

AUTOMATING YOUR WAY TO COMPLIANCE: USING TECHNOLOGY TO NAVIGATE SANCTIONS

Maintaining compliance with complex and ever-shifting industry regulations is an ongoing challenge for businesses, especially in the realm of sanction screening. With the global economy in a state of flux and financial crimes on the rise, bodies like the Office of Foreign Assets Control (OFAC) are becoming more stringent in their requirements. Compliance has become more than a best practice – it is now a business imperative.

Your strategy for sanction screening is a major determinant of your organization's risk exposure and potential for growth. Here, we'll examine how automation, advanced technological solutions and proactive strategies can transform sanction screening from a reactive process into a dynamic component of your long-term strategy.

Understanding the Regulatory Tapestry

Sanction screening is no longer confined to banking sectors. Businesses in all industries are subject to regulatory shifts and the ramifications of non-compliance. Consider the following:

- **Impact of current OFAC changes.** In the past year, OFAC compliance had a paradigm shift in types of penalties as well as violator profiles. Removal of certain entities from the sanction list not only caught many organizations unaware but also significantly changed their standing in the global marketplace.
- **Manual procedures prove obsolete.** The days of relying on manual processes are quickly fading. For each fluctuation, manual screening risks errors and necessitates laborious, time-intensive updates. Institutions that employ these methods face an uphill battle to stay current.

The complexity of the regulatory landscape means that simply reacting to change is no longer sufficient. Instead, organizations need to redefine their compliance strategies.

Reimagining Sanction Screening

Sanction screening has historically been synonymous with the mandatory chore of compliance. But it can also play a significant role in strategic initiatives. By pivoting their approach, businesses can better weather shifts in regulation. Consider the following:

- **Transition to proactive strategies.** Sanction screening can be viewed as a proactive measure to safeguard a business' reputation and assets, rather than just a regulatory box to tick. By integrating screening activities into all aspects of the business, from supply chain management to customer engagement, businesses can help avoid regulatory blind spots.
- **Adopt a dynamic compliance approach.** Manual processes are notoriously slow and prone to errors. Dynamic compliance, with a continuous commitment to stay ahead of the curve, prioritizes real-time updates and automated screening to adapt to micro-fluctuations in regulations.

Beyond compliance, systems must evolve to provide deeper insights and actionable intelligence, transforming what once was seen as a cost center into a value-added service.

The Role of Technology in Compliance

The shift toward automation is underpinned by advanced tech solutions such as AI and machine learning. To showcase the impact of these solutions, consider the following:

- **Enhance business intelligence and risk management.**
AI adapts to new sanction listings more quickly and identifies complex matches more accurately. Machine learning systems decrease false positives and automate classification, freeing up compliance professionals to focus on high-level strategy, interpretation and intervention.
- **Transition to cost-effective, value-added processes.**
Technological advancement is not just a prerequisite for keeping in line with regulations; it is a means to transform. By investing in the right systems, businesses can turn the tables on compliance, using it as a competitive differentiator.

With the cost of compliance far less than the penalties for non-compliance, businesses need to embrace change and adopt new technology.

Conclusion

Sanction screening should be viewed as more than a regulatory hurdle to overcome. With the right strategy, it can serve as the linchpin to ensure a robust compliance framework. Leveraging advanced technologies helps businesses better manage regulatory complexities, turn a cost center into a profit center and free resources for other initiatives.

Your organization stands at a crossroads: keep doing things the same way or embrace change powered by technology. Leveraging advanced technologies for automation and proactive sanction screening can enhance operational efficiency, protect your brand and help streamline compliance processes.

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