Sanctions risk assessment 2025, summary

12.2.2026

Content

In brief

This summary of sanctions risk assessment is a condensed version of the sanctions risk assessment prepared by the Financial Supervisory Authority (FIN-FSA). The sanctions risk assessment evaluates, among other things, the policies, procedures and internal controls established by each supervised sector to ensure compliance with sanctions regulations and national freezing orders. The FIN-FSA prepared its first sanctions risk assessment in autumn 2024 and published a summary of it. An update to the risk assessment has been prepared, mainly focusing on changes that have occurred in the level of controls.

The previous risk assessment was based on data reported by supervised entities to the FIN-FSA through the RA data collection concerning the year 2023. After the reporting, on 1 March 2024, the FIN-FSA's *Regulations and guidelines (4/2023) on customer due diligence related to compliance with sanctions regulation and national freezing orders* entered into force. The updated risk assessment now prepared is based on information reported for the year 2024 as well as supervisory observations from 2024 and 2025.

The risk assessment determines for each subsector the overall level of risk associated with sanctions and national freezing orders. The overall level of risk consists of risk exposure and risk related to deficiencies in controls.

In the update, the FIN-FSA's assessment of the sanctions risk exposure in different sectors has remained unchanged. The risk assessment highlights changes that have occurred in sanctions regulations as well as new observations related to sanctions evasion.

With regard to controls, the most positive developments have taken place in the insurance and investment fund sectors. Entities in these sectors have, after the entry into force of Regulations and guidelines 4/2023, reported that they have mainly arranged their controls so that they meet the minimum requirements set by law and the FIN-FSA's regulations.

By contrast, development in the payment services sector has not been as positive, which is particularly concerning from the perspective of the nature of the activities and sanctions risk exposure. In addition, deficiencies are concentrated in the customer and transaction screening, which is critical for ensuring compliance with sanctions in that sector.

1 Regulatory background and purpose of risk assessment

The FIN-FSA supervises compliance with the Act on Preventing Money Laundering and Terrorist Financing (hereinafter the AML Act) pursuant to chapter 7, section 1, subsection 1, paragraph 1 of the Act insofar as it concerns obliged entities referred to in chapter 1, section 2, subsection 1, paragraphs 1–8, section 8 a and section 15 of the Act. When this risk assessment refers to supervised entities, it refers to the aforementioned obliged entities under the AML Act that are supervised by the FIN-FSA.

In 2023, a new section 16 was added to chapter 3 of the AML Act requiring the FIN-FSA to monitor that, as part of customer due diligence measures, obliged entities have effective policies, procedures and internal controls to ensure that they comply with the obligations imposed on them by:

1) regulations adopted under Article 215 of the Treaty on the Functioning of the European Union and by government decrees issued under section 1 and section 2a, subsection 1 of the Act on the Enforcement of Certain Obligations of Finland as a Member of the United Nations and of the European Union (659/1967) (sanctions regulations); and

2) decisions to freeze assets made pursuant to section 2b of the act referred to in paragraph 1 and pursuant to the Act on the Freezing of Funds with a View to Combating Terrorism (325/2013) (freezing orders).

The FIN-FSA's task is to supervise measures taken by obliged entities to comply with sanctions regulations and freezing orders. FIN-FSA Regulations and guidelines 4/2023 on customer due diligence related to compliance with sanctions regulation and national freezing orders clarify what is meant, in practice, by effective policies, procedures and internal controls, as required by chapter 3, section 16 of the AML Act. Regulations and guidelines 4/2023 entered into force on 1 March 2024.

The competent authority in matters related to international sanctions is the Ministry for Foreign Affairs, and the National Enforcement Authority Finland is responsible for implementing the freezing of assets.

The FIN-FSA is required to adopt a risk-based approach to organising supervision of compliance with obligations under the AML Act, i.e. supervision should be proportionate to identified risks and vulnerabilities. Risk-based supervision requires the preparation of a risk assessment and therefore, in consequence of its new supervisory task, the FIN-FSA has prepared a risk assessment, the purpose of which is to assess, by subsector[1]

1. the sectors in which particular attention should be paid to complying with sanctions regulations and freezing orders and which of the subsectors are particularly exposed to attempts to evade sanctions regulations and freezing orders (***sanctions risk exposure***), and
2. the level required of subsectors' policies, procedures and internal controls, as referred to in chapter 3, section 16 of the AML Act, to comply with sanctions regulations and freezing orders (***controls***).

