



Ten Key Regulatory Challenges: 2025 Mid-Year

Shifting through the Bump(er)s



Foreword

We anticipated that 2025 would be the Year of Regulatory Shift, but the pace and volume of the regulatory changes have resulted in unanticipated business risks. And while the Administration has pushed for a 'deregulatory' agenda (both within and outside the US), regulatory change can take time and can prompt reaction in other jurisdictions.

We once again present the KPMG proprietary Regulatory Barometer* (measuring regulatory volume, complexity and impact) with associated robust analysis/insight. What can businesses glean from this?

- **Avoid Risk Complacency:** Despite new Agency priorities, shifts in enforcement intensity, and selected rule rescissions/withdrawals, existing regulations still stand and require ongoing adherence.

- **Be Alert to New Tailoring and Frameworks:** Expect continued withdrawals of proposed rules, modifications/tailoring to existing rules, and the increasing use of 'frameworks' and statements versus guidance.
- **Expect Continued Investigation/Enforcement Shifts:** Expect federal enforcement activities to focus on the "letter of the law" and 'direct harm' while states begin to increase activity.
- **Expanded (and at Times Unexpected) Divergence:** Expect the Administration to continue pressure businesses, countries, states and agencies.

We welcome the chance to assist you as you tackle the regulatory challenges ahead and seize the opportunities presented by regulatory change.

**Patent pending*

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“Historic regulatory processes and norms are being challenged, with abrupt and voluminous regulatory shifts adding to business uncertainty. A fundamental question remains: will a deregulatory policy really equate to deregulation?”



Amy Matsuo
Principal & Leader
KPMG Regulatory Insights
amatsuo@kpmg.com



About Regulatory Insights

KPMG Regulatory Insights is the recognized thought leader for timely insight and perspective on risk and regulatory developments. Regulatory Insights provides real-time and emerging supervisory, regulatory, and enforcement trends—from alerts to in-depth analysis.



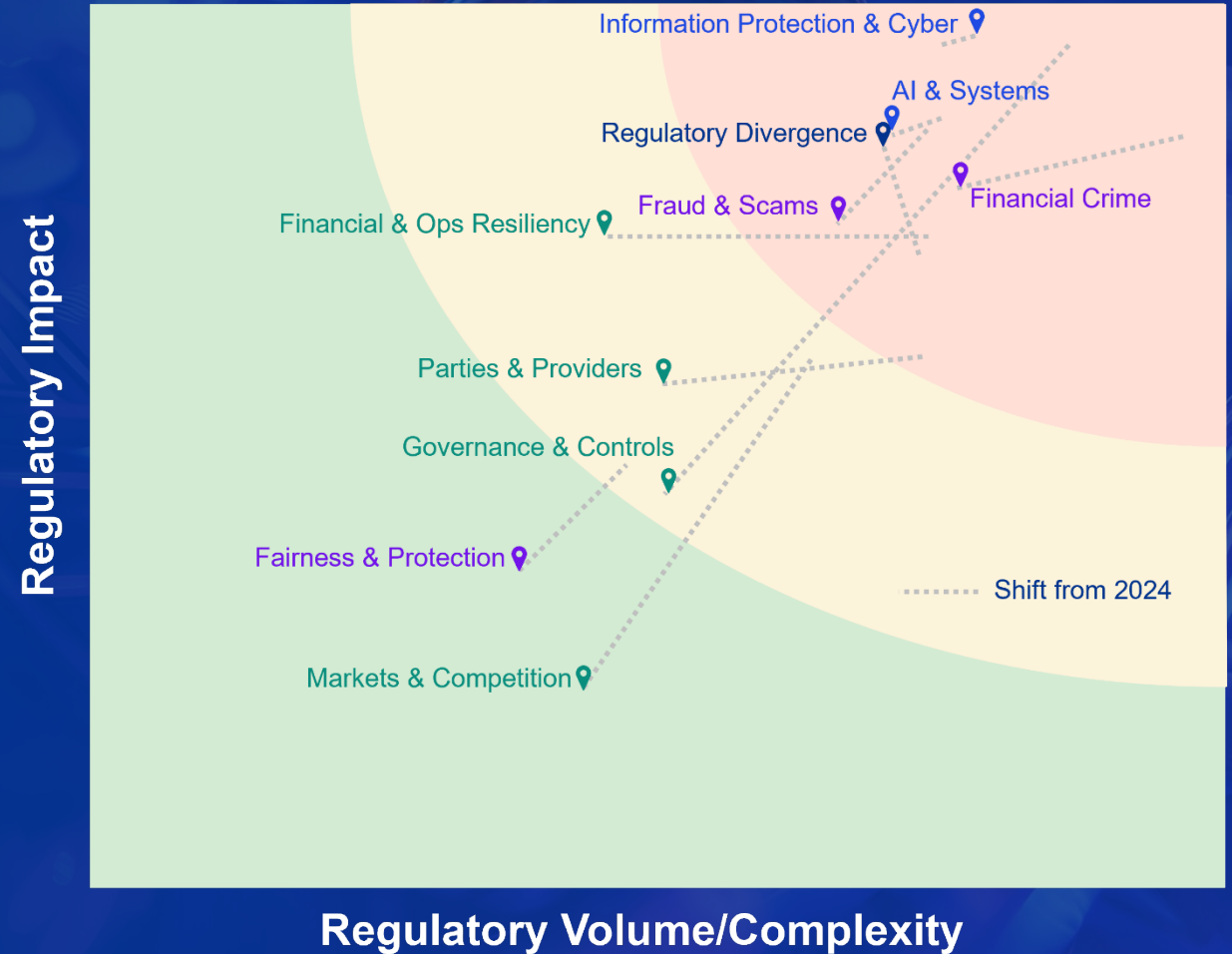
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*Patent pending

Note: Measures overall regulatory intensity (separate from tax and/or economic policy)

Regulatory Barometer*







Regulatory Divergence

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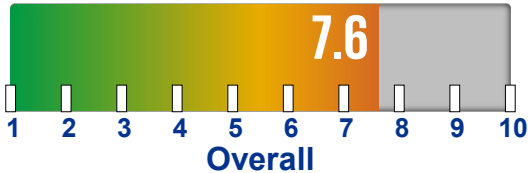
"Historic regulatory processes and norms are being challenged, with abrupt and voluminous regulatory shifts adding to business uncertainty. The growing regulatory divergence and fragmentation add another layer of complexity to establishing a clear path from strategy and operations to effective risk and compliance. This begs the question—will a deregulatory policy really equate to deregulation?"

Amy Matsuo
KPMG LLP

Key Regulatory Signals

			
Deregulation Focus	Shift in Enforcement Priorities	Global and State Divergence	Reduction of Regulatory Workforce
Question as to whether deregulatory agenda will lead to actual deregulation.	New emphasis on direct/tangible harm. Potential shifts and opening of supervisory/enforcement process transparency (e.g., litigation, fines).	Efforts to press for global relaxation of tech and other regulations impacting U.S. competitiveness and/or contrary to Administration priorities, at the same time as increasing state regulatory activity.	Substantial reductions in the federal regulatory workforce signal a diminished operational regulatory capacity and likely vacuums of regulatory talent.

