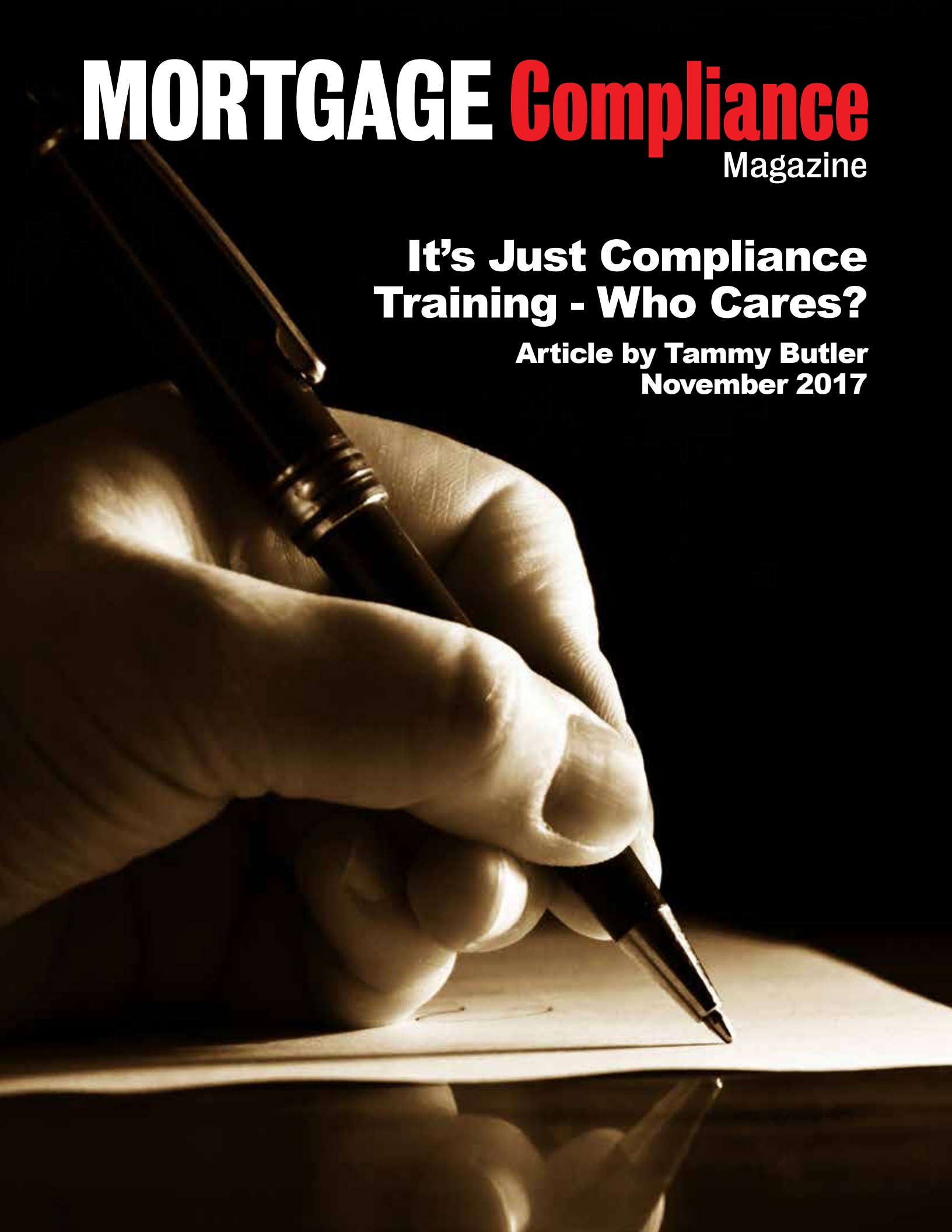


# **MORTGAGE** **Compliance** Magazine

## **It's Just Compliance Training - Who Cares?**

**Article by Tammy Butler  
November 2017**



# It's Just Compliance Training- WHO CARES?



BY TAMMY BUTLER



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**Compliance is like a web that sits over and through all aspects of your company. Each position is touched by it, but not all positions need to understand it the same way.**

**“**It's Just Compliance Training, who cares? We just have to show our examiners that we checked off a box and that people were trained to satisfy regulatory requirements.”

Without retaining the source, I write down interesting statements like the one above when I am shocked or perplexed by the view. Sadly, I hear things like this too often from positions as high as the General Counsel or C-Suite. These comments typically come from interactions on the phone, at conferences, or other conversations during the course of business.

