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INTELLIGENCE

The Global Sanctions Index (GSI): Inflation slows



About the author



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Mike leads LSEG's Risk Intelligence business in Asia. In this role, he helps define LSEG's go-to-market, product and content strategies, including for the flagship World-Check, Digital Onboarding, LSEG IDV, and Enhanced Due Diligence products.

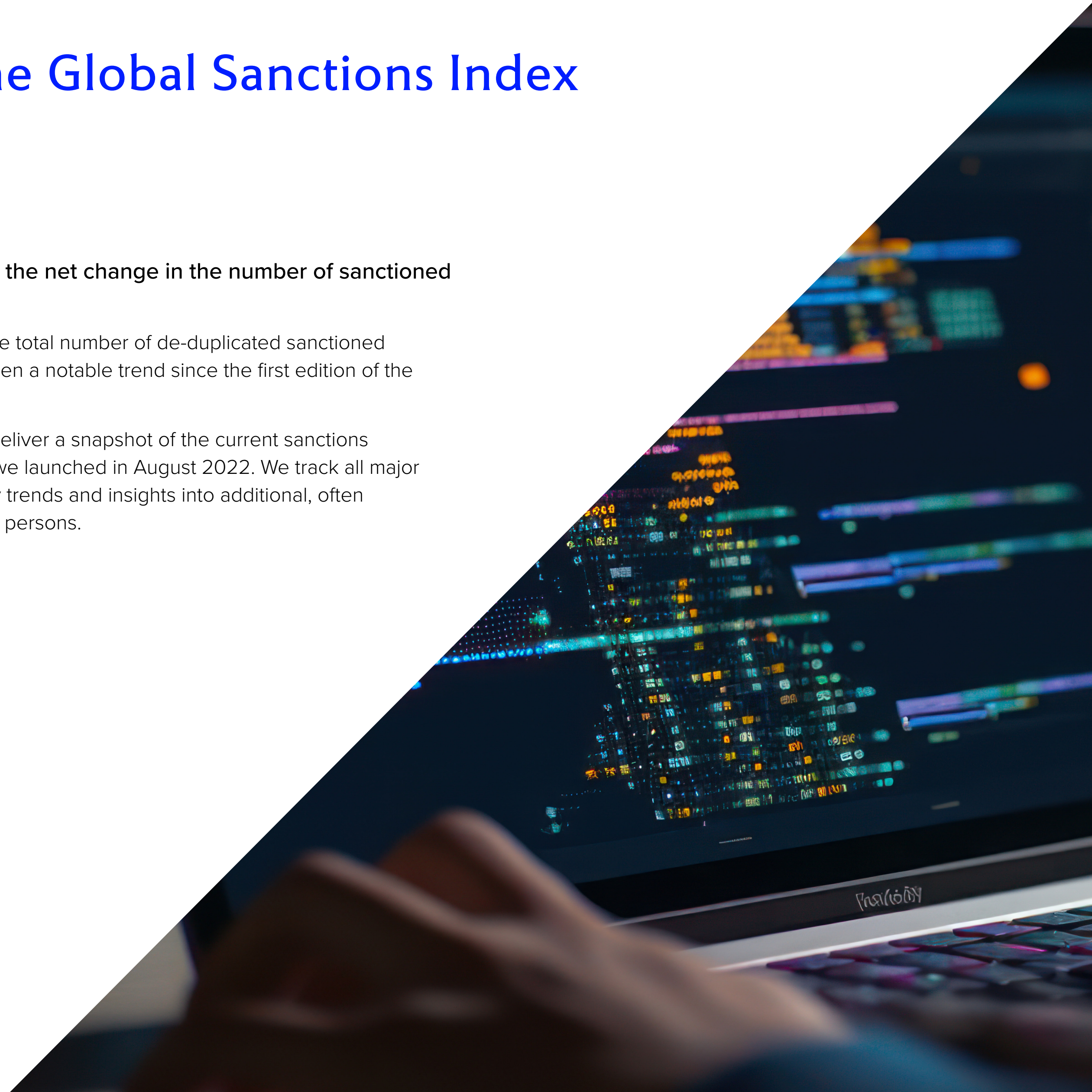
In 2022, Mike launched the Global Sanctions Index (GSI) to track and understand an increasingly fragmented global sanctions environment.

Introduction to the Global Sanctions Index

The GSI uses World-Check data to track the net change in the number of sanctioned persons globally.

