Financial crime risk controls

Vessel checking

Guide

Table of Contents

Executive summary

As sanctions regimes expand and deceptive shipping practices become more sophisticated, financial institutions (FIs) face growing challenges in identifying financial crime risks linked to ocean-borne trade. Yet despite increasing regulatory scrutiny and technological advances, detecting illicit activity within global shipping networks remains a complex and resource-intensive task.

This guide supports FIs involved in trade finance by helping them identify and manage financial crime risks associated with maritime shipments. It is intended for trade finance, compliance, sanctions and operations professionals.

Trade finance transactions can provide FIs with access to shipping documents and other information that may help detect sanctions evasion, fraud, trade-based money laundering and other illicit activity. At the same time, regulatory expectations regarding vessel screening and maritime risk controls continue to evolve.

While vessel checking can be an effective financial crime control, many shipping risks are difficult to identify through standard trade documentation alone. Financial institutions must therefore balance regulatory expectations with practical, risk-based implementation.

This guide promotes a pragmatic and risk-based approach to vessel checking, including:

- Prioritising enhanced checks for higher-risk transactions, commodities and jurisdictions.
- Leveraging technology and external maritime data where appropriate.
- Improving industry standardisation, including wider use of International Maritime Organization (IMO) numbers on bills of lading.
- Strengthening information-sharing between banks, regulators, law enforcement and maritime stakeholders.

Addressing maritime financial crime risks requires collaboration across the public and private sectors. ICC encourages financial institutions and industry stakeholders to work together to enhance risk controls, improve data quality and promote more consistent vessel-checking practices across the trade ecosystem.

1. Introduction and background

FIs processing trade finance transactions are sometimes privy to additional pertinent information, such as shipping documentation, that can help them detect potential financial crime risks.

Vessel screening, shipment and document verification controls are useful to mitigate multiple aspects of financial crime.

a) Illicit flows of funds or value disguised as a genuine trade transaction may be linked to a trade-based money laundering (TBML) or terrorist financing scheme. Illicit activities may be detected when verification suggests that either details such as the amount/type of cargo or the shipper or receiver of the goods, or document issuer differ from the reported details or a shipment did not occur at all.
b) The observations described above could also indicate other fraud risks. For example, fraud perpetrated against an FI, where a client may misrepresent their need for trade financing for other purposes, or fraud committed by a counterparty against a client of an FI or vice versa.

c) The name screening of the vessel and other parties evidenced in the shipping documentation can potentially identify direct involvement of a sanctioned party. Over the past year, there has been a large volume of vessels designated by sanction bodies, including the United Statues (US) Department of the Treasury's Office of Foreign Assets Controls (OFAC), the Office of Financial Sanctions Implementation (OFSI) and the European Union (EU). These designations have principally been in the context of the Russia-Ukraine conflict and are aimed at disrupting Russian oil trade or preventing the movement of specific goods into Russia. It is therefore reasonable to anticipate that attempts to obfuscate these trades will increase.

d) Shipping documentation checks may reveal the misrepresentation of a vessel or country of loading or discharge to circumvent sanctions. They could also reveal a potential sanctioned entity concealed through the use of a different declared shipper or receiver of the goods. Regulators have provided several examples where documentation has been altered to conceal a sanctions nexus. For example, crude oil shipments falsely stated as originating from Oman whereupon review the actual origin was Iran.

e) The misrepresentation of the country of loading and/or discharge, the consignor or consignee could also indicate a potential attempt to circumvent export controls.

It may be possible to detect these diverse financial crime concerns thanks to additional documentation such as bills of lading provided by an FI under certain trade finance products. These concerns are therefore less likely to be identified in other banking products, such as open account payments, where the FI is only involved in the processing of a payment with information limited to the remitter and receiver of the payment, a reference, amount and jurisdictions involved.

Increased efforts to detect financial crime in trade finance products where documents are provided to FIs are likely to push illicit actors towards forms of open account trade. There is a need for further collaboration between the public and private sectors to avoid creating an overreliance on the checks conducted on documentary trade transactions. This would require the involvement of the shipping industry, maritime compliance specialists, port and customs authorities and law enforcement to provide intelligence to FIs that can be actioned where the only involvement is on payment processing and is not covered by this guidance.

2. Scope

This guide focuses primarily on financial crime risk controls relating to trade finance transactions involving sea shipment. The guidance from regulators detailed below contains several recommendations for FIs that maintain banking relationships with vessel owners or operators, which fall outside the scope of this guidance.

3. Regulatory requirements and guidance

Since 2019, regulatory guidance on shipping controls has materially increased, as is manifested in the following publications:

Guidance to Address illicit Shipping and Sanctions Evasion Practices (OFAC, May 2020)

This advisory highlights emerging trends in illicit shipping and sanctions evasion and provides tailored guidance for various parties involved in the maritime industry, including FIs. While the guidance for FIs focuses primarily on banking relationships with customers in the maritime industry, it also recommends that FIs perform additional due diligence to identify commodities and trade corridors that present a higher risk of sanctions evasion.

