FACTSHEET

TIS Sanction Screening:

One Solution, Global Control

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WHY IS SANCTIONS SCREENING IMPORTANT?

In the modern financial environment, enterprises that conduct legitimate (legal) business, especially across international borders, must comply with a long and constantly evolving list of government-imposed sanctions and embargoes. These sanctions ultimately place strict parameters over which businesses and individuals are legally allowed to participate in the global financial community. For instance, the U.S. Office of Foreign Assets & Control (OFAC) lists over 20,000 sanctioned parties and individuals on their "non-compliant" list, most of which have been linked to known criminal or terrorist activities. Various national governments and international governing bodies have their own lists of blocked parties as well. And given the penalties that can be imposed on legitimate businesses for transacting or associating with a sanctioned party, the need for treasury and finance practitioners to vet each of their enterprise's vendors, partners, and suppliers is critical.

But how does one keep up-to-date on which parties are sanctioned, and which are authorized to conduct legitimate operations?

For example, you may have successfully worked with many of your suppliers for a number of years, and know them well. But do you have the same visibility over those suppliers and vendors working with your subsidiaries? Or what about new suppliers and vendors that are onboarded over time? Finally, suppose what would happen if one of the vendors you've worked with for years suddenly becomes a sanctioned party?

In these scenarios, do you have the controls in place to quickly identify changes concerning compliance and to make the appropriate adjustments to protect your business from legal and reputational harm?

Because the penalties for transacting with sanctioned parties can be severe from a reputational, operational, and financial perspective, businesses must ensure that they always have visibility over the compliance (or non-compliance) of all parties they are associated with. Given that the risk for non-compliance is spread across a broad variety of back-office functions and personnel, **the best way to manage compliance is to centralize the associated sanction screening requirements and run them as a core component of the payment process** — thereby providing the whole enterprise with the visibility and control necessary for ensuring compliance at every stage.

Who Creates & Manages the Primary Global Sanctions Lists?

Office of Foreign Assets (OFAC)	European Union (EU)	United Nations (UN)
The Office of Foreign Assets Control is a financial intelligence and enforcement agency of the U.S. Treasury Department. It administers and enforces economic and trade sanctions in support of U.S. national security and foreign policy objectives.	Economic sanctions are an essential part of the EU's Common Foreign and Security Policy (CFSP) and are employed as part of the international effort to combat money laundering, terrorism financing and other financial crimes.	The United Nations Security Council (UNSC) resolutions impose sanctions including prohibitions on activities relating to certain countries, goods and services, and/or entities (persons, companies or organizations).

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THE IMPACT OF SANCTIONS ON TREASURY & FINANCE

Today, much of the strictest legislation and parameters that exist to control money laundering and terrorist financing are introduced by governments and international committees in Europe and North America. Over time, these legislative bodies have developed and now maintain a comprehensive list of sanctioned parties. And while these bodies also do their best to inform and educate businesses on how to avoid any associated penalties, the ultimate legal liability for transacting with sanctioned parties, whether intentional or accidental, lies with the company or institution at fault.

Although banks will sometimes identify sanctions issues on behalf of their corporate customers as part of their own screening protocols, this does not necessarily mean that banks shoulder all responsibility or liability in the event of a violation. Instead, violations are often levied towards whichever party (bank or corporate) is deemed most "at-fault". And since Treasury, Finance, and CFOs are typically those responsible for executing wires and other high-value payments to 3rd parties, they and their company can potentially be held liable for negligence. This is especially true if there are not solutions in place to systematically run anti-fraud and compliance monitoring programs, as regulators regard the lack of substantial compliance measures as comparable to non-compliance and misconduct. Such violations can result in severe penalties, fines, banks terminating business relationships or canceling loans, and even having funds frozen indefinitely in escrow accounts.

The lists of people and entities that you can't do business with are long. They are often updated routinely throughout the year and can change at a moment's notice. As a result, it is hard for financial and legal professionals to adjust and align their global processes accordingly, especially when a lack of technology requires manual inspection.

THE RISK IS REAL

As we've seen across the U.S. and Europe, penalties for breaching sanctions not only influence profits but place the entire company at risk. In some cases, the violations can create long-lasting reputational and financial harm that significantly impede the operations of the business. As highlighted by the graphic below, there have been a variety of corporations that were dealt large penalties by OFAC for violations that occurred over the past 3-5 years.

SANCTIONED PARTY	INDUSTRY	PENALTY	YEAR
Corporation A	Pharmaceuticals	**$7,600,000**	**2016**
Corporation B	Gas	**$5,900,000**	**2016**
Corporation C	Agriculture	**$4,300,000**	**2016**
Corporation D	Technology	**$430,400,000**	**2017**
Corporation E	Manufacturing	**$1,400,000**	**2021**

The anonymized data above showcases actual corporate sanctions penalties that were levied by the Office of Foreign Assets and Control (OFAC) for violations occurring between 2016 – 2021.

