Survey report by Finextra Research

March 2025

COMPLIANCE AT A CROSSROADS: US FINANCIAL SERVICES' STRUGGLE WITH DEADLINES, COSTS, AND TECHNOLOGY IN 2025

01

Foreword

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Navigating uncertainty: Assessing financial industry preparedness in a shifting US regulatory landscape

In an environment of rapidly evolving regulations, driven by legislative and policy shifts at the federal and state levels, the US regulatory landscape is marked by complexity and uncertainty. Understanding the level of preparedness across industries is crucial for ensuring compliance, mitigating risk, and enhancing operational efficiency.

This survey was conducted at the beginning of 2025, gathering financial services industry sentiment as the Trump Administration took office and began pivoting on key regulatory elements. With the US financial regulation regime also somewhat in limbo, that uncertainty was – and is – increasingly impacting the views of the 200 organisations surveyed.

While overall confidence to meet regulatory compliance is high among US banks, President Trump's preference for deregulation, rollback, or selective enforcement of laws like Dodd Frank could lull many organisations into a false sense of security.

Pre-Trump, banks had to comply with regulations set by the Federal Reserve, the OCC, and the CFPB, among others; however, now that the CFPB – a key consumer protection outgrowth of Dodd Frank – sees its very existence threatened, financial institutions and technology companies describe growing uncertainty and a lack of clarity when it comes to regulatory compliance and planning.

Our research shows that though this uncertainty affects many areas of the organisations responding, the regulations likely to have the greatest impact on the financial services industry in 2025 are related to data security and anti-money laundering (AML).

Cybersecurity remains top-of-mind for US companies, and while we did find that many are lagging when it comes to adapting risk management frameworks, it is encouraging to see that the majority of institutions are leveraging innovative technologies and third-party partnerships to tackle an increasingly complex regulatory environment.

With many questions remaining around the US regulatory landscape, financial institutions must not underestimate the financial and operational efforts required to modernise internal structures and systems. Not least because of regulation but also given underlying security and consumer protection needs that challenge the 2025 financial landscape.

02

Methodology

Finextra surveyed 200 US-based financial service professionals across licensed banks, credit unions, payment service providers, and financial technology firms. Our outreach spanned C-level to senior managers in organisations ranging from under $10 billion to over $250 billion in revenue.

Following the 2024 US election, key financial regulators stated that new rulemaking would be delayed until at least late January 2025 after the incoming Trump Administration took office. This pause created industry uncertainty around regulatory plans, approaches and efforts to address banking sector risks.

Analysis of our survey responses provides a comprehensive overview of the state of regulation readiness in the US, differences in reporting obligations, the impacts of automation for compliance, the roles of technology and data, and industry plans for modernisation.

The survey was conducted from 16 – 29 January 2025, a critical period coinciding with the early days of the Trump Administration. During this time, key financial and regulatory developments shaped the policy landscape, including:

- **20 January** - Trump signed executive orders reversing climate initiatives and eliminated DEI programmes.
- **21 January** - Trump announced Stargate, an AI infrastructure company.
- **23 January** - Trump spoke at the World Economic Forum in Davos.
- **23 January** - Trump revoked former president Biden's AI safety executive order of October 2023.
- **1 February** - Scott Bessent gave Elon Musk's DOGE access to the Federal Payments System.
- **1 February** - Trump fired CFPB director Rohit Chopra.

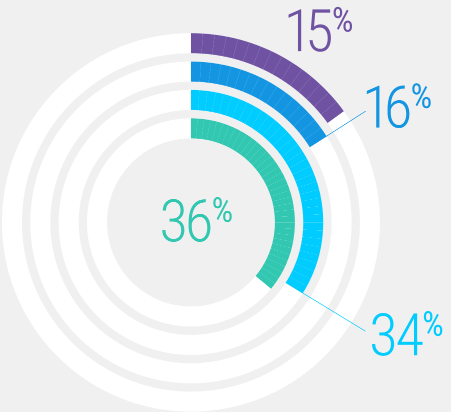
The survey included specific quotas for responses by US region and financial sector. This ensured a strong representation of credit unions – often overlooked in financial services surveys – reflecting their vital role in financial inclusion and strong ties to Community Development Financial Institutions (CDFIs), as well as their essential contributions to consumer and small-business financial services.

While traditional and community banks may view credit unions as competitors, their impacts on serving the previously unbanked and underbanked within society are significant and warrant industry attention. Finextra's audience – whether traditional financial institutions or fintech providers – may find our response data helps to refine their strategies to effectively engage with credit unions.

The full sample breakdowns by sector, organisational size, role level, and US region are shown below. All interviews were conducted on a confidential basis.

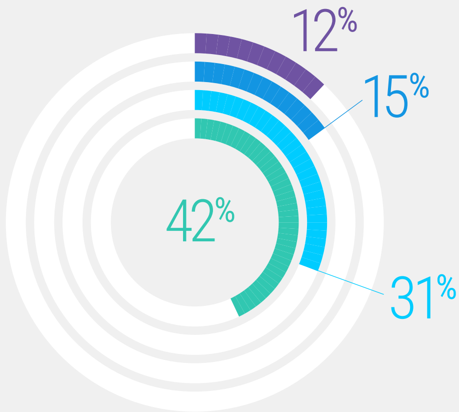
TOTAL RESPONSE

Sector



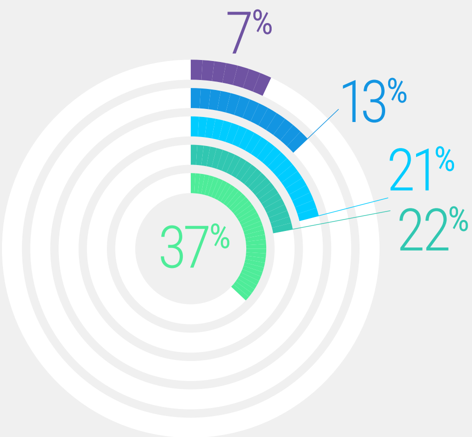
- Fintech Firm or Payment Service Provider
- Technology Provider
- Credit Union
- Licensed Bank

Organisational Size



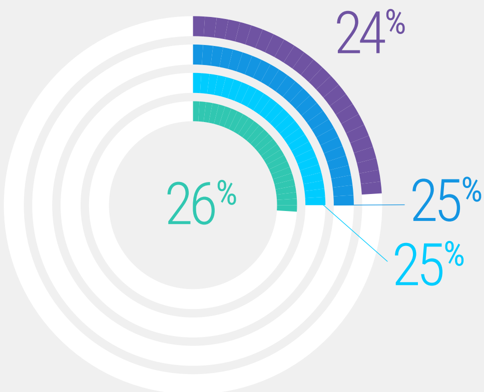
- Small national or regional organisation with revenues between $10 - $50 billion
- Smaller organisation with revenues lower than $10 billion
- International or national organisation with revenues between $50 - $250 billion
- Large global organisation with revenues of over $250 billion

Role Level



- C-level
- Senior Director, Senior vice president or Executive vice president
- Vice president
- Director
- Senior Manager

US Region



- South (e.g., Texas, Florida, Georgia, North Carolina, Virginia)t
- Northeast (e.g., Maine, New York, Pennsylvania, Massachusetts, New Jersey)
- Midwest (e.g., Illinois, Ohio, Michigan, Wisconsin, Minnesota)
- West (e.g., California, Washington, Colorado, Arizona, Nevada)

03

Executive insights

- **Compliance confidence:**
  73% of those responding from within the US financial services industry are very confident in their organisation's ability to meet compliance deadlines in 2025.

