



Closing the Compliance Gap

Why Training & Competence are critical to managing regulatory risk



worksmart
REGULATORY CHANGE MEETS BUSINESS ADVANTAGE

A Davies Company

A note from Worksmart

Most organisations do not fail on compliance because they lack policies.

They fail because people do not consistently understand them, cannot apply them under pressure, or are never meaningfully tested on whether they can act correctly in real situations.

That is the compliance gap.

This paper explores why training and competence are not supporting activities, but core business controls. It sets out a practical, experience-led view of how organisations can close the gap between what they expect from their people, and what those people are actually capable of delivering.

Executive Summary

Most businesses have policies. Many deliver training. Far fewer can confidently prove that their people are competent to apply compliance requirements in practice.

This is where regulatory risk truly sits.

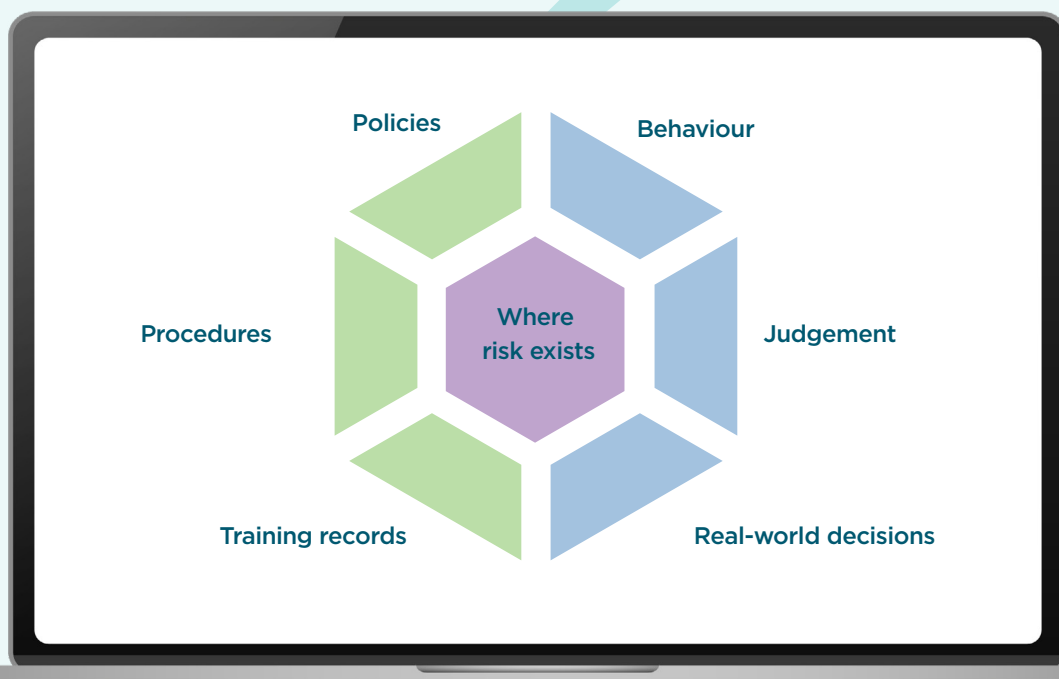
Compliance does not fail because rules are missing. It fails when expectations are misunderstood, decisions are inconsistent, or individuals rely on assumptions instead of judgement.

Leading organisations are shifting their mindset. They are moving away from measuring completion and towards evidencing capability. They are asking better questions:

- Can our people apply policy to real-world scenarios?
- Where are competence gaps across teams?
- Is training aligned to actual risk exposure?
- Can we evidence understanding, not just attendance?

These organisations recognise a critical truth:

**Completion is not competence.
And competence is what closes
the compliance gap.**



Introduction

The hidden weakness in most compliance programmes

Most organisations invest heavily in building compliance frameworks. Policies are written, training is deployed, and employees acknowledge their responsibilities.

On paper, the system looks robust. But compliance is not tested on paper.

It is tested at the point of decision, which is when an employee must interpret a policy, manage an exception, or decide whether to escalate a concern. In those moments, the strength of the framework depends entirely on the competence of the individual, and this is where many organisations fall short.

The gap between what a business expects and what its people can reliably deliver is often invisible until something goes wrong. And when it does, the issue is rarely a missing document. It is a breakdown in understanding, judgement, or consistency.

Policies do not protect organisations on their own. People do.