WHAT ARE THE PRIMARY CHALLENGES OF SANCTIONS SCREENING?

LACK OF INTERNAL AUTOMATION / OVERLY COMPLEX SANCTION LISTS

To be effective at comprehensively ensuring payments and sanctions compliance across all global entities and operations, enterprises need comprehensive digital solutions that can automate and optimize the majority of the work. Given the breadth of applicable sanctions that exist today across each global region and the frequency in which specific lists are updated, relying on traditional (manual) measures will undeniably leave you at a heightened risk for penalties, fines, and legal malfeasance. This is especially the case for enterprises managing thousands of payments a week across a huge number of entities, partners, vendors, and clients.

FRAGMENTED BANKING & 3RD PARTY SCREENING TOOLS

Although there are sanction watchlist and screening tools available from various ERP, TMS, and banking providers, very few of these solutions are able to screen every payment that an enterprise is involved with. This is because most systems are simply not connected to the entirety of an enterprise's entities, banks, and 3rd party solutions globally, which means visibility and control is limited from the start. The same goes for banking solutions that might help screen payments that pass through their own system. Today, enterprises cannot rely exclusively on a bank to manage compliance on their behalf because if a violation or penalty is identified in a situation where the corporate does not have their own robust compliance protocols in place, they will likely be prosecuted as the most negligent party, even if a bank's software failed to recognize any issue.

OVERRELIANCE ON "PEOPLE" VS "SYSTEMS"

Payments are often authorized using a 'four-eyes principle' where transactions are approved by at least two people. But if manual inspection is the only workflow incorporated by your enterprise to screen payments, this can quickly cause inconsistencies, a lack of transparency, and duplicated work. It also leads to gaps in compliance and the potential for more blocked and halted payments, as well as actual negligence. This is especially the case if internal departments with little bandwidth are responsible for helping maintain and curate sanctions screening lists.

DIVERSE SUBSIDIARY / CLIENT / VENDOR LANDSCAPE

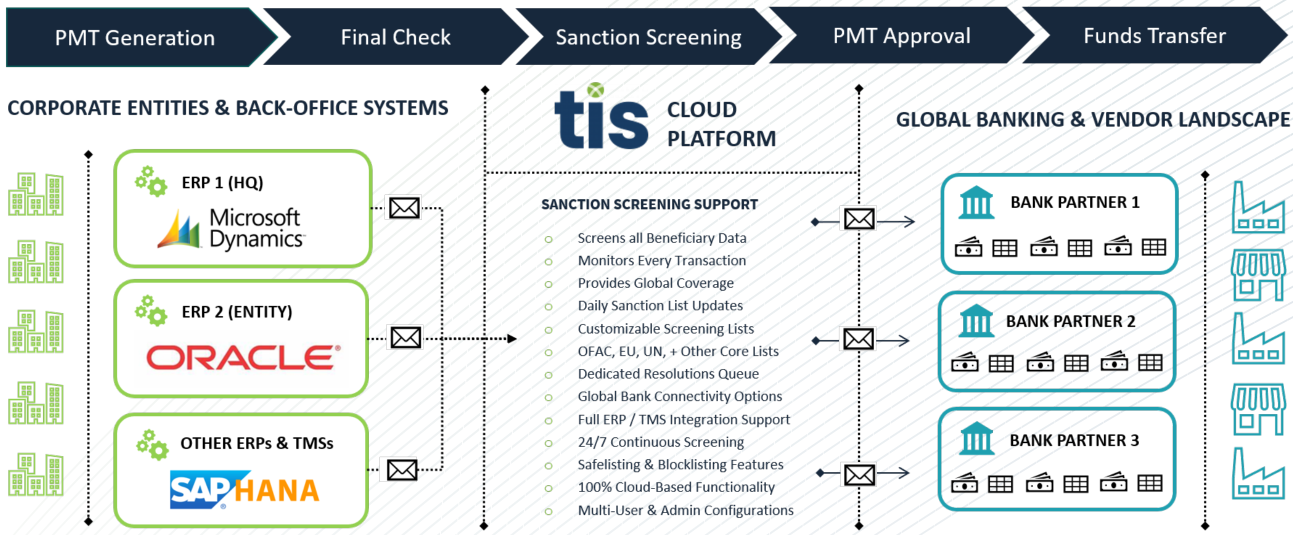
Legally, you are responsible for the compliance of your subsidiary companies. For global enterprises, there may be dozens of entities and subsidiaries across the globe, many of which operate in unique jurisdictions with their own specific set of compliance and sanctions requirements. They may also be operating with a unique set of clients, vendors, and banking partners. Do you have the visibility to be sure that they are carrying out adequate screening processes across all of the institutions and organizations they are associated with?

