



International Trade and Transport Compliance

Ensures financial services comply with constantly changing international trade regulations.



The Background

International Trade, Transport and associated Financial Services (trade finance, payments, factoring, insurance) all carry increased risks because every movement of goods and involvement of parties necessitate the consultation of new watchlists, including sanctions, export controls, law enforcement most wanted, and more.

Most shippers and freight forwarders, as well as some government customs offices, do their own checks while others do not or are themselves watchlisted. Penalties for not complying are increasingly being imposed on both logistics services providers and financial institutions. At the same time, financial institutions must have anti-money laundering policies and procedures in place to prevent the financing of terrorism and proliferation. They must not only examine sanctions lists, but they must also grasp the nature of the commodities involved in a transaction. Is a dual-purpose item involved?

The Main Challenges

Parties involved in international trade, transport, and associated financial services must deal with some major compliance challenges:

- Government agencies constantly publish sanction lists relating to entities, persons and / or restricted commodities (Dual-Use Goods, Military Goods) and issue embargoes prohibiting or restricting transport of certain goods to certain countries. As a result, 72% of organizations find it challenging to deal with the changing regulatory paradigms in the regions they do business in (Accuity, 2019).
- Financial Institutions are increasingly obliged to know the nature of the goods a Trading Company is offering in its product portfolio.
- Any activity with parties, goods, and countries subject to sanctions or export controls can only occur when appropriate approvals, licenses, or exemptions/exceptions are in place. It is critical to understand what goods are traded and to demonstrate that all necessary approvals, licenses, or exemptions are in place. However, this is a predominantly manual and knowledge-intensive process that requires specific compliance expertise.

- Failure to comply with regulations relating to Dual-Use Goods can lead to penalties for the financial sector. Combating financing of proliferation (of weapons of mass destruction) has become as critical as combating the financing of terrorism. All parties involved in whatever transaction must ascertain themselves that the transaction is legitimate. The Financial Action Task Force (FATF) is taking stock of how countries are discharging those responsibilities, measuring the effectiveness of (outcomes) of laws, regulations, policies, procedures, and measures (systems).

The Solution

We have developed a solution that helps all organizations involved in international transactions comply with applicable regulations – The International Trade and Transport Compliance Solution (ITTS). ITTS automatically checks for potential compliance issues and supports them in resolving issues. It supports by ensuring that the appropriate approvals, licenses, or exemptions are in place and automatically builds an audit trail to evidence this to regulators.



Unique Characteristics

- Automatically checks transactions against international regulations and internal policies.
- Adheres to international electronic messaging standards.
- Built around UN/CEFACT’s Buy/Ship/Pay Multimodal Transport Model, enabling full support for international transactions.
- User-friendly GUI’s support staff in resolving compliance issues and obtaining the necessary approvals, licenses, or exemptions.
- Automatically builds an extensive compliance dossier.
- API first: allowing logistic providers and financial institutions and their partners to connect their systems quickly.

- Flexible:** quick to integrate with any business process
- Automation Focused:** people only supervise machines & manage exceptions
- Scalable:** including additional regulations and risk algorithms

Building the world’s largest compliance database

Sanctions lists, export controls regulations, law enforcement notices, and other compliance data are available in different languages and data architectures. To solve this problem, we are building the world’s largest compliance database. We check publicly available lists, regulations, and compliance data to ensure the latest information is available in the system. Our platform is powered by automated data ingestion, underpinned by a proprietary architecture, and easily accessible through powerful search capabilities.

- **Providing up-to-date data** by constantly checking all publically available lists for updates
- **A robust search algorithm** provides solid results for the most challenging cases while minimizing false positives, including reversal, concatenation, and punctuation.



Solution Architecture

ITTS takes requests for a compliance check, processes these requests, and returns the results. The solution can process trade finance transactions, customs declarations, and cargo shipments and is scalable regarding the number of checks it can provide. Compliance check requests in the form of standardized electronic messages or proprietary formats can be submitted via several channels. After receiving the compliance check request, ITTS will process the request in several steps (see figure 1):

- Create the compliance dossier
- Determine the context of the Compliance Check (countries, regulatory regimes, checks)
- Retrieve additional data (if needed)
- Perform the relevant regulatory and sanctions checks
- Investigate hits, assess shipments and obtain the necessary approvals, licenses, or exemptions
- Notify the requester and relevant authorities (if needed) of the results of the compliance check.

Benefits of the Solution

Some of the key benefits of our solution are:

- Reduced costs for compliance
- Reduced risk for non-compliance
- Improved customer service through faster cargo processing
- No disruption to existing cargo business processes and systems required
- Reduced CAPEX through cloud based solution.

Our Partners

We are working with our partner Safe Trade Corridors to provide data solutions.



SAFE TRADE CORRIDORS
A STRATEGIC CHOICE FOR STRATEGIC GOODS

Safe Trade Corridors offers deep capability and industry knowledge within the strategic export control environment to help clients solve the most complex issues for the movement of strategic and dual use goods. They are dedicated to developing a “Compliance as a Service” data driven solution to support customers within the financial services, trade finance and logistic supply chain space.

Get in touch with us

If you wish to learn more about how the solution works, we are happy to give you a demo!

You can reach our ITTS Advisor Geert Rensen at:

✉ g.rensen@beinformed.com

You can reach our Headquarters at:

✉ contact@beinformed.com

Would you like to be called back? Please leave a message on our website:

🌐 www.beinformed.com/contact

Figure 1: Checking International Transactions For Compliance To Company Policies

