SymphonyAI

2026 trends and predictions for AML and sanctions:

The shifting landscape of compliance

Contents

As the financial system becomes increasingly complex and globally interconnected, Anti-Money Laundering (AML) and sanctions compliance remain front and center for large financial institutions.

The global landscape in 2026 will be shaped by rapid technological advancements, evolving geopolitical risks, increasing regulatory expectations, and a heightened focus on effectiveness over mere technical compliance.

Enduring fundamentals: What will continue to shape AML and sanctions compliance

While technology and geopolitics will fuel rapid change, several foundational elements of AML and sanctions compliance will remain relevant and continue to drive institutional programs.

The risk-based approach (RBA) remains central

The risk-based approach will remain the cornerstone of effective AML and sanctions programs. Regulators and examiners will continue to assess institutions based on how well they identify, assess, and manage their unique risks, emphasizing effectiveness and real-world impact over check-the-box compliance.

Regulatory scrutiny will persist

Regulatory scrutiny in the U.S., the EU, and other major markets will persist, particularly as governments see AML and sanctions enforcement as tools of wider national security and financial integrity objectives. Civil monetary penalties and personal accountability for compliance officers and senior management will remain relevant, necessitating continuous investment in compliance resources and culture.

Convergence of AML and sanctions functions

The longstanding siloing of AML and sanctions compliance programs is being eroded in favor of more integrated approaches, reflecting the overlapping risks and operational dependencies. In 2026, convergence will deepen, with programs increasingly sharing data, resources, and technologies to drive efficiency and effectiveness.

New frontiers: What will gain importance in 2026

Technology: The accelerating impact of AI and Machine Learning (ML)

The next three years will see financial institutions transition from pilot projects to enterprise-scale deployment of AI/ML in AML and sanctions detection, alert management, and investigations.

AI-driven transaction monitoring

AI/ML models that reduce false positives, identify complex typologies, and enable real-time surveillance will become industry standard. Regulators, particularly the Financial Crimes Enforcement Network (FinCEN), are increasingly receptive to innovative approaches, provided they are explainable and subject to model risk management controls.

Natural language processing (NLP) for sanctions screening

NLP will become vital as institutions grapple with sophisticated evasion schemes. Screening tools will increasingly parse unstructured data sources such as email, trade documents, and open-source intelligence (OSINT) to identify indirect sanctions exposure and networks.

Adoption of privacy-enhancing technologies (PETs)

With data privacy concerns growing, especially in cross-border information sharing, PETs like federated learning and homomorphic encryption will be deployed to balance compliance obligations with data protection requirements.

Always-on compliance: Informed by regulations, threat-led

U.S. regulators, along with many others, disseminate vast amounts of rich information about risks and threats that can help institutions first understand typologies of criminal behavior and then use that knowledge to recalibrate their risk management and monitoring approaches. AI can automate threat research, parse out risks, and recalibrate detections to ensure maximum coverage for a sound risk-based approach. Traditional controls alone cannot keep pace with globally distributed AI-enabled adversaries. Financial institutions that harness AI for network mapping, behavioral analytics, and predictive modeling will be best positioned to detect complex evasion schemes, safeguard correspondent channels, and meet escalating regulatory expectations in an increasingly multipolar sanctions environment.

The 50/50 compliance model

Financial crime prevention is at a turning point. Instant payments and rising transaction volumes, complex cross-border flows, and increasingly sophisticated criminal networks have stretched traditional compliance models to their limits. Many financial institutions face an uncomfortable decision between increasing staff to manage the flood of alerts or risk missing critical threats. But there's a new paradigm emerging – the 50/50 compliance model – that resolves this issue. It combines the speed and scale of advanced AI with the judgment and oversight of skilled compliance professionals. It's a blueprint for high-efficiency, high-assurance compliance operations.

Modular solutions

Modular design means institutions can start small by adding AI overlays to existing systems, and then scale up to a fully integrated AI-led compliance ecosystem at their own pace. It creates a compliance function that is faster, smarter, more agile, and more respected within the organization.

