KPMG

Law

How AI is poised to reshape compliance functions

In an increasingly regulated and interconnected world, compliance functions are under immense pressure. Regulatory expectations continue to grow in volume, complexity and pace — often spanning multiple jurisdictions and evolving in real time.

Traditional approaches to compliance, reliant on static processes and manual oversight, are no longer sufficient. Artificial intelligence has entered this space not as a tool of convenience, but as a foundational capability for modern compliance.

AI has the potential to transform compliance from a defensive function into an anticipatory, intelligence-driven capability that optimizes agility, resilience and strategic value. Research reveals that while AI adoption in compliance remains in its early phases, it is gaining traction. In a survey of compliance experts by Compliance Week, more than half (56 percent) reported using AI in 2024 — up from 41 percent in the year prior.[1]

Elevating compliance with AI: Efficiency, accuracy and agility

> "The emergence of AI in compliance means that legal leaders designing their compliance programs have a new tool at their disposal — very possibly a game-changing one."
>
> **Lisa Navarro**
> Partner, Head of Regulatory Law, KPMG in the UK

AI is helping to transform compliance from a manual, rules-based function into a data-driven, responsive discipline. At its most basic, the large language model (LLM) of AI supports automation — processing and interpreting large volumes of regulatory information, contracts and policies. This can help to reduce human workload, speeds up document reviews and allows teams to focus on more complex risks.

Beyond automation, intelligent agents are beginning to enable compliance systems to adapt to regulatory changes in near real time. They monitor evolving legal requirements, flag areas of risk, and support timely implementation — enhancing organizational agility and reducing exposure to penalties.

AI also supports employees and enhances productivity directly. For example, virtual assistants can surface relevant guidance, check draft decisions against internal rules, and help ensure consistent policy application. The result is a stronger compliance culture across the organization with more confident, compliant decision-making at all levels. This enables compliance officers to concentrate on more strategically important tasks.

---

[1]Inside the Mind of the CCO, Compliance Week, 2025. Specifically, 31 percent used AI to improve policies and procedures, 21 percent for training assistance, 14 percent for monitoring third parties and 14 percent for monitoring communications. A further 13 percent used AI to keep pace with regulatory changes, 11 percent to detect fraud, corruption and bribery, 9 percent to support corporate culture and 2 percent in environmental, social or governance areas.

How AI promises to transform compliance: Practical use cases

> **"From financial services to tech and everything in between, a key factor in successful implementation is matching use case to business need."**
>
> **Pilar Galán Gavilá**
> Partner, KPMG in Spain; Legal Lead, Global ESG, KPMG International

AI use cases in compliance are expanding rapidly. Key examples include:

- **Text generation and document support.** AI can assist with drafting policy documents, letters or summaries of legal rulings; extracting specific clauses from lengthy agreements; identifying sensitive content in contracts or communications; and supporting project planning by organizing and interpreting legal inputs.

- **Legal content review and clause auditing.** AI systems can review documents against defined legal or internal benchmarks, such as codes of conduct and regulatory frameworks. By specifying test criteria, companies can enhance transparency and reduce the 'black box' risk. These agents identify non-compliant language, flag missing provisions, suggest compliant alternatives and deliver results faster and often with greater accuracy than do human reviewers.

- **Contract and guideline checks.** AI can assess whether contracts align with specific regulations — such as DORA and MaRisk — and internal policies. Reviews can be scaled across document types and volumes, enabling organizations to maintain compliance across large portfolios without proportionally increasing effort.

- **Whistleblowing case management.** Following whistleblower reports, AI can structure unstructured report data, categorize issues against legal criteria and provide summaries and first-line legal assessments. This improves triage, speeds up investigations and ensures consistency.

- **Compliance monitoring.** AI can continuously monitor existing laws for changes and identify new legal provisions that could be relevant for the company. This allows companies to react proactively to regulatory changes — thus minimizing compliance risks.

- **Policy development.** Using legal data analytics, AI can analyze thousands of legal documents or internal guidelines in granular detail to identify overlaps, contradictions or outdated policies; highlight compliance gaps; and streamline corporate standards supporting the conduct of the company and its employees in accordance with their legal obligations. This capability is particularly valuable in large organizations or during M&A integration for organizations of all sizes.

Emerging use cases: Agentic AI for compliance

> **"To truly level up compliance responsibly and effectively, next-generation AI technology solutions need robust input from seasoned compliance professionals."**
>
> **Antti Aalto**
> Director, Head of Legal Compliance; Co-Head, Global Legal Compliance; KPMG in Finland

Early compliance use cases for AI have focused on automation, enabling greater individual or team productivity by simplifying document review, policy management and the monitoring of tasks. In the next evolution of AI, 'agentic' systems have the potential to continuously monitor changes in legislation and regulatory guidance, cross-reference evolving rules against internal policies and controls, alert relevant functions and even suggest or implement compliant changes.