The sanctions risk assessment does not evaluate the risk that obliged entities supervised by the FIN-FSA would violate sanctions or national freezing orders, as the FIN-FSA’s supervisory obligation is directed at the supervision of

[1] For risk identification and assessment purposes, the FIN-FSA has already, in its previous risk assessments of money laundering and terrorist financing, broken down the obliged entities it supervises into sectors and further into subsectors according to their activities.

conduct. Further information on the methodology of the risk assessment can be found in the summary of the 2024 sanctions risk assessment.[2]

2 Evolution of the risk environment

2.1 Changes in sanctions and sanctions evasion

Sanctions regulations and national freezing orders are explained in more detail in the summary of the 2024 sanctions risk assessment[3], and in this context the focus is on changes that occurred during the year.

The most significant change in regulation concerned the national implementation of the EU Directive criminalizing violation and circumvention of EU sanctions, which was completed in spring 2025. As a result of the Directive, violation of sanctions is punishable in all Member States and the penalty provisions meet a common minimum level. In Finland, new provisions were enacted on sanctions offences, aggravated sanctions offences, negligent sanctions offences and sanctions violations. Legal persons are also subject to corporate criminal liability for sanctions offences, aggravated sanctions offences and negligent sanctions offences. The maximum corporate fine for these offences is five percent of the legal person's turnover, however at least EUR 850,000 and at most EUR 40 million.

During 2025, the EU has published 4 new sanctions packages and at the time of writing[4], the 20th package in sequence is under preparation. With regard to sanctions affecting the financial sector, numerous banks have been designated (subject to transaction bans). In addition, sanctions related to cryptocurrencies and services have been tightened during 2025. For example, a transaction ban was imposed on the A7A5 stablecoin pegged to the Russian rouble, and Russian-linked exchange services Garantex and Grinex (registered in Kyrgyzstan) were designated. The role of cryptocurrencies has also grown in sanctions evasion, as illustrated by the designation of the abovementioned Kyrgyzstan-registered crypto exchange Grinex.

On 29 September 2025, the EU Council decided to reimpose sanctions against Iran, which had been suspended following the entry into force in October 2015 of the Joint Comprehensive Plan of Action on Iran nuclear non-proliferation ("JCPOA agreement"). The EU Council's decision was made after the UN Security Council decided on 28 September 2025 to reimpose all sanctions lifted in January 2016. The sanctions include asset freezes as well as export and import bans and target, among others, Iran's financial sector and the Central Bank of Iran.[5]

Sanctions are still being actively circumvented through the United Arab Emirates, Hong Kong, Central Asian countries (especially Kazakhstan and Kyrgyzstan), China, India and Turkey. In addition, attempts to circumvent sanctions through Southeast Asia (e.g. Thailand, Singapore, Vietnam) are increasing. In Europe, Cyprus, Moldova and Serbia in particular are countries with a high risk of sanctions evasion.

In Finland, Customs has initiated more than 920 criminal investigations since the start of the war. In 2025, Customs opened 15 new investigations with the offence title of regulatory offence and 9 new investigations concerning aggravated regulatory offences. The risk related to sanctions evasion remains high in Finland.

[2] Summary of the sanctions risk assessment

[3] Sanctions risk assessment 2024

[4] 1 December 2025.

[5] Sanctions against Iran reimposed - 2025 - www.finanssivalvonta.fi

2.2 Sanctions risk exposure in the financial sector

Based on the data collected through RA data collection, there have been no significant changes in the factors affecting sanctions risk exposure between 2023 and 2024. From the perspective of sanctioned customers and frozen payments, there has been no notable change in sanctions risk compared to 2023.

The risk assessment also examined the development of payments traffic to/from countries through which sanctions are circumvented. In this respect, no sector-specific changes affecting risk were observed. Nevertheless, it can be noted that trends can be observed in the payments traffic of individual supervised entities that may significantly increase those entities' sanctions risk exposure. Sanctions risk exposure remains highest in the credit institution and payment services sectors as well as the crypto asset sector.

3 Deficiencies in controls

3.1 Summary

One of the main objectives of the risk assessment update was to assess changes in deficiencies in controls after the entry into force of Regulations and guidelines 4/2023 on 1 March 2024. Deficiencies in controls were assessed primarily on the basis of responses given in RA data collection. During 2024 and 2025, the FIN-FSA has also accumulated supervisory observations on the state of supervised entities' controls.[6] As regards controls, the assessment is concerned with risk related to deficiencies in controls.

The table below shows, in addition to sanctions risk exposure (no changes), the risk scores related to deficiencies in controls by subsector and the overall risk level based on the RA data collection in 2024 and supervisory observations. The risk levels determined on the basis of the 2023 data are shown in parentheses if there has been a change in the risk level.