- **Data security concerns:**
  Data security regulations have the highest impact across all regions, highlighting concerns over cybersecurity, with 26% of banks identifying The Bank Data Security Act as the most influential regulation for decision making in 2025.

- **Low adoption of internal deadlines:**
  Adoption rates for setting internal compliance deadlines are relatively low, with only 40-60% of organisations meeting certain milestones or internal deadlines. This reflects both regulatory complexity as well as regulatory uncertainty as the Trump Administration continues its efforts to de-regulate industries in many sectors.

- **Key compliance barriers:**
  Cost (36%) and differentiated compliance requirement (25%) are the dominant concerns when considering barriers to regulatory compliance.

- **Risk management challenges:**
  When it comes to adapting risk management frameworks, many organisations appear to be stuck at the policy and procedure level without making tangible changes to execute effectively. Around 60% are focused on monitoring, creating gap analyses, conducting risk assessments, and updating policies and procedures.

- **High compliance costs:**
  Substantial investments are necessary to meet compliance requirements. Almost half (46%) of participants polled expect to spend around 8-10% of their organisation's earnings before interest, taxes, depreciation, and amortisation (EBITDA) on compliance efforts.

- **Technology adoption:**
  Encouragingly, data analytics (72%) and AI (66%) are the technologies most used amongst respondents to meet the 2025 regulatory requirements, reflecting a broader industry shift towards data-driven decision-making and automation.

- **Gaps in current technology:**
  However, only 3% of organisations indicated their existing technology stack satisfies compliance needs. This appears to be a significant 'red flag' for the industry's compliance readiness.

- **Talent shortages:**
  1 in 2 organisations struggle with finding the right specialised knowledge when hiring compliance team members.

- **Reliance on third parties:**
  73% of organisations are working with third-party vendors or consultants to help navigate regulatory changes more effectively, with another 21% considering third-party partnerships. Only 6% of organisations are not considering external partnerships to meet regulatory requirements.

04

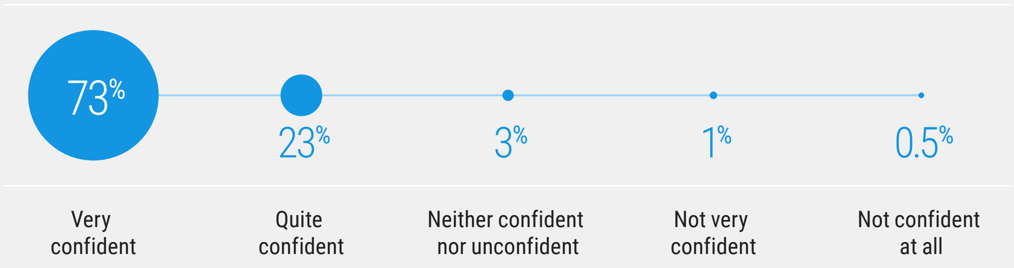
Confidence levels in regulation are influenced by macro-economic uncertainty

This survey was conducted between the dates of 16 January to 29 January 2025, and our report provides insight into a snapshot in time following the 2024 US Election. During this period, key financial regulators delayed new rulemaking until Trump returned as president, leaving the country – and financial services institutions and related technology firms – confused over the outcome of planned or potential regulatory decisions.

Uncertainty remained after Trump's inauguration on 20 January – right in the middle of our survey data collection period. There is no doubt that news of the US president reversing climate initiatives (20 January), eliminating DEI programmes (20 January), launching AI infrastructure company Stargate (21 January), and revoking Biden's AI safety laws (23 January), among many other actions, impacted this survey's results.

TOTAL RESPONSE

How confident are you in your organisation's ability to meet financial regulation deadlines in 2025?



Credit unions are the most confident in meeting regulatory deadlines

While confidence levels are high across the financial services sector, segmentation reveals that credit unions and fintech firms reported the highest confidence levels overall, with the former leading in 'very confident' responses with 86%.

86% of credit unions are **very confident** in their ability to meet financial regulation deadlines in 2025.

High confidence levels are positive, but credit unions and fintech firms may be more confident in comparison because they serve smaller, more localised communities and focus on a more specific set of needs. Credit unions have less bureaucratic overhead, simpler organisational structures and fewer product offerings.

Fintech firms are agile, with more flexible structures and technology than many financial institutions, allowing them to more quickly adjust to regulatory changes or adopt compliance measures faster than traditional banks. Many fintech firms also operate in regulatory sandboxes, where they can test their products to gauge potential regulatory impacts prior to active implementation.

Credit unions may not often have access to such sandboxes, but their smaller size allows them to work directly with regulators on compliance issues. Only 3% of responses were neutral, indicating that most respondents have a clear stance on their organisation's readiness.

The West Coast is the most confident region regarding complying with regulation

At the regional level, the West leads with the highest percentage of 'very confident' respondents (82%), with no one reporting non-confidence or neutrality. The Northeast and South are also strong at 73%, while the Midwest reported the lowest 'very confident' score (59%), which is compensated by a relatively high 'quite confident' percentage (36%).

REGIONAL LEVEL

	Very confident	Quite confident	Neither confident nor unconfident	Not very confident	Not confident at all	
Northeast (e.g., Maine, New York, Pennsylvania, Massachusetts, New Jersey)	73%	15%	6%	4%	2%	
Midwest (e.g., Illinois, Ohio, Michigan, Wisconsin, Minnesota)	58%	36%	4%	2%	0%	
South (e.g., Texas, Florida, Georgia, North Carolina, Virginia)	73%	24%	4%	0%	0%	
West (e.g., California, Washington, Colorado, Arizona, Nevada)	82%	18%	0%	0%	0%	
Total Respondents	151	49	7	3	1	**211**

The West Coast boasts several top global technology hubs including San Francisco, San Jose, Los Angeles, San Diego, and Seattle. This region's proximity to technology, financial and emerging regulatory expertise will continue to foster ongoing relationships, giving firms easier access to guidance and ensuring they are well-informed about regulatory changes. The State of California, one of the world's largest economies in its own right, maintains an assertive regulatory approach, with its CCPA being one of the most stringent privacy laws in the US, and setting a high standard for data protection and compliance.

