Author: **Jenkins, Wanda L.**

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STUDENT:

         NAME: Wanda Jenkins   **DATE: 5/7/2019**

ADVISOR: (Committee Chair if MS Plan A or EdS Thesis or Field Project/Problem):

         NAME: Sally Dresdow   **DATE: 5/7/2019**

This section for MS Plan A Thesis or EdS Thesis/Field Project papers only

Committee members (other than your advisor who is listed in the section above)

1. CMTE MEMBER'S NAME: **DATE:**

2. CMTE MEMBER'S NAME: **DATE:**

3. CMTE MEMBER'S NAME: **DATE:**

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Jenkins, Wanda L. *Evaluating the Effectiveness of a Consumer Financial Compliance Training Program*

Abstract

The effectiveness Company XYZ compliance training program had never been assessed even though the company has had a compliance training program for the past five years. This study examined how effective the compliance training at Company XYZ was based on Kirkpatrick's four levels of training evaluation. Research was conducted via reactionary data from current employees as well as the compliance department. It also examined compliance training quiz data using a control group that was compared to existing employee quiz data. Recommendations included restructuring of the compliance trainings to include more role relevant applications such as scenario-based training and restructuring of compliance quizzes to reflect the objectives of the compliance trainings.

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Chapter I: Introduction

Company XYZ is an online retailer that offers a credit product to consumers. Its customers use this credit to purchase merchandise from their catalogs and website. By offering consumer financial services Company XYZ is highly regulated. Company XYZ is required to have regulatory training for all new employees and vendors. In addition, annual refresher training is also required for all employees and vendors.

Compliance training at Company XYZ has evolved over the years. When compliance training was first implemented it purchased off-the-shelf training from the American Bankers Association (ABA) that was designed for bank tellers. Employees complained about the quality and relevance of the trainings since Company XYZ was not a bank. The training also did not reflect the role relevance of each department nor education level which spans from entry level agents with little to no college education to engineers with PhDs. In 2015 they hired a trainer to update all of the compliance trainings to reflect current company policies. These trainings were computer-based and contained updated graphics, interactions, content to reflect policies at Company XYZ, and some contained pathways for particular departments to view role relevant materials.

Currently, Company XYZ's method of evaluating the compliance training has been to review the questions and the percentages of how many employees and vendors got the question wrong. Then they redefine the answers or include more information in the training to attempt to help the employees and vendors get the answer correct in the next training year. This current type of evaluation does not reflect the effectiveness of the training nor does this type of evaluation address how the employees uses the content learned from the annual compliance trainings to help identify compliance risk. The method of evaluating the compliance trainings

also does not measure data such as personal reflections from the employees who took the trainings.

Statement of the Problem

Company XYZ's compliance training has never been evaluated to determine its effectiveness. Every employee and vendor are responsible for understanding consumer financial laws and acting as a first line of defense for the business in preventing regulatory risk. By evaluating the effectiveness of the compliance trainings, Company XYZ can revise their compliance trainings to better train its employees and vendors on how to prevent regulatory compliance risk.

Purpose of the Study

The purpose of this research was to evaluate the effectiveness of Company XYZ's compliance training to determine the gaps the company had in their understanding of how to identify compliance risk. The objectives of this study included: determining the effectiveness of Company XYZ's annual compliance training, researching adult learning theories, exploring how to make compliance training meaningful, and examining best practices for e-learning.

Assumptions of the Study

It is assumed that Company XYZ continued to deploy its current annual training until proposed action plan was presented. The company determined which areas of training needed to be enhanced for the 2020 fiscal year.

Definition of Terms

The terms below relate to consumer financial compliance and terms commonly used with corporate training.

American Bankers Association (ABA). "Through a broad array of information, training, staff expertise and other resources, ABA supports America's banks as they perform their critical role in energizing the economy and helping communities thrive" (American Bankers Association, 2018, para. 3).

Compliance issues management. An issue that poses an operational risk that presents a direct compliance or regulatory risk, third party operational risk, and/or potential future litigation risk.

Compliance risk and control assessment. Company XYZ's risk assessment is an ongoing process that continually monitors the risk environment and maintains status on the company's risk-mitigating controls.

Learning management system (LMS). Software or cloud-based service that a company uses to deploy online trainings and track training data (Pappas, 2017).

Return on investment (ROI). A measurable increase in skills, increase in annual revenue, number of trainees trained (Andriotis, 2017).

Limitations of the Study

The limitations of this study included that:

1. Only key departments were measured during this study.

2. The 2018 fiscal year was the scope that the non-human data set, previous compliance training quiz data, was collected from and sampled.

3. Only the financial regulations and their correlating courses were examined in this study.

Methodology

     In order to test the effectiveness of Company XYZ's compliance training, employee quiz scores from 2018 compliance trainings were compared to new hires who had not yet taken the annual compliance trainings quiz scores. Data was also gathered around other compliance functions such as Company XYZ's compliance operational issues list and Company XYZ's risk and control assessment. This was compared with compliance training quiz data to determine if there are any correlating factors. Employees were surveyed to determine if they deemed the compliance training useful to their jobs. Additionally, the compliance team were interviewed to gain perspective on where they see the company proficiency in compliance.

Chapter II: Literature Review

Company XYZ's compliance training has never been evaluated to determine its effectiveness. Every employee and vendor are responsible for understanding consumer financial laws and acting as a first line of defense for the business in preventing regulatory risk. By evaluating the effectiveness of the compliance trainings, Company XYZ can revise their compliance trainings to better train its employees and vendors on how to prevent regulatory compliance risk. Literature covered includes the importance of evaluating training, techniques used for evaluating training, Kirkpatrick's four levels of training evaluation, adult-learning theories, methods for adult learning, e-learning techniques, examination criteria for consumer financial regulations, meaningful compliance training, and effectiveness in compliance training.

Reasons for Evaluating Training

The purpose of evaluating training has several reasons, as D. L. Kirkpatrick (1994) states the specific reasons to evaluate training is "To justify the existence of the training department by showing how it contributes to the organization's objectives and goals, to decide whether to continue of discontinue training programs, to gain information on how to improve future training programs" (D. L. Kirkpatrick, 1994, p. 18). If training departments are not adding value to the company, there is no reason for the training to be a part of the company (D. l. Kirkpatrick, 1994). It is also important to evaluate trainings that are considered pilot programs that a desired result is required of the company, but the most common reason for evaluating a training program though is to determine the effectiveness.

"Evaluation is the means used to determine the worth or value of the training" (Merwin, 1992, p. 5). Merwin (1992) also states that training evaluation needs to answer the following questions:

1. Does the training increase or develop effectiveness in reaching organizational goals or in handling procedures?

2. Does the training improve the worker's performance?

3. Is the training process effective (Merwin, 1992, p. 5)?

The evaluation component of training assists a company to set the boundaries on the rules it creates for evaluation, gathering specific sets of data, and creating an effective summary for how much learning and transference has been achieved (Merwin 1992). Training programs should be evaluated for their effectiveness because it can help leadership determine if a training program should be cut or enhanced for next year's deployment.

Training Evaluation Techniques

The most common form of evaluation is something many training professional refer to as smile sheets. Thalheimer (2016) describes smile sheets as the type of evaluation that elicits the feedback of the learners based on their perceptions of the training. The problem with traditional smile sheets is that they do not serve much value in evaluation because they only examine satisfaction of the learner and do not test if the learner has truly mastered the content or had a change in their behavior because of the training. Smile sheets capture data such as the satisfaction of the learner with the course, giving a chance for learners to give feedback, and giving learners a chance to vent their frustrations (Thalheimer, 2016).

Swanson's (1996) performance learning satisfaction (PLS) evaluation model captures the perception of learners as well as their supervisors by using a Likert scale. The concern Swanson (1996) has about gathering satisfaction data is for the ratings to not be too high or too low. If the rating is too low, it is only demonstrating the dissatisfaction with the change. If the rating is too high, it does not take into account the change at hand. Swanson (1996) considers a 2.5 average

score out of 4 satisfactory therefore, the training is considered to be successful. However, the PLS evaluation model also requires two of the three areas, performance, learning, or satisfaction, to be evaluated in order to successfully report evaluation findings to leadership (Swanson, 1996).

Swanson's (1996) PLS evaluation model requires satisfaction to be collected as at least one of the areas of evaluation. Participant satisfaction surveys include questions that ask about the learner's motivation, if the supervisor has encouraged the behavior, and questions pertaining to the training itself. The supervisor satisfaction surveys are simpler and ask the supervisor if they felt the training was valuable to the employees and if they felt the employees learned anything from the training (Swanson, 1996).

Thalheimer (2016) created new performance-focused smile sheets that evaluate areas such as indicating which training programs are not effective, gathering ideas for updates to trainings, gaining the strengths, and weaknesses of a first-time training program. According to Thalheimer (2016), performance-focused smile sheets should result in two components, gauging the effectiveness of the training and giving actionable items to take away from the review of the training. What trainers need to be able to evaluate is what the learners understand, whether the learner will remember what they have been taught, and if they are successful at making changes to their behavior based on what was taught.

Performance-focused smile sheets should refresh the learner on the learning objectives and then ask how the training was delivered for that objective (Thalheimer, 2016). Learners must believe that results of the smile sheet have importance, for instance, if the smile sheet is too short, the learner will not believe that their results matter. If the smile sheet is too long, it becomes fatiguing. Well-designed questions will ensure that learners take the questions more seriously and the use of descriptive choice answers is typically more effective than Likert scales

(Thalheimer, 2016). Also, performance-focused smile sheets should be given to the learners before the training is over to prevent learners from rushing through them.

Smile sheets must avoid bias and ask the learner clear, relevant questions that should always be tied to improvement with clear wording in each question (Thalheimer, 2016). Learners need to be able to answer questions knowledgably; therefore, questions should not be mixed with training jargon that a learner would not be to understand. Thalheimer (2016) believes that in addition to giving the smile sheets during the training, give a smile sheet to the learners a few weeks after they have had a chance to put the learning to use. See Appendix A for an example of an adapted smile sheet from Thalheimer (2016).

Brinkerhoff's (2003) success case method (SCM), helps trainers to decipher what is working or not working in an initiative within the company, what needs to be changed if anything with a new initiative, or if it needs to be abandoned.

> The SCM is carefully balanced blend of the ancient art of storytelling with more modern methods and principles of rigorous evaluative inquiry and research. But the SCM is also practical. We employ sound principles of inquiry to seek out the right stories to tell, and we back them up with solid evidence. (Brinkerhoff, 2003, p. 4)

A SCM can achieve these four questions in a company: "What is really happening? What results, if any, is the program helping to produce? What is the value of the results? How could the initiative be improved" (Brinkerhoff, 2003, p. 6-7)? To answer what is really happening in an initiative, the training evaluator should observe who in the company is using the new methods of the innovation, what parts of the new innovations are being used, how many employees are using the new methods, and which smaller groups are using or not using the new techniques (Brinkerhoff, 2003).

Hale (2002) states that training effectiveness is often measured by external measures also known as summative measures. These are the facts that are collected that determine the impact on the organization. Organizations generally track the number of employees trained, how much time was spent on training, if the training was available via the internet, and how often was the training available to the employees (Hale, 2002). Although these are important factors to evaluate, an evaluator also has to demonstrate that there was something worthwhile that came as a result of the training.

