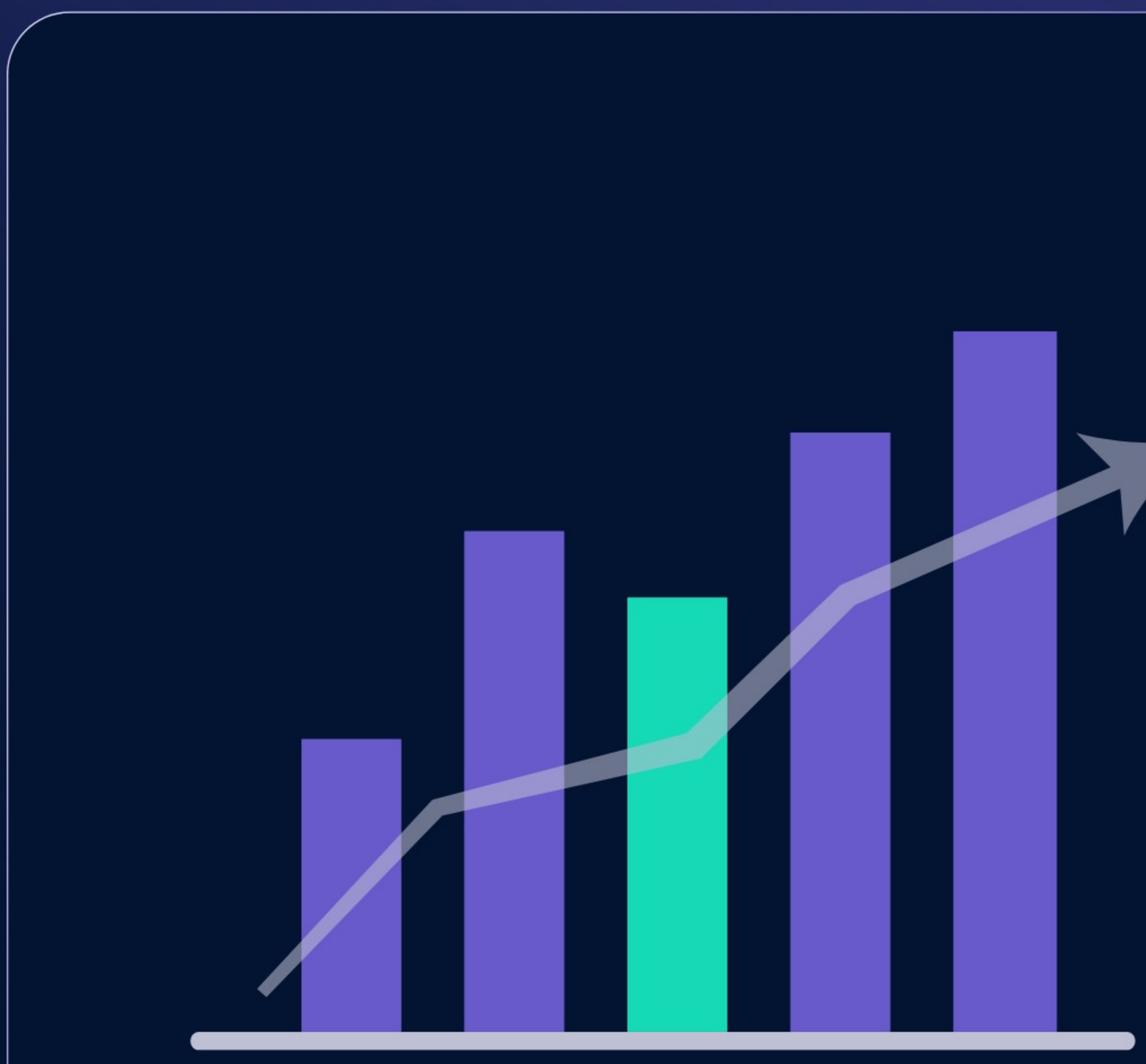
Scrut Automation

eBook

Top GRC Trends in 2024



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Introduction

Mounting regulations, ever-advancing threat actors, and increasingly complex business relations are challenges that most businesses today must navigate.