Modern regulatory expectations framework

Accountability

Oversight

Role-based understanding

Practical application

Evidence of competence

Why Training & Competence matter more than ever

Regulatory expectations have evolved. It is no longer enough to show that policies exist or that training has been completed. Organisations are increasingly expected to demonstrate that controls are effective in practice. This shift represents a fundamental change

Regulators now look for evidence that:



Responsibilities are clearly understood



Oversight is meaningful and active



Employees can apply rules in their roles



Decisions are consistent and defensible



Competence can be demonstrated, not assumed

At the same time, the operating environment has become more complex. Roles are broader, change is constant, and hybrid working has reduced direct supervision. This places greater reliance on individuals making the right decisions independently.

In this environment, training cannot be treated as a one-off exercise. It must function as a continuous control by shaping behaviour, reinforcing expectations, and providing measurable assurance.

The organisations that recognise this are seeing clear benefits: stronger decision-making, more consistent application of policy, and greater confidence under audit or regulatory scrutiny.

A training programme that only proves attendance is not a control. It is a record.

The cost of assuming competence

One of the most persistent risks in any organisation is the assumption that experience equals competence. It often does not.

An employee may understand how tasks have historically been performed, but not how expectations have evolved. They may follow familiar processes without recognising that policies have changed or that exceptions require different judgement.

This becomes particularly risky during periods of change like new systems, restructuring, growth, or regulatory updates.

In these environments, informal habits often outlast formal controls.

Consider a common scenario:

A long-serving employee processes a request using an outdated approach. They are confident in their actions because “this is how it has always been done.” However, updated guidance required escalation. The issue is missed, the risk materialises, and the organisation is exposed.

No policy was missing. No training record was incomplete. The failure was in assumed competence.

Legacy behaviour is not evidence of capability. It may simply be unchallenged risk.

Where businesses usually go wrong

- 1 Training is often treated as a transactional activity. It is delivered once, repeated annually, and rarely reinforced. Knowledge fades quickly when it is not actively applied.
- 2 Training is frequently too generic. Employees receive broad messaging that lacks relevance to their specific roles. This reduces engagement and leaves individuals uncertain about how policies apply in practice.
- 3 Accountability is often unclear. Training is owned by compliance or HR, while managers are not directly responsible for ensuring their teams are competent.
- 4 Finally, Measurement is weak. Completion rates are tracked, but real understanding and behaviour change are not.

Together, these issues create an illusion of control: the organisation appears compliant but cannot confidently demonstrate that its people can operate within that framework.

If you cannot evidence competence, you cannot rely on it.

Failure Funnel

Training delivered

Poor retention

Misapplication

Risk event

What good Training & Competence actually look like

Effective training and competence frameworks share a common set of characteristics, but more importantly, **they function as operational systems, not isolated activities.**

At their core, strong frameworks are built around role relevance. Employees receive training that reflects their actual responsibilities, decision-making authority, and exposure to risk.

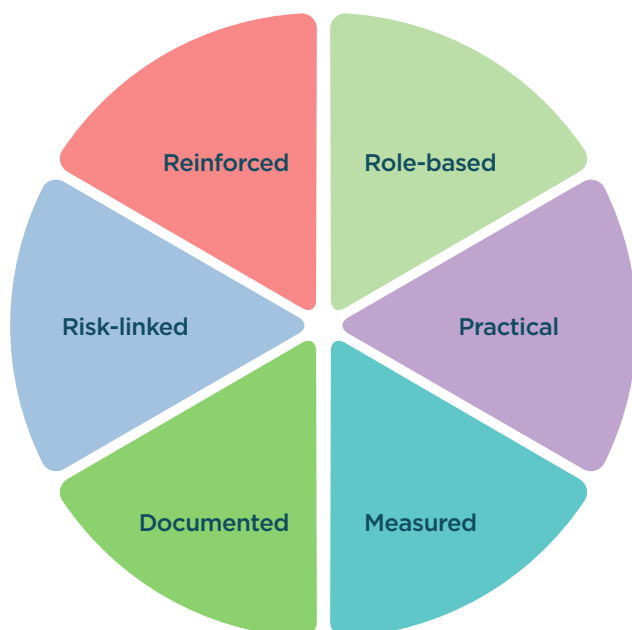
They are also practical. Rather than focusing on policy language alone, they use real scenarios that mirror everyday challenges. This helps translate abstract rules into actionable decisions.

Reinforcement is equally important. Competence is not created in a single moment, but instead is built over time through conversations, feedback, and repeated exposure to expectations.

Critically, effective frameworks include measurement. Organisations actively test understanding, observe behaviour, and validate capability through assessment and manager oversight.

Finally, everything is documented and aligned to risk. High-risk areas receive more focus, more frequent review, and stronger controls.

Good training does not just inform. It enables better decisions.



A practical framework for closing the gap

Organisations that successfully close the compliance gap tend to follow a structured and deliberate approach.