Sanctions inflation – the annual increase in the total number of de-duplicated sanctioned persons on all explicit sanctions lists – has been a notable trend since the first edition of the GSI in April 2022.

This report draws on data to March 2024 to deliver a snapshot of the current sanctions landscape and an update of the sub-indices we launched in August 2022. We track all major sanctions programmes, allowing us to identify trends and insights into additional, often non-obvious risks associated with sanctioned persons.

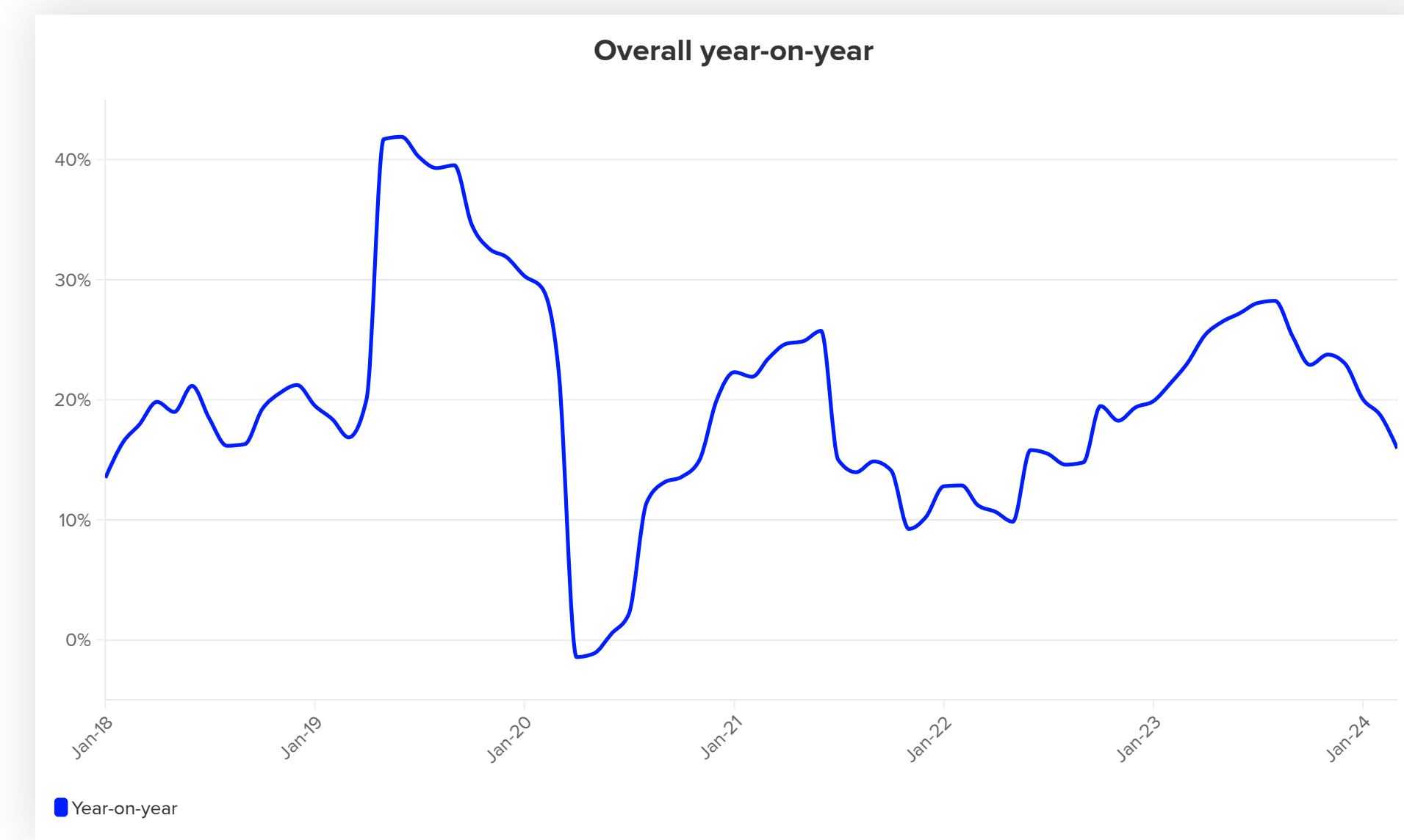


Executive summary

Global sanctions inflation continues to increase, although the rate of increase has slowed in recent months. There are now over 70,000 unique sanctioned persons (individuals and entities) globally, a 370% increase since our base date of January 2017. In March 2024, the GSI stood at 370, with year-on-year inflation at 16%. While inflation remains high – still deep in hyperinflation territory – it has moderated in recent months.

