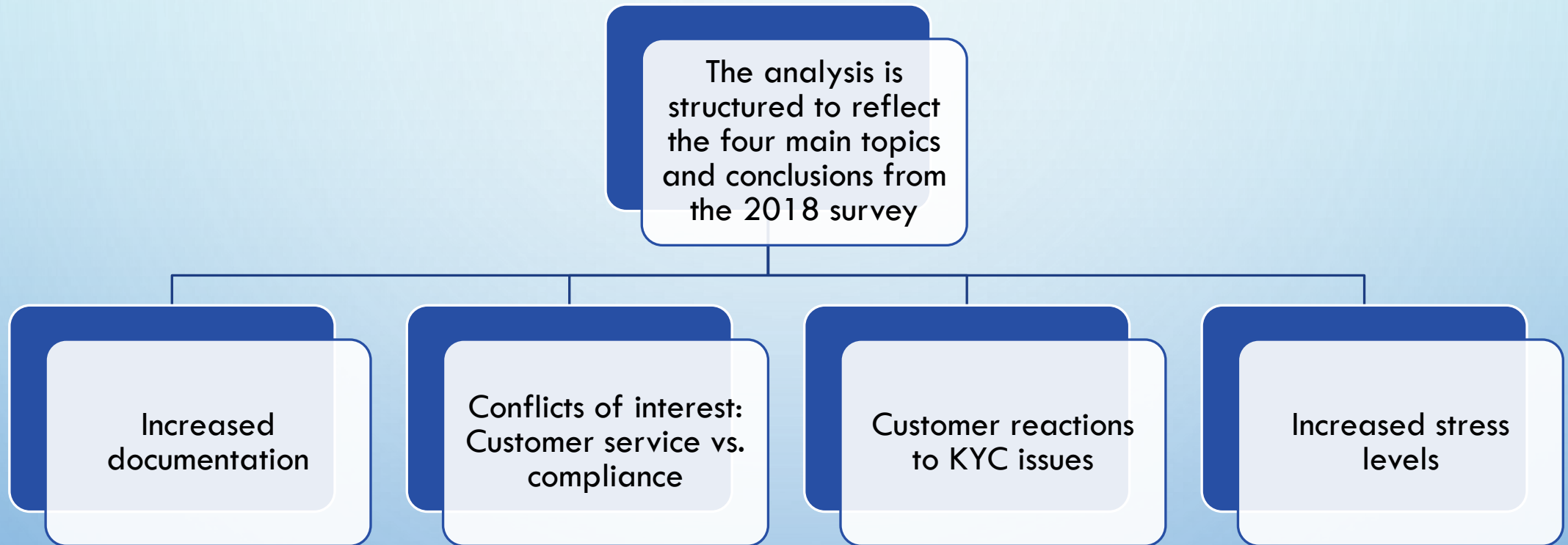
The analysis is based on 11 individual video interviews of 40-60 minutes' duration. The interviews reveal finance employees' experiences of the 2018 report's trends and generalised conclusions regarding the impact of compliance-related tasks on employees' performance and well-being.

	DK	SE	NO	IS	FI
<b>Informant (bank)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>
<b>Informant (insurance)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>

