

# Why accelerating compliance transformation is critical in an era of disruption



**ISAAC SARPONG:** Isaac is the Partner in charge of Tax Services. He has over 26 years' experience in the provision of multi-faceted advice to both local and international clients in taxation, accountancy, audit & assurance, and corporate law, among others. Isaac is a Chartered Accountant, a Chartered Tax Practitioner and a Lawyer.



## Shifting compliance strategies can help organizations respond quickly and stay prepared for whatever comes next.

### In brief

- ▶ Many organizations are rethinking compliance to keep pace with rapid changes and unpredictable risks.
- ▶ Technology, especially AI, is becoming central to how businesses manage compliance and respond to new demands.
- ▶ Teams that update compliance practices are better able to make quick decisions and support business goals.

**T**oday's nonlinear, accelerated, volatile and interconnected (NAVI) operating environment makes it harder than ever for businesses to manage compliance and integrity risks. Building a strong culture of compliance is now non-negotiable, but success demands a strategic rethink of how people, processes and technology work together.

This new research explores the way businesses are adjusting their approach to integrity for the world. It finds that the most confident organizations are the ones that have culturally and operationally embedded compliance measures across their organizations and are strategically adopting artificial intelligence (AI) to manage compliance programs and risk. But although there's growing pressure to transform, very few organizations that were surveyed form part of this group.

### What is NAVI?

The NAVI framework defines four characteristics of change that distinguish the current operating environment from the pre-pandemic business landscape:

- ▶ Nonlinear
- ▶ Accelerated
- ▶ Volatile
- ▶ Interconnected

These traits create new challenges, imperatives and opportunities for businesses – demanding a more strategic approach to compliance.

### Methodology

We surveyed 300 senior stakeholders in June 2025 about how the current risk and compliance landscape is affecting their organization's approach to integrity.

Individuals were selected from a diverse range of industries based on their role, location and the size of their business. They have either direct oversight of or senior responsibility for their compliance or risk function, or they work in non-compliance roles (such as legal,

audit or corporate governance) with regular exposure to or input into compliance issues and initiatives.

Organizations are based across the US; the UK; Europe, the Middle East and Africa (MEA); India, Asia-Pacific (APAC); Oceania; and Latin America, with annual revenues ranging from US\$250m to over US\$50b.

### Key findings

- ▶ 71% of businesses say the complexity and volatility of the current operating environment make it harder than ever to keep pace with change. But less than one-third are taking this as an opportunity to strategically transform their compliance functions for the future.
- ▶ Organizations are least prepared to face their most pressing challenges: 41% of those that identify third-party risk as a top threat have limited to no confidence in their compliance team's ability to manage it.
- ▶ 65% of businesses say they're under pressure to deliver faster, more sophisticated compliance and risk management outcomes, but their budget is insufficient.
- ▶ Compliance teams are not being empowered to make fast decisions: half of organizations (49%) say their compliance function is unable to quickly pivot without resistance or red tape.
- ▶ AI is the top strategic compliance priority for businesses, but just 6% describe their tech capabilities as leading edge.

## Chapter 1

### Equipping compliance teams for today's disruptive world

#### Disruption and complexity are pushing businesses to redefine their approach to compliance.

Nearly three-quarters of businesses (71%) say the complexity and volatility of the current operating environment makes it harder than ever to keep pace with change, and this is shaping the way they perceive risk.

Our research shows that macroeconomic and trade volatility is the most disruptive force for today's compliance teams, outpacing geopolitical shifts, tech disruption and regulatory complexity. The unpredictability of this

challenge threatens the capabilities and response times of current operating models.

Now is the time to assess compliance practices and accelerate transformation. But while most organizations (67%) are making improvements to their compliance function, just 31% are seizing the opportunity to strategically rethink the role compliance plays within their business over the next two years. Meanwhile, 36% say they're making only focused improvements and one-third (33%) believe their current approach is effective in today's environment.

#### Disruption and complexity are leading businesses to reconsider the role of compliance

Macroeconomic volatility tops list of disruptive forces for compliance functions



#### Disruption and complexity are leading businesses to reconsider the role of compliance

Less than one third of organizations plan to transform their compliance function for the future



Two data visualizations. The first is a horizontal bar chart showing how four factors affect compliance functions. Macroeconomic and trade volatility has the highest impact at 80% very or extremely disruptive, followed by geopolitical shifts at 72%, technology disruption at 69%, and regulatory complexity at 68%. All four factors are considered highly disruptive by the majority of respondents.

The second is a horizontal bar chart showing organizations' approaches to business ethics and compliance over the next two years. The top approach is "Making focused improvements" at 36%, followed by "Staying the course" at 33%, and "Transforming compliance for the future" at 31%. The responses are fairly evenly distributed across all three strategic approaches.

