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Compliance officers in 2017



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JEAN-NOËL LEQUEUE, THE CEO OF jnl, CONTINUES HIS ANNUAL ANALYSIS OF THE CHANGES IN THE WORLD OF COMPLIANCE OFFICERS.

How would you analyse the compliance market in 2017?

Our market operates according to the traditional rules of supply and demand: regulation corresponds with demand and it's definitely increasing! There are three main developments: 1. European regulations from the Commission and the Parliament are behind two types of domestic obligations: directives, which States must transpose, and regulations, which apply automatically and sometimes involve changing a country's laws. These regulations are increasingly being used to standardise European law, but they reduce national sovereignty. 2. National authorities give up part of their authority to the EBA and the ESMA, which issue additional obligations and play a role in carrying out checks and inspections. For example, systemic institutions are inspected directly by the European authorities. However, since the latter are not

familiar with the local situation, they make exhaustive and onerous requests. 3. Luxembourg wants to be seen among the "top of the class", both in terms of the speed of transposition and the level of regulatory precision. This breaks with the past and it's not uncommon for the Grand Duchy to go above and beyond such demands! These three points reflect the very intense regulatory pressure which compliance officers face today on all fronts. The quantity and diversity of regulations require either a quasi-omniscience or the setting up of specialist teams. At the same time, the number of members of ALCO is growing: it currently has more than 800 members.

What opportunities and threats are there for Luxembourg?

Brexit seems to be an opportunity because Luxembourg is often used as a point of entry into the European Union for

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international financial groups. The historic attractiveness of London has long been superior, but if Luxembourg is able to expand its skills, it will benefit from this development. It's not unusual to see a fund based in Luxembourg with a developer in France and a manager in London! Even in Asia, the "Luxembourg UCITS" brand has a considerable reputation. This requires a compliance officer to have a very wide range of skills, both in terms of languages and the specific skills for each market. I think that there's a real need for training here, especially for young experts who have become compliance officers or who have recently joined the CSSF. Apart from that, the proposed reduction in the enforceability of banking secrecy risks having a strong impact on our profession. While new technologies are an exciting subject, for the moment, very little innovation is actually being implemented.

How is jnl changing within this context?

We have the luxury of being able to choose the most intellectually interesting projects, which allows us to provide expertise with very high added value. In addition to my work as an expert with bank auditing committees, our company provides directorships, specific projects – especially regarding compliance evaluation – and coaching. We meet regularly with compliance officers to help them to solve the problems they've encountered. In my opinion, this model is perfectly in line with our customers' expectations. Rather than a single service provider, they're looking for a highly experienced partner which is capable of working with them in the long term, both on a daily basis and for exceptional events such as an acquisition. I'm very optimistic! It must become easier to outsource the compliance function! It's the only way to provide a kind of omniscience, very quickly and at a reasonable cost.