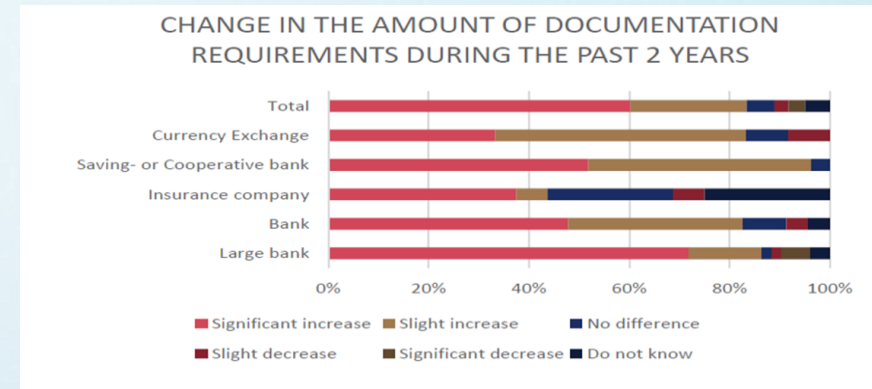


# BENCHMARK ANALYSIS

# SCOPE



# INCREASED DOCUMENTATION



## *Increased documentation*

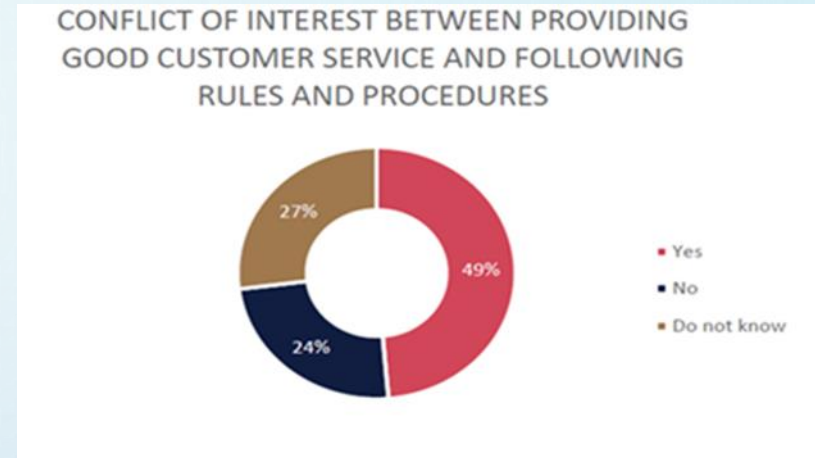
Participants still have to cope with high documentation requirements and a heavy workload as a consequence of the implementation of EU legislative requirements regarding documentation, product information and KYC.

Increased documentation requirements must be understood in the context of the other business requirements and targets set at the same time. As targets have remained unchanged, the overall workload has increased.

Other informants stated that documentation requirements now took up relatively less time than in 2018, attributing this, at least partially, to further digitalisation and automation.



# CONFLICTS OF INTEREST



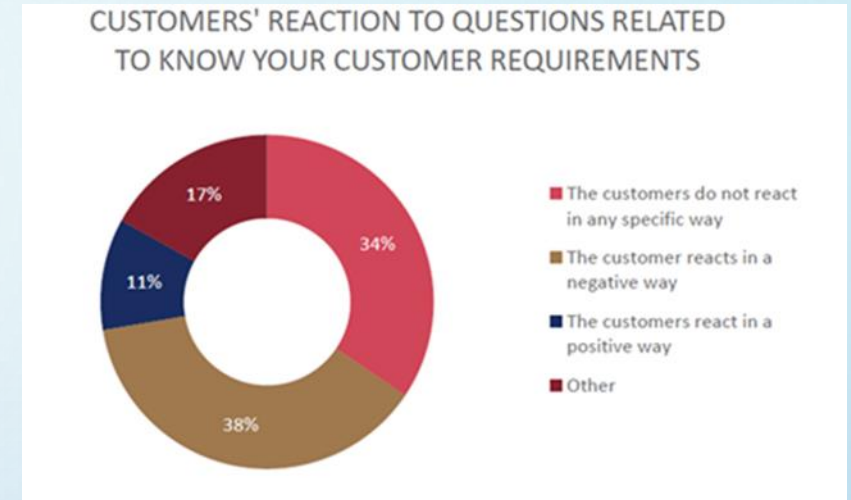
## *Conflicts of interest*

Participants acknowledged the conflict of interest between good customer service and the need for compliance, describing it as an unsatisfactory compromise that had to be dealt with in day-to-day work.

At the same time, there was widespread consensus that customers had generally developed a greater understanding of the need for compliance and that the various measures were helping create greater security for all parties.

Acceptance was partly due to customers' being aware of major individual cases of identity theft, money laundering and other forms of financial crime. Customer understanding helped reduce the conflict of interest between compliance and good customer service.