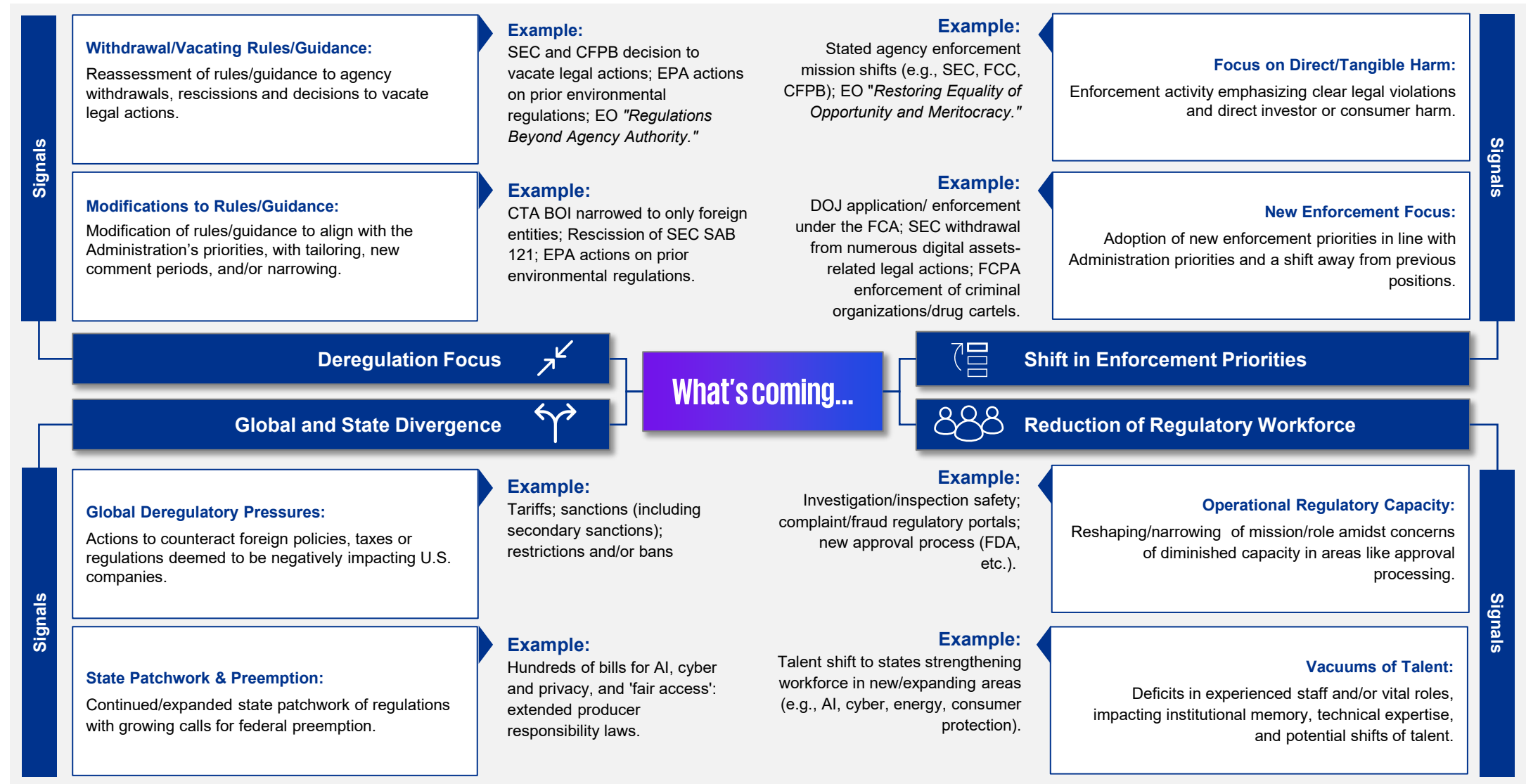
Regulatory Barometer*



7.3 Volume	7.3 Complexity	8.0 Impact
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Regulatory Divergence

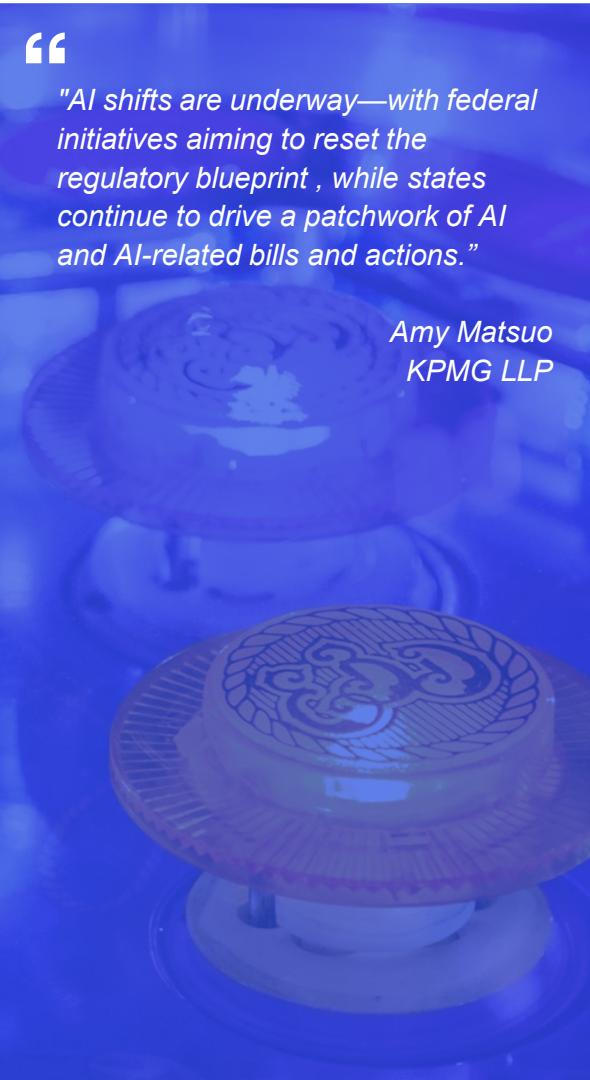
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"AI shifts are underway—with federal initiatives aiming to reset the regulatory blueprint , while states continue to drive a patchwork of AI and AI-related bills and actions."

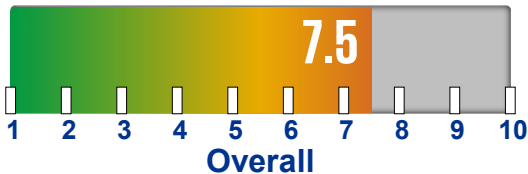
Amy Matsuo
KPMG LLP



Key Regulatory Signals

			
Innovation (& National Security)	Privacy & Energy	Divergence	Data Protections
Focus of AI regulations to national security concerns while trying to foster innovation and adoption.	AI regulatory policy will be interwoven with changes to data privacy laws as well as the underlying energy infrastructure.	Fragmented AI regulations across states and federal levels pose risk and compliance challenges.	Narrowing of broad consumer protections to more limited areas such as 'deepfakes', children/minor protections and use of sensitive data.

