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The dangers of a ‘copy and paste’ transnational compliance program

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The phrase “copy and paste” connotes direct replication of an idea or concept without any form of variation or adaption. It is an effortless approach to solving a problem without any form of input or creativity on the part of the person or entity seeking to troubleshoot a problem or a given task.

In the context of compliance program implementation and administration by transnational corporations, “copy and paste” means blindly replicating a compliance program of a parent company for implementation by foreign subsidiary companies. Although it is good to replicate standards across all affiliates and subsidiaries, the peculiarities of compliance risk faced by foreign subsidiary companies do not support this practice, as the risks and probabilities of the occurrence of violations are dissimilar across various jurisdictions.

A foreign subsidiary company operating in any of the top five most corrupt companies in the world, for example, should ordinarily understand corruption risk in its various forms and manifestations within the local context of its operation in the country. Therefore, to sufficiently address this concern, the compliance program must have input from foreign subsidiaries, and both the programs and policies of the subsidiary companies must be tailored to address the day-to-day risks that the foreign subsidiaries face in their given country or industry.

Given this truth, it is surprising that most transnational corporations find it difficult to implement policies and programs that align with local circumstances and the input from key stakeholders representing the foreign subsidiary companies. Some compliance professionals are of the view that the impact of compliance violations on transnational companies is too sensitive to be left in the hands of foreign subsidiaries; this is a misconceived notion that further increases the vulnerabilities of the parent companies.

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