



Future of Advice podcast

From training completed to competence evidenced

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Guest: Welcome back to the **Future of Advice** podcast by **Deloitte Luxembourg**. Let me start by asking you a question about your daily corporate life.

Host: Okay, shoot.

Guest: Have you ever found yourself sitting at your desk, just mindlessly clicking "Next, Next" through an annual compliance e-learning module?

Host: Oh, absolutely. I mean, we all have, right?

Guest: You know the exact kind. The material feels completely disconnected from your actual day-to-day reality.

Host: But you just need that little green check mark at the end, so the automated emails stop flooding your inbox.

Guest: It really is the universal corporate experience at this point. You click through, maybe skim a slide or two, guess your way through a multiple-choice quiz where the answers are incredibly obvious, and poof—you are officially trained, according to the system.

Host: Right, exactly. So, I'm your host, a Deloitte Luxembourg professional, and guiding us through this material today is our resident expert, also a Deloitte Luxembourg professional.

Guest: Glad to be here to dig into this.

Host: Yeah. Our mission in this deep dive is to unpack a much smarter corporate learning model that's tailored for financial institutions right here in Luxembourg. We're exploring this massive—really necessary—shift across the industry.

Guest: Yeah, it's a huge shift. The core idea is moving away from simply tracking training completion to actually demonstrating competence.

Host: And that shift is really the central thesis of our source material today. Financial institutions don't need more training volume. They need stronger evidence that people are truly ready for the roles they perform.

Guest: Right. Because right now, the focus is all wrong.

Host: Exactly. The fundamental problem is that current learning models are designed to prove that a module was completed, not that the employee is actually capable of doing the work.

Guest: Yeah. To fix this, we have to explore a model that links roles, skills, evidence, and development into one cohesive system.

But before we dissect that solution, we really need to understand the mechanics of why the current system is failing so badly. The document outlines two deeply ingrained, flawed reflexes that are basically draining the strategic value out of corporate learning.

Host: Yeah. The first reflex is what they call "**learning as compliance coverage**," right?

Guest: This happens when regulators, Risk Management, or executive leadership decide a specific topic is a high priority.

Host: And then panic ensues, I imagine.

Guest: Pretty much. The immediate organizational reaction is to train absolutely everyone in scope with the exact same content, the exact same duration, on a rigid annual cycle. It's just a blanket approach designed to create an audit trail.

Host: Got it. And what's the second reflex?

Guest: The second reflex is "**learning as communication**." So, whenever there's a new internal process, a new software tool, or some big organizational transformation, training just becomes the final broadcast layer.

Host: Like an announcement.

Guest: Exactly. It takes the form of a slide deck, a software demo, or some mandatory module, and ultimately results in a dashboard showing completion rates to senior management.

Host: So, synthesizing those two reflexes, current corporate learning is essentially functioning like a mass email blast.

Guest: That's a great way to put it.

Host: Yeah. An organization hits "Send," or they look at a dashboard and see this sea of green check marks, and they mistakenly assume that the message was not only received but actually understood and internalized. They're completely mistaking delivery for capability.

Guest: That analogy perfectly captures the illusion of control these systems create. These reflexes are designed entirely from the organization's perspective.

Host: Right. To cover themselves.

Guest: Right. They prove that training was delivered, which keeps auditors happy on the surface, but they don't prove that competence actually exists or that employees can apply what they've supposedly learned in a real, high-pressure situation.

Host: And that's dangerous.

Guest: Extremely. Especially in a financial sector facing constant regulatory change and accelerating technology adoption. That distinction between delivery and capability is critical.

Host: And the urgency around this distinction, right here in Luxembourg, is very real. The document points to data from **ADEM**, Luxembourg's National Employment Agency, showing sustained pressure and persistent shortages for qualified profiles.

Guest: Yeah, the numbers are pretty stark.

Host: We're talking about critical, highly technical roles in Risk, Legal, Finance, Audit, Project Management, and IT. When you have a severe scarcity of talent in those specific areas, relying on a one-size-fits-all training model seems incredibly inefficient.