#### Global perspective: regions embracing compliance transformation

Approaches to compliance transformation vary around the world. Around two-fifths (39%) of US businesses say they are using disruption as an opportunity to transform their compliance function.

In the UK and Europe, 35% of businesses say the same, but the largest proportion (40%) say they plan to maintain their current approach.

Meanwhile, 27% of organizations based in MEA and India say they are transforming compliance for the future and 36% plan to stay the course. We see a similar trend in APAC and Oceania, where one quarter are transforming their compliance functions and 35% plan to maintain their current approach.

The largest proportion of Latin American businesses (43%) say they plan to stay the course and just 18% are transforming their compliance functions for the future.

Companies in western markets must generally adhere to more robust compliance and ethics programs than those in emerging markets. Contributing factors include:

- ▶ Regulatory landscape: Western-based companies must adhere to stringent regulatory frameworks that mandate compliance with laws and ethical standards.
- ▶ Corporate governance: Companies in western markets typically adhere to higher standards of transparency, accountability and ethical behavior. These are often enforced by independent boards and external auditors.

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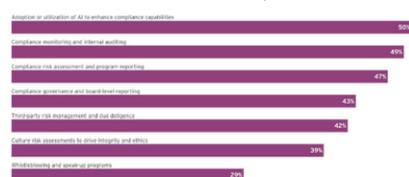
### Chapter 2

#### The gap between awareness and action may leave organizations exposed

Businesses are focused on modernizing compliance, but their leaders are not aligned. Investing in new technology and automation tools is compliance teams' top focus in the current regulatory landscape: 40% of businesses rank it in their top three priorities. Meanwhile, 38% are looking to revise their compliance operating models, signaling a broader push to overhaul the structures that underpin the function.

Strategic priorities at the organizational level reflect this shift. Half of businesses say adopting AI to enhance compliance is a top focus for investment, followed by compliance monitoring and internal auditing (49%) and compliance risk assessment and program reporting (47%).

#### Which of the following components of compliance are currently most aligned with your organization's strategic priorities and are most likely to shape your future investment focus? (Top 3 identified and ranked)



A horizontal bar chart showing which components of compliance are currently most aligned with strategic priorities and expected to drive future investment.

Modernization is integral to transformation. But is it taking precedence over more immediate issues? Just a quarter of businesses are prioritizing the expansion of governance and oversight to include emerging risk areas.

*"Compliance data fuels business intelligence, empowering informed decision-making through trend analysis and anomaly detection — directly enhancing profitability."* Dilek Çilingir, EY Global Forensic & Integrity Services Leader

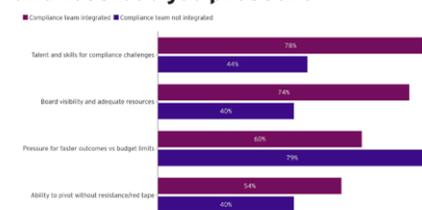
There is also a clear gap in opinion across functions. Those working in non-compliance roles with regular exposure to compliance issues and initiatives — such as legal, audit or corporate governance — place an immediate focus on overhauling the compliance operating model. Compliance leads, however, recognize a more pressing need to enhance core capabilities, such as strengthening internal controls and expanding employee awareness.

"Compliance data fuels business intelligence, empowering informed decision-making through trend analysis and anomaly detection. For instance, behavioral analytics of employees, suppliers or customers can uncover efficiencies and actionable insights. Moreover, it can directly enhance profitability by identifying and mitigating losses, leakages and fraud perpetrated against an organization", says Dilek Çilingir, EY Global Forensic & Integrity Services Leader.

#### Integrated compliance teams are in a position to react to disruption

More than three-quarters of businesses (78%) say their compliance team works closely and effectively with legal, audit and other key functions. Almost three-quarters of these more integrated organizations (74%) say they have strong visibility at board level and receive enough resources to effectively manage risk, compared with just 40% of the less integrated organizations.

#### Integrated compliance teams report stronger risk management capabilities and less budget pressure



A horizontal bar chart comparing agreement levels between organizations with integrated compliance teams (green) versus non-integrated teams (teal) across four statements. Organizations with integrated compliance teams show significantly higher agreement on having adequate talent and skills (78% vs 44%) and board-level visibility with adequate resources (74% vs 40%). Notably, non-integrated teams report higher agreement (79% vs 60%) that they face budget pressures to deliver faster, more sophisticated outcomes. Both groups show similar moderate agreement (54% vs 40%) on their ability to pivot quickly without resistance.

