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**THE GLOBAL SANCTIONS
INDEX (GSI): UNPACKING
WORLDWIDE SANCTIONS**

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An LSEG Business

ABOUT THE AUTHOR



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Mike leads Refinitiv's Customer & Third-Party Risk Solutions business in Asia.

In this role, he helps define Refinitiv's go-to-market, product, and content strategies, including for the flagship World-Check Risk Intelligence, Digital Onboarding and Refinitiv Due Diligence products. He is particularly focused on keeping abreast of regulatory, industry and technological developments to ensure Refinitiv continues to innovate and develop products that meet clients needs.

WORLD-CHECK RISK INTELLIGENCE TEAM

[World-Check®](#) produces extensive and comprehensive intelligence on sanctioned individuals and entities. Our dedicated sanctions team, located around the globe, monitors all sanctions lists 365 days a year, 24 hours a day, with a special focus on major sanctions lists such as OFAC, UN, EU, UKHMT, Swiss SECO, French MINEFI, Australian DFAT, Hong Kong HKMA, Singapore's MAS, Japan's JMOF and Canada.

We have 500+ researchers, over 90% speaking two or more languages. There are currently 60,000+ active sanctions records across more than 300+ sanction programmes as part of the World-Check sanctions-screening coverage. We monitor 10,000+ global information resource lists, 800+ sanction, regulatory, law enforcement lists and 5,900+ official/government sites and we add 50,000+ new records monthly.

EXECUTIVE SUMMARY

In 2022, we published two previous editions of the Global Sanctions Index (GSI). The GSI introduced the concept of sanctions inflation - the annual increase in the total number of de-duplicated sanctioned persons on all explicit sanctions lists.

In April 2023, the GSI stood at 319.6 and year-on-year inflation was 25.4% (up from 14.6% in the second edition and 11.2% in the first edition).

In terms of absolute numbers, there are now over 60,000 sanctioned persons globally, a 320% increase since our base date of January 2017.

Some other interesting statistics:

- China's autonomous sanctions programme is currently the fastest growing among the sub-indices included in the GSI, with annual Chinese sanctions inflation at 43.5% across the four autonomous programmes China administers.
- OFAC continues to increase its sanctions reach, with annual inflation running at 21.1%.
- EU sanctions inflation has moderated recently, but is still at 22.9% annually.
- The UK's autonomous sanctions program under UKHMT has not expanded as rapidly as in recent months, with inflation cooling to an annual 16.0% from over 65% in January.
- Japan's sanctions inflation under JMOF is 23.3%.
- Australia's autonomous sanctions regime is running at inflation at 26.6%.
- The UN's sanctions regime continues to be stagnant.

Consensus-based UN sanctions continue to decline as a share of total sanctions, with UN sanctions now representing only 1.75% of sanctions globally

Notwithstanding the above, overall sanctions inflation has been a long term trend and recent increases driven by Russia's war in Ukraine have not resulted in historically unprecedented sanctions at a global level.

AT A GLANCE

In 2022, we published two previous editions of the Global Sanctions Index (GSI), introducing the concept of sanctions inflation - the annual increase in the total number of de-duplicated sanctioned persons on all explicit sanctions lists.

Using our market-leading World-Check Risk Intelligence data, which tracks all sanctions regimes worldwide, this innovative index tracks the net change in the number of sanctioned persons globally.

In this update, which draws on data to April 2023, we deliver a snapshot of the current sanctions landscape; provide an up-to-date view of the sub-indices we launched in August 2022 (these track the major sanctions programmes, including the United Nations, the EU, OFAC and more); and provide insights into additional, often non-obvious risks associated with sanctioned persons.

UNPACKING THE CHANGES

In April 2023 the GSI reached **319.6** and year-on-year inflation was **25.4%**. Comparative figures are as follows:

- In April 2022, when the first edition of our report was compiled, the GSI stood at 253 and inflation at 11.2%.
- In August 2022, when our second edition was launched, the GSI stood at 273 and year-on-year inflation was 14.6%.