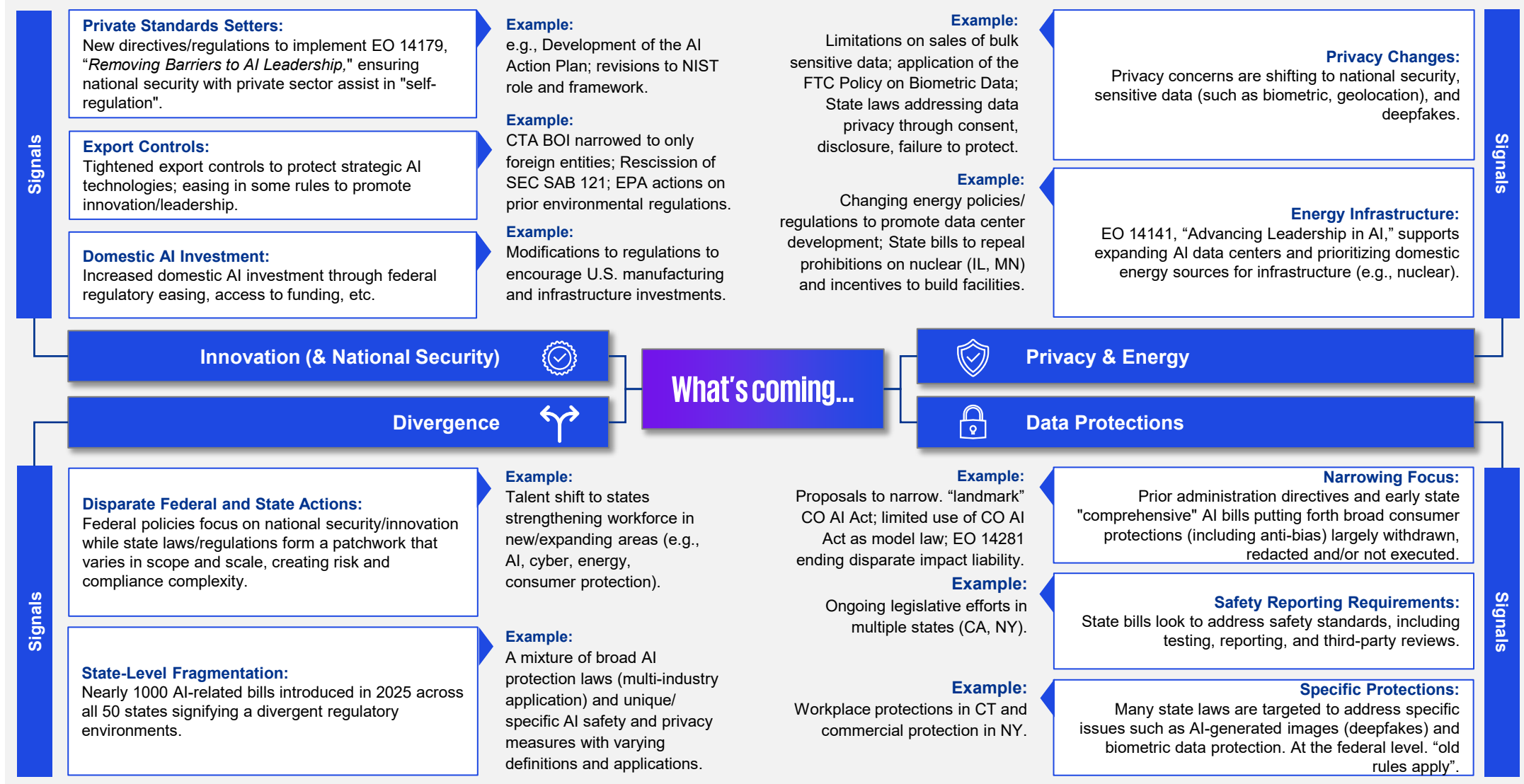
Regulatory Barometer*



7.7 Volume	7.0 Complexity	8.0 Impact
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Trusted AI & Systems

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"Cyber and information protection may see some extensions and "harmonization" at the federal level but state-level will expand in infrastructure security and data protections."




Amy Matsuo
KPMG LLP

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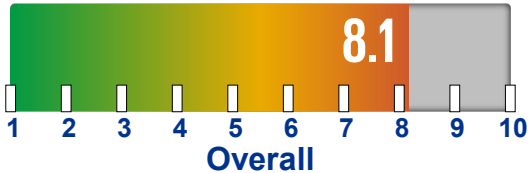
"Reinforcing a strong foundation for cyber and privacy has never been more important – while new regulations continue to emerge at an accelerating pace, companies with strong foundations are well-positioned to adapt quickly and agilely."

Orson Lucas
KPMG LLP

Key Regulatory Signals

		
Shift in Federal Role	Cybersecurity & Infrastructure Preparedness	Data Privacy
A general pullback of federal regulatory initiatives with more emphasis to the states; implications for state agencies and the role of public-private partnerships.	Emphasis on state and local government roles in critical infrastructure and cyber resilience.	Retention and enforcement of data protection regulations to address evolving risks, particularly data involving foreign entities.

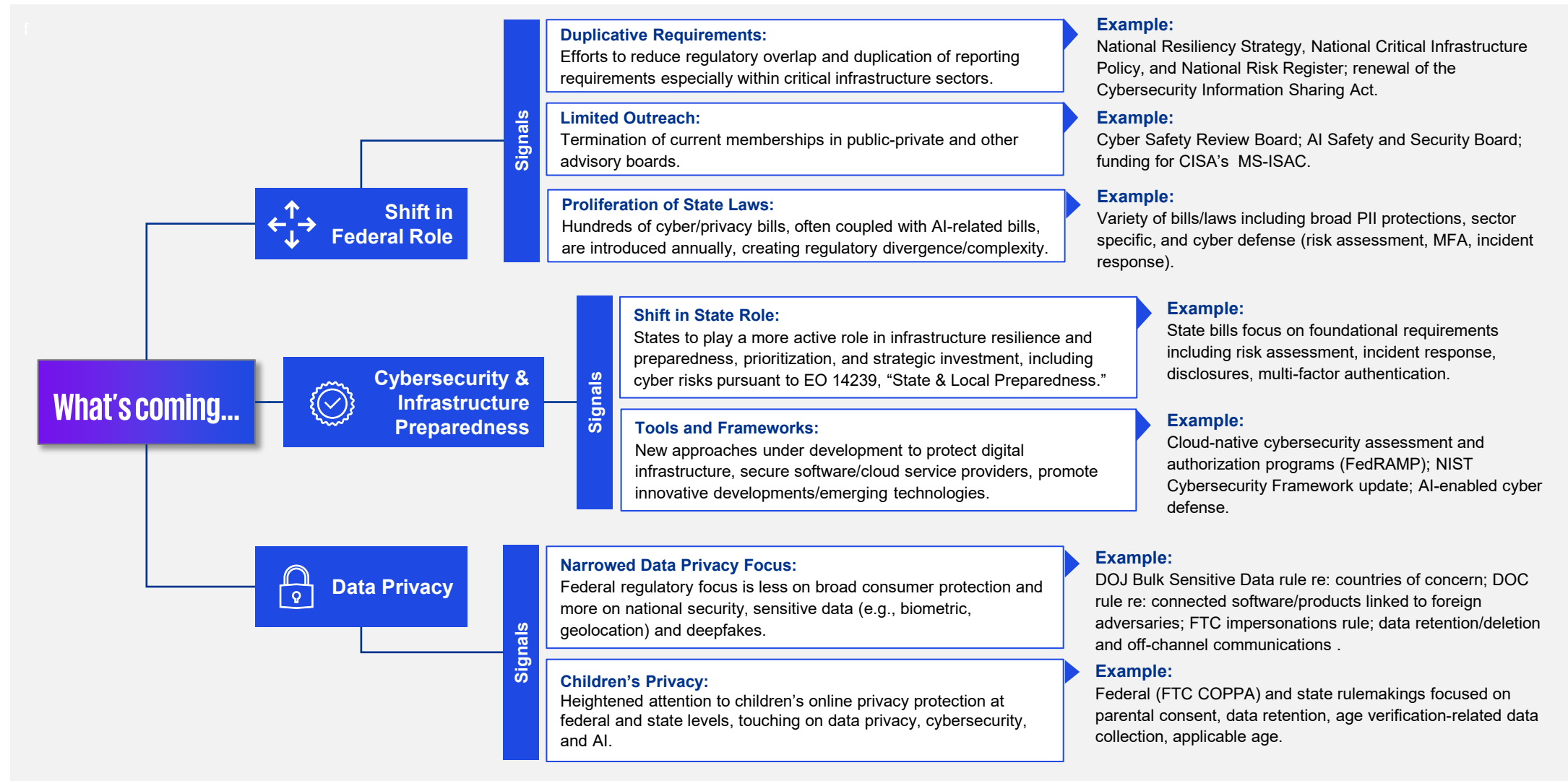
Regulatory Barometer*



7.3 Volume	8.0 Complexity	8.7 Impact
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Cybersecurity & Information Protection

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“As the investigation/enforcement focus narrows, anticipate amended and tailored regulations and directives that focus on foreign individuals and ownership.”

Amy Matsuo
KPMG LLP

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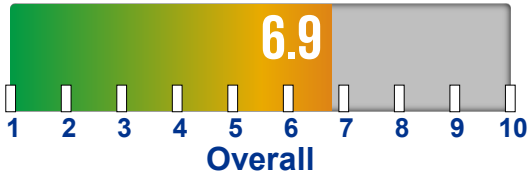
“The always heightened expectations around the core functions of Financial Crimes compliance, coupled with increased focus on misconduct such as international narcotics trafficking, Sanctions evasion, and human trafficking, make it all the more critical for institutions to lean into technology and automation to strengthen their Financial Crimes compliance function.”

