

From reactive to resilient

Mastering regulatory compliance with AI

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Table of contents

- ⁰³ Introduction
- ⁰⁴ Why regulatory burdens are increasing exponentially
- ⁰⁵ Misunderstanding compliance
- ⁰⁶ Paralysis by analysis: The cost of standing still
- ⁰⁷ Navigate emerging regulatory changes with new and advanced technology
- ⁰⁸ The future of compliance
- ⁰⁹ About Optro

An aerial photograph showing a wide, light-colored river meandering through a deep, forested valley. The surrounding mountains are covered in dense green and brown vegetation, with some small settlements visible in the lower right corner.

Introduction

The financial sector in 2026 operates in a permanently reshaped landscape. While the technological breakthroughs of the last few years have redefined the speed of global business, they have also ushered in a new era of complexity for financial institutions. In today's fast-moving environment, regulatory compliance has shifted from a back-office requirement to a critical part of operational integrity and strategic risk management.

Today, organizations of all sizes navigate an increasingly dense web of global regulations that continues to expand in scope. The stakes for falling behind have never been higher: In the first half of 2025, global regulatory fines for financial institutions more than quadrupled compared to the same period in 2024. Non-compliance is a significant threat to the very survival and reputation of financial organizations.

Effective compliance is far more than a “check-the-box” legal requirement. It is your primary defense against fraud, misconduct, and crippling penalties, while also safeguarding your customers and your market standing.

Unfortunately, many firms still view compliance as an innovation-stifling burden. This outdated mindset, often characterized by isolated teams, a lack of enterprise-wide culture, and a reliance on legacy systems, leaves organizations dangerously vulnerable. To thrive in 2026, financial institutions must treat compliance as an ongoing, shared responsibility rather than a one-time task for a specialized team.

In this ebook, we'll explore how your organization can turn these regulatory hurdles into a competitive edge with actionable strategies to navigate the evolving regulatory landscape with confidence.

Why regulatory burdens are increasing exponentially

The current regulatory landscape continues to change relentlessly. This relates to the number of regulations and updates enforced and differing opinions between governments, where a change in administration can reverse rules. This ebb and flow of regulation makes long-term planning difficult.

Keeping up with national and international regulatory requirements adds another layer of complexity. Financial institutions must track laws from multiple jurisdictions, each with their own timelines and interpretations.

In 2022, the number of regulatory events monitored by [Thomson Reuters Regulatory Intelligence](#) was 61,228, the third-highest annual total since 2008. This figure included 1,374 regulators in 190 countries, or an average of 234 daily alerts (see Figure 1).

Greater market complexity

Regulatory burdens have also increased due to the growing complexity of financial products and technological advancements. New financial products, such as buy-now-pay-later and digital assets, have compelled governments to update legal frameworks to ensure consumer protection. Similarly, financial institutions that embrace new technologies, like cloud computing and automation, create new vulnerabilities to fraud, data protection, and operational errors.

Artificial intelligence offers a prime example. While it holds immense promise, it also presents significant risks. In response, regulators have started crafting AI-specific rules to control its deployment and reduce the likelihood of negative outcomes.

Consistent monitoring

The challenge of compliance isn't limited to understanding new laws. Compliance teams must track every stage of the regulatory process, from initial proposals to final implementation. Regulations often change before enforcement, with new deadlines or fresh guidance to aid compliance. Teams must be alert and aware of new developments.

The pace of regulatory change puts a significant burden on compliance departments. They must sift through countless updates and identify those that apply to them. This is no small task. It drains time and resources and can overwhelm even experienced teams.

Yet, staying on top of these changes is not optional. Firms that fail to adapt face serious consequences, from fines and reputational damage to legal action. The risks are real, and managing them requires an agile, informed, and well-equipped compliance function.

The Colorado AI Act (SB 24-205) takes effect June 30, 2026. The Colorado AI Act establishes a strict “duty of reasonable care” for developers and deployers to protect consumers from algorithmic discrimination in high-risk AI systems. This applies to AI used for consequential decisions, including hiring, housing, and lending. Organizations must now conduct annual impact assessments, provide notices to consumers, and maintain public disclosures of their AI risk management practices.

Optro's [RegComply](#) solution helps organizations prepare for this regulatory change by streamlining regulatory change management with intelligent automation and connecting regulatory requirements with controls, policies, and issues.