Sector / Sub-sector	Sanctions Risk Exposure	Deficiencies in Control Measures 2024 (2023)	Overall Risk Level 2024 (2023)
Credit institutions, group 1	4	2	Significant
Credit institutions, group 3	4	3	Very significant
VASP (CASP)	4	2 (3)	Significant (Very significant)
Credit institutions, group 2	4	3	Very significant
Payment institutions	4	4(3)	Very significant
Money transfer service providers	4	3	Very significant
Investment service providers	3	3	Significant
Registered payment service providers	3	4 (3)	Significant
Credit institutions, group 4	2	3	Moderately significant
Non-life insurance companies	2	2(3)	Moderately significant
UCITS fund managers	2	2(3)	Moderately significant
Credit institutions, group 5	1	2	Less significant
Consumer credit companies	1	3 (2)	Moderately significant (Less significant)
Life insurance companies	1	2 (3)	Less significant (Moderately significant)
Licensed AIFMs	1	2 (3)	Less significant (Moderately significant)
Registered AIFMs	1	3	Moderately significant

[6] thematic review of sanctions screening 2025

3.2 Credit institutions and other consumer credit providers

The risk scores indicating deficiencies in controls for credit institutions engaging in deposit banking (subsectors 1–3 of the credit institution sector[7]) have generally decreased or remained unchanged compared to 2023. Nevertheless, the sector still includes supervised entities that, for example, have not prepared a sanctions risk assessment.

For group 1 deposit banks, the situation has continued to improve according to responses given in the RA data collection. Based on supervisory observations, banks' sanctions screening is at a good level, but factors increasing sanctions risk should be taken better into account in customer due diligence. The risk related to controls remains at the **moderately significant** level.

For group 3, developments have been mainly positive according to data collected through the RA data collection. In contrast, based on supervisory observations, the situation is mixed: some credit institutions performed well in the thematic assessment, but some had deficiencies in sanctions screening that require measures. The risk related to controls remains at the **significant** level.

Group 2 also shows positive developments based on reported data in the RA data collection. Based on supervisory observations, in some cases, there are significant deficiencies requiring measures in banks' sanctions screening systems. In addition, attention should be paid to the resourcing of functions. The risk related to controls remains at the **significant** level.

With respect to finance companies (subsector 4 of the credit institution sector), developments have been positive from the perspective of risk assessment and the organisation of activities. The most typical deficiency is that no person has been designated in the company to be responsible for compliance with sanctions regulations. There are more deficiencies in screening. Among finance companies, there are supervised entities whose screening does not, for example, cover payee name information. The most deficiencies are in operating instructions for detecting sanctions evasion. Although positive development has occurred in light of data reported in RA data collection, the risk for finance companies remains at the **significant** level.

For foreign branches providing services on a very limited basis (subsector 5), the situation has remained the same, and the risk remains at the **moderately significant** level.

For consumer credit providers, the situation from the perspective of risk assessment and organisation of activities largely corresponds to what was reported for 2023. As a negative change compared to the previous, however, previously prepared sanctions risk assessments have not been updated during 2024. The extensive supervisory campaign carried out in 2023 certainly contributed to the fact that, according to the data reported in 2023, risk assessments had just been prepared or updated for almost all respondents. Some operators still lack practical operating instructions for freezing assets. There are more deficiencies in screening and investigation of alerts, and for some companies the number of deficiencies has even increased compared to 2023. Among them are companies that do not check, when establishing a customer relationship, whether the customer is on a sanctions or freezing list. Operating instructions for detecting sanctions evasion are missing from half of the respondents. The risk related to deficiencies in controls is **significant**.

[7] For the purposes of the risk assessment of money laundering and terrorist financing, credit institutions are broken down into five different subsectors. For more details, see Summary of risk assessment for the credit institution sector 2022.

3.3 Payment service providers and virtual currency providers (now crypto asset service providers)

With regard to deficiencies in controls, developments in the payment services sector have been negative despite the fact that the activities also involve significant risks of sanctions violations. Although findings from the RA data collection suggests some positive developments have also taken place, these cannot be considered significant. Moreover, supervisory observations from the sector indicate that the level of controls is in some respects weaker than what the data from the RA data collection suggests.

Some payment institutions still have not prepared/updated their risk assessment, and are lacking operating instructions related to freezing assets. As regards registered payment service providers, deficiencies related to organisation of activities are also mainly related to the lack of instructions concerning the freezing of assets.

The main deficiencies in controls relate to screening. One third of payment institutions reported that they do not check, in relation to various fund transfers, that they do not violate current sanctions or freezing orders. There are also deficiencies in the testing and quality control of systems. For registered payment service providers, the situation is weaker. Half of supervised entities reported that they do not check, in relation to various fund transfers, that they do not violate current sanctions or freezing orders. Likewise, about half reported that they do not always screen the customer base when UN, EU and NBI sanctions lists are updated.

For the above reasons, the risk level related to deficiencies in controls for both payment institutions and registered payment service providers is raised from significant to **very significant**.

For money remitters, the situation has not changed based on what was reported in RA data collection, so the risk related to deficiencies in controls remains at the **significant** level.