# CUSTOMER REACTIONS TO KYC



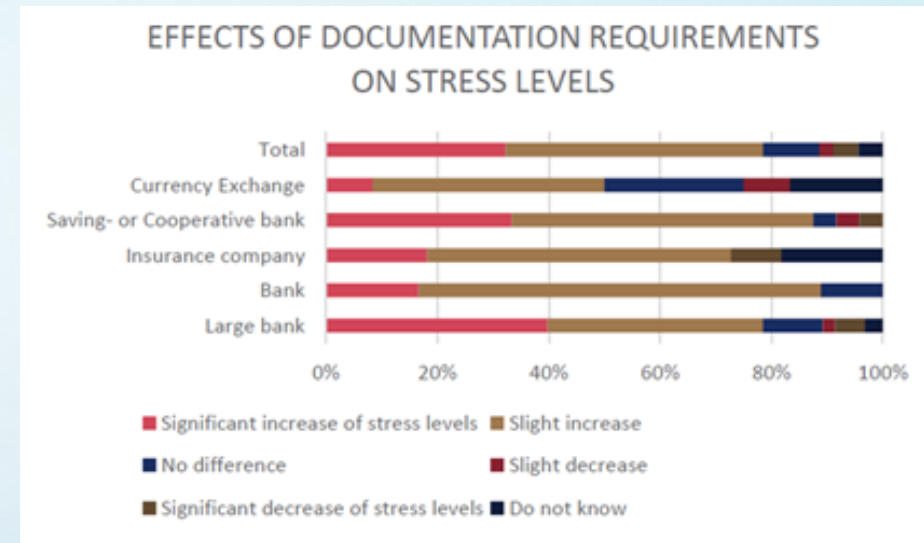
## *Customer Reactions to KYC*

There has been a fundamental change in how participants experience customer reactions to KYC issues.

Overall, participants were experiencing a lower level of negative customer reactions, as customers now had a greater understanding of the need for KYC and had become accustomed to it being the 'new normal'.

This was partly because major media stories about identity theft, money laundering and fraud had attracted a lot of attention, highlighting the importance of security.

# INCREASED STRESS LEVEL



## *Increased stress level*

Work pressure and stress levels remained high in 2021 as a consequence of compliance-related tasks combined with unchanged performance requirements. Employees were coping through skipping breaks and/or working evenings and weekends. For some, work-related stress was the consequence.

Conversely, other participants felt that stress levels had decreased in recent years. They pointed out that more integrated compliance work routines and a reduced workload due to increased digitalisation and automation of work processes were bringing stress levels down.

# COPING-STRATEGIES AND PERSPECTIVES

## C1: "WITHIN WORKING HOURS" (WORK TO RULE)

Several informants chose to deal with the challenges by prioritising the tasks that can be achieved within working hours, with 'the rest having to wait'. In their view, it was up to management to prioritise work tasks and resolve any conflicts of interest.

*"I certainly think this is something for which management needs to assume responsibility, because it's not something that staff should try and solve. To me, it's a question of trying to balance something that is insanely difficult in everyday life. So, I kind of feel it should be a management task."*

## C2: "LONGER WORKING HOURS"

These informants chose to deal with the challenges through working more, skipping breaks during working hours and catching up in the evenings and/or at weekends. Some informants saw such pressure as "belonging to the job". Highly responsible, they participated in both the prioritisation and execution of tasks with colleagues and immediate superiors.

*"We've focused a lot here on the fact that we're in the same bank, so we should be able to help each other whether we're in the front line or in the back office. Because, at the end of the day, that's the recipe for a good customer experience."*



### C3: "DIGITALISATION AS A HELP"

Several informants seemed to have a positive view of what future digital solutions held in store, finding that digitisation and automation have made it easier to handle new compliance requirements. They also found that automated processes were perceived positively by customers. In their view, it was motivating to see cumbersome work processes simplified and speeded up by new technology, especially as this had a positive impact on customer relations.

*"It is easier to do it now, because you can sign it online, and we can get the, information from the government, if it is similar, so it is easier than it was before, because you had to fill out a lot of paperwork, but now it's easier."*

### C4: "DIGITALISATION AS A CHALLENGE"

Other informants saw the widespread digitalisation and automation as signalling danger. In their view, automation, changing job requirements, cheaper foreign labour and increasing skills requirements could lead to job losses. At the same time, they saw the increased competition from new digital entrants as challenging the sector's traditional business models and earning opportunities, in turn driving the acceleration of organisational efficiency.

