

"Compliance is dead except as a defensive strategy to stay out of prison."

[youtube:http://www.youtube.com/watch?v=SLgPJyahsHU]

Below is summary of keynote presentation for IDC - see [slides](#) .

New technology and innovation will create many exciting new opportunities in financial services, for example in online account control, wireless customer communication, video-enabled call-centres, RFID-enabled payment systems and cost reduction in backend processing. However it raises many compliance questions - see video above.

In many areas we can expect customer behaviour to adapt to new technology more quickly than the IT departments of large banks – because it takes only an hour for a customer to adopt a new technology but up to three years to introduce it across a large institution. That is why we need vision which helps us build the right systems.

Market research is a poor guide to how people will behave in years ahead. The future is not about technology alone, but also about emotion, and emotional factors will affect how people actually chose to live. However, innovation will also bring new risks, new regulations and additional compliance issues.

The challenge is to build “future-proofed” IT systems which are powerful, secure and flexible, capable of growing far beyond today’s standards for compliance. Huge productivity gains can be made by getting the systems design right in the first place, but to do this we have to look far beyond current requirements, which requires strong [leadership](#) and courage when organisations remain so focused on short cost control and on what customers, managers and regulators want today.

We need to understand that compliance with current regulation is dead except as a defensive strategy to keep directors out of prison. Compliance cannot protect personal reputation, nor a brand. Public mood changes rapidly with every new scandal or issue, and with it public expectations, followed by new regulation. Compliance therefore should be regarded only as the absolute minimum standard.

We need to go beyond today's regulations to understand how people will expect banks to do business in future. You can comply perfectly every year with every regulation, yet be judged severely in future when the world moves on and rejects today's standards as deficient or unethical. The answer is to follow an ethical code which is stronger than compliance requires today, and stay ahead of the regulators.