Effectiveness can be measured in both output and outcome of the training, for example, an evaluator can measure the outputs of how many completed the course as well as how much the learners transferred what they learned when adopting the new behaviors to their jobs (Hale, 2002). However, outcome related information is the most helpful in determining if the training changed behaviors and the knowledge, skills and attitudes (KSAs) of employees. Repeating outcome measurements such as gathering test data from participants one week, four weeks, and six months after training can help determine the effectiveness of retaining knowledge and facts (Hale, 2002). To measure the transfer of learning, an evaluator needs to measure if those that took the training can do their jobs better at certain intervals after the training was conducted. This can be measured through similar test, behavioral data, and reactions to what the employees learned (Hale, 2002). It is also valuable to measure the performance of employees who have not taken the training though tests or behavior data to determine if there is a difference between the groups in order to show effectiveness. Hale (2002) also mentions that training transfer can be measured by the behavior changes of employees at different intervals after the training has been completed. To test this type of effectiveness, tools should be developed by the trainer and the

manager to track desired behavior changes. From these results trainers can help managers coach employees by developing cues or incentives to reinforce the desired behaviors.

When looking to evaluate the effectiveness of a mandatory training, such as regulation trainings, most evaluators focus on the external measures such as how many where trained and the frequency of the training. Hale (2002) mentions there is an increase trend for companies to measure the learning that has occurred such as do the employee understand the law and can they apply it to their daily jobs. Metrics for this type of measure include test scores of employees or frequency of employee demonstrating compliance on the job (Hale, 2002).

Hale (2002) also recommends determining what drives the training in order to select appropriate measures as well as using measures that the company already uses to test the effectiveness of mandatory training. The quizzes that employees take in response to mandatory training should encompass what is in the training as well as represent job assignments that would be expected of the employees. Hale (2002) also suggests meeting with company experts to determine how proficient employees should be after completing the mandatory training. It is also important to keep in mind the costs involved to become proficient as well as the cost it causes the company when employees are not proficient.

Kirkpatrick's Four Levels of Evaluation

In D. L. Kirkpatrick's (1994) four levels of evaluation, level 1, reaction is when information is gathered from the learners based on their satisfaction of the training. However, Thalheimer, (2016) argues that Kirkpatrick's version is much like a customer satisfaction survey, it tells us whether the leaner is satisfied with the training. Satisfaction does not equate with the effectiveness of the training, instead smile sheets should employ factors that are essential to learning and produce actionable results such as examining the training's design and deployment

methods (Thalheimer, 2016). Although Kirkpatrick's definition of reaction is simple, Thalheimer's version of this level creates data that can help evaluate the effectiveness of the training.

D. L. Kirkpatrick and Kirkpatrick (2007) suggested five points to develop an effectiveness reactionary form for participants. Create a list of eight to 15 items that will reflect the feedback you want to gather. Making sure the reactions can be quantified will help to report the data, for example, using a Likert scale. End the survey by asking the learner for their input on suggestion for improvement. Surveys should be anonymous and attempt to get 100% response from learners on their reactions (D. L. Kirkpatrick & Kirkpatrick, 2007). Overall reactionary data can be helpful in improving lessons for a particular training. It also helps the learners to feel they get a say in how effective the training program was.

D. L. Kirkpatrick's (1994) level 2, learning, focuses on changed attitudes in the learners as well as measuring the increase in knowledge and skill improvement. The way that D. L. Kirkpatrick (1994) recommends collecting this level 2 data is to have a control group, which does not take the training, and an experimental group, that takes the training. Both groups are pre and post tested on KSAs to understand improvements if any. This type of measurement shows the effectiveness of the content of the training. However, if a control group is not possible, a pre- and post-test can be given to the training participants to determine the increase in knowledge of the learners (D. L. Kirkpatrick & Kirkpatrick, 2007). Another suggestion that D. L. Kirkpatrick and Kirkpatrick (2007) have is to use a standardized instrument that closely relates to the test given to participants and compare the results of the test to the standardized instrument.

Level 3, behavior, uses seven guidelines for evaluating behavior:

1. Use a control group if practical.

2. Allow time for the behavior change to take place.

3. Evaluate both before and after the program if practical.

4. Survey and/or interview one or more of the following: trainees, their immediate supervisor, their subordinates, and others who often observe their behavior.

5. Get 100 percent response or a sampling.

6. Repeat the evaluation at appropriate times.

7. Consider cost verses benefits (D. L. Kirkpatrick, 1994, p. 53)

Using a control group can have the benefit of demonstrating that the training was successful or not based on the results in behavior of the experimental group compared to the control group (D. L. Kirkpatrick, 1994). However, it may be difficult to use a control group if the two groups have a chance to influence each other in any way. It also may not be practical to use a control group because uncontrollable factors may influence the results (D. L. Kirkpatrick, 1994). D. Kirkpatrick (1994) suggests that regardless if a control group is used or not, trainers should focus on the evidence they have instead of proof of a successful training.

The reason training evaluators benefit studying Kirkpatrick's level 3 – behavior is it proves whether or not the success of level four is caused by ineffective training or lack of sufficient follow-up (D. L. Kirkpatrick & Kirkpatrick, 2007). Monitoring and coaching the employee's behavior will support level three evaluation, which is also found to act to reinforce the objectives of the training (D. L. Kirkpatrick & Kirkpatrick, 2007).

By allowing time for the behavioral change to happen, the evaluator needs accurate results (D. L. Kirkpatrick, 1994). Depending on the type of training, it could take two to three months up to six months to see the behavior change based on the training. Evaluating a behavior

before the training and after the training can be very useful to determine the changes that took place. This is not always practical to do and it depends on the course and the audience.

Surveying or interviewing employees about the behavior change can also be effective, but the evaluator should get feedback from at least two of following groups: trainees, their supervisors, those that report to the trainee, and others knowledgeable about the trainees' behavior (D. L. Kirkpatrick, 1994). Using more than one group provides an accurate picture of the trainee since interviewees in one group may not be as accurate as another group. Also, the evaluator should consult with the individual before using this type of evaluation. However, if the supervisor encourages the surveying or interviewing of their direct reports, then this may be a good avenue to explore (D. L. Kirkpatrick, 1994).

Choosing to conduct interviews or a survey depends on the amount of time the employees have (D. L. Kirkpatrick, 1994). Also, interviews can be very detailed but are more time consuming than a survey. Surveys are more practical but it is difficult to get full responses from the employees. Getting a 100% response rate from behavior evaluations or conducting a sampling will depend on how much time and money the company wants to put into this type of evaluation (D. L. Kirkpatrick, 1994).

The company should choose more than one time to evaluate the behavior (D. L. Kirkpatrick, 1994). The company might do their first evaluation of the behavior change within two to six months and then again at the one-year mark. The reason for re-evaluating the behavior is that some trainees may take longer to apply what they learned from the training and those trainees that changed their behavior may revert to old ways after some time has passed. The cost versus benefit must be taken into account when completing these evaluations (D. L. Kirkpatrick, 1994). Does the company have the time, resources and money to encompass this

kind of evaluation? It makes more sense financially and resource wise to evaluate the behavior changes of a program based on annual trainings versus one-time trainings. Therefore, companies should evaluate an annual training program more frequently than a one-time training (D. L. Kirkpatrick, 1994).

D. L. Kirkpatrick's (1994) level 4 results focuses on providing a return on expectations (ROE) to management. D. L. Kirkpatrick and Kirkpatrick (2007) recommend letting the stakeholders define their expectations so the training evaluator can choose the right training measurements that will demonstrate those expectations.

The difficultly with this is that ROE can be measured many different ways in training and the result of the ROE may not only be contributed to training. Evidence based on the other levels of D. L. Kirkpatrick's (1994) evaluation model can sometime produce positive results, however, if management wants proof of the ROE from training, this will not be able to be accomplished given the other factors that attribute to ROE.

Effective Adult Learning Theories

Merriam and Bierema (2014) explain five adult learning theories and the cons to using each one of them. The five include "behaviorist, humanist, cognitivist, social cognitivist, and constructivist" (p. 26).

Table 1

Outcomes, Examples, and Cons to Adult Learning Theories

Theories	Outcomes	Examples	Cons
Behaviorist	• Change behavior by rewarding or reinforcing a behavior • Specific learning outcomes	• Competency-based • Instructional design models • Some program-planning models	• Too mechanical or controlling • Does not fully capture learning capabilities
Humanist	• Focuses on the learner making choices about their learning • Encourages learners to determine their behavior	• Andragogy • Self-directed learning • Transformative learning	• Physiological needs must be met and mastered before they can best learn
Cognitivist	• Focus is how people process information in a developmental sense as well as dialectic • Memory is the catalyst in remembering learning based on senses	• Instructional designers use various design theories such as Gagne's nine levels of learning or Bloom's taxonomies	• Aging adults may have difficulty if they have issues with the senses since memory is an integral part of cognitivism
Social Cognitivist	• A subset of cognitivism • Adds a layer of observing of others and modeling their behaviors	Mentoring cognitive apprenticeships Mentor or instructor models how to think about whatever is being learned	Use of mentor may not be an option for a learning situation
Constructivist	• Help learners understand their learning experience or construct meaning from it	• Transformational learning • Experiential learning • Reflective practice • Cognition • Communities of practice	• Dependent on environment for training. • Some of these ideals may not be met since learners are different

Adapted from Merriam & Bierema, 2014

Of the five theories, the humanist seems to be the most versatile for the corporate training environment. Allowing the learners to make choices about their learning is valuable especially when the learner is completing self-directed training. The con of the humanist theory is the least troublesome of the other adult learning theories because as adults, many physiological needs are being met and mostly mastered.

Gagne, Briggs, and Wager (1992) point out three principles derived from learning theories that are relevant to instructional design include contiguity, repetition and reinforcement. "The principle of contiguity states that the stimulus situation must be presented simultaneously with the desired response" (Gagne et al., 1992, p. 7). In order for contiguity to be effective, the first stimulus must be removed before the learner can attempt to recreate the KSAs they have learned.

Repetition refers to the process of repeating or practicing the stimulus situation in order for learning to take place (Gagne et al., 1992). Although modern learning theories sometimes argue repetition does not actually strengthen learning it can be seen as a practical procedure that is necessary to support other learning theories. Reinforcement is usually seen as once someone learns something new, they receive a reward (Gagne et al., 1992). However, for instructional purposes reinforcement used as a way to learn new materials they should be followed by something connected that the learner enjoys doing.

Effective Methods for Adult Learning

St. Clair (2015) explains how adults learn using a working model.

Learning is a social process conducted, either more or less directly, with other humans. People begin to learn by trying peripheral activities, then taking on more complex activities as they grow in confidence and see other people perform them. Individuals will

repeat actions that are associated with a reward, including the approval of peers. Even if

the purpose of the learning is not behavioral, having an associated behavioral outcome

can make it easier to communicate and assess. People learn most, and most profoundly,

when faced with a dilemma or need to understand something relevant to them. (St. Clair,

2015, p. 29)

Using St. Clair's (2015) working model, trainers should: assure the purpose in the

training is clearly communicated and have a clear path to get to the goals and objectives of the

training. Also, trainers should be able to support the learners in their learning and the training

should be presented from simple concepts to complex ones, also known as scaffolding (St. Clair,

2015). By the end of the course the learner should feel that they have mastered and understand

the content of the training.