This mixed bag of obstacles is comprehensively dealt with by GRC (governance, risk management, and compliance).

Until the Sarbanes-Oxley Act, enacted in 2002, governance, risk management, and compliance were regarded as three different functions, unconnected to one another.

This ebook explores the strategic importance of TCO analysis in GRC platform switches, helping organizations make informed decisions to enhance efficiency, compliance, and overall effectiveness.

Today, GRC is powered by technology and continues to evolve to adapt to changes in business requirements, regulations, and security risks.

> *They are critical capabilities that must work together to achieve Principled Performance - the capabilities that integrate the governance, management, and assurance of performance, risk, and compliance activities.*
>
> Open Compliance and Ethics Group (OCEG)

It is up to organizations to keep up with the latest GRC trends to avoid falling behind competitors.

To help with this, we've put together a list of top GRC trends to watch out for in the year 2024. We hope it helps your organization cruise through challenges on its journey to the top.

Chapter 1

Before we begin, what is GRC?

The acronym GRC – Governance, Risk, and Compliance – was devised by the Open Compliance and Ethics Group, or OCEG. It refers to the salient areas of expertise that must be integrated at a C-suite level of businesses to ensure that they operate in a compliant and risk-averse manner.

What is GRC ?

GRC (Governance, Risk, and Compliance) is a comprehensive framework that integrates governance, risk management, and compliance activities within organizations to ensure alignment with objectives, mitigate risks, and adhere to regulatory requirements.

Governance

Governance refers to the mechanisms and processes implemented to ensure that the organization's leadership effectively manages resources and oversees operations to meet strategic goals.

Risk management

Risk management is the systematic approach to identifying, assessing, and mitigating risks that could potentially impact the organization's ability to achieve its objectives.

Compliance

Compliance involves adhering to laws, regulations, standards, and internal policies relevant to the organization's operations.

Integrating these three components into a cohesive GRC framework enables organizations to streamline processes, improve decision-making, and achieve a holistic understanding of their operational landscape.

Chapter 2

GRC in 2024

In 2024, the GRC scene is a blend of new technology, ethics, and more regulatory eyes than ever before. For businesses, it's a mix of challenges and opportunities.

Technology, like AI and blockchain, is shaking up how we handle GRC tasks. But with these innovations come some ethical questions, like data privacy and AI fairness. Navigating these can be challenging.

Add to this the uptick in regulations. Governments are tightening the screws, and companies need to stay on top of a maze of rules.

Organizations that can juggle technology, ethics, and regulations effectively will have a leg up this year. So, on that note, let's kick off our list of GRC trends in 2024!

GRC Trend #1 - Rise in AI usage

With the exponential growth of data and the complexity of regulatory environments, traditional GRC approaches have struggled to keep pace. However, AI offers a transformative solution by enabling organizations to harness the power of data analytics, machine learning, and natural language processing to enhance their GRC processes.

Data Analytics

Data analytics involves analyzing large sets of data to uncover patterns, trends, and insights, aiding GRC by providing actionable intelligence for risk assessment, compliance monitoring, and decision-making processes.