*"I think that's just the beginning, and you know the fintech will come into the market, and they will take something from these old, big banks at some point at least."*

### 3 CROSS-CUTTING PERSPECTIVES

- 1) Ways to strengthen institutionalised trust in the sector and customer relations
- 2) Finding the right balance between performance requirements, compliance and workload
- 3) Balancing different workload expectations

# STRENGTHENING TRUST

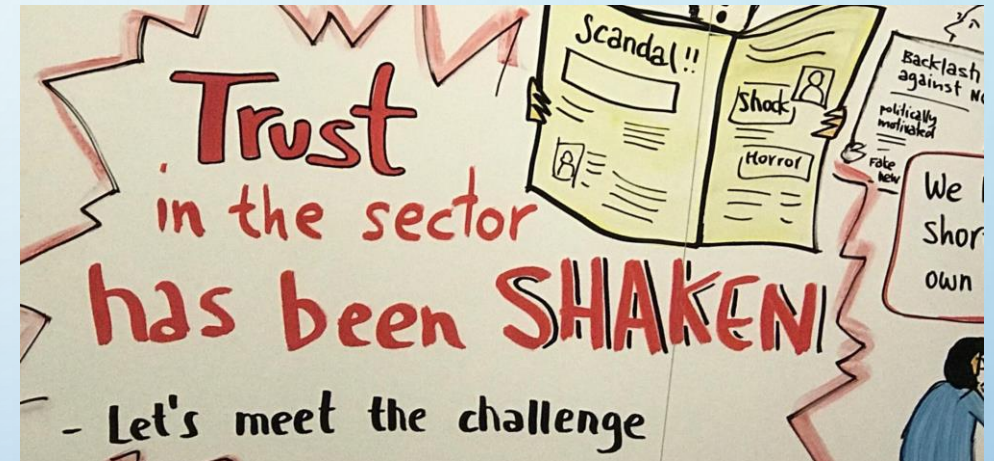
Trust is essential for the work and future of the sector, just as trust is important in working relationships

High levels of trust leads to lower transaction costs

Identity theft, money laundering and other forms of financial crime have generated negative publicity and a knock-on effects in terms of more compliance staff, controls and business requirements

KYC are not necessarily to be perceived and articulated as distrust towards customers

Nordic customers are now used to and accept KYC as part of the 'new normal'





# BETTER LINKS BETWEEN PERFORMANCE AND COMPLIANCE

Work-related stress needs to be seen in the context of other working conditions such as the work environment, an individual's self-management ability and increased performance demands

High performance requirements are a natural part of most employees' working conditions today

Balances can be improved by focusing on actively involving employees at an early stage in the design of robust compliance systems, procedures and implementation processes

Management paying attention to aligning compliance requirements, business processes and performance targets can also improve the work life balances



# A BALANCED WORKLOAD

**‘Work-to-rule’ employees** often manage stress by referring to local agreements and working time rules

Non-routine and planned tasks are often be delegated by the immediate manager and completed the next day or by reallocation within the team

**‘Go-get-it’ employees** thrive on a high degree of self-management and responsibility

They are motivated through new and challenging tasks. They tend to individualise and manage stress by investing more time in the job

One contribution to a balanced workload can be for management to pay attention to developing a work culture allowing for both 'work-to-rule' and ‘go-get-it’ employees