St. Clair (2015) suggests that responsible teaching should follow the guidelines of

encouraging active learning by having the employees learn by doing whenever possible instead

of just hearing or reading about the materials. The trainer should also help the learners to build

connections with what they are learning in order for them to move to more complex ideas over

time and encourage the learners to collaborate with each other on what they are learning (St.

Clair, 2015).

In order for learners to gain knowledge, skills, and attitude changes from the lesson,

learners must take an active part in the learning of the lesson (St. Clair, 2015). The trainer must

also be in tune with who the learners are, what they bring to the session in the form of

knowledge, skills, and attitudes, and what the learners want to gain from their learning

experience. Trainers need to understand that no theory or learning principle will solve all of the

difficulties with learners, instead trainers should think through key elements to discover different ways to support the learner based on their individual needs (St. Clair, 2015).

Thalheimer (2016) created a taxonomy that describes the levels of training. The three levels include: "Awareness training, performance training, and performance training with performance assistance" (Thalheimer, 2016, Chapter 3, Levels of Training, para.1). Awareness training conveys the information to learners but does not provide sufficient support for how the learner will apply the information learned on the job (Thalheimer, 2016). Performance training assists the learner in not only knowledge of the content but also job performance (Thalheimer, 2016). With the added component of performance assistance that is deployed on the job, the learner begins to become fully capable. Awareness training is the least effective because it does not provide enough support to learners to help them apply what they have learned, therefore, training professional should focus on the second and third levels identified by Thalheimer (2016).

In order to increase on the job performance, Thalheimer (2016) has designed the four pillars of training effectiveness: "Do the learners understand? Will they remember? Are they motivated to apply? Are there after training supports in place?" (Chapter 3, Four Pillars of Training Effectiveness, para. 2) Remembering is a key goal to a training session since without the knowledge they will not be able to apply the knowledge to their jobs (Thalheimer, 2016). In order for trainers to be effective, they must continue to monitor this in a reasonable timeframe after the learner has been trained. Also, trainers can measure if outside factors contributed to the success or dismantling of the KSAs learned in the training. "Third-level goals related to remembering include whether the learners have received realistic practice, repetitions spaced

over time, and situation-action triggers to spur spontaneous remembering" (Thalheimer 2016, Chapter 3, Learner Remember, para. 3).

Motivation of the learner is both engagement in the learning as well as the desire to continue transfer what they have learned to the job (Thalheimer, 2016). The training itself should motivate learners to believe in the concepts, help empower them to apply the new knowledge, skills and attitudes successfully, and give them the sense of being able to continue to learn more and improve on the knowledge, skills, and attitudes learned during the training (Thalheimer, 2016). This is done by presenting training materials with concepts that learners can incorporate into their beliefs as well as learners gaining confidence in their ability to apply the knowledge.

After training supports must be available for the learners in order to successfully retain the training (Thalheimer, 2016). This also means that during training, learners need to understand what obstacles they may face when using what they have learned. They need to have been given enough time during the training to practice their new knowledge, skills, and attitudes so they can determine what might go wrong and how to solve for these issues (Thalheimer, 2016). A trainer should also work closely with the learner's supervisors to help give guidance and support once the learner is back on the job.

Effective Methods for E-learning Techniques

Hubbard (2015) says "e-learning is when we use computers and the networks to which these are linked to in some way support the learning process" (p. 3). A company called CBT Systems (now known as SkillSoft) developed the term e-learning in 1999 (Hubbard, 2015). The term e-learning comes from the concept of computer-based training (CBT), but instead of the training being delivered via CD-ROM it can be delivered over the company's intranet or over the

internet. In general Hubbard (2015) says both e-learning and CBT are delivered via a computer, the learner is allowed to go at their own pace, and the training is for individual learners. The main difference is that e-learning is delivered online versus CBT is delivered via software.

Amit K (2015a) states the most common e-learning content as being: "learner center content…engaging content…interactive content…personalization" (para. 3). Learner center content needs to be relevant and specific to the learner's job and it will help to keep the learner focused on the training. The content needs to be engaging to the learner through the use of the storyboard created by the e-learning designer. Scenario based interactions will help engage the learner by capturing their attention. Customization of the course to include self-pacing based on the learners needs and interests is also important in an effective e-learning module (Amit K, 2015a).

The needs assessment and the audience of the course will ultimately determine the best e-learning methods. Amit K (2015b) makes these points:

- Getting the business objective fulfilled by delivering the whole bunch of courses to the learner and get their performance objective.

- Effective e-learning provides learners with motivation by using delivering techniques.

- An effective e-learning course takes a good deal of time, hard work, and a commitment to high-quality content.

- Effective e-learning enables accessible, relevant, high-quality learning opportunities that improve learner engagement and achievement.

- Effective e-learning altogether means creating for the organization long-term assets which bring effective results in terms of ROI (para. 4).

Effectively communicating clear goals of the training course will ultimately help the learner understand what they are learning in the course, when they should be successful in implementing training goals, and why it is important they become successful if they use the training in their jobs (Amit K, 2015b).

Clark and Mayer (2011) studied media comparison research over the last 60 years and discovered that instructional design that makes a difference in the engagement of the learner is not about the medium but how the instruction is delivered. Using a computer is beneficial for learning by using text, graphics, video, and audio, however, it is not sufficient and it is critical to use effective learning methods when designing training (Clark & Mayer, 2011).

According to Clark and Mayer (2001), e-learning can be beneficial because it can customize training, produce engagement in learning by the use of multimedia, and it can accelerate the expertise of learners through scenarios. When considering customized learning, it is not so much about the learning styles of the employees but tailoring the content itself to the employees' work roles and learning needs of the employees. Engagement in learning encompasses both behavioral activity and psychological activity. Behavioral engagement in e-learning includes any movement that advances the e-learning such as an interactive game (Clark & Mayer, 2011). Psychological engagement in e-learning includes a cognitive process that occurs that leads to new understanding of learning or skills. If the e-learning gets the learner to experience psychological activity, the behavioral activity does not matter as much (Clark & Mayer, 2011). The instructional designer's goal should be to focus on influencing the learner's psychological activity and less on interactivity in the e-learning module.

Multimedia such as video and interactive games should help the learner by providing connections between the graphics they see, words they read, and audio they hear. Clark and Mayer (2011) state,

> people are more likely to understand materials when they can engage in active learning - when [learners] engage in relevant cognitive processing such as attending to the relevant material in the lesson, mentally organizing the material into a coherent cognitive representation, and mentally integrating the material with their existing knowledge. (p. 71)

Most importantly the graphics and words must support each other in making those connections for the learner, otherwise they are not effective. Acceleration of expertise through scenarios is a strong characteristic of e-learning because it can be used to give the learner real life job experiences that might not present themselves frequently on the job or practice a skill that might take days to complete otherwise (Clark & Mayer, 2011).

Focusing on the analysis and design of the e-learning course will aid in the effectiveness of the course and provide motivation for the learner (Amit K, 2015b). The elements of analysis and design that Amit K (2015b) focuses on primarily are clear subject matter, the objectives relating to the relevance of the learner, activities match the learner's level and are motivating, the length of the course fits into the learner's schedule, and if the learning platform is easy to understand by the learners.

The course itself needs to be of high quality, easy to use, and a motivation experience for the learner (Amit K, 2015b). Important elements the e-learning developer needs to take into account include:

- High quality content, images, audio.

- Creating easy navigation.

- Maintaining a consistent look and feel.

- Making the content easy to read.

- Using the Color theory to create contrasting colors.

- Using high quality artwork.

- Using proper spacing throughout the course (Amit K, 2015b, para. 9).

Planning the evaluation of the e-learning course is essential during the design phase (Amit K, 2015b). First the e-learning developer needs to understand the purpose in evaluating the course. Is the purpose to make improvements on the course before implementation or is it to measure the effectiveness of the course after the training? Amit K (2015b) suggests three types of evaluation for e-learning courses: formative, summative, and confirmative. Formative evaluation refers to the course being reviewed before deployment stage. Summative evaluation refers to the implementation stage, the data that is collected to determine the effectiveness of learning. Confirmative evaluation is the stage where the e-learning developer reexamines the course to determine if it remains relevant or needs updating before next deployment of the course (Amit K, 2015b).

Examination Criteria for Consumer Financial Compliance Training

In the Consumer Financial Protection Bureau (CFPB) (2017) supervision and examination process, to have successfully trained the staff you must do these things:

Compliance training is comprehensive, timely, and specifically tailored to the particular responsibilities of the staff receiving it, including those responsible for product development, marketing and customer service. The compliance training program is updated proactively in advance of the introduction of new products or new consumer

protection laws and regulations to ensure that all staff are aware of compliance responsibilities before rolled out. (p. 15)

Federal Deposit Insurance Corporation (FDIC) (2017) compliance examination manual has a similar viewpoint on what they expect from a compliance training perspective. The FDIC agrees that all types of staff including the board of directors "should receive timely, specific, comprehensive training in laws and regulations, and internal policies and procedures that directly affect their jobs" (FDIC, 2017, p. II-3.3). The FDIC has the expectation that training will be given periodically so that staff members will stay current in their understanding of consumer financial regulatory law. It is also important to focus on the products and services the company provides and how those relate to consumer financial laws.

The Federal Financial Institutions Examination Council (FFIEC) (2014) only has guidance on training related to the Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) practices. FFIEC (2014) guidelines for training personnel include not only training as a new employee and ongoing training, but also insist that the training offer customized instruction based on the department and how it handles BSA/AML policies and procedures.

Overall within each of these examination manuals, the key point is role relevant training. Helping learners to understand how to comply with applicable regulations in their regular jobs helps a company to manage their consumer financial risk.

Meaningful Compliance Training

Ciskey (2008) states that it is important for staff in a consumer financial regulatory atmosphere to be trained in the policies and procedures directly related to compliance. Also, the compliance audit form that is used to determine an agent's effectiveness can be used to develop

training. Ciskey (2008) recommends using examples within the compliance training to help staff understand how to effectively be compliant.

Job-based compliance training has benefits to producing an effective compliance training program because it not only explains what regulations are important to employees but it also explains what is applicable to them in their daily job (Patrick, 1998). By using job-based training for compliance, it can increase management's viewpoint of that everyone owns compliance. By involving management as part of the creation of the training, it helps to hold them accountable for the content of the training (Patrick, 1998). Once manager buy-in has been achieved, employee buy-in should follow based on how the employee will be evaluated in terms of compliance. Job-based compliance training will help learners to retain the knowledge, skills, and attitudes because it is relevant to the work they do (Patrick, 1998).

In order to effectively evaluate a compliance training session, the trainer should help the learners to process and apply what they have learned (McCollough, 2005). The use of a quiz or test at the end of the session or after a chunk of regulatory information can help the trainer to determine what is missing from the training or needs more repetition during the training. Paying attention to questions coming from managers and learners after a training session can help a trainer to determine if there are gaps in the training that should be assessed before the next roll out of the training (McCollough, 2005). Also, it is important to use the results from audits and examinations to determine where the training could be effective for filling a training need.

Effectiveness in Compliance Training

Overton (2007) claims that in order for compliance training to be effective, the objective should focus on the behaviors of the learner instead of factual knowledge. Also engaging the learners in real world scenarios will help the learners to imagine themselves in the situation.

Finally, by teaching the learners to report compliance risks will help the learner to take responsibility for what they are learning to comply with (Overton, 2007).

