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Navigate the Compliance Universe

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How open data helps protect the business from sanctions risks

By Daniel Globa

The word "sanctions" has been everywhere lately. You hear about restrictions packages in newscasts and see them in documents when checking business partners. We witness the time of sanctions in the digital world—daily updates and rapid changes. But the main recommendations are still in effect: Avoid financial or reputational risks in business, especially if the company deals with foreign economic activity. The need for compliance officers is increasing. The consequences of violating sanctions are too significant, and such risks can endanger the company's existence.

All sanctions lists can be classified into two categories: (1) specific individuals and legal entities subject to personal sanctions, and (2) sectoral restrictions aimed at a specific branch of the economy of a certain state.

Sanctions work comprehensively. Persons who have violated sectoral sanctions could be added to the list of persons subject to personal sanctions.

Personal sanctions are aimed directly at restricting the provision of certain services—usually banking—to specific individuals. When we talk about sectoral sanctions, it means banning the supply of certain goods and services to certain sectors of the economy. It can be a prohibition on the delivery of technologies, the oil production industry, energy, foods, etc.

It is now a reputational threat for companies to cooperate with the Russian Federation, which has been imposed with the most significant number of sanctions. According to The Castellum.AI dashboard—which consolidates Russia sanctions data—the total is 14,153 world restrictions against Russia as of February 24, 2023.[1]