

A SEA OF RED TAPE:

How Compliance Officers See the world in 2020

Regulations are multiplying. Have they become too much for any one compliance team to handle?

Marketing opioid treatments. Swiss kickbacks. Threats to break up big tech. It's been a chaotic start to the decade and there are plenty of dangers even for those who aren't engaged in willful malfeasance.

That's because the job of remaining compliant has grown unmanageably complex. The GDPR document alone has 99 articles, and there are an estimated 120 privacy regulations globally—and that's just privacy.¹

How will compliance teams adapt?

Areas where teams must maintain focus:



45%

cost of non-compliance

45% increase in the cost of non-compliance since 2011

— PONEMON²

\$4M

average cost of non-compliance

\$4M average cost of non-compliance

— GLOBALSCAPE³

\$10K

per employee

\$10,000 per employee regulatory costs for U.S. businesses

— CEI⁴

88%

launch regs without planning

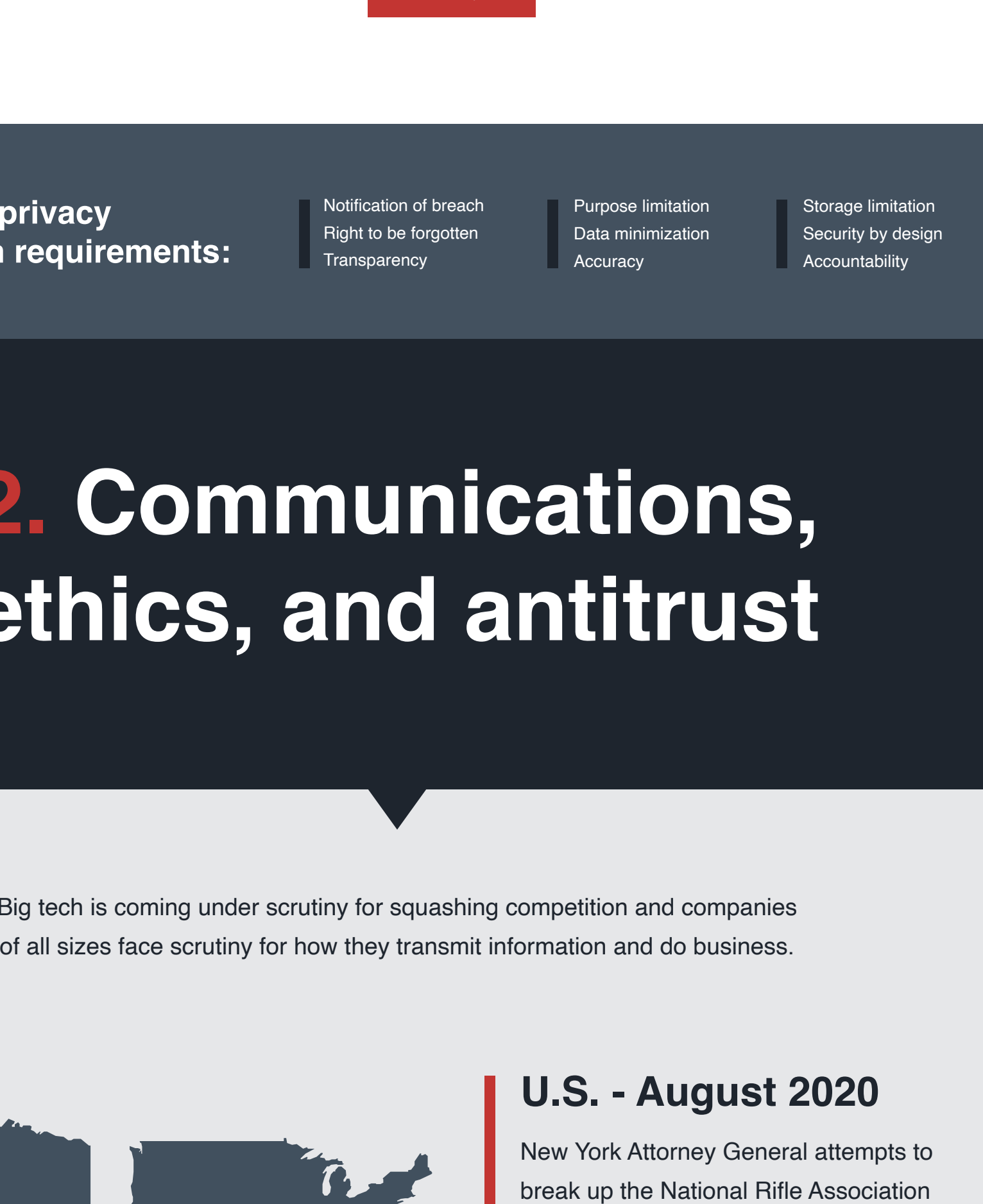
Only 12% of low-income countries analyze the impact of regulations before launching them.