Guidance for Shipping and Maritime Stakeholders on Detecting and Mitigating Iranian Oil Sanctions Evasion (OFAC, April 2025)

Since issuing its 2020 guidance, the OFAC has released further communications identifying risk typologies in relation to Iranian oil shipments and presenting case studies that highlight ship-to-ship transfers and AIS data manipulation as key methods used to evade sanctions.

Financial Sanctions Guidance for Maritime Shipping (OFSI, January 2026)

OFSI issued guidance in March 2025 for various parties, including maritime insurance companies, port authorities and FIs undertaking maritime trade finance, and subsequently updated it in January 2026. While OFSI does not mandate specific action, the updated advisory note sets a clear expectation that relevant parties adopt the principles detailed in it when defining their individual compliance programmes.

While the scope and enforcement tone differ, the evasion practices highlighted in these guidance notes contain similar themes, including:

- False flags or flag hopping: A vessel misrepresenting the flag under which it operates or repeated changes to the flag to avoid detection.
- Ship-to-ship transfers: Transferring goods from one vessel to another while at sea. This activity could be legitimate, but any analysis should focus on higher risk jurisdictions and/or unusual timings. Documentation associated with such shipments would benefit from having the name of the offtake vessel in addition to the location of the cargo operations (e.g., offshore).
- Complex ownership structures can be used to mask ultimate beneficial owners of a shipping company and avoid sanctions.
- False or fraudulent documentation: Disguising a sanctions element through altered or falsified documentation.
- Manipulation of a vessel's identification and navigational data to mask its movements.

4. Challenges associated with vessel checking for financial institutions

4.1 Interpretation of regulatory guidance

The guidance documents presented in the previous section are intended to cover multiple stakeholders in the maritime sector, however, most of the guidance is not suitable for implementation by FIs as a transaction-based or in-flight control. For example, reviewing the ownership structure of a shipping company that is not a client of the FI should not be an in-flight requirement for a trade finance transaction. In addition, in general cargo transactions, the party responsible for arranging carriage of the cargo (primarily either the buyer or the seller – depending on the terms of the purchase/sale contract) will have very little control over the vessel used. FIs need to consider the extent to which the risk typologies in the guidance notes are incorporated into transaction controls versus relationship level controls when providing general banking facilities to entities engaged in the maritime industry including vessel operators and owners.

Regulators rarely specify their recommendation to a particular shipping type or commodity. This would be beneficial as a lot of the red flags identified are principally targeting the tanker fleet and may not be practical as a blanket shipping control.

4.2 Transactions processed outside of a trade finance product

It is important to consider that with only 20% of global trade supported by trade finance, most transactions are completed without any transport documentation being provided to FIs. This means that there is no assessment of the vessels involved and/or shipment routes. It is therefore difficult for FIs to materially cover the risk. Indeed, guidance issued by the OFAC and OFSI makes clear that FIs are only part of a wider group of stakeholders including insurers and port authorities.

4.3 Documentary trade

Trade finance is an umbrella term covering multiple products that support the trade activities of an FI's client. Not all trade finance products require the submission of documents that relate to the shipping of goods.

A sub-set of trade finance products, referred to as documentary trade, involves the presentation of physical documents to trigger the release of payment to the seller. Products in this area are generally referred to as Documentary Credit (or Letter of Credit) and Documentary Collections.

In other forms of trade finance, on a risk-based approach and from a credit and fraud prevention perspective, FIs may require their client to present copies of transport documents to substantiate their need for trade financing. Examples may be invoice financing facilities, receivables purchase, trade-linked loans and other forms of open-account trade financing.

Furthermore, not all goods are transported by sea. Despite the requirement to present physical or occasionally supporting shipping documents, not all of them will refer to a sea shipment. There may be limited opportunities to conduct verification of air, road or rail transport. Such considerations remain outside the scope of this guidance.

A Bill of Lading (BL) is the document most commonly associated with trade finance products that enable shipping-related risk checks. A BL is primarily issued by the carrier responsible for transporting the goods. Similar documents (containing sea shipment information) include Seaway Bills and multi-modal transport documents.

