

Gavel to Gavel: Creative compliance

By: Tom C. Vincent II Guest Columnist

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More and more community banks feel the increasing pressures of growing regulatory compliance requirements. To meet those requirements, many banks are turning to creative solutions, ranging from outsourcing compliance functions to utilizing prepackaged modules for compliance training or compliance policies and procedures. Regardless of the particular solutions a bank may choose, community banks need to keep key elements in mind when addressing compliance needs.

- Get the right people involved. Compliance is, and has been, considered to be a key element of a bank's business. Compliance processes should involve oversight by the bank's board of directors and execution by management. Establishment of compliance as a board-appointed function demonstrates the importance of compliance to the public, the bank's employees and regulators. By stressing compliance in the day-to-day operations of the bank, executive management can set the right tone at the top, reinforcing compliance as part of the culture.

- Make it here and now. With all of the recent changes to the regulations covering banking, it's important for banks to make sure that both their training and policies and procedures are current. As some banks have turned to third-party products for training or policies and procedures, it's just as important to make sure that the products selected appropriately address the key elements of the bank's operations and structure. As an increase in regulations often means increased odds for error, accurate and understandable training (to know what to do) and policies and procedures (to know how to do it) are more important than ever.

- Lastly, plan for growth. When developing business lines, banks typically include a strategy for growing the business and providing the necessary resources and support. Similarly, a bank's compliance function should be structured to anticipate that growth – not just in the number of regulations, but also in the volume and types of business requiring that compliance. With the right pieces in place, banks can handle both.

Community banks are taking on more and more new regulatory burdens. While the three steps above aren't a silver bullet, they may provide some direction for those banks working to bear those burdens and still serve their customers.

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