



Compliance Beyond Traditional Boundaries

Integrity and Compliance Survey Results 2026

KPMG Türkiye

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KPMG Executive Foreword

The risk environment in which organizations operate is changing faster than ever in recent years. Increasing regulatory intensity, the widening scope of sanctions, the growing complexity of financial crime, new risks arising from data and technology, and rising ethical expectations are fundamentally redefining the role of the compliance function.

The compliance function, once largely focused on ensuring regulatory compliance, is today becoming a significant element of organizations' risk management approach, corporate reputation and capacity to create sustainable value. Compliance is no longer merely a control mechanism that follows rules; it is positioned as a strategic function that shapes organizations' decision-making processes, risk appetite and ethical compass.

“Compliance is no longer a function limited to ensuring regulatory compliance; it lies at the center of organizations' trust and reputation architecture.”

With this transformation, the scope of responsibility of the compliance function is also expanding rapidly. From the management of sanctions to the fight against financial crime, from third-party risks to data governance, and from strengthening ethical culture to managing the new risks arising from the use of technology, many issues now hold a more prominent place on the agenda of compliance teams.

Technology, meanwhile, stands out as one of the most important accelerators of this transformation. Tools such as artificial intelligence, data analytics and automation enable compliance processes to be carried out more effectively while, at the same time, giving rise to new questions and new areas of responsibility.

“While technology increases the capacity of the compliance function, it also expands the boundaries of compliance.”

The “Compliance Beyond Traditional Boundaries” survey, which we conducted in cooperation with KPMG and the Ethics and Reputation Society (TEID), aims to examine this transformation from the perspective of compliance, legal, risk and internal audit professionals working across different sectors. The findings obtained through the research reveal how organizations structure their compliance functions, in which areas they struggle, and the developments that are likely to shape the compliance agenda in the period ahead.

One of the most important realities the research reveals is this: the boundaries of compliance are no longer defined solely by regulations. Today, compliance is evolving into a function that intersects with different disciplines such as technology, data, ethical culture and corporate governance, and that sits at the center of organizations' trust architecture.

“As the boundaries of the compliance function expand, organizations' capacity to build trust and create sustainable value is increasingly tied directly to the effectiveness of this function.”

We believe this research will contribute to the discussions on the transformation of the compliance function and help organizations reassess their compliance approaches in a rapidly changing risk environment.



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TEİD Executive Foreword

As we leave behind the first quarter of the 21st century, the role of ethics and compliance functions in the business world is undergoing a significant transformation. Compliance structures are evolving beyond being a function that merely responds to regulatory requirements, towards a structure more integrated with ethics, sustainability, technology, sanctions and sound decision-making processes. This transformation makes it necessary for organizations to reposition their ethics and compliance functions not only in terms of risk management but also in terms of trust-building and sustainability.

As the Ethics and Reputation Society (TEİD), founded in 2010 and continuing its activities to support the development of ethical principles and values in the business world, we consider monitoring developments in the field of ethics and compliance through data-driven studies and producing knowledge in this area to be among our primary objectives. In this regard, the “Compliance Beyond Traditional Boundaries” survey, conducted in cooperation with KPMG Türkiye, aims to present the current state and future orientations of ethics and compliance functions from the perspective of professionals working in organizations operating across different sectors.

The research examines the position of ethics and compliance functions within organizations, the fundamental challenges encountered, the new topics increasingly falling within their scope of responsibility, and issues not yet widely addressed but expected to shape the compliance agenda in the coming period. This study aims to understand how organizations adapt to the changing risk environment and to evaluate the transformation in the field of ethics and compliance from a holistic perspective.

We believe our research will contribute to the business world and serve as a guiding resource in the field of ethics and compliance; we sincerely thank you, our stakeholders, for your participation and valuable contributions. We also extend our special thanks to the esteemed teams of KPMG Türkiye for their contributions and support in bringing this study to life.

Respectfully,

Ethics and Reputation Society (TEİD)



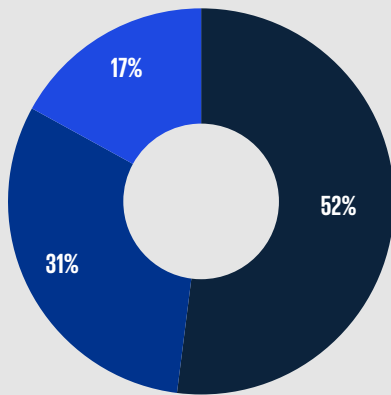
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Profile of Participating Organizations and Respondents



Profile of Participating Organizations and Respondents

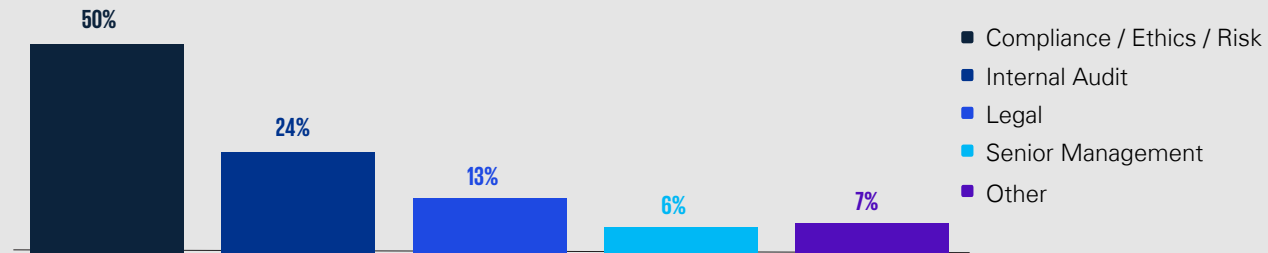
Organizational Structure



- Türkiye-headquartered, with international operations
- Türkiye operation of an international group
- Local, operating only in Türkiye

Role Distribution of Respondents

Approximately half of the respondents are professionals working directly in compliance, ethics or risk functions.