Sczyrba and Monson (2005) believe establishing parameters by identifying the training most applicable to each department will help to build effectiveness in a compliance training program. Using the company's risk assessment data can help determine what needs attention from a compliance perspective. Taking time to assess each department and which regulations apply to them will aid in effectively create training based on job duties. The training material should reflect the company's policies and procedures and address problem areas by connecting with each area to discover their needs (Sczyrba & Monson, 2005). Ensure that learners understand their jobs and how regulations apply to them instead of expecting they cite regulations. When quizzing the learners use questions based on compliance risk assessments and compliance issues the company is facing (Sczyrba & Monson, 2005). The answers to these questions can then be analyzed to determine if a question is faulty or if a regulation is not understood which could lead to redesign of training or procedures.

In order to demonstrate an effective compliance training program, a trainer can quiz the learners during and or at the end of training session (Bower, 2011). It is important that the trainer ensure that the questions are creditable and that the questions are not used too frequently or the results might be discreditable. Another way to determine if compliance training has been effective is to disseminate questionnaires and surveys to the learner immediately after the training or after a certain time span after the training (Bower, 2011). These questionnaires and surveys should ask learners about their understanding of the regulations as well as surveying any compliance concerns in order to build future trainings.

Conclusion

Evaluating trainings can be valuable to a company because it justifies the training program and determines how successful the training program was. Training evaluation techniques include collecting reactionary data from employees and stakeholders, collecting knowledge data, examining behaviors of employees before and after the training, and determining the if the company was able to obtain their ROE.

In relation to adult learning theories, the humanist theory works the best with corporate training because allows the learner to make choices and to be self-directed in their learning. To effectively train employees, trainers should use performance-based training to help the learner understand the knowledge and the job skills they are required to do. Communicating clear goals and objectives help the learners to understand what they need to learn from the training. After the training is complete, supports must be in place from management in order for the knowledge and skills the employees learned to be retained.

When designing e-learning it is important to focus the interactions on job-based knowledge and skills. Scenarios help the learner to focus their attention and engage in the training helping them to later recall this information. The e-learning design should be professional by including quality art work, audio, and video that are consistent throughout the course to keep the learner engaged.

Examination criteria used by consumer financial regulators all agree that regulatory training needs to be role relevant. In order to manage consumer financial risk, the employees of a company need to understand how compliance is an important aspect of their jobs. Compliance training should give specific examples of how to be compliant as well as offer job-based content that will help the learners to understand what their role in compliance is. To ensure effectiveness

of compliance training, the objectives should focus on the behaviors of the learner in addition not just the knowledge of the regulation. The trainings themselves should encourage the employees to use the knowledge and skills they have learned to report compliance issues as well as take responsibility for compliance risk in the company.

Chapter III: Methodology

In order to determine if Company XYZ's annual compliance training was effective, the compliance operational issues, the compliance risk and control assessment, and the results of the annual compliance training were evaluated. The sample consisted of departments that reported compliance issues as well as departments that had areas of residual risk according to compliance's risk assessment. The departments in scope for this project also were given the opportunity to take a survey, which focused on the effectiveness of the trainings.

Subject Selection and Description

The subjects for this study were selected based on which departments self-reported compliance issues and departments that were involved in the areas of highest inherent risk evaluated by the risk and control assessment during the 2018 fiscal year. The subjects included employees from collections, credit, customer service, and marketing. The control group consisted of new employees that had not completed the compliance trainings from these same departments.

Instrumentation

To test Kirkpatrick's level 2 learning, the control group was given the quizzes to select 2018 compliance trainings but were not given the annual compliance training itself until the 2019 trainings were released. The training scores from the departments that had the highest self-reported compliance operational issues and departments that had the highest areas of residual risk of the compliance risk and control assessment were compared to determine if there was a pattern.

In order to evaluate Kirkpatrick's level 1 reaction, the departments identified during the issue management and risk of the compliance risk and control assessment data collection were

surveyed on the compliance trainings' effectiveness. See Appendix A: Delayed Performance-Based Smile Sheet which was adapted from Thalheimer (2016).

Kirkpatrick's level 3 and 4 were not collected due to the lack of existing data. The behavior change is difficult to test because there is very limited data currently from business and compliance monitors since the risk and control assessment was in its first year of deployment. The results level is not relevant to determine if training should be given because regardless of the ROE annual training is mandatory. Also attempting to measure the ROE at that point was not possible because data was not available.

Data Collection Procedures

The control group consisted of new hires between October 2, 2018 and March 1, 2019, because compliance training was only available to new hires April 1st through October 1st annually. This group was given the annual compliance trainings in April of 2019. The control group and the identified departments were assessed by the quiz data from courses applicable to their department. The quiz questions were developed by adapting quiz questions examples from various compliance websites and questions pertaining to policies and procedures of Company XYZ.

Self-reported compliance issues were operational issues that the compliance department was responsible for monitoring and remediating but are reported by departments of Company XYZ to the compliance department. Some of the operational issues identified include: credit applications unable to be processed because they are stuck in error queue, charged-off accounts that were reporting to the credit bureaus as current, customers that opted out of payment reminder calls but continued to receive calls, statement reprints were stuck in a queue and

reprocessed several reprints causing customer confusion, and applicants were given the wrong type of credit account.

The self-reported compliance issues were sorted by their connection to financial regulations. When an issue is reported, the compliance department determines which regulatory risk the issue is connected with. This study examined the departments that reported the regulatory risk and the training that was connected by regulation to analyze if there was a correlation between the departments that reported more regulatory risks and compliance training quiz scores. Also, the compliance department was interviewed to determine their perceptions of how the company understands regulations and their role in mitigating risk for Company XYZ.

The risk and control matrix created by the compliance department at Company XYZ contains consumer financial risks that Company XYZ needed to be able to demonstrate that there were controls in place to prevent consumer financial harm to their customers. Each year the compliance department tests these risks to determine if the controls the Company XYZ are adequate in preventing consumer financial harm.

The results of the compliance department's risk and control assessment is called the residual risk rating. This quantitative score is derived from the following factors:

- Inherent risk - these are regulator risks determined by the CFPB (2017), the FDIC (2017) and the FFIEC (2014) examination manuals

- Control rating – how well Company XYZ has processes in place to adhere to the regulation

- Business monitor in place – a process in which Company XYZ monitors the processes that relate a regulation

- Compliance monitor in place – the compliance department monitors the business processes that relate to a regulation

- Compliance monitoring conditions notated – any exceptions found during the compliance monitoring processes

- Compliance testing conditions notated – any exceptions during the process of the risk and control assessment

- Issue management conditions notated – operational issues noted through out the risk and control assessment year

- Complaint management conditions notated – any complaints or complaint trends related to the regulatory risk

- Regulatory environment and audit conditions notated – any changes to regulations through out the assessment year, where applicable.

The highest areas of residual risk that were determined during the compliance risk and control assessment were examined for consumer finance regulations that required the most remediation by the departments of Company XYZ. Training data was examined based on the departments that had areas of high residual risk and a sample of those department employees' training records were examined.

Data Analysis

The data was analyzed by examining the percentages of the survey questions current employees answered through Qualtrics. This data was compared with the interview questions asked of the compliance department participants to determine the perceptions of how effective the compliance training at Company XYZ currently is. The new hire employee quiz data was

compared to the current employee quiz data to determine the effectiveness of the compliance training quizzes.

Limitations

The limitations of the collected data included:

- The selected group of employees based on self-reported compliance operational issues and department with the highest residual risk according the risk and control assessment conducted in 2018.

- Quiz data from current employees only reflected the last score they received in order to pass the training. The training requirement is that the employee pass the training by 80% or better.

- Participation in the study is optional

Summary

Subjects for this study were selected by the departments that reported compliance operational issues in 2018 as well as the departments that had the highest residual risk determined by the risk and control assessment. Kirkpatrick's level 1 and 2 were evaluated to help determine the effectiveness of Company XYZ's compliance trainings. Current employees of the groups described, were given a survey to determine their perceptions of the effectiveness of the annual compliance trainings. The compliance department participants were interviewed to determine their perceptions on how effective the annual compliance training was as well as how effectively the compliance department educates Company XYZ employees in various consumer financial regulations. New hire employees were given a quiz that related to the compliance annual trainings and their results were compared with current employees 2018 compliance training test scores.

Chapter IV: Results

The purpose of this research was to evaluate the effectiveness of Company XYZ's compliance training to determine the gaps the company had in their understanding of how to identify compliance risk. The objectives of this study included: determining the effectiveness of Company XYZ's annual compliance training, researching adult learning theories, exploring how to make compliance training meaningful, and examining best practices for e-learning.

The data that was collected for this study contained reactionary data collected from current employees that took the 2018 compliance trainings. There was also a control group of participants that were newly hired employees who had not taken the compliance trainings in 2018, because of the gap in time where trainings were not offered. This control group was given the annual compliance trainings in 2019. Finally, interviews were conducted with the compliance department to determine their opinions on how well the compliance department educated Company XYZ and how effective the annual compliance training were.

Reactionary Employee Data

Employees from the departments that identified operational compliance issues and the departments that had the highest residual risk were compiled and then split up into two groups. The first group were employees that had completed the 2018 compliance trainings and second group was the new hires that had not yet been given the trainings. The employees that had completed the trainings were given a reactionary survey that consisted of nine questions. The survey was sent out to 233 employee and 65 surveys were completed.

The first question asked was, "have you used what you learned in the annual compliance trainings to make a significant improvement in your work?" The highest percentage was from the response, "yes, I have already used what I learned." The assumption is that over half the

employees that took this survey felt that the annual compliance trainings helps them to improve

their work. However, over 40% of employees that took this survey believed that they had not

used the compliance training they received. The statistics are listed below in Table 2.

Table 2

Question 1: Percentage of Responses

Response	Number of Responses	Percentage
NO, and I DOUBT THAT I WILL USE what I learned.	14	21.54%
NO, BUT I PROBABLY WILL USE what I learned.	12	18.46%
NO, BUT I HAVE A SPECIFIC PLAN TO USE what I learned.	1	1.54%
YES, I HAVE ALREADY USED what I learned.	38	58.46%

The second question was dependent on what they chose for question one. If they chose

yes, they were directed to "select the top 3 or 4 factors that have enabled you to put the annual

compliance training's learning points into practice to make beneficial on-the-job improvements."

Although the results were mixed, the top three answers indicated that they felt supported by their

managers by using what they learned from the annual compliance trainings as well believing in

the points the annual compliance training teaches. Table 3 shows the percentages of these

results.

Table 3

Question 2 (Answered Yes to Question 1): Percentages of Responses

Response	Number of Responses	Percentage
My management has made this a high priority.	22	18.97%
I have decided to lead a change effort to make this happen.	3	2.59%
I believe strongly in the annual compliance training learning points.	14	12.07%
I will be sanctioned or punished if I do NOT do this.	11	9.48%
My management is fully supportive of my efforts.	17	14.66%
I have the authority to make necessary changes.	7	6.03%
My coworkers are fully supportive of my efforts.	6	5.17%
I will be acknowledged or rewarded if I do this.	1	0.86%
I remember (or can look up) the annual compliance training learning points.	9	7.76%
My team (or our whole unit) is working together on this.	9	7.76%
I have the time to put this into practice.	7	6.03%
I have the resources to put this into practice.	10	8.62%

   The employees that chose a variation of no for the first questions were given the question, "select the top 3 or 4 factors that are holding you back from using what you have learned in annual compliance trainings to make changes in your work". The highest percentage of those who did not make changes in their work was "the learning content is not relevant to my current job." Over 40% of employees surveyed that had a variation of no listed for their answer to the first question, had a 33% answer that the learning content wasn't relevant to their jobs. The results are listed below in Table 4.