Organizations with more integrated compliance teams are also 8 percentage points more likely to be transforming their compliance functions for the future, while less integrated teams tend to take a more piecemeal approach to change.

#### The world view: Which region's compliance teams are the most integrated?

Organizations based in APAC and Oceania are the most integrated: 90% say they work closely and effectively with legal, audit and other key internal functions. They are closely followed

by those based in the UK and Europe, where 88% say the same.

In the Middle East and India, 78% of businesses say they work closely with other teams. Meanwhile, in Latin America, this figure falls to 68%.

Interestingly, despite being the most transformational, just 67% of US compliance teams say they work closely and effectively with other teams. This suggests transformation could be being driven more by external pressures: US businesses are the most likely ones to find today's shifting geopolitical, regulatory and economic environment disruptive.

Several reasons may explain why US compliance teams are less integrated with other risk functions:

**1. Regulatory complexity and fragmentation:** The US has multiple federal and state regulations that can create silos within organizations. Compliance teams may focus heavily on meeting specific regulatory requirements, leading to less collaboration with other functions that may be focused on their own regulatory challenges.

**2. Cultural differences in risk management:** US corporate culture may prioritize individual departmental goals over cross-functional collaboration. Compliance teams might operate with a more defensive mindset, focusing on risk avoidance and regulatory adherence rather than collaborating with other risk functions.

**3. Focus on transformation and external pressures:** US compliance teams are undergoing significant transformation, often driven by external pressures such as geopolitical shifts and evolving regulation. Adapting to external changes may divert attention from building internal relationships and collaboration.

**4. Historical precedents:** In many US organizations, compliance was initially developed as a necessary function to avoid penalties rather than a strategic partner in business operations, which can perpetuate a lack of integration with other teams

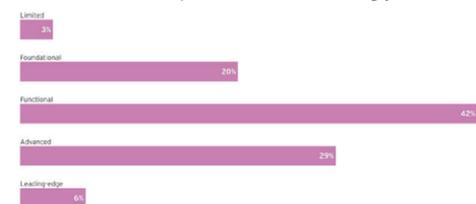
### Chapter 3

#### How compliance teams can use technology strategically to navigate risk

Most businesses lack leading-edge tech capabilities to transform their compliance programs. Technology repeatedly

emerges as a strategic focus for compliance teams in today's environment. But just 6% of businesses say they have "leading edge" capabilities — seamless, real-time systems that incorporate predictive tools and dashboards. Instead, the largest proportion (42%) describe their capabilities as "functional," meaning they have core systems integrated across compliance areas but lack more sophisticated, cross-functional capabilities such as data analytics and predictive insights.

Most organizations exist at "functional level" for compliance technology



A horizontal bar chart showing organizations' technology capabilities for managing compliance programs and risks. The majority of organizations (42%) describe their capabilities as "Functional" with core systems integrated across key compliance areas.

Another 29% report "Advanced" capabilities with broad automation and strong data analytics. Meanwhile, 20% have only "Foundational" capabilities with fragmented digital tools, 6% have "Leading-edge" seamless real-time systems, and just 3% have "Limited" capabilities with significant gaps in automation and integration.

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Organizations that say they have advanced or leading-edge capabilities are more than twice as likely as organizations with limited or foundational systems to say they are well prepared to deal with accelerated, interconnected challenges such as cybersecurity and emerging tech risk, as well as third-party risk.

Mature companies are also more likely to be allocating resources strategically: 60% are transforming compliance for the future, compared with just 1% of organizations with only limited or foundational capabilities. In addition, these organizations are 45 percentage points more likely to say their organization allows them to quickly pivot without resistance. The most resilient organizations are empowering their compliance teams by investing in tools that help them to navigate today's complex, unpredictable challenges – reinforcing the link between organizational mindset and resilience.

### Lack of vision could be undermining the value of advanced tech

Automating routine tasks is the number one area where businesses see the potential for AI or advanced analytics to add value for compliance and risk management: 44% rank it within their top three perceived benefits. More complex uses, meanwhile, are seen as less valuable: generating cross-domain insights from disparate sources, such as audit and risk, is the least popular response.

### Automating routine tasks seen as AI's greatest value for compliance



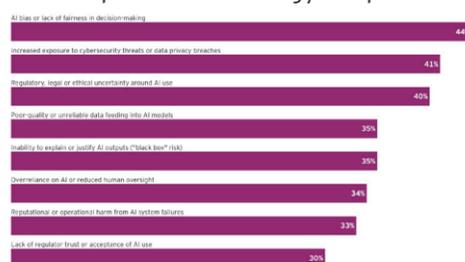
A horizontal bar chart showing where organizations believe AI or advanced analytics could deliver the greatest value for compliance and risk management. The top three areas are automating routine compliance tasks at 44%, detecting and flagging emerging or anomalous risks in real time at 42%, and streamlining third-party due diligence and risk scoring at 38%. Other significant applications include improving regulatory horizon scanning (31%) and automating compliance document drafting (31%).

