



Risks in Relation to International Card Schemes

The Office of Financial Sanctions Implementation (OFSI) has recently become aware of an increased sanctions risk for UK banks, ATM operators, and merchants regarding foreign-issued card transactions and withdrawals at UK ATMs.

The risk arises because ATM transactions are often facilitated through international card schemes which use Bank Identification Numbers (BINs) to identify the card-issuing bank. Due to the global nature of these schemes, cards issued by banks or entities subject to UK financial sanctions may still be used at UK ATMs unless those BINs are specifically blocked. OFSI is aware of specific instances where CJSC Alfa Bank Belarus (Group ID 16597) was not correctly configured however there are likely other UK-designated entities which may have issued products that could represent a sanctions compliance risk.

While card schemes may apply their own compliance controls, they may not always reflect the full scope of UK sanctions. This means that, without additional controls, UK banks could inadvertently process transactions on behalf of designated persons or entities, leading to potential breaches of UK sanctions. Ultimate responsibility for compliance with UK sanctions rests fully with UK institutions.

Measures Financial Institutions, ATM Operators, and Merchants can take:

1. Review and Enhance BIN Controls

- Identify and block all BINs associated with UK-designated banks or entities from ATM networks, using the UK consolidated list of financial sanctions targets as a reference.
- Ensure processes are in place so that new designations are promptly reflected in BIN blocking measures.

2. Conduct Scheme-Wide Risk Assessments

- Review all card schemes and related products and services (including global ATM transactions and merchant acquirer point-of-sale transactions) to identify and mitigate indirect sanctions risks or previously unidentified breaches.
- Engage with scheme operators to clarify their sanctions compliance approach and take steps to mitigate any gaps identified, including in relation to non-bank UK designated persons.
- Card schemes should evaluate their sanctions compliance procedures for both direct and indirect risks to the scheme. They should also help members understand these risks by providing clear information and transparency.

3. Strengthen Due Diligence and Monitoring

- Ensure that all settlement and reimbursement flows related to ATM transactions and merchant acquiring activities, including those involving third-party schemes, are understood and the sanctions risk assessed with relevant controls implemented; as well as monitoring for unusual or suspicious ATM activity involving foreign-issued cards, especially from high-risk or sanctioned jurisdictions.

4. Maintain Comprehensive Compliance Processes

- Keep clear records of controls, reviews, and remedial actions relating to sanctions compliance for ATM and merchant acquiring activities.
- Train relevant staff to understand the specific risks and obligations under UK sanctions, particularly regarding indirect exposures via global payment networks.
- Promptly report any suspected breaches to OFSI using the prescribed channels.

Importance of Compliance

Firms must comply with all relevant prohibitions and reporting obligations under UK regulations. Failure to do so may constitute a criminal offence and result in significant penalties.

There may be significant risk in relying solely on third-party schemes or networks to manage sanctions risks. Institution-specific controls and due diligence are essential to ensure that no funds or financial services are provided, directly or indirectly, to designated persons or entities.

Further Guidance and Reporting

For further guidance on financial sanctions, reporting obligations, and the UK consolidated list of targets, see:

- [OFSI General Guidance](#)
- [UK Consolidated List of Financial Sanctions Targets](#)

If you identify or suspect a breach, please report it to OFSI via the new [Online Forms](#). OFSI guidance recommends making a preliminary notification as soon as possible, in advance of sending a fuller report.

This alert underlines the critical importance of maintaining robust sanctions compliance in all ATM and card scheme operations. Immediate action is expected where gaps are identified.