They begin by identifying the roles that carry the greatest risk exposure. These are often customer-facing, operational, financial, or regulatory roles where decisions have direct consequences.

They then map expectations clearly, defining not just what policies apply, but what good performance looks like in practice. This includes decision-making standards, escalation triggers, and observable behaviours.

Competence

is defined in practical terms by combining knowledge, application, judgement, and confidence to act appropriately.

Training

is built around realistic scenarios, ensuring employees are prepared for the situations they will actually face, not just idealised examples.

Understanding

is actively tested. This may involve assessments, observation, or manager validation.

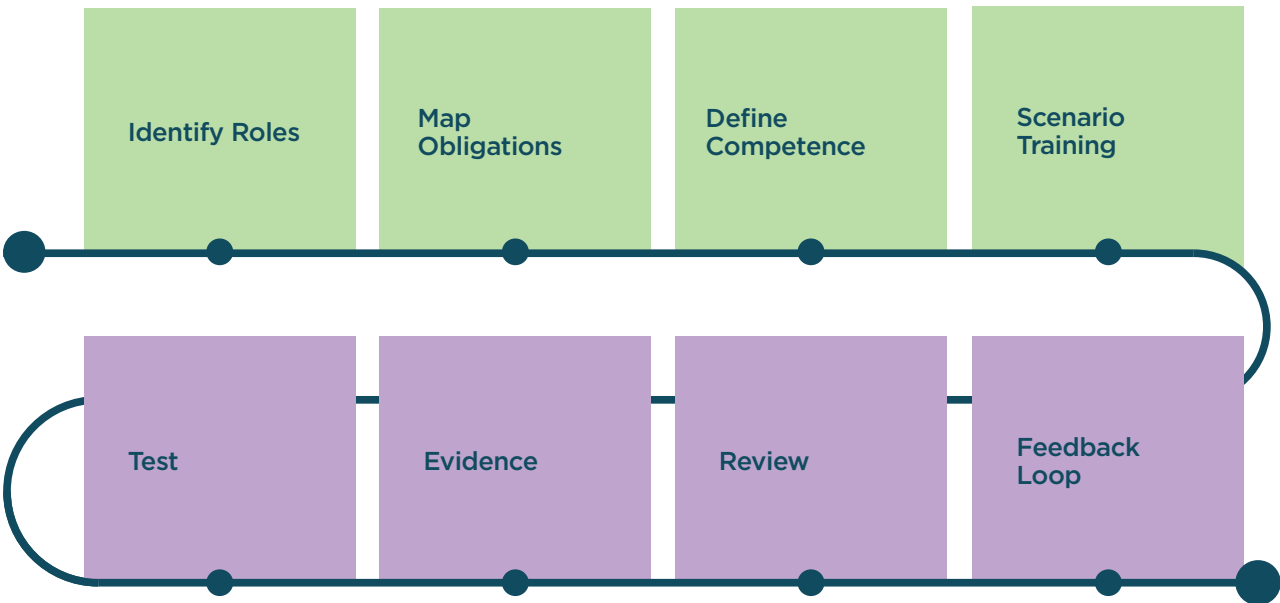
Evidence

is recorded consistently, creating a clear and defensible view of competence across the organisation.

Finally, competence is reviewed and refreshed regularly, particularly when risks, roles, or systems change.

The strongest frameworks are designed for real work, not ideal conditions.

Closing the gap journey



The role of leadership

Training and competence are not improved by policy alone. They improve when leaders treat them as fundamental to performance and risk management.

Leadership sets the standard through what it measures and prioritises.

If the focus remains on completion rates, that becomes the organisational benchmark. If the focus shifts to demonstrated capability, expectations rise accordingly.

This change is subtle but significant.

Leaders must also reinforce accountability. Managers should be responsible not just for delivering work, but for ensuring their teams are capable of delivering it safely and effectively.

Over time, this creates a culture where competence is expected, supported, and continuously developed.

Culture follows what leadership measures, reinforces, and rewards.

Why tick-box training fails

Tick-box training creates activity without assurance.

Employees complete modules, records are updated, and compliance appears to be in place. But beneath the surface, understanding may be incomplete and behaviour unchanged.

True competence is visible in action. It is demonstrated when individuals can interpret requirements, handle exceptions, and make consistent decisions under pressure.

Training that does not support this is, at best, incomplete — and at worst, a source of risk.

A course completed is not the same as a risk controlled.

Tick-box vs real competence comparison

Tick-Box Training	Real Competence
Completion	Application
Generic	Role-specific
Passive	Scenario-based
Recorded	Evidenced

How Worksmart can help

Worksmart supports organisations in moving from policy-led compliance to practice-led assurance.