Corporate Level of Policies and Standards

Level	Rate
Global / group level	49%
Hybrid structure	27%
Local level	24%

Sectors Represented by Respondents

The highest participation in the research came from the finance, banking and insurance sectors.

• Finance, Banking and Insurance	(24%)	• Logistics and Transportation	(6%)
• Manufacturing and Industry	(12%)	• Technology, Software and Telecom	(6%)
• Fast-Moving Consumer Goods and Retail	(11%)	• Energy, Oil and Gas	(5%)
• Healthcare, Pharmaceuticals and Medical Technologies	(10%)	• Construction, Engineering and Real Estate	(5%)
• Automotive and Supplier Industry	(8%)	• Other	(13%)



Key Findings of the Research

The results indicate that organizations are developing their compliance functions towards more structured and technology-enabled models; however, this transformation is progressing at different speeds across organizations.



Compliance Processes Are Still Developing in Many Organizations

30% of respondents state that, while compliance processes in their organizations meet basic requirements, they have not yet reached a fully systematic structure. This result shows that in many organizations the compliance function is in a transformation process advancing towards structured and data-driven models.



Sanctions Are Gaining Ground on Organizations' Risk Management Agenda

61% of respondents state that in their organizations sanctions are either one of the priority topics of enterprise risk management or are managed in a centralized and systematic manner. This indicates that sanctions risks are increasingly becoming a more strategic topic within the scope of responsibility of the compliance function.



Compliance Technologies Are Becoming Widespread in Operational Processes but Are Not Delivering the Expected Value

Survey findings show that technology is widely used particularly in whistleblowing and case management, third-party controls and customer / supplier due diligence processes. This distribution reveals that technology use in organizations is primarily positioned for the management and automation of operational processes. In contrast, 57% of respondents state that compliance technologies deliver the expected benefit only partially. This result shows that the generation of real value from technology investments depends not only on the existence of systems but also on factors such as data quality, integration and organizational capability.



Use of Artificial Intelligence Is Increasing but Ethical Governance Is Not Developing at the Same Pace

Survey findings show that although artificial intelligence applications have begun to be used in many organizations, this use is not yet supported by a clear and institutionalized ethical framework. While 33% of respondents state that AI use in their organizations is limited and the ethical agenda has not yet taken shape, 31% state that AI is used but the ethical governance framework is not clear. This picture indicates that despite the spread of AI applications, governance, ethical principles and accountability mechanisms are not developing at the same pace.



Investments in Compliance Technologies Are Expected to Increase

62% of respondents state that they aim to increase technology use in the field of compliance over the next 12 – 24 months. This trend may accelerate the evolution of the compliance function towards data-driven and more analytical models.



Key Findings of the Research

The research results were opened for discussion at a workshop held with the participation of members of the TEID Board of Directors and Audit Committee together with KPMG experts. Participants who actively manage compliance risks in Türkiye's leading organizations evaluated the findings in light of their own observations, the practices of the companies they represent and their field experience and shared their projections for the period ahead. The assessments below reflect the shared understanding that emerged from this workshop.

The first observation on which the workshop participants agreed was that the past two years had not been an easy period for the ethics and compliance function. During this period, artificial intelligence ceased to be a choice and became a necessity. The agenda changed constantly. It was shared that, at this pace, compliance and support functions sometimes fell behind, the resources allocated to this area came under pressure, and existing systems underwent a transformation under the impact of AI. In the same period, it was noted that business processes became intertwined and that new questions arose in the areas of information security, data reliability and accountability.

However, participants do not interpret this picture as a regression. It emerged as a common view that in the same period the compliance function reached a certain maturity, manual processes decreased and digitalization increased. All participants emphasized that the targeted point has not yet been reached, but that the direction of progress is correct. The next step was defined as moving the compliance function to the position of a strategic business partner.

One of the most notable outcomes of the workshop was fraud and compliance coming together at the same table. The fact that United Kingdom legislation defines the failure to prevent fraud as a breach in its own right was shared by participants as a guiding example.

In addition, it was assessed that a large part of sanctions violations also occur through fraud schemes, and that addressing sanctions and fraud together offers the opportunity to manage both risks within the same framework.

Another prominent topic of the workshop was that sustainability has become an inseparable part of the compliance agenda. It was shared that the "G" (governance) component of ESG, which often remains in the background, is a natural area of leadership for compliance teams, and that evaluating organizations' methods of generating revenue from an ethical perspective has become the new measure of reputation.

A critical distinction became clear in governance: the mere existence of committees is not enough; committees that genuinely convene, function and place compliance on their agenda are the ones that make a difference.

Finally, perhaps the most difficult topic, it was assessed that "legal but unethical" situations, the area where the compliance function struggles most, are in fact the area where this function adds the most value to the organization. Because a compliance structure that can speak up where the legislation remains silent is the very mechanism that protects the organization's long-term reputation.

The workshop's shared conviction regarding the research results and the current compliance climate in Türkiye is this: short-term tension is a harbinger of long-term maturation, and compliance functions will be among the architects of this transformation. Strengthening governance, making existing committees function and courageously discussing the grey area between the ethical and the legal will be the agenda of the coming period.





Key Findings of the Research

01



**Corporate
Compliance
Approach and
Maturity Level**

02



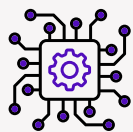
**Emerging Risks
and the Future
Compliance
Agenda**

03



**The Evolving Role
of the Compliance
Function**

04



**Technology and
Digitalization
in Compliance
Processes**

05



**Rising Expectations
and Organizational
Challenges**

06



**The Future of
Compliance**

Corporate Compliance Approach and Maturity Level



Corporate Compliance Approach and Maturity Level

FINANCE, BANKING AND INSURANCE SECTORS

The position of the compliance function within the organization serves as a determining indicator of organizations' understanding of risk management and their governance maturity. The finance, banking and insurance sectors, which are subject to a high level of regulation, make it necessary to establish compliance structures early, operate them systematically and continuously improve them.