Organisations in the Northeast, particularly with New York being the world's financial centre, and Washington, DC the headquarters of national government, similarly benefit from having regulatory heads and most staff of the Federal Reserve Bank, the SEC, the CFTC, and many other agencies relevant to financial services right on their doorstep. New York is also home to the most firms offering complex financial products such as derivatives and investment banking, thus regulations governing these products receive heightened scrutiny in this region.

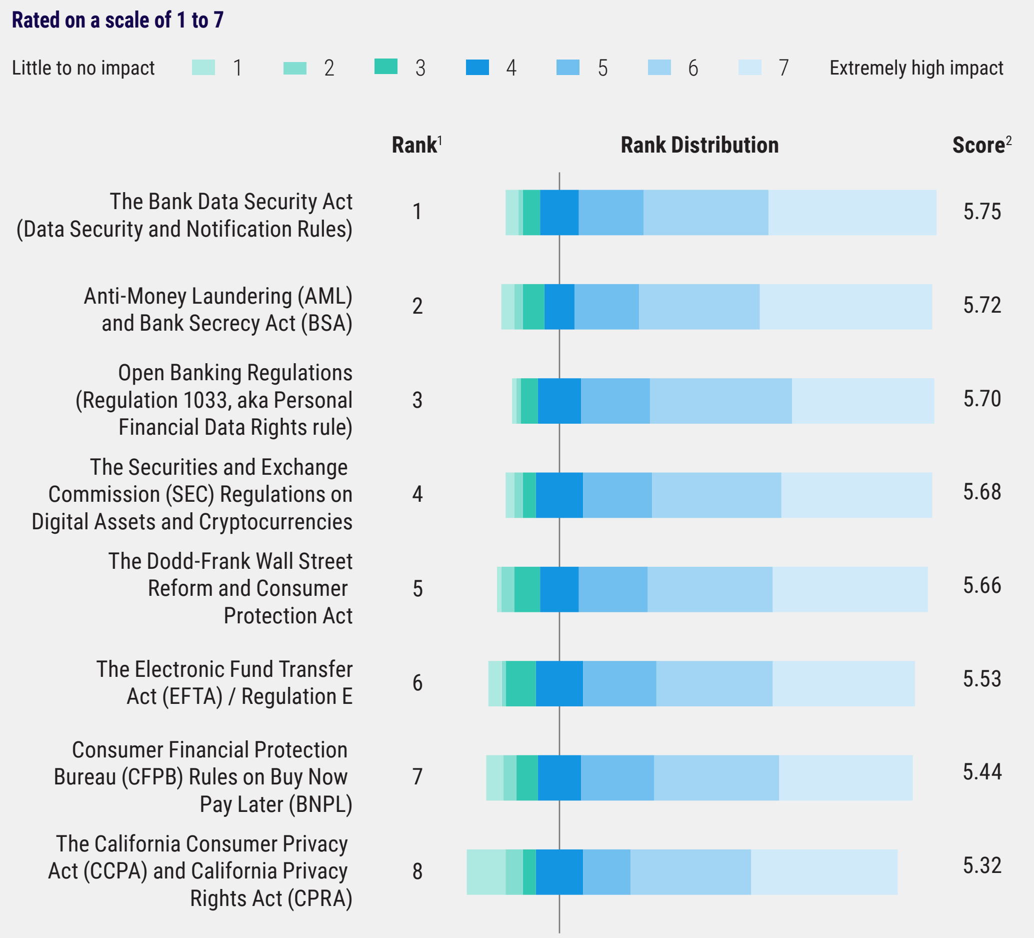
The South's hubs of Atlanta, Charlotte, and Dallas must also be highlighted when discussing confidence levels, particularly because Georgia, North Carolina, and Texas have developed their own financial regulations, providing local industry firms with clearer, tailored compliance guidance. Further, state-based organisations like the North Carolina Bankers Association and the Texas Bankers Association offer tools and regulatory updates to ensure that financial institutions within this region stay informed and compliant.

Our survey findings tend to reflect regional attitudes and structural differences. Thus, responses from the West indicate comfortability with innovation and flexibility, Northeast firms' answers track with the region's historical adherence to established rules, given its concentration of major financial service firms and regulatory agencies, the South operates on a more intimate, perhaps less national-government-focused basis, and attitudes within the Midwest – boasting the country's strongest concentration of traditional industrial and commercial companies - are more cautious. Specifically, some Midwestern banks may be more conservative in adopting new technologies or practices, including those related to compliance. This is because this geographic area has a higher concentration of smaller regional banks, community banks, and credit unions, and highly populated industrial states there, such as Illinois, Michigan, and Ohio, have their own regulatory frameworks.

Compliance remains a main priority

TOTAL RESPONSE

Rate the following financial regulations based on the impact you anticipate they may have on your organisation in 2025



[1] *based on weighted average order.* [2] *weighted average score to 2dp*

The rankings of financial regulation impacts in the chart above represent average scores from 0-7. Survey responses from all types and sizes of organisations in the US financial services industry average above 5, reflecting broad regulatory concerns and reinforcing industry sentiment that compliance is a major priority.

The regulations that are likely to impact the financial services industry the most in 2025 are related to data security and anti-money laundering (AML). Credit unions show the highest concern across sectors for meeting data security rules (6.13), along with large global organisations (6.16).

Data security is the most significant regulatory concern

Data security regulations have the highest impact across all regions, especially in the West (5.98), highlighting concerns over cybersecurity. Amplifying the discussion around data security, fraud and cybersecurity is Elon Musk's involvement in the US government, particularly through his companies like Tesla, SpaceX, and Twitter (now X) that develop and operate technologies that rely on vast amounts of data, including personally identifiable information (PII), financial data, and location data.

Privacy laws, however, rank as having the lowest overall impact in our survey, suggesting either high preparedness or a perceived lack of sector-specific relevance. Further, Musk's and DOGE's public statements and business practices could also affect data privacy and security laws or practices. If he were to push for specific regulations or policies regarding data privacy or security, that could impact the broader technology industry and shape governmental approaches to data protection.