Over 12,000 persons have been added on a net basis to the sanctioned population over this time – and over 60,000 individuals and entities are now sanctioned. Global sanctions inflation moderated somewhat between April 2021 and October 2022, but this month neared the recent peak of June 2021. Driven in part by sanctions on Russia, inflation is now at its highest level in nearly two years. However, as indicated in the graph below, sanctions inflation is a phenomenon that pre-dates Russia's invasion of Ukraine in February 2022.

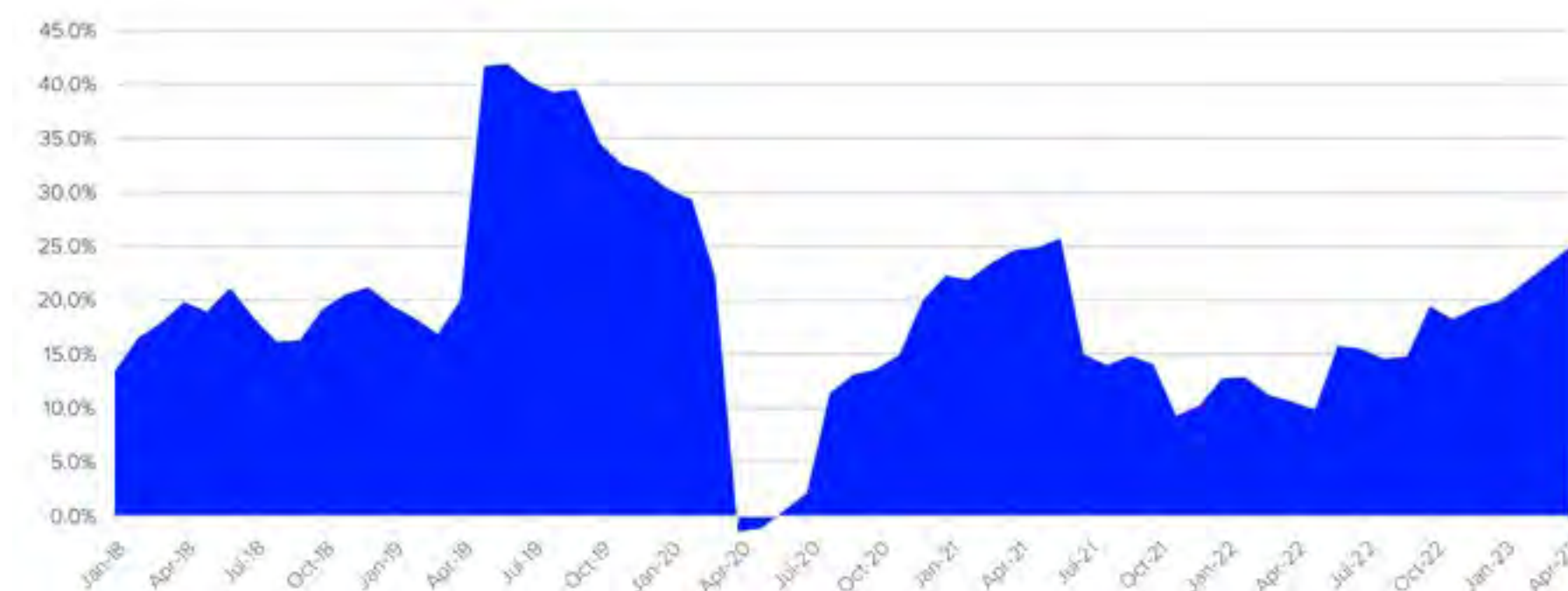
SUB-INDICES

To complement our global sanctions data, we have also created a series of sub-indices tracking the major sanctions programmes.