The research findings also confirm this expectation. While 40% of respondents state that defined processes exist in their organizations and that technology plays a supporting role in these processes, 24% state that compliance activities are largely carried out with digital tools and within a planned structure. In addition, 12% emphasize that the compliance function assumes a data-driven, proactive and strategic role.

On the other hand, it is noteworthy that 24% of respondents state that basic compliance requirements are met but that processes have not yet reached a fully systematic structure. While this picture reveals that the sector's overall maturity level is high, it also shows that there are still areas open to improvement in terms of advanced integration and strategic positioning.

Key Trends

The findings suggest that in the finance, banking and insurance sectors the compliance function is positioned at a structured and technology-enabled level of maturity. While the sector's high regulatory intensity and its continuous interaction with supervisory authorities play a decisive role in forming this picture, the internalization of a risk-focused management culture, the established application of the three-lines-of-defense model, the advanced state of internal control mechanisms and the obligation to comply with international standards are also among the main factors nurturing this maturity.

To evolve into a strategic business partner, the compliance function needs stronger integration with risk management and internal audit. This should be supported by expanded data analytics, continuous monitoring, and a compliance culture deepened at all levels.

Prominent Areas for Development



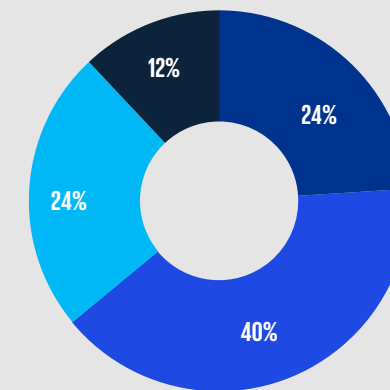
Lack of resources and competencies



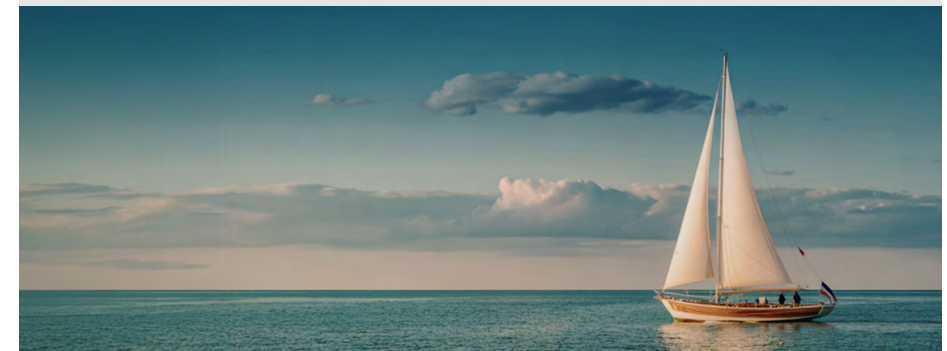
Internal communication and awareness

Organizations' Overall Compliance Approach

Which statement best reflects your organization's overall compliance approach?



- Compliance is a data-driven, proactive and strategic function.
- Compliance is largely managed digitally and in a planned manner.
- Defined processes exist; technology plays a supporting role.
- Basic compliance requirements are met, but not systematically.
- Compliance proceeds mainly in a reactive and manual manner.





Corporate Compliance Approach and Maturity Level

OTHER SECTORS

In sectors other than finance, banking and insurance, the positioning of the compliance function shows marked variation from organization to organization, depending on regulatory intensity and differences in sectoral dynamics. In these sectors, compliance maturity is shaped by factors such as the organization's scale, level of international activity and the sophistication of its internal control culture.

The findings also reveal this heterogeneous structure. While 32% of respondents state that basic compliance requirements are met but processes have not yet reached a systematic structure, 25% define the compliance function as a data-driven, proactive and strategic structure. In addition, 21% of respondents state that compliance activities are largely carried out with digital tools and in a planned manner, while 16% state that defined processes exist in their organizations and that technology plays a supporting role.

While this distribution shows that, particularly in international companies, a transition to advanced compliance models is underway, the fact that 6% of respondents state that compliance activities are carried out mainly in a reactive and manual manner indicates that standardization and systematic structuring have not yet been fully achieved across the sector.

Key Trends

The responses reveal that in sectors other than finance, banking and insurance, compliance maturity is still at a developmental stage. While the lower sectoral regulatory intensity compared with the finance, banking and insurance sector is a decisive factor in forming this picture, differences in organizations' scale and level of international activity, the internal control culture not yet being sufficiently mature, the limited resources and competencies allocated to the compliance function, and compliance often being positioned under legal or internal audit units rather than as an independent function are also among the main factors shaping this picture.

To assume a more strategic role, the compliance function needs stronger integration with risk management and expanded technology-enabled applications. Third-party risks should be managed within a holistic framework, supported by adequate resources and competencies.

Prominent Areas for Development



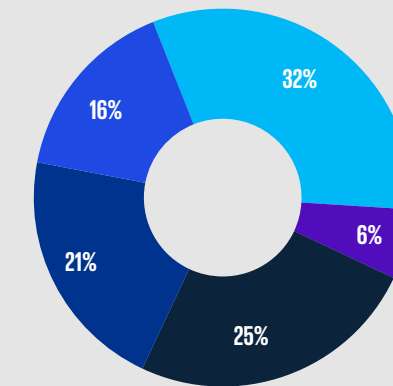
Third-party supplier risk management



Lack of resources and competencies

Organizations' Overall Compliance Approach

Which statement best reflects your organization's overall compliance approach?



- Compliance is a data-driven, proactive and strategic function.
- Compliance is largely managed digitally and in a planned manner.
- Defined processes exist; technology plays a supporting role.
- Basic compliance requirements are met, but not systematically.
- Compliance proceeds mainly in a reactive and manual manner.