# RECOMMENDATIONS

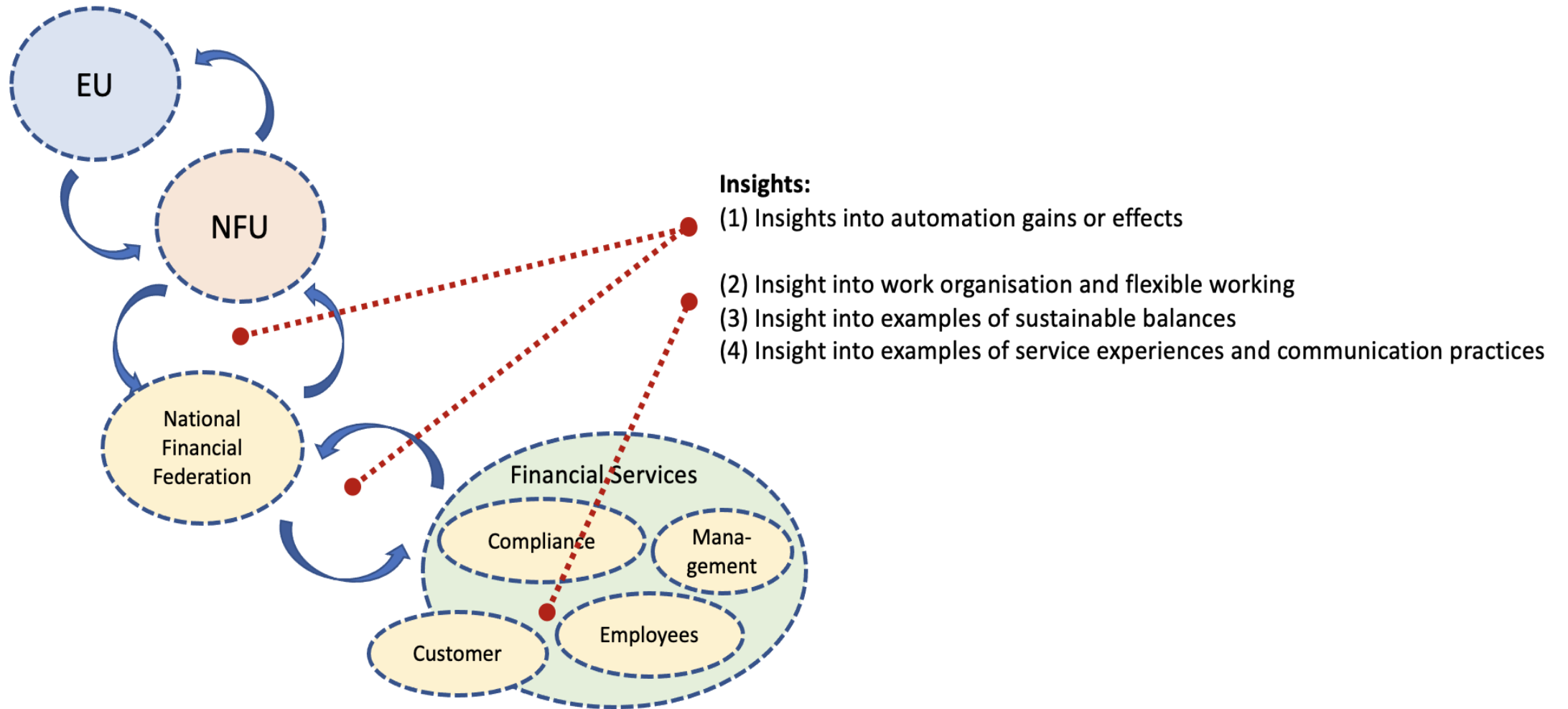
# RECOMMENDATIONS

Providing further insight into specific compliance-related issues

They relate to

- 1. Insight into automation benefits and effects*
- 2. Insight into work organisation and work flexibility*
- 3. Insight into examples of sustainable balances*
- 4. Insight into examples of service experiences and communication practices*

# RECOMMENDATIONS





# #1 - INSIGHT INTO AUTOMATION BENEFITS AND EFFECTS



*Automation of compliance processes will increase*

*The direction of automation is not predetermined, outcomes can be actively influenced.*

***Recommendation:***

*An quantitative and qualitative analysis of automation effects at the adviser level*

*Focusing on changing functions and skills requirements*

*Examples of how the employer and employee sides are working together to develop and implement new compliance technology ('regtech').*

## #2 - INSIGHT INTO WORK ORGANISATION AND WORK FLEXIBILITY



*It seems difficult to coach members regarding coping with self-directed and changing work environments*

*Representatives can use situational tools to provide support and guidance to member achieving a good work-life balance*

***Recommendation:***

*It makes sense to train union representatives in ways of supporting the self-directed financial employees*

*The training would focus on various analysis and dialogue-oriented tools for organising work in a flexible manner*

### #3 - INSIGHT INTO EXAMPLES OF SUSTAINABLE BALANCES



*Both 'work-to-rule' employees and 'go-get-it' employees are often not aware of their coping strategies regarding high performance requirements and new compliance guidelines*

***Recommendation:***

*At union and federation level, it makes sense to extract good examples regarding balancing task delivery, performance requirements and compliance-related tasks*

