

by Donna Boehme

# Compliance 2.0 is the “new normal” in big banks

In March 2013, the Compliance field took note of the growing embrace of Compliance 2.0 in the big banking industry. As I noted then,



Boehme

“After a parade of scandals that has seen bank after bank slapped with penalties or rocked with reports of LIBOR rigging, mortgage fraud, money laundering, tax fraud, high-risk “rogue” trading, and a host of other misconduct, prosecutors and regulators are scrutinizing all aspects of compliance functions—and the financial sector is reacting.”<sup>1</sup>

Whether under pressure from prosecutors, regulators, and investors or reacting on their own accord in the wake of billion dollar fines and settlements for a variety of compliance sins, a growing cadre of big banks have each recognized the fatal flaws of the ages-old Compliance 1.0 model—Compliance as a captive arm of Legal.<sup>2</sup> In its place, they’ve begun to embrace the more powerful, strategically-positioned model of Compliance 2.0,<sup>3</sup> designed to effectively prevent, find, fix, and remedy problems that threaten their organizations.

If one is keeping a list, HSBC,<sup>4</sup> JPMorgan Chase, Goldman Sachs, Barclay’s,<sup>5</sup> UBS, Bank of America,<sup>6</sup> and CitiGroup<sup>7</sup> come to mind. So that’s the big bank industry following the path of

Compliance 2.0 blazed by healthcare<sup>8</sup> and Wal-Mart.<sup>9</sup>

In March 2013, the Compliance field took note of the growing embrace of Compliance 2.0 in the big banking industry

Who’s next? \*

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**Donna Boehme** ([dboehme@compliancestrategists.com](mailto:dboehme@compliancestrategists.com)) is Principal of Compliance Strategists and former Chief Compliance and Ethics Officer for two leading multinationals. Her full bio can be viewed here [bit.ly/donnaboehme](http://bit.ly/donnaboehme) [@DonnaCBoehme](https://twitter.com/DonnaCBoehme)