Guest: It is inefficient. You can't just blast generic information at highly specialized teams and expect their performance to improve.

Host: No, of course not.

Guest: You certainly can't expand a generic learning catalogue and hope to magically close a targeted skills gap. If you have critical skill shortages, you need a model that makes existing competence highly visible.

Host: Like showing what people can already do.

Guest: Exactly. And then direct development exactly where it matters most.

Host: You have to focus on closing specific readiness gaps instead of just offering more courses.

Guest: Which brings us to a fundamental inversion of the corporate learning default.

Host: Assessing knowledge and skills first, before assigning any training.

Guest: Precisely. We really need to implement a role-skill-evidence model. In this framework, before you assign a single module, you define exactly what each role needs to know and do. Then you assess whether employees in those roles can already demonstrate that knowledge. You only trigger targeted development where actual capability gaps exist.

Host: Logically, that makes total sense. But let's look at the reality of the regulatory environment in Luxembourg for a second. We're dealing with the **CSSF**, Luxembourg's financial regulator. We have **MiFID II** regulations governing financial markets and guidelines from **ESMA**, the European Securities and Markets Authority.

Guest: Right. The heavy hitters.

Host: Exactly. Don't these strict frameworks implicitly require financial firms to constantly push mandatory training to everyone just to stay compliant?

Guest: That's a very common misconception. But the reality of the regulation points in exactly the opposite direction.

Host: Wait, really?

Guest: Yeah. Under **MiFID II**, for example, the **CSSF** explicitly requires firms to ensure—and, crucially, to demonstrate—that relevant staff have the knowledge and competence needed for their roles.

Host: "Demonstrate" being the key word there.

Guest: Exactly. **CSSF Circular 17/665**, which implements **ESMA's** guidelines locally, reinforces this obligation to evidence competence and maintain records for supervisory review.

Host: So they don't just want attendance sheets.

Guest: No, not at all. Regulators are increasingly looking for proof of actual capability, not just spreadsheets logging mandatory training hours.

Host: Okay, I understand the regulatory theory, but let me push back on the practical application for a minute.

Guest: Sure. Go ahead.

Host: If we let people essentially test out of these mandatory training modules, aren't we opening the door to massive risk? I mean, if an auditor from the CSSF comes in and sees that half the Compliance staff skipped the annual anti-money laundering refresher, that sounds like a massive red flag.

Guest: Well, it would be a red flag if the assessment was weak. The critical factor here is how you design the assessment. This model is not about letting people avoid learning.

Host: In fact, a rigorously designed assessment is far more demanding than passive attendance.

Guest: Because clicking "Next" while watching a video on a second monitor requires zero cognitive effort.

Host: Exactly. We've all done it. If you utilize test-out options, the bar must be significantly higher than simply clicking through generic e-learning. The assessment can't just be a multiple-choice quiz where the longest answer is always the correct one.

Guest: Yeah, the old "C is always right" trick.

Host: Right. It has to test applied knowledge. It must be aligned with the institution's specific risk appetite and internal controls. When you implement a rigorous, scenario-based check-up, you're actually raising the quality of your evidence.

Guest: So you get better data.

Host: Much better data. You stop assuming everyone needs the same baseline intervention and start proving—with actual data—who understands the material.

Guest: So, essentially, you're dividing the learning universe in two. On one side, you have black-and-white rule retention, which can be handled through these upfront assessments. But the document makes a clear distinction about what happens on the other side—the nuanced human behaviors.

Host: Yes. Distinguishing between testable knowledge and practiced behaviors is absolutely vital here. A smarter competence model doesn't treat all learning equally. Stable, knowledge-heavy topics—like understanding a specific regulatory threshold or a mathematical risk calculation—can follow that assessment-first approach.

Guest: Because you either know the threshold or you don't. It's binary.

Host: Correct. But think about organizational culture, ethical decision-making, conduct, leadership judgement, or managing complex client behavior.

