

## 5 questions about sanctions compliance

### An interview with Deloitte leadership

Deloitte recently conducted a survey<sup>1</sup> to better understand how businesses are managing the challenges of sanctions compliance, the impact of new laws and recent enforcement actions on organizations, and opportunities for improving sanctions compliance efforts.

*Our key takeaway: With the number of sanctions issued by the US Office of Foreign Assets Control (OFAC) increasing and enforcement efforts expanding, US multinational businesses should be investing in their sanctions compliance programs in several different areas.*

#### Question #1: How are recent OFAC sanctions activities affecting the cost of sanctions compliance?



In a recent Deloitte survey, roughly two-thirds of respondents (69%) reported that their sanctions compliance costs have increased compared to three years ago. Even more (71%) believe their compliance costs will rise in the next three years. Expanded sanctions programs and increasing complexity of sanctions requirements are the reasons most cited for increasing costs.

#### Question #2: Facing increased compliance costs, what are sanctions compliance program priorities today?



According to our survey results, most companies (75%) assess and update their sanctions compliance programs annually or more often. Nevertheless, keeping up with changes to OFAC sanctions programs and sanctions against specific industry sectors are most frequently cited as concerns by the senior executives who responded. To address this, executives indicated that the areas receiving attention within their sanctions compliance programs are automated screening systems (35%) and conducting more thorough customer due diligence (30%).

#### Question #3: What other challenges do companies face in managing their sanctions compliance programs?



When asked what their most difficult challenge is regarding sanctions compliance, executives most often cited data quality (35%) and screening customers and transactions (28%). Data is much more likely to be a top challenge for financial services (42%) and large companies<sup>2</sup> (42%) than for non-financial (24%) or for smaller companies (29%).

#### Question #4: Where else can companies create value by investing in their sanctions compliance programs?



Three-quarters or more of survey respondents indicated that their company provides sanctions training to compliance personnel, front-line personnel, and senior management. Only about half of respondents indicated that board members receive training, although financial services firms are more likely to provide such training to the board.

#### Question #5: Are there any bright spots in the sanctions environment—opportunities companies should be aware of?



When asked the likelihood of undertaking planning to enter the Cuban market, nearly half (44%) of survey respondents said they are very likely or somewhat likely to. This was even more common among larger companies (55%).

*Three perspectives worth considering:*



Those that have been through an investigation were more likely to recognize the importance of assessing and updating compliance programs, as well as testing sanctions screening systems, regularly. Companies that focus on these issues not only increase the effectiveness of their sanctions compliance program, but they also can present a stronger defense should the company fall under regulatory scrutiny.



And if you agree with the respondents' prediction that costs will continue to rise, then spending strategically is key—while each company's priorities may be unique, improving data quality and implementing screening solutions comprehensively will typically provide additional confidence to any company's sanctions compliance program.



But the professionals in any company are still the critical link to a successful program—keeping up with evolving sanctions regimes and performing appropriate customer, vendor, partner, distributor, etc., due diligence is still as important as ever. And with most companies expanding, innovating, and entering into more complex transactions, companies are continuing to call on systems, processes, controls, and people to be as sharp as ever.

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For more information or additional survey findings, please visit  
[www.deloitte.com/us/sanctions-survey](http://www.deloitte.com/us/sanctions-survey)

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<sup>1</sup> Deloitte conducted a survey to assess how companies are managing sanctions compliance and the challenges they face. The online survey was completed by 107 executives from February 11 to March 23, 2015. Respondents represented a variety of industries, with over half coming from Financial Services companies. Note: some percentages in the charts throughout this report may not add up to 100 percent due to rounding or to reflect questions where survey participants had the option to choose multiple responses.

<sup>2</sup> Large companies defined as those with \$1 billion or more in annual revenues.