A BL includes the following details:

- Names and addresses of the sender (shipper) and the recipient (consignee) of the goods.
- The notify party, that is the entity to be notified of the arrival of the goods at the port of discharge. This may be an agent acting on behalf of the consignee or, where the BL has been consigned to the order of an FI, the actual consignee.
- Details about the carrier, that is the transportation company responsible for the carriage of the goods.
- A summary description of the cargo being shipped, including quantity, weight, dimensions and nature of the items, along with identifying shipping marks.
- In the case of containerised shipments, the goods description will be stated as per the description provided by the shipper, without verification by the carrier. This is generally evidenced by the acronym S.T.C. ("Said To Contain").
- In the case of containerised shipments, the unique identification number of the container(s).
- Any specific handling or delivery notes that the carrier needs to observe.
- Signature from the carrier or their authorised agent.
- Some BLs in the containerised or vehicle shipment trade may include tracking numbers or references to monitor the shipment's progress on the carrier or freight forwarder´s website.

4.4 Manual nature of control

Where trade finance transactions are processed by dedicated operations teams, there is a high level of paper-based manual processes. Baseline vessel screening is typically performed by operations teams (first line of defence) using information provided on the presented documents and does not, in itself, require independent research. Where defined risk triggers are met (for example, sanctions alerts, document anomalies or higher-risk corridors/commodities), the transaction may be escalated for enhanced review, which can include the use of third-party data sources or direct verification with the carrier.

4.5 List-based screening outcomes

From a sanctions screening perspective, name matching is often inefficient and generates a high proportion of false matches. This is exacerbated by the inclusion of former names in certain regulatory lists and the existence of generic vessel names (two or more vessels have similar common names). Increasing the use of standardised BL formats, ideally with mandated IMO number fields, would simplify the vessel screening in trade transactions.

4.6 Point in time controls

Unlike relationship banking, most documentary trade controls are point-in-time controls, with decisions taken based on the information available when the FI processes the relevant event (e.g., document checking, payment/acceptance). Typically, FIs do not continually evaluate vessel activity throughout the lifecycle of the transaction, other than ongoing sanctions list updates and screening. However, for certain higher-risk transactions (for example, specific commodities or higher-risk corridors), FIs may apply enhanced, time-bound monitoring during the shipment period where this is supported by the product structure, available data and clearly defined escalation criteria.

4.7 Limited information on documentation

From the face of the BL, it can be difficult to confirm whether a shipment involved transhipment. The BL will usually only list the name of the mother vessel and not the feeder vessels. The documentation provided in a transaction may not identify all intermediate legs involved in the transfer of goods. This creates a gap in detecting potential sanctions evasion or deceptive shipping practices, as transhipment often occurs in high-risk jurisdictions.

4.8 Deceptive shipping practices

Deceptive shipping practices, such as AIS manipulation, dark/shadow fleet activity, ship-to-ship transfers and frequent flag changes, will generally not be evident from the face of transaction documents provided in the normal course of business and typically require external maritime data to identify. Therefore, FIs should define the specific circumstances under which transactions may be paused and escalated for enhanced review. Such reviews may include further investigation using third-party data and/or verification with relevant parties, and may result in rejection and/or appropriate reporting.

Where a vessel displays deceptive practices, linking the transaction to that activity may be challenging (especially for general cargo transactions) and require specialist knowledge and/or vendor-enabled analysis. In addition, explanations provided by relevant parties regarding abnormal vessel activity may be difficult to corroborate without reliable third-party maritime data sources, which should be considered when designing escalation and decisioning processes.

4.9 International situation impacts on sanctions risk management

The impact of geopolitical events on sanctions requirements can serve as trigger points to conduct further analysis and manual review.

5. Approaches to vessel checking

For clarity, vessel checking controls can be considered in two layers:

a) baseline, document-based checks performed during transaction processing; and

b) enhanced checks, applied on a risk-based basis following defined triggers, which may require third-party maritime data and/or direct verification.

There is no one-size-fits-all approach for FIs to evaluate shipping risk. Based on an institution's risk assessment, there are certain checks that FIs could deploy. For example:

- Understanding a customer's activity through ongoing customer due diligence is a primary control that helps FIs identify financial crime and customers who pose a higher financial crime risk (due to reasons such as but not limited to the higher risk nature of business/high-risk industry and high-risk counterparty jurisdictions) and establish whether enhanced due diligence may be required.

- The use of transaction monitoring or threat detection systems to trigger transactions which are outside the usual behavioural patterns for a customer.
- To identify the risk of phantom shipments, FIs may, where triggered by defined risk indicators, validate vessel movements through competent third parties to reasonably determine whether the vessel movements match those of the intended shipment. Inconclusive results may prompt further validation of the BL data with the actual carrier and/or other competent sources. Where it is evident that the shipment as described on the BL could not have occurred, this is an indicator of falsified documentation and a heightened risk of trade based money laundering (TBML), fraud and/or attempted sanctions evasion.
- In-flight screening of transport documents against designated parties/vessels provides the most straightforward identification of a sanctions nexus but is less likely, on its own, to identify evasion typologies. Where available, risk indicators informed by intelligence (for example, higher-risk transit jurisdictions) can be used as triggers for enhanced review. Indicators based on vessel behaviour (for example, irregular sailing patterns or transhipments) typically require third-party maritime data rather than being derived from documents alone.
- Document and company screening to check a BL has been properly issued with the correct authority but also to assess whether any of the parties have a history of engaging in sanctions evasion practices.