These intelligent systems are capable of embedding compliance across the organization, operating autonomously across legal, risk, HR, procurement and ESG functions. AI should no longer be considered just a helper to business operations; it has evolved into a unique strategic capability — augmenting human judgment and enabling real-time response to complex regulatory change.

To support this evolution, compliance systems should be agile by design. Composable technology architecture plays a critical role in this agility, by enabling AI capabilities to be deployed as modular, reusable components that can integrate seamlessly across enterprise workflows. Compliance teams should seek to work with IT to ensure that their requirements are embedded in technological development, so that compliance applications can be designed once, then deployed many times into individual functional systems.

Technologies such as clause-checking engines for contract review, policy deviation detectors across business units, and risk-flagging bots in onboarding or third-party platforms can contribute to a compliance function that is both scalable and adaptive — able to expand, pivot and evolve in line with business demands and regulatory change.

Addressing the barriers: Trust, governance and security

> "AI adoption in compliance is not just a technological shift — it's a cultural one. Leaders should be seeking to guide their teams through this transformation with clarity, empathy, and a strong focus on change management."
>
> **Michele Pansarella**
> Associate Partner, KPMG in Italy

Despite the promise of AI in compliance, several barriers have hindered widespread adoption around the world. Chief among these is a lack of clarity around regulatory expectations for AI itself, which breeds hesitation in highly regulated industries. Many organizations also face data quality and accessibility challenges — compliance data is often siloed, inconsistent or locked in legacy systems.

Additionally, compliance teams may lack the technical fluency or dedicated resources to evaluate and implement AI effectively. Concerns over explainability, fairness and accountability further complicate adoption, particularly in functions where human judgment has long been central.

Without robust governance frameworks, including AI-specific risk classification and oversight protocols, organizations may struggle to move beyond pilot projects. Cultural resistance and fear of job displacement also remain persistent internal barriers, emphasizing the need for upskilling and transparent change-management strategies.

Regulatory guard rails: External requirements, internal actions

> "As regulators continue to update regulation to govern AI, compliance leaders will receive further clarity to roll out its technologies in their functions."
>
> **Conor Chell**
> Partner, ESG Law, KPMG in Canada

As AI becomes integral to internal business processes, especially in compliance, companies must navigate evolving regulatory guardrails. The EU AI Act stands out as the world's first comprehensive and binding framework, while other countries such as the UK, Brazil, Canada and Japan are still developing their own approaches. These steps are beginning to provide much-needed clarity around regulatory expectations for organizational decision-makers.

Technically, companies must ensure high-quality, structured, relevant data — particularly when processing personal information in accordance with the General Data Protection Regulation (GDPR). Robust infrastructure is essential, requiring secure storage, sufficient computing power and seamless IT integration. Whether AI systems are deployed on-premise or in the cloud, data protection and cybersecurity must guide decision-making. AI applications must also align with the EU AI Act, which bans certain systems — such as manipulative AI and social scoring — and imposes extra obligations on high-risk systems, including conformity assessments, registration, documentation and ongoing monitoring.

Organizationally, employees should be trained to use AI responsibly. Companies should label AI-generated outputs clearly and implement internal guidelines for AI use. A strong compliance management system is critical to ensure adherence to the AI Act, GDPR and related laws. Guidelines should define the permitted use, ensure transparency, manage risk and document decisions. Continuous monitoring is essential to maintain accuracy and relevance, and critical decisions must retain human oversight. Finally, organizations should address liability and establish risk management protocols to handle errors or harm caused by AI systems.

The compliance function of the future: AI-driven and strategic

> "AI-based digitalization can not only improve processes in compliance but can also better align governance processes — from legal and risk management to internal controls to internal audit."
>
> **Bernd Federmann**
> Head of KPMG EMA Legal Compliance Practice; Head of KPMG Global Legal Industrial Manufacturing Sector; KPMG in Germany

Looking ahead, it is expected that AI will reshape the compliance function profoundly by 2030. It is anticipated that compliance professionals should increasingly act as strategic advisors, working alongside AI systems that deliver timely insights, manage risks and respond autonomously to emerging issues.

To achieve this intelligent, AI-enabled future, compliance teams should look to evolve from traditional 'checkers' of policy adherence into strategic orchestrators of risk, ethics and enterprise integrity. This transformation means moving beyond manual reviews and rule-checking toward guiding the development, deployment and governance of intelligent systems across the organization.

It is also expected that agentic systems will coordinate end-to-end compliance workflows, operating across jurisdictions and organizational boundaries. Governance would be embedded within the fabric of daily operations, with AI updating policies and frameworks in real time. Compliance requirements will also become ever more stringent, as demand increases to implement AI for legality checks.

In this anticipated future, compliance professionals would act as interpreters between legal requirements, business objectives and AI capabilities — ensuring that systems are not only technically sound but also ethically aligned and operationally accountable. This shift is likely to demand new competencies: fluency in AI governance frameworks, comfort with data-driven decision-making and the ability to shape cross-functional risk mitigation strategies.