Other sectors comprise Manufacturing and Industry; Energy, Oil and Gas; Fast-Moving Consumer Goods and Retail; Construction, Engineering and Real Estate; Logistics and Transportation; Automotive and Supplier Industry; Healthcare, Pharmaceuticals and Medical Technologies; Technology, Software and Telecom; and other sectors.



Key Dynamics Shaping the Maturity Level

Structural Factors Behind the Findings

The positioning of the compliance function at different levels across organizations is shaped by a combination of structural factors such as organizational priorities, the risk environment and operational infrastructure.

Corporate Governance

The position of the compliance function within the organization and senior management ownership are among the key factors determining whether compliance activities will assume a strategic role.

Risk Environment

Increasing regulatory intensity and third-party risks are steering organizations' compliance functions towards more systematic and proactive models.

Operational Infrastructure

The digitalization of compliance processes and the spread of data-driven approaches play a decisive role in the development of compliance maturity.



In many companies, management committees are observed to exist on paper but not to operate actively in practice. In contrast, the regular inclusion of compliance on the agenda in genuinely functional committees stands out as a good-practice example.

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Emerging Risks and the Future Compliance Agenda



Emerging Risks and the Future Compliance Agenda

Digitalization is transforming not only organizations' operational processes but also their understanding of ethics and risk management. AI applications and social media use move beyond the traditional focus areas of the compliance function and bring to the agenda multi-layered risk areas such as reputation management, transparency, accountability and data responsibility. The corporate approach to these areas offers important indicators of the strategic maturity level of the compliance function.

The participants highlighted that, particularly with regard to AI use, governance and ethical frameworks are still at an early stage of development. This picture indicates that despite the rapid spread of AI applications, governance and ethical mechanisms are not developing at the same pace.

Approaches to social media use, on the other hand, present a relatively more structured picture. In many organizations, reputation and compliance risks arising from social media have begun to be addressed through policies and processes. In contrast, the fact that AI governance is still at a developmental stage shows that discussions on how new technologies will be positioned within corporate governance structures will occupy a greater place on the agenda of compliance functions in the coming period.

Artificial Intelligence Governance in Organizations

Which statement better describes the approach to AI use and the related ethical risks in your organization?

The results indicate that in a significant portion of organizations, governance and ethical frameworks for AI use have not yet been fully institutionalized.

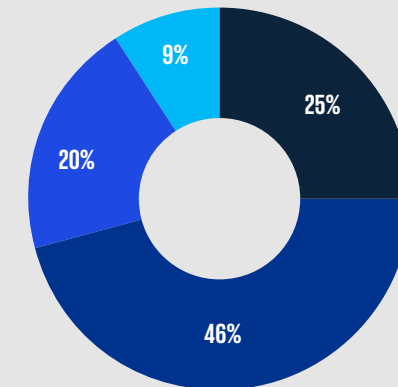
64% of respondents state that in their organizations the governance framework for AI use is unclear or that the ethical agenda has not yet taken shape.

This picture indicates that despite the spread of AI applications at enterprise scale, ethical principles, control mechanisms and governance structures are not developing at the same pace.

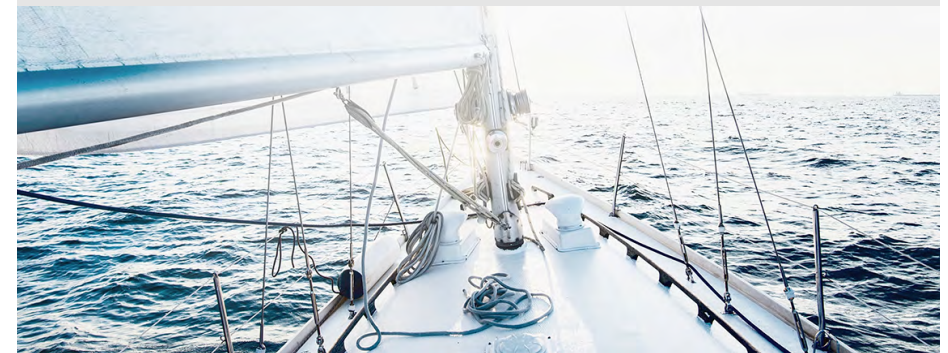
This result reveals that AI use has become not merely a technological matter but a strategic compliance area requiring strong governance, ethics and risk management approaches.

Organizations' Approach to Social Media Risks

How are the ethics and compliance risks arising from social media use addressed in your organization?



- Social media, reputation, ethics and compliance risks are managed systematically and in an integrated manner.
- Social media use is managed through specific policies and approval processes.
- Basic rules exist but implementation is inconsistent.
- Social media use is limited; a compliance perspective is almost absent.





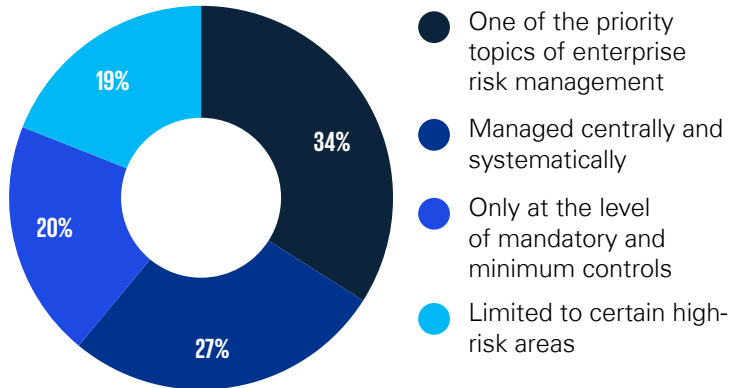
Emerging Risks and the Future Compliance Agenda

The responses reveal that compliance functions are not confined to traditional risk areas but are assuming a rapidly expanding responsibility in areas such as sanctions, sustainability and employee conduct.

Management of Sanctions Risk

How are sanctions risks addressed in your organization?

