



WHITE PAPER

Compliance Doesn't Slow Growth— Immature Operating Models Do

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Compliance Doesn't Slow Growth— Immature Operating Models Do

Executive Summary

Fintech CEOs rarely question whether compliance is necessary. Rather, what frustrates them is how compliance shows up as their companies scale—slowing product launches, complicating market expansion, and introducing friction into organizations built to move fast. This frustration is real, but often misdiagnosed.

Across fast-growing fintechs, compliance itself is rarely the limiting factor. The real constraint is that **compliance operating models designed for early-stage experimentation are rarely redesigned for scale**. What worked when teams were small, products were few, and regulators were distant begins to break down precisely when growth accelerates.

In the early stages, proximity substitutes for structure. Decisions happen quickly, risk is managed through judgment rather than process, and compliance relies on a small number of trusted individuals. As fintechs expand across products, jurisdictions, and customer segments, this model becomes brittle. Escalations multiply, approvals pile up, and compliance starts to feel like a brake—not because it is overly strict, but because it is structurally misaligned with how the business now operates.

What is often overlooked is that fintechs enter this phase with **structural advantages that incumbents do not have**. They have access to real-time data across the customer and product life cycle. They operate with flatter hierarchies and faster decision cycles. And they can attract a different kind of compliance and risk talent: individuals motivated by ownership, proximity to the business, and the opportunity to build, not just oversee.

The fintechs that continue to scale successfully do not abandon compliance in response to these tensions. Instead, they **rebuild their compliance operating model around these very advantages**. They design compliance for speed rather than control theater. They embed decision-making closer to the business while making risk boundaries explicit. And they use data and technology to shift compliance from manual review to continuous oversight. The difference between delay and deployment is rarely regulatory volume. It is whether compliance was structurally embedded at the concept stage or invited to review once architecture had already hardened. Organizations that redesign this single interface reduce launch friction materially without lowering standards.

The result is not weaker compliance, but stronger—and faster—compliance. In these organizations, compliance stops functioning as a late-stage checkpoint and becomes part of the infrastructure that enables growth. In the most resilient fintechs, this redesign includes **elevating risk management into the core leadership team—not as a gatekeeper, but as a shaper of growth decisions**.

Why Compliance Starts to Feel Like a Brake

For many fintechs, compliance friction does not appear overnight. It emerges gradually as scale increases—and often before any regulatory action occurs.

Several recurring patterns tend to surface:

Escalation becomes the default. As risk exposure grows, decisions increasingly flow to a small group of “safe hands.” What once ensured control now creates bottlenecks.

Low-risk activity is treated like high-risk change. Routine marketing updates, minor product iterations, or local adaptations follow the same approval paths as material regulatory initiatives do.

Compliance joins too late. Product and growth teams design first; compliance reviews last. Feedback arrives when changes are expensive to unwind. Interpretation debates surface late, forcing redesign rather than alignment.

Global consistency crowds out local execution. Local teams hesitate to act without central approval, even when they understand their regulators better than headquarters does.

These symptoms are often blamed on regulation. In reality, they reflect **an operating model that has not kept pace with the company’s evolution.**

Fintechs remain fast by nature. What slows them down is ambiguity—unclear decision rights, implicit risk thresholds, and operating models that rely on individual heroics rather than scalable design.

What Successfully Scaling, Regulatory-Fit fintechs Do Differently

Fintechs that scale without regulatory disruption do not rely on lighter compliance. They rely on clearer compliance.

The following four shifts consistently distinguish them:

- 1. From implicit judgment to explicit boundaries.** Rather than relying on individual discretion, these fintechs define where teams can act independently and where escalation is required. Speed increases because uncertainty decreases.
- 2. From approval gates to embedded decision-making.** Compliance is involved early—at ideation and design—rather than concentrated at the end of the process. This reduces rework and accelerates launches. In high-performing organizations, compliance attends concept kickoffs, not just launch reviews.
- 3. From central bottlenecks to distributed accountability.** Decision rights are pushed closer to product, growth, and local teams—supported by clear guardrails rather than constant oversight.
- 4. From manual control to data-enabled oversight.** Instead of reviewing everything, compliance focuses on monitoring what matters—using data, thresholds, and trends to guide intervention.