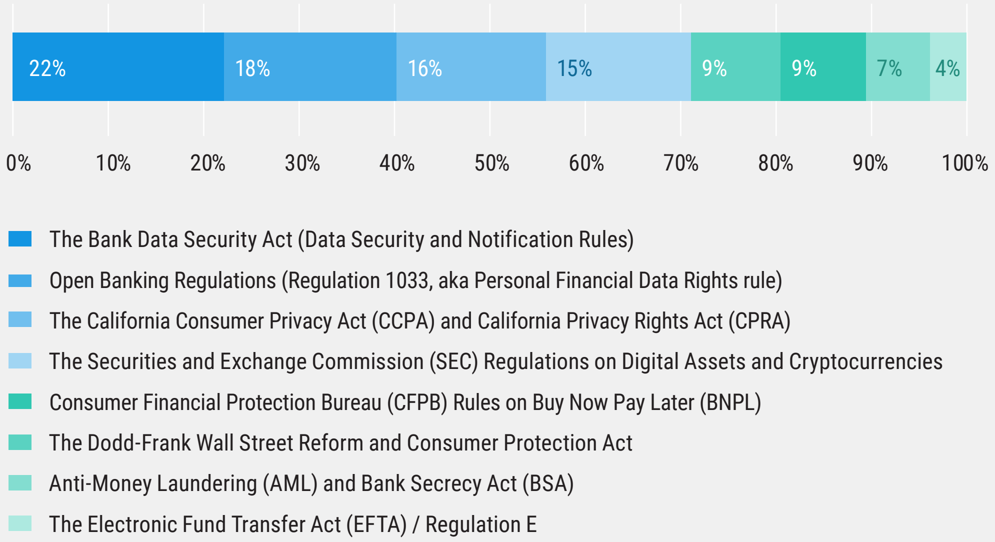
How the US government regulates cryptocurrency going forward must also be considered: Musk has helped legitimise cryptocurrencies, but this technology could be used to bypass traditional financial systems, potentially undermining AML efforts if transactions are untraceable.

The Gramm-Leach-Bliley Act will have the most extreme impact

26% of banks have identified The Bank Data Security Act, otherwise known as the Gramm-Leach-Billey Act (GBLA), as the most influential regulation impacting decision making in 2025. The GBLA requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data.

TOTAL RESPONSE

What financial regulation do you anticipate may have the most extreme impact on your organisation in 2025?



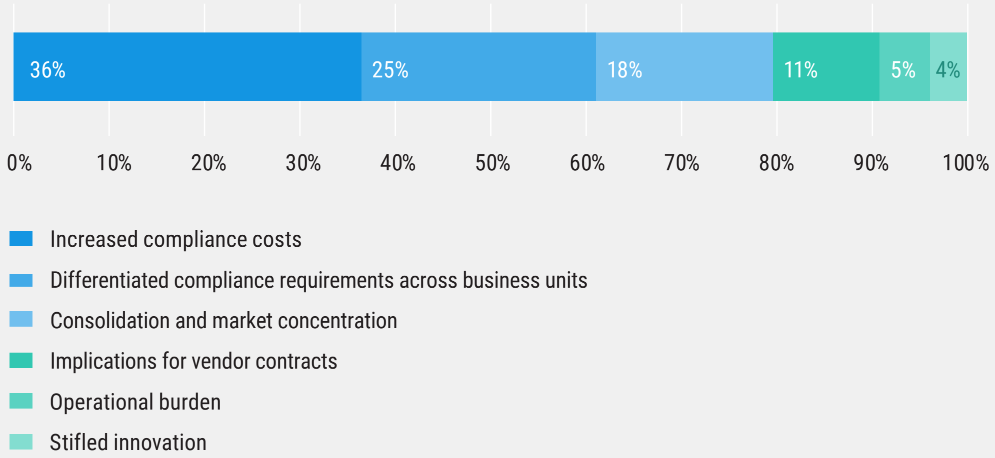
The GBLA's high ranking reflects growing concerns over cybersecurity risks in the banking sector, especially given the increasing sophistication of data breaches. Additionally, impacts of Dodd-Frank (17%) and SEC regulations (20%) are score high on the list, indicating that banks remain attentive to financial stability and compliance in the face of evolving market conditions. The least important regulations for this group are EFTA, CCPA/CPRA, and CFPB/BNPL, each scoring between 3-4%.

Cost remains the biggest concern

Cost (36%) and differentiated compliance requirements (25%) are the dominant concerns when considering barriers to regulatory compliance, highlighting the challenges of navigating multi-layered compliance requirements. The focus on complexity ties into operational resilience frameworks like ISO 20022, reinforcing the growing burden of regulatory adaptation. This outcome is not surprising given the increasing number of data regulations imposed within the financial industry.

TOTAL RESPONSE

What is the primary reason you anticipate this regulation may have the most extreme impact on your organisation?



Compliance costs are expected to cause the most extreme impact across all surveyed segments, especially for large firms (43%), licensed banks (41%), and firms in the South (39%). The South has a significant number of community banks and credit unions, many of which target underserved populations. These smaller institutions often shoulder higher costs to comply with regulations, particularly when compared to larger banks.

In addition to this, certain parts of the South have higher poverty rates compared to other regions of the US. Customers are less financially sophisticated or less likely to engage with traditional banking products. Banks here may not have the same transaction volumes, or the level of asset growth needed to offset the cost of compliance and still be profitable.

While large financial institutions can afford the infrastructure to handle compliance requirements, smaller institutions may struggle with the costs of meeting regulations. Differentiated compliance requirements pose difficulties for mid-sized firms (revenues between $50 - $250 bn) (29%) and credit unions (32%). Market consolidation concerns are more prevalent in smaller firms and technology providers.

Operational burden (5%) and stifled innovation (4%) are expected to have lower impacts, suggesting organisations are more focused on financial and structural adjustments rather than innovation risks. This shift reflects the evolving business landscape. Five to 10 years ago, the fear of stifled innovation might have been more pronounced. Now, regulation itself appears to be a key driver, even in the US where historically innovation has not been as regulation driven.

Despite some aspects of Dodd-Frank and CFPB being rolled back during Trump's first presidency, larger banks have continued to be subject to these rules, which imposed heavy consumer protection compliance costs.

