

Geopolitical Shifts and Sanctions: The Trump Factor and Global AML Disruption

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Abstract

- This paper explores how recent political and geopolitical events have shaped financial crime. The presentation is divided into five parts:
 1. It examines the influence of the Trump administration's policies or 'Trump effect'
 2. Discusses the implications of the Russian invasion of Ukraine and the resulting sanctions
 3. It determines the impact of terrorist attacks in Israel on global financial crime strategies
 4. It assesses the United States' (US) weakening stance on financial crime enforcement and
 5. Examines the effects of the United Kingdom's (UK) financial deregulation on illicit financial activities

What is the Trump Factor?

- The term 'Trump Factor' refers to his influence, aspects of politics, economics, and global affairs.
 - Economic Impact:
 - Effect on markets, trade, and business confidence
 - His stance on tariffs, deregulation, and tax cuts has shaped global economic trends
 - Geopolitical Influence:
 - Impact on international relations, including his approach to diplomacy, sanctions, and alliances
 - Political Strategy:
 - Ability to mobilise voters, shift political narratives, or influence party dynamics
- No consensus on what the terms means ([Swartz](#), 2020; [Hudson](#), 2024 and [Nai and Maier](#), 2021)

What is the Trump Factor?

- From a financial crime perspective, the 'Trump Factor' in financial crime refers to:
 - Sanctions:
 - Aggressive enforcement
 - Reshaping the regulatory landscape
 - Deregulation and Enforcement Priorities:
 - Weakening oversight
 - Shifts in leadership could influence enforcement strategies
 - Pardons and Fraud Cases:
 - Sparked controversy (see below)
 - Trump himself has faced legal battles related to fraud

Russian Invasion of Ukraine

- Collapse of pro-Russian government
- New Ukrainian government was installed
- A declaration of independence was issued by the assembly in Crimea and
- Referendum on union with Russia was held (March 2014)
- November 2021 Russia began building up military forces along the borders of Ukraine
- Russian forces were deployed to Belarus
- On 24 February 2022 Russia invaded Ukraine
- Russia claimed it was acting in 'self defence' and launched 'a special military' operation in Donbas (Kremlin, 2022)
- Russia officially recognised the independence of the Donetsk People's Republic and the Luhansk People's Republic (Kremlin, 2022)
- Significant impact on global AML disruption

Russian Invasion of Ukraine – The United Nations

- UN Adopts Resolution Demanding Russian Federation Immediately End Illegal Use of Force in Ukraine, Withdraw All Troops (March, 2022)
- UN General Assembly Condemns Russian Federation's Annexation of Four Eastern Ukraine Regions (October, 2022)
- The General Assembly could also recommend that states adopt sanctions (Barber, 2022)
- The exact legal basis for this is undetermined (Dawidowicz, 2017)
- Several nation states have imposed sanctions (Mills, 2022)



Russian Invasion of Ukraine – Financial Action Task Force

- Recommendations (FATF, 2012)
- Jurisdictions who have strategic deficiencies in their regimes AML/CTF regimes could be placed under increased monitoring
- Placed on the ‘grey list’?
- “The actions of the Government of the Russian Federation run counter to the FATF core principles and represent a gross violation of the commitment upon which FATF Ministers agree to implement and support the FATF Standards. The FATF is reviewing Russia’s role at the FATF and will consider what future steps are necessary to uphold these core values” (FATF, n/d)
- Membership suspended



Russian Invasion of Ukraine – European Union

- Sanctions imposed (European Commission, 2022)
- Aim of the sanctions are to:
 - Cripple Kremlin's ability to finance Russia's military action
 - Impose clear economic and political costs on Russia's political elite responsible for invasion
 - Diminish Russia's economic base (European Commission, 2022)
- European Parliament declares Russia a state sponsor of terrorism (European Parliament, 2022)



Russian Invasion of Ukraine – United States of America

- ‘The financial sanctions, trade restrictions, and export controls put in place against Russia are being implemented by a coalition that includes more than 30 countries from around the globe who represent more than fifty percent of the global economy’ ([US Treasury Department, 2022](#))
- Presidential Executive Orders 14,024 and 14,066 ([White House, 2022](#) and [White House, 2022](#)):
 - Over 80% of Russia’s banking sector by assets has been sanctioned, including its top 10 banks
 - Sanctioned over 2,500 Russia-related targets, including government officials, oligarchs, and military-industrial entities
 - Restrictions on technology exports have been imposed to limit Russia’s access to critical components for its defense and energy sectors
 - US has banned Russian oil and natural gas imports
 - Sanctions have targeted Russian arms manufacturers and entities involved in supplying weapons to Russia

