

The Compliance Officer as an Influencer



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This article delves into the evolving responsibilities of the modern-day compliance officer (CO) as a pivotal influencer within an organisation. It examines whether the CO’s role transcends the mere assurance of compliance within firms. It increasingly seems that the contemporary CO’s role extends to being a significant influencer within the Senior Management Team (SMT) across various business sectors, leveraging this influence to champion an ethically sound culture throughout the organisation.

The Chief Compliance Officer’s (CCO) capacity for effective influence, particularly the ability to bring about substantial benefits, is pivotal. This starts with benefits within the organization, benefits for staff who can operate in an environment knowing what has to be done and why, which ultimately benefits the organization with proper or increased productivity, resulting in benefits to all stakeholders including, ultimately, those benefiting from the organisation’s offerings. However, emphasizing positive influencing skills across all CO levels proves advantageous.

The CO’s duties often extend beyond merely advocating for a positive ethical culture. It’s not just about dictating what must be done but also elucidating the reasons or ‘why’ behind these directives. This approach assists the Board and SMT in disseminating a positive ethical behavioural message throughout the organisation.

Balancing influence without intruding on business decisions is a crucial skill for a CO. As my ethics committee peer, Paul Coady, highlighted in his Winter 2022 ICQ article, “Knowing where to draw the line in business partnerships is essential. But what if someone else were to make decisions for them, deliberately or inadvertently?” The CO’s art lies in effective influence without encroaching on the actual decision-making process.

I’ve observed first-hand the affirmative outcomes stemming from a CCO who excels in influence. When the person leading the team of COs can

influence them, and other stakeholders, effectively, it helps with business success. This CCO can also ensure that the Board are informed effectively, and decisions considered and determined as appropriate for the benefit of all stakeholders. Conversely, operational and compliance setbacks are evident when those in compliance leadership lack effective influencing skills.

An influential CCO sets a positive tone from the top, underlining the significance of ethical and compliant conduct across the organisation. This fosters a culture of compliance, ensuring stakeholders grasp the expectations and are motivated to comply with laws, regulations, and company policies. Collaborating with senior business leaders, the CCO integrates compliance considerations into broader decision-making processes. This integration ensures that compliance becomes an integral part of the organisation’s strategy, not an afterthought. A proficient influencer in the CO role helps uphold robust ethical and compliance standards, averting legal and reputational risks, while bolstering stakeholder trust.

A compliance officer’s role surpasses the mere adherence to rules and regulations. To instil a culture of compliance, the CO must influence and persuade others to prioritize compliance within the organisation. This involves working with stakeholders to emphasize the importance of adhering to laws and regulations, implementing policies that facilitate compliance, and ultimately building trust with regulators, customers, and stakeholders to sustain long-term business success.

The ability to positively influence outcomes in compliance and ethics is rooted in several inherent CCO factors, some of which are outlined below:

Knowledge:

Beyond expertise, it involves quick thinking, assessing responsibilities, determining the best approach for implementation, and aligning stakeholders. Knowledge, not only of general



legislative requirements, but the expectations generally of the sector/firm itself, is key here.

Competence:

Essential for ensuring compliance and effectively influencing stakeholders. They must have evidence of competence to put their knowledge into action, being able to determine the requirements and ensure they are implemented in the best and most efficient way for all stakeholders' benefit.

Analytical Skills:

Crucial in identifying and mitigating compliance risks. If you can't analyse requirements and situations, in a fast manner, a busy compliance function won't succeed. Critical thinking is key here. The process that critical thinking brings to analysis means better reflection and decision making which, as an influencer, should give senior colleagues and Board members confidence in the analysis. Reasoned thinking brings real substance to the discussions.

Leadership Skills:

Vital for inspiring ethical behaviour and effectively communicating requirements. The best leaders naturally have their team/everyone on their side, working with them for success.

Communication Skills:

Beyond conveying information, it's about engaging stakeholders in the 'why' of compliance, fostering successful implementation. If you can communicate effectively with all levels of stakeholder, that helps result in a winning compliance function.

Trustworthiness:

Honest, respectful, and open demeanour builds immediate trust in decision-making. If your staff, and all relevant stakeholders including regulators or others as appropriate for the business sector, then you are on the right path for success.

Authenticity:

Being true to oneself builds trust and influences positively. An authentic and 'real' leader will naturally garner respect.

Integrity:

Beyond simple honesty, the importance of having, and showing, strong moral principles in this role is pivotal. Leading by example is always respected, and results in better cooperation, even in difficult or challenging times in business operations.

Interpersonal Skills:

Essential for fostering compliance-oriented relationships. It is so important that the role holder can be firm, but always firm, and 'likeable' - even when delivering those tough messages, at times. It's easier if you're liked!

Influencing Ability:

Crucial, especially in fast-paced environments, to communicate the 'why' behind compliance. The natural ability to influence, at all levels of stakeholder, helps to result in the most positive outcomes for all.

In my experience, COs possessing natural influencing abilities, often deemed 'people persons,' effectively drive successful compliance functioning.

We know that governance requirements might not always be easy or enjoyable, and that ensuring an organisation's full compliance, especially in financial services, is persistently challenging. Yet, a proficient influencing CO can sustain a positive compliance culture, despite the demanding and occasionally unrewarding daily tasks required.

A deficient influencer in the CO role can hamper effective communication and enforcement of compliance policies, leading to increased non-compliance risks and subsequent legal, financial, and reputational consequences. It is vital for COs to possess strong communication and interpersonal skills, and the capacity to positively influence organisational compliance culture to engage stakeholders effectively in maintaining compliance.

Ultimately, a culture of positive influence within compliance leadership is indispensable for nurturing a compliant organisational culture. Continuous efforts are essential to sustain and foster this culture.