Guest: Oh, yeah. You can't assess that with a quick quiz.

Host: You really can't. You can't reduce those competencies to multiple-choice questions. Those elements require practice, scenario-based discussions, coaching, and ongoing reinforcement.

Guest: That makes sense.

Host: The goal is to use evidence to test out of the binary knowledge, thereby freeing up time and resources to focus on the interactive, human-centric learning that behavioral skills genuinely require.

Guest: Okay, if we agree that assessing first is the right approach, let's look at the reality of implementing this at, say, a 5,000-person financial institution. How do you actually assess, track, and personalize learning at that scale without creating an absolute logistical nightmare for the HR department?

Host: It is a huge challenge.

Guest: Right. Because people in exactly the same role often have very different levels of technical expertise, regulatory experience, language capability, and confidence.

Host: And that logistical challenge is exactly why you have to transform your learning technology. You have to move away from simply expanding learning catalogues and move toward precision development.

Guest: Precision development.

Host: You need a system capable of creating a targeted development plan that answers four very specific questions for every single employee.

Guest: Let's walk through those four questions.

Host: First, what does this specific person need to know or do in their current role?

Guest: The baseline.

Host: Right. Second, what concrete evidence shows they can already do it? Third, based on that evidence, where are the critical gaps or risks? And fourth, what is the most efficient, targeted development action required to close those specific gaps?

Guest: Wow. Okay. This completely changes how we conceptualize HR technology.

Host: It's a total overhaul.

Guest: I tend to think of legacy learning management systems as a giant, dusty library. You walk in, there are thousands of courses available, but you have to wander the aisles and figure out what book you might need all by yourself. It's entirely passive and overwhelming.

Host: A lot of people feel that way.

Guest: But what we're talking about now—transforming from a content repository into a skills intelligence platform—sounds much more like a GPS navigation system.

Host: I love that. Let's build on that GPS metaphor because it explains the underlying mechanics perfectly. A legacy system just gives you a map.

Guest: Good luck, right?

Host: Right.

Guest: But a skills intelligence platform acts like a GPS because it calculates a route based on dynamic signals. It knows your exact current coordinates by pulling in your assessment data, recent performance feedback, and daily workflow metrics.

Host: Oh, wow. So it's constantly updating.

Guest: Exactly. It knows the required destination based on your role-specific competence framework. And, crucially, it recalculates your exact development route in real time as your skills data changes or as the regulatory environment shifts.

Host: And naturally, when we talk about a system processing thousands of individual performance signals and career aspirations at scale to recalculate development routes, we're inherently talking about utilizing artificial intelligence.

Guest: We are. However, the document provides a very sobering reality check regarding AI, specifically within the Luxembourg market.

Host: What kind of reality check?

Guest: Well, it cites a recent survey conducted by the **ABBL**, the Luxembourg Bankers' Association, alongside the **House of Training**. They surveyed 147 financial sector professionals, and the data reveals a pretty dangerous disconnect.

Host: Okay, let's hear the numbers.

Guest: Eight out of ten respondents already use AI regularly or occasionally in their work.

Host: Wait—80%? Eighty percent utilization is massive.

Guest: It is huge. But here's the critical vulnerability: 66% of those users have never had any dedicated AI training.

Host: Oh, wow.

Guest: And it gets worse. Only 5% report that their organization actually has a formal AI strategy in place.

Host: So you have 80% of the workforce actively experimenting with AI tools, but only 5% operating under a formal strategy. That is what the document refers to as a readiness gap, right? Usage is completely outpacing structured organizational capability.

Guest: Yes. And what makes this readiness gap so alarming is the demographics of the survey. Most of the respondents came from Risk, Compliance, Audit, and IT functions.

Host: The exact people who shouldn't be experimenting blindly.

Guest: Exactly. Those are the very departments where AI use, data governance, and institutional control will ultimately converge. If you have a Risk Manager feeding sensitive client data into an AI tool without any formal training on data privacy or algorithmic bias, you have a massive institutional vulnerability.