John Caruso
KPMG LLP

Key Regulatory Signals

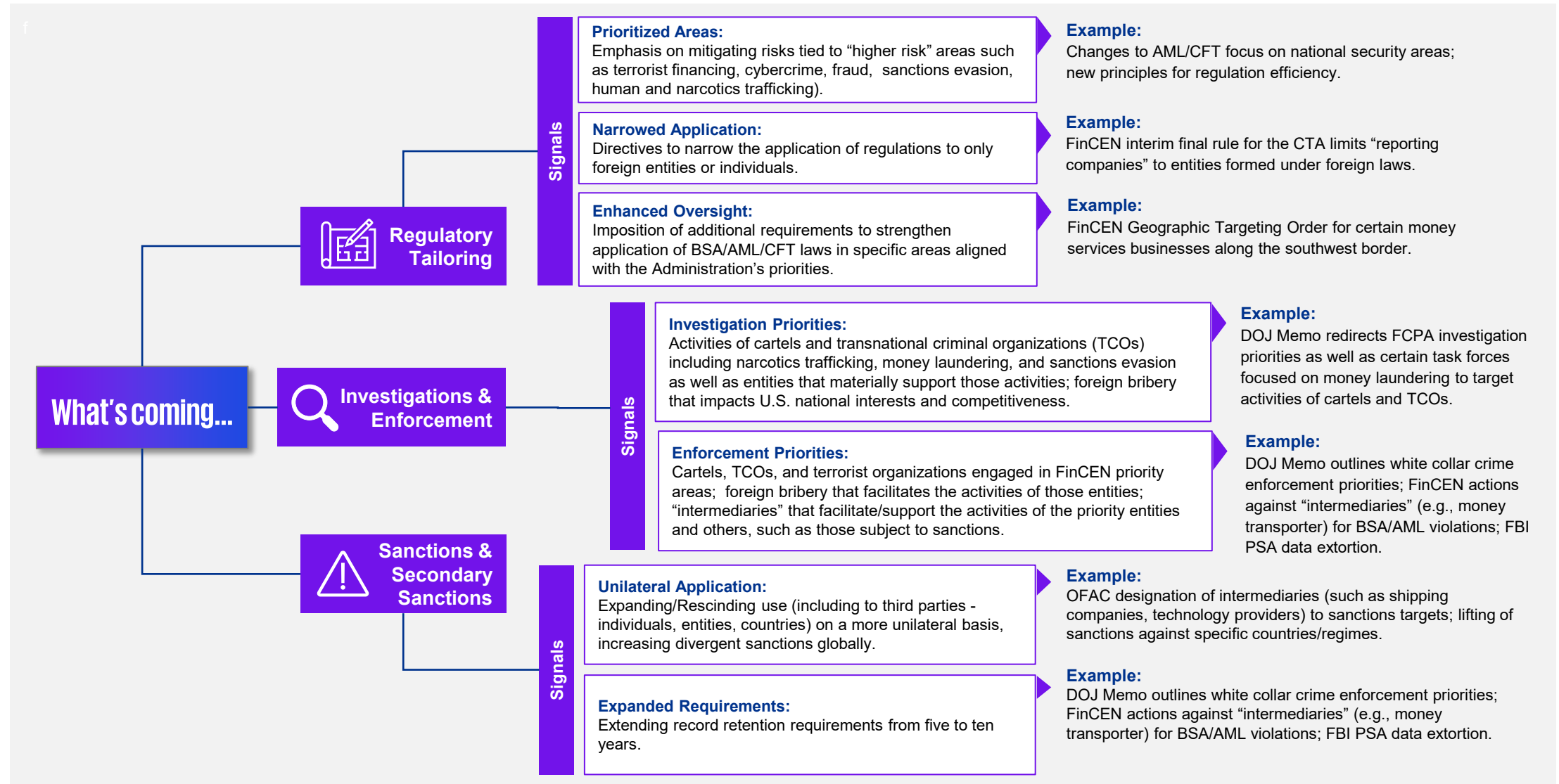


Regulatory Barometer*



Financial Crime

1 2 3 4 5 6 7 8 9 10



Fraud & Scams

1 2 3 4 5 6 7 8 9 10

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“Reported fraud is at an all-time high, with evolving risks from the use of AI and linkages to cyber risk, posed by potential threat actors operating 'at scale.'”

Amy Matsuo
KPMG LLP

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“With AI-driven scams and instant payment fraud, financial institutions must prioritize consumer protection through proactive, data-informed compliance programs. The stakes are too high for reactive measures—modern fraud demands modern defenses.”

Chad Polen
KPMG LLP

Key Regulatory Signals



Fraud Prevention

All-time high reporting confirms the need for effective risk and compliance programs, including timely fraud identification/reporting.



Reprioritizing Fraud Enforcements

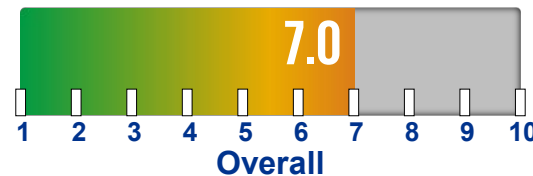
Directives change enforcement priority focus (e.g., trade, investments, cartels) where consumer/investor harm is “direct” and “tangible.”



Gathering & Analyzing Fraud Data

Need for ongoing sharing and coordination of reporting and analysis given the speed, cross-border and scale. Raising awareness among regulators, consumers, and companies of fraud- and scams-related signals and trends.