Machine Learning

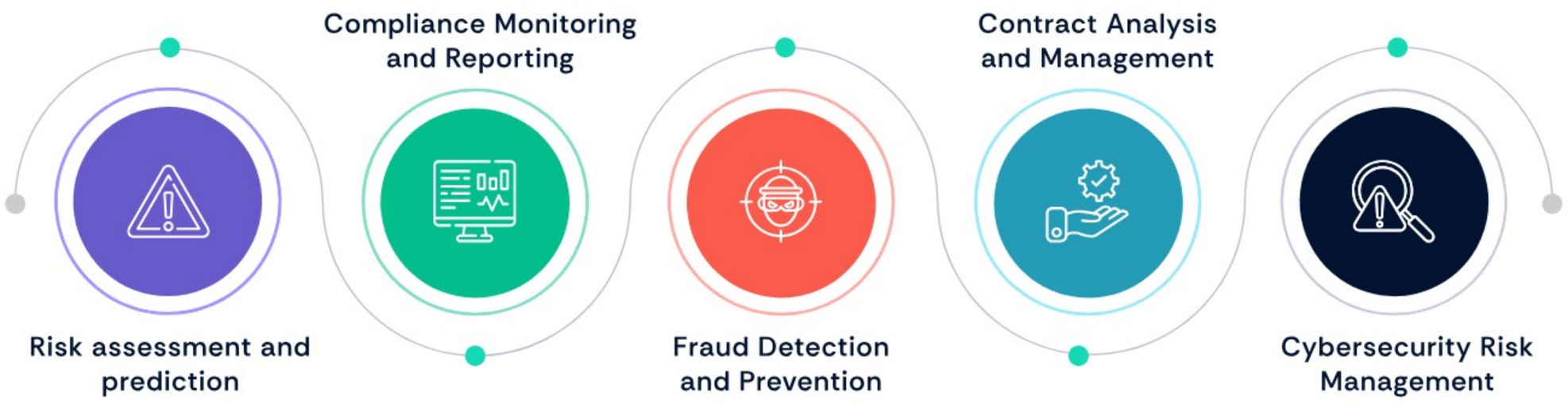
Machine learning involves training algorithms to learn patterns and make predictions from data, benefiting GRC by automating risk assessment, detecting anomalies, and improving decision-making processes with predictive capabilities.

NLP

Natural language processing (NLP) involves analyzing and interpreting human language, assisting GRC by automating compliance monitoring, extracting insights from regulatory documents, and enhancing risk assessment through sentiment analysis and trend identification.

