

Solving the compliance challenge with Capco's Regulatory Navigator

Businesses worldwide are grappling with escalating compliance and regulatory expenditures driven by heightened scrutiny and evolving legal landscapes, and compounded by the hidden costs of manual processes.

In its 2023 True Cost of Financial Crime Compliance Report, LexisNexis Risk Solutions estimated that the financial institutions bore a total of USD206.1 billion in compliance-related costs.¹ Average regulatory compliance costs consume 4-8% of revenue, with 70% of costs arising from unforeseen system impacts and technical debt.² Teams typically spend 6 to 12 months analysing regulatory changes, often missing critical system dependencies and underestimating implementation complexity.³

The recent surge in costs is attributed to several factors including labour expenses, technological investments and regional regulatory complexity. Faced with these challenges, businesses are seeking ways to optimize their compliance strategies – and adoption of automation and AI technology is growing.

While automation is the key, it is vital to strike a balance between robust compliance and efficient spending. By integrating regulatory requirements

with operational systems organizations can continuously monitor compliance in real time. This reduces the risk of non-compliance by flagging issues as they arise, rather than after the fact.

Clear connections between regulatory obligations and the data that supports them improve audit trails and documentation. When regulations change, the linked systems can quickly identify which processes, data points, or departments are affected. Executives can thus gain better visibility into compliance status across the organization, enabling more informed decision-making and proactive risk management.

Firms must address multiple compliance requirements spanning multiple business functions, each necessitating specific value streams, processes, reports and data integrations. These requirements are typically interconnected with several source systems, which provide the foundational data needed for analysis and decision-making.

Figure 1: **Regulatory Navigator Lifecycle**

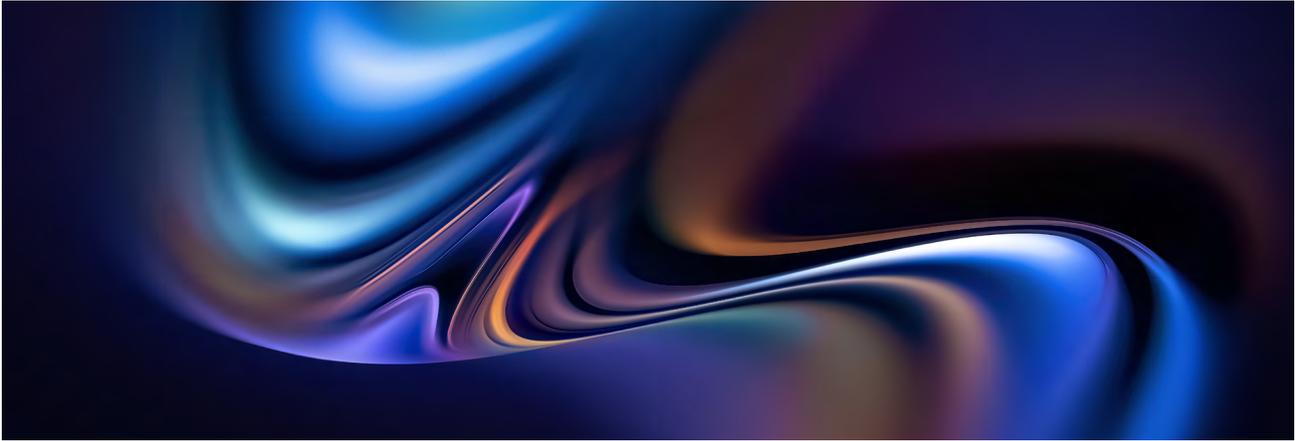


Complexity arises because each process may depend on input from different systems, and reports must be tailored to meet the needs of various stakeholders while ensuring consistency and accuracy. Efficient coordination across these elements is essential to maintain data integrity, streamline workflows, and deliver timely, actionable insights.

1. [LexisNexis Risk Solutions](#)

2. <https://www.marketgrowthreports.com/market-reports/regulatory-change-management-solutions-market-104105?>

3. <https://www.protiviti.com/us-en/global-technology-executive-survey-tech-debt-major-burden?>



Introducing Capco's Regulatory Navigator

Capco's Regulatory Navigator helps organizations, professionals or researchers understand and comply with complex regulatory frameworks by navigating organizational source systems and auto linking regulations to the source system technical terms, and vice versa. Its application spans across internal functions such as Finance and ESG, and is relevant for any highly regulated industry.