Regulatory Barometer*



6.0
Volume

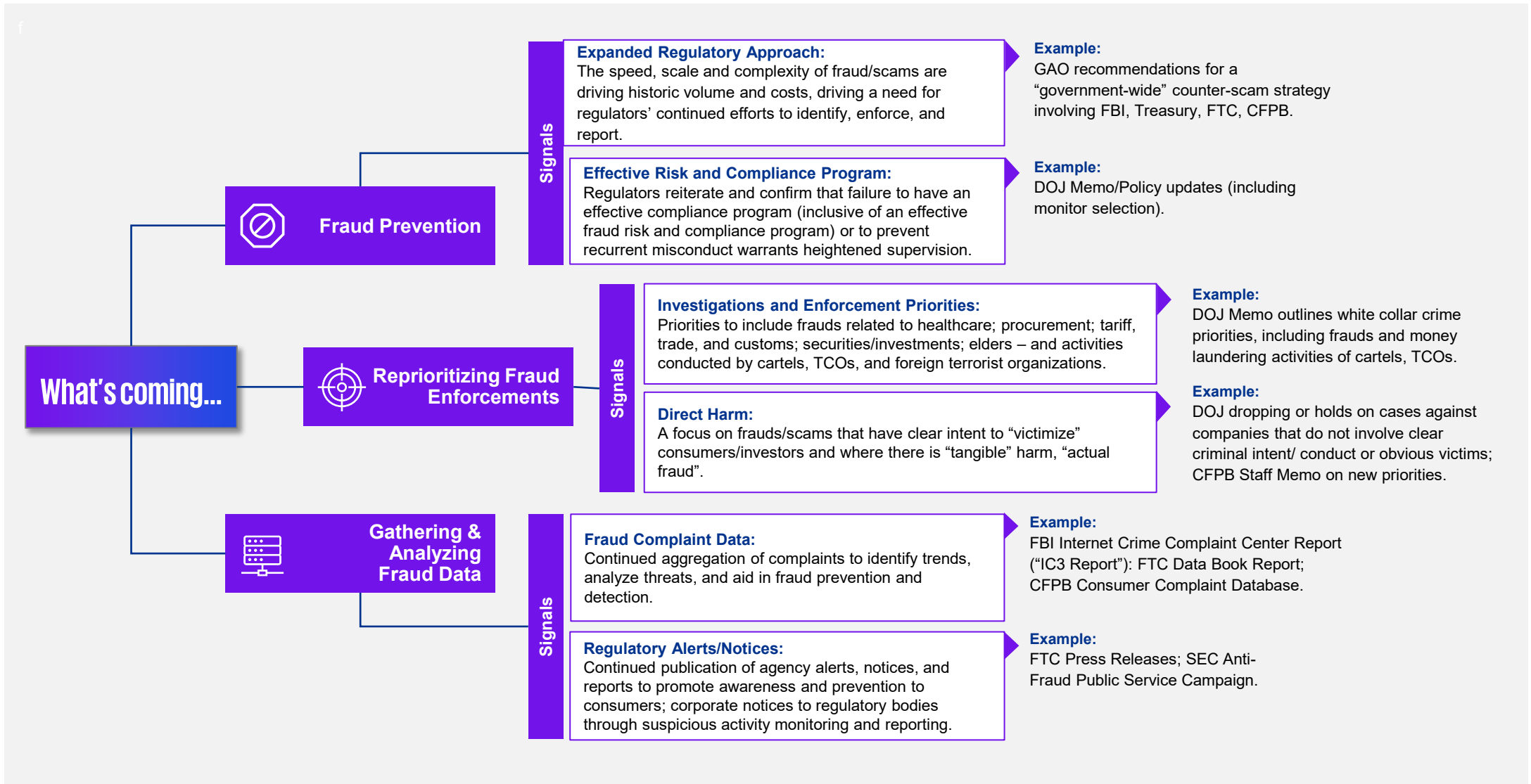
8.0
Complexity

6.6
Impact

*Patent pending

Fraud & Scams

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"Fairness and consumer protection regulations may be redefined in terms of enforcement focus but the regulations themselves will largely remain unchanged."





Amy Matsuo
KPMG LLP

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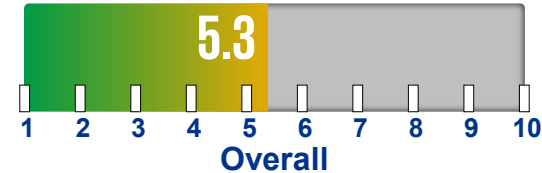
"Risk and Business leaders are recommended to revisit the core principles of their protection and fairness programs and ensure sustained, compliant outcomes."

Mike Lamberth
KPMG LLP

Key Regulatory Signals

			
DEI Redefined	“Unfair” Access & Pricing	Deceptive vs. Misleading	Direct Harm
Broad-based mandated regulatory elimination of "DEI" initiatives. Likely little/no changes to most existing laws/regulations.	Targeted agency focus to specific groups (e.g., servicemembers) and/or sectors.	Evolving distinctions between what may be 'deceptive' versus 'misleading' with the potential to lessen overall supervision/enforcement.	More narrow focus on 'direct', tangible and/or measurable consumer or investor harm (away from "disparate impact") and likely driven by specific complaints (vs. broader-based industry "sweeps").

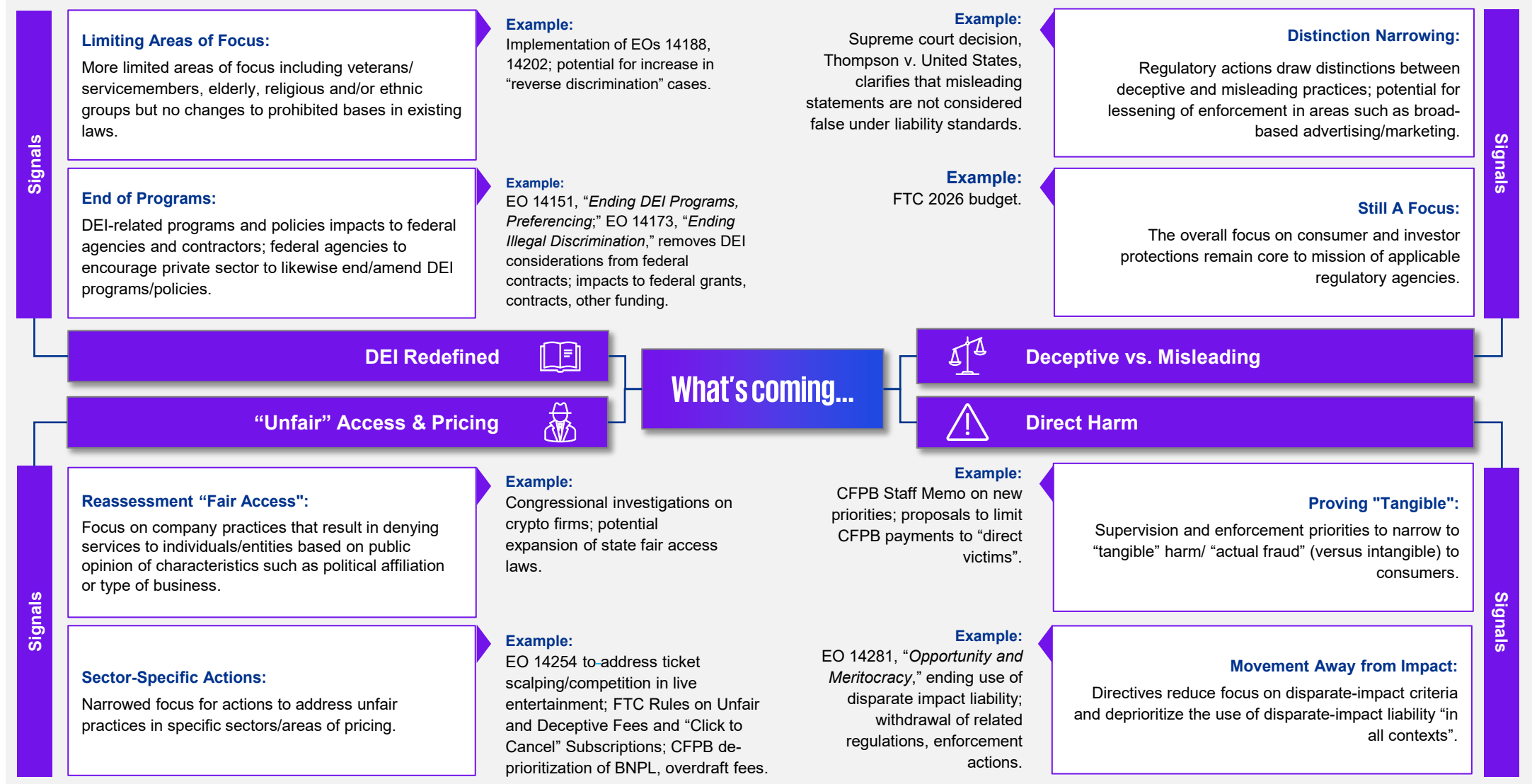
Regulatory Barometer*



5.3 Volume	5.3 Complexity	5.3 Impact
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Fairness & Protection

1 2 3 4 5 6 7 8 9 10



Financial & Operational Resiliency

“Regulators are adjusting oversight frameworks and rules in line with the Administration’s priorities to focus on primary financial risks. Further regulatory tailoring is expected.”

Amy Matsuo
KPMG LLP

“In the face of uncertainty, businesses must navigate liquidity risks with strategic foresight; this balance between cautious oversight and proactive management ensures resilience and unlocks new avenues for sustainable growth via category change.”

KB Babar
KPMG LLP


“Resilience is no longer optional—it is the foundation for a company’s continued relevance and long-term viability in a world defined by constant change. Amid economic volatility, global divergence, regulatory shifts, and rapid advances in digital and AI technologies, companies must proactively strengthen their resilience and recovery capabilities to stay ahead.”

Prince Harfouche
KPMG LLP

“With the accelerating adoption of AI and reliance on cloud services, companies must prioritize resilience frameworks that can address the unique and emerging risks posed by these technologies, alongside the complexity of sustaining and securing legacy systems, to maintain and enhance the stability, integrity, and continuity of mission-critical business processes.”


David Tarabocchia
KPMG LLP

Key Regulatory Signals




Uncertainty & Disruption

Global risks, economic shifts, evolving third party relationships and funding/aid pauses—heightening volatility in operational and financial systems.



Regulatory Pullback

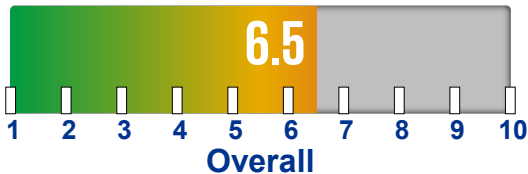
Narrowed oversight scope, recalibrated rules, capital/liquidity thresholds by entity size.



