

Banker's Academy BRIEFINGS

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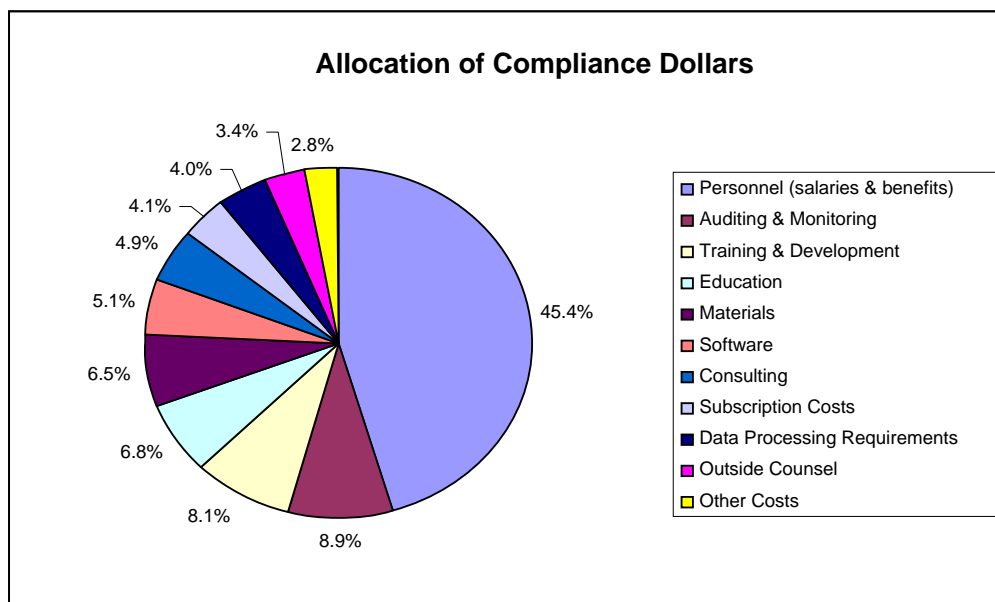
Responding to the Compliance Training Needs of Small Banks

By Dr. Linda Eagle

Regulations Dominate Smaller Banks

In the past ten years, the scope and depth of the laws and regulations imposed on the financial services industry has exploded, placing a heavy burden on smaller institutions that find it increasingly difficult to meet compliance standards. Smaller banks tend to have less fiscal and physical resources to compete with larger banks and therefore struggle to find funding for accurate and efficient compliance training. The problem of teller turnover also exacerbates the situation.

As shown by the graph below, many small banks spend most of their compliance dollars on their people.¹ While this is not an unworthy allocation, it is clear that other areas fall by the wayside. Training tends to be substandard and may put the institution at risk, should an audit occur. Most small banks today are focused on a specific geographic area and service the community's business activities for that region only.² As a result, these institutions do not need to employ hoards of personnel to oversee daily banking activities – rather, they prefer to remain a friendly, less corporate-style atmosphere in which their customers will feel at home and at ease.



¹ "Compliance Watch, 2003: Nationwide Bank Compliance Officer Survey." ABA Banking Journal, June 2003.

² Feldman, Robert E. "Letter to FDIC Concerning Proposed Revisions to the Community Reinvestment Act Regulations," Bank of Commerce and Trust Company. 2004. [<http://www.fdic.gov/regulations/laws/Federal/04cSARVERcra429E.html>] April 6 2007.

The average small, community bank spends approximately \$1 toward the costs of government regulations for every \$4 of operating expenses. While larger banks shell out billions of dollars and have entire teams working hard to regulate bank activities and ensure compliance, smaller banks cannot afford this luxury and tend to feel the pressures more intensely. Even with smaller budgets and fewer resources, small banks are still bound by the same regulations as their larger counterparts. Banking laws do not have provisions to “take it easy” on a bank with less funding.

