

# Cost of compliance 2021

62% ↑

of businesses expect the cost of time and resources devoted to conduct risk issues to increase in 2021.



Top compliance challenges the board expect to face in 2021 are:



The volume of regulatory change



Meeting regulatory expectations



Instilling a culture of compliance



Dealing with the Covid-19 pandemic

42%

of businesses expect to see a slight increase in their compliance team budget over the next 12 months.



10%

expect a significant budget increase.

Top 5 areas of compliance change because of Covid-19:



Working from home



Remote oversight of conduct risks



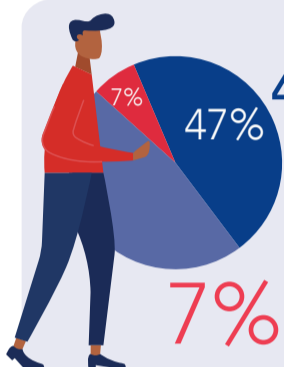
Data privacy controls



Communication and staying connected with teams



Volume of regulatory requirements

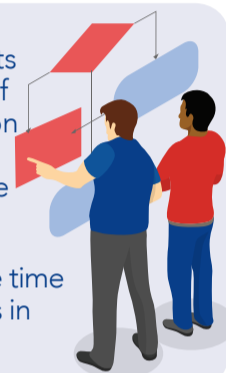


47% expect to see an increase in cost of compliance staff

7% of businesses expect compliance staff cost to fall

78%

of compliance experts expect the amount of regulatory information published by regulators to increase in the coming year



83%

expect to spend more time liaising with regulators in the coming year

49%

attribute the increase in compliance staff costs to hiring of additional staff to cope with volumes of regulatory requirements



Top reasons for outsourcing compliance in 2021:



Lack of in-house compliance skills



Need for additional assurance on compliance processes



Need to access third party KYC functionality



Cost



34%

of businesses outsource all or part of their compliance functionality

Following the pandemic in 2020, compliance officers have cited two new compliance challenges:



Supervising staff at home



Operational difficulties of home working

Top five operational challenges organisations face while complying with AML regulations:



Manual (time-consuming) process



Changing regulatory expectations



Poor quality of available data/lack of data/one view of customer



Recruiting, training, and retaining AML staff



Increasing transaction volume

Biggest challenges organisations face with their transaction monitoring system



Dependencies on manual processes



Limited coverage of the known transaction monitoring red flags, and consequently insufficient rules/scenarios



Too many false positive alerts



Data accuracy and lack of structured data



48%

of banks and FIs said that insufficient or outdated AML compliance technology was one of their biggest compliance challenges.

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