KPI ENCYCLOPEDIA

A Comprehensive Collection of KPI Definitions for
COMPLIANCE

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Compliance is the regulation of all company activities to ensure that they are in line (in 'compliance') with all internal and external policies, laws and standards. The group works to identify risk areas and implement controls to protect the organization from those risks.

* This section is not included in this document.

Compliance

KPI Encyclopedia

Cost

- **Average Compensation: Compliance Officers** – The average total compensation (salary, bonuses, commissions) for compliance officers over a certain period of time.

- **Average Base Salary: Compliance Officers** – The average base salary for compliance officers over a certain period of time.

- **Collections Non-Compliance Expense as a Percentage of Total Collections Expense** – The total non-compliance expense (fines, etc.) incurred by the Collections Department, or agency, divided by the total expense incurred by the Collections function over the same time period, as a percentage.

- **Composite Risk Index** – The impact cost of a risk event (1-5 scale) multiplied by the probability of the occurrence of that event (1-5 scale).

- **AML Spending as a Percentage of Compliance Expense** – The total anti-money laundering (AML) expense divided by the total Compliance and Fraud Prevention expense (wages, overhead, fees) incurred over the same period of time, as a percentage.

- **Unit Cost: Compliance-Related Lawsuit** – The total cost of managing compliance-related lawsuits brought against the company divided by the number of lawsuits undertaken over the same period of time.

- **Total Expense: Compliance** – The total expense incurred by the Compliance Department over a given period of time.

- **HR Regulatory Compliance Expense as a Percentage of Total Revenue** – The regulatory compliance-related expense incurred by the HR Department divided by the total revenue generated by the company at the same point in time, as a percentage.

- **Financial Non-Compliance Expense as a Percentage of Total Compliance Expense** – The expense incurred through financial non-compliance fines divided by the total expense incurred by the Compliance Group at the same point in time, as a percentage.

- **Total Expense: Regulatory Compliance** – The total regulatory compliance-related expense incurred by the company over a given time period.

- **Compliance Training Expense per Employee** – The total expense incurred by training employees in compliance policies divided by the total number of company-wide employees.

Cost (Cont.)

- **Regulatory Compliance Expense per Employee** – The total regulatory compliance-related expense incurred at a certain point in time divided by the total number of company-wide employees.

- **Non-Compliance Expense as a Percentage of Total Expense** – The total cost of fines incurred for failure to adhere to regulations divided by the total expense incurred by the company over the same period of time, as a percentage.

- **Compliance Expense as a Percentage of Total Expense** – Total expense incurred by the Compliance Department divided by the total, company-wide expense at the same point in time, as a percentage.

- **Expense per Compliance Employee** – The total expense incurred by the company divided by the total number of Compliance employees.

Organizational

- **Anti-Money Laundering (AML) Headcount Ratio** – The number of company-wide banking employees divided by the total number of anti-money laundering (AML) employees working for the bank. AML employees are responsible for monitoring transactions to detect suspicious activty (currency transaction reports, suspicious activity reports, etc.).

- **Compliance Training Headcount Ratio** – The total number of company-wide employees divided by the number of employees responsible for performing compliance training working for the company at the same point in time.

- **Total Employees: Compliance** – The total number of Compliance employees working for the company at a certain point in time.

- **Compliance Headcount Ratio** – The number of company-wide employees divided by the total number of Compliance employees.

- **Span of Control: Compliance** – The average number of Compliance employees reporting to each Compliance manager.

- **Management Levels: Compliance** – The total number of management levels, or layers, in the Compliance Department.

- **Organizational Structure: Compliance** – Yes/no metric indicating whether the Compliance function is centralized (all employees in a single location) or decentralized.

Productivity

- **Compliance Issues per Compliance Employee** – The total number of compliance issues managed at a certain point in time divided by the total number of Compliance employees.

Quality

- **Number of Non-Compliance Events** – The total number of non-compliance incidents recorded over a certain period of time.

- **Percentage of Products in Compliance** – The number of units produced over a certain period of time that are in compliance with government regulations and internal guidelines after the first pass divided by the total number of units produced by the Manufacturing Group over the over the same period of time, as a percentage.

- **Percentage of IT Projects in Compliance** – The total number of IT projects currently in compliance with corporate security standards divided by the total number of IT projects underway, as a percentage.

- **Supplier Contract Compliance** – The number of suppliers that are meeting the service and quality levels as defined in the executed contract divided by the total

Quality (Cont.)

- **Suspicious Activity Reports by Product Type** – A yes/no metric indicating whether analyses of suspicious activity/transaction reports (SARs) are filed by product type (credit/debit card, mutual fund, stocks, options, swaps/derivatives, futures, etc.).

- **Suspicious Activity Reports by Transaction Type** – A yes/no metric indicating whether analyses of suspicious activity/transaction reports (SARs) are filed by transaction type (check, foreign currency exchange, money order, fund transfer, etc.).

- **Percentage of Compliance-Related Lawsuits 'Won'** – The number of lawsuits brought against the company that did not result in an adverse outcome (e.g., won in court, reduced costs through early minimal payout) divided by the total number of lawsuits the company was a part of at the same point in time, as a percentage.

- **External Complaints per Employee** – The total number of external (from customers or regulators) compliance complaints filed over a certain period of time divided by the number of company-wide employees.

- **Internal Complaints per Employee** – The total number of internal (from employees) compliance complaints filed at a certain point in time divided by the number of

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