*Such examples can be used in debates, portraits in federation magazines, new management values and local working time agreements*



## #4 - INSIGHT INTO EXAMPLES OF SERVICE EXPERIENCES AND COMMUNICATION PRACTICES



*Customer advisors can create good customer experiences in terms of aligning expectations, documentation requirements, deadlines and internal workflows*

### ***Recommendation:***

*It makes sense to extract good examples of how customer advisors manage to align customer expectations*

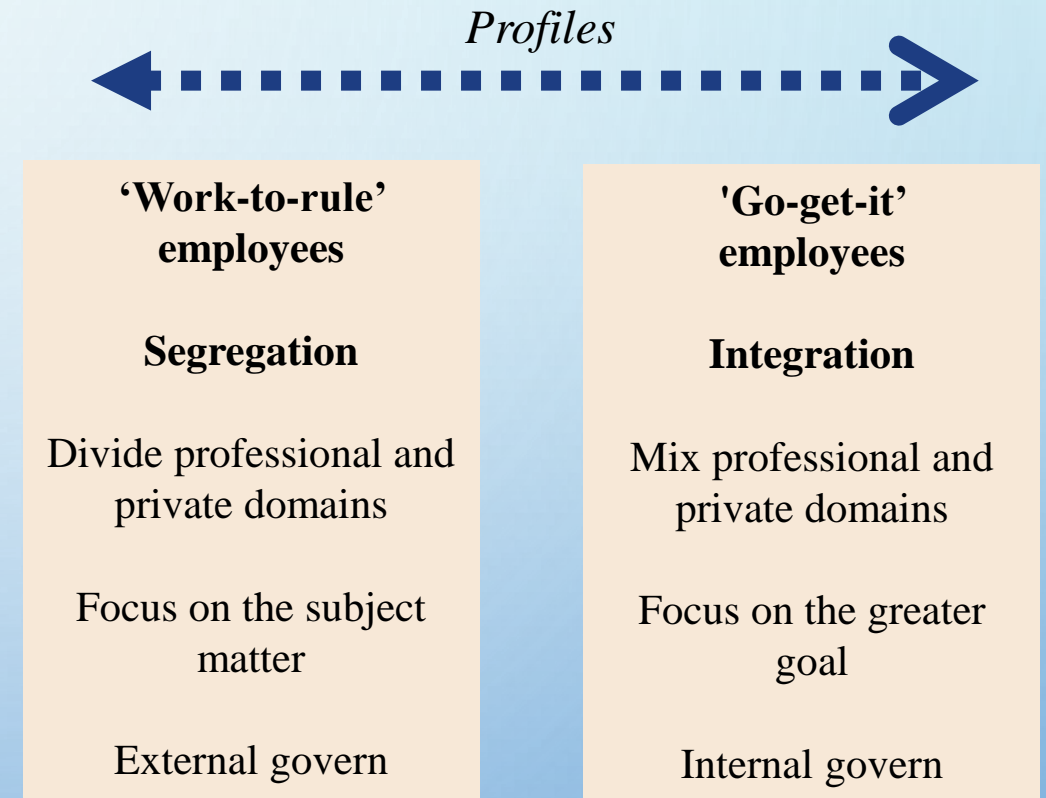
*Focus on value-adding service experiences where sales, professional advice and compliance go hand in hand*

*The examples can be used in federation magazines, service development and training*

# COMPLIANCE IN THE FUTURE AND SELF-MANAGEMENT

# PERCEPTIONS ON THE COMPETENT AND SELF-MANAGED EMPLOYEE

- Self confidence
- Action-oriented
- Focuses on shared goals
- Open for personal development
- Collaborating
- Self-governed
- Evaluating own performance according to company standards and strategies



# WAYS OF LEADING SELF-MANAGED EMPLOYEES

## **Rules, regulations, and physical space**

- Policies (holidays, working hours)
- Office space design

## **Individually productivity techniques**

- Pomodoro method
- Deep work philosophy

## **Teaming**

- KPI's
- Project portfolio systems
- Daily stand-up meetings
- Coaching

## **Perspectives**

- Situational leadership/ management
- Motivational drives
- Personality profiling
- High performance teams
- Teaming
- Work-life balance dialogues

QUESTIONS