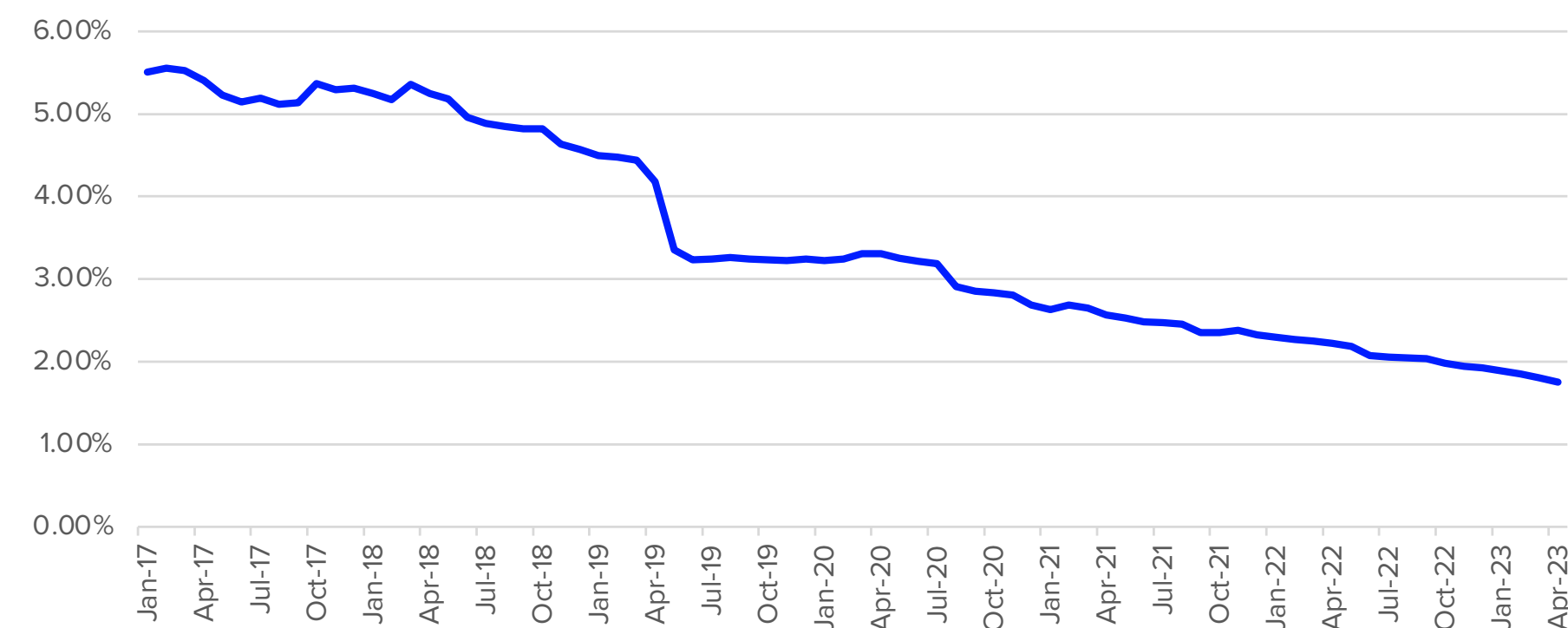
Data is as of April 2023 and the index base date (=100) is January 2017:

- OFAC’s **annual sanctions inflation is 21.1%**, and its index has reached 219.4
- EU **sanctions inflation is 22.9%**, and its index is 205.7
- In Japan, JMOF’s **sanctions inflation is 23.3%** and its index is 206.1
- Australia’s autonomous sanctions programmes, administered by the Department of Foreign Affairs and Trade, reached **inflation of 26.6%** and the index reached 314.1
- The UK’s sanctions, newly autonomous from EU sanctions, have moderated somewhat in recent months – inflation is now at **16%** and the index at 198.5
- China’s four autonomous sanctions programmes **have grown the fastest of any of the programmes included in the GSI, expanding by 43.5%** over the last year, and its index reached 534.5. It is worth noting that China’s sanctions are coming off a low base, and are in total still much smaller than those of the United States or Australia.
- Finally, UN sanctions continue their stagnation, with annual inflation hitting 0.4% and its index 101.7. The UN’s share of global sanctions is now at an all-time low of 1.75%