— WORLD BANK⁵

1. Privacy

New privacy regulations spawn yet more privacy regulations. After California announced CCPA, nine states followed suit.⁶ In 2020 alone, 24 African countries adopted their own regulations.⁷

Regulations to watch out for:



Common privacy regulation requirements:

- Notification of breach
- Right to be forgotten
- Transparency
- Purpose limitation
- Data minimization
- Accuracy
- Storage limitation
- Security by design
- Accountability

2. Communications, ethics, and antitrust

Big tech is coming under scrutiny for squashing competition and companies of all sizes face scrutiny for how they transmit information and do business.

U.S. - August 2020

New York Attorney General attempts to break up the National Rifle Association (NRA) citing fraud and "a culture of noncompliance"¹¹

Healthcare giant pays \$45M for misleading disclosures

U.K. - July 2020

Pharmaceuticals firm fined \$6.3M for bribing Turkish officials

E.U. - March 2020

Google fined U.S. \$1.7 billion for breaching competition rules¹² - Google's third fine of this type in three years

China - December 2019

Global auto manufacturer fined \$12.5M on antitrust grounds

3. Health & Food

As electronic health records and online access have become the norm, health compliance issues are increasingly cybersecurity issues.

Cyber fraud spiked with the pandemic—popular formats included emails disguised as health alerts from the U.S. CDC. - Zix

U.K. - June 2020

Health tech startup Babylon Health accused of breach. Users were able to access each other's health information.¹⁴

U.K. - November 2019

ICO investigates major health information websites. The sites are accused of sharing sensitive patient information with advertisers.

Australia - The Health Privacy Act 1988

Maximum fine raised to \$2.1M

China - November 2019

China passes new Food Safety Law

4. Finance

After a light dip in mid-pandemic enforcement, insider trading and anti-money laundering enforcement is stepping back up.

In the U.S., PCI compliance fines aren't published, but can range from \$5k to \$100k per month until the issue is dealt with.

China - July 2020

Top Chinese banks ordered to pay 100M Yuan fine.¹⁵ "Chinese regulators kick off era of larger fines."¹⁷