FIGURE 1

The cost of compliance

- Most of the financial industry spends \$181B annually maintaining compliance.
- Cost of regulatory risk averages \$10K per employee.
- Since 2008, compliance-related operating costs have increased 60%.
- Since 2008, U.S. banks have been fined \$243B tax on financial firms.
- The cost of regulation amounts to an 8%.

Source: Ascent RegTech



Misunderstanding compliance

One of the most common misconceptions is that many organizations consider compliance as merely a bureaucratic burden that slows down operations and drains resources. This also leads some to view it as a basic tick-box exercise that offers little enterprise value. Contrary to this belief, an effective compliance process can save a firm time and money by reducing the risk of regulatory fines, fraud, and reputational damage.

Another common misconception is that only the chief compliance officer and compliance teams handle compliance. In truth, this responsibility extends across the organization. When firms isolate compliance teams, they set themselves up for failure. Compliance teams play a vital role in ensuring firms adhere to regulations, but every employee is responsible for following the rules and helping the business stay compliant. Failing to comply carries a significant risk.

A Globalscape study found the average non-compliance cost was \$14 million. However, the study shows the cost can range from \$2m to \$40m. Firms must foster a culture of compliance, ensuring all employees understand how compliance impacts their roles and daily tasks.

Another myth is that compliance is static. Some firms implement a robust compliance framework and assume they can leave it untouched. However, that is a recipe for disaster.

Compliance systems need regular monitoring, updating, and adaptation so they can keep pace with evolving regulations and adapt to the company’s growth and operational changes.

Compliance is not the sole responsibility of the compliance officer, with an entire company-wide culture of compliance being a key aspect of any business.

Source: Improve Compliance Effectiveness and Culture With Quality Standards, Gartner Research

A previous survey by Gartner of over 1,000 employees found that 87% encountered situations where they were unsure how to comply with regulations, highlighting a vital need to implement company-wide compliance culture.





Paralysis by analysis: The cost of standing still

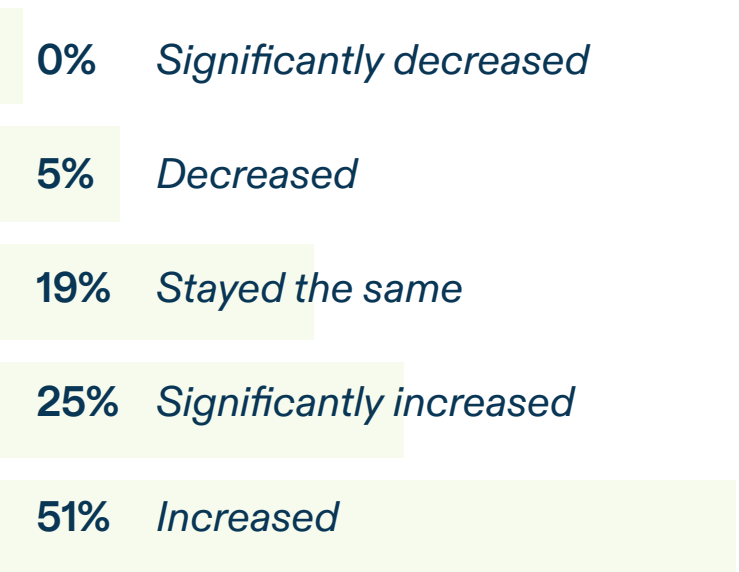
A notable challenge in many financial institutions is how compliance is structured. Compliance often operates in silos, which commonly leads to disjointed compliance operations, when it should be integrated across the enterprise. For example, onboarding data may be relevant for multiple regulations, yet it is often not shared across teams. These silos result in redundant manual work to recollect information.

Firms often struggle with rising costs and the pace of regulatory change, with budget constraints often complicating compliance teams’ access to the right tools. A 2023 SteelEye survey found that 76% of firms have seen their annual compliance costs increase (see Figure 2). With compliance seen purely as a cost center, securing additional budget to expand compliance operations is often challenging. This financial limitation forces firms to either maintain outdated systems or develop makeshift compliance solutions using existing resources.

Given the complexity and cost of compliance, financial institutions might opt for the minimum, or even hope to stay under the radar and skip some requirements. However, this approach leaves them open to a variety of risks. Studies on the cost of non-compliance tend to show it is far cheaper to implement effective regulatory processes than to avoid compliance. Values differ, but on average, they report non-compliance costs 2.7 times the cost of compliance.

FIGURE 2

How has your firm’s compliance expenditure changed over the last year?



