Closing the gap: from signals to defensible action

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Foreword

Compliance teams operate in an increasingly complex environment, expected to make more decisions at greater scale and speed than ever before. In 2024 alone, the U.S. Treasury added 3,135 individuals and entities to its sanctions list (Source: Center for a New American Security (CNAS), Sanctions by the Numbers: 2024 Year in Review (March 2025) — 25% more than in the previous year — while the European Union more than doubled its Russia-related designations.

Screening systems are getting better at identifying potential risk. The harder challenge is what happens next: turning a screening signal into a decision that can be acted on and defended. In our recent survey of 600 senior risk and compliance decision-makers across EMEA, APAC and the United States, 94% say they are confident that their screening data is complete and current. Yet only 48% say they could produce a complete audit trail very easily if challenged by a regulator; 69% frequently or always verify screening results manually before taking action; and 41% are not fully prepared for closer regulatory scrutiny.

This is the decision gap: the last mile between intelligence and action. It is not simply a technology issue. It is the operational challenge of ensuring that the information, context, decision logic, ownership and evidence needed to act on a screening signal are available when they are needed. The survey suggests that the gap is particularly pronounced among non-bank financial institutions (NBFIs) and smaller organisations, while larger institutions increasingly prioritise consistent decisions, stronger audit trails, regulator-facing explainability and reduced manual effort at scale.

AI can help address parts of this challenge, but the survey is clear about the conditions for trust. Organisations want AI-supported decisions to rest on trusted data and to be explainable, tested, subject to human review and governed by clear provenance and accountability. The opportunity is not simply to automate more, but to create a controlled route from risk signal to action.

We hope these findings help firms compare their own approach with peers, identify strengths and gaps, and consider how to turn trusted screening signals into decisions they can explain, evidence and stand behind.

David Wilson
Group Head of
Risk Intelligence, LSEG

Key Findings

01.
High confidence does not always mean decision readiness

While **94%** are confident their screening data is complete and current, only **48%** say they could produce a complete audit trail very easily if challenged by a regulator. **Forty-one percent are not fully prepared for closer regulatory scrutiny.**

02.
Better data, not simply more data, supports better decisions

83% rate internal data as strong and **84%** say the same of external reference data, but **only 76% rate both as strong.** Organisations place the greatest value on technology that supports more consistent decisions and stronger audit trails and regulatory evidence, both selected by **39%.**

03.
AI will earn trust through control, not autonomy

Trusted, high-quality data is the leading condition for confidence in AI-supported decisions, selected by **40%**, followed closely by regulator explainability (**37%**), regular testing (**36%**) and human review (**35%**). **Fewer than 1% report full trust in AI-supported screening today.**

04.
Manual verification remains essential and resource-intensive

93% check screening results against another source at least occasionally, while **69%** do so frequently or always. Human review remains a vital control, but its scale points to a significant amount of effort between a screening signal and a decision that can be acted on and defended.

05.
NBFIs show a wider decision-readiness gap

Non-bank financial institutions are less likely than banks or fintechs to say they can produce a complete audit trail very easily, that their screening data is complete and current with high confidence, or that they are very prepared for closer scrutiny. Their priorities point to a greater need for accountability, governance and controlled automation.

06.
The route to decision readiness changes with organisational scale

Smaller organisations report lower top-box assurance and relatively greater interest in provenance and accountability; mid-sized organisations prioritise trusted automation and faster onboarding; and large organisations place greater emphasis on consistency, auditability, regulator explainability and reducing manual effort at scale.

Methodology

In mid-2026, LSEG Risk Intelligence surveyed 600 senior decision makers with responsibility for compliance, financial-crime and risk intelligence in banks, non-bank financial institutions, fintech and payment providers, and digital-asset firms.

Our survey audience included a wide range of countries and jurisdictions including: **EMEA (UK, France, Germany, Switzerland, UAE), the United States and APAC (Australia, Hong Kong, Japan, Singapore).**

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High confidence masks a full-assurance decision gap

> **“Constant updates to international sanction rules make global screening difficult. Different regulatory standards require repeated manual adjustments and increase daily workload.”**
> **Singapore**

Compliance leaders are broadly confident in screening. The harder test, however, is whether a specific decision can be reconstructed quickly, explained consistently and supported with complete evidence. The survey points to a decision gap between broad confidence in screening and the ability to act on individual signals with full assurance.

Nearly nine in ten respondents (87%) say they could produce a clear and complete audit trail easily if challenged by a regulator, while 94% are confident that their screening data is complete and up to date. Full assurance is less universal: less than half (48%) say they could produce an audit trail very easily, and 57% are very confident that their data is complete and up to date.