Underpinning these shifts are three fintech-specific advantages: **talent, data, and decision speed.** Used deliberately, they enable compliance to scale without slowing the business.

A Compounding Effect: Shared Regulatory Fluency

There is a second-order effect that is often underestimated.

When compliance and risk are embedded alongside product and engineering—and when risk boundaries are made explicit—subject matter expertise begins to transfer across functions.

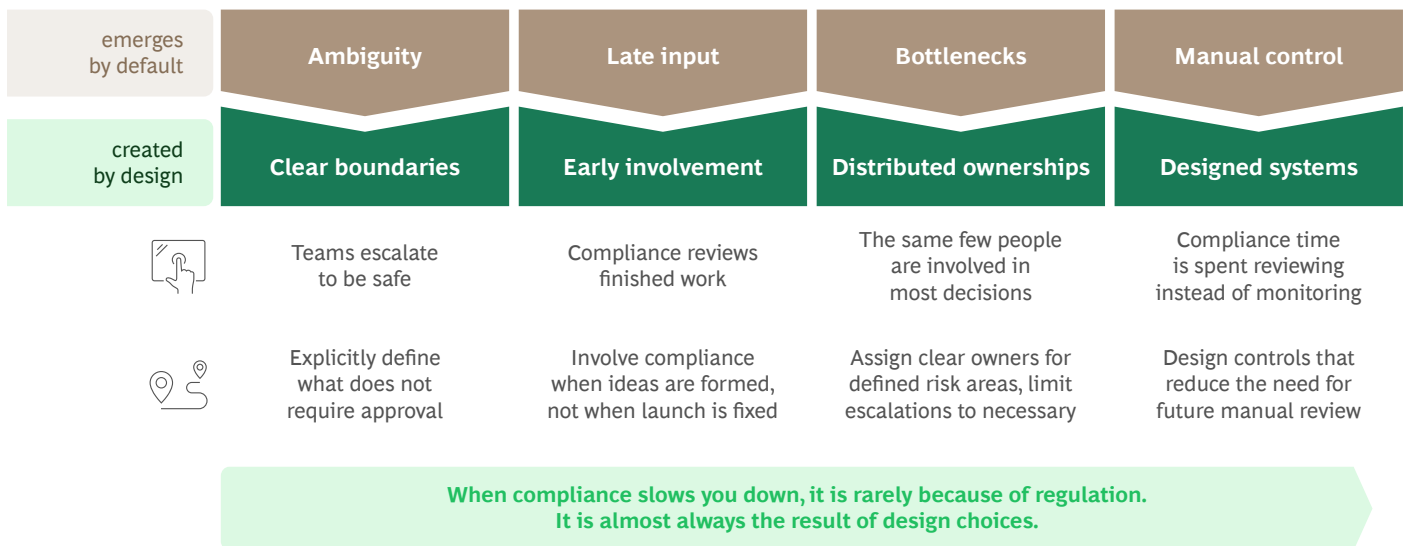
Compliance professionals develop deeper understanding of product architecture, system constraints, and customer journeys, allowing them to design more proportionate, scalable controls and strengthen first-line ownership rather than rely on after-the-fact review.

At the same time, product and technology teams develop a sharper instinct for regulatory intent, risk differentiation, and defensible decision logic. Risk awareness becomes embedded in design thinking rather than layered on afterward.

Over time, escalation volume decreases not because risk is avoided, but because regulatory fluency increases. In scaled organizations, this capability compounds.

“From friction to flow” operating strip.

Compliance does not have to be the bottleneck



Source: BCG project experience.

What Scaled Organizations Get Right: Three Takeaways

- 1. Treat delay as a structural issue, not a regulatory one.** They recognize that most launch friction is caused by late interpretation alignment, not by regulatory volume.
- 2. They move friction forward.** They surface and resolve regulatory debates at the concept stage, when architecture is still fluid and change is cheap.
- 3. They design risk into the operating model:** They embed compliance and risk into decision-making from the start instead of relying on approval gates at the end.

The CEO Playbook: Five Levers That Actually Work

Lever 1: Decide once where teams can move without asking

In many scaling fintechs, teams escalate because they are unsure, not because risk is high.