As of 30 June 2025, the FIN-FSA has supervised crypto asset service providers (CASPs) instead of virtual currency providers (VASPs). However, the RA data collection data is from the period when the old regulation concerning virtual currency providers was still in force. The majority of those who reported in RA data collection for 2024 have applied for and some have already received a CASP authorisation. They have therefore had to present up-to-date controls for managing sanctions risks in connection with the application for authorisation. This is also reflected in the sector's responses in the RA data collection. In practice, only one operator was assigned risk points due to risk assessment and the organisation of activities. With regard to screening, all have reported that sanctions screening takes place system-based when establishing a customer relationship, which shows positive development from the previous year. All companies have also adopted operating instructions for freezing assets. The risk level related to deficiencies in controls in the sector has decreased from significant to **moderately significant**. The assessment takes into account that the policies and procedures of all CASP authorisation holders have been reviewed in the authorisation process.

3.4 Capital markets

About half of investment service providers have received no risk points at all in the risk assessment and organisation of activities section. This includes operators that still had deficiencies in controls based on the 2023 RA data collection. Among those investment service providers that received risk points, the most deficiencies were in staff training, risk assessment and operating instructions for freezing assets.

With regard to screening, it can be noted that several companies reported that they do not check whether fund transfers violate current sanctions or freezing orders. Operating instructions for detecting sanctions evasion were missing from 15 companies. Six respondents did not include UN economic sanctions in the sanctions lists to be screened.

Deficiencies in controls in the investment services sector reflect the fact that companies are divided into those whose matters were in order and those with more deficiencies. For example, deficiencies in operating instructions for detecting sanctions evasion generate risk points for many respondents. Overall, it is assessed that the risk related to deficiencies in controls in the investment services sector remains **significant**.

For both UCITS management companies and authorised alternative investment fund managers (AIFMs), development has been positive from the perspective of risk assessment and organisation of activities: the majority of respondents have received no risk points. Only two respondents lacked a risk assessment. Development has also been positive with regard to screening, as more than half of respondents received fewer risk points than the previous year. All reported, among other things, ensuring when opening a customer relationship that the customer is not on a sanctions or freezing list. There is still room for improvement in operating instructions for detecting sanctions evasion.

For both sectors, the risk related to weaknesses in controls has decreased from significant to **moderately significant**.

Registered AIFMs are divided roughly into two groups with regard to risk assessment and organisation of activities: those that basically meet the basic requirements and those with many deficiencies. Compared to the previous assessment, risk points increased for almost as many respondents as they decreased. In addition, there is a group of operators that already had risk points and no development has occurred during the year.

With regard to screening, it can be noted that the majority have reported checking before opening a customer relationship that the customer is not on a sanctions or freezing list. However, the group includes operators that did not perform sanctions screening every time changes occur in the lists. Some have also reported that UN economic sanctions have not been included in sanctions screening. Operating instructions for detecting sanctions evasion were missing from many.

The risk related to the weakness in controls remains **significant**.

3.5 Insurance sector

Life insurance companies' risk points related to risk assessment and organisation of activities have decreased from the previous year so that only a couple of operators have risk points left. Points related to screening have also decreased as more insurance companies prepared instructions during 2024 for detecting sanctions evasion. Overall, development in controls has been positive, and the risk related to deficiencies in controls has decreased from significant to **moderately significant**.

For the non-life insurance sector, development corresponds to that of the life insurance sector, i.e. the vast majority of companies have received no risk points at all in the risk assessment and organisation of activities section. The change has been smaller with regard to screening, but on the other hand the most deficiencies are in companies whose customer base is very limited and sanctions risk exposure very low. The risk related to deficiencies in controls has decreased from significant to **moderately significant**.

4 Targeting of supervision

Change in the level of controls has been mixed – on the one hand some supervised groups have tightened up and put in place the basic elements required of controls (e.g. risk assessment, operating instructions), which has lowered the risk level related to deficiencies in controls. On the other hand, there are sectors where hardly any development has occurred, even though from the perspective of risk exposure attention should be paid to controls.

During 2026, supervision will first ensure that supervised entities take corrective measures regarding deficiencies observed in connection with the 2025 thematic review of sanctions screeening. For supervised sectors with very significant sanctions risk exposure, the possibility of ad hoc supervisory measures is reserved. Measures may be necessary, for example, if significant changes are observed in payments traffic to countries through which sanctions are circumvented. In addition, depending on the situation, sector-specific supervisory letters will be sent to those sectors where no positive development has occurred in the state of controls according to data reported in RA data collection.

The sanctions situation changes constantly, and methods of sanctions evasion evolve. This requires supervised entities to remain vigilant and continuously assess the risk affecting their own activities. Thus, the situation cannot be considered to have deteriorated more broadly, but the underlying factors may include increasingly detailed observations in supervisory work, more complex circumstances and improved awareness among supervised entities.