

A 1LoD publication



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Fairwords

The new 1LoD:

proactive communications training that mitigates risk and cuts the review time for e-comms

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Surveillance teams receive a daily deluge of alerts which must be reviewed in case further investigation is required. It would make life easier if e-comms could be screened at an earlier stage to reduce the level of noise. At long last, that's possible.

Truly bad actors will always find a way to do bad things, and they will do them – as far as is possible – on unmonitored channels. But a significant proportion of the communications alerts thrown up for review are just noise – the result of errors or misunderstandings on the part of regulated employees.

Prevention through training

The traditional way to tackle this problem is with training. In surveillance, training can take several different forms – bank-wide video-based tests, awareness training that is customised to specific businesses or job functions, and sessions with compliance to cover new regulations.

However, surveillance leaders understand the need to beef up their training programmes, replacing traditional video-based tests with more realistic and informative methods. "There's only so much that you can roll out in compliance-oriented training," says one surveillance head. "And anyway, people simply try and do them as fast as possible, hope they get 80% in the questions at the end, and then don't have to look at it again for another four months to a year. You also need hands-on training – put people in a room and ask them to answer the questions and dig deeper into what they think the dilemmas are."

At one large US bank, the head of the rates business spent 90 minutes meeting with the entire EMEA rates trading team to discuss different forms of misconduct as well as appropriate communications. By giving over a dozen examples of potential breaches of the regulations, with explanations of why these were problematic, this leader gave employees the chance to ask questions and, later, to proactively raise issues with trades they were about to fill. This was supplemented by documenting traders' questions and explanations of a trade. This is more valuable than standard video-based training as it relays real life examples. It's also extremely time-consuming and when the training is finished and employees are back to work, opportunities for reinforcement only surface if a mistake has been made. Ideally, training would also happen while work is happening to ensure that employees are getting the support they need exactly when they need it without requiring additional training time to be set aside.

Moving to in-the-moment training

Traditional training can only go so far. It is, by definition, periodic. It needs continuous updating to keep abreast of changes in regulations. And its efficacy deteriorates with time: people forget what they have been taught, so the beneficial effect of training wears off. How can banks fill this gap?

One innovative solution is to identify potentially problematic communications as they are being written. Fairwords, for example, combines AI algorithms, built-in policy models for the most important regulations and regulators, and the same kinds of lexicons employed by traditional surveillance solutions. Users can add their own policy modules and their own lexicons to customise the solution to their specific needs.

The software handles all communications channels such as email, Slack, MS Teams – in fact any application that is open on a user machine that accepts text input from the keyboard – and it checks against its risk modules and lexicons to identify the possible use of inappropriate or prohibited language before messages are sent, in much the same way that a spell-check highlights mistakes when they are typed.

This 'in-the-moment' alerting acts as a real-time training tool, reminding employees of the regulatory rules and policies they need to follow and explaining why their choice of words may breach those requirements.

In addition to reducing regulatory and litigation risk, a significant benefit for e-comms surveillance professionals is that this cuts the number of unintentional breaches of communications policy. This in turn means fewer instances of flagged communications after the fact, which saves both time and money in the investigation and remediation process further down the line and frees up traditional surveillance resources to detect the real bad actors. One user of this kind of solution has given it to traders and seen a decrease of more than 70% in the number of incidents that come up for review after the fact.

"The idea is to use the technology and the concept of surveillance not to look at potential inappropriate communication after the fact, but to pick it up before it happens. So, as someone is typing something that might be problematic, they get a prompt that trains them in that moment that they may not want to say that particular thing, whether that looks indicative of market manipulation, or some other regulatory issue," explains Tom Bubeck, CEO, Fairwords. "You want training to be relevant and to be repeated. And a nudge at the moment just before somebody does something is a very, very effective way of training."

Because this type of solution is linked to specific channels, it can be used more broadly to monitor patterns of usage or behaviour, picking up anomalies such as when traders move from an approved to an unapproved channel. And if employees are frequently found to be unclear about a particular policy, the solution can flag it and additional formal training can be scheduled.



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Broader use cases - Program efficacy and improved culture

The use of Fairwords as a supplement to e-comms surveillance can provide immediate, measurable benefits for a process that needs help to become more efficient and effective. But there are other advantages. The solution is capable of all the archiving functionality of traditional surveillance and provides aggregated dashboards that offer insight into language and behaviours across departments. These, in turn, can act as proxies for a measure of culture and, importantly, can provide metrics for trend analysis of changing behaviours.

As Tom Bubeck, CEO of Fairwords explains, "A big question has been 'how can you measure culture?'. Our answer to that is to measure the communication culture and look at how it is changing over time. Communication is behaviour and so you have a way of validating statements about your culture with actual data. Are you seeing more instances of prohibited behaviours or fewer? And that also allows you to evaluate the effectiveness of your other training and education efforts too."

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