HOW TIS HELPS YOU MAINTAIN COMPLIANCE QUICKLY, EASILY, AND RELIABLY

TIS' Sanction Screening solution provides an online safety net to keep enterprises compliant globally. As a risk-based, customizable, and fully centralized cloud solution for payment screening and compliance case management, our platform offers:

- Up-to-date global and national watch lists (e. g. OFAC, EU) as well as customizable lists and block-lists.
- Customizable screening to fit different business models and risk profiles (threshold, watch lists, payment filters. etc.).
- Sophisticated, audit-proof case management that can reduce future false positives.
- Continuous screening with virtually no downtime through a cloud-based service that always has the most up-to-date data.
- Screening of all underlying payment beneficiary information.
- Support for numerous international and local payment formats.
- Seamless integration with all your payment systems.
- SAP certified plug-in for integration into SAP ERP and SAP Business ByDesign.
- Integration with other ERP systems using the TIS Agent.
- Full integration with the TIS Bank Transaction Manager payment process.

HOW TIS' SANCTIONS SCREENING FEATURES WORK



SUPPLEMENTAL BENEFITS OF TIS SANCTION SCREENING

The continuous coverage that TIS Sanction Screening offers provides the reassurance needed by finance, treasury, and legal teams to ensure payments are compliant with fast-moving global sanction regulations — thereby saving money and protecting the business's reputation. It also:

- Saves time and money by streamlining compliance processes and reducing manual workloads.
- Provides all business units with a single screening tool that is accessible through one centralized cloud solution.
- Enables safelisting of previous due diligence to reduce false positives.
- Allows flexible configuration to adjust risk profiles.
- Increases confidence with your banking partners and auditors.
- Offers a fixed-price solution that's cloud-based so there's no extra charge-per-payment or expensive IT costs.

ONE COMPONENT IN A COMPREHENSIVE PAYMENTS & LIQUIDITY PLATFORM

TIS' Sanction Screening capabilities are easily integrated with the TIS cloud platform. The full TIS solution consists of a series of modules that effectively cover payments, liquidity, bank account management, security, connectivity, and compliance. The solution is offered to clients through a cloud-based platform that is easily accessible online. One major advantage of TIS is that clients may choose the specific modules they would like to utilize. New modules can be easily added as a client's needs change, and the system can support as many users as necessary.

CASH & LIQUIDITY MANAGEMENT
TIS provides real-time insight into all of an enterprise's entities, banks, and accounts for 360-degree visibility and control.

BANK ACCOUNT MANAGEMENT
TIS enables enterprises to quickly review, edit, or report on bank account details and activity across their global operations.

ENTERPRISE PAYMENTS MANAGEMENT
TIS offers payments execution as well as balance and transaction reporting. Payments from TMS / ERPs and other systems can be supported as well.

BANK CONNECTIVITY
TIS specializes in providing global bank connectivity and financial messaging services for large multinational enterprises, non-profits, and other organizations.

SECURITY & FRAUD PREVENTION
TIS provides a range of tools and capabilities to protect enterprises, including MFA, IP safelisting, VPNs, multisignature authority, and more.

GLOBAL COMPLIANCE & REGULATION
TIS helps structure enterprise payments and banking workflows to manage compliance with FBAR, OFAC, GDPR, and other relevant regulations.

FOR MORE INFORMATION

Given the rapidly evolving nature of modern sanctions requirements and the strict penalties that can be enforced by the various regulatory bodies that oversee them, the impetus is on all businesses that operate internationally to ensure their compliance and sanctions screening protocols are up-to-date. This includes screening of all incoming and outbound payments and the underlying data regarding beneficiaries, bank account details, company names, etc.

For more information about how TIS helps companies manage global sanctions screening and compliance requirements, visit our website or contact one of our experts. You can also visit our resources hub for more information on the impact of sanctions in the modern treasury and finance environment.

TIS is reimagining the world of enterprise payments through a cloud-based platform uniquely designed to help global organizations optimize outbound payments. Corporations, banks and business vendors leverage TIS to transform how they connect global accounts, collaborate on payment processes, execute outbound payments, analyze cash flow and compliance data, and improve critical outbound payment functions. The TIS corporate payments technology platform helps businesses improve operational efficiency, lower risk, manage liquidity, gain strategic advantage — and ultimately achieve enterprise payment optimization.

Enterprise payments reimagined.

Learn more at www.tispayments.com »

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