

TRAINING AS CONTROL: WHY COMPLIANCE TRAINING IS EVERY INSTITUTION'S FIRST LINE OF DEFENCE



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Introduction

In the dynamic and highly regulated Nigerian financial services sector, compliance is more than a regulatory requirement, it is the foundation of institutional integrity and public trust. At the centre of this framework are compliance officers, the custodians of ethics, accountability, and adherence to regulatory standards. Yet, compliance cannot thrive in isolation or through written policies alone; it must be embedded across every level of an organisation. One of the most effective ways to achieve this is through continuous and well-structured training.

Among the various tools available to them, training has consistently emerged as one of the most critical mechanisms for ensuring compliance. Training is not merely a procedural formality, it is a statutory obligation under multiple laws and guidelines and also a practical necessity that acts as a preventive, detective, and corrective control. Without robust training programmes, even the most sophisticated compliance frameworks risk collapse, as employees remain ill-equipped to interpret, apply, or uphold the standards expected of them.Ultimately, effective training transforms compliance from a box-ticking exercise into a living culture that safeguards both the organisation and the financial system as a whole.

What Training Really Means: Building Skill, Awareness, and Integrity in Compliance

Training in the context of financial services is a structured process of equipping directors, managers, and employees with knowledge, skills, and awareness to understand and comply with regulatory obligations. It is not enough for institutions to have written policies; those policies must be embedded into the daily behaviour of staff through regular, context-specific training programmes. The nature of training is threefold: it is preventive, helping employees anticipate and avoid misconduct, detective by helping staff identify and report red flags, and corrective, ensuring that identified gaps or breaches are addressed through focused learning interventions.

Competence in training is measured by its continuity, its alignment with risk profiles, and its tailoring to specific roles. For example, board members may require training ongovernance and oversight responsibilities, while frontline staff require training on consumer interactions, data protection, and ethical sales practices. Competent training ensures that an organisation's human capital becomes a strong line of defenceagainst regulatory breaches.

Who Sets the Standards? The Regulators of Financial Institutions in Nigeria

Nigeria's financial services industry is guided by several regulators, each with its own laws and responsibilities that shape how institutions train their staff and maintain compliance. Together, they create the standards that keep the system fair, transparent, and accountable.

The Central Bank of Nigeria (CBN) plays the most prominent role, overseeing banks and other financial institutions. It regulates deposit money banks and other financial institutions and enforces standards on consumer protection, prudential management, and AML/CFT compliance.

The Nigerian Financial Intelligence Unit (NFIU) has a narrower but highly significant role. It requires institutions to develop and sustain AML/CFT training programmes so that employees can identify and report suspicious activities.
The Federal Competition and Consumer Protection Commission (FCCPC) ensures consumer rights, fair competition, and ethical market practices, while the Nigeria Data Protection Commission (NDPC) enforces compliance with data privacy and protection laws.

Other sector-specific regulators include the Securities and Exchange Commission (SEC), which oversees capital market operators and imposes training requirements on complianceofficers and directors under its rules and the Investments and Securities Act.

The National Pension Commission (PENCOM) supervises pension fund administrators, requiring training on governance, recordkeeping, and fiduciary responsibilities. The National Insurance Commission (NAICOM) mandates insurers and reinsurers to provide training on solvency, governance, and consumer complaint mechanisms. Beyond domestic regulators, international instruments such as the Global AI in Finance Directive (GAID 2025) impose obligations on institutions adopting AI systems, requiring training on ethical AI use, algorithmic accountability, and consumer data protection. Together, these regulators create a multilayered training ecosystem that compliance officers must navigate.

Key Regulations Defining Training Obligations in Nigeria's Financial Sector

The legal foundation for compliance training in Nigeria's financial sector is both comprehensive and enforceable. It is not merely a best practice, it is a statutory obligation woven into multiple layers of regulation. The Central Bank of Nigeria (CBN) places strong emphasis on the continuous training and professional competence of personnel within financial institutions as a core element of sound governance and risk management. Under Section 56 of the Banks and Other Financial Institutions Act (BOFIA) 2020, the CBN is empowered to issue codes, guidelines, and directives aimed at ensuring that banks maintain effective internal controls and are managed by qualified and competent personnel. This provision reflects the regulator's recognition that compliance and prudential soundness are closely tied to the knowledge and capacity of those who operate within the system. The CBN'sAML/CFT Regulations 2022, specifically Regulation 24, mandate continuous employee training on AML/CFT responsibilities. Section 11 of the CBN Consumer Protection Framework 2023 requires institutions to train staff on fair treatment, disclosure, and complaint resolution to safeguard consumer interests.