The drivers of this disinflation are several, but include Ukraine's cessation of further net new sanctions in Q1 and a deceleration of sanctions growth in a diverse array of autonomous sanctions programmes (e.g. Japan, Australia, China, UK). Bucking this general trend, OFAC continues to be a major driver of sanctions inflation as it has been over the full period from 2017 included in the GSI.

Consistent with the long-term trends, consensus-based UN sanctions continue to shrink as a proportion of all sanctions. UN sanctions now represent only 1.42% of sanctions globally, down from 1.8% last year.

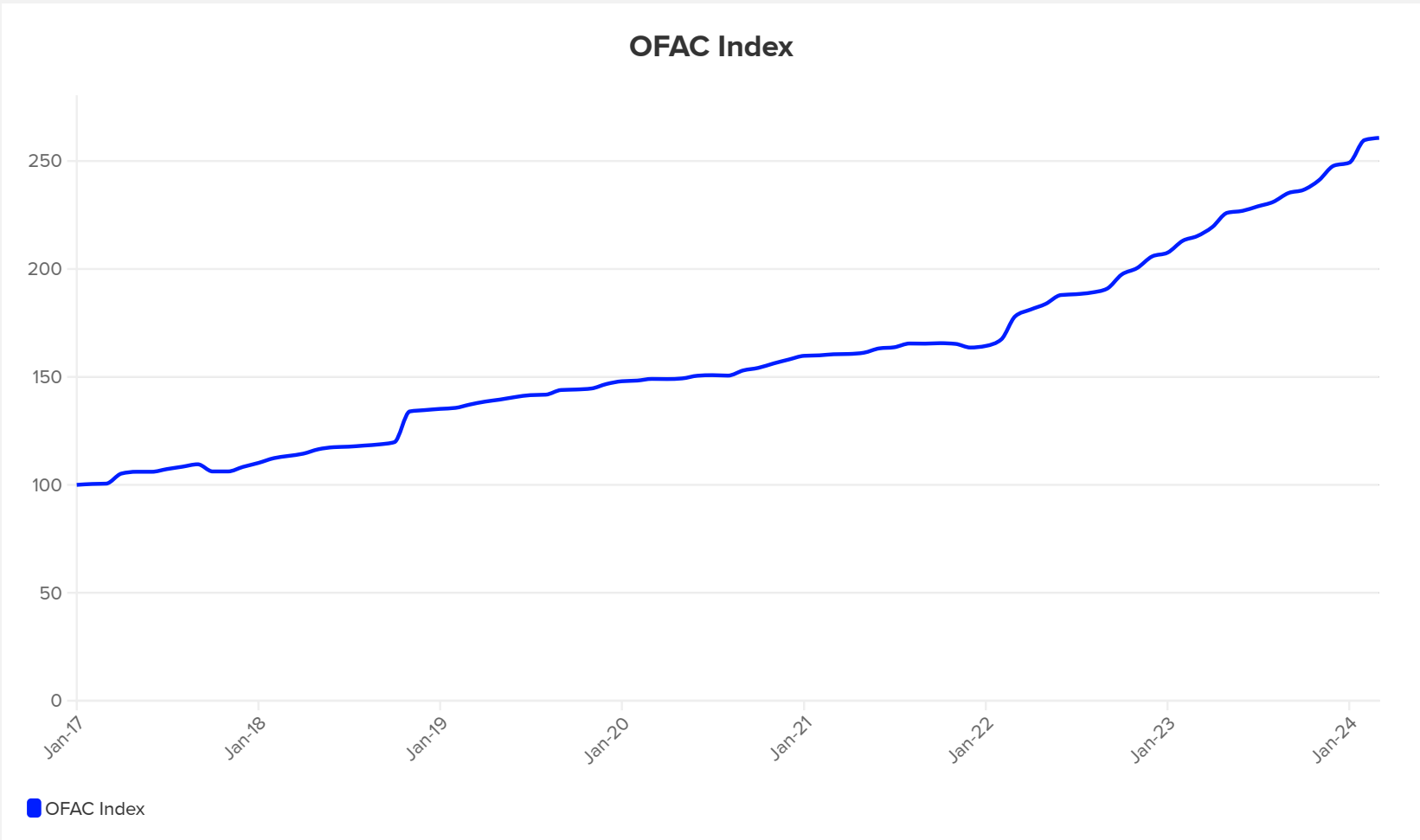


Key highlights

OFAC Jan 2017 to March 2024

While several sanctions programmes have decelerated over the last year, OFAC continues to be a major driver of overall sanctions inflation. The OFAC sub-index now stands at 260.7, with its annual inflation accelerating to 21.1% in March 2024 compared to the same period in 2023.

