



WHITEPAPER

# 2025 compliance checklist – don't get left behind

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The beginning of the year is a great time to take stock and think about any improvements and investments you need to make to help create a competitive advantage going into 2025. One area that is all too often left to the bottom of the list is compliance, but it should be a top investment priority for all regulated firms.

In this Whitepaper, we will look at the compliance trends that are shaping 2025, and what your business can do now to prepare to stay ahead of the curve, and – perhaps more importantly - the competition.

## **Financial crime – a growing problem**

The amount of money laundered globally every year is estimated to be \$0.8 to \$2.0 trillion per year – that is a staggering amount, equivalent to between 2 and 5% of the entire GDP of the world. In the UK alone, financial crime costs the economy an estimated £100 billion a year.

But it is not just a ‘money’ problem. These illicit funds are funding some of the most heinous crimes in the world – including terrorism and people trafficking. Not only do they harm the most vulnerable in society, but also divert investment from developing countries, and threaten national security.

As a result, there is an increasing need for robust compliance measures to combat money laundering and fraud in order to fight the organised crime it funds.

## **What are the compliance challenges going into 2025?**

Going into 2025, regulated firms face an increasingly complex compliance landscape shaped by technological, regulatory, and societal shifts. Below we look in more detail at some of the compliance challenges set to shape 2025, from the rapid advancement of AI, including its misuse for fraud through deep fakes, the mainstream adoption of crypto assets, and new legislation. We also look at how firms must navigate the delicate balance between transparency and privacy, leveraging secure technologies to comply with evolving expectations without breaching individual rights.

## **1. Financial criminals will manipulate AI developments**

Recent advances in AI and machine learning have brought significant benefits but also raised concerns about misuse, particularly through deep fakes. Fraudsters are increasingly using AI-generated videos and audio to impersonate individuals convincingly. As AI manipulation becomes more sophisticated, 2025 is poised to be a challenging year for regulated firms, which must develop crime-fighting solutions at the same pace as AI evolves.

## **2. Crypto to become a mainstream asset**

In December, Bitcoin hit the \$100,000 mark after a sharp rise following Donald Trump's re-election, and it is only expected to rise further under his pro-crypto policies. However, while crypto may be becoming a mainstream asset – 12% of UK adults now own crypto - it is not regulated in the same way as other mainstream assets. However, the FCA is advocating for clearer crypto regulations to support a safe and sustainable sector. Stronger compliance measures will be critical to meet these new standards and mitigate risks effectively, therefore, firms must implement stringent anti-money laundering measures when dealing with crypto clients, including robust verification processes, financial checks, and real-time monitoring.

## **3. Beneficial ownership transparency to become a key priority**

The Economic Crime and Corporate Transparency Act and expanded Companies House powers will reshape beneficial ownership transparency in the UK in 2025. The Act requires UK-registered companies to disclose their beneficial owners to Companies House so that the information can be used in compliance, anti-money laundering checks and customer due diligence processes.

And, as regulators shift from education to enforcement expect stricter implementation, as well as financial penalties and potentially, reputational damage if HMRC decides to publish those businesses – regulated and otherwise - that do not meet their obligations under the Act.

## **4. Failure to prevent fraud offence comes into force in 2025**

Fraud now accounts for over 40% of crimes in the UK, prompting stricter regulations and penalties. The "failure to prevent fraud" offence, which comes into force on September 1 2025, extends corporate liability to fraud committed by employees, agents, and associated persons.

Organisations must adopt reasonable fraud prevention measures or risk criminal prosecution and financial losses.

This legislation will likely drive cultural and procedural changes, pushing firms to enhance internal controls, employee training, and third-party relationship checks.

## **5. The challenges of balancing transparency and privacy**

All these challenges create a further challenge – balancing compliance efforts with privacy protection. Regulated firms require access to personal and financial data to assess risk, but such access is often seen as a privacy breach. The EU recently ruled that the Ultimate Beneficial Owner register violated privacy rights, highlighting this tension.

Therefore, going into 2025, firms and regulators must work together to find a balance, leveraging advanced technologies for secure verification and data management. Third-party tools will play a vital role in achieving these objectives.

# **How can regulated firms prepare for 2025?**

For many regulated firms, the weight of compliance requirements has reached a tipping point, creating a difficult balancing act between adhering to regulations to prevent financial crime, and growing their business.

Data from [The Compliance Forecast](#), SmartSearch's latest research into financial crime and regulation, suggests that financial crime is at the forefront of business challenges, with most firms (72%) in regulated sectors feeling overwhelmed by the ongoing battle, while 73% say they are worried about being able to comply with current regulations, rising to 81% of financial services firms.

However, while businesses find fitting financial crime prevention into their business a challenge, they are aware that getting it right will for more than make them compliant – it will also help their business grow.