Navigate emerging regulatory changes with new and advanced technology

To transform compliance from a cost center to a cost-saving function, firms are looking to the power of regulatory technology (RegTech). RegTech solutions take many forms, but all share the goal of optimizing and streamlining compliance. A growing number of technological trends are currently transforming how financial institutions approach compliance.

Some of the key technologies include AI, machine learning, blockchain, and real-time monitoring, which are all helping to meet the growing challenges posed by the increasingly complex digital environment. These technologies improve workflows and help firms navigate increasingly complex regulations. [Horizon scanning](#), for instance, uses AI to surface early indicators of regulatory change, including proposed legislation, enforcement trends, and agency memos, allowing organizations to identify, monitor, and assess emerging risks weeks or months in advance.

Technology is critical to maintaining a firm grasp on risks, such as falling victim to changing regulatory requirements or failing to update operating systems that have veered into non-compliance. Companies must now ensure their regulatory obligations match the risks they face and align with their internal processes and workflows. The best route is to use technology.

Legacy systems

A technology stumbling block some organizations face is their reliance on legacy systems. While these systems may be costly to replace, especially if deeply embedded into operations, they can often create greater compliance challenges and become a cost burden far greater than replacing them with newer solutions.

A lack of up-to-date technology poses a significant challenge for compliance teams in areas that require greater flexibility and efficiency, such as managing new regulations or adjusting to changed ones. Technology will remain critical for automating processes, saving time and costs, and improving data management.

Building a connected ecosystem

While technology can be the key to improving compliance, it will fail to reach its full potential without cross-functional connectivity. A key challenge here is to build adaptable, contiguous data sets across the compliance, risk, and assurance programs that align with one another.

Larger organizations with decades of legacy systems, where data sets are often complex and siloed, face the biggest complexities here. Disconnected data reduces the accuracy and reliability of technology, leaving compliance teams reliant on inefficient processes or unnecessary manual input. However, if data quality aligns with regulatory obligations, technology can become a powerful tool to guide businesses through regulatory pitfalls.

RegTech solutions are helping overcome this challenge and give compliance teams the power to connect their entire risk landscape through a unified system. For example, Optro's

regulatory compliance management solution [RegComply](#) can connect a firm's audit, infosec, ESG, risk, and compliance programs into a centralized base. This hub gives compliance teams a clear view of controls, policies, risks, frameworks, and issues. With the latest release of [Horizon Scanning](#), RegComply intelligently filters and prioritizes thousands of regulatory signals based on a company's specific profile.

Strong, connected datasets help firms boost visibility, promote collaboration, and unlock insights. They also empower compliance teams to monitor regulatory updates continuously and identify relevant obligations.

The future of compliance

In the long term, the financial institutions that thrive will be those with the most agile and integrated compliance functions. As AI becomes embedded in the core operations of global finance, the ability to adapt to rapid trends and technological change is no longer a goal—it is essential for long-term company stability.

Continuous advancements in AI demand a fundamental shift in the compliance role. It is no longer sufficient for firms to hire based solely on traditional regulatory knowledge and experience. Today's compliance leaders must possess the digital fluency to use advanced technology to analyze large datasets and deliver rapid, high-fidelity insights for real-time decision-making.

The impact of AI on compliance is likely to be transformative.

A recent survey by Moody's Analytics surveyed over 550 compliance and risk professionals from 67 countries and revealed that AI is primarily used for data analysis (63%), risk management (53%), and fraud detection (51%). These showcase the growing role of AI in streamlining complex compliance tasks and bolstering the decision-making process.

Early adopters have seen strong results, with 90% reporting a positive impact on risk and compliance functions.

Looking ahead, the organizations that prioritize data-driven strategies today will be the ones best positioned to lead through tomorrow's regulatory shifts. Visit the Optro website for more information about RegComply and how it can transform your regulatory change management. Alternatively, you can [book a demo here](#) to see the solution in action.



About Optro

Optro (formerly AuditBoard) helps enterprises transform risk into opportunity, redefining GRC through an agentic system of action. More than 50% of the Fortune 500 trust Optro to elevate audit, risk, and compliance in addressing a new era of risk. Optro is top-rated by customers on G2 and was named a Leader in the 2025 Gartner® Magic Quadrant™ for Governance, Risk and Compliance (GRC) Tools, Assurance Leaders. To learn more, visit optro.ai or get in [touch with our team](#) today.