The survey responses demonstrate that in many organizations sanctions risks have become one of the important topics of enterprise risk management.

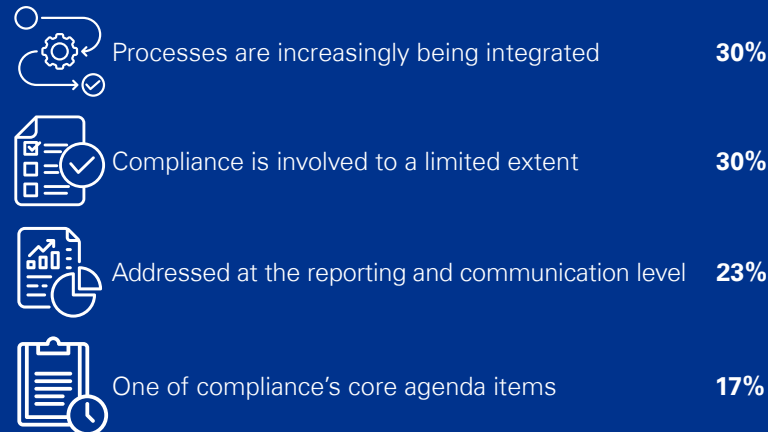


According to the KPMG Türkiye Ethics and Compliance Survey 2023, the workforce engaged in sanctions and regulatory monitoring was found to be sufficient (45%).

Sustainability and Compliance Integration

To what extent are sustainability topics linked with compliance processes in your organization?

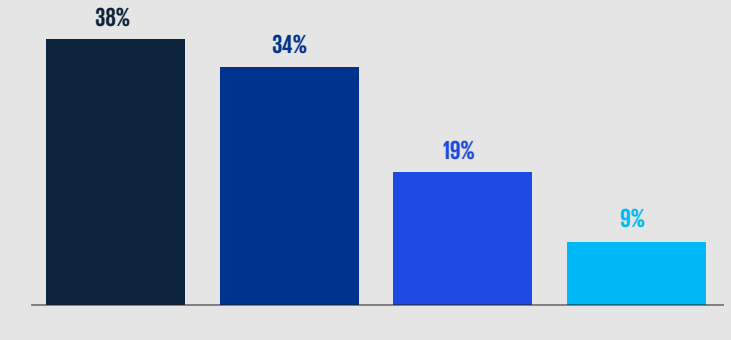
The data points to sustainability topics beginning to enter the agenda of the compliance function in many organizations, but the level of integration varies across organizations.



The results of the KPMG Global Ethics and Compliance Survey 2024 show that the integration of ESG topics with compliance programs has been completed in 51% of organizations, while this process is still ongoing in 41%.

Management of Retaliation Risk

How are the reporting of ethical violations and retaliation risk addressed in your organization?



- Ethical violations can be reported safely; there is a clear and strong stance against retaliation.
- Reporting mechanisms exist; basic measures against retaliation have been taken.
- Reporting channels exist but employees carry concerns about retaliation.
- Reporting of ethical violations is not encouraged; retaliation risk is high.



Key Dynamics Shaping the New Risk Areas

Structural Factors Behind the Findings

The findings reveal that there are different levels of maturity across organizations in managing the new risk areas. These differences stem from factors such as the level of technology use, governance structures and the sophistication of corporate ethical culture.

Digitalization Expanding the Compliance Agenda

The spread of digital technologies is expanding the risk areas of the compliance function. Applications such as AI and social media bring to the agenda new ethical risk areas such as reputation management, data responsibility and algorithmic decision-making.

The Pace Gap Between Technological Development and Governance Mechanisms

While technological development advances rapidly, the ethical frameworks and control mechanisms to manage these applications are seen not to be developing at the same pace.



A large part of sanctions violations occurs through fraud mechanisms. According to the framework outlined at the workshop, fraud arises from the combination of the motivation to generate revenue, the circumvention of rules and the concealment of information; in sanctions violations, bypass mechanisms, manipulated transactions and concealed trade routes are frequently observed. For this reason, addressing the fraud perspective alongside is of critical importance in assessing sanctions risk.

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The Gap Between Policy and Process Maturity and New Technologies

In risk areas that have been on the agenda longer, such as social media, organizations have developed policies and processes. In contrast, in new areas such as AI, governance models are still at a developmental stage.

The Role of Ethical Culture and Employee Trust

The reporting of ethical violations and the management of retaliation risk show whether organizations address ethical risks not only through processes but also in their cultural dimension.

The Necessity for Governance, Culture and Technology to Develop Together

Managing the new risk areas effectively requires the joint development of strong governance structures, clear ethical principles and a corporate culture that protects employees.



Sustainability has today become an inseparable part of the compliance agenda. The governance component of the ESG framework naturally overlaps with the area of responsibility of compliance teams; nevertheless, in practice ESG discussions are observed to be shaped mainly around the environmental and social components, while the “G” component is not sufficiently addressed. This creates an important area of opportunity for compliance teams to assume a more decisive role on the ESG agenda.

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The Evolving Role of the Compliance Function



The Evolving Role of the Compliance Function

The Growing Influence of the Compliance Function in Strategic Decision-Making Processes

The scope of responsibility of the compliance function is increasingly expanding alongside the new risk topics that organizations face. The findings suggest that compliance is not confined to ensuring regulatory compliance and to control activities, but also assumes a more active role in technology-enabled decision-making processes, data-driven applications and the management of new risk areas.

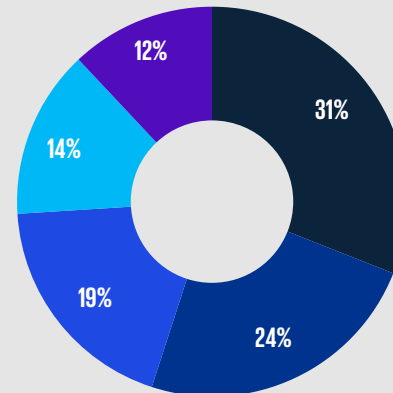
New ethical and governance topics such as algorithmic decision mechanisms, transparency, data responsibility and explainability increasingly occupy the agenda of the compliance function. Nevertheless, in many organizations these areas are not yet positioned directly within the scope of responsibility of the compliance function, and the role of compliance within corporate governance is expected to expand further in the coming period.