Russian Invasion of Ukraine – United Kingdom

- Sanctions aim to bring a large and lasting cost for the illegal invasion of Ukraine
- Cripple Russia's war machine to help ensure Putin loses the war in Ukraine
- Maximise influence on Putin to convince him to end his brutal war
- Show the world that the Russian government's actions have severe consequences (HM Government, 2022)
- Financial and Trade Sanctions (Office of Financial Sanctions, 2019)
- Magnitsky sanctions
- Global Human Rights Sanctions Regime (HM Government, 2022)
- Global anti-corruption sanctions regime (HM Government, 2021)
- Chemical weapons sanctions regime (Mills, 2022)
- Cyber sanctions regime (HM Government, 2020)

Russian Invasion of Ukraine – United Kingdom

- Economic Crime Act 2022
- Sanctioned over 1,200 people and over 120 businesses since February 2022
- Sanctioned:
 - Sberbank
 - Credit Bank of Moscow
 - Removed selected banks from the SWIFT international payments system
 - Defence sector organisations
- Office of Financial Sanctions Implementation
- Economic and strategic effects:
 - Frozen Assets (over £25billion)
 - Military Disruption (target Russia's military supply chains)
 - Financial Restrictions (sanctioned 50 financial institutions)
 - Energy Sector Impact (measures against Russia's shadow fleet aim to disrupt crude oil exports)
 - Economic Strain (Russia's budget deficit, a weakened ruble, and rising inflation)

Russian Invasion of Ukraine – Sanctions Evasion

- Countries subjected to sanctions are coordinating efforts to avoid sanctions ([IISS, 2022](#))
- Financial Institutions ([US Treasury Department, 2022](#))
- Domestic Companies ([US Treasury Department, 2022](#))
- International Companies ([US Treasury Department, 2022](#))
- International facilitators and enablers ([US Treasury Department, 2022](#))
- Cryptocurrencies ([CNBC, 2022](#))
- Complex corporate structures ([Preble and Early, 2023](#))
- Third-country trade routes ([Allison and Erausquin, 2023](#))
- Use of proxies and associates ([Gudzowska, Lockhart and Keatinge, 2024](#))
- Financial loopholes ([Itskhoki and Ribakova, 2024](#))

Terrorist Attacks Israel – October 7, 2023

- Significant impact on global anti-money laundering (AML) and counter-terrorism financing (CFT) efforts:
 - Increased Vigilance:
 - Israel's Money Laundering and Terror Financing Prohibition Authority (IMPA) issued a global alert, urging financial institutions to monitor and disrupt terrorism financing campaigns
 - Crypto and Crowdfunding Risks:
 - Authorities identified cryptocurrency transactions and online fundraising as key channels used by terrorist groups like Hamas and Palestinian Islamic Jihad to raise funds.
 - International Cooperation:
 - The attacks prompted heightened collaboration among financial intelligence units worldwide to track and freeze illicit funds.
 - Regulatory Adjustments:
 - The Financial Action Task Force (FATF) emphasized the need for stronger AML/CFT frameworks, particularly in regions vulnerable to terrorism financing.

Terrorist Attacks Israel – October 7, 2023

- Global AML/CFT Responses:
 - Strengthened Financial Intelligence Collaboration:
 - Countries intensified intelligence sharing through agencies like Financial Intelligence Units (FIUs) and INTERPOL.
 - The Egmont Group prioritized cross-border investigations targeting terrorist financing networks.
 - Crypto Monitoring and Regulation:
 - Blockchain analytics firms enhanced tools to detect illicit crypto transactions linked to terrorist groups.
 - The Financial Action Task Force (FATF) urged member states to tighten regulations on virtual assets to curb terrorism financing.
 - Sanctions & Asset Freezes:
 - Increased sanctions on entities suspected of funding terrorist operations