Host: This perfectly highlights why a catalogue-led learning model fails. A generic catalogue just can't keep up with the speed of AI adoption.

Guest: Not a chance.

Host: You need a precision model that can instantly distinguish between, say, the employee who just needs AI awareness, the analyst who requires hands-on practice, and the department leader who must actually make strategic decisions regarding AI risk.

Guest: Exactly. That targeted approach is everything.

Host: Yeah.

Guest: But there's an important caveat when integrating AI into these skills intelligence platforms.

Host: Which is?

Guest: AI can help personalize development and act as that GPS, but it requires a solid foundation. AI can only personalize development if it's supported by strong, structured skills data, very clear role definitions, and robust data governance.

Host: Garbage in, garbage out.

Guest: Precisely. If your underlying skills data is outdated or inaccurate, an AI system will simply generate poor assumptions and irrelevant learning recommendations—just much faster than a human would.

Host: Okay, so we've established a strategy to assess first, and we've discussed the technology required to deliver precision development. But a sophisticated skills intelligence platform means absolutely nothing if the organizational culture and governance structures aren't built to support it.

Guest: The human element is always the hardest part.

Host: Always. So let's examine the third major shift: redesigning governance and shared accountability. Who actually owns the responsibility for making this competence-driven model work?

Guest: The central premise here is that making HR, Compliance, Risk, managers, and employees jointly accountable for workforce competence is non-negotiable.

Host: It can't just live in HR.

Guest: Right. If this is viewed as just another Learning and Development initiative driven solely by HR, it will fail.

Host: So let's define exactly what that shared accountability looks like in practice. Based on what we've discussed, I assume HR is no longer just assigning courses but acting more like the system architect.

Guest: That's correct. HR acts as the architect of the framework. It translates complex regulatory requirements and shifting business priorities into a clear, navigable competence structure.

Host: Building the map.

Guest: Exactly. HR defines what is mandatory, what can be evidenced through upfront assessment, and what requires deeper, discussion-based reinforcement. Its job is to keep the entire system both usable for employees and defensible to regulators.

Host: And what about Compliance and Risk? In traditional models, they usually act as the final gatekeepers who simply mandate a topic and demand 100% completion.

Guest: In a competence-driven model, Compliance and Risk become active design collaborators. They don't just review the final numbers. They help determine exactly what level of evidence is required for different roles.

Host: Okay.

Guest: And they identify where a specific competence gap could actually manifest as a control weakness for the entire firm. In financial institutions, corporate learning is fundamentally a core part of operational governance.

Host: That brings us to managers, who the document calls the **integrators**. They have to translate business reality into development priorities, validate these personalized development plans, and protect their team's time for learning.

Guest: That's the ideal scenario, yes.

Host: But let me bring in a dose of corporate reality here. I'm picturing a middle manager on a Friday at 5:00 p.m. They're completely overloaded with operational tasks, client demands, and administrative overhead.

Guest: A very familiar picture.

Host: How can an organization possibly ask them to take on the role of learning integrator and manage competence dashboards on top of everything else?

Guest: It's a very real, very common concern. And you're right—if managers are left unsupported, they will absolutely become the bottleneck that breaks the system.

Host: Without a doubt.

Guest: However, a properly executed competence model actually saves them significant time in the long run.

Host: Okay, I'm going to need a concrete example of how adding another dashboard saves a manager time.

Guest: Fair enough. Let's say a manager has a team of 20 people, and a new regulation requires a two-hour training module.

Under the old system, the manager has to chase all 20 people to complete those two hours, sacrificing 40 hours of collective team productivity.

Host: Right. Chasing people down via email.

Guest: Exactly. Now, under the new system, all 20 employees take a rigorous 15-minute assessment. The dashboard reveals that 18 of them have already demonstrated competence. Only two people actually need the two-hour intervention.

Host: Oh, wow.

Guest: Yeah. The manager has just saved roughly 35 hours of team capacity, and they can focus their energy solely on coaching the two individuals who actually have a knowledge gap. It moves their focus from tedious administrative tracking to highly targeted risk management.