Table 4

Question 3 (Answered No to Question 1): Percentages of Responses

Response	Number of Responses	Percentage
The learning content is not relevant to my current job.	16	33.33%
I don't think the learning content is valid.	6	12.50%
I don't see how making the changes will benefit me.	1	2.08%
I don't know how to make the case for change.	5	10.42%
I don't have the authority to make changes.	1	2.08%
I'm not comfortable leading such a change effort.	5	10.42%
I can't remember the learning content well enough.	4	8.33%
I'm not sure I know enough to take the next steps.	1	2.08%
I haven't had the time.	6	12.50%
I have had higher priorities.	3	6.25%
I have not had the resources.	0	0.00%
The risk of making these changes is too high.	0	0.00%
I'm still working to persuade management.	0	0.00%
I'm still working to persuade my teammates.	0	0.00%
I have been blocked by management.	0	0.00%
Others around me don't support the changes.	0	0.00%

All of the employees who completed the survey were asked, "in regard to the course topics taught during the annual compliance trainings, how able are you to put what you've learned into practice on the job?" Although over 50% of employees felt that they performed compliance related tasks based on this training, almost 30% either felt they could not put the

concepts learned into practice or needed more training to perform job related tasks. The results

of the data are in Table 5.

Table 5

Question 4: Percentages of Responses

Response	Number of Responses	Percentage
I'm NOT AT ALL ABLE to put the concepts into practice.	5	8.20%
I have GENERAL AWARENESS of the concepts taught, but I will need more training / practice / guidance / experience TO DO ACTUAL JOB TASKS using the concepts taught.	13	21.31%
I am ABLE TO WORK ON ACTUAL JOB TASKS, but I'LL NEED MORE HANDS-ON EXPERIENCE to be fully competent in using the concepts taught,	8	13.11%
I am ABLE TO PERFORM ACTUAL JOB TASKS at a FULLY COMPETENT LEVEL in using the concepts taught.	32	52.46%
I am ABLE TO PERFORM ACTUAL JOB TASKS at an EXPERT LEVEL in using the concepts taught.	3	4.92%

Question 5 of the survey was, "select the answer that best describes what the annual

compliance courses enabled you to do, if anything." One of the top responses was that the

employees were able to understand concepts but weren't able to use any specific skills on the

job. The other response was that the training helped them to confidently practice new skills

related to the compliance trainings on the job. By combining the percentages of the first two

questions where the employees were not able to apply understandings to the job (almost 40%)

and combining the percentages of the last four questions where the employees were able to apply

some amount of knowledge to their jobs (60%) the pattern evolves that overall the employees

that were surveyed felt they use compliance training in some aspect of their job.

Table 6

Question 5: Percentages of Responses

Response	Number of Responses	Percentage
It DID NOT enable me to UNDERSTAND NEW CONCEPTS or USE NEW SKILLS.	9	15.52%
It enabled me to UNDERSTAND SOME NEW CONCEPTS, but did NOT PREPARE ME TO USE NEW SKILLS on the job.	14	24.14%
It enabled me to BEGIN TRYING TO USE NEW SKILLS on the job.	10	17.24%
It enabled me to CONFIDENTLY USE NEW SKILLS on the job.	11	18.97%
It enabled me to BE THOROUGHLY CONFIDENT AND PRACTICED IN USING NEW SKILLS on the job.	12	20.69%
It enabled me to ACT LIKE AN EXPERT IN APPLYING NEW SKILLS on the job.	2	3.45%

Question 6 in the survey asked participants, "from your perspective, how valuable are the concepts taught in the annual compliance trainings? How much did they help you improve your work outcomes?" Over 70% of employees that took this survey felt they had a least some improvement in their work outcomes based on the annual compliance trainings. However, there were still 25% of employees that took this survey who felt that the annual compliance trainings didn't help them to improve their work or were relevant to the work they do. The results of this question are in Table 7.

Table 7

Question 6: Percentages of Responses

Response	Number of Responses	Percentage
Did NOT HELP ME to improve my work outcomes.	11	18.64%
Did HELP ME SLIGHTLY to improve my work outcomes.	20	33.90%
Did HELP ME A MODERATE AMOUNT to improve my work outcomes.	18	30.51%
Did HELP ME SIGNIFICANTLY to improve my work outcomes.	6	10.17%
Concepts taught are NOT RELEVANT to my work.	4	6.78%

Question 7 of the survey focused on the compliance courses concepts, "how well did the

annual compliance courses prepare you to understand the concepts? Select all relevant answers."

The top three answers included the concepts in the trainings were presented clearly, they were

asked questions based on the concepts of the training, and that they were asked to use the

concepts in realistic situations. Added together these top three answers made up 50% of the

overall response. The results of question 7 are in Table 8.

Table 8

Question 7: Percentages of Responses

Response	Number of Responses	Percentage
Concepts were CLEARLY PRESENTED.	27	18.37%
Concepts were REPEATED TO AID CLARITY.	16	10.88%
Concepts were REPEATED USING VARIOUS METHODS.	15	10.20%
We were ASKED TO USE CONCEPTS TO ANSWER QUESTIONS.	27	18.37%
We were ASKED TO USE CONCEPTS IN MAKING DECISIONS ABOUT REALISTIC SITUATIONS.	24	16.33%
We were ASKED TO USE CONCEPTS IN A SIMULATED ENVIRONMENT.	16	10.88%
We were ASKED TO USE CONCEPTS IN A REALISTIC HANDS-ON SITUATION.	9	6.12%
We received HELPFUL FEEDBACK ON OUR EFFORTS TO USE CONCEPTS.	4	2.72%
Concepts were NOT WELL PRESENTED.	4	2.72%
Concepts were NOT GIVEN ENOUGH PRACTICE.	1	0.68%
Concepts were NOT ENSURED BECAUSE FEEDBACK WAS ABSENT OR POORLY	4	2.72%

Question 8 focused on the engagement of the compliance trainings, "how engaging was the annual compliance trainings?" The answer that had 44% was the employees who took this survey felt they were mostly engaged but there were times when the training became unengaging. Table 9 shows the results of question 8.

Table 9

Question 8: Percentages of Responses

Response	Number of Responses	Percentage
I was OFTEN UNENGAGED.	15	25.42%
I was OFTEN ENGAGED, BUT OFTEN NOT ENGAGED.	26	44.07%
MOSTLY I felt COMPLETELY UNENGAGED.	1	1.69%
ENGAGED.	12	20.34%
I was ALMOST ALWAYS ENGAGED.	5	8.47%

Question 9 focused on the motivation of the employees who took this survey, "in regard

to the concepts taught in the annual compliance courses, how motivated were you to utilize these

skills in your work?" The percentage of employees that did not use what they learned from the

compliance trainings was 22%. This indicates that a small percentage of the employees were

unmotivated to apply what they learned from the compliance trainings. Table 10 shows the

results of this question.

Table 10

Question 9: Percentages of Responses

Response	Number of Responses	Percentage
I did NOT MAKE THIS A PRIORITY when I got back to my day-to-day job.	13	22.03%
I did make this a PRIORITY— BUT A LOW PRIORITY— when I got back to my day-to-day job.	10	16.95%
I did make this a MODERATE PRIORITY when I got back to my day-to-day job.	14	23.73%
I did make this a HIGH PRIORITY when I got back to my day-to-day job.	16	27.12%
I did make this one of my HIGHEST PRIORITIES when I got back to my day-to-day job.	6	10.17%

Question 10 focused on the support the employee was getting from their manager. "In what ways to do you expect your supervisor will support you in applying what you learned during the annual compliance trainings to your job? Circle as many items as are true." The two most frequent responses focused on the supervisor allowing the employee to implement what they are learning from the compliance trainings and supervisors encouraging the employees to implement what they have learned from the compliance trainings. Table 11 shows the results of question 10.

Table 11

Question 10: Percentages of Responses

Response	Number of Responses	Percentage
My supervisor will allow me to implement what I learned.	37	31.36%
My supervisor will give me additional time, if it is needed, to enable me to implement what I learned.	14	11.86%
My supervisor will give me additional resources, if they are needed, to enable me to implement what I learned.	9	7.63%
My supervisor will actively encourage me to implement what I learned.	21	17.80%
My supervisor will coach me, or find a coach for me, to help me implement what I learned.	11	9.32%
My supervisor will assign me with a work project where I will be expected to utilize my new knowledge and skills.	4	3.39%
My supervisor will work with me to set goals for implementing what I learned.	4	3.39%
My supervisor will monitor my progress in implementing what I learned.	9	7.63%
My supervisor will ensure that I am provided with additional learning opportunities to deepen my understanding.	6	5.08%
Unfortunately, my supervisor is not likely to provide much support to help me implement what I learned.	3	2.54%
Unfortunately, my supervisor is likely to make it more difficult for me to implement what I learned.	0	0.00%

Control Group Data

The new hire group consisted of 18 employees that were part of each department

identified through the self-identified operational compliance issues as well as the departments

identified through the risk and control assessment highest residual risk. Of these 18 employees, five took a test that was the same test the current employees took after the 2018 compliance trainings. The results were inconclusive because of how few new hires participated in the study; the data that was collected showed that the new hires that took the test would be able to pass in certain instances without taking the training.

Table 12 shows the compliance test scores of the new hire employees compared to the current employees. The topics that were covered in the tests compared were the Fair Credit Reporting Act (FCRA), the Telephone Consumer Protection Act (TCPA), Regulation Z (Reg Z), and Unfair, Deceptive, Abusive Acts and Practices (UDAAP).

Table 12

Compliance Test Score Averages

Compliance Regulation Quiz	Percentage of New Hire Quiz	Percentage of Employee Quiz
FCRA	40%	89%
TCPA	80%	94%
Reg Z	40%	92%
UDAAP	100%	94%

Although the above data is inconclusive based on that only one or two employees took each test, the recommendation would to be reexamine the quiz questions to ensure they relate to the objectives and are well written based on best practices.

Compliance Department Interview Data

The compliance team that manages the operational compliance issues list and the risk and control assessment were asked five questions. Each question was tied to how Company XYZ

employee were educated through the annual compliance training process, the operational issues list, and the risk and control assessments.

The first question posed to the compliance group was, "how does the compliance team help educate the business in regulatory habit? Do you think what we are doing is good enough or is there a better way?" The patterns of the responses for this question included, it is the compliance department's job to educate the employees of Company XYZ through annual trainings, compliance intakes, and change management. The compliance department can help strengthen the first line of defense by reinforcing the company's compliance controls. The compliance department could help employees to understand they are the process owners and compliance serves as their oversight though a general overview of roles and responsibilities in the current compliance trainings. It was also noted that with more resources the compliance department could build more role relevant trainings as well as cover more risk and control assessments yearly.

Question two focused on the reinforcement of compliance trainings in other aspects of the compliance program, "how does compliance reinforce what the employees learn once a year in training in our compliance program (through Risk and Control Assessment, Operational Issues, Compliance Intakes)?" The compliance group all agreed that through the compliance management system the compliance department was educating employees on how to be more compliant.