These developments indicate that the role of the compliance function is no longer limited to regulatory monitoring and control activities but has become an important part of organizations' strategic risk management, technology governance and ethical decision-making processes.

New Areas Expected to Enter the Compliance Function's Agenda

Which topic in your organization is not yet directly within the compliance function's responsibility but is expected to enter the compliance agenda in the near future?

The data suggests that managing the ethical outcomes of algorithmic and AI-enabled systems stands out as the area most likely to enter the agenda of compliance functions in the coming period.



- Managing the ethical outcomes of algorithmic and AI-enabled systems
- Reuse of corporate data through third-party technologies and models
- Responsibility for the ethics and compliance conduct of the supply chain and business partners
- An "ethical veto" mechanism for the compliance function in decision-making processes
- Privacy risks arising from monitoring employee data with digital tools





Key Dynamics Shaping the Transformation

Structural Factors Behind the Findings

The role of the compliance function is being reshaped under the influence of structural factors such as increasing regulatory pressure, geopolitical risks, digitalization and changing governance expectations. These developments show that the compliance function is evolving towards a more strategic position rather than being confined to control activities.

Change in the Global Risk Environment

Increasing geopolitical tensions, trade restrictions and the widening scope of sanctions regimes are making it necessary for organizations to manage sanctions risks more systematically.

Expansion of the Corporate Agenda

New topics such as sustainability, data responsibility and algorithmic decision mechanisms increasingly occupy organizations' risk management and corporate governance agenda.

Technology and Organizational Capacity

The pace of transformation of the compliance function varies across organizations. Senior management support, data and technology infrastructure, and organizational ownership are the decisive elements of this transformation.



Sanctions risk is no longer specific to the finance sector alone; it has also become an important risk area for the real sector. Sanctions awareness, already established in banks, has recently risen rapidly in the real sector; companies regard sanctions as a critical risk and feel the need to invest in this area. Within this framework, sanctions compliance has become a key agenda item for all sectors.

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Technology and Digitalization in Compliance Processes



Technology and Digitalization in Compliance Processes

The use of technology in compliance functions is one of the important indicators of organizations' operational efficiency and risk management capacity. By enabling the automation of high-volume and repetitive compliance transactions in particular, technology allows processes to be carried out more quickly, transparently and consistently.

The research findings show that technology use is more widespread in certain compliance areas within organizations. 61% of respondents state that technology is actively used in whistleblowing and case management, 58% in third-party controls and 55% in customer and supplier due diligence processes.

In contrast, in areas focused more on information management and monitoring, such as regulatory tracking and monitoring compliance requirements, technology use is seen to remain relatively more limited. This shows that technology investments are used mainly for operational automation and process management.

The Value Delivered by Investments

Do you think the compliance technologies used in your organization deliver the expected benefit?

57% of respondents state that technology use delivers the expected benefit only partially, while 16% state that no clear assessment can be made on this matter. This result shows that the effectiveness delivered by technology investments depends not only on the existence of systems but also on factors such as data quality, level of integration and user competence.



Partially delivered benefit **57%**



Delivered benefit **27%**

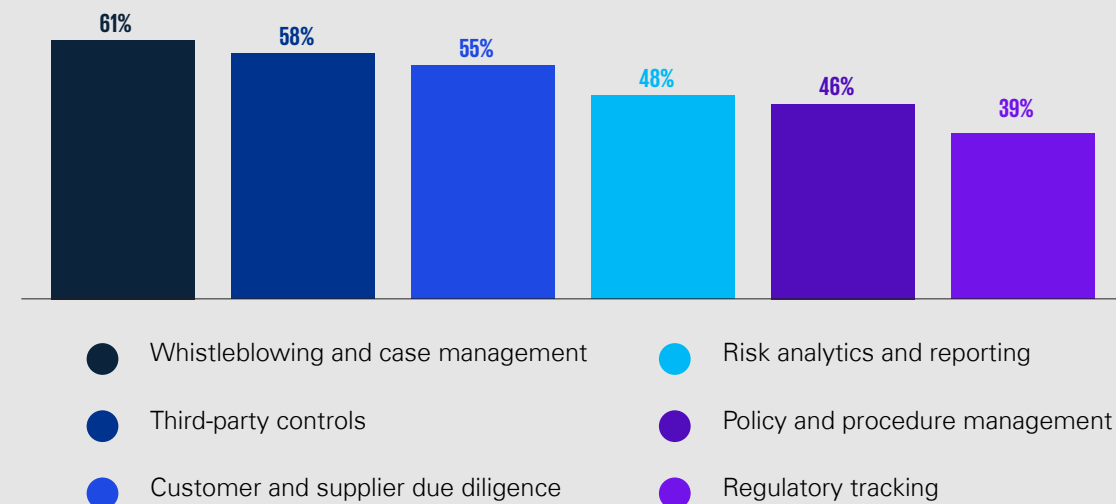


Unclear **16%**

Areas of Technology Use

In which of the following compliance areas is technology used in your organization?

The participants highlighted that technology use in organizations is concentrated mainly in operational compliance processes.



According to the results of the KPMG Global Ethics and Compliance Survey 2024, current technological automation is used most in risk assessments, at 48%. However, in the coming period, matching regulatory inventories with business controls (56%) and increasing automation in case management processes (51%) stand out as priority areas.



Key Dynamics in the Spread of Compliance Technologies

Structural Factors Behind the Findings

The results indicate that compliance technologies are spreading rapidly in organizations, particularly in operational processes. Behind this trend lie increasing regulatory pressure, the need for operational efficiency and expectations of data-driven risk management.