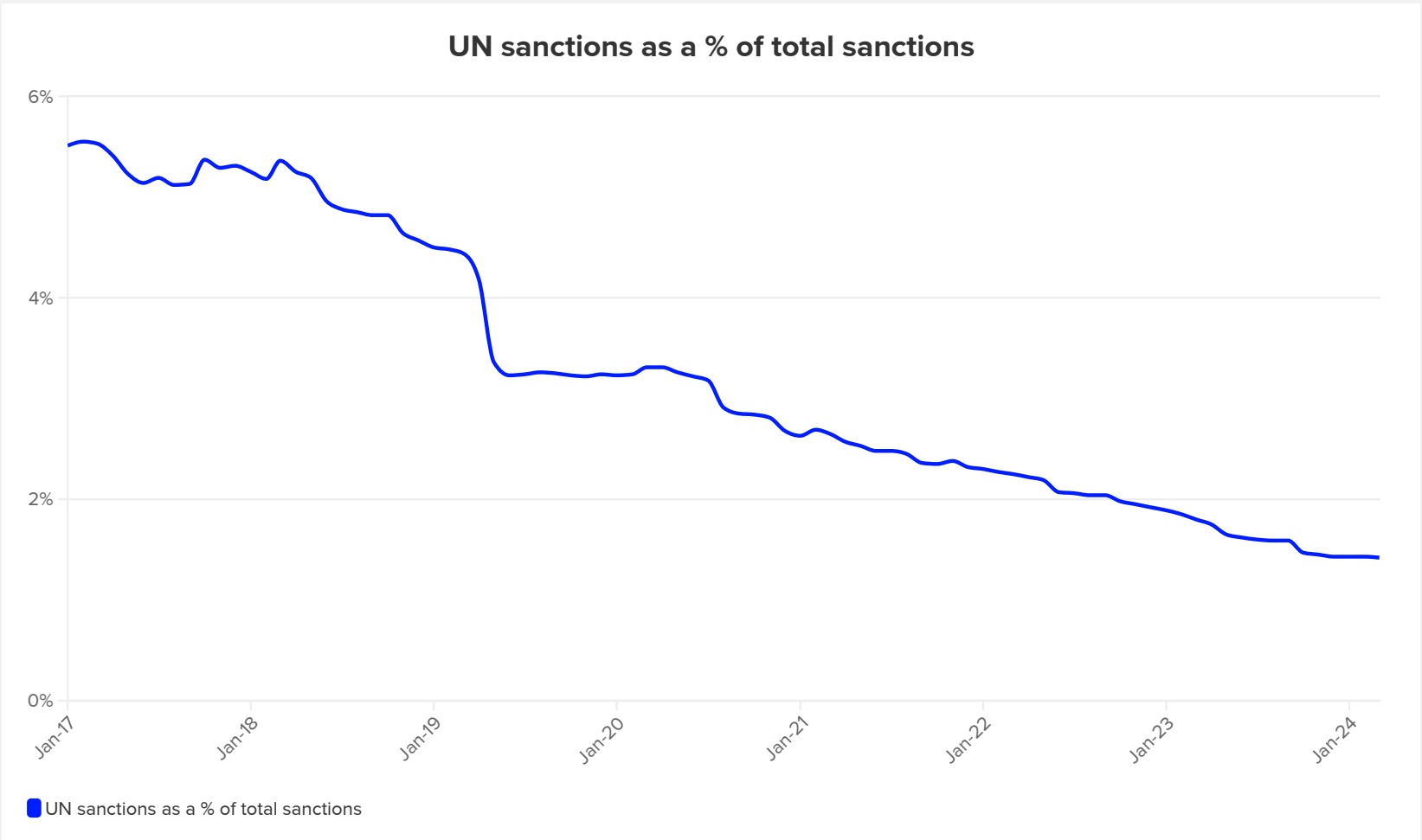
There are over 15,000 persons sanctioned across OFAC’s diverse array of sanctions programmes, representing a fifth of the global sanctions total.