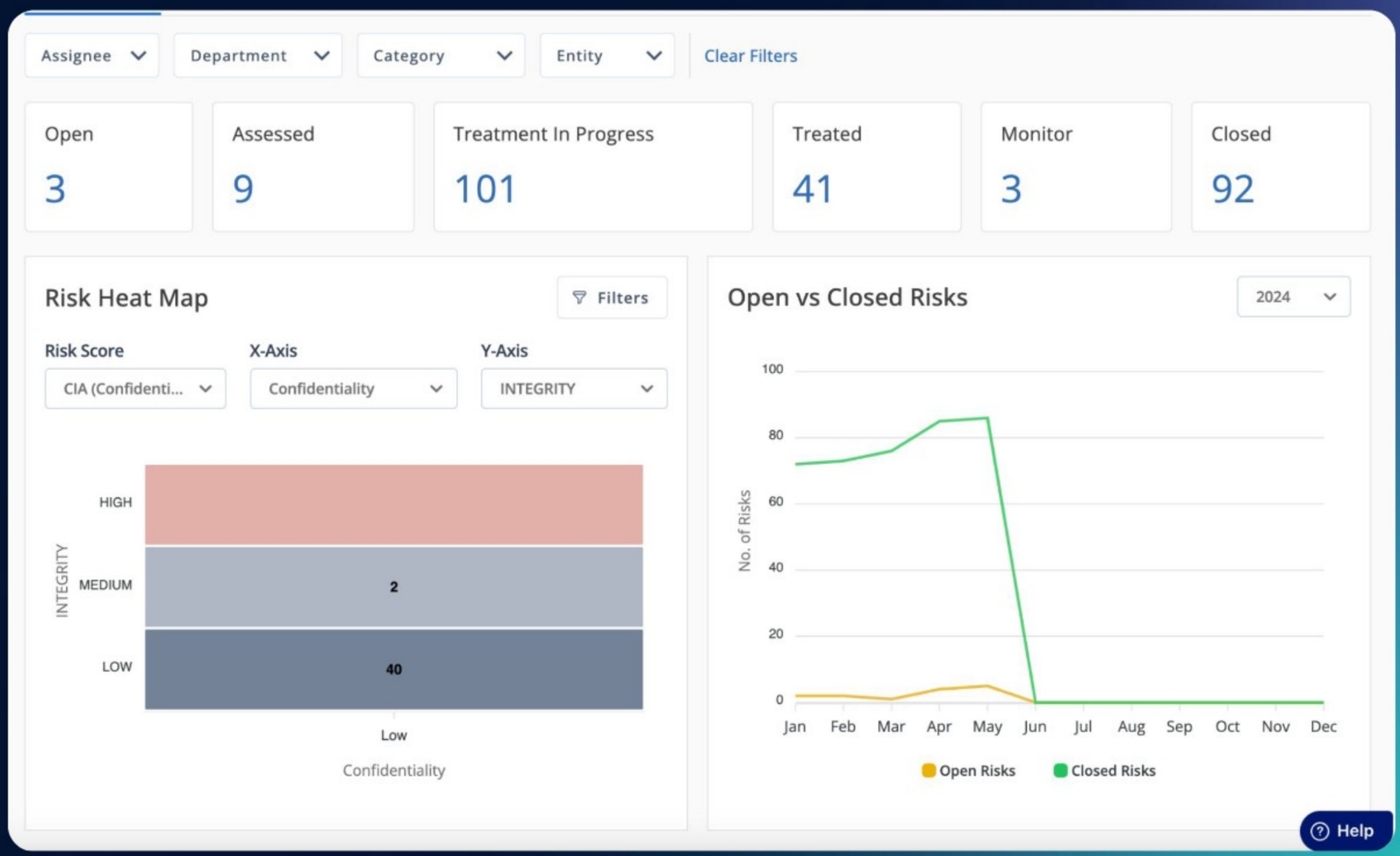
Five key use cases of AI in GRC

- **Risk Assessment and Prediction:** AI algorithms can analyze vast amounts of data from various sources to identify patterns, detect anomalies, and predict potential risks. By leveraging machine learning techniques, organizations can enhance their risk assessment capabilities, anticipate emerging risks, and prioritize mitigation efforts accordingly.
- **Compliance Monitoring and Reporting:** AI-powered compliance solutions can automate the monitoring of regulatory changes, assess compliance risks, and generate reports to demonstrate adherence to relevant laws, regulations, and industry standards. Natural language processing (NLP) algorithms enable these systems to interpret complex regulatory texts and extract actionable insights to facilitate compliance management.
- **Fraud Detection and Prevention:** AI algorithms can analyze transactional data, customer behavior patterns, and other relevant information to identify suspicious activities indicative of fraud or misconduct. By employing machine learning models, organizations can enhance their fraud detection capabilities, minimize financial losses, and safeguard their assets.
- **Contract Analysis and Management:** AI-based contract analysis tools utilize natural language processing (NLP) techniques to extract key clauses, obligations, and terms from legal contracts and agreements. These tools can streamline contract management processes, improve contract visibility, and ensure compliance with contractual obligations and regulatory requirements.
- **Cybersecurity Risk Management:** AI technologies such as machine learning and predictive analytics can bolster cybersecurity risk management efforts by detecting and mitigating cyber threats in real-time. AI-powered security solutions can analyze network traffic, identify suspicious patterns, and autonomously respond to security incidents to prevent data breaches and protect sensitive information.



Did you know ?

Scrut automates risk monitoring, allowing you to stay on top of your organization's risk posture 24X7.