According to The Compliance Forecast, financial crime (31%) is placed alongside skills shortages (33%) and “red tape” (34%) as major factors hindering UK economic growth. Below we look at the numerous benefits of embracing digital compliance solutions.

## Embrace digital solutions

### 1. Leveraging AI

Developments in AI are not all bad news; on the positive side, as we move into 2025 and beyond, expect AI - when combined with database identity verification - to be an increasingly useful tool in fraud prevention. AI's ability to analyse vast datasets can identify discrepancies that even advanced deep fakes cannot bypass. Businesses that invest in digital tools will be better equipped to handle these challenges. Automation and advanced technologies, such as AI and machine learning, can significantly streamline compliance processes, reducing manual workload and minimising the risk of errors.

### 2. Increased efficiency

The financial burden of compliance has become a critical issue. Nearly three-quarters (74%) of surveyed businesses have experienced rising compliance costs over the past three years, with a notable impact on profitability. In industries like legal (80%) and financial services (74%), concerns about the future impact of these costs appear particularly high, with many fearing they will continue to impact the bottom line. Digital solutions offer a quicker, more accurate and more cost efficient solution to complicate challenges, yet less than half (40%) of businesses are investing in digital compliance solutions. Those that do will find they are able to cut their compliance costs significantly – both in terms of time and resource – and that by removing the manual aspect of their processes, significantly reduce false positives and human error.

SmartSearch uses the latest technology – including AI, machine learning, biometric tools, advanced identity verification systems, and automation – all available through RESTful APIs - to offer one of the most advanced digital compliance solutions on the market.

The platform can be tailored to any business in any industry, using a risk-based, industry specific approach to compliance to ensure each business has a solution that meets its specific needs, while the use of technology and big data enables informed decisions that enhance competitiveness. Furthermore, automating repetitive tasks saves time, reduces errors, and allows staff to focus on complex, value-adding work. Improved efficiency streamlines customer interactions, such as onboarding, and frees up resources for better service.

### **3. Targeted solutions**

While the core principles of compliance may be consistent across sectors, the risks and regulations vary significantly. High-risk industries like financial services, property, and legal need to adopt strategies tailored to their specific challenges while businesses in sectors such as retail can also benefit from targeted solutions that address their unique regulatory requirements as well as their specific business needs. SmartSearch's latest platform update is scalable and adaptable, enabling bespoke compliance solutions that can be fully tailored to each businesses' unique needs. Clients can screen custom risk profiles, clearly identifying where further investigation is needed, while configurable watchlist screening streamlines the AML process, offering a seamless onboarding experience for genuine customers.

### **4. Global capabilities**

As our ability to transact online grows, it opens up huge opportunities for businesses to more easily become international. But this can cause issues when it comes to compliance. According to SmartSearch's data, 63% of firms believe engaging with international customers will increase their risk profile over the next five years, rising to 66% of financial services firms. However, not working with international customers will negatively impact business growth. That is why it is vital that those firms looking to grow internationally invest in global compliance solutions. At SmartSearch, we understand that you do not want the inability to onboard clients from outside the UK to hamper your business growth, which is why, if you use SmartSearch for your AML you will automatically be able to identify, verify, screen and monitor individual and corporate clients from anywhere in the world using the same system.

## **5. Ongoing compliance**

According to [The Compliance Forecast](#), more than three-quarters (76%) of businesses identified regulatory changes as a direct obstacle to growth, with over a quarter (26%) believing these changes significantly hinder expansion. Furthermore, 89% of businesses find current regulations complex, with 68% expecting complexity to increase in the next 12 months.

And while there is little regulated firms can do about ever changing regulations there is something they can do to make it easier to meet those regulations. SmartSearch not only offers a compliance solution that ensures clients meet their regulatory obligations now, but can also ensure that it stays that way. Not only does the platform offer Perpetual KYC to ensure all clients are being checked and screened every night but it is also continually being updated to meet the latest requirements, meaning clients need to upgrade their compliance solutions.

## **6. Collaboration**

The other key way in which regulated firms can stay ahead of the game is to take a much more proactive and collaborative approach to compliance. Those firms that collaborate closely with regulatory bodies, industry peers, and technology providers – like SmartSearch - can stay ahead of evolving regulatory landscapes, and maintain a competitive edge. By engaging with regulators and leveraging cutting-edge technology, businesses can ensure that their compliance measures remain robust and up-to-date, while minimising friction in their operations. SmartSearch already works closely with regulators and clients, providing a key connection between industry and regulation, to help clients understand not only what their obligations are, but why meeting them is so important, on a local, regional and global scale.

# **The future of compliance – 2025 and beyond**

There is no getting away from regulation, it is here to stay, but those businesses that view it as an ongoing journey rather than a one-time hurdle will be better positioned to not only meet the challenges but improve overall efficiency and gain that all important competitive edge.