AML trends and predictions

Strategic shift: Effectiveness over technical compliance

Building on recent FinCEN guidance and regulatory feedback, there will be a marked shift from technical, rule-based compliance towards demonstrable effectiveness i.e., the ability to detect and disrupt illicit activity. Expect new metrics of program performance, including outcomes-based reporting, increased use of advanced analytics, and more dynamic risk assessments.

Real-time payments and instant settlement

The adoption of real-time payments (RTP) in the U.S. (FedNow, RTP networks) and globally will challenge AML and sanctions controls. Looking ahead, surveillance paradigms will shift to pre-transaction risk profiling and some real-time interdiction, requiring redesign of controls, alert prioritization, and customer due diligence (CDD) processes.

Digital assets and virtual currencies: Increasing focus

The rapid growth in digital assets – from cryptocurrencies to stablecoins and Central Bank Digital Currencies (CBDCs) – will remain a top concern for U.S. AML regulators. By 2026, expect:

- Expanded regulations for Virtual Asset Service Providers (VASPs), with harmonization to FATF standards
- Enhanced surveillance of DeFi (Decentralized Finance) platforms, NFT marketplaces, and privacy coins
- Technology-driven controls for on-chain analytics, wallet screening, and cross-chain/mixing services
- Regulatory focus on balancing innovation with systemic risk, especially as digital assets integrate into mainstream financial services

Cross-border information sharing and collaboration

FinCEN's push for enhanced public-private partnerships and cross-border information sharing (e.g., Section 314(b) reforms) will gain traction, with pilot programs for secure, privacy-compliant information exchanges targeting complex typologies (e.g., Russian sanctions evasion, cyber-enabled crime, and kleptocracy).

Sanctions trends and predictions: A global focus

Global sanctions regimes have seen unprecedented activity over the past five years, driven by rapidly evolving geopolitics, most notably Russia-Ukraine, China-U.S. tensions, and Middle East conflicts.
By 2026:

Continued proliferation and complexity of sanctions

Expansion of U.S. and allied sanctions

The U.S. Office of Foreign Assets Control (OFAC) and some other western countries will continue to deploy sanctions in response to international security threats and human rights abuses. Expect more sectoral and "smart" sanctions targeting entire industries (e.g., defense, technology, critical minerals), as well as secondary sanctions (penalizing third-country actors facilitating evasion).

Geopolitical flashpoints

A. **Russia:** Sanctions will become more sophisticated, targeting circumvention through non-aligned countries, trade finance, and supply chains.

B. **China:** Increasing focus on technology transfer, forced labor, and military-civil fusion, with export controls and sanctions serving as key tools.

C. **Middle East and Africa:** Dynamic sanctions regimes responding to terrorism, conflict, and human rights violations.

Emergence of autonomous sanctions programs

Growing divergence between U.S., EU, and UK sanctions programs will demand flexible, multi-jurisdictional compliance solutions.

Sanctions evasion: Sophistication and technology

Sanctions evaders will continue to exploit:

- Complex ownership structures (e.g., layering, trusts, shell companies)
- Maritime/laundering techniques (e.g., ship-to-ship transfers, Automatic Identification System [AIS] spoofing)
- Digital assets and trade-based money laundering
- False trade documentation and dual-use goods

Financial institutions must deploy advanced analytics, network mapping, and agentic AI to uncover hidden connections, ultimate beneficial ownership, and other typologies of evasion.