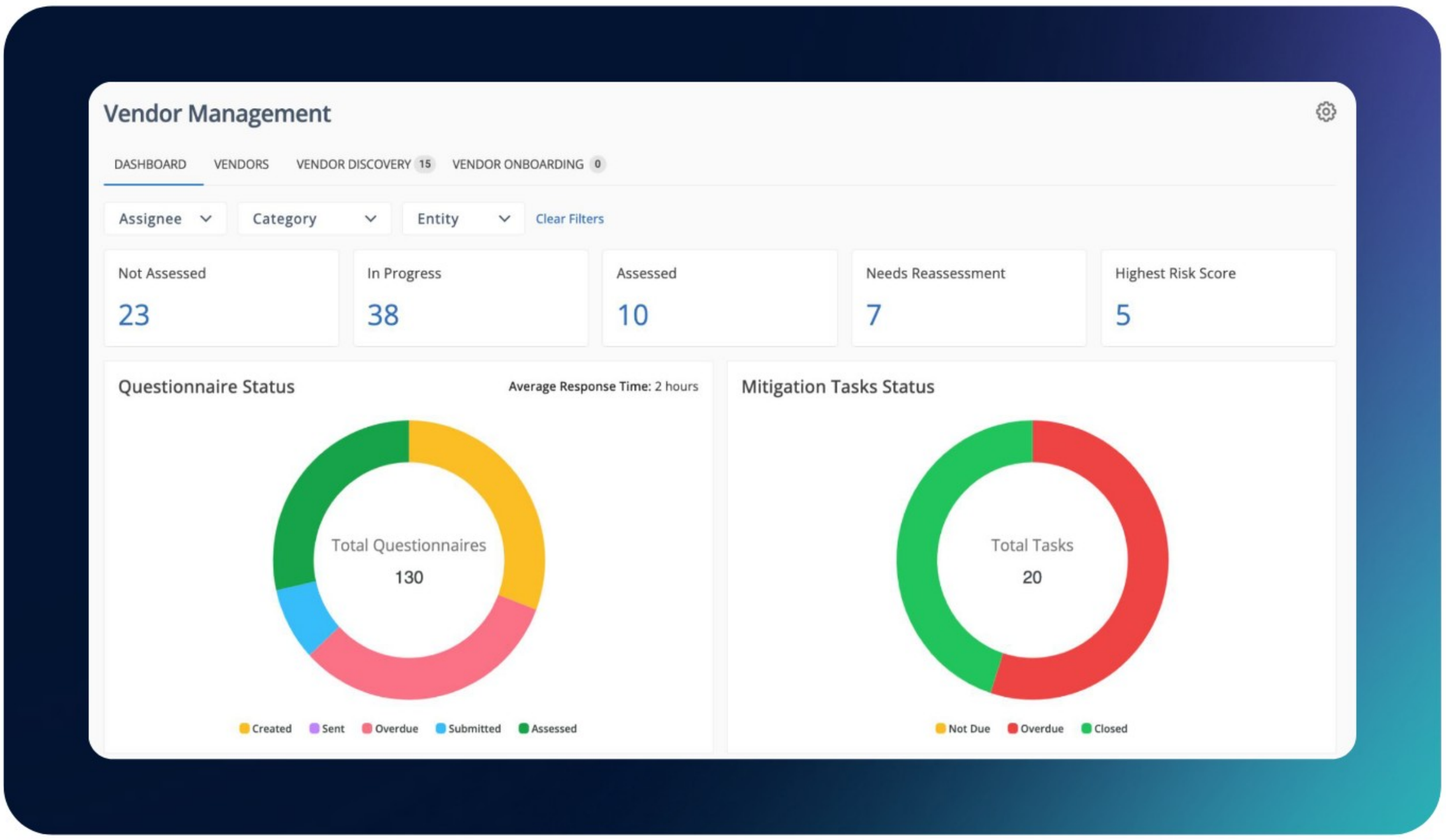
Overall, the increasing use of AI in GRC represents a significant shift towards more efficient, effective, and proactive risk management, compliance, and governance practices. As organizations continue to adopt AI technologies, they will be better equipped to navigate complex regulatory landscapes, mitigate risks, and achieve their strategic objectives.