GLOBAL SANCTIONS INFLATION DATA (AUGUST 2019 TO APRIL 2023)



UN SANCTIONS AS A % OF TOTAL SANCTIONS



THE RISK NEXUS - UNCOVERING ADDITIONAL RISKS

Sanctioned persons pose an obvious risk: in many cases, doing business with such a person is prohibited and carries the risk of potentially significant fines – or worse, reputational damage.

On top of this apparent risk, however, sanctioned persons may pose additional risks.

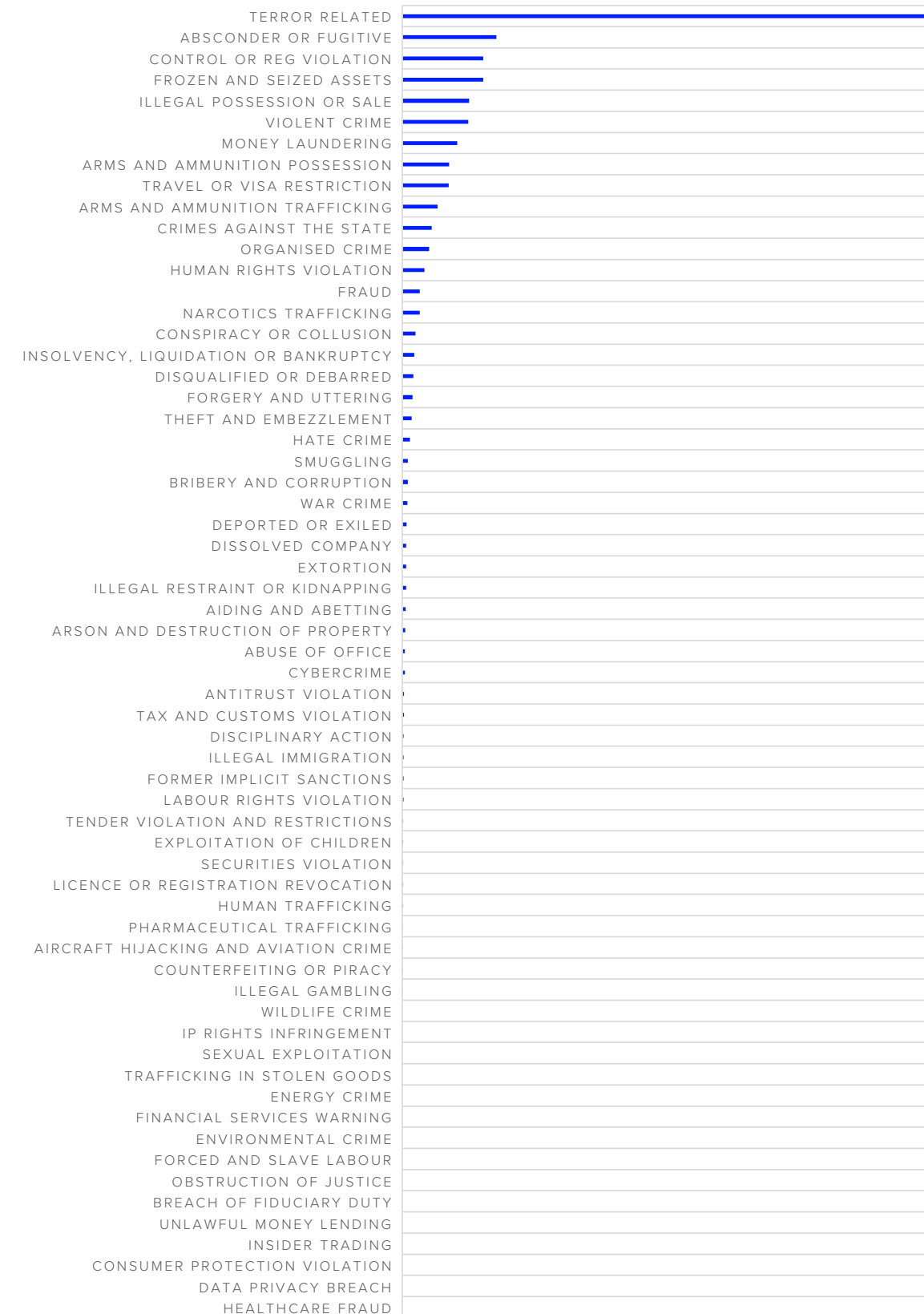
In 2022, World-Check launched a new data feature called Special Interest Categories (SICs) that delivers insights into the additional risks that may be associated with sanctioned persons.