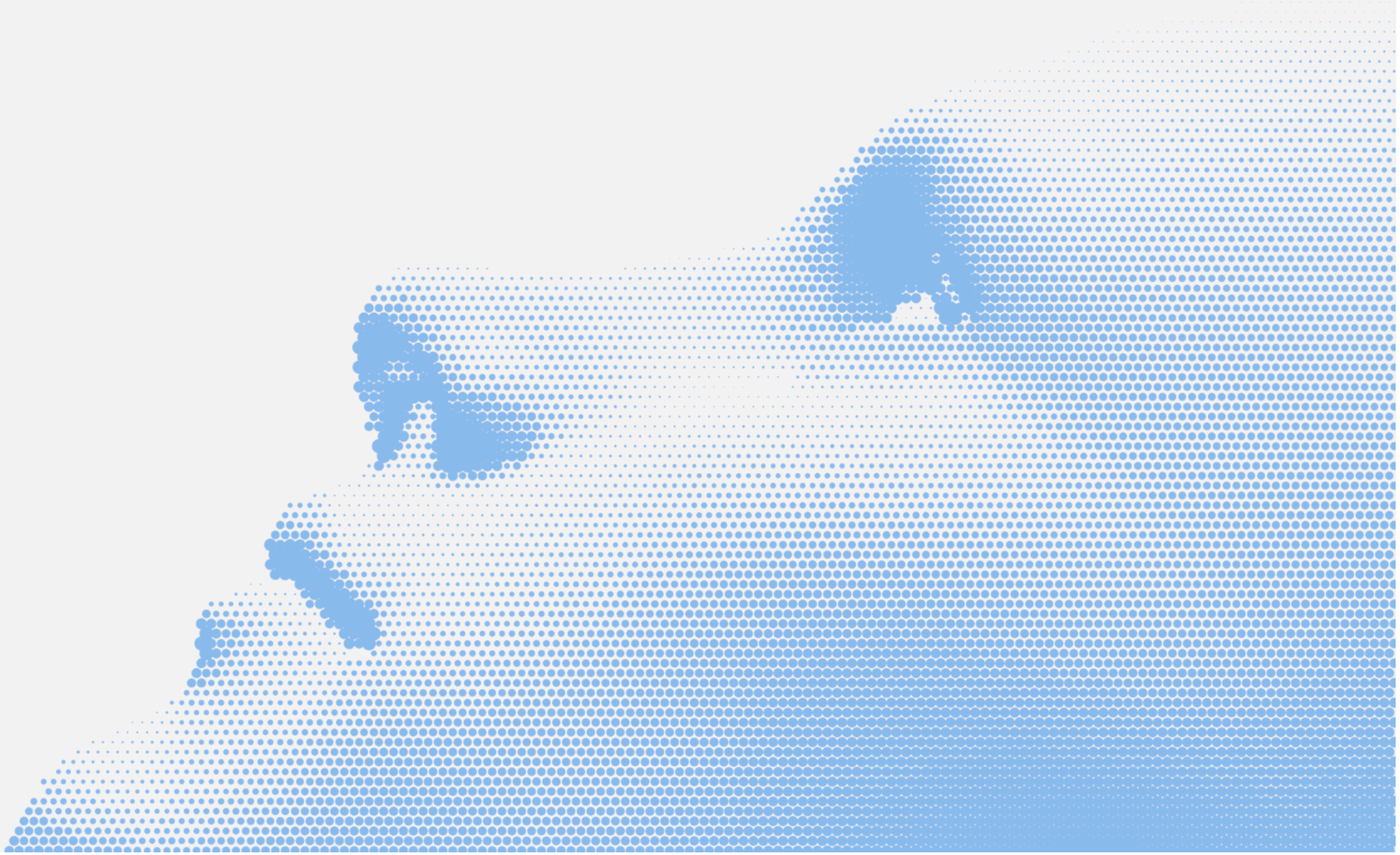
Humanitarian and human rights-driven sanctions

“Magnitsky-style” global human rights sanctions will proliferate, requiring institutions to track not only financial crime but human rights and corruption risks. This trend will be reinforced by calls for humanitarian exemptions and the need for sophisticated controls to distinguish permissible humanitarian transactions from prohibited activities.

Sanctions screening: The next generation

By 2026, global institutions will:

- Rely on AI-powered intelligence for continuous, dynamic sanctions list updates, threat analysis, and regulatory requirements
- Screen across structured and unstructured data (free text, SWIFT messages, trade documents)
- Incorporate adverse media and open-source intelligence
- Increase AML-style investigations of sanctions risk exposure, in particular around sanctions evasion
- Automate alert triage and case management with explainable agentic AI



Implementation challenges and opportunities for financial institutions

Data quality and integration

The move towards real-time, AI-driven AML and sanctions compliance will be constrained (or enabled) by data quality and integration. Institutions must invest in master data management, entity resolution, and automation to reduce errors, ensure auditability, and facilitate advanced analytics.

Model risk management and AI explainability

Widespread adoption of advanced analytics and AI/ML will force institutions to mature their model risk management frameworks, ensuring transparency, explainability, and regulatory defensibility of AI-driven decisions.