GRC Trend #2 - More focus on VRM

In 2024, regulatory scrutiny on third-party and vendor risk management is set to tighten due to the rising complexity and multi-tiered structure of organizations today. As businesses increasingly rely on third-party networks for operational and technological functions, robust third-party risk management (TPRM) is a must for success and security.

The Office of the Comptroller of the Currency (OCC) emphasizes the importance of implementing comprehensive risk management policies and frameworks that cover all stages of the third-party lifecycle. This includes thorough planning and due diligence, meticulous contract negotiation and

onboarding processes, ongoing monitoring of third-party activities, and effective termination procedures.Let’s take a look at how to go about doing this effectively:



Let’s take a look at how to go about doing this effectively:

1

Meticulous Contract Negotiation And Onboarding Processes

When hammering out contracts with vendors, be crystal clear about what’s expected from both sides to prevent any misunderstandings down the road.

Thorough Planning And Due Diligence

Before bringing a vendor on board, do your homework – research their background thoroughly to ensure they’re a good fit for your needs and values.

2

3

Ongoing Monitoring Of Third-Party Activities

Keep an eye on what your vendors are up to even after the ink has dried on the contract regular check-ins & performance reviews can help catch any potential issues early on.

Effective Termination Procedures

Have a plan in place for when relationships with vendors need to come to an end – clear exit strategies will help make the process as smooth as possible for everyone involved.

