



Wolters Kluwer's Expert Insights

Proactively addressing key challenges and enabling success for the Chief Compliance Officer

An executive discussion with Elaine F. Duffus, Senior Specialized Consultant for Compliance Solutions at Wolters Kluwer



What can Chief Compliance Officers (CCOs) do to bring more to the business? Find out in this exclusive Q&A.

Chief Compliance Officers (CCOs) in the financial services industry face a multitude of challenges in the fast-paced, ever-evolving world of regulatory compliance. The key to success in this environment is understanding and overcoming obstacles and ensuring their institution meets or exceeds applicable regulatory compliance obligations and internal standards. With so much volatility in the financial services industry, ensuring your institution adheres to regulatory requirements is no small task. Couple this with the reality of limited human and technological resources, and you begin to understand the challenges today's CCOs navigate daily.

Elaine F. Duffus is a Senior Specialized Consultant for Compliance Solutions at Wolters Kluwer. She brings over 20 years of professional expertise to her role, including experience as a Chief Compliance Officer in the insurance, securities, and banking industries. Elaine innately understands the challenges CCOs encounter today, and with this insight, she shares her perspectives and best practices for enabling success.

A fully informed CCO is a much more valuable partner to the business, can see alternative ways to address an issue, and is more often invited to the table to develop new strategies or grow the institution.

Q: What are the key characteristics of a good compliance leader?

Elaine: First, a compliance leader must be empowered to act. This means they receive the human resources, technology, and organizational support they need from those with the power and the purse strings. Whether this support comes from the Compliance Committee, the Board of Directors, or elsewhere, this empowerment allows the CCO to act with a clear vision and multi-year compliance strategy to positively impact the institution.

Second, a compliance leader must embrace creativity and innovative thinking around the use of technology, data, and analytics that will enhance and enrich an institution's compliance program.

An example might be when an institution wants to bring a new product or service to market, and the CCO has concerns about its negative impact on the institution or its customers. Instead of voicing their concerns without an alternate path for the business to pursue the new product or service, an informed CCO would use data, analytics, technology, and any other available, relevant information to support the case for proceeding, but in a different way—one that ensures the institution's compliance obligations are adhered to.

Third, a successful compliance leader can see the business' point of view, understand its needs, and then balance that thinking against managing regulatory obligations. This empathy and visibility are critical to developing a sound compliance program that others in your organization will follow. If a CCO can't get that buy-in or support, there is a strong possibility that their perspective may be too one-sided. Keep asking "why" until you understand the business' motivation to do or not do something.

Another tip in support of a strong culture of compliance is to communicate frequently with senior leadership. Keep them apprised of the day-to-day compliance issues facing your institution. Also, take note of the evolving views of legislators, regulators, and the public that may impact your business model. And take the time to let them know that their compliance budget dollars are well-spent. For example, if a material enforcement action is issued to a similarly situated institution, prepare a communication to inform senior leadership about how the resources they provide help ensure that the proper policies, procedures, training, or other controls are in place to avoid such an outcome at your institution.

In summary, the key characteristics of a good compliance leader are the ability to empathize with the business, communicate effectively with leadership, and ensure that everyone on the compliance team feels supported and a part of, not apart from, the rest of the organization.

Q: What are the major challenges faced by the CCO in today's fast-paced, ever-changing financial services environment?

Elaine: In my experience, there are two significant challenges. One is how to create a culture of compliance at your institution, and the other is how to ensure your compliance program captures and addresses the laws, rules, regulations, and guidance that apply to your institution.

Creating and nurturing a culture of compliance means that your communications, training, and other touchpoints with the business are meaningful. That helps participants understand not only their legal or regulatory obligations, but their ethical

obligations to always do the right thing. This includes feeling empowered to question when someone else does not act ethically. A culture of compliance will fail if not supported up and down the leadership chain.

Ensuring your compliance program captures and addresses the laws, rules, regulations, and guidance that apply means that the institution has a solid regulatory change management process. What does that look like? Consider your institution's business model, products, services, locations, and customers. For example, is your institution a community bank with standard product and service offerings or a complex global investment bank with exposure across multiple jurisdictions? Once you understand this, determine the regulatory bodies that govern the activities undertaken. For each regulatory body, maintain documentation of the laws, rules, regulations, or guidance they supervise and note which apply to your institution's business model. This list becomes your compliance library or inventory.

Concurrent with creating your inventory, there must be a process for receiving and processing regulatory updates issued by the regulatory bodies that supervise your activities. As material regulatory updates are received, map them to the inventory for a holistic view of their potential impact on the institution. Horizon scanning is another key aspect of the regulatory change process, including reviewing new releases and regulatory changes across industry associations, regulatory agencies, law firms, and more to gain insight into what may be coming in the weeks and months ahead.

Q: How do regulatory technology (RegTech) solutions enable compliance leaders to be successful at achieving their goals?

Elaine: RegTech solutions have become a critical component in today's compliance department, providing institutions with the necessary tools to manage regulatory risk. As compliance burdens increase, cutting-edge technologies, such as artificial intelligence and machine learning-enabled solutions, can drive better insights and outcomes.

RegTech solutions also permit CCOs to deploy human resources more strategically. However, there are two critical things to remember about technology. One, it cannot involve a "black box." CCOs must be able to explain how the technology they rely on works to regulators and senior leadership. Second, AI-driven solutions do not always get it right. A human expert review of AI-derived data is preferred when available. For RegTech solutions that manage regulatory change, we call this "expert-augmented intelligence." It is a key growth and focus area.

Another facet of RegTech solutions is the technology needed to make them work. CCOs should strongly consider requiring flexible technology for solutions, such as your regulatory content data feed, to ensure continuity as your institution may change GRC platforms. Successful obligation management solutions enable your institution to reduce regulatory obligations into a more manageable number. Ensure that your RegTech solution providers can accommodate all new regulatory changes and offer support across multiple states and territories. This should include an extensive legal library and a mix of expertise and AI to aggregate and analyze requirements across state laws and jurisdictions.

Regulators use technology in many aspects of their oversight obligations and expect institutions to do the same. When implemented effectively as part of a broader Compliance Program Management (CPM) process, RegTech solutions are invaluable to help control compliance risk, including the firehose of regulatory changes that compliance leaders must manage daily. In sum, leveraging RegTech or other compliance technology to ensure success in an increasingly complex and regulated landscape is no longer an option.

Q: Elaine, you have been a Chief Compliance Officer and offer significant experience. Based upon your tenure, what is the best advice you can offer compliance leaders?

Elaine: My best advice is to ensure that you thoroughly understand your institution's business model. This includes the products, distribution channels, services, compensation, locations, types of consumers—all of it. A fully informed CCO is a much more valuable partner to the business, can see alternative ways to address an issue, and is more often invited to the table to develop new strategies or grow the institution.

For more information on compliance solutions for the Chief Compliance Officer and their team, visit our [portfolio of compliance solutions and services](#) that ensure adherence to ever-changing regulatory obligations, manage risk, increase efficiency, and produce better business outcomes.



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