Firms that embrace digital tools will turn compliance into a core strength, driving growth, fostering innovation, and enhancing security in an increasingly regulated environment. The future of compliance is filled with opportunity. For businesses ready to innovate and collaborate, the path forward offers not only regulatory success but also sustainable, long-term growth.

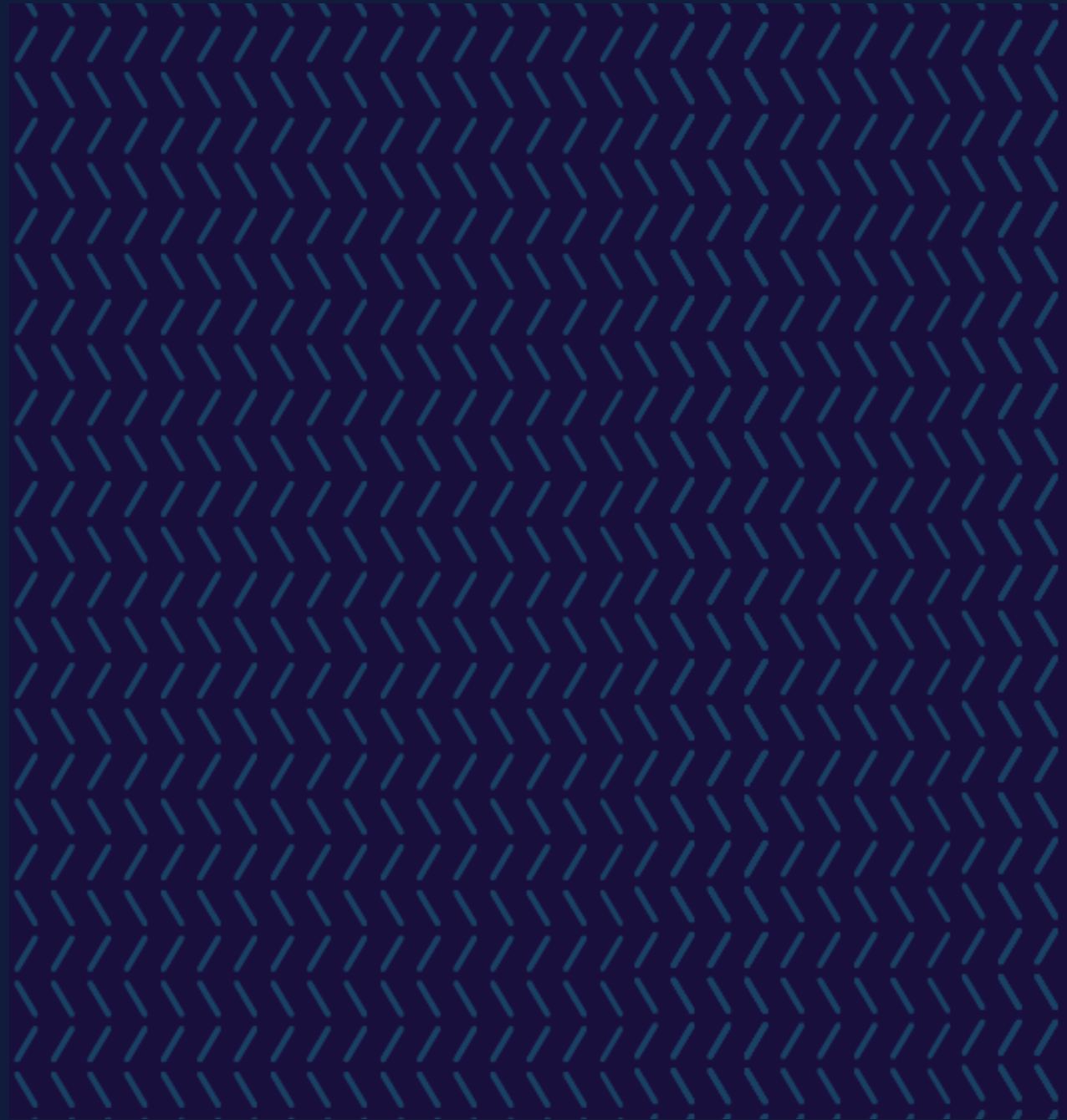
## **About SmartSearch**

SmartSearch is a market-leading all-in-one Anti-Money Laundering (AML), Fraud Prevention and Know Your Customer (KYC) platform which delivers award-winning AML verification for individuals and businesses in the UK and international markets.

SmartSearch's very latest technology delivers an unrivalled user experience to over 7,000 client firms and 60,000 users, enabling them to comply with the latest AML regulations.

For additional information on SmartSearch's services, or a free platform demonstration, please contact us on [info@smartsearch.com](mailto:info@smartsearch.com) or **01138688529**.





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