

CEP Magazine – September 2023



Amy Matsuo (amatsuo@kpmg.com) is the Principal and National Leader for Compliance Transformation and Regulatory Insights at KPMG LLP.

What's top of mind with CCOs?

by Amy Matsuo

The *KPMG 2023 CCO Survey: Anticipating more scrutiny* draws on the perspectives of 240 chief ethics and compliance officers (CCOs) representative of the largest companies operating in six industry sectors.^[1] They provided insights into their current focus and two-year outlook on key areas of ethics and compliance, including regulatory complexity, operational challenges, ethics and firm culture, sustainability/environmental, social, and governance (ESG), and evolving technology.

We are in a period of discordant and highly sensitized public policy—as well as intense regulatory activity—affecting all industries. Compliance feels acute pressure to enhance—not only to be more effective and efficient—but to meet increasing board and regulator expectations. Technology and data analytic investment to the ethics and compliance function is no longer a “nice-to-have”; it’s a necessity to help mitigate, measure, and identify risk.

Below are six key survey findings accompanied by impacting drivers.

1. Increasing pressures on compliance from boards and regulators

CCOs face increasing pressure to enhance compliance from company boards, regulators/examiners, investors/shareholders, customers, and social policies. Specifically, 73% of CCOs anticipate increased compliance focus due to heightened regulatory expectations/scrutiny. To meet the rising expectations of these stakeholders, CCOs must ensure there is “demonstrable evidence” of compliance relative to decisions made around critical challenges, domain skills, and dynamic risk management practices. While overall CCOs say they feel the most pressure from their boards (53%) and regulators/examiners (49%), there are clear industry stakeholder differences, such as:

- CCOs in healthcare and life sciences, industrial manufacturing, commercial markets and retail, and energy and natural resources rank their boards as their primary source of pressure.
- CCOs in financial services and technology, media, and telecommunications rank regulators/examiners as their top source of pressure.

Factors in the current regulatory and public policy environment contributing to these findings include:

- The pace and scale of regulatory activity increase compliance risks and are in addition to business-as-usual compliance operations.
- The expanding “regulatory perimeter” increases the breadth of examinations and investigations using

existing regulations and jurisdictional authorities.

- Regulators look for demonstrable evidence of compliance critical challenges, domain skills, and dynamic risk assessments, as well as proper resourcing and investment.
- Rulemaking and enforcement actions consider the robustness of risk frameworks across risk and compliance, with a heightened focus on corporate and individual accountability.
- In addition to board and regulator/examiner pressures, investors/shareholders, customers, employees, and the general public may exert pressures on companies (and hold them accountable) for their strategies, operations, and compliance activities.

This document is only available to members. Please [log in](#) or [become a member](#).

[Become a Member](#) [Login](#)