Businesses could be prioritizing AI for quick efficiency gains because of the accelerated pace of change. But underplaying more complex applications could be limiting its longer-term ability to create business value.

Sally Trivino, EY Global Forensic & In-

tegrity Services Technology Co-Leader, adds: "There are two key factors influencing whether AI is currently being implemented within compliance. First, compliance professionals tend to be risk averse by nature, so their initial question around any new technology is always going to be: Can I trust it? AI is constantly evolving, so part of their job is assessing its risk. Second, compliance is a function that does not directly impact a company's revenue streams, so the business case for investing in AI for compliance is not particularly strong when compared to other areas of the business that have a more direct impact. As a result, teams often have limited influence over how and where AI is implemented." Our data suggests uncertainty about implementing AI within compliance is the main cause for hesitation. AI bias, cyber threats and regulatory uncertainty are the top three most significant risks businesses identify.

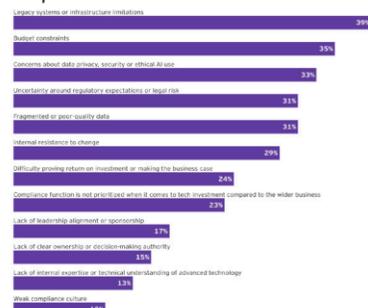
### AI bias and cybersecurity top concerns for compliance technology adoption



A horizontal bar chart showing the most significant risks associated with using AI or advanced technology in compliance and risk management. The top three concerns are AI bias or lack of fairness in decision-making at 44%, increased exposure to cybersecurity threats or data privacy breaches at 41%, and regulatory, legal, or ethical uncertainty around AI use at 40%. Other notable risks include poor-quality or unreliable data feeding into AI models (35%) and inability to explain or justify AI outputs (35%).

There's a deeper readiness gap. Uncertainty about the effectiveness of AI use and a lack of investment in the resources required for effective implementation are identified within the top three organizational hurdles to implementation.

### Legacy systems are biggest barrier to AI implementation



A horizontal bar chart showing companies list "legacy systems", "budget constraints" and "data privacy" as their biggest organizational hurdles for the compliance function when it comes to implementing AI or advanced technology for compliance and risk management. To unleash the true transformational power of AI, organizations will need to shift toward purpose-built tools that anticipate and navigate risk in a disruptive environment.

"Compliance should be a seatbelt, not a brake. Businesses that don't invest in AI for compliance are forcing their compliance teams to rely on slow, outdated systems that can't keep pace with today's business demands. This not only puts them on a back foot against competitors but also leaves them exposed to failures that could ultimately result in later overinvestment under the scrutiny of a regulator-appointed monitor," says Trivino.

## Chapter 4

### Three compliance imperatives for navigating disruption

Clear steps help compliance teams adapt, work together and lead with confidence as business conditions keep changing.

#### 1. Transform – or be left behind

Organizations must take a deliberate, strategic approach to transformation to create lasting value.

► **Empower the experts:** Compliance teams must be equipped with the right tools and entrusted with decision-making authority to enable decisive, agile responses to risk.

► **Integrate risk and strategy:** Compliance should be a proactive driver of resilience and growth – not just a safeguard.

► **Invest in tech as a strategic enabler:** To create maximum value, AI should be embedded within the operating model and regularly updated in line with business needs and industry advances.

#### 2. Redesign for resilience

Businesses must prioritize the integration of their compliance function on both an operational and cultural level.

► **Lay the foundations first:** This means robust controls, clear monitoring frameworks and a workforce that's educated on what modern compliance means.

► **Structure the organization around compliance:** It's no longer a parallel function – it's a non-negotiable element of business strategy.

► **Prioritize seamless communication and data flow:** This will create alignment across functions and enable the compliance team to pivot at speed when it needs to.

#### 3. Lead with authority

► **Elevate the leaders:** In a disruptive operating environment, it's more important than ever for compliance leads to have a voice at senior level.

► **Be decisive:** Move beyond slow, measured decision-making processes to match the accelerated pace of change.

► **Own decisions:** As cross-functional integration blurs accountability, compliance professionals must assert their authority as recognized risk leaders.

### Summary

Businesses are updating compliance strategies to keep up with rapid change and new risks. Technology, especially AI, is becoming more important for managing compliance. Teams that adapt quickly and work together are better able to support business goals and respond to challenges.

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