High-performing fintechs address this head-on. They explicitly define which activities fall within acceptable risk and can proceed without approval. Escalation is reserved for genuinely new, complex, or high-impact decisions.

This does not weaken control. It removes unnecessary friction.

→ **Takeaway:** *Speed comes from clarity, not courage.*

Lever 2: Embed compliance on day 1, not at launch

Late compliance involvement is one of the most reliable predictors of delay.

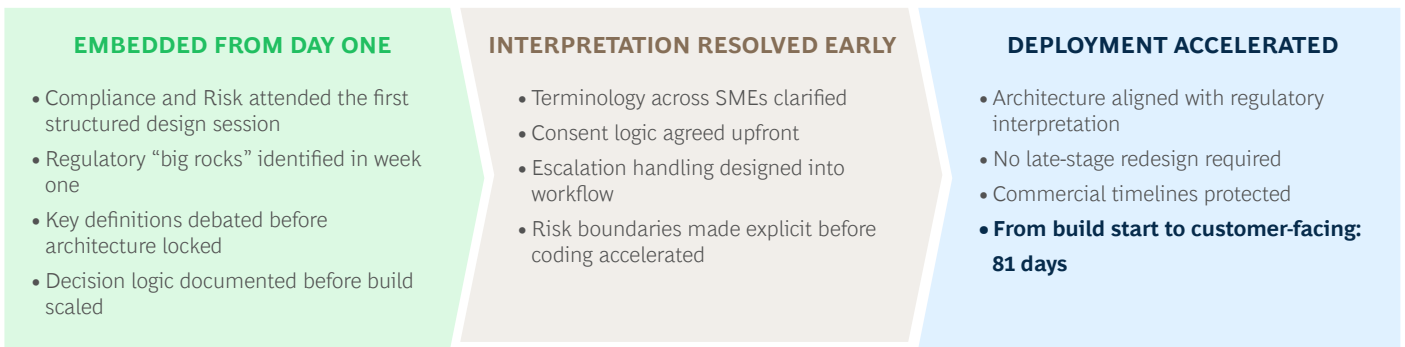
Most scaled fintechs believe they involve compliance “early.” In practice, this often means inviting them to review once a prototype exists, architecture is defined, and timelines are visible. That is not early. That is pre-launch. If compliance joins after product, engineering, and commercial teams have converged on a solution, their only remaining tool is constraint. If they join while the idea is still fluid, their tool is design. The difference is measured in quarters.

Example 1 – The pattern that creates delay



The solution was viable — but interpretation debates surfaced after architecture had hardened. Late alignment replaced early design. Deployment slowed materially. This is how operating-model friction accumulates.

Example 2 – The pattern that enables speed



Regulatory friction occurred early — when change was still cheap. Architecture and interpretation evolved together. Deployment followed design. This is how speed compounds

What to do

- 1** Mandatory Compliance presence at concept kickoff: Not optional. Not “when ready.” Compliance attends the first structured discussion of any material initiative
- 2** Early identification of regulatory “big rocks: Within the first two weeks, teams explicitly surface the 3–5 interpretation questions that could derail the initiative later

Resolution of interpretation ambiguity before architecture locks: If there is disagreement over definitions —

- 3** advisory vs execution, marketing vs servicing communication, outbound vs inbound interaction — it is resolved before build accelerates.

They measure success not by how quickly something is approved at launch, but by how few regulatory surprises emerge late.

What not to do

- 1** Inviting Compliance to Sprint Review 6
- 2** Sending a near-final design document for “sign-off”
- 3** Assuming regulatory alignment can be retrofitted

If Compliance first sees an initiative once commercial timelines are externally visible, friction is structurally inevitable.

→ **Takeaway:** *Early compliance costs hours. Late compliance costs quarters.*

Lever 3: Design the Compliance and risk organization for speed, and give risk a real seat at the table

In many scaling fintechs, risk slows the business not because of regulation — but because of positioning.

- Risk and compliance sit one or two layers below real growth decisions
- They are brought in after strategic direction has been set
- They are asked to approve outcomes they did not help design

This setup almost guarantees friction.

High-performing fintechs do something simpler: they place Risk at the same table as Product and Technology — where trade-offs between speed, innovation, and exposure are actually made.

