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Top 5 Denied Party Screening Mistakes

Every commercial relationship has hidden risks. Screening your local and global business partners is an essential part of protecting your company's reputation and safeguarding the organization from violating denied entity regulations. You may think your company is safe from legal ramifications as long as you're screening your global trade transactions. But the question here is not simply "Are you screening?" The real question you should ask yourself is whether you are screening thoroughly and effectively.

Many companies today are making five critical mistakes in their screening process. Are you?

1. Believing that screening is not needed

Violations for conducting business with a denied entity can result in significant fines, loss of export privileges, and criminal penalties. Average penalties are on the rise, and recent fines have been the largest on record. With the growing number of denied party lists and entities worldwide, companies cannot ignore their obligation to perform due diligence when vetting their customers and suppliers. The best way to ensure compliance with these regulations is to use a software solution that allows you to automatically screen against restricted persons, embargoed countries, and companies that are owned by denied entities.

2. Manually searching denied party lists

The burden of manually searching denied party lists is too great in the midst of a dynamic regulatory environment. For a company to ensure compliance with denied entity regulations, you would need a dedicated team and a substantial investment of time and resources. Even then, you run the risk of noncompliance simply because of the volume of data, the number of lists, and the speed at which regulations can change. The responsibility for compliance rests fully on the organization engaged in doing business. And when fines can reach tens of millions of dollars, you can't risk making a single mistake.