# ONE YEAR LATER: HOW ARE YOU DOING WITH EBA?

Last year, the European Banking Authority (EBA) implemented a regulation that challenged retail segments of the financial services industry to completely rethink sales compensation by shifting the emphasis away from traditional sales metrics, focusing instead on customer satisfaction and safeguarding client interests. **Optymyze's Arturo Bentin** reckons the new guidelines offer a positive opportunity to improve current sales plan processes, expand capabilities, and build the foundation for sustained growth and long-term customer loyalty.

The new EBA [PDF] rules require that compensation policies and practices are documented, retained for at least five years, and made available to competent authorities upon request. It will also be the financial services company's obligation to make these standards easily accessible to sales staff. The goal is to prevent misconduct among sales teams and fight poor remuneration policies by formulating customer service as a key metric for sales compensation.

Many financial institutions struggled to adapt to the new rules – and may still be struggling – because these changes impact almost every aspect of the business model, from compensation plan design to quota setting, salespeople training and education, data collection and storage, auditing, reporting, and analytics. With the impact of the EBA regulation spanning so many sales areas, its complexity may be overwhelming to financial institutions working to remain compliant.

## Conducting a health check on your sales compensation plan

Now that we are more than a year in, it is a great time to conduct a health check on your sales compensation plan to see how you are tracking with the EBA remuneration guidelines. Here are a few key areas to assess:

- **Plan design**: Creating successful and compliant compensation plans requires accounting for a lot of factors, so it is critical to include strategic benchmarking in the process. Check your plan metrics monthly (or at least quarterly) and create a feedback loop that results in necessary throughput. The regulations have also added to the challenges of retaining top talent, so it is a good idea to review how your plans are impacting retention and whether you need to take action to keep your best people.

- **Employee training and communication**: To ensure EBA compliance, sellers should receive clear information on how the policies and practices apply to them before they are allowed to provide services to consumers. Offer refresher courses on a quarterly basis, and make sure to clearly and comprehensively communicate the why behind compensation structure directly to reps. Having automated processes in place will help you track the delivery and distribution of this information.
- **Retention and audit trails**: One aspect of the EBA sales compensation regulation requires companies to retain a record of compensation policies and practices for at least five years so that it can be made available to competent authorities upon request. Make sure you are capturing all sales compensation data to be prepared in case of an audit.
- **Data and analytics**: To ensure customer centricity throughout the selling process, financial institutions should conduct customer-satisfaction surveys, then link the resulting data to sales compensation metrics. That way, you are encouraging positive selling behaviors. Not only that – analysing your broader sales compensation data for deeper correlations between customer success and sales performance can help you make efficient tweaks and improvements to your compensation plans.

## An opportunity to revisit your sales compensation plans

At Optymyze, we understand that change is hard. This is especially true in financial services, where historically, compensation plan designs can remain in place for five years or even longer. In contrast, faster-moving industries such as information technology and telecom adjust their plans at least once every 12 months.

Resisting change is no longer an option for this industry, and the EBA regulations are proof. Rather than a challenge, these changes have created an opportunity to revisit your strategy and better align with your corporate initiatives. Structure your programmes to drive behaviors in your salespeople that are in line with your corporate values and will help achieve your desired outcomes.

## Investing in a sales operations solution

If you are still struggling, consider utilising a solution that can harmonise customer-centric metrics with sales compensation. The right sales operations solutions partner can help you model the impact of various compensation plans before implementing them – letting you test and fine-tune a plan to fit your specific compliance needs. This approach will enable your sales organisation to be more agile and positioned to adapt quickly to regulations beyond EBA.

Investing in a sales operations solution that goes beyond technology to include ongoing services also makes it easier to share information about sales guidelines, best practices, and compliance standards, all while keeping your compensation data easily accessible in one portal. That allows the sales team to keep its focus on delivering exceptional customer service.

## Conclusions

Though they may initially seem like another bureaucratic hurdle that will put the brakes on business development, the new EBA guidelines represent a positive opportunity for financial institutions to improve current processes, expand capabilities, and build the foundation for sustained growth and long-term customer loyalty. With the right sales operations partner at your side, you are fully equipped to reap the benefits of any regulatory hurdle, now or in the future.

## Want to know more?

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