The UN’s continued decline

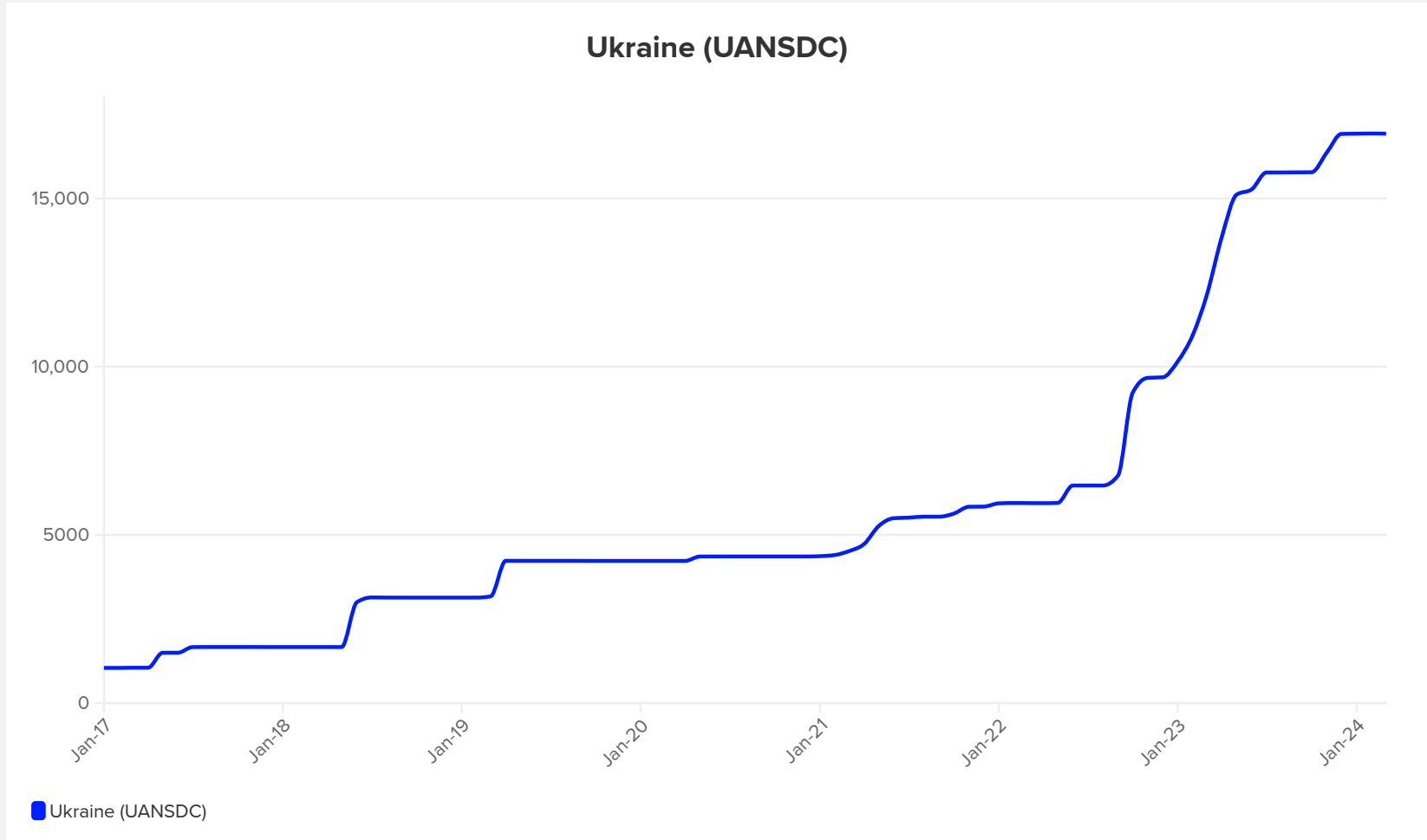
United Nations sanctions continue to hit record lows as a proportion of all sanctions, with it reaching an all-time low of 1.42% in March 2024:

UN sanctions contributed moderately to deflation, with annual inflation being -6.1% and its sub-index reaching a 95.5, reflecting a net decline over the full period since January 2017.



