



Sanctions Evasion Techniques and How to Detect Them

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Sanctions evaders move faster than policy updates. From spoofed ship positions to shell distributors, the playbook keeps shifting, so what should banks and payment firms watch? This piece unpacks Sanctions Evasion Techniques and How to Detect Them for teams responsible for AML, KYC, and transaction monitoring in an era of real-time payments. Strong controls hinge on current typologies and disciplined execution.

What does evasion looks like today?

Today's schemes blend trade obfuscation with financial misdirection. Common patterns include front companies in permissive jurisdictions, transshipment through third countries, and falsified end-user or commodity documents. In maritime trades, actors spoof or disable AIS, stage ship-to-ship transfers, or swap flags and ownership to hide the cargo's origin. Documentation edits, sudden changes to shipping instructions, and refusals to provide reasonable details are classic red flags. Price-cap evasion also appears via opaque freight, insurance, and service fees that conceal true cargo values. Beware of context, though: brief AIS gaps may reflect piracy risks or safety protocols rather than misconduct.

How to detect it in financial flows?

Combine customer due diligence with trade-aware analytics. Start with beneficial ownership resolution and network-link analysis across counterparties, freight

forwarders, and end-users; graphs help expose common addresses, directors, and IPs. Leverage structured data from trade systems and external sources (e.g., shipping manifests, AIS feeds, HS codes, vessel registries), and correlate that with ISO 20022 payment data, such as structured addresses, remittance information, legal entity identifiers (LEIs), and payer/payee information, to identify inconsistencies between declared trade details and financial flows. Look for payment fragmentation, round-trip funds, or new correspondent corridors created right after sanctions updates. In trade finance, compare invoices, bills of lading, and inspection reports; mismatched weights, INCOTERMS, or commodity descriptions warrant escalation. For maritime exposures, monitor AIS patterns for prolonged, unexplained dark activity near transshipment hubs and for spoofing; overlay with port controls and high-risk zones.

Automate red-flag testing inside case management. Examples: rapid changes in directors or shareholders; repeated shipments routed via the same small logistics firm; sudden requests to reroute cargo; or customers declining to provide end-use statements. Align screening to cover vessels, IMO numbers, and logistics entities – not just counterparties. Calibrate fraud detection and sanctions rules together, since mules and smurfing often support both sanctions evasion and classic money laundering.

Operating model implications

Evasion thrives on weak governance. Maintain an enterprise sanctions risk assessment and refresh it after major geopolitical shifts. Define playbooks for enhanced due diligence, including documentary sampling, geofencing, and escalation to second-line reviews. Train analysts on export-control basics and dual-use goods. Keep typologies current with OFAC, EU, and FATF advisories, and memorialize them in rule libraries. For real-time payments, deploy pre-transaction controls and post-event sweeps to catch fast-moving flows without disrupting legitimate commerce.

Finally, measure outcomes, not just alert volumes but confirmed cases, interdicted value, and cycle time. Effective programs are pragmatic: they pair crisp data (including maritime and trade sources) with explainable models and human judgment. When detection leans on context, document the rationale. The goal is simple: make evasion harder, more expensive, and easier to spot. Share insights with peers and supervisors, and feed confirmed cases into model retraining; continuous learning turns isolated detections into sustainable, organization-wide resilience over time.