In these organizations:

- risk leaders participate in strategic discussions about new products, markets, and partnerships;
- clear ownership exists for major risk domains (for example, trading, payments, crypto, customer conduct); and
- central risk and compliance focus on defining risk boundaries, escalation thresholds, and oversight—not day-to-day approvals.

Crucially, this structure allows decisions to happen where context is strongest, while ensuring that risk is understood and owned at the leadership level.

→ **Takeaway:** *If Risk is not in the room when growth decisions are made, it will inevitably slow them down later.*

Lever 4: Hire builders, not custodians

Fintechs do not need bank-style compliance teams optimized for stability and control. They need **builders**—people who can translate regulatory expectations into scalable systems.

The most effective compliance leaders in fintechs:

- work comfortably with product and engineering,
- design controls rather than just review outcomes, and
- understand trade-offs and can articulate risk decisions clearly.

Fintechs rarely win this talent on pay alone. They win by offering ownership, visibility, and the opportunity to build something enduring. Builders accelerate cross-functional capability transfer; custodians reinforce silos.

→ **Takeaway:** *If compliance always escalates, the problem is rarely capacity. It is profile.*

Lever 5: Use data and automation as control, not just reporting

Unlike incumbents, fintechs typically operate on modern, integrated data stacks. Customer behavior, transactions, and product usage are available in near real time.

Yet, many fintechs still manage compliance as if data were fragmented and delayed, relying on manual reviews, inboxes, and static thresholds. Automation only works when the decision logic is agreed on early, not retrofitted after launch debates.

The most advanced fintechs translate risk appetite into measurable indicators, dashboards, and triggers—enabling continuous oversight and faster decisions with greater confidence. Automation and AI are applied **after** decision logic is clear, reinforcing discipline rather than compensating for ambiguity.

→ **Takeaway:** *Automation does not fix broken decisions. It scales them.*

Conclusion: Compliance as Growth Infrastructure

As fintechs mature, compliance is no longer a peripheral function. It becomes part of the company's growth infrastructure—shaping speed, resilience, and credibility with regulators, partners, and customers.

The fintechs that scale fastest are not the least regulated. They are the most deliberate about **how compliance works**. They harness their advantages in talent, data, and fast decision-making to build operating models that match their ambition.

At scale, compliance friction is rarely about regulation. It is a structural choice. CEOs who treat compliance as infrastructure move faster. Those who treat it as review will eventually slow. Ultimately, this is not a compliance problem. It is a leadership one.

Scale is the goal.

Ambiguity is the enemy.

Appendix: A CEO self-diagnostic

Is your compliance operating model helping or hurting your growth?

Decision-making

- Routine decisions regularly escalate to the same few people
- Teams are unsure which decisions they can take independently
- Escalation happens “just to be safe,” not because risk is clear

If you checked 2 or more:

Your compliance model is centralizing risk decisions instead of distributing them.

Product & growth

- Compliance is typically involved late in product or market launches
- Regulatory feedback often triggers rework close to go-live
- Launch timelines slip due to unclear compliance expectations
- Compliance attends concept-stage meetings as standard practice

If you checked 2 or more:

Compliance is acting as a checkpoint, not a design partner.

Risk differentiation

- Low-risk and high-risk activities follow similar approval paths
- Marketing, UX changes, and new features are reviewed manually by default
- Teams treat most requests as “high risk” because boundaries are unclear

If you checked 2 or more:

Your governance model is blunt where it should be selective.

Talent & organization

- Compliance success depends on a few “trusted experts”
- Compliance struggles to keep up with product and engineering pace
- The team excels at interpretation, not at building scalable controls

If you checked 2 or more:

You may have hired the right people into the wrong operating model—or the wrong profiles entirely.

1 Data & tooling

- Compliance decisions rely heavily on emails, meetings, or manual reviews
- Data is primarily used for reporting, not real-time risk oversight
- Automation efforts stall due to unclear rules or ownership

If you checked 2 or more:

You are not leveraging one of fintech’s biggest structural advantages.

Bottom Line

If **ten or more boxes** are checked, your compliance operating model is likely slowing growth unnecessarily—regardless of how strong your people are or how supportive your regulators may be.

The issue is not compliance itself.

It is how compliance is designed to work at scale.

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