Host: When you frame it as reclaiming 35 hours of operational capacity, it completely changes the value proposition for the manager.

Guest: It goes from a chore to a tool.

Host: Exactly. And to give this governance shift some broader context, the document points to a regulatory comparator outside Luxembourg: the UK's **Financial Conduct Authority**, the **FCA**.

Guest: Yes. Looking at the FCA's guidance on training and competence is a highly relevant benchmark here. The FCA explicitly expects firms to regularly review competence, test knowledge, continuously follow up on identified weaknesses, reassess competence, and—this is the most critical part—use those results to shape supervision levels.

Host: That's a very hands-on approach.

Guest: It is. The UK model demonstrates that regulatory thinking is rapidly moving towards evidence, effectiveness, and accountable supervision. Luxembourg institutions really need to prepare proactively for this direction of travel before it becomes a local expectation.

Host: And finally, we can't forget the employees in this accountability model. They have to become the active owners of their own readiness.

Guest: They do.

Host: They can no longer be passive recipients, simply waiting for their annual course assignments. But for that shift in mindset to happen, the organization has to prove the system is actually worth the employee's time.

Guest: Exactly. If employees see the upfront assessment as just another tedious compliance exercise, they'll find ways to game the system or simply comply superficially.

Host: But if they realize that demonstrating competence actually frees them from repetitive, low-value training and leads to more meaningful conversations about their development, that changes the entire dynamic.

Guest: Totally. It becomes a tool for their own advancement rather than another corporate chore.

Shared accountability is really the only mechanism that sustains this model. HR designs the architecture. Compliance and Risk ensure it's defensible and addresses institutional vulnerabilities. Managers make it operational by targeting coaching where it's needed, and employees actively own their professional growth.

Host: So, bringing all of these ideas together, if a financial institution in Luxembourg successfully makes this shift—from tracking training completion to demonstrating competence—what's the ultimate takeaway? What's the prize for getting this right?

Guest: The document highlights three major benefits for institutions that adopt this competence-driven approach.

Host: Okay, let's hear them.

Guest: First, organizations achieve significantly stronger regulatory confidence because compliance is based on hard evidence of capability, not simply on assumptions that training was delivered.

Host: That's a huge win on its own.

Guest: Second, as we discussed with the manager example, organizations reclaim a tremendous amount of capacity. They stop wasting thousands of hours on repetitive, low-value training for people who already know the material.

Host: Reclaiming those hours and redirecting them towards revenue-generating activities—or simply deeper, more valuable work—is a significant competitive advantage.

Guest: It absolutely is. And the third benefit is building a much stronger talent proposition. By identifying precise readiness gaps, organizations can develop scarce, highly specialized skills internally...

Host: ...rather than trying to hire them.

Guest: Exactly. That directly strengthens organizational readiness, particularly in areas like AI, risk modelling, and IT, where hiring experienced professionals in Luxembourg is both difficult and expensive.

And perhaps the most profound shift is how organizations define success.

Host: It has to.

Guest: Organizations will no longer celebrate 50,000 training hours logged during the year because logging hours without proving capability is really just celebrating inefficiency. Success is ultimately measured by reduced operational risk and demonstrated workforce competence.

Host: That's the ultimate paradigm shift. Leaders have to move from counting hours consumed to tracking risks reduced. The early movers in this space won't necessarily train their workforce more than everyone else. They'll simply know, far more precisely, where competence exists, where it doesn't, and exactly how to close those gaps.

Guest: It's about clarity over volume.

Host: Exactly.

Guest: It really makes you think differently about the systems you interact with every day. So, before we wrap up, here's one final thought.

The next time you log into your organization's learning platform, ask yourself one simple question:

Are you managing a calendar of training hours, or are you actually managing competence?

Keep that distinction in mind the next time you find yourself mindlessly clicking "Next... Next... Next..." just to get another green check mark.

Thank you for listening, and we'll see you in the next episode.