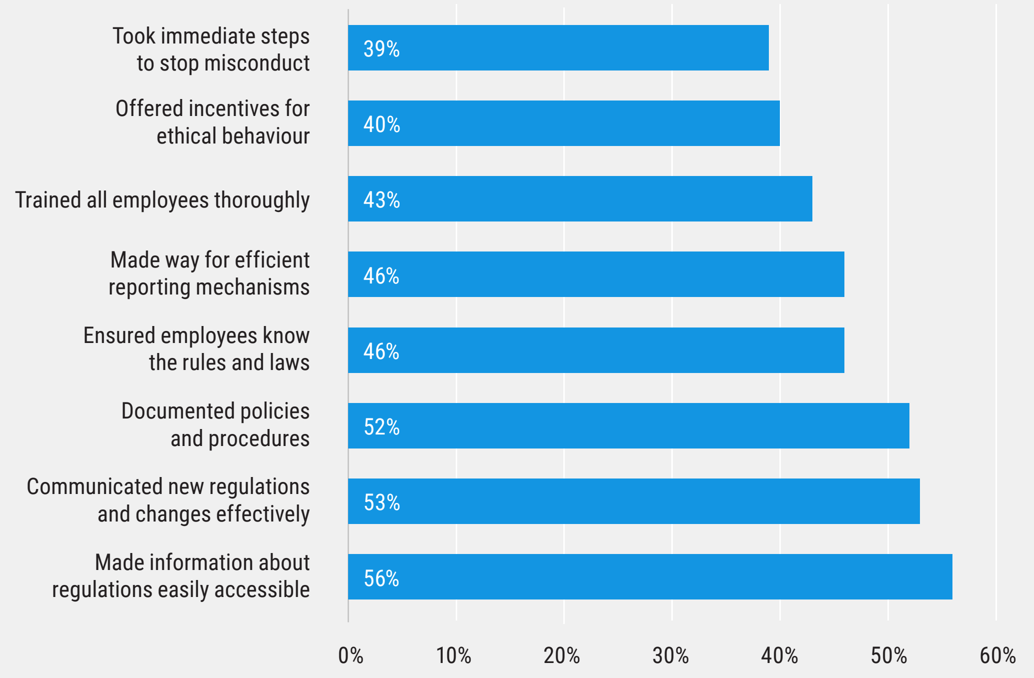
CFPB director Rohit Chopra was dismissed days after this survey was conducted, and the bureau's future – or at least its specific role in financial regulation – is presently in doubt.

Ethical behaviour and reporting are largely not rewarded

While some are adopting deadlines to stay on track with regulations, a significant number of the survey's respondents are either failing to implement such deadlines or not taking them seriously. Smaller firms seem less inclined to implement practices that encourage ethical behaviour, which could impact their ability to foster a strong ethical culture, stay compliant with regulations, or meet regulatory expectations for corporate behaviour.

TOTAL RESPONSE

What specific milestones or deadlines have you set internally to ensure 2025 compliance?



Adoption rates for setting internal compliance deadlines are relatively low (40-60%), with some results of particular concern. For example, only 16% of smaller organisations (revenues under $10 billion) offer incentives for ethical behaviour compared to 45% of larger firms. This indicates that over half of smaller firms have not instituted incentives to encourage ethical behaviour.

Licensed banks lead in documented policies (61%), a percentage well above fintech firms (39%) and technology providers (42%), highlighting a stronger focus on formal compliance within traditional banking. This reflects the strong regulatory environment that licensed banks operate in, where formal compliance policies are not just encouraged, but required. Banks are generally under more scrutiny, which likely drives their emphasis on documenting compliance measures.

Employee training (56%) and information accessibility (61%) is highest among international/national firms (revenues between $50 billion-$250 billion), while smaller firms (revenues under $10 billion) struggle with efficient reporting (32%).

16%

of smaller organisations report offering incentives for ethical behaviour, compared to **45% of larger firms**.

61%

of licensed banks lead in documented policies, well above **39% of fintech firms** and **42% of technology providers.**

32%

of smaller firms with revenues under $10 billion **struggle with efficient reporting**.

Larger firms tend to have more resources, which likely allows them to invest in comprehensive employee training programmes and to ensure that necessary compliance information is easily available. This again highlights a stronger focus on compliance within large, international organisations, which face more scrutiny and must build and maintain well-prepared teams to satisfy a range of regulatory requirements.

On the other side of the coin, smaller organisations may lack the infrastructure, resources, or processes needed to generate or submit necessary reports efficiently. This could be due to limited staff or smaller compliance teams, which might not have the capacity or expertise to handle the complexity of regulatory reporting requirements, potentially making them more vulnerable to compliance issues.

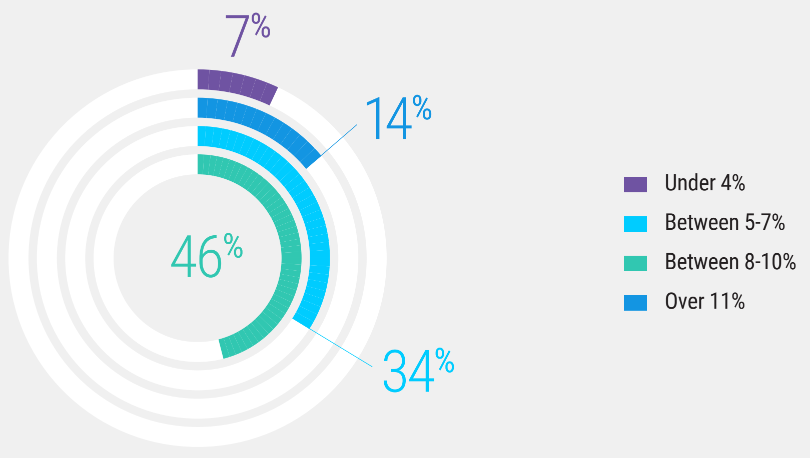
05

Regulatory impacts on organisational frameworks, budgets, and staffing

When examining how the 2025 regulatory landscape affects organisational structures and budgets, it's evident that financial institutions across the board are making significant changes and investments to facilitate modernisation. Looking at the financial side first, almost half (46%) of participants polled expect to spend around 8-10% of their organisation's earnings before interest, taxes, depreciation, and amortisation (EBITDA) on compliance efforts – a notable investment.

TOTAL RESPONSE

What percentage of your organisation's EBITDA do you estimate will be used for compliance efforts related to the 2025 regulatory changes?



Investigating these results under a more detailed lens, larger organisations are on average expecting to spend more on compliance than smaller, regional financial institutions. While larger organisations tend to allocate greater budgets for modernisation, smaller organisations are more flexible in their infrastructure and can more easily – and more quickly – adapt. This may explain why smaller organisations surveyed are expecting to spend less of their overall EBITDA on compliance.

5-7%

The average EBITDA % **smaller organisations** (revenues under $50 billion) expect to **spend on compliance** efforts in 2025.