Rather than focusing purely on awareness, Worksmart helps translate requirements into practical, role-specific behaviours. This ensures that employees not only understand expectations but can apply them consistently.

The approach emphasises measurable outcomes. Training is designed with assessment and validation built in, enabling organisations to demonstrate competence rather than assume it.

Worksmart also supports the development of governance structures that embed accountability. Managers gain visibility and ownership of competence within their teams, strengthening both performance and control.

Ultimately, the objective is not more training, but more effective training. Training that reflects real work, addresses real risks, and delivers measurable improvement.

Turning completion metrics into meaningful assurance

Completion rates provide a record of activity, but they do not demonstrate understanding or capability.

Worksmart helps organisations shift towards evidence-based assurance by introducing structured approaches to measuring competence.

This includes capturing assessment outcomes, practical application, and validation by managers—creating a more robust and defensible view of whether individuals can perform their roles in line with regulatory and organisational expectations.

Embedding accountability through leadership and structure

Sustainable competence requires more than training alone. Worksmart supports organisations in establishing clear governance, reporting, and ownership structures that reinforce accountability at every level.

By equipping leaders with the tools and visibility to oversee competence within their teams, organisations can create a culture where expectations are consistently applied, performance is monitored, and continuous improvement is actively driven.

The objective is not more training for the sake of it.

The objective is the right training, for the right people, with evidence that it is working.

worksmart
REGULATORY CHANGE MEETS BUSINESS ADVANTAGE
A Davies Company

Shifting from reactive fixes to proactive control

In many businesses, training is revisited only after an issue has occurred. Worksmart enables a more proactive model, where potential risks are identified early and addressed through targeted learning and clear guidance.

This forward-looking approach helps reduce incidents, strengthens control environments, and positions training as a preventative tool rather than a corrective measure.

Designing Learning that reflects real work

Effective training must reflect the complexity and nuance of real working environments. Worksmart works with organisations to review existing frameworks, identify high-risk roles, and design learning experiences grounded in realistic scenarios.

This ensures that employees are prepared not just for routine tasks, but for exceptions, edge cases, and high-pressure situations—where judgement and decision-making are most critical.

Practical. Measurable. Business-focused.

By aligning training directly to responsibilities, businesses can ensure employees not only understand expectations but can confidently apply them in context, thus improving both performance and accountability.

Closing the compliance gap starts here

Most organisations already have training. What they often lack is confidence in competence.

Worksmart helps bridge that gap.

Tracsmart Training & Competence platform transforms training from an administrative task into a measurable control, giving organisations the oversight, transparency, and evidence needed to demonstrate real capability.

[Learn More](#) >

With over 20 years of experience and trusted by FTSE 100 organisations, Tracsmart enables businesses to:



Align training to real roles and risk



Capture and evidence competence in practice



Provide meaningful management insight through data and reporting



Strengthen governance and regulatory confidence

It moves organisations beyond completion and towards demonstrated, defensible competence.

Compliance is not what your business says it does. It is what your people can do when it matters.

Find out more

Discover Tracsmart, our Training & Competence technology solution, and explore how Worksmart can support your organisation:

[Learn More](#) >

Speak to our expert

Emma is a highly experienced financial services professional who specialises in helping organisations navigate complex regulatory environments and deliver effective, customer-focused outcomes.

Currently working with a wide range of financial services firms, Emma supports businesses in responding to ongoing regulatory change. Her vast expertise spans key frameworks such as the Senior Managers and Certification Regime (SMCR), Consumer Duty, Complaint Management, Training and Competence (T&C), and Quality Assurance (QA). She works closely with leadership teams and operational stakeholders to implement practical, sustainable solutions that align regulatory expectations with commercial objectives.

Emma Howell 

**Strategic Engagement Manager
Technology**

E: emma.howell@davies-group.com



Davies Group Limited

Registered Company No. 06479822. Registered in England and Wales
Registered Office: 5th Floor, 20 Gracechurch Street, London EC3V 0BG

Disclaimer and Copyright Notice

This document is intended for general informational purposes only, does not take into account the reader's specific circumstances and is not a substitute for professional or legal advice. Readers are responsible for obtaining such advice from licensed professionals. The information included in this document has been obtained from sources we believe to be reliable and accurate at the time of issue. Davies Group Limited accepts no liability for errors or omissions in this document. This document and the information contained within it are provided for personal use only. No part may be reproduced, stored in a retrieval system or transmitted in any form or by any means electronic, mechanical photocopying, microfilming, recording, scanning or otherwise for commercial purposes without the written permission of the copyright holder.

© Davies Group 2026. All rights reserved. Telephone calls may be recorded.