

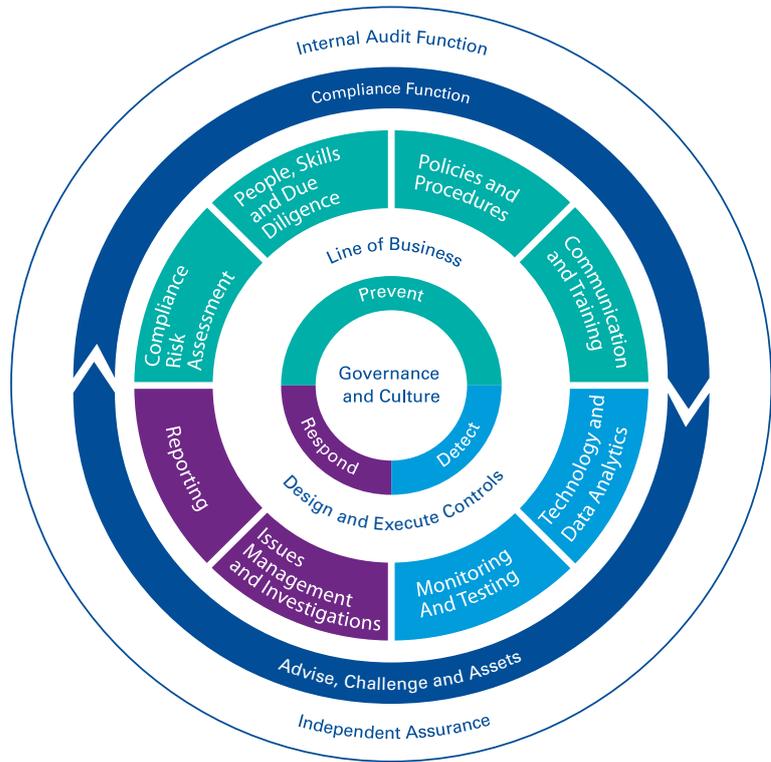
Executive summary

EXECUTIVE SUMMARY

The KPMG Compliance Survey results show that most organizations have made substantial progress in their compliance journeys, particularly in foundational areas such as governance & culture, and policies & procedures.

However, organizations have made more limited progress in compliance activities that accelerate error-detection and response such as leveraging the power of technology and data analytics.

KPMG's Compliance Program Framework



Identified strengths

Organizations generally report being strong when it comes to integrating compliance rules in the governance guiding principles and culture.

Most CCOs confirm adequate involvement at board level, with structured, frequent and transparent reporting flows between the board and the compliance function.

In addition, most organizations have a code of conduct that clearly communicates expectations to employees regarding the compliance culture.

Nevertheless, some CCOs recognize that the management of business lines does not feel fully accountable for compliance issues.

In addition, almost all organizations have implemented policies and procedures to support their compliance programs. These policies and procedures generally align with their mission, vision and values, and are included in the organization's code of conduct.

Processes for monitoring and responding to regulatory change are well established, as are testing programs, the results of which are reported to management and senior management. Compliance programs are generally assessed regularly.

Identified areas for improvement

As organizations develop more mature compliance programs, they work to strengthen the preventive elements of their programs and further develop capabilities to detect potential future problems. The survey results suggest that many organizations could still make substantial progress in their journey towards more robust compliance programs, particularly in the following three areas:

1. Inclusion of compliance in strategy definition

In order to make progress, institutions should aim to develop a holistic approach to managing regulatory change that starts at the “top of the house”, and facilitates understanding and prioritization of change, allocation of resources as well as communication with global regulators. However, most respondents indicate that the compliance view is rarely considered in strategic decision-making which leads to outmoded technologies, siloed organizational structures and duplication of relevant data.

2. Use of technology and data analytics

Of the topics covered, organizations report the least progress with respect to technology and data analytics. Many organizations say they do not leverage technology to support their compliance initiatives. The main difficulties encountered when implementing data and analytics tools are obtaining/sharing data from different departments as well as receiving incomplete/inconsistent data. Integrating and automating data analytics is also a critical point.

3. Monitoring activities

Many organizations report that they use neither key performance indicators (KPIs) nor key risk indicators (KRIs) in their monitoring and testing to drive root cause analysis and trend reporting, and do not integrate them into compliance governance and risk management.

Identified strengths

1	A strong culture of compliance exists and the CCO is a key person in the organization, actively contributing to the business leadership team.
2	The board and management committee fully support the compliance function and are well-informed on compliance programs, findings and remediation plans.
3	Governance and culture programs, including codes of conduct, are mostly in place with board participation.
4	Policies and procedures support compliance programs and align with the organization’s mission, vision and values.

Identified areas for improvement

1	Compliance is rarely involved in defining the organization’s strategy.
2	The board does not systematically review the compliance program upon changes to the regulatory environment based on a strategic assessment of enterprise-wide initiatives.
3	There is a lack of automation, and technology infrastructure is not aligned with compliance requirements. Technology is not leveraged to support compliance initiatives.
4	The compliance function encounters difficulties in obtaining complete and consistent data from other departments.