The NFIU AML/CFT Regulations 2019, under Regulation 21(1), require institutions to provide ongoing training to staff to recognise suspicious transactions. Section 30 of the Nigeria Data Protection Act 2023 obliges data controllers and processors to implement training as a compliance mechanism. The FCCPA2019, under Section 104, empowers the Commission to demand compliance training programmes, while the FCCPC/CBN Digital Lending Guidelines 2022 make staff training on ethical lending and debt collection compulsory.

Capital market regulation under the SEC also reinforces training. Rule 56(1) of the SEC Rules and Regulations requires operators to establish training for directors and compliance officers. Similarly, Section 53 of the Pension Reform Act 2014 and the 2021 PENCOM Governance Code require pension operators to implement structured training for fiduciary responsibilities. NAICOM imposes obligations under its 2021 Corporate Governance Guidelines, mandating training on solvency and consumer protection. On a global scale, GAID 2025, Article 18, requires training for all staff engaged in AI-enabled financial services, focusing on accountability and ethical governance.

The Compliance Function of Training: Prevention, Detection, and Correction

Training functions as a compliance control in three interrelated dimensions, preventive, detective, and corrective. It is not merely a procedural requirement but a strategic instrument that strengthens an institution's overall governance framework.

Preventively, training equips staff with the ability to anticipate risks and avoid misconduct. For example, AML training helps employees recognise suspicious activity, thereby stopping money laundering attempts before they crystallise.

As a detective control, training functions through assessments, scenario-based testing, and continuous evaluations that expose gaps in staff competence. For example, a compliance officer may detect weak understanding of consumer protection rules during post-training assessments.

Correctively, training comes into play after a breach or regulatory sanction. Targeted training helps institutions realign staff behaviour with regulatory expectations, ensuring lessons are learned and not repeated.

In essence, training integrates seamlessly into an organisation'soverall control framework. It strengthens governance, embeds ethical conduct, and supports regulatory compliance in practical, measurable ways. In this sense, training is not simply about awareness; it is a structural safeguard that ensures integrity, accountability, and resilience across all tiers of an organisation.

Institutionalising Training: From Design to Implementation

Designing effective training requires compliance officers to adopt a structured, risk-based, and role-sensitive approach. The first step is conducting a risk assessment to identify high-risk areas, such as AML, consumer protection, data handling, and AI ethics. Training must then be customised to address those risks. For example, CBN-regulated banks must focus on AML/CFT and consumer protection, while capital market operators must integrate training on insider trading and disclosure obligations. Pension administrators must include fiduciary and recordkeeping duties, while insurers must incorporate solvency and claims settlement requirements.

Implementation should employ blended delivery methods, including workshops, e-learning, simulations, and case studies, to enhance engagement and retention. Importantly, training must be documented. Records of modules delivered, attendance logs, test results, and certifications provide evidence of compliance during regulatory inspections. Training should not be static; it must be regularly updated in response to regulatory changes, emerging risks, and institutional audits. Finally, embedding training within the corporate culture is vital. Staff should see training not as an obligation but as professional development that enhances career competence and institutional trust.

Challenges and Recommendations

Despite its importance, compliance training in Nigeria faces systemic challenges. Budgetary constraints often result in underfunded training programmes. Staff may resist training due to competing workload demands, and institutions may fail to integrate mandates from all regulators, leading to piecemeal compliance. Monitoring the effectiveness of training programmes remains a significant gap.

To address these challenges, regulators such as CBN, SEC, PENCOM, and NAICOM should harmonise training requirements into a unified compliance framework. Industry associations should collaborate to develop cost-efficient training templates, while institutions should leverage technology to deliver scalable, trackable, and interactive training platforms. Embedding cross-regulatory modules, including AI governance under GAID 2025, will help create comprehensive curricula that prepare institutions for both domestic and international compliance.

Conclusion

Training is no longer an optional element of compliance; it is a statutory, regulatory, and strategic necessity. From BOFIA to GAID 2025, Nigerian financial institutions are required to integrate training into their compliance architecture. Training functions as a preventive, detective, and corrective control, bridging the gap between written policies and everyday practice. Compliance officers must therefore design detailed, risk-sensitive programmes that align with the diverse requirements of CBN, NFIU, FCCPC, SEC, PENCOM, NAICOM, NDPC, and GAID. When properly implemented, training strengthens institutional resilience, enhances consumer trust, and ensures that Nigeria's financial system meets both local and global standards.