Regulatory Navigator consists of four key components:

- Regulatory metrics summarization - Automatically identifies and extracts key metrics and the business terms required to calculate those metrics (e.g. financial thresholds, audit frequencies) from dense regulatory documents, such as guidelines, standards and compliance reports. Key features for this component include document parsing, NLP, metrics categorization, etc.
- Automated stitching - Tags the organization's source system technical data and classify the business terms as per their information model.
- Business terms matching - Matches the business terms required for the metrics' calculations to that of the organisation's information model.
- Actionable Insights Dashboard (AID) - Visualizes the regulation-linked source dependency changes in real-time. This component can incorporate features like cross-

referencing metrics to document sections, triggers for new regulations published, alerts for trusted source dependency, historical analysis, systems' consolidation, reporting & automated decision-making.

- Data observability can be integrated with this dashboard: moving from just monitoring and detection ("what happened?") to contextual insight and action ("so what?" and "now what?")
- Organization's policy management can be automated, and resolutions and controls implemented with manual approvals (human-in-loop) for high-alert notification mails.
- AID can also help us with predictive cost analysis for regulations and source system impacts thus helping in better decision-making.

Regulatory Navigator is a powerful use case for Agentic AI. Each of its system components are autonomous AI agents - capable of making decisions and performing tasks without human intervention - that each focus on their own tasks. It is an intelligent system designed to help organizations understand, interpret and comply with complex and evolving regulations, including:

- Financial compliance (e.g., Basel III, MiFID II)
- Data governance (e.g., GDPR, CCPA)
- Environmental, safety, or ESG regulations.

Traditionally, navigating regulations involved manual interpretation, the cross-referencing of hundreds of documents, and contextual application to specific organizational processes. Regulatory Navigator cuts through this complexity – parsing legal texts, identifying relevant clauses, mapping them to business processes, and recommending or executing next steps.

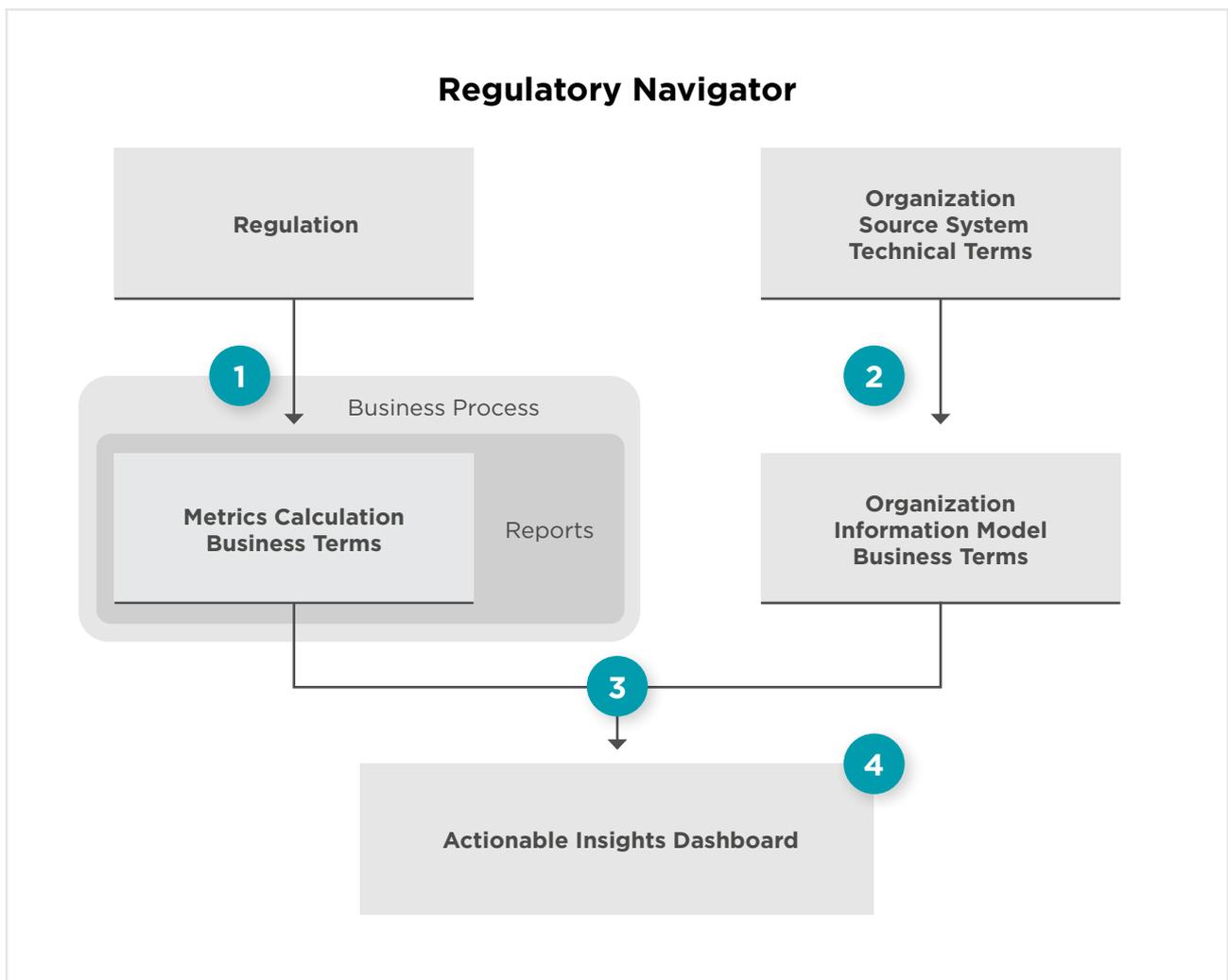
For example, when a new EU regulation is published, the agent automatically:

- Retrieves and summarizes the new clauses/metrics

- Compare them against your current information model and policies
- Highlights gaps or potential violations
- Suggest remediation steps and drafts compliance documentation.

This autonomous reasoning + action loop is the hallmark of this Agentic AI system.

Figure 2: **Regulatory Navigator process flow**



In this diagram, Regulatory Navigator’s AI agents are represented by green circles. Agents 1 and 2 can run in parallel. Agent 3 correlates the outputs generated by Agent 1 and Agent 2 outputs once complete, feeding into Agent 4 – a self-service dashboard published in real-time for the dependencies of regulations and source systems, which generates alerts and recommends actions.

Regulator Navigator: integration, traceability and efficiency

Regulatory Navigator provides significant benefits in ensuring compliance, improving traceability, and enhancing operational efficiency. By directly integrating regulatory requirements into source systems – such as Enterprise Resource Planning (ERP), CRM or quality management platforms – organizations can ensure that compliance obligations are automatically reflected in day-to-day operations.

This integration helps maintain consistent adherence to regulatory standards by embedding rules and checks into the systems where relevant data is created and managed. It reduces the risk of non-compliance due to manual oversight or data silos, while also enabling real-time monitoring and auditability.

Additionally, linking regulations to source systems' metadata streamlines the reporting processes, as regulatory data can be pulled directly from trusted sources, ensuring accuracy and reducing the burden on compliance teams. Ultimately, this integration fosters a more proactive, data-driven approach to regulatory compliance.

Regulatory Navigator acts as an intelligent system across a variety of financial services regulations, including GDPR, MiFID II, Dodd-Frank and Basel III, as well as ESG frameworks such as GRI, ESRS, CSRD.

- In the context of real-time compliance monitoring, it can flag violations for risk mitigation and decision support.
- It can streamline the generation of required reports by pulling validated, compliant data directly from trusted source systems.
- It maps specific regulatory clauses directly to value streams and business processes drafting a view for impact analysis.

- It can reduce costs by preventing a procurement order if vendor compliance certifications are expired.
- It can support cross-system regulatory alignment, for example when ensuring AML regulations are uniformly applied across banking transaction and customer boarding systems.
- It identifies the impacts of new reporting standards, thus automating audit and traceability.

By embracing innovative AI solutions and fostering a culture of compliance, businesses can traverse the complexities of 2025's regulatory landscape while maintaining sustainable growth.

To find out how Regulatory Navigator can help you determine regulatory impact quicker & more efficiently, please contact our experts at Capco using the form below.

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