Further, 41% of the sample say they are not fully prepared for closer regulatory review. This group includes organisations that are somewhat prepared as well as those that are not prepared. Their priorities are practical: centralised access to evidence and audit trails (39%); more complete and current data (33%); improved technology or automation (33%); clearer governance (31%); and clearer explanations of how decisions are produced (31%).

Among the 34 compliance leaders who say their organisations are not ready for closer regulatory review, the findings point to a fragmented operating environment. This small-base diagnostic suggests that screening processes may differ across teams, business units or jurisdictions (44%); decisions may not always be fully documented (41%); screening data may be incomplete (32%); audit-trail information may be spread across systems or records (26%); and accountability may not always be clear (26%).

Taken together, the results suggest that readiness is not only a matter of detecting risk. It is an operating-model challenge: making evidence easier to access, decisions easier to understand and accountability easier to establish.

NBFIs show wider decision readiness gap

Metric	Banks (n=339)	NBFIs (n=79)	Fintechs (n=153)
Can produce audit trail **very easily**	54%	25%	48%
Strong controls to reduce bias/unfair outcomes	**25%**	**32%**	19%
Stronger controls to reduce bias would increase trust in AI	**23%**	39%	29%
Very prepared for closer regulatory scrutiny	**62%**	**43%**	59%
Rate both internal and external data strong	**78%**	**71%**	78%
Very confident screening data is complete	**61%**	39%	59%
Can produce audit easily overall	**90%**	**72%**	90%

When comparing non-bank financial institutions (NBFIs) against banks and fintech firms, the data shows that NBFIs are less likely to say that screening decisions are immediately auditable, the data is fully current or that they are very prepared for scrutiny. Their priorities suggest that stronger accountability and controls will be central to the technology adoption.

For NBFIs, closing the decision gap is likely to depend not simply on adding more automation, but on ensuring that screening signals can be translated into accountable actions with accessible evidence. The priority is technology that strengthens consistency and efficiency while preserving the governance, traceability and human accountability needed to defend the decision.

Segment bases: banks (339), fintechs (153), non-bank financial institutions (79). Digital-asset firms (29) are excluded from segment analysis owing to base size.

Organisational scale reveals different routes to decision readiness

The survey suggests that organisational scale shapes both the level of assurance firms report and what they need from screening technology. Larger organisations are more likely to report the strongest levels of confidence in their data, preparedness for regulatory scrutiny and ability to produce audit trails. But they are also more likely to prioritise consistent decisions, regulatory explainability and reducing manual effort at scale.

Metric	<2,500 employees	2,500-9,999 employees	10,000+ employees
Audit trail very easily	37%	43%	63%
Very confident in screening data	50%	55%	66%
Very prepared for closer review	55%	55%	67%
Prioritise confident, consistent decisions	32%	34%	51%
Prioritise trust in automated screening	31%	37%	22%
Prioritise faster onboarding/monitoring	31%	37%	20%
Prioritise less manual work	29%	21%	38%
Want regulator-facing explainability	30%	31%	50%

Smaller and mid-sized organisations report a different set of needs. Organisations with fewer than 2,500 employees show lower top-box assurance and place relatively more emphasis on provenance and accountability. Mid-sized organisations are most likely to prioritise trust in automation, faster onboarding and monitoring, and AI-supported decisions. These findings suggest that the path to decision readiness differs by operating scale: firms may share the same end goal — decisions that can be explained and defended — but begin from different control, data and workflow foundations.

This should be read as a descriptive pattern rather than a causal maturity model. Employee size and turnover are likely related, and the survey cannot determine whether size itself, operating complexity, technology investment or another factor explains the differences.

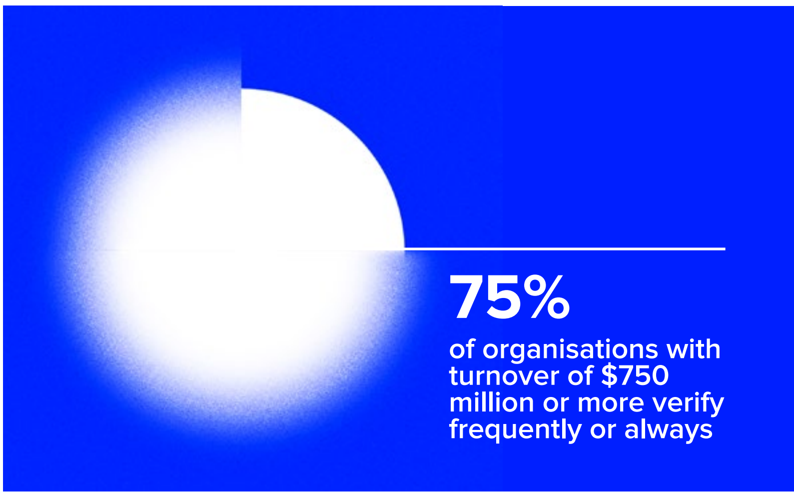
Manual verification is both a control and source of friction

Manual review remains a core part of the screening process. More than nine in ten organisations (93%) check screening results against another source at least occasionally, while 69% do so frequently or always before taking action. This level of verification reflects the importance of human judgement in validating, interpreting and documenting screening signals.