Increasing Regulatory Intensity

The constantly changing regulatory landscape and increasing compliance requirements make it necessary for organizations to manage their compliance processes in a more systematic and traceable manner. This increases the need for digital monitoring and reporting solutions.

Operational Efficiency Pressure

In order to carry out high-volume and repetitive compliance transactions more quickly and consistently, organizations position their technology investments primarily in operational compliance processes.

Data Infrastructure and Analytics Requirement

The spread of technology use in areas such as risk monitoring, data analytics and regulatory tracking requires strong data infrastructure and system integration.

Organizational Capacity and Expertise

The effective use of compliance technologies is possible not through system investment alone but through data analytics capability, expert human resources and cross-functional collaboration.



The most fundamental reason why the value obtained from technology investments remains limited is poor data quality. Particularly in group companies, the same company being recorded under different spellings, non-standard data entries and incomplete data integrity problems prevent technological tools from producing accurate results.

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Rising Expectations and Organizational Challenges



Rising Expectations and Organizational Challenges

Although technology use in the field of compliance has increased rapidly in recent years, the value organizations obtain from these investments does not always reach the expected level. Digital tools provide important contributions particularly in terms of accelerating processes, standardization and improving operational efficiency.

The participants highlighted that organizations struggle more in some areas of their compliance functions than in others. According to respondents' answers, third-party and supplier risk management stands out as the topic organizations struggle with most. In addition, organizational issues such as the lack of resources and competencies and internal communication and awareness are also among the significant areas of difficulty.

At the same time, operational issues such as the constant change of regulations and integration with existing systems are also cited among the factors that make the effective management of compliance processes more difficult.

These findings show that the transformation of the compliance function is possible not through technology investments alone but through strengthening organizational capacity, competency development and internal coordination mechanisms.

Compliance Areas of Greatest Difficulty

In your organization, which are the areas of greatest difficulty in compliance processes?

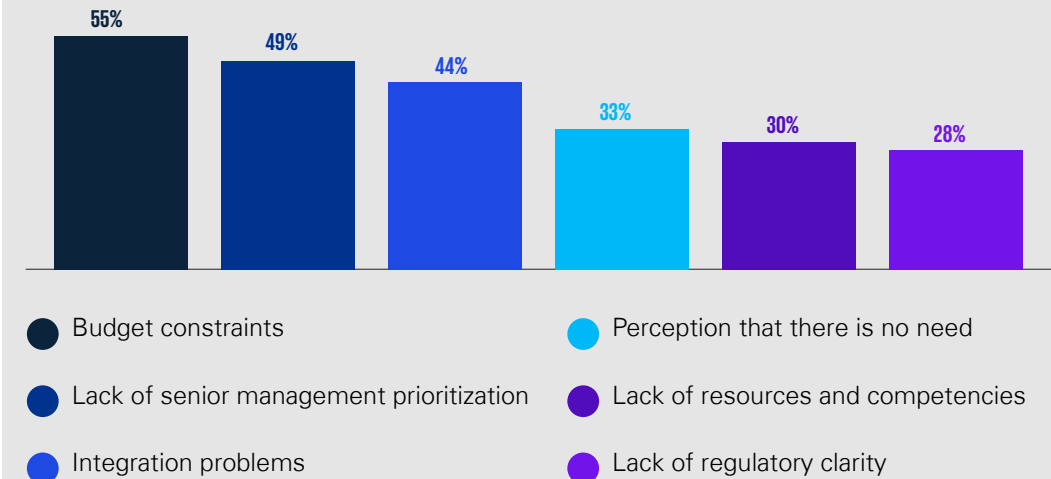
The research shows that organizations struggle more particularly in third-party and supplier risk management.



Barriers to Compliance Technologies

What are the main barriers to using compliance technologies more effectively?

The responses reveal that budget constraints, senior management prioritization and difficulties in integrating with existing systems stand out as barriers to using compliance technologies more effectively.



The findings of the KPMG Türkiye Ethics and Compliance Survey 2023 show that the most significant challenge encountered in compliance and ethics work is the inability to obtain sufficient support from internal stakeholders, at 46%.



Rising Expectations and Organizational Challenges

Structural Factors Behind the Findings

As the scope of responsibility of the compliance function expands, the operational and organizational challenges that organizations face in these areas also become more visible. The participants highlighted that the challenges experienced in compliance processes do not stem solely from technical or operational matters but are closely related to structural factors such as budget constraints, organizational prioritization, competency gaps and system integration.

Resource and Budget Constraints

The digitalization and effective management of compliance processes require significant financial resources. However, in many organizations compliance investments do not hold a priority position among strategic transformation projects.

Senior Management Prioritization and Organizational Ownership

The successful transformation of the compliance function depends on senior management positioning this area as a strategic priority.

Challenges of Integration with Existing Systems

The effective management of compliance processes requires technological solutions that work compatibly with organizations' existing information systems. Incompatibilities between different data sources and system architectures can create a significant challenge.

Competency and Human Resource Gaps

The new risk topics in the compliance field require new competencies such as data analytics, technology management and risk assessment.

Regulatory Uncertainty

In some areas, the lack of clarity in regulations and implementation standards can cause organizations to proceed more cautiously when structuring their compliance processes.



One of the areas where the compliance function struggles most today concerns situations that, while compliant with the legal framework, are ethically questionable. The fact that not everything legal is ethical forces organizations to strike a balance between legal compliance and ethical principle; this grey area, defined as “legal but unethical,” constitutes one of the most difficult decision points faced by boards of directors and compliance teams.

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The Future of Compliance



The Future of Compliance

The future of the compliance function is closely linked to how organizations position technology, data and organizational capacity. The increasing risk environment and regulatory pressure require the compliance function to move beyond being merely a control mechanism and to assume a more strategic role that detects risks at an early stage and supports decision-making processes.