United States of America

- The US has traditionally adopted an aggressive stance towards tackling financial crime:
 - Money laundering (Bank Secrecy Act 1970, Money Laundering Control Act 1986)
 - Fraud (Mail Fraud Act 1872, False Claims Act 1863, the Federal Trade Commission Act 1914, Sarbanes-Oxley Act 2002 and the Fraud Enforcement and Recovery Act 2008)
 - Bribery and Corruption (Foreign and Corrupt Practices Act 1977)
 - Corporate Criminal Liability (Financial Institutions Reform, Recovery, and Enforcement Act 1989)
 - Terrorist Financing (USA Patriot Act 2001)
 - Insider Trading (Securities and Exchange Act 1934)
- However, the US has experienced ‘backsliding’ in its efforts to address financial crime

Backsliding

- Deregulation has raised concerns about weakening financial crime enforcement
- Regulatory freeze on new rules across agencies like the Department of the Treasury and FinCEN
- Proposed budget cuts to FinCEN and OFAC could limit ability to tackle financial crimes
- Sanctions enforcement remains a priority
- Trump's policies have introduced uncertainty in financial regulation, requiring businesses to adapt to shifting compliance requirements. His administration's stance on crypto regulation, stress testing, and capital requirements has also impacted financial crime prevention efforts.

Backsliding

- Suspension of FCPA Enforcement:
 - In early 2025 President Donald Trump signed Presidential Executive Order (14,209) suspending the enforcement of the FCPA ([February](#), 2025)
 - US Department of Justice ([June](#) 9, 2025)
- Supreme Court Ruling on Gratuities:
 - The Supreme Court's decision redefined gratuities as payments made after an official act, effectively limiting the scope of bribery laws ([Snyder v United States](#), 2023)
- National Cryptocurrency Enforcement Team:
 - The US Department of Justice closed the National Cryptocurrency Enforcement Team; this will not be US attorney offices ([CNBC](#), 2025)
- Beneficial Ownership Rule Changes:
 - A new final rule which applies to domestic companies, so they don't have to report ([FINCEN](#), 2025)
- Cryptocurrency investigations:
 - Dismissed investigations into Coinbase, Kraken, OpenSea, Robinhood, Binance, and Consensys ([Gogo](#), 2025)

Backsliding – Presidential Pardons

- Todd and Julie Chrisley (Tax and Bank Fraud)
- Michael Grimm (Tax Fraud)
- Scott Jenkin (Bribery)
- Devon Archer (Fraud)
- Rod Blagojevich (Corruption)
- Michelle Fiore (Fraud)
- Silk Road Founder Ross Ulbricht (Money Laundering)
- Brian Kelsey (Illegal Campaign Financing Scheme)
- Trevor Milton (Securities Fraud)
- Carlos Watson (Securities and Wire Fraud)
- Paul Walczak (Tax Fraud)
- Jeremy Hutchinson (Bribery and Tax Fraud)

United Kingdom – Deregulation

- Pro-growth agenda – reduce regulatory burdens while attempting to maintain market integrity
 - Deregulation push:
 - Shifted towards outcomes-based regulation, moving away from rigid compliance
 - Regulatory changes:
 - Financial Services Act 2023 – to enhance competitiveness and growth, prompting regulators to support economic expansion.
 - Financial Crime Risks:
 - Concerns remain about financial crime
 - Technology and compliance:
 - AI-driven solutions and digital identity verification to combat financial crime efficiently.
 - Supervision and enforcement:
 - Despite deregulation, the FCA maintains assertive supervision, ensuring firms uphold robust financial crime risk management.

United Kingdom – Deregulation

- Financial deregulation will result in certain financial crimes becoming more prevalent:
 - Fraud and Scams
 - Money Laundering
 - Market Abuse
 - Insider Trading
 - Market Manipulation
 - Cybercrime
 - Sanctions Evasion
- Big Bang?

Conclusion

- The evolving landscape of global financial crime is deeply intertwined with recent political and geopolitical developments
- From the policy shifts of the Trump administration to the financial repercussions of the Russian invasion of Ukraine, each factor has contributed to the complexities of illicit financial activities.
- The impact of terrorist attacks in Israel has further highlighted vulnerabilities in existing financial crime strategies, while the US diminishing enforcement stance and the UKs deregulation efforts have raised concerns about the resilience of financial systems
- Addressing these challenges requires a coordinated, forward-thinking approach that prioritizes adaptability and international cooperation.