

BEYOND MANDATORY COMPLIANCE

Regulatory Programmes as Transformation Opportunities — A Call to Stop Wasting the Crisis

A Practitioner's Perspective on Leadership in Regulated Industries



Regulatory Programmes as Transformation Opportunities — A Call to Stop Wasting the Crisis

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1. The Waste

The regulated industries have spent the last four years responding to an unprecedented wave of regulatory change. The numbers are staggering — billions committed to compliance programmes across financial services alone, thousands of people mobilised, entire operating models reshaped to meet the demands of a post-crisis supervisory regime. And what have most organisations built with this extraordinary investment? The minimum necessary to satisfy the regulator.

This is the waste I am challenging. Not the spend itself — the spend was necessary and in many cases overdue. The waste is in the ambition. The waste is in the leadership decision, made early and rarely revisited, to treat each regulatory programme as a compliance exercise rather than a transformation opportunity. To frame the question as what must we do to comply? rather than what could we become if we did this well?

2. The Orthodoxy That Must Die

The prevailing wisdom in most boardrooms runs something like this: regulatory programmes are a cost of doing business. They are mandatory, disruptive, and value-destroying. The responsible approach is to meet the requirement as efficiently as possible, minimise the disruption, contain the cost, and return to the real work of running the business.

This orthodoxy is wrong. It is wrong not because it misreads the regulations — most organisations read them accurately enough — but because it misreads the opportunity. Every major regulatory obligation arrives with something that transformation programmes spend months trying to manufacture: executive attention, ring-fenced funding, and organisational permission to change things that would otherwise be untouchable.

Every regulatory programme is a transformation programme that has been given permission to change things that the organisation would otherwise refuse to touch.

Consider what the post-crisis regulatory agenda has demanded. Better data. Clearer accountability. Stronger governance. More transparent reporting. Improved risk management. These are not bureaucratic impositions — they are the operational capabilities that every well-run organisation should want. The regulation is mandating

what good management would have chosen.

And yet the prevailing response has been to build the thinnest possible compliance layer — enough to satisfy the supervisor, not enough to genuinely improve the organisation. The data remediation stops at the regulatory perimeter. The governance enhancements apply only to the regulated processes. The accountability structures are designed for the regulator's benefit, not the organisation's.

3. What Leaders Are Actually Choosing

When a leader frames a regulatory programme as a compliance exercise, they are making a specific choice, whether they recognise it or not. They are choosing to:

- Spend the money twice. Once on the compliance programme, and again — later, separately, with separate funding and separate justification — on the transformation programme that addresses the same underlying capabilities.
- Entrench the gap between compliance and operations. A compliance-only programme builds a parallel structure: compliance data alongside operational data, compliance governance alongside business governance, compliance reporting alongside management reporting. This parallel structure is expensive to maintain and corrosive to organisational coherence.
- Squander organisational energy. Large-scale change is exhausting. Organisations have a finite capacity for disruption. A compliance programme that changes the organisation without improving it consumes that capacity without building anything durable.

These are not abstract risks. They are the observable consequences of four years of compliance-first thinking across the regulated industries.

4. The Alternative Is Not Radical

The transformation-led approach to regulatory programmes is not radical. It does not require organisations to gold-plate their compliance response or to pursue change for its own sake. It requires one thing: that leaders ask a different question at the outset.

Instead of what is the minimum we must do to comply?, the question becomes given that we must do this, what is the maximum value we can extract from the investment?

This shift changes everything downstream. The scope expands — not to include unnecessary work, but to include work that would have been necessary anyway and can now be funded and governed under the regulatory mandate. The data remediation extends beyond the regulatory perimeter to the broader data architecture. The governance enhancements are designed for the business, with the regulatory requirement as a subset. The accountability structures serve the organisation first and the regulator as a consequence.

“The question is not whether you can afford to treat a regulatory programme as transformation. The question is whether you can afford not to.”

5. The Leadership Deficit

The reason this does not happen more often is not technical. It is a leadership deficit. It requires someone — typically the programme sponsor, sometimes the chief executive — to make an argument that is uncomfortable in a board setting: we should spend more than the regulator requires, and we should spend it now, because the alternative is spending more later with less to show for it.

This argument is difficult to make because it appears to volunteer additional cost. It is difficult to quantify because the benefits are diffuse and long-term while the costs are immediate and visible. And it runs against the institutional instinct to contain regulatory programmes rather than expand them.

But the leaders who have made this argument — and I have watched a small number do so with conviction and evidence — have delivered programmes that leave their organisations stronger, not merely compliant. Their data is better. Their governance is more effective. Their operating models are more coherent. They spent the same money; they spent it differently.

6. The Moment Will Not Last

The current wave of regulatory change is extraordinary in its scope and its pace. It will not last indefinitely. The supervisory regime will stabilise, the major programmes will close, and the organisational attention that regulatory mandates currently command will dissipate.

When that happens, the organisations that treated their regulatory programmes as transformation opportunities will have built lasting capability. The organisations that treated them as compliance exercises will have built compliance layers that degrade from the day the programme closes — maintained through effort, patched through workarounds, and eventually replaced by the transformation programme they should have run in the first place.

The choice is being made now, in the programme mandates being written this quarter. Leaders who recognise the opportunity will not get a better one.