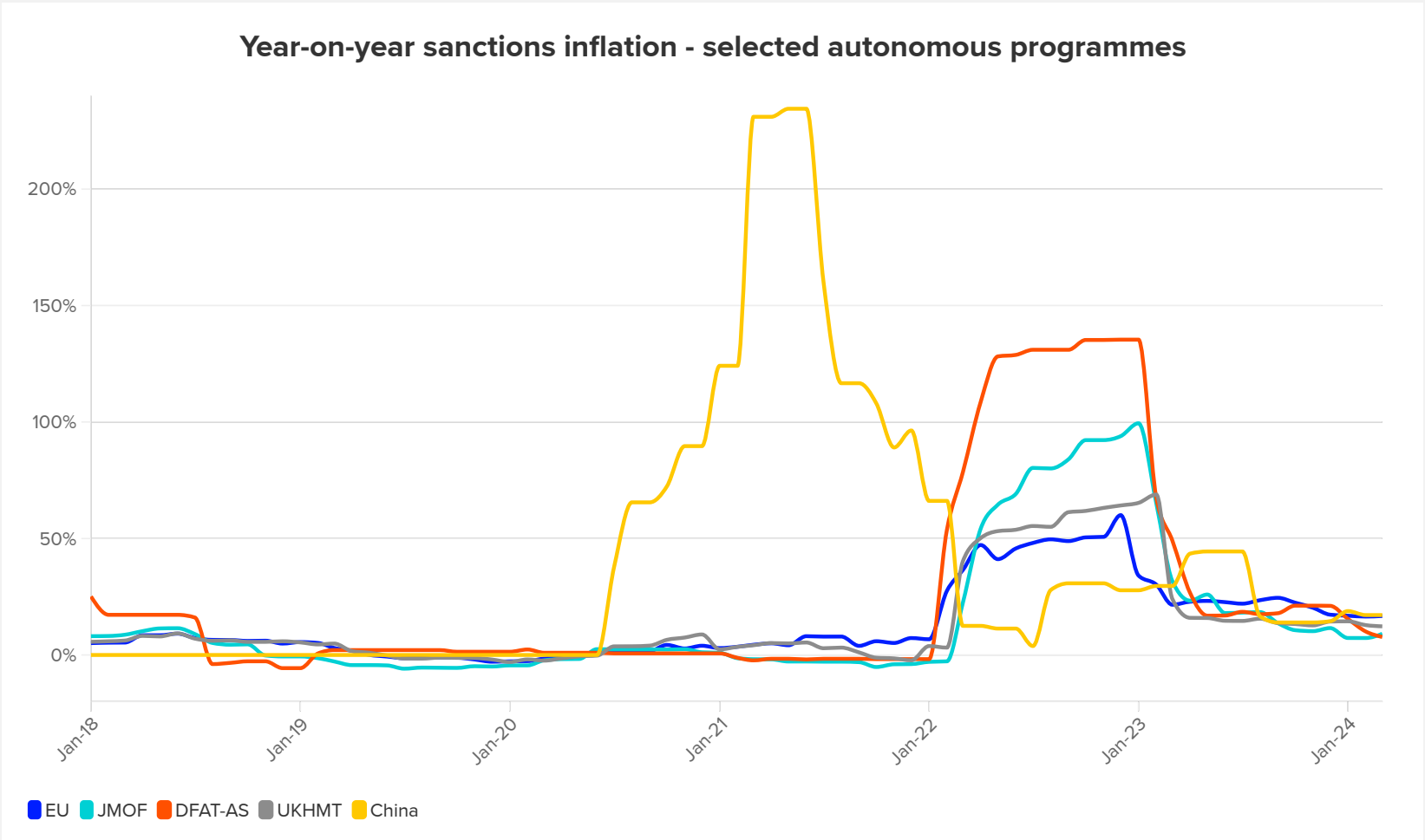
Contributors to disinflation

Ukraine has been a significant contributor to overall sanctions inflation, particularly since the full-scale Russian invasion in February 2022. It now has one of the largest programmes in the world:



Given the size of Ukraine’s programme, it is significant that net growth ground to a halt in Q1 2024. This is a major contributor to the slower rate of overall inflation.