U.S. - February 2020

Healthcare firm to pay \$8M for FCPA Violations

E.U. - January 2019

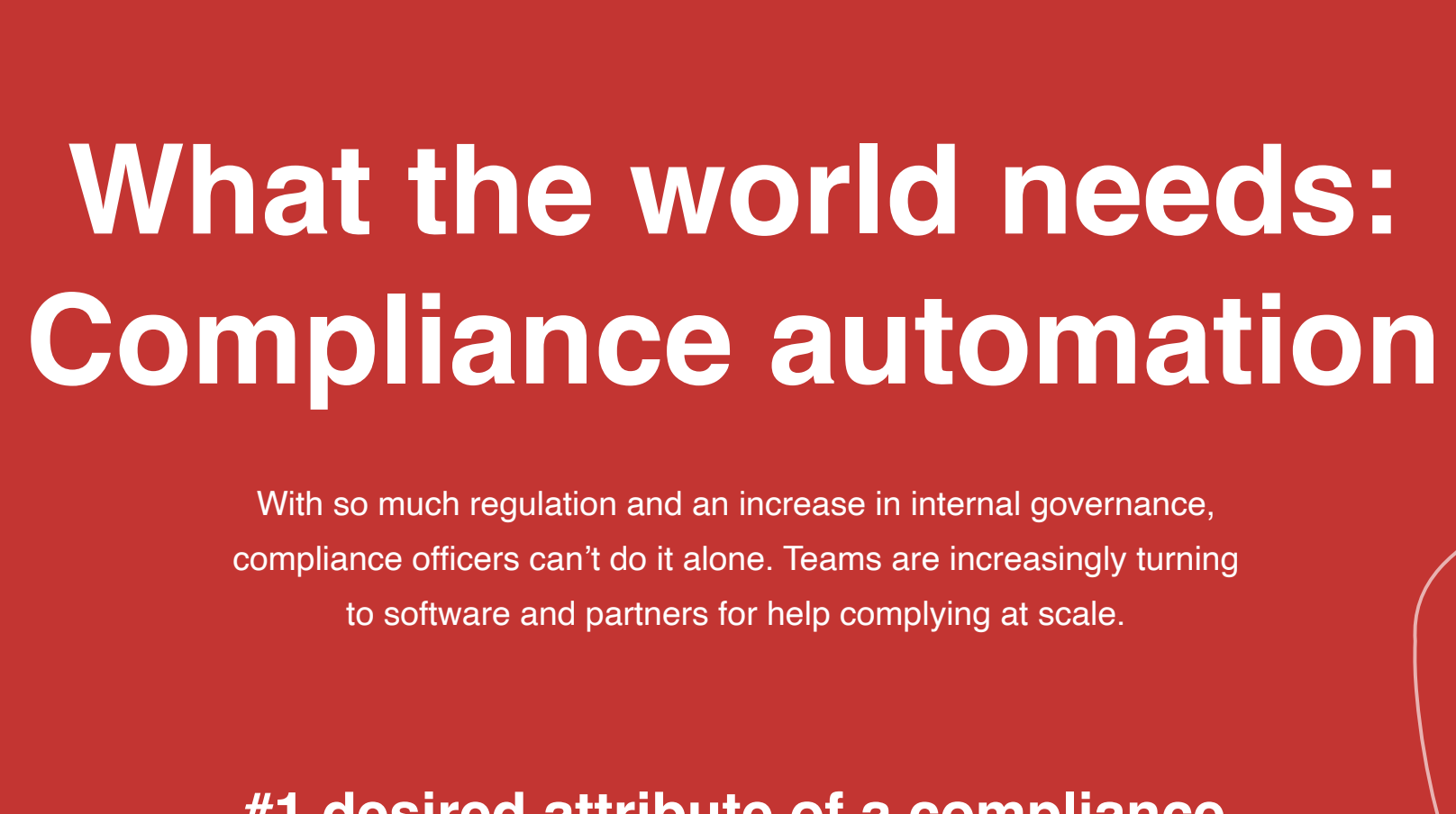
Western Union to pay €1 million penalty for anti-money laundering violations

India - February 2020

Reserve Bank of India modifies penalties for regulatory non-compliance¹⁸

5. International standards

ISO is the largest international standards organization in the world. It covers technology and manufacturing in every conceivable realm—from energy to food safety.



What the world needs: Compliance automation

With so much regulation and an increase in internal governance, compliance officers can't do it alone. Teams are increasingly turning to software and partners for help complying at scale.

#1 desired attribute of a compliance software: 'Fire and forget' automation.¹⁹

— DILIGENT¹⁹

Organizations with tools to proactively monitor data detect fraud twice as fast.

— ASSOCIATION OF CERTIFIED FRAUD EXAMINERS²⁰

Regulatory monitoring can save businesses \$1.03 million on average.

— PONEMON²¹

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