Skilled talent and change management

The compliance workforce will continue to evolve towards data science, technology, and investigative expertise. Institutions must invest in upskilling, attracting new talent, and fostering a culture of innovation aligned with regulatory expectations.

Vendor and third-party risk management

Reliance on external software vendors and data providers will increase. Institutions will need robust third-party risk management ensuring vendor solutions comply with regulatory requirements, are transparently governed, and align with the institution's risk appetite.

Looking forward: Recommendations for financial institutions

To thrive in the 2026 AML and sanctions landscape,
large financial institutions should:

Embrace advanced technologies
Prioritize the adoption of AI/ML, NLP, and PETs in transaction monitoring and sanctions screening, ensuring regulatory compliance and explainability.

Enhance data management capabilities
Invest in data quality, integration, and analytics infrastructure to unlock the full potential of innovation.

Implement holistic risk management
Break down silos between AML, sanctions, fraud, cyber, and ESG risk, moving towards an integrated surveillance and investigation framework.

Strengthen governance and accountability
Ensure robust model risk management, documentation, and ongoing training to maintain regulator confidence.

Foster a culture of effectiveness
Move beyond technical compliance, with a relentless focus on real-world outcomes.

Monitor evolving global regimes
Stay abreast of changing regulatory expectations and global sanctions developments with agile, multi-jurisdictional compliance programs.

Collaborate and share intelligence
Engage in public-private partnerships, aligning efforts to address emerging typologies and sophisticated threats.

By 2026, the AML and sanctions compliance landscape will be marked by greater complexity, technology-driven transformation, and geopolitical risk. Large financial institutions must anticipate and adapt to these trends through innovation, robust risk management, and a focus on effectiveness. The coming years will reward those institutions that invest in integrated, intelligence-led compliance frameworks – leveraging technology, data, and skilled talent to safeguard the integrity of the global financial system.

About SymphonyAI

SymphonyAI, 2025 InfoWorld Technology of the Year winner for AI and Machine Learning: Platforms, and 2024 Microsoft Partner of the Year for Business Transformation – AI Innovation, is building the leading enterprise AI SaaS company for digital transformation across the most critical and resilient growth verticals, including retail, consumer packaged goods, finance, manufacturing, media, and IT/enterprise service management. SymphonyAI verticals have many leading enterprises as clients. Since its founding in 2017, SymphonyAI has grown rapidly to 3,000 talented leaders, data scientists, and other professionals. SymphonyAI is a SAI Group company, backed by a $1 billion commitment from Dr. Romesh Wadhwani, a successful entrepreneur and philanthropist.

SymphonyAI provides AI-focused SaaS solutions developed from the ground up for fighting financial crime. An end-to-end offering compiled from more than 25 years of knowledge in tackling money laundering and fraud, our award-winning product ecosystem comprises an innovative and modern approach to financial crime investigation using world-leading agentic, predictive, and gen AI. From KYC/CDD and transaction monitoring through to payments fraud, entity resolution, and sanctions, PEP, and adverse media screening, SymphonyAI is a trusted name in finance technology with more than a third of the world's top 100 banks enjoying the power, efficiency, effectiveness and productivity that our solutions provide.

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About Author

Elizabeth Callan is an expert in AML and sanctions, specializing in strategy and innovation at SymphonyAI Financial Services.

Elizabeth has spent more than 20 years tackling money laundering (ML) and financial crime. At SymphonyAI she drives the strategy and innovation that delivers transformational compliance solutions. Prior to SymphonyAI she worked within the U.S. intelligence and law enforcement communities. As a Senior Intelligence Analyst with the U.S. Department of the Treasury, she drove U.S. policy and enforcement actions and supported U.S. officials and policymakers, including at OFAC and FinCEN, on ML threats and sanctions initiatives. She also served as Treasury's first Intelligence Liaison and Senior Advisor to DEA's Special Operations Division, spearheading large-scale ML investigations and intelligence collection initiatives, training law enforcement agents and analysts, and promoting collaboration between Treasury and U.S. and foreign law enforcement. In the private sector, Elizabeth also worked within financial institutions and consulting managing investigations teams, developing risk management strategies for complex products and services, and designing institutional AML programs and controls. Elizabeth also teaches AML and sanctions courses at the university level.

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