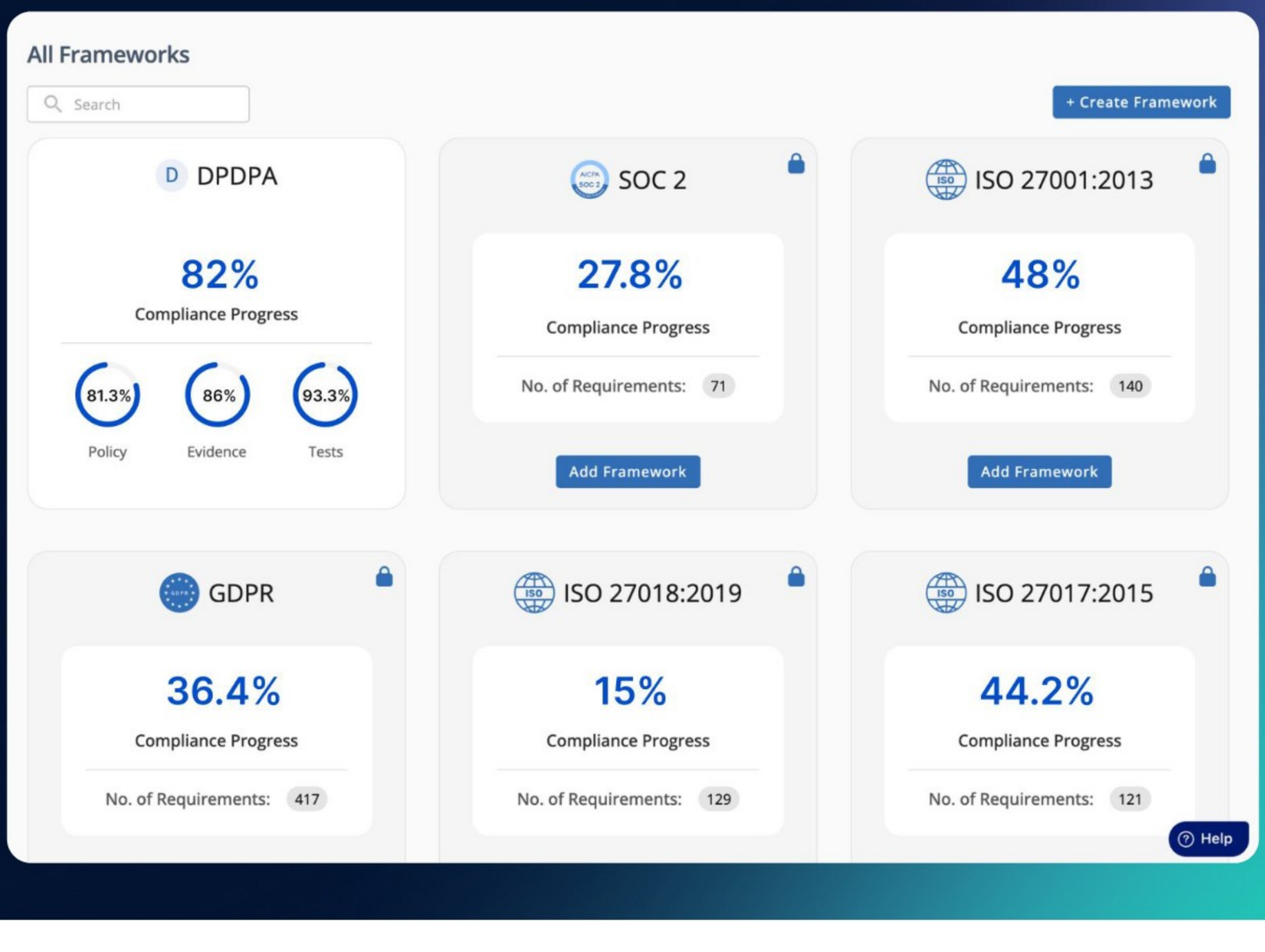
4

GRC Trend #3 - Automation platforms are all the rage

As GRC tech evolves, specialized platforms are taking the spotlight. Traditional enterprise risk management systems are getting edged out by newer, more targeted solutions for specific GRC needs. This shift comes as industries, risks, and regulations change rapidly, leaving older platforms struggling to keep pace with the demand for simpler, more strategic tech solutions.

Ready to kickstart your GRC program?

ScrutsmartGRC™ offers pre-built policies reviewed by industry experts and designed to align with popular industry frameworks. Tailor these policies to fit your specific business requirements using the built-in inline editor, making them uniquely yours.



Big players in the game are already hopping on board with these specialized platforms. With newer tech, it's easier than ever to blend these platforms seamlessly with existing systems, giving matured GRC setups a clearer view of enterprise risks.

The perks of using GRC platforms:

Centralized management

GRC platforms provide a centralized hub for managing all aspects of governance, risk, and compliance. With everything in one place, you can easily track policies, assess risks, and ensure compliance across your organization.

Efficiency and automation

Say goodbye to manual processes and paperwork. GRC platforms automate routine tasks, such as risk assessments, compliance monitoring, and reporting, saving you time and resources while reducing the risk of human error.

Visibility and insights

Gain deeper insights into your organization’s risk profile & compliance status. GRC platforms offer customizable dashboards and reporting tools that provide real-time visibility into key metrics and trends, empowering you to make informed decisions and mitigate risks effectively.

Scalability and flexibility

Whether you’re a small startup or a large enterprise, GRC platforms can scale to meet your needs. With flexible configurations and modular features, you can tailor the platform to fit your organization’s size, industry, and unique requirements.

Regulatory compliance

Stay ahead of regulatory requirements and industry standards. GRC platforms are equipped with built-in compliance frameworks, update alerts, and audit trails, ensuring that your organization remains compliant with evolving regulations and avoids costly penalties.

GRC Trend #4 - Keeping an eye on geopolitical risks

Dmitri Alperovitch
@DAlperovitch

There is a lot of discussion about the types of severe sanctions that the US would place on Russia in the event of invasion, but not as much about how Russia can hit back at the US and European economics in response.

This tweet posted by Dmitri Alperovitch, Executive Chairman at Silverado Policy Accelerator and thought leader on geopolitics, demonstrates how geopolitical tensions can bring powerful economies crashing down.

Managing geopolitical risks is becoming increasingly important for organizations as part of their GRC strategies. With the global landscape constantly shifting due to political turmoil, economic changes, and social unrest, organizations need to be prepared for potential impacts on their objectives, operations, and supply chains. Understanding and addressing these risks proactively is crucial for maintaining sustainable growth and resilience.