The third question asked if there was a connection between the compliance training and the compliance operational issues list or risk and control matrix. "Do you think the annual compliance trainings provide employees with the knowledge they need to know to report issues and/or complete self-assessments in the risk and control assessment? Why or why not?" The

responses were mixed on this topic. Some participants believed that the intention of the compliance trainings was only to give a basic overview of consumer financial regulations. Other participants felt the annual compliance trainings helped teach how to identify operational issues which they could report to compliance. The group agreed that the risk and control assessment was very detailed and would be too long to include in a training.

Question four pertained to the operational issues list, "of the departments that self-report compliance issues the most, how well do you think they understand compliance regulations? Why or why not?" Participants agreed that there was a certain number of managers that knew the regulations well enough to know when they were violating a regulation. However, those that are newer to reporting operational compliance issues, understand that there is a compliance problem operationally but cannot determine the correct regulation that was violated.

Question five compared the annual compliance trainings to the residual risk ratings found by the risk and control assessment, "of the departments that have shown the greatest area of residual risk, how well do you think they understand compliance regulations? Why or why not?" The compliance department was mixed on their responses to this question. Some felt that the residual risk did not correlate to the effectiveness of the compliance trainings because there were too many factors that contributed to residual risk such as a department that is functional in controlling consumer financial risk may receive a high residual risk because they have manual processes without procedures. Others felt that the departments that received the highest residual risk rating do not understand compliance via the compliance trainings and if they do read the regulation, they often misinterpret what the regulation is requiring of businesses. They also mentioned that the departments with the highest residual risk often failed to report compliance operational issues which caused additional compliance risk.

Although a larger percentage of employees felt they are using what they have learned from compliance trainings at Company XYZ, 40% of employee participants felt they had not yet used what they learned from compliance trainings on the job. Of this 40% the top reason believed they had not used the what they learned from the compliance trainings is because they did not feel that the trainings were relevant to their job. Also, employees felt overall that although the compliance trainings were engaging, they at times found themselves also unengaged. Most employee participants agreed that their managers were in support of them using what they learned from the compliance trainings on the job. Overall this gives the compliance trainings reasons to improve the training to be more effective for some of the employees at Company XYZ.

The control group of new hires that completed a compliance training quiz were compared to the employees' test scores that completed the same quiz after taking the compliance training. The data was inconclusive based on the number of participants, however, it is still notable that some new hire participants had a passing score, even though they had never completed the compliance trainings. The compliance training quizzes should be reexamined to determine if the questions meet the objectives of each course and should be examined against best practices of multiple-choice questioning.

The compliance department participants felt that Company XYZ's employees learned about compliance through submitting compliance intakes, the compliance operational issues, and the risk and control assessment in addition to the compliance trainings. Some saw the compliance trainings as more of an overview of consumer financial regulations while others felt that the compliance trainings could help employees to understand what compliance risks the company has.

Chapter V: Discussion, Conclusion and Recommendation

Company XYZ's compliance training has never been evaluated for effectiveness. All employees and vendors are expected to follow consumer financial regulations that are covered in the compliance trainings. Currently Company XYZ evaluates each compliance training by the percentages of each question answered correctly after all employees and vendors have completed the trainings. This does not however evaluate if the employees and vendors are following through applying what was learned in the training.

This chapter reflects on this study and the results of the effectiveness that was evaluated during this study. The recommendations presented reflect the analysis of data that was discovered during the training which present solutions that can be executed by Company XYZ.

Discussion

The sample population was chosen for this study by examining the departments that reported compliance operational issues to the compliance department and departments that had the highest residual risk in 2018. The departments chosen were split into two groups, the first group were the employees who had taken the compliance trainings in 2018. The second group were the employees that were hired after October 2, 2018 and March 1, 2019 who would be given the compliance training in 2019. A subset of the compliance department was also interviewed as part of this study.

The first group of employees were given a survey that consisted of ten questions adapted from Thalheimer's (2016) examples of delayed smile sheets. These were used to help understand how the employees felt the effectiveness of the training was. The second group of employees were given one of the compliance training multiple choice quizzes from 2018 and were asked to answer the questions. The second group's scores were then compared to the first

group's training scores in order to isolate the effects of the training. The compliance department participants were asked five questions based on how well educated they felt the employees at Company XYZ were around consumer financial regulations.

Approximately 28% of the employee participants completed a survey or a quiz and 100% of the compliance department participants completed the interview. Employee participants could choose a link within the Qualtrics email to participate and the compliance department participants could email their responses back to the researcher.

Conclusions

Over half of the survey participants believed they used the compliance trainings in their jobs while approximately 40% stated they had not used the compliance training in their jobs. The content of the compliance trainings was more of an overview of the regulation and less about how to use a regulation in a job. That may explain the high percentage of those who do apply the training to their jobs. Of those that have not used the compliance training the number one reason was because they did not feel it related to their jobs.

Other notable statistics included 50% of the employee participants felt that the compliance trainings provided an overall understanding of compliance regulations, participants did not feel that they could bring back specific skills to their jobs. Also based on employee's reactions, training concepts were about general knowledge, but they did not teach specific job skills. Participants overall felt they were engaged in the training lessons but sometimes felt that parts of the training were unengaging. This may be due to the large amount of reading required during the trainings and the lack of role relevant materials in the trainings.

The new hire employee participants that took the compliance quizzes scored between 40% and 100% on their quizzes. Considering that there were only five participants, this data is

inconclusive. The only conclusion that could be made is that some of the quiz's questions might be too easy to answer depending on the quiz.

The compliance department participants felt that the compliance department was educating the employees of Company XYZ not only by the compliance trainings themselves, but through the compliance management program as well. This is most likely because there are several different venues in which the employees of Company XYZ interact with the compliance department. The employees can submit a compliance intake in which they have a question for compliance about a process change and if there is a particular compliance risk. The compliance department reviews their request and approves or denies it based on regulations. If approved, the employees will work with compliance to develop policy and procedures as well as create system documents if required. Although this process is good for the compliance department to monitor the compliance risk to Company XYZ, the compliance department could do a better job at teaching the employees of company XYZ about which regulations are affected by the process change and explaining the regulatory risks when denying a request.

The employees of Company XYZ can also interact with the compliance department through reporting of operational compliance issues. Typically, this tends to be a few management position employees that report operational issues and as one of the compliance participants pointed out these managers often do not know which regulation the issue is connected to. Encouraging other employees that are not management to report compliance issues may help them to learn more about how to monitor for compliance risk. Also teaching the employees which regulation their issue is connected to and why may help them to understand compliance regulations better.

The risk and control assessment process addresses each regulation individually and can be used to help the employees of Company XYZ understand what regulatory controls they own and how to improve these controls through the assessment. Using the final assessment to help point out the gaps that Company XYZ faces in each regulation can be beneficial for the employees to learn how to mitigate compliance risk.

Some of the compliance department participants felt that the compliance trainings could help employees to recognize operational issues, but they also noted that most employees reporting operational compliance issues to the compliance department do not know what regulation was being violated. This is most likely because compliance trainings do not focus on the application of the regulation. If the compliance training included the application of the regulation employees understand what types of operational issues are connected to each regulation. Some of the compliance department participants felt that the departments who have shown the highest level of residual risk did not understand the compliance trainings and sometimes interpreted regulations incorrectly. This may be because these departments attempt to do their work quickly and are less motivated to comply with regulations because it makes their work harder. This type of attitude is difficult to change from training alone and may require working with management to make improvements.

Recommendations

Although over half of the employees who took the reactionary survey felt that they had used the compliance trainings on the job, 40% of employee participants felt that the compliance trainings did not relate to their job duties. Most employee felt engaged during the trainings, they also had moments that they felt unengaged which may have prevented some of the learning transfer from occurring. New hire employee participants that took a compliance quiz without

taking the training sometimes scored high enough to pass the quiz even though they had not taken the compliance trainings.

The compliance department felt that they educated the employees of company XZY through various compliance programs. They also felt that the compliance trainings could help employees to recognize compliance operational issues. The compliance department participants felt that departments that showed the most residual compliance risk did not understand the compliance trainings and often interpreted regulations incorrectly.

Because some of the employee participants felt that the compliance trainings did not relate to their job duties and that the compliance department participants observed that employees did not often identify the compliance regulation when reporting an operational compliance issues, a recommendation is to add role relevant materials into the trainings. This could be accomplished by adding a portion to each compliance training that would direct employees to their department's policies and procedures that relate to each compliance regulation. This would help them to connect what they do in their daily jobs with which regulation covered in the compliance trainings. For example, a customer service agent that was completing the TCPA training module would be directed to review their department's phone consent procedures to review as part of completing their compliance training.

To help employees actually apply the job skills they learned, the trainings should be adapted to include more business specific scenarios for each regulation. For example, the credit bureau department would be given a scenario which explained a credit reporting error caused by a system error. They would need to provide the steps of what to do to correct the problem as to what the proper escalation methods would be in order to report this issue to compliance.

The trainings should be assessed for how to make them less complex and easier to digest. For example, several of the compliance training slides have to be read and there may be more than one section on a slide to read. Multimedia should be considered as an avenue to restructure the compliance trainings in order to rework slides that have a large amount of reading within them. An example of how to use multimedia includes creating a story about the compliance regulation and how it can be used in daily business practices.

Although the data was inconclusive in relation to the new hire employees that completed the compliance quizzes versus current employee quiz data, a recommendation is to revisit the content of the questions and make sure it connects with the objectives of the training. For example, the TCPA training quiz contains true and false questions for over half of the quiz. Best practices show that true or false questions are too easy to guess and do not prove that the employee truly understands the objective of the question. The recommendation is to restructure these quiz questions to be multiple choice questions related to the training objectives of the course. These questions should be scenario based and relevant to the employees.

After the compliance trainings have been implemented, it would be important to have a multi-level evaluation process established such as Kirkpatrick's levels 1 through 4. For level 1 the use of Thalheimer's suggestions to create richer data based reactionary form should still be used to survey employees. A survey should be given to employees right after training is completed to determine how well the training was conducted as well as another survey few weeks after to determine how much the trainees are using the training in their jobs.

Level 2 data should be collected by using a control group such as the new hire employee that were not given the training yet or by giving a pre-quiz to the employees before they take the trainings so the effectiveness of the quiz data can be examined. Level 3 data should be

determined by the compliance department based on the risk and control assessment test data collected. This data should be tested to determine if any changes take place before versus after the training. Level 4 should be collected based on the project goals set forth by the compliance vice president. Also, ligation costs should be measured, based on each regulation, to determine if the cost went down and how much by after training has occurred.

It would also be helpful if this study was replicated. It should include all of Company XYZ's employees that take the annual compliance trainings. The survey should be given out shortly after the training is completed and again a few months after the employee have had a chance to use the training on the job. Also, if this study was repeated, the entire population of new hire employees that were hired between October and March should be given all of the relevant quizzes according to their department to compare to the entire population of employees that also took the quizzes after completing the trainings. Also, if possible, finding ways to study the behavior of the employees after they had a chance to use their knowledge from the compliance trainings and pinpointing an ROI may be beneficial for discovering new enhancements to the compliance training program.

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Appendix A: Delayed Performance-Based Smile Sheet

(Adapted from Thalheimer, 2016)

1. Have you used what you learned in the annual compliance trainings to make a significant improvement in your work?

    a. NO, and I DOUBT THAT I WILL USE what I learned.

    b. NO, BUT I PROBABLY WILL USE what I learned.

    c. NO, BUT I HAVE A SPECIFIC PLAN TO USE what I learned.

    d. YES, I HAVE ALREADY USED what I learned.