Small Banks Seek a Change

According to the Small Business Administration's Office of Advocacy, small businesses with fewer than 20 employees, including banks, pay approximately 60% more per employee for compliance than those with more than 500 employees.³ Many bankers from community banks have begun to reach out to various government agencies to petition that the current legislation be changed to accommodate small banks. Though current legal pressures, such as HMDA reporting requirements, privacy provisions of the Gramm-Leach-Bliley Act, the Sarbanes-Oxley Act, the USA PATRIOT Act and HIPAA requirements have forced many small banks to go private, there was a recent victory for these institutions concerning the Community Reinvestment Act (CRA). Nearly nine years after CRA regulations were last rewritten, the federal bank regulatory agencies proposed to alleviate some of the burden from small banks by increasing the asset threshold from \$250 million to \$500 million, as well as eliminating any consideration of whether a small institution is owned by a holding company.⁴

The Problem of Teller Turnover

Because of the teller's key role as the customer's “front line,” the rate of teller turnover experienced by most banks is an additional stressor when it comes to banking compliance training. Tellers often have the lowest salaries of anyone in the industry, as shown by the chart below, and many of these employees work only part-time. The yearly rate of teller turnover has reached an astounding 50% at many banks. With these issues, eLearning becomes the only feasible training delivery method.

³ SBA Office of Advocacy. “The Changing Burden of Regulation, Paperwork, and Tax Compliance on Small Business.” [<http://www.sba.gov/gopher/Legislation-And-Regulations/Burden/burd1.txt>] April 6 2007.

⁴ Feldman, Robert E.

Bank Employees' Median Base Salaries*			
	1999	2004	% change
Teller	\$16,217	\$19,138	18.0
Head Teller	\$21,000	\$24,316	15.8
Teller Trainer	\$24,000	\$26,945	12.3
Deposit/New Accounts Officer	\$23,000	\$29,645	28.9
Deposit/New Accounts Clerk	\$19,200	\$23,272	21.2
Human Resources Specialist	\$26,520	\$33,772	27.3
Secretary	\$19,706	\$23,587	19.7
Proof Operator	\$16,597	\$20,700	24.7
Switchboard Receptionist	\$17,258	\$20,800	20.5
Custodian	\$16,942	\$20,696	22.2
Mail Clerk	\$16,324	\$20,426	25.1
Consumer Loan Officer	\$29,044	\$36,249	24.8
Senior Loan Officer (mortgage)	\$42,000	\$52,800	25.7
Loan Officer, Salaried (mortgage)	\$31,825	\$37,834	18.9
Loan Processor/Closing Officer (mortgage)	\$26,530	\$33,955	28.0
Escrow Clerk	\$20,100	\$24,000	19.4
Loan Servicing Clerk	\$19,045	\$24,322	27.7
Personal Banker	\$24,420	\$30,663	25.6
Treasurer	\$53,000	\$68,661	29.5
District Manager	\$54,944	\$63,336	15.3

*Does not include commissions or annual bonuses

Source: America's Community Bankers Compensation Survey

More Than Just Compliance Training

The Edcomm Group Banker's Academy understands the needs of smaller banks, credit unions and MSBs, and is now offering a more cost-effective means of delivering training on compliance, teller, systems simulation, HR Compliance and other areas to meet those needs. The Edcomm Group Banker's Academy feels that if a bank has employees to train, that it should not be penalized for its size, which is why *Banker's Academy Unlimited* was created. *Banker's Academy Unlimited* is a comprehensive training curriculum combined with a full-featured Learning Management System (LMS), and the first of its kind in the industry to offer a fixed, affordable yearly price with no multi-year commitment attached.

Bankers Academy Unlimited offers more than 800 banking topics and makes state-of-the-art eLearning and high quality classroom materials available to community banks, small retail banks, credit unions and Money Services Businesses (MSBs). Training courses include Compliance, BSA/AML, Privacy, Security, Teller, Platform, Sales and Service, Lending, Mortgage, HSAs, Call Center, EEO, Code of Conduct, Ethics and many others.



Dr. Linda Eagle is Founder & President of The Edcomm Group Banker's Academy—a 22-year-old education and consulting firm dedicated to serving Banks, Credit Unions, Money Services Businesses (MSBs) and all areas of the Global Financial Community with thousands of generic and customized training programs in areas such as BSA/AML, Regulatory Compliance, Teller Training, Systems Training, Sales and Service Training, and many more.

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