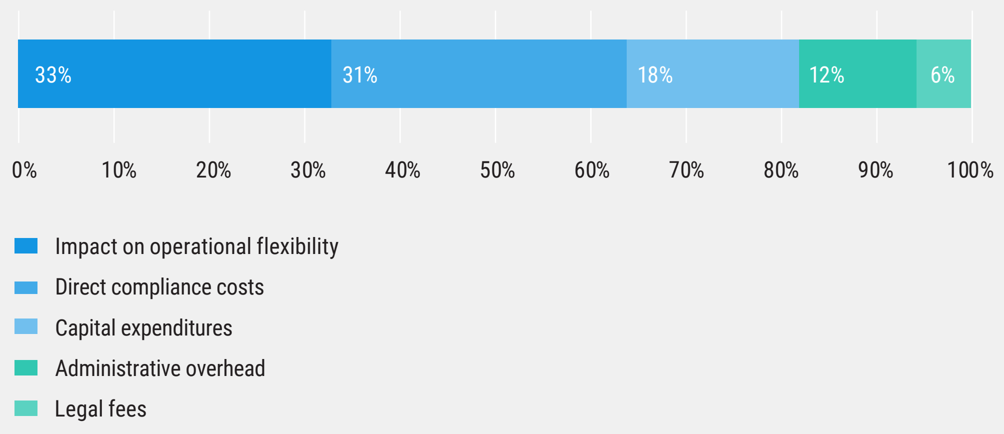
8-10%

The average EBITDA % **larger organisations** (revenues over $50 billion) expect to **spend on compliance** efforts in 2025.

When observing the expected impact of regulatory efforts on operating costs and business models, respondents say the financial impact will be similar to their effect on operational flexibility. 33% of organisations expect 2025 updates and the introduction of any new regulations to have the most significant impacts on their business's operational flexibility, while 31% foresee the greatest ramifications stemming from direct compliance costs.

TOTAL RESPONSE

Which of the following options do you expect the 2025 regulations to impact the most, in terms of your organisation's operating costs or business model?



Regulatory changes – per responses from all sectors – are expected to have a relatively smaller effect on capital expenditures and administrative overhead, with projected legal costs low as well, likely due to many organisations already having in-house legal teams or retainer-based arrangements.

Interestingly, when looking at organisational types, it's the credit unions that go against the grain. They report the lowest impact on direct compliance cost of any sector, yet the highest operational flexibility concerns of all sectors surveyed. In contrast, licensed banks, fintechs, and other technology providers all forecast a slightly higher impact of rule changes on compliance costs than on their operational flexibility.

Impact by sector

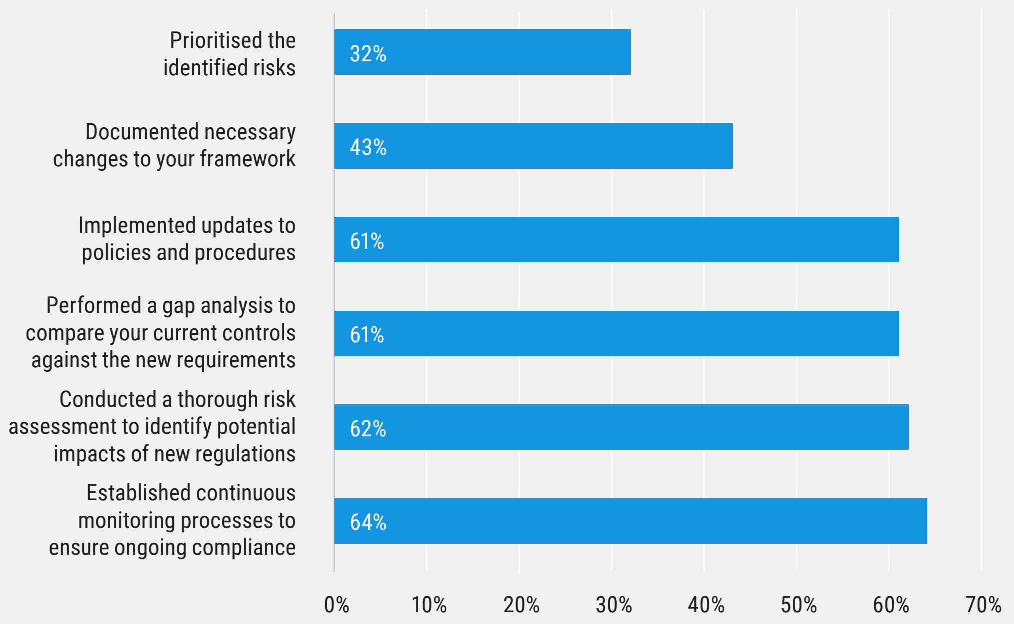
	Highest impact on direct compliance cost	Highest impact on operational flexibility
Licensed bank	34%	30%
Credit union	24%	44%
Fintech	35%	26%
Technology provider	33%	21%

Lagging effort in adjusting risk management frameworks

When examining how organisations have started adapting their risk management frameworks to address the regulatory changes anticipated in 2025, a picture of lagging effort emerges. Overall, figures on actions taken remain relatively low; organisations appear to be evenly divided in their efforts to refine risk management frameworks, with around 60% focused on monitoring, gap analysis, risk assessments, and updating policies and procedures. While some organisations have documented necessary risk framework changes (only 43%) or prioritised identified risks (only 32%), these actions remain less common than direct compliance efforts.

TOTAL RESPONSE

How has your organisation updated its risk management framework to address the regulatory changes anticipated in 2025?



The data suggests that many organisations are 'stuck' at the policies and procedures level and not making tangible changes to break the cycle. At the beginning of 2025, most organisations remain in the early stages of building monitoring capabilities rather than developing forward looking strategies.

Breaking down the results by organisational size shows mid-sized organisations (revenue between $50 million and $250 million) appear to be the most agile. Companies in this category show the highest overall percentage of preparedness, especially when it comes to establishing continuous monitoring processes to ensure ongoing compliance.

