FINANCIAL INSTITUTIONS

Regulators publish 234 changes a day. Your compliance team has four people.

Where AI belongs in regulatory change management, and where it must stay out.

Six things this deck covers

61,228

regulatory events in one year, from 1,374 regulators in 190 countries

That is 234 a day. 73% of compliance practitioners expect more. 62% expect their headcount to stay flat. Thomson Reuters Regulatory Intelligence, Cost of Compliance 2023.

US$3.8bn

in AML, KYC, sanctions and due-diligence penalties on financial institutions in 2025

APAC fines rose 44%, EMEA 767%. In Singapore, MAS fined nine institutions S$27.45m in July 2025 for ordinary failures: customer risk assessment, source of wealth, transaction monitoring, STR follow-up. Fenergo 2025; MAS.

Five jobs AI does well

01 **Horizon scanning and triage.** Reads every publication daily, sorts by entity, licence, business line, effective date.

02 **Obligation extraction.** A 200-page notice becomes forty rows, each with its clause.

03 **Mapping and gap analysis.** Matches each obligation to existing policies and controls, flags the gaps.

04 **Drafting.** Redlines, board papers, consultation responses. A person edits and signs.

05 **Control evidence and returns.** Checks the evidence exists and assembles the periodic reports.

17 to 33%

hallucination rate of the leading AI legal research tools, marketed as hallucination-free

202 legal queries, hand-scored by legal experts, preregistered. The tools cited real authorities for propositions they did not support, in fluent and confident prose. Stanford RegLab, Magesh et al., 2024.

Three design rules

01 Every output carries the clause it came from, and the reviewer opens the clause.

02 The model draws only from the institution's controlled regulatory library, versioned by effective date. No fallback to training data.

03 No interpretation, applicability decision or sign-off leaves the function without a named person's recorded approval.

MAS's proposed AI risk management guidelines, the FSB and the EU all expect governance, validation and human oversight of AI inside financial institutions. That includes the tool that manages compliance.

How far each job can be handed to AI

COMPLIANCE JOB	AUTONOMY
Horizon scanning and triage	**Acts, within a taxonomy**
Obligation extraction	**Drafts only**
Applicability decision	**Recommends**
Mapping and gap analysis	**Recommends**
Policy and paper drafting	**Drafts only**
Regulatory interpretation	**Recommends, with citation**
Control evidence and returns	**Drafts, submits on approval**
Transaction and screening alerts	**Acts, with human investigation**

Autonomy rises with reversibility. A wrong sort costs an hour. A wrong applicability decision costs a consent order.

Four numbers that should move

01 Days from a regulator's publication to a recorded applicability decision with an owner. Target: inside five working days.

02 Share of applicable obligations with a mapped policy and control.

03 Share of mapped obligations with current control evidence on file.

04 Open gaps past their assigned date. Should trend to zero.

One that must not move: findings raised by audit or a supervisor that the function was not already tracking.

THIS QUARTER

Measure the days from publication to a named owner. That figure is the business case.

Then put the model on triage and obligation extraction only, for one regulator and one business line. Keep interpretation with a qualified person, with the clause open in front of them.

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