(Question branches from here, if a, b, or c continue with question 3, if d, continue with question 2.)

2. IF YES: Select the top 3 or 4 factors that have enabled you to put the annual compliance training's learning points into practice to make beneficial on-the-job improvements.

    a. My management has made this a high priority.

    b. I have decided to lead a change effort to make this happen.

    c. I believe strongly in the annual compliance training learning points.

    d. I will be sanctioned or punished if I do NOT do this.

    e. My management is fully supportive of my efforts.

    f. I have the authority to make necessary changes.

    g. My coworkers are fully supportive of my efforts.

    h. I will be acknowledged or rewarded if I do this.

    i. I remember (or can look up) the annual compliance training learning points.

    j. My team (or our whole unit) is working together on this.

k. I have the time to put this into practice.

l. I have the resources to put this into practice.

m. Other (please specify)

3. IF NO: Select the top 3 or 4 factors that are holding you back from using what you have learned in annual compliance trainings to make changes in your work.

a. The learning content is not relevant to my current job. I don't think the learning content is valid.

b. I don't see how making the changes will benefit me.

c. I don't know how to make the case for change.

d. I don't have the authority to make changes.

e. I'm not comfortable leading such a change effort.

f. I can't remember the learning content well enough.

g. I'm not sure I know enough to take the next steps.

h. I haven't had the time.

i. I have had higher priorities.

j. I have not had the resources.

k. The risk of making these changes is too high.

l. I'm still working to persuade management.

m. I'm still working to persuade my teammates.

n. I have been blocked by management.

o. Others around me don't support the changes.

p. Other (please specify)

4. In regard to the course topics taught during the annual compliance training, HOW ABLE ARE YOU to put what you've learned into practice on the job?

   a. I'm NOT AT ALL ABLE to put the concepts into practice.

   b. I have GENERAL AWARENESS of the concepts taught, but I will need more training / practice / guidance / experience TO DO ACTUAL JOB TASKS using the concepts taught.

   c. I am ABLE TO WORK ON ACTUAL JOB TASKS, but I'LL NEED MORE HANDS-ON EXPERIENCE to be fully competent in using the concepts taught.

   d. I am ABLE TO PERFORM ACTUAL JOB TASKS at a FULLY COMPETENT LEVEL in using the concepts taught.

   e. I am ABLE TO PERFORM ACTUAL JOB TASKS at an EXPERT LEVEL in using the concepts taught.

5. Select the answer that best describes what the annual compliance courses enabled you to do, if anything.

   a. It DID NOT enable me to UNDERSTAND NEW CONCEPTS or USE NEW SKILLS.

   b. It enabled me to UNDERSTAND SOME NEW CONCEPTS, but did NOT PREPARE ME TO USE NEW SKILLS on the job.

   c. It enabled me to BEGIN TRYING TO USE NEW SKILLS on the job.

   d. It enabled me to CONFIDENTLY USE NEW SKILLS on the job.

   e. It enabled me to BE THOROUGHLY CONFIDENT AND PRACTICED IN USING NEW SKILLS on the job.

f. It enabled me to ACT LIKE AN EXPERT IN APPLYING NEW SKILLS on the job.

6. From your perspective, how valuable are the concepts taught in the annual compliance trainings? HOW MUCH DID THEY HELP YOU IMPROVE YOUR WORK OUTCOMES?

   a. Did NOT HELP ME to improve my work outcomes.

   b. Did HELP ME SLIGHTLY to improve my work outcomes.

   c. Did HELP ME A MODERATE AMOUNT to improve my work outcomes.

   d. Did HELP ME SIGNIFICANTLY to improve my work outcomes.

   e. Concepts taught are NOT RELEVANT to my work.

7. How well did the annual compliance courses prepare you to understand the concepts? Select all relevant answers.

   a. Concepts were CLEARLY PRESENTED.

   b. Concepts were REPEATED TO AID CLARITY.

   c. Concepts were REPEATED USING VARIOUS METHODS.

   d. We were ASKED TO USE CONCEPTS TO ANSWER QUESTIONS.

   e. We were ASKED TO USE CONCEPTS IN MAKING DECISIONS ABOUT REALISTIC SITUATIONS.

   f. We were ASKED TO USE CONCEPTS IN A SIMULATED ENVIRONMENT.

   g. We were ASKED TO USE CONCEPTS IN A REALISTIC HANDS-ON SITUATION.

   h. We received HELPFUL FEEDBACK ON OUR EFFORTS TO USE CONCEPTS.

    i.   Concepts were NOT WELL PRESENTED.

    j.   Concepts were NOT GIVEN ENOUGH PRACTICE.

    k. Concepts were NOT ENSURED BECAUSE FEEDBACK WAS ABSENT OR POORLY

8. How engaging was the annual compliance trainings?

    a. I felt COMPLETELY UNENGAGED.

    b. I was OFTEN UNENGAGED.

    c. I was OFTEN ENGAGED, BUT OFTEN NOT ENGAGED.

    d. I was MOSTLY ENGAGED.

    e. I was ALMOST ALWAYS ENGAGED.

9. In regard to the concepts taught in the annual compliance courses, how motivated WERE YOU to UTILIZE these skills in your work?

    a. I did NOT MAKE THIS A PRIORITY when I got back to my day-to-day job.

    b. I did make this a PRIORITY— BUT A LOW PRIORITY— when I got back to my day-to-day job.

    c. I did make this a MODERATE PRIORITY when I got back to my day-to-day job.

    d. I did make this a HIGH PRIORITY when I got back to my day-to-day job.

    e. I did make this one of my HIGHEST PRIORITIES when I got back to my day-to-day job.

10. In what ways to do you expect your supervisor will support you in applying what you learned during the annual compliance trainings to your job? Circle as many items as are true.

    a. My supervisor will allow me to implement what I learned.

b. My supervisor will give me additional time, if it is needed, to enable me to implement what I learned.

c. My supervisor will give me additional resources, if they are needed, to enable me to implement what I learned.

d. My supervisor will actively encourage me to implement what I learned.

e. My supervisor will coach me, or find a coach for me, to help me implement what I learned.

f. My supervisor will assign me with a work project where I will be expected to utilize my new knowledge and skills.

g. My supervisor will work with me to set goals for implementing what I learned.

h. My supervisor will monitor my progress in implementing what I learned.

i. My supervisor will ensure that I am provided with additional learning opportunities to deepen my understanding.

j. Unfortunately, my supervisor is not likely to provide much support to help me implement what I learned.

k. Unfortunately, my supervisor is likely to make it more difficult for me to implement what I learned.

Appendix B: Compliance Course Questions

2018 ECOA (Equal Credit Opportunity Act)

1. Jane wants to obtain credit with Company XYZ but she wants to use a co-signer to help her get started. Can we offer credit to this consumer?
   a. Yes
   b. No

2. What are three examples of discrimination that apply under ECOA? (Check 3 that apply)
   a. Age
   b. Race
   c. Marital Status
   d. State the consumer lives in
   e. Victimization
   f. Harassment

3. Jose wants to apply for credit with Company XYZ and when he is applying, he mentions that he sometimes has trouble making ends meet because he works a couple part-time jobs. Should we deny credit to Jose?
   a. Yes
   b. No

4. The ECOA's primary purpose is to:
   a. Ensure that anyone who wants a loan receives one
   b. Require all financial institutions to initiate affirmative action programs
   c. Promote the availability of credit to all creditworthy applicants
   d. Obtain information about an applicant's race and other characteristics

5. Under Company XYZ's policy an applicant who has declared bankruptcy may be qualified for credit if he or she:
   a. Has filed within the last 30 days
   b. Has filed at least two months ago
   c. a co-signer
   d. Uses another family member's name when signing up for credit

6. Jody receives public assistance and therefore she will not be qualified to receive credit.
   a. True
   b. False

7. A person's income, expenses, debt and credit history are among the factors considered when determining a person's creditworthiness.
   a. True

b. False

8. Company XYZ is required to retain records of the complete application process (including all prescreened solicitations and the credit application itself) for 25 months after notification.
   a. True
   b. False

9. It's Company XYZ's policy for loan approval, denial or counteroffers to be made within:
   a. 15 days
   b. 30 days
   c. 60 days
   d. 90 days

10. The Equal Credit Opportunity Act (ECOA) and Regulation B make it illegal for Company XYZ to discriminate, on a prohibited basis, against qualified individuals seeking credit.
    a. True
    b. False

2018 FCRA (Fair Credit Reporting Act)

1. The FCRA governs the activities of:
   a. Financial services
   b. Credit cards
   c. Users of Credit Reports
   d. All of the Above

2. How can the consumer dispute their credit report?
   a. Through the major Credit Bureaus
   b. Through Certified Mail
   c. By sending a direct dispute to Company XYZ
   d. All of the Above

3. _____ is the process of filtering out consumers of a particular credit category for purposes of a mass solicitation.
   a. Prescreening
   b. Data analysis
   c. Credit filtering
   d. Credit scoring

4. A consumer retains certain rights to dispute information contained in his or her credit report.
   a. True
   b. False

5. Company XYZ is required to send a notice of dispute to the credit bureaus if they receive a direct dispute notice from the customer.
   a. Yes
   b. No

6. When Company XYZ takes adverse action based on information contained in a credit report, it must provide what information to the applicant?
   a. The fact that adverse action has been taken based on a credit report obtained from a credit reporting agency
   b. The name, address, and telephone number of the agency that furnished the report
   c. A statement of the consumer's right to obtain a free copy of the credit report
   d. The consumer's right to dispute the accuracy or completeness of the credit information with the reporting agency
   e. All of the Above

7. A consumer may _____ to prevent the sharing of certain information (such as application information) with affiliates.
   a. Close the account

      b. Do nothing

      c. Sue

      d. Opt-Out

8. If Company XYZ wishes to share information (other than experience or transaction information) with its affiliates, it must:
    a. Disclose (in writing) to the customer that it intends to share this information with its affiliates
    b. Provide the customer an opportunity to opt out
    c. Ensure that the customer has elected not to opt out
    d. All of the Above

9. When Company XYZ receives dispute notices, we must:
    a. Guarantee the disputed funds up to 10%
    b. Investigate the dispute
    c. Report the dispute to the consumer
    d. Send a response to the customer in 60 days

10. If a consumer voluntarily closes a credit account, this must be reported to the consumer reporting agency.
    a. True
    b. False

2018 FDCPA (Fair Debt Collection Practices Act)

1. The Fair Debt Collection Practices Act (FDCPA) was enacted to combat abuses by:
   a. Customers
   b. Creditors
   c. Debt Collection Agencies
   d. All of the Above

2. If a customer notifies Company XYZ that they refuse to pay their debt and requests Company XYZ cease communicating with the customer, the Company XYZ must stop contacting the consumer.
   a. True
   b. False

3. Company XYZ may telephone a customer about their debt at the customer's place of employment after the customer tells the Company XYZ they cannot receive such telephone calls.
   a. If the customer fails to follow up such request with a letter.
   b. If Company XYZ has no other contact information even after making a reasonable effort to obtain another phone number.
   c. If Company XYZ has no other contact information even after making a reasonable effort to obtain another phone number.
   d. Never

4. When can Company XYZ communicate with a third party about our customer?
   a. If the customer has defaulted on their credit obligation.
   b. If the third party is a relative of the customer.
   c. If the collector identifies themselves as a debt collector.
   d. To determine the customer's location.