Focus on Financial Risk

Reaffirmation of core agency missions to focus on financial risk (e.g., credit, losses/exposure to losses).

Regulatory Barometer*



6.0

Volume

6.0

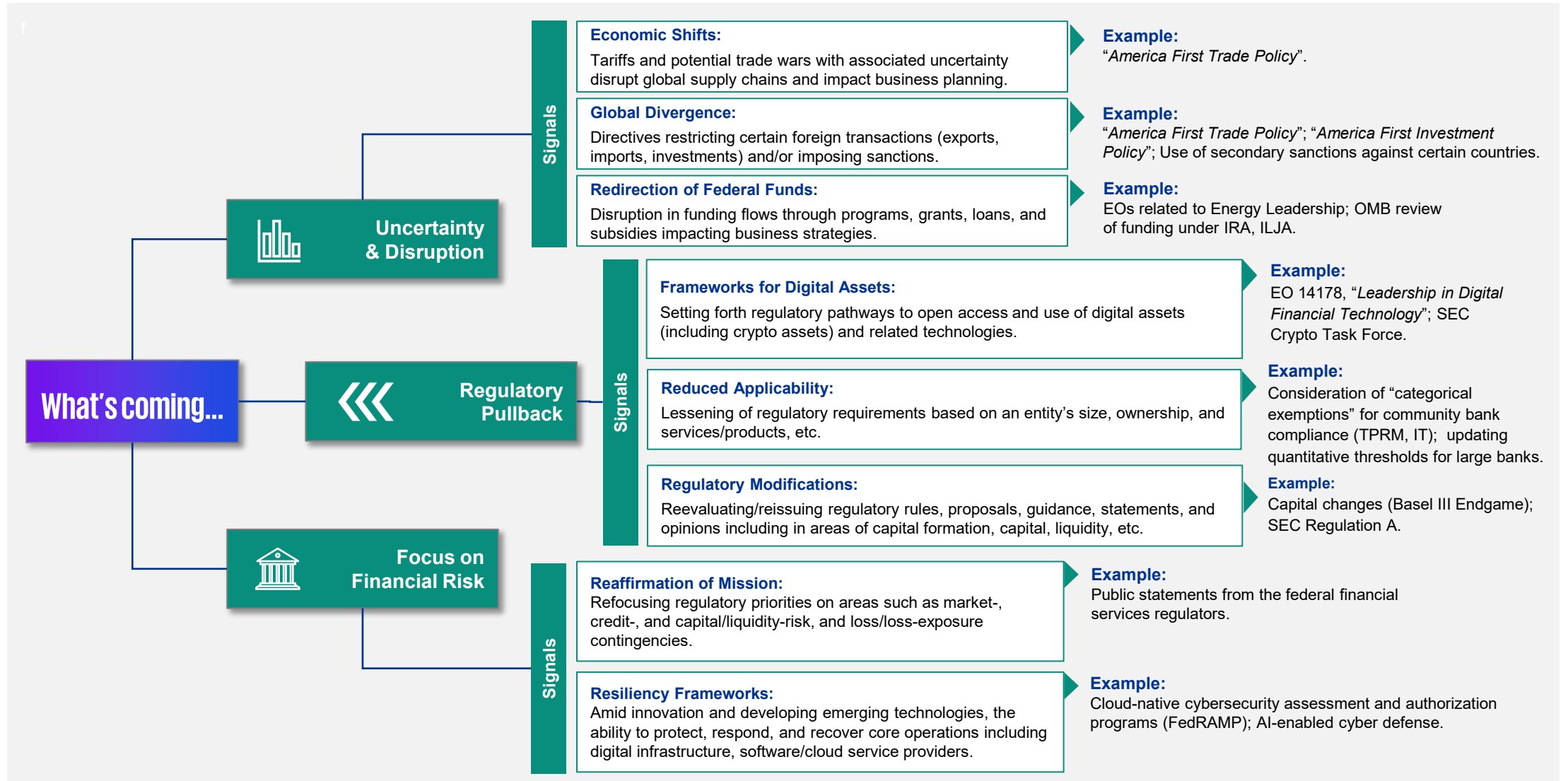
Complexity

7.4

Impact

Financial & Operational Resiliency

1 2 3 4 5 6 7 8 9 10



“Interconnected parties and the fast pace of innovation are increasing the potential for systemic risks - at the same time as increasing regulatory divergence.”

Amy Matsuo
KPMG LLP

Key Regulatory Signals

Risks Remain

Despite shifts in regulatory priorities/ focus, increasing interconnectedness and rapid innovation deployment will continue to present risks in such areas as cyber, privacy and operations.

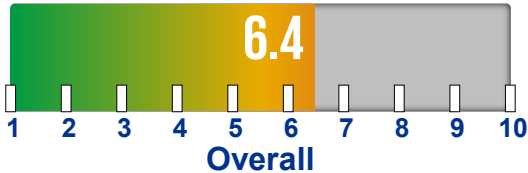
Regulatory Tailoring

Narrowing regulatory attention particularly aimed at reducing reporting duplications; continued attention to critical suppliers and activities for companies/markets/ national priorities.

Regulatory Divergence

Continued divergence among federal vs. states and global related rules (e.g., privacy, sustainability, cyber); shifting use of sanctions and tariffs.