Conflicts or instability between countries can have far-reaching effects, impacting organizations worldwide. To navigate this complex landscape, organizations must stay alert and adaptable, implementing robust risk management strategies to protect their operations and ensure resilience.

So how do you combat geopolitical risks?

1. **Diversify supply chains:** Reduce dependency on single-source suppliers by diversifying supply chains across multiple regions and countries. This helps mitigate the risk of disruptions caused by geopolitical tensions in specific regions.

2. **Monitor political developments:** Stay informed about geopolitical developments and anticipate potential impacts on operations and supply chains. Establishing a dedicated monitoring system or partnering with geopolitical risk analysis firms can provide valuable insights for proactive risk management.

3. **Build resilient relationships:** Cultivate strong relationships with suppliers, customers, and stakeholders across various regions. Building resilient partnerships can help navigate geopolitical uncertainties and facilitate collaborative risk mitigation efforts.

4. **Scenario planning:** Conduct scenario planning exercises to assess the potential impact of geopolitical tensions on different aspects of the business. Develop contingency plans and response strategies to mitigate risks and minimize disruptions.

4. **Regulatory compliance:** Stay compliant with relevant laws, regulations, and sanctions imposed by governments or international bodies. Maintain transparency in operations and ensure adherence to ethical business practices to mitigate regulatory risks associated with geopolitical tensions.

GRC Trend #5 - RegTech is booming

Agility and adaptability are two necessities for surviving the regulation landscape today. Thankfully these capabilities can be bought in the form of RegTech solutions. These dynamic tools empower organizations to navigate compliance challenges with ease.

RegTech platforms are gaining momentum, offering a suite of capabilities to streamline compliance processes, track regulatory changes in real-time, and proactively address new requirements.The RegTech industry is booming, with growth soaring at a staggering rate of 19.5% annually. According to estimates from Reports and Data, the market is projected to reach a whopping $21.73 billion by 2027.

Here’s how you can reap the benefits of RegTech

Automated compliance monitoring

Implement RegTech solutions to automate the monitoring of regulatory requirements, enabling real-time tracking of changes and ensuring adherence to evolving standards.

Risk assessment and management

Utilize RegTech platforms to assess and manage risks more effectively, leveraging advanced analytics and predictive modeling to identify potential risks and develop proactive mitigation strategies.

Regulatory reporting

Streamline regulatory reporting processes by leveraging RegTech tools to collect, analyze, and report compliance data efficiently, reducing manual efforts and minimizing the risk of errors.

KYC and AML compliance

Enhance Know Your Customer (KYC) and Anti-Money Laundering (AML) compliance efforts with RegTech solutions that automate customer due diligence processes, identify suspicious activities, and facilitate regulatory reporting.

Cybersecurity compliance

Strengthen cybersecurity compliance initiatives by deploying RegTech solutions that assess cyber risks, monitor security controls, and ensure compliance with regulatory requirements such as GDPR and CCPA.

That concludes our list

It’s clear that organizations are facing a dynamic GRC landscape filled with challenges and opportunities. From integrating advanced technologies like AI and blockchain to focusing more on geopolitical risks and the rise of RegTech solutions, businesses must navigate a complex array of factors to ensure compliance, mitigate risks, and achieve sustainable growth.

As we move forward, it’s essential for organizations to remain flexible, proactive, and forward-thinking in their approach to GRC. By staying informed about the latest trends and using technology, collaboration, and strategic planning, businesses can navigate the complexities of the modern GRC landscape and emerge stronger and more resilient.

If you’re looking for a GRC solution that not only helps your organization survive the changing landscape but thrive, be sure to check out Scrut smartGRC™! It’s a surefire way to ensure continuous compliance and risk monitoring.

Usher in a new era of frictionless GRC programs

Request a demo