

CEP Magazine – November 2018 Compliance leadership

by Yaron Hazan

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What defines a “leader”? A leader steps up in times of crisis and is able to think and act creatively in difficult situations. A leader also stands up and speaks, takes responsibility, and is willing to champion new directions.

Leadership involves:

- establishing a clear vision;
- sharing that vision with others so that they will follow willingly;
- providing the information, knowledge, and methods to realize that vision; and
- coordinating and balancing the conflicting interests of all members and stakeholders.

Why is compliance leadership required?

Compliance is the practice designed to ensure obedience with laws and regulations. Behind each law there is a behavior, norm, and right/wrong language. In order to enable business teams that are not compliance experts to make the right decisions, compliance experts must teach these teams the values and norms behind laws/procedures, the connection between these norms and their activities, and the dilemmas they might face. These communication skills are a top priority; they will convince business leaders why they must conduct certain activities and how to embed them in their business activities.

Vision is part of the message. Business leadership speaks the language of results, achievements, and strategy, and employees will follow a vision if they understand where the vision could take them. For example, implementation of artificial intelligence and machine learning for anti-money laundering transaction monitoring will allow effective detection of financial crimes, help society defend against such crimes, provide efficiency, and reduce costs at the same time. Such a message can be supported by senior management, even if the first phase would mean increased expenses. Compliance leaders must have a vision and look a few years ahead.

Case study: Anti-corruption

As news coverage on large organizations suspected of violating the anti-bribery laws becomes more frequent, it is important to understand the foundations of this phenomena.

Why do regular people attempt to bribe others? Temptation to go the extra mile for the customer in order to beat tough competition can easily drive average people to undertake illegal activities. And although regulators are paying increased attention to business conduct in general — and bribery-related violations in particular — mitigating bribery risk remains a significant challenge, especially in high-risk territories where it is perceived

that business will not be established without bribes.

As a result, anti-corruption enforcement is the focus of many institutions; no compliance program is complete without reference to bribery risks.

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