At the same time, numerous other national sanctions programmes have also contributed to the disinflation we have seen. This is best seen in the year-on-year growth percentages over time, here showing the European Union, China’s various programmes, the autonomous sanctions programmes of Australia, Japan and the United Kingdom:



China’s sanctions inflation peaked earlier, but the other regimes included above had a Ukraine-related spike in 2022 and 2023. While all these regimes are still growing on a net basis, their contribution to sanctions inflation has moderated, thus contributing to the overall disinflationary trend.



GSI sub-indices

The GSI sub-indices track several major sanctions programmes, complementing the overall Global Sanctions Index.

Data is as of March 2024 and the index base date (=100) is January 2017. For the first time in this edition, we also include sub-indices for France and Switzerland

- OFAC's annual sanctions inflation is 21.2%, and its index has reached 260.7
- EU sanctions inflation is 16.7%, and its index is 237.6
- Japan sanctions inflation is 9.1% and its index is 224.9
- Australia's autonomous sanctions, administered by the Department of Foreign Affairs and Trade), decelerated to 7.7% and the DFAT index reached 338.8
- The UK's sanctions, newly autonomous from EU sanctions, have also moderated somewhat in recent months – inflation is now at 12.3% and the index at 221.4
- China's various autonomous sanctions programmes inflated significantly in the previous period, but have now moderated to a level more in line with other national programmes, 17.1% with the index reaching 565.5
- Switzerland's sanctions programme is largely in line with other major European sanctions regimes, with annual inflation of 15.2% and its index at 236.2
- France, similarly, has sanctions inflation of 16.6% and its index reached 250.2

Finally, UN sanctions contributed to deflation with its index reaching 95.5 and its annual deflation -6.1% in March 2024.

Effective screening reduces complexity

The screening process can often generate a high number of false positive results, all of which require remediation. Several factors contribute to false positives – partial names, aliases, various spellings, and low-quality translations. Some sanctioned individuals may attempt to obscure their identities to avoid detection by altering one or two details, and sanctions lists use different naming conventions. All of this information needs to be rationalised, resolved, quality checked and reliably captured.

An effective screening tool resolves these issues during the research and capturing stage. Names need to be checked, de-duplicated, categorised and tagged for easy filtering, and information should be linked to verifiable and credible sources.

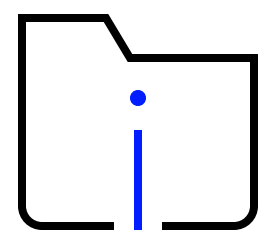
A note on methodology

The GSI's base is January 2017 (=100). It includes every explicit sanctions regime tracked by LSEG World-Check data and covers all sanctions keywords. This means that implicit sanctions, such as those created by the OFAC 50% rule, are excluded from this analysis.

World-Check's rigorous quality check ensures that sanctions data is de-duplicated. In other words, if both OFAC and the EU list a person, they are counted only once in our inflation data.

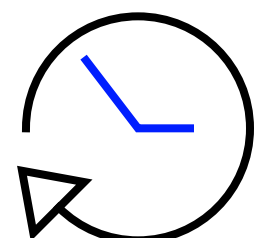
How we can help

Discover the benefits of working with us for your sanctions compliance



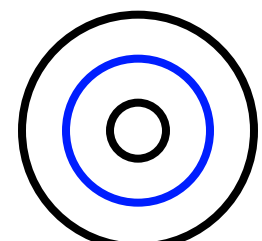
Reliable Intelligence

We follow the most stringent guidelines for research methodology and inclusion criteria – applying rigorous quality control



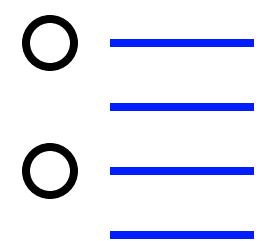
Up-to date information

With research centers on all five continents, we provide around-the-clock monitoring of sanction lists, regulatory and enforcement lists, as well as thousands of reliable media sources, so you have accurate and up-to-date information.



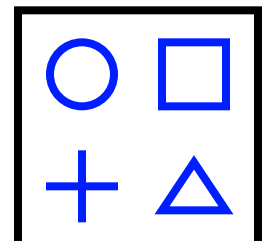
Targeted screening

Hundreds of specific keywords for our data help you filter and drill down for focused screening and reduce false positives.



Due Diligence Reports

To fully understand your exposure to indirect sanctions you need to go one step further and uncover in-depth ownership structures of entities and/or the source of wealth of certain individuals.



Managed Services

Our Managed Services team can help you to stay on top of any profile changes and avoid backlogs with ongoing monitoring.



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