Regulatory Barometer*



6.6

Volume

6.0

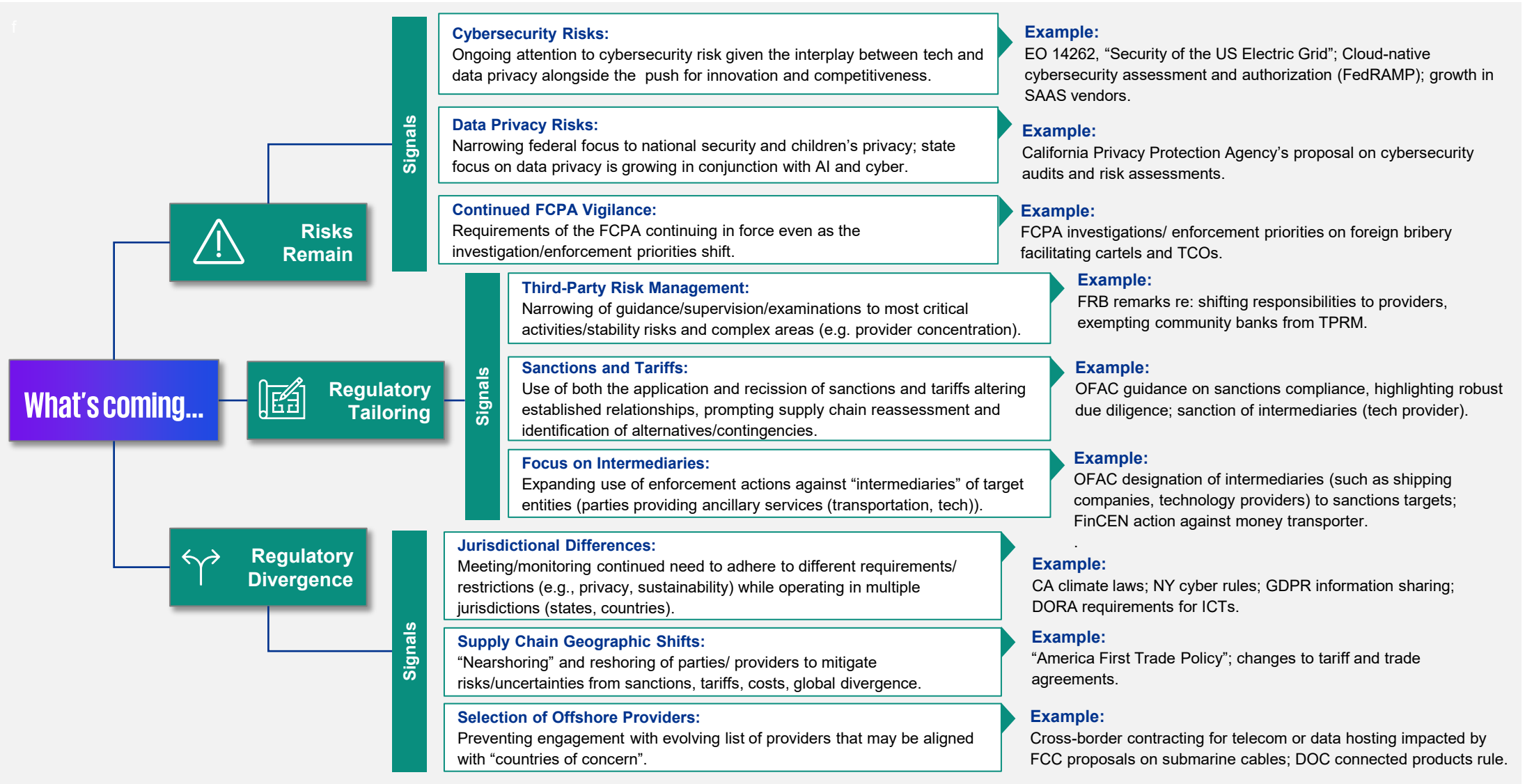
Complexity

6.6

Impact

Parties & Providers




1 2 3 4 5 6 7 8 9 10



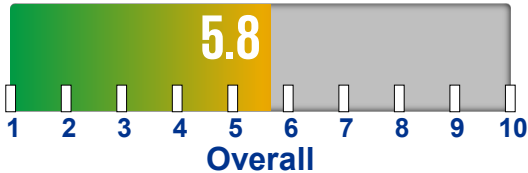
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“Amid a broad federal reframing of areas for governance and enforcement, it is imperative for companies to avoid risk complacency and ensure that sound risk management remains sound.”
Amy Matsuo
KPMG LLP

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“As financial services can expect greater disruption and disintermediation considering stated shifts in the regulatory agenda related to encouraging innovation (digital assets, AI), reducing barriers to entry and business combinations, and broadening access, optimized and agile governance models and control routines should warrant as much if not more focus as previously.”
Todd Semanco
KPMG LLP

Key Regulatory Signals

		
Disruption & Change Management	Regulatory Pullback & Divergence	Mitigating Potential For “Risk Complacency”
Management of risks and controls to reflect the pace and volume of policy changes and agency actions.	Pullback from non-financial, 'secondary' risks (e.g., climate, DEI); general shift toward the use of more 'flexible' frameworks; related ongoing federal/state divergence.	Continued importance of accountability/self-reporting, internal controls, and continued sound risk management.

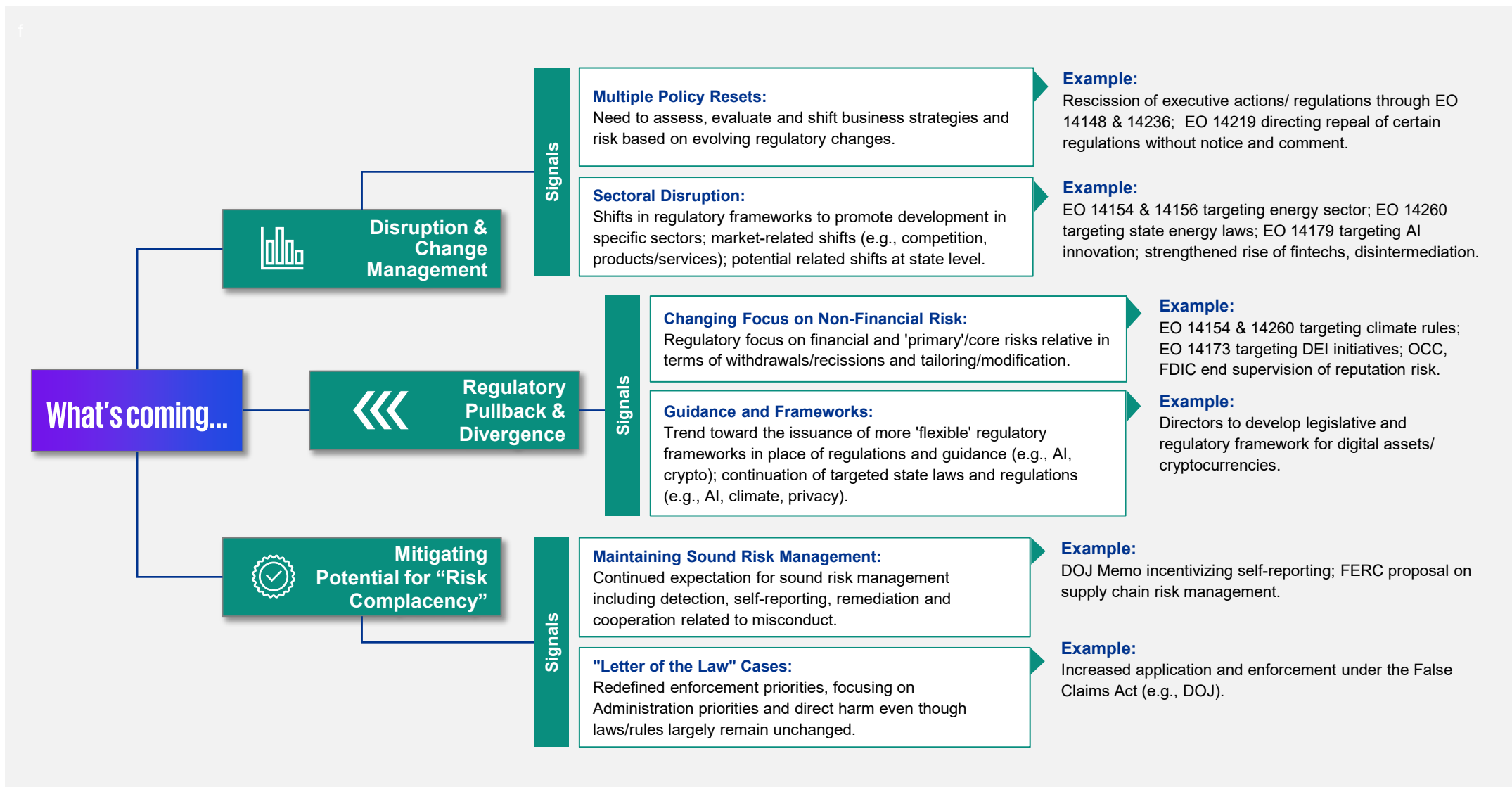
Regulatory Barometer*



5.3 Volume	6.0 Complexity	6.0 Impact
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Governance & Controls

1 2 3 4 5 6 7 8 9 10



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“The regulators hope to help promote paths toward capital formation and growth, but how much can be achieved within their mandates and amidst continued uncertainty is a question.”


Amy Matsuo
KPMG LLP

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“While the administration is pursuing high-profile antitrust cases, dealmakers still anticipate a pro-business regulatory environment.”


Dean Bell
KPMG LLP

Key Regulatory Signals




Capital Formation Adjustments

Changes to regulatory requirements/ processes to promote and expand opportunities to access capital markets.



M&A and Antitrust Focus

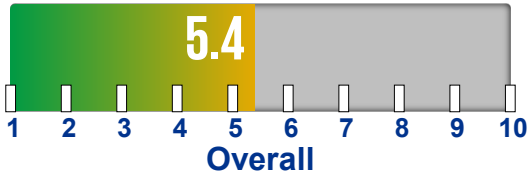
Continuation of anti-trust enforcement and application of merger guidelines; though potentially more rapid approvals anticipated in bank M&A reviews.



Protection of Domestic Industries

Prioritizing changing national security measures, enhancing oversight of foreign entities/providers, and promoting technology innovation and manufacturing sectors.