Additional controls could be considered; however, it is important to recognise that many vessel-behaviour indicators are not available from standard trade documentation and may only be implementable where the FI procures third-party maritime data and defines clear triggers, governance and decisioning criteria. Examples include:

- Enhanced screening practices for higher-risk commodities, such as oil and petroleum products originating from or involving higher-risk regions, as these products have inherent higher risk of commingling and/or sanctions evasion. Here there may be more merit for an FI to undertake specific deceptive shipping checks (AIS manipulation, dark activity/STS transfers) which are not relevant for container vessels.
- Vessel risk assessment using additional data can be used to evaluate the behavioural characteristics of the vessel. This would include:
  (i) Registration risks such as false flags, flag hopping, insurance risks and complex ownership structures, spoofing Maritime Mobile Service Identity (MMSI) / IMO numbers; and
  (ii) Activity risk including location manipulation, loitering, ship-to-ship transfers, indirect routing or details, and other dark activity. Where deviation from expected behaviour (i.e., dark activity) is triggered, this can be used as a prompt to re-evaluate the transaction/customer relationship.
- Container tracking or BL tracking: These solutions enable FIs to conduct an end-to-end route analysis to provide further oversight over the transaction. These can be more effective for containerised trade as the BL only provides information on a single vessel, therefore any support vessels or transhipment may not be evident.
- BL Verification: To enable Fis to check that not only has the physical shipment taken place, but the BL presented is genuine and has been issued appropriately without any misrepresentation or falsification.

6. Recommendations and best practices

6.1 Risk-based approach

Apply risk-based controls, taking into consideration:

- Types of transactions, i.e, commodities vs general cargo;
- Which jurisdictions are involved;
- Local regulatory expectation.

This could involve prioritising enhanced checks on higher-risk transactions and commodities.

6.2 Industry-wide standardisation

Advocate for the mandatory inclusion of the IMO number on BLs, for example. List updates of sanctioned vessels and downstream data refresh cycles following name changes can sometimes be delayed. Therefore, the availability of an IMO number would provide a consistent and reliable indicator, reducing the risk that a sanctioned vessel is missed during screening and helping to adress the high false positive associated with vessel-name screening.

In addition, banks and industry groups should advocate for the increased use of standardised electronic formats. This would aide increase processing speeds, reduce costs and enhance fraud preventative measure.

6.3 Technology and additional data

Use additional data and automated tools to detect deceptive shipping practices such as AIS manipulation, dark/shadow fleet activity and ship-to-ship transfers.

6.4 Collaboration and intelligence sharing

Advocate for wider information-sharing mechanisms with shipping companies, port authorities, customs and law enforcement.

6.5 Continuous improvement

Regularly review and update controls in line with evolving regulatory guidance and emerging risks.

Monitor for new typologies and adapt screening practices accordingly.

6.6 Clear operational guidance

Ensure vessel screening is performed by trained operations teams using the information provided in shipping documents.

Define escalation procedures for transactions exhibiting red flags or inconclusive results.

7. Conclusions

Vessel checking is critical for mitigating financial crime risk in trade finance, but its effectiveness depends on industry-wide collaboration and standardisation. Regulatory guidance is evolving, and practical implementation requires risk-based, targeted controls tailored to the nature of the transaction and commodity.

Mandating IMO numbers on BLs would significantly improve screening efficiency and reliability. Enhanced controls should be prioritised for higher-risk commodities and jurisdictions, leveraging technology and vendor data where appropriate.

Collaboration across the maritime industry, regulators and law enforcement is essential to address intelligence gaps. The industry should commit to continuous improvement, regularly updating practices as risks and regulatory expectations evolve.

Bibliographical referencing

Office of Foreign Asset Control Sanctions Advisory, April 2025. Guidance for Shipping and Maritime Stakeholders on Detecting and Mitigating Iranian Oil Sanctions Evasion

Office of Financial Sanctions Implementation Guidance, January 2026. Financial sanctions guidance for maritime shipping

U.S. Department of State, the U.S. Department of the Treasury's Office of Foreign Assets Control, and the U.S. Coast Guard Sanctions Advisory for the Maritime Industry, Energy and Metals Sectors, and Related Communities, May 2020. Guidance to Address Illicit Shipping and Sanctions Evasion Practices

About the International Chamber of Commerce

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

33-43 avenue du Président Wilson, 75116 Paris, France

T +33 (0)1 49 53 28 28 E icc@iccwbo.org

www.iccwbo.org @iccwbo