SICs categorise most records on World-Check into 66 different types of risks, ranging from, for example, war crimes to the obstruction of justice, and more (for additional information, please click [here](#)). This feature allows us to categorise and tag all potentially adverse information associated with sanctioned persons.

The universe for this sample is all explicitly sanctioned persons – that is, all the people, companies, and other entities listed on any of the world’s sanctions lists. We specifically exclude sanctions-related SICs in order to focus on additional, non-sanctions-related risks.

“We specifically exclude sanctions-related SICs in order to focus on additional, non-sanctions-related risks.”

OTHER RISKS IN SANCTIONS RECORDS



When analysing the results, the most striking overall observation is that every risk category is represented. Of the 66 categories in World-Check, four are directly sanctions-related:

- Explicit sanctions
- Implicit sanctions
- Former explicit sanctions, and
- Former implicit sanctions

Removing these leaves 62 non-sanctions risks – and amazingly the sanctioned universe contains every one of these risks.

In terms of individual risks, the largest risk category – by a substantial margin – is “terror-related”. Post the 9/11 attacks, terrorism became the focal point of sanctions, and indeed terrorism remains the key focus of several sanctions programmes, including the UN’s programme. With roughly half of all sanctioned records being tagged to the terror-related SIC, it is clear that terrorism is by far the most relevant risk.

Drilling down, an interesting cluster of risk is associated with crime – in particular, violent crime (>3500 records), money laundering (>2900 records), arms and ammunition trafficking (>1900 records) and organised crime (>1400 records). This reflects a trend observed over the last decade, where sanctions have often been used to counter transnational crime – for example, under the US Kingpin sanctions programme, where major illicit drug players are sanctioned.

Much less numerous, but nonetheless illustrative of non-obvious risk in the sanctioned population, is the overlap between green crime – for example, wildlife crimes such as smuggling, and environmental crimes such as pollution or the dumping of industrial waste – and energy crime, such as the smuggling and trafficking of or illegal trading in fossil fuels. While this overlap is modest – 21 records for wildlife crime, 18 for energy crime and 10 for environmental crime – it does illustrate the extent of the overlap between different types of risk.

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A FINAL WORD

Our analysis shines a spotlight on an important point: that a siloed approach to screening and due diligence – for example having one team to cover sanctions, another investigating PEPs, and still others dedicated to adverse media, ESG, and more – can easily lead to a situation where the interconnectedness of risk is not fully identified. This can lead to certain risks being missed altogether.

For example, a company may decide not to screen against certain sanctions lists. There could be a variety of reasons for this, including their jurisdictional reach or their countries of operation. However, a sanctioned person with whom the company is dealing may pose other risks that are not sanctions-related – including, for example terrorism, fraud or organised crime risk. In other words, if a company in country X is not concerned about sanctions relating to country Y on jurisdictional grounds, they may still be vulnerable to non-sanctions-related risk.