At the same time, frequent manual review creates a substantial operational burden. Open-ended responses point to a recurring set of pressures beneath the screening process: regulatory change, data quality and timeliness, manual-process burden and high false-positive rates. These themes often appear together, illustrating the effort required to validate results, investigate potential matches and assemble the evidence behind a decision. The survey does not establish a causal sequence between these pressures, but it does show that manual verification is embedded in the route from a screening signal to an action that can be defended.

Manual verification is not confined to smaller or less mature organisations. **Three quarters (75%) of organisations with turnover of $750 million or more verify results frequently or always,** compared with 63% of organisations with turnover between $250 million and $750 million. Banks and fintechs report similar rates of frequent verification overall, at 70% and 68%, respectively. Fintechs, however, are more likely to say they always verify a result, at 25% compared with 15% of banks.

The implication is not that manual review should be removed. It remains an essential safeguard, particularly for higher-risk or ambiguous cases. The opportunity is to make that review more targeted and evidence-rich, helping skilled teams focus their judgement on the signals that most warrant investigation, escalation or action.



Quality data foundational to improving outcomes

Screening programmes have access to more information than ever before. But expanding the number of sources does not necessarily improve the quality of a decision. Duplicate records, conflicting information, inconsistent identifiers and delayed updates can create additional complexity for matching systems and the teams that investigate their results.

More than nine in ten (94%) are confident their screening data is complete and up to date when a decision is made. However, fewer than three in five (57%) are very confident, showing that broad confidence does not always translate into complete assurance.

Perceptions of the data behind screening decisions are broadly positive. More than four out of five rate their internal data as strong (83%) and a similar proportion rate the external reference data they screen against as strong (84%). However, when the two are considered together, 76% rate both as strong, meaning around a quarter have at least one source they do not consider strong.

"The biggest challenge is ensuring data quality and timeliness across multiple sources so that screening information remains accurate and up to date, helping to avoid incorrect assessments." Compliance leader, Germany

The implication is not that firms need data from every possible source. It is that the data they do use must be actively maintained, assessed for quality and available when risk information changes. Better data gives matching systems stronger inputs, gives investigators a clearer starting point and gives organisations a firmer basis for the decisions they must later explain.

When asked which outcomes would have the greatest impact if achieved through improved data quality, explainability and matching systems, decision makers place the greatest value on stronger decision-making and evidence. More confident and consistent screening decisions and stronger audit trails and regulatory evidence are the joint leading outcomes, both selected by 39%.

Most impactful outcomes achieved through improved data quality, explainability and matching systems