I have a strong and accomplished background in sales, marketing, training, operations, pricing, secondary marketing, profitability, technology, and compliance, which gives me a very unique perspective as a consultant. I don't just see the origination process from the eyes of one position, but instead see it more holistically through the eyes of each position. From this view, I find many astounding observations and incorrect assumptions from the C-Suite through Compliance about training.

I ask that you take a moment to consider where our industry may be missing the high points of the “spirit of the law”—as my attorney friends like to say—

specifically related to compliance training. Use this information to consider where you may need to make minor modifications in your business practices that will also make positive impacts to both the bottom line and the effectiveness of your compliance results. Yes, I said “positive impacts to your bottom line,” not negative impacts; as that is what GOOD training yields.

Compliance is like a web that sits over and through all aspects of your company. Each position is touched by it, but not all positions need to understand it the same way.

To start, let's take a look at the expectations of the regulatory community about compliance training. Presently, I see a big spike in regulatory citings for “deficiencies in training programs,” with the biggest part of those citings occurring in fair lending training.

Regulators are not asking lenders to check a box on a checklist. Instead, they are asking lenders to provide an environment where the culture of compliance starts at the top and infiltrates through the ecosystem of the company.

## THE FOLLOWING IS WHAT THIS LOOKS LIKE:

- Boards and Executive management teams should consider consumer

protection as strongly as they consider the bottom line. After all, satisfied consumers who believe they were treated fairly not only come back to the company, but they also refer their friends and family.

- To their investors, the board is responsible for profit, efficiency, happy customers, and protection of company reputation. If you are in financial services, your business practices must align with regulatory expectations.
- Expectations of training are far from the obligatory “check off the box.” Regulatory expectations include training that is relevant to the employee’s position, affects changes in behavior, and demonstrates competency. It does not mean watching a PowerPoint where someone just gets the basics, clicks through the presentation, and answers emails, posts on social media, or even leaves their desk until the training “is over.”
- Training should address the regulation at the level of the employee and not just regurgitate the written regulation. Courses must include why it is important for them to do or not do certain things and then tests them on this knowledge at the time of the training.

## COMPANY CHALLENGES

- A company allocates budgets to varying divisions and expects those divisions to stick to their budget. As a result, training can be perceived as a “nice to have” vs. a “must have.” Training may sometimes get what is left over—if anything is left over. Look at any well-run company that is turning a big profit, and you will find consistent and constant training at the heart of the company because they understand the value training ADDS to their bottom line.
- A false confidence is that knowledge will somehow trickle down from the experienced and more seasoned professionals to the newbies, despite the fact that experienced people are generally too busy to train others. Counting on this type of training when many of the experienced people are not familiar with the “whys” of compliance is especially dangerous and can be quite costly.
- The overwhelming belief that all training is the same, so it doesn’t matter where you get it or how much you pay for it. On the other hand, just buying training that means nothing if it is not perceived as relevant to a person’s position or does not give

the student ideas or structures for how to change what they are doing will never result in compliant behavior.

- The belief that once a company has invested in training the employee should retain everything they learned. People typically retain less than 20 percent of what they hear the first time, which is why the phrase “repetition is the mother of learning” is true to this day. Training needs to be constant and consistent.
- The misconception that if you train people, they will leave. I can tell you firsthand that this is not true. At one time, I managed over 100 sales and operations people who had mandatory training each week. As a result, people stayed, production quadrupled in 24 months, and I didn’t worry about others recruiting my staff because they knew that relevant training conducted regularly was something they would not receive elsewhere.
- Employees who are not trained in compliance issues will affect your bottom line in ways you cannot imagine until it happens to you. Each day, I see the hundreds of thousands of dollars that companies have to spend on attorneys and consultants to work through an exam issue. When that doesn’t work, it can lead to millions in fines and public humiliation when it hits the press.
- What many do not realize is that compliance training can actually improve rather than subtract from the bottom line. For instance, fair lending training has led to innovative profit models that were not considered before, have now been adopted by the largest lenders in the country, and through those efforts are yielding revenue to pay for all of compliance—but that, my friends, is another article!

Moral of the Story: Taking the easy way out when it comes to compliance training is just wasting money. Instead, take a few more minutes and possibly spend a few more dollars to get the training that will actually mean something to your bottom line and your staff!



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