Framework changes by organisational size

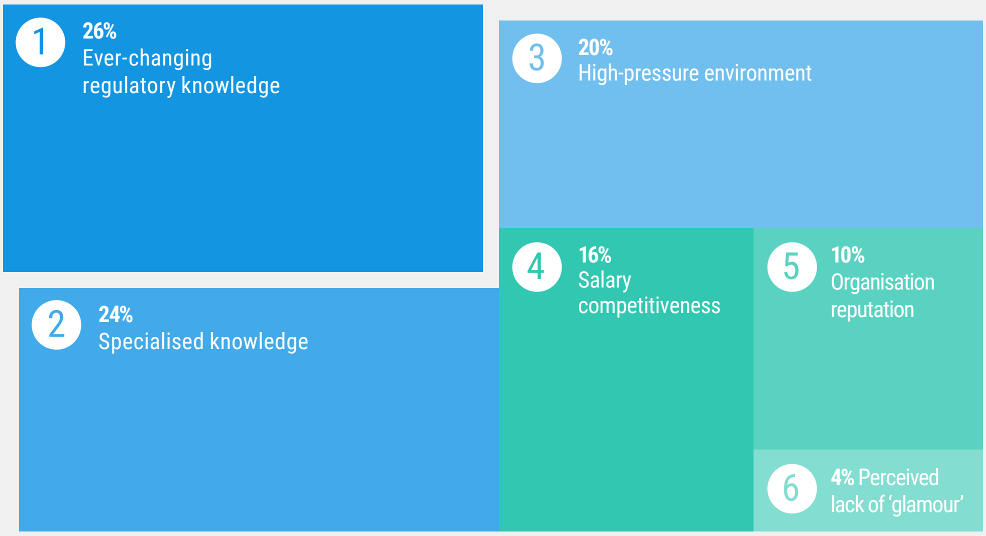
ORGANISATIONAL SIZE LEVEL	Conducted a thorough risk assessment to identify potential impacts of new regulations	Performed a gap analysis to compare your current controls against the new requirements	Prioritised the identified risks	Documented necessary changes to your framework	Implemented updats to policies and procedures	Established continuous Implemented updates to monitoring processes policies and procedures to ensure ongoing compliance
Large global organisation with revenues of over $250 billion	58%	68%	30%	42%	63%	61%
International or national organisation with revenues between $50-$250 billion	68%	65%	36%	52%	59%	**71%**
Small national or regional organisation with revenues between $10-$50 billion	65%	50%	31%	42%	65%	58%
Smaller organisation with revenues lower than $10 billion	55%	42%	32%	**26%**	55%	65%
Total respondents	130	129	68	90	128	136

Mid-sized organisations also have flatter organisational structures than their larger counterparts, allowing them to create highly focused compliance programmes tailored specifically to their operational scale and regulatory risks. In these organisations, there tends to be clearer accountability at the senior management level, with executives directly involved in compliance initiatives. This helps foster a more unified culture of compliance throughout the organisation.

Specialised knowledge emerges as the biggest hiring challenge

TOTAL RESPONSE

What is your/your organisation's greatest challenge when hiring a compliance team or leader?



Unsurprisingly, finding the right knowledge, both in terms of specific expertise and to address the fluidity of the regulatory landscape, has emerged as the main challenge for 50% of organisations. Fintechs and technology providers tend to struggle more with finding specialised knowledge, whereas credit unions and licensed banks report they are more challenged by the nature of the ever-changing regulatory landscape.

Hiring challenges by sector

Sector Level

	Specialised knowledge	Ever-changing regulatory knowledge
Licensed bank	26%	**34%**
Credit union	18%	21%
Fintech Firm or Payment Service Provider	32%	26%
Technology provider	21%	18%

Looking at organisational size, another aspect that stands out is that the largest organisations are the ones least challenged by knowledge gaps – not surprising since these organisations tend to have the most available resources as well as reputational pull to enable them to hire best-in-class talent.

However, compared to every other organisational size, these larger firms report significantly greater concerns with the high-pressure environment in which their compliance teams and leaders must work – likely due to greater regulatory scrutiny and the heightened complexity of their operations.

Hiring challenges by organisational size

Organisational size level

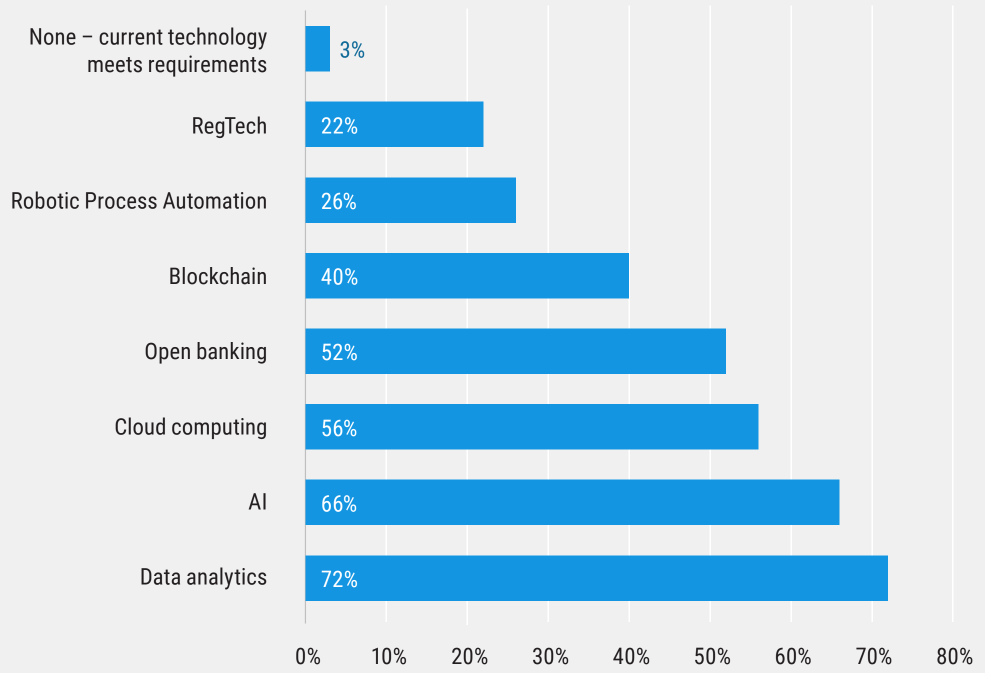
	Specialised knowledge	Ever-changing regulatory knowledge	High pressure environment
Large global organisation with revenues of over $250 billion	18%	19%	30%
International or national organisation with revenues between $50-$250 billion	30%	29%	11%
Small national or regional organisation with revenues between $10-$50 billion	27%	31%	27%
Smaller organisation with revenues lower than $10 billion	23%	**35%**	10%

06

Leveraging technology and partnerships to streamline regulatory compliance

TOTAL RESPONSE

What technologies, if any, have been used to meet regulatory requirements?



In an era of increasing regulatory complexity, technology has become a vital tool for organisations seeking to streamline compliance efforts. By adopting AI-driven compliance solutions, organisations can automate tasks to efficiently meet the latest regulatory standards. This not only mitigates the risk of non-compliance but also allows more room to concentrate on strategic initiatives.

Our survey data finds that data analytics (72%) and AI (66%) are the most used technologies amongst respondents to meet the 2025 regulatory requirements. This reflects a broader industry shift towards data-driven decision-making and automation. Cloud computing (56%) and open banking (52%) have also been widely adopted, underscoring the industry's focus on scalability, flexibility, and compliance with data-sharing regulations.

At the organisational level, credit unions lead in AI adoption (76%), open banking (69%), blockchain (54%), RegTech (35%), RPA (34%), and cloud computing (68%, along with fintechs). Meanwhile, fintechs also show the highest adoption of data analytics (77%), unsurprising considering their typically technology-forward business models.