5. Which of the following actions is **not** considered abusive or harassment under the Fair Debt Collection Practices Act?
   a. Publishing a list of customers who refuse to pay their debts.
   b. Using obscene, profane or abusive language when calling a customer.
   c. Telling a customer he or she owes a debt.
   d. Calling a customer every hour, on the hour.

6. Under the FDCPA, communication includes both oral and written messages about a debt.
   a. True
   b. False

7. Which of the following communications would not be considered deceptive communication under the Fair Debt Collection Practices Act?
   a. Reporting a disputed debt to the credit bureaus without reporting it as disputed.

    b. Giving a customer the disclosure that this is an attempt to collect a debt and any information may be used for that purpose.

    c. Sending a letter to the customer that the account will be sent to an attorney for legal action in 10 days, when no such action is intended.

    d. All of the above.

8. A Company XYZ collector located in Minnesota is assigned to making calls to collect debts all over the country. What times is the collector allowed to call customers to collect a debt?

    a. The collector should not call customers before 8:00 am or after 9:00 pm Minnesota time

    b. The collector may call customers between 8:00 am and 9:00 pm in the customer's time zone.

    c. The collector may call customers between 9:00 am and 9:00 pm in the customer's time zone.

    d. The collector should call customers on weekdays only.

9. Which of the following constitutes harassment or abuse?

    a. Place telephone calls without disclosing their identity.

    b. Threaten or use violence to harm an individual's reputation, property, or physical person.

    c. Advertise the sale of any debt as a way to coerce payment.

    d. All of the above.

10. When attempting to locate a customer we may only ask the third party about the customer's location information (residence and phone/place of employer).

    a. True

    b. False

2018 GLBA (Gramm-Leach-Bliley Act)

1. The Privacy Notice must include information that details Company XYZ's policies and practices for protecting the confidentiality, security and integrity of personally identifiable information.
    a. **True**
    b. False

2. Which of the following are included in Company XYZ's information security program?
    a. Ensuring the security and confidentiality of customer records
    b. Protecting against unauthorized access or use of records
    c. Protecting against threats or hazards to data security
    d. **All of the above**

3. Broadly defined, "personally identifiable information" is:
    a. A list of names and addresses from a phone book
    b. **Any information, financial or otherwise, that Company XYZ has about our customers**
    c. Bank information that cannot be associated with any one individual
    d. Only financial-specific information about a customer

4. Which is a reason Company XYZ can share a customer's information?
    a. For our affiliates' everyday business purposes – information about your transactions and experiences
    b. For our affiliates to market to you
    c. For our Marketing Purposes
    d. **All of the above**

5. The types of personal information that Company XYZ collect and share depend on the product or service the customer has with us. This information may include:
    a. Social Security Number and Income
    b. Account balances and payment history
    c. Credit history and credit scores
    d. **All of the above**

6. Company XYZ is required to provide an annual Privacy Notice to existing customers.
    a. **True**
    b. False

7. Privacy Rules are intended to ensure the confidentiality and security of customer and consumer information.
    a. **True**
    b. False

8. Company XYZ is required to provide a copy of the Privacy Notice when it enters into a customer relationship.
   a. **True**
   b. False

9. A major purpose of GLBA is to help protect people against the unwanted sharing of personal information with other companies.
   a. **True**
   b. False

10. A customer may choose to opt-out:
    a. Only at the time a customer relationship is established
    b. Within 30 days of receiving the opt-out notice
    c. **Any time**
    d. Only once within any 12-month period

2018 Truth in Lending Act (TILA) and Regulation Z

1. The Company XYZ Advantage Credit Account is a closed-end credit account.
   a. True
   b. **False**

2. Advertisements that contain credit terms must be reviewed and approved by Compliance and applicable strategic partners prior to production?
   a. **True**
   b. False

3. Penalties for violating the TILA and Regulation Z may include termination.
   a. **True**
   b. False

4. No credit card may be issued to a consumer who is not at least 21 years old, unless the consumer has submitted a written application to the card issuer that meets the requirements.
   a. **True**
   b. False

5. For purposes of Regulation Z, credit offers are classified as:
   a. Direct or indirect
   b. **Open-end or closed-end**
   c. Durable-collateral or soft-collateral
   d. Business or personal

6. To which of the following does Regulation Z apply?
   a. A business loan
   b. A loan to the government
   c. **A customer/consumer loan**
   d. A farm loan

7. What will a customer find in Company XYZ's Installment Loan TILA Disclosure?
   a. Estimated amount of payments
   b. When a payment is due
   c. How many payments the customer is expected to make
   d. **All of the above**

8. When a change in terms notice is required for an open-end credit offer, it must be provided at least _____ days before the changes go into effect.
   a. 15
   b. 30
   c. **45**
   d. 60

9. For a customer to dispute their bill, Company XYZ must receive the dispute
   _____.
   a. **in writing within 60 days**
   b. via phone call within 30 days
   c. in writing or via phone within 60 days
   d. in writing within 30 days

10. What are the causes of a customer TILA billing dispute?
    a. Merchandise not accepted or delivered as agreed
    b. Credit not issued
    c. Non-delivery of periodic statement
    d. **All of the above**

2018 TCPA (Telephone Consumer Protection Act)

1. Customer's can revoke their consent by
   a. Requesting revoke consent verbally on the phone
   b. Sending us written notification
   c. Via a complaint or credit bureau dispute
   d. All of the above

2. Debt collection calls can be made between what hours in the time zone of the customer?
   a. 7:00 am - 8:00 pm - call restriction times (6x)
   b. 8:00 am - 9:00 pm - call restriction times (4x)
   c. 9:00 am - 5:00 pm - call restriction times (3x)
   d. 9:00 am - 9:00 pm - call restriction times (10x)

3. Cell phone are the only phone numbers Company XYZ has to worry about not calling if the customer revokes consent.
   a. True
   b. False

4. Each TCPA violation can cost Company XYZ up to $1500 per violation.
   a. True
   b. False

5. This is an example of revoke consent:
      "Don't call me anymore, I will pay you once I get the money!"
   a. True
   b. False

6. This IS an example of a TCPA violation: Not coding the account revoke consent when a customer asks for calls to stop.
   a. True
   b. False

7. All pre-recorded messages must identify Company XYZ and give a phone number where the customer can call to ask to not be called again.
   a. True
   b. False

8. Telephone Consumer Protection Act (TCPA) prohibits calling or texting a customer's cell phone with an autodialer unless we have their prior express consent.
   a. True
   b. False

9. When a customer has a wrong phone number on their account, they must send in a corresponding phone bill in order for the back office to uncheck the wrong phone box in FOP/GCS.
   a. **True**
   b. False

10. If a customer tells Company XYZ to stop calling them at all of their phone numbers and then hangs up Company XYZ will:
    a. do nothing, they will be called back eventually.
    b. **place an Account Level – Do Not Call on their account.**
    c. place a cease and desist on the customer's account
    d. have a supervisor call them back.

2018 UDAAP (Unfair, Deceptive or Abusive Acts or Practices)

1. UDAAP only covers those who have received unfair offers of credit.
    a. True
    b. False

2. Sue has overpaid on her Company XYZ loan account but she is graduating to a Company XYZ credit account. Company XYZ must _____ in order to avoid a UDAAP case.
    a. Refund the customer's money
    b. Keep the money until the customer makes a new purchase under their new Company XYZ credit account.
    c. Contact the customer to place a new order to use up the overpayment.
    d. Place a credit on the customer's new Company XYZ credit account with the remaining funds.

3. Which Customer Fairness Standards does Company XYZ Practice?
    a. Design all marketing materials, communications, and disclosures to be clear, accurate and written in a manner that is understandable to a reasonable customer.
    b. Provide and offer all products, services and practices are consistent with Company XYZ's underwriting of standards and with the highest level of integrity that is intended to result in mutually beneficial interactions between Company XYZ and our customers.
    c. Strive to provide a positive customer experience.
    d. All of the above

4. A customer service representative enrolled Jane in a protection program that will pay off her credit if something happens to her. Jane did not ask to be enrolled in this program. This is a UDAAP violation.
    a. True
    b. False

5. Company XYZ receives a complaint from a customer that states that we falsely advertised one of our products. This claim has potential to be a violation of UDAAP because _____.
    a. We may be misleading the customer into buying a product that was advertised as something else
    b. We may have treated the customer different then other customers
    c. We may have charged them a late fee
    d. We may have overcharged them

6. Regulation AA definition for UDAAP includes:
    a. Unfair credit contract provisions
    b. Unfair or deceptive practices involving cosigners.
    c. Unfair late charges.

      d. **All of the above**

7. Jose bought some merchandise on a website and used a private label credit card to make his purchase. The credit card he used stated "no fees for one year" but he was charged a late fee when he didn't pay his first bill. Why is this a UDAAP violation?
    a. **The statement the credit card company told him was false because he was charged a fee in the first year.**
    b. Jose didn't pay his bill therefore he violated UDAAP.
    c. Jose didn't like the merchandise he received so the company mislead him.
    d. All of the above

8. A practice is considered abusive if
    a. **the consumer is unable to protect his/her interests in selecting or using a consumer financial product or service.**
    b. it outlines in simple language the terms and conditions of a product
    c. the customer is unhappy with the product
    d. the product is cheaper from another company

9. Several customers are asking for a refund for a particular service because they didn't understand what they were enrolling in at the time of purchase. Why might this potentially be a UDAAP violation?
    a. The disclosures around the service may be unclear and therefore misleading to customers.
    b. The enrollment into this service may have been unclear which may be considered a violation.
    c. The service may have caused financial injury to the customers that they were unable to avoid.
    d. **All of the above**

10. Why could this complaint potentially be considered false advertising and a violation of UDAAP?

Consumer's Original Complaint:
I purchased a fireplace and mantel combo from ▮▮▮▮▮▮ The description clearly stated that the heater/ fireplace was included, but the item was not in the box when I received the mantel. I call the customer service line on several occasions and they said that the heater was not included but they will send the item. The website clearly stated heater was included. They promised the item would be here in 5 days.... we are going on three weeks. They are now trying to charge me for the heater as well as shipping costs. They told me the heater was not included and there was a typo on the website. They refuse to let me speak to a supervisor and will not send the item that is rightfully mine. This is false advertisement, as I do have a screen shot of the description of the item and it clearly states heater included. I refuse to pay the bill for an item that was not only in complete, but the parts that did arrive were totally damaged. These items were ordered and due to all arrive prior to the bill due dates.

    a. The original ad mislead the customer
    b. The customer was unable to avoid financial injury
    c. The customer did not receive the specific product that was advertised
    d. All of the above

Appendix C: Compliance Team Interview Questions

1. How does the compliance team help educate the business in regulatory habit? Do you think what we are doing is good enough or is there a better way?

2. How does compliance reinforce what the company learns once a year in training in our compliance program (through Risk and Control Assessment, Operational Issues, Compliance Intakes)?

3. Do you think the annual compliance trainings provide employees with the knowledge they need to know to report issues and/or complete self-assessments in the risk and control assessment? Why or why not?

4. Of the departments that self-report compliance issues the most, how well do you think they understand compliance regulations? Why or why not?

5. Of the departments that have shown the greatest area of inherent risk, how well do you think they understand compliance regulations? Why or why not?