The findings suggest that a significant portion of organizations plan to increase their technology investments in the field of compliance in the coming period. 62% of respondents state that they plan to invest more in compliance technologies over the next 12 - 24 months.

These findings show that technology and automation will play an important role in the future of the compliance function. However, this transformation is not limited to technology investments alone and will become sustainable when addressed together with strong governance structures, data-driven approaches and organizational competencies.

According to the results of the KPMG Türkiye Ethics and Compliance Survey 2023, monitoring and testing activities rank first among the activities planned to be increased within the scope of compliance risk management, at 28%.

Prominent Factors for the Future

Which factors do you think will be more decisive in the development of the compliance function in the coming period?

The findings show that technology and automation stand out as the most decisive factor in the future of the compliance function.



Technology and automation **40%**



Senior management approach **19%**



Stricter regulations **17%**



External audit and sanctions **16%**



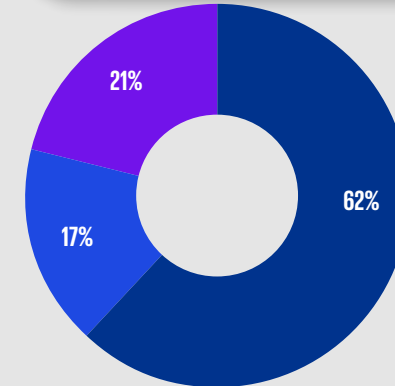
Organizational competencies **8%**

Future-Oriented Approach

Which best describes your approach to technology use for the next 12 - 24 months?

The survey responses demonstrate that a significant portion of organizations plan to increase their investments in compliance technologies. 62% of respondents state that they plan to increase technology use.

According to the KPMG Türkiye Ethics and Compliance Survey 2023, the outlook was that technology investments in compliance functions would increase within three years (75%).



- We plan to increase technology use.
- We plan to maintain the current level.
- No clear plan yet.

According to the KPMG Global Ethics and Compliance Survey 2024, 69% of organizations plan to increase their technology investments in the field of ethics and compliance in the coming years.



Key Dynamics Steering the Future of Compliance

Structural Factors Behind the Findings

The future role of the compliance function is shaped not only by responses to regulations but by how organizations position technology, data and organizational capacity. The responses demonstrate that this transformation takes place under the influence of a set of complementary structural factors.

The Growing Role of Technology and Automation

The increased use of technology in compliance processes enables risks to be detected earlier and processes to be managed more systematically. This supports the compliance function in moving beyond its operational control role towards data-driven risk analysis.

The Spread of Data-Driven Decision-Making Processes

The spread of algorithmic and data-supported decision mechanisms lays the ground for the compliance function to move beyond being merely a controlling structure and to become a function that contributes to the ethical and governance dimension of decision-making processes.

Senior Management Approach and Organizational Ownership

The strengthening of the compliance function's strategic role is closely related not to technology investments alone but to senior management's approach and the level of organizational ownership within the organization.

Organizational Competency and Corporate Capacity

The transformation of the compliance function requires the development of new competencies in areas such as data analytics, technology use and risk management. Corporate capacity in these areas is among the key elements that determine the strategic role of compliance.



The most critical element for the effectiveness of the compliance function is senior management ownership. The “tone at the top” plays a decisive role; in structures lacking senior management support, compliance efforts cannot be sustainable. Within this framework, the success of compliance is regarded, beyond being merely a technical matter, largely as a managerial one.

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Participant Perspectives



Participant Perspectives

The evaluation of respondents' open-ended answers and the word-frequency analysis performed show that discussions in the compliance field concentrate largely around data quality, culture and the human factor, and the governance of AI applications.

“ The most critical problem is the assumption that technology ensures compliance automatically. Yet systems only follow the rules defined for them; if there are poorly designed controls, incomplete data or an incorrect risk definition, technology can amplify these errors more quickly and invisibly. ”

“ If the compliance culture is weak, the benefit of technology investments will remain limited. ”

“ The uncontrolled use of artificial intelligence can pose a significant risk from a compliance perspective. ”

“ Over-reliance on technology in compliance can disable human judgment and create a false sense of security. ”

Data

Human

Technology

AI

Trust

Integration

Culture



Participant Perspectives

Respondents' assessments of technology use in the compliance field show that the matter is not merely one of technical tools but must be addressed together with elements such as data quality, human resources, governance structures and organizational culture. Respondents' comments reveal that technology investments alone are not sufficient to create an effective compliance system and that these investments must be supported by strong organizational capacity and governance mechanisms.



Technology Alone Does Not Ensure Compliance

Respondents emphasize that the most critical misconception regarding technology use is the perception that “if there is technology, there is compliance.” Unless supported by accurate data, strong control mechanisms and effective human oversight, technology can amplify errors more quickly and invisibly.



Data Quality and Data Governance Are a Critical Risk Area

The entry of unverified or low-quality data into systems directly affects the reliability of the results produced by compliance technologies. For this reason, data quality and data governance stand out as one of the most sensitive areas of technology use.



The Human Factor and Competency Are Decisive

Many respondents state that qualified human resources, training and analytical competencies are critical for the effective use of compliance technologies. It is emphasized that fully delegating human judgment to systems can give rise to significant risks.



Senior Management Ownership Is a Critical Factor

The effective use of compliance technologies depends not only on technical infrastructure but also on senior management awareness and organizational prioritization. Respondents state that in many organizations compliance investments remain limited due to budget and strategic priorities.



Artificial Intelligence Brings New Risk Areas With It

The spread of AI applications brings to the agenda new risk areas such as the ethical outcomes of algorithmic decisions, data use and transparency.

When respondents' views are evaluated together, it becomes clear that the fundamental risks associated with technology use in the compliance field stem not so much from technology itself as from deficiencies in data quality, human resources, organizational ownership and corporate governance.

For this reason, the ability of compliance technologies to create real value depends not merely on deploying new systems but on the joint development of data quality, human competence, organizational ownership and a strong ethical culture.

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