Rather than operating in isolation, compliance teams would be embedded within agile delivery squads, co-designing controls as part of digital processes, and enabling real-time responses to evolving regulatory environments. In this new role, the compliance function becomes not a gatekeeper, but rather a trusted enabler of intelligent, ethical growth.

From luxury to compliance standard: Meet the new era of compliance

> "While it's relatively early days, all signs point to AI spurring a wave of interrelated changes to ultimately lead to a transformation of the compliance function."
>
> **Stuart Bedford**
> Global Head of Legal Services, KPMG International

As regulatory requirements continue to grow and evolve, the need for scalable, adaptive compliance are expected to intensify. Companies that fail to adopt AI may find themselves at a competitive disadvantage: slower to react, more exposed to risk and more costly to operate.

We expect the increasing adoption of AI for compliance to spur two significant trends. First, compliance professionals are likely to spend less time on the routine work for which AI is particularly suited — and more time on strategic, high-value work. Second, compliance requirements are expected to increase rapidly. In this anticipated compliance environment, leaders AI could help to manage increasingly complex compliance demands.

Through it all, AI is likely to move from supporting compliance to reshaping it for a new era — helping companies navigate complexity with confidence and speed.

Navigating AI: A roadmap to 'intelligent compliance'

1. Build a foundation of AI governance

Establish clear, organization-wide principles for the responsible use of AI in compliance. This includes defining acceptable use cases, setting data privacy and security standards, establishing audit trails, and creating review protocols for AI decisions. A governance framework should align with emerging regulations such as the EU AI Act and be adaptable as the technology evolves.

2. Prioritize high-value, low-risk use cases

Start with practical applications that are impactful yet low in regulatory or operational risk — such as summarizing documents, policy deviation detection and regulatory horizon scanning. Demonstrating early success builds momentum, helps secure funding and gives teams confidence while creating space to refine oversight mechanisms before tackling more complex use cases.

3. Upskill the compliance function

Equip compliance professionals with the knowledge and confidence to work alongside AI. This includes training on AI fundamentals, risk evaluation techniques and ethical considerations. Cross-functional learning between legal, data science and compliance teams fosters a shared language and accelerates adoption.

4. Integrate AI into existing workflows

Embed AI into core compliance processes — such as risk assessments, third-party reviews, or policy updates — rather than treating it as an external add-on. Use composable architectures and modular AI agents to insert intelligence directly into day-to-day workflows, ensuring that AI enhances decision-making and doesn't disrupt it.

How KPMG can help

KPMG member firms support AI implementation with a wide range of compliance services designed to help clients navigate the complex regulatory landscape and manage compliance risks effectively. These services focus on helping clients achieve their commercial objectives while adhering to laws, regulations and internal policies.

Regulatory compliance and legal advisory

KPMG firms bring deep experience to navigate the regulatory environment, supporting clients in understanding the intricate legal frameworks relevant to their operations and jurisdictions. Whether businesses are entering new markets or responding to shifting legislation, KPMG professionals can offer strategic guidance to help stay compliant.

On-demand compliance and operational resilience

KPMG firms can offer flexible, scalable compliance services designed to help clients respond to immediate regulatory pressures and operational spikes. Remediation services provide rapid deployment of regulatory programs to address and resolve issues effectively. KPMG can help clients establish robust, future-ready control frameworks.

Broader compliance, learning, and risk services

Beyond core legal and tax compliance, KPMG firms offer a suite of integrated services designed to build organizational resilience and regulatory confidence. Learning managed services deliver bespoke training options tailored to each client's compliance needs, including event coordination and learner support, helping to ensure that teams are equipped to meet evolving demands. KPMG firms can also conduct compliance audits to assess adherence to legal obligations, contractual terms, and internal policies, helping identify gaps and implement corrective actions.

AI tools to support compliance

To help deliver these services, we have developed a secure, high-performing AI platform that is designed to support compliance teams across a range of use cases. These tools, which use a large language model supplemented by specific criteria, are designed with explainability, legal defensibility and data protection at their core.

Author

Bernd Federmann
Head of Compliance & Corporate Criminal Law
KPMG Law in Germany
E: bfedermann@kpmg-law.com

Contributors and contacts

Stuart Bedford
Global Head of Legal Services
KPMG International
E: stuart.bedford@kpmg.co.uk

Antti Aalto
Director, Head of Legal Compliance
Co-Head Global Legal Compliance
KPMG in Finland
E: antti.aalto@kpmg.fi

Pilar Galán Gavilá
Partner, KPMG in Spain
Legal Lead, Global ESG
KPMG International
E: mariapilargalan@kpmg.es

Michele Pansarella
Associate Partner
KPMG in Italy
E: mpansarella@kpmg.it

Conor Chell
Partner, ESG Law
KPMG in Canada
E: conorchell@kpmg.ca

Lisa Navarro
Partner, Head of Regulatory Law
KPMG in the UK
E: lisa.navarro@kpmg.co.uk

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com