

Financial Crime Compliance

Under pressure managing sanctions, AML and proliferation financing risk amid regional tension

The current regional situation represents a material shift in the financial crime risk environment for UAE financial institutions. While this has not created entirely new risks, it has significantly intensified existing Anti-Money Laundering (AML)/Countering Financing of Terrorism (CFT), sanctions and proliferation financing threats, as well as accelerated typologies and reduced the margin for operational error. Institutions are making risk decisions with incomplete and fast-changing intelligence, at a time when regulatory tolerance for complacency is lower and operational pressures are rising. This is **not** a 'wait and see' environment, but equally **not** a time for indiscriminate de-risking.



Top 5 questions

Financial Crime Compliance (FCC) resilience teams need to ask

01

Assess and understand the changing exposure to financial crime risk

Have we reassessed AML/CFT, sanctions and proliferation financing risks to reflect faster-moving typologies, emerging threats and heightened regulatory scrutiny?

02

Assure the resilience of sanctions controls against the light of rapid evasion techniques

Can we detect and respond to ownership concealment, rerouted trade and payments, transaction structuring and the use of front companies and intermediaries, including indirect exposure?

03

Increased focus on trade-based money laundering and proliferation financing risks

Do we have appropriate scrutiny over trade finance, logistics, dual-use goods and complex trade structures, rather than overly relying on relationship management or documentation alone?

04

Identify operational pressure undermining the financial crime control framework

Are alert backlogs, sanctions list update delays, staffing disruption and correspondent banking pressures eroding investigative quality, escalation discipline or timely reporting?

05

Ensure that decisions can withstand regulatory scrutiny

If the regulator reviewed a conflict-related decision made based on the current situation, would the rationale, escalation, risk assessment and documentation demonstrate sound judgement and senior management oversight?

Emerging trends in FCC resilience that can help organisations become more resilient

Acceleration of sanctions evasion typologies

Sanctioned actors are rapidly adapting through complex ownership structures, front companies, proxy directors and fragmented transactions that undermine static screening.

Intensification of Trade-Based Money Laundering (TBML) and logistics risk

Urgent transactions, rerouted trade corridors, weak documentation and third-party payments are increasing TBML exposure, especially in trade finance and correspondent banking.

Heightened Proliferation Financing (PF) exposure

Regional instability raises the risk of dual-use goods being diverted via commercial intermediaries and re-export routes, requiring stronger PF integration into AML/CFT frameworks.

Operational resilience as an FCC dependency

Rising alerts, the strain on sanctions screening and staffing pressure can weaken controls as risk escalates, making operational resilience critical to effective compliance.

Reach out for any discussions or support regarding FCC resilience.



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