AI solutions, such as chatbots, automated loan processing, and risk management tools provide a cost-effective way to optimise operations and reduce overhead. Credit unions have strongly focused on providing personalised services to their members, often in the face of competition from larger banks with vast resources and extensive digital capabilities. To remain competitive, credit unions must continue to leverage innovative technology, and AI provides a way to level the playing field.

Overall, only 3% of organisations indicated their existing technology stack satisfies compliance needs. That is one of the most compelling, and alarming statistics to emerge from the survey.

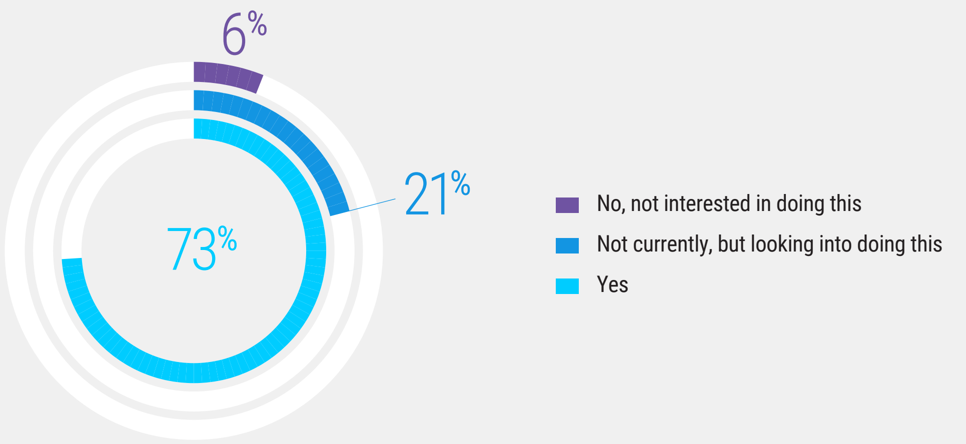
Third-party support is increasingly needed to stay compliant

However, challenges exist not just around the sheer volume of regulations, but also the speed at which they evolve. Standards and approaches that were acceptable a year ago may no longer be sufficient, forcing financial institutions into a continuous race to stay compliant.

As a result, institutions are turning to third-party vendors or consultants to help navigate regulatory changes more effectively. The vast majority (around ¾) of respondents are working with third-party vendors or consultants, with the highest adoption rates among credit unions, fintechs, large organisations (with revenues over $250bn), and those in the West US region.

TOTAL RESPONSE

Are you working with any third-party vendors or consultants to help you navigate the regulatory changes?



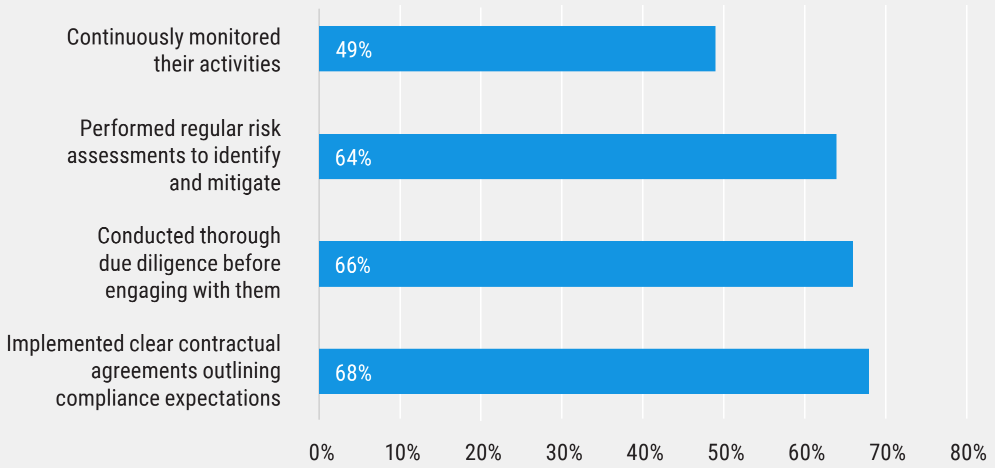
Only 6% of respondents have actively chosen not to outsource; 21% are still exploring the options, recognising the clear potential benefits of leveraging experienced third parties. Delegating compliance to an experienced third party can help save time, reduce risk, and prevent fines – especially as organisations are already struggling to hire and retain compliance staff with the right knowledge in an ever-evolving regulatory landscape. This is particularly relevant for firms managing multiple regulatory frameworks.

The highest proportion of firms actively choosing **not** to outsource are licensed banks (9%) and smaller organisations (16%). However, smaller organisations (with revenues lower than $10bn) also show the most interest in exploring third-party support (32%), potentially reflecting an emerging shift in this sector's preferred approach.

Ensuring compliance in the supply chain

TOTAL RESPONSE

How are you ensuring that your third-party service providers are also compliant with upcoming regulations?



As reliance on third-party service providers (e.g., cloud providers and payment processors) increases, ensuring these partners also comply with regulatory requirements is critical.

Large organisations have the highest adoption rates for clear contractual agreements (77%) but have the lowest rates for continuous monitoring (48%), perhaps given the higher complexity of their operations. Smaller organisations report consistently lower compliance rates across all categories, especially for clear contracts and regular risk assessments.

It's crucial to note that these figures raise concerns. For example, only 39% of technology providers continuously monitor their third-party service providers' activities. This means 61% of respondents are not actively ensuring compliance within their third-party service provider network – a potential regulatory risk.

Technology and vendor partnerships are playing an increasingly crucial role in regulatory compliance. While AI, automation, and data analytics continue to drive efficiency, the reliance on third-party vendors highlights the need for robust compliance oversight. Institutions must not only adopt innovative solutions but also ensure that their third-party service partners adhere to the latest regulatory standards.

As regulations evolve, maintaining a proactive and collaborative approach to compliance will be essential for long-term resilience – and success.

07 Conclusion

The US financial services marketplace is a landscape of growing regulatory complexity, shaped by shifting political, economic, and technological dynamics. While confidence in meeting regulatory deadlines appears generally high, with credit unions and fintech firms displaying notably higher levels of assurance, significant concerns remain, particularly among licensed banks and smaller organisations.

The political environment under President Trump, marked at its onset by regulatory uncertainty, has amplified these concerns, especially regarding the future role of key regulatory bodies like the CFPB and other agencies, and the evolving landscape of data security and AML practices.

While leaders within all sectors of the US financial services industry demonstrate a generally positive outlook on their readiness to meet regulatory deadlines, the complexities of compliance, especially for smaller institutions, present challenges that could impact the industry's ability to navigate a rapidly evolving regulatory landscape.

As we move further into 2025, the need for clear, efficient, and adaptive regulatory frameworks will be essential to ensure ongoing compliance – and to mitigate the risks posed by emerging financial technologies and changing political priorities.

08

About

Finextra

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