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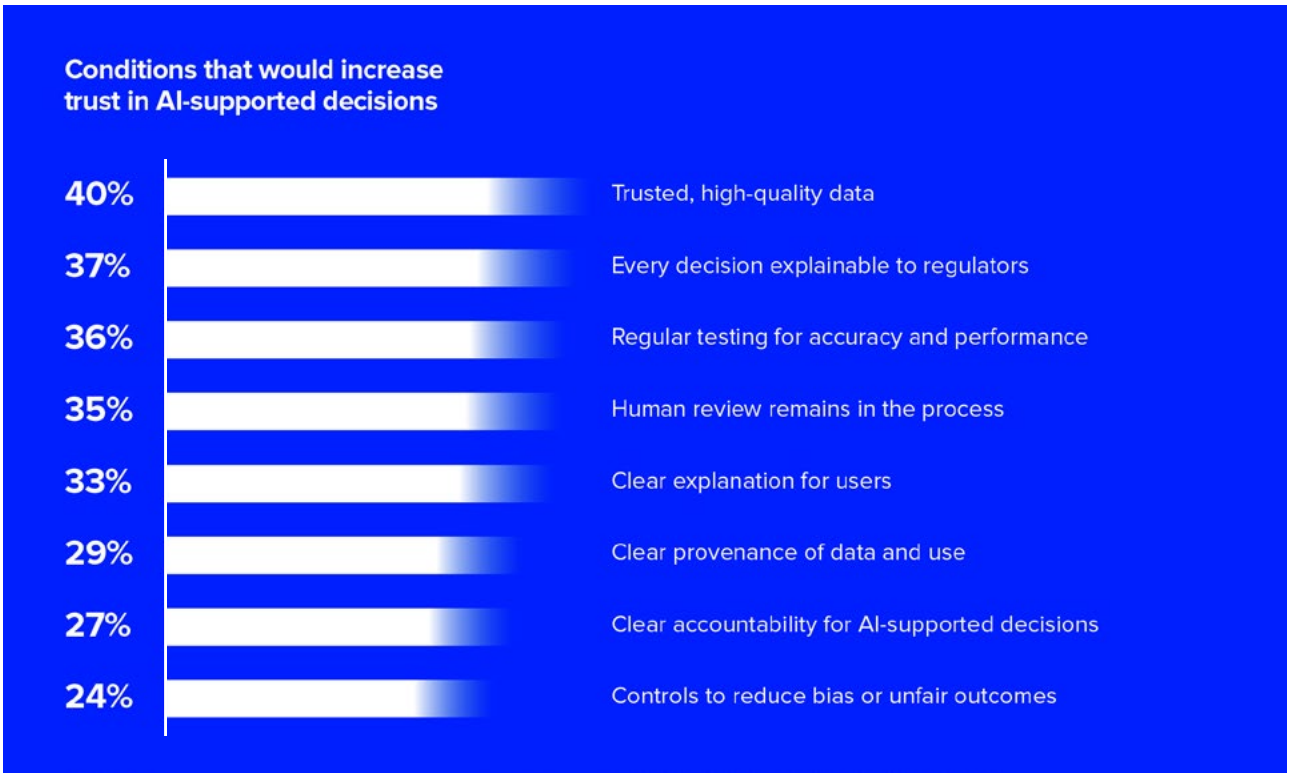
AI will earn trust through governed, explainable decisions

AI can help compliance teams manage growing screening volumes and support more consistent decision-making. But full trust in AI-supported screening remains rare: fewer than 1% of respondents say they have full trust in AI for supporting screening decisions.

The survey suggests that organisations will judge AI less by its autonomy than by the control it provides. The opportunity is not to automate judgement away, but to apply governed automation that helps teams make decisions more consistently, focus human attention where it adds the most value and preserve clear accountability for the outcome.

When asked what would increase their confidence in AI-supported decisions, respondents placed trusted, high-quality data first, selected by 40%. This was followed closely by the ability to explain every decision to regulators (37%), regular testing for accuracy and performance (36%), and keeping human review in the decision-making process (35%). Clear explanations for users (33%), data provenance (29%), accountability for AI-supported decisions (27%) and controls to reduce bias or unfair outcomes (24%) also matter.



Conclusion: From signals to action

The survey reveals a clear distinction between confidence in screening and readiness to act on individual signals with full assurance. **Most organisations are confident in their data and their ability to produce an audit trail. Yet there is a significant gap between broad confidence and full assurance.**

Closing this decision gap is not simply a matter of adding more data, more alerts or more automation. It requires an operating model that connects trusted information, precise matching, informed human judgement and accessible evidence. Organisations need the ability to validate a signal, understand the rationale for a decision, record the action taken and retrieve the supporting evidence when scrutiny arrives.

The path will not be identical for every organisation. NBFIs show a particular need for stronger auditability, governance and accountable automation. Smaller organisations are focused on strengthening data provenance and accountability foundations; mid-sized organisations are looking to scale automation without weakening control; and larger organisations are seeking consistency, auditability, explainability and reduced manual effort across complex operations.

The findings also set clear conditions for AI's role in screening. AI can support more consistent and efficient decision-making, but it will earn trust only when it operates on reliable trusted data, is explainable and tested, preserves appropriate human oversight and maintains clear accountability for the actions that follow.

The future of screening is not simply finding more potential risk or adding more data. It is about having the right data with the right human oversight that can help turning screening signals into decisions that can be acted on with confidence and explained, evidenced and defended when it matters most.

LSEG Risk Intelligence

LSEG Risk Intelligence provides a suite of solutions to help organizations efficiently navigate risks, limit reputational damage, reduce fraud and comply with legal and regulatory obligations around the globe. From screening solutions through World-Check, to detailed background checks on any entity or individual through enhanced due diligence reports, and innovative identity verification and account verification solutions – organizations can trust LSEG Risk Intelligence to help them manage their risk, so they can operate more efficiently, more effectively and more confidently.

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