Regulatory Barometer*



6.0

Volume

5.3

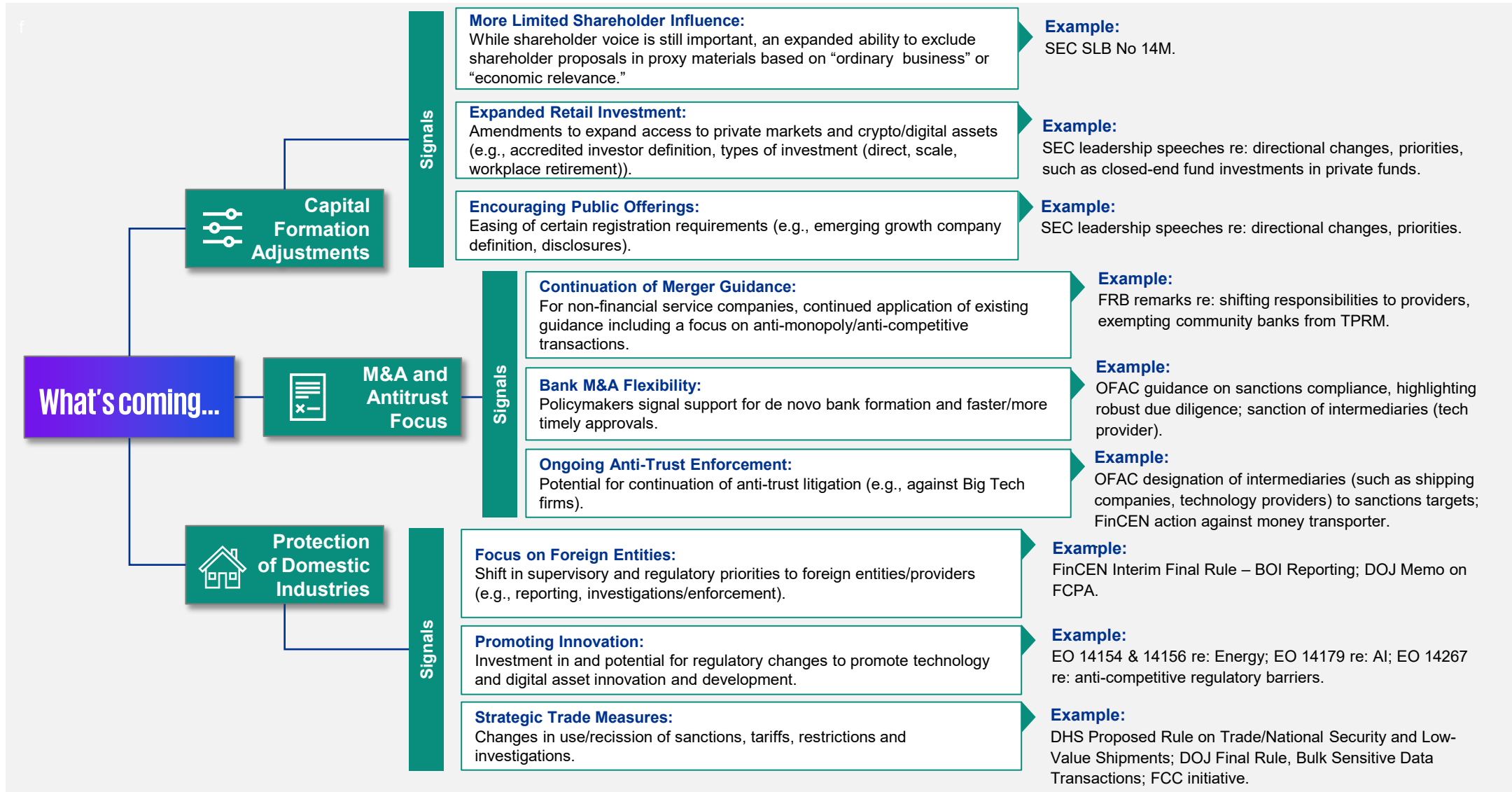
Complexity

5.0

Impact

Markets & Competition

1 2 3 4 5 6 7 8 9 10



Regulatory Barometer Methodology

The KPMG Regulatory Insights Barometer* assesses areas of upcoming regulatory pressure and direction of change. The Barometer measures overall regulatory intensity (separate from tax and/or economic policy) and:

- Is based on a 10-point scale of regulatory intensity that ranges from "minimally increasing" (1.0) to "significantly increasing" (10.0). Assesses three attributes for each challenge area:
 - **Volume (V)** – based on a combination of anticipated rulemakings (proposed/final/guidance), coverage in communications (reports/speeches/ hearings), and oversight activities (supervision, enforcement).
- **Complexity (C)** – based on factors such as the intricacies of future requirements versus existing ones, consistency of expectations across jurisdictions, and interactions with other regulations or standards.
- **Impact (I)** – based on factors such as the urgency of action required, potential implementation costs, resourcing challenges, and business risk.
- **Overall** – Combines the individual factors for each attribute (V, C, I) to arrive at a single weighted average indicator of regulatory intensity for each challenge area.

** The KPMG Regulatory Insights Barometer is based on KPMG understanding of industry practices and regulatory expectations; KPMG cannot guarantee that regulatory authorities would agree with our analysis and understanding or that our perspectives would foreclose or limit any potential regulatory action or criticism. Further, our views herein may not identify all issues that may exist or that may become apparent in the future and may be subject to change. **Patents are pending for the KPMG Regulatory Barometer Methodology as well as visuals in the 2025 Mid-Year Report.***



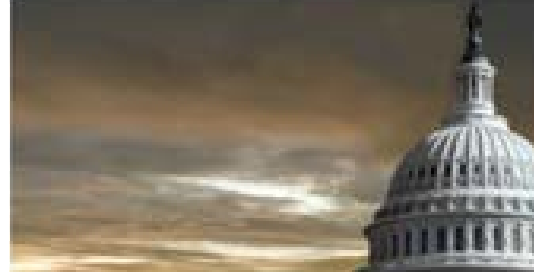
Relevant Thought Leadership

KPMG [Regulatory Insights](#) is the thought leader hub for timely insight on risk and regulatory developments. Our perspectives enable our clients to help anticipate and manage regulatory change across the U.S. regulatory landscape. In collaboration with professionals across the firm's global regulatory practices, we provide perspectives on emerging regulatory and enforcement risks, and insight on actions as they occur.



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Contact



Amy Matsuo

Principal and Leader
KPMG Regulatory Insights

amatsuo@kpmg.com
[LinkedIn](#)

01 Regulatory Intensity

Amy Matsuo
amatsuo@kpmg.com
[LinkedIn](#)

02 Trusted AI & Systems

Amy Matsuo
amatsuo@kpmg.com
[LinkedIn](#)

Bryan McGowan
bmcgowan@kpmg.com
[LinkedIn](#)

03 Cybersecurity & Information Protection

Mihai Liptak
mliptak@kpmg.com
[LinkedIn](#)

Orson Lucas
olucas@kpmg.com
[LinkedIn](#)

Matt Miller
matthewpmiller@kpmg.com
[LinkedIn](#)

04 Financial Crime

Dan Boylan
danielboylan@kpmg.com
[LinkedIn](#)

John Caruso
johncaruso@kpmg.com
[LinkedIn](#)

Matthieu Chabelard
mchabelard@kpmg.com
[LinkedIn](#)

05 Fraud & Scams

Steve D'Antuono
sdantuono@KPMG.com
[LinkedIn](#)

Chad Polen
cpolen@kpmg.com
[LinkedIn](#)

06 Fairness & Protection

Stefan Cooper
stefancooper@kpmg.com
[LinkedIn](#)

Mike Lamberth
mlamberth@kpmg.com
[LinkedIn](#)

07 Financial & Operational Resilience

KB Babar
kbabar@kpmg.com
[LinkedIn](#)

Prince Harfouche
pharfouche@kpmg.com
[LinkedIn](#)

David Tarabocchia
dtarabocchia@kpmg.com
[LinkedIn](#)

08 Parties & Providers

Joey Gyengo
jgyengo@kpmg.com
[LinkedIn](#)

Diana Keele
dkeele@kpmg.com
[LinkedIn](#)

09 Governance & Controls

Todd Semanco
tsemanco@kpmg.com
[LinkedIn](#)

Tyler Williamson
twilliamson@kpmg.com
[LinkedIn](#)

10 Markets & Competition

Dean Bell
dbell@kpmg.com
[LinkedIn](#)

Mike Sullivan
mmsullivan@KPMG.com
[LinkedIn](#)



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Source: Source Perspectives: Perceptions of Risk Firms in 2024