An approach to screening – that is becoming increasingly favoured in the industry – is to take an integrated approach and develop a single, comprehensive screening programme across all risk categories. In terms of this, teams would deal with level 1 results (e.g. alert adjudication) via a single financial crime operations team. Specialisation can be maintained by escalating certain sanctions, PEPs or adverse media results to dedicated teams post alert adjudication.

Risk is multidimensional and cannot be reduced to simple, distinct buckets. It should rather be viewed, assessed and managed in a holistic manner. A carefully designed screening programme and a detailed, documented and regularly audited data selection process are both invaluable.

A NOTE ON METHODOLOGY

The Global Sanctions Inflation index takes its base as January 2017 (=100). It includes every explicit sanctions regime tracked by Refinitiv World-Check Risk Intelligence data and covers all keywords with the “sanctions” keyword type. This means that implicit sanctions, for example, sanctions created by the OFAC 50% rule, are entirely excluded from this analysis.

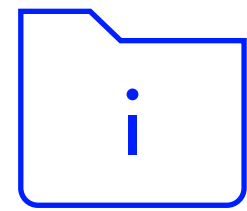
The sanctions regimes tracked are very broad, ranging from consensus-driven UN sanctions, typically imposed on grounds of terrorism, to autonomous sanctions issued by individual nation states or those issued by regional bodies such as the EU.

The reasons for designation vary, encompassing, for example alleged involvement in terrorism, the financing of terrorism, designations for narcotics trafficking (such as the Kingpin Act designations), proliferation, human rights abuses, corruption, alleged involvement in election interference, sanctions imposed on Russia for the invasion of Ukraine and others.

The consequences or severity of the sanctions are not considered, but we do include, for example, blocking orders, travel bans and investment bans. Similarly, all sanctions targets have been included for natural persons, companies, trusts, vessels and aircraft.

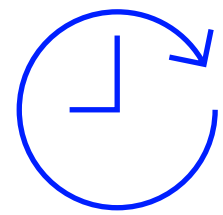
HOW WE CAN HELP

Discover the benefits of working with us for your sanctions compliance



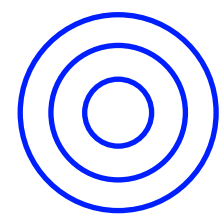
Reliable Intelligence

We follow the most stringent guidelines for research methodology and inclusion criteria – applying rigorous quality control



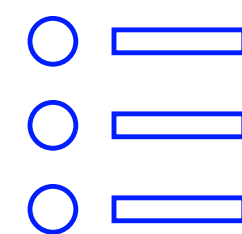
Up-to date information

With research centers on all five continents, we provide around-the-clock monitoring of sanction lists, regulatory and enforcement lists, as well as thousands of reliable media sources, so you have accurate and up-to-date information.



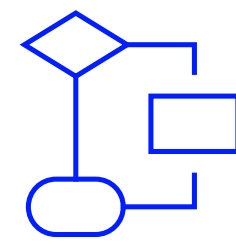
Targeted screening

Hundreds of specific keywords for our data help you filter and drill down for focused screening and reduce false positives.



Due Diligence Reports

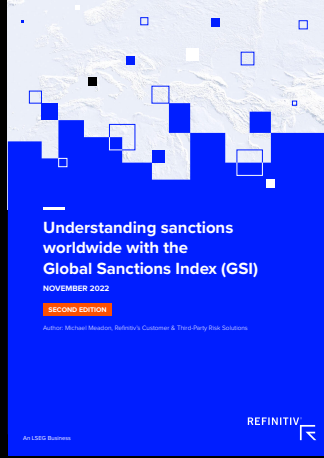
To fully understand your exposure to indirect sanctions you need to go one step further and uncover in-depth ownership structures of entities and/or the source of wealth of certain individuals.



Managed Services

Our Managed Services team can help you to stay on top of any profile changes and avoid backlogs with ongoing monitoring.

Read more from our Risk and Compliance series



Global Sanctions Index – First and second editions

[Read more](#)



Risk and Compliance Insights

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AML challenges for fintechs: Insights for the future

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