

Sanctions Spotlight: Key Priorities Of OFSI's 3-Year Strategy

By **Alexandra Melia** (May 1, 2026)

This article is part of a quarterly column exploring recent developments in sanctions imposed on Russia by the U.K., European Union and U.S., and the compliance implications. This installment looks at what OFSI has in store in the next phase of its development in its new three-year strategy.



Alexandra Melia

The Office of Financial Sanctions Implementation, or OFSI, published its strategy for the next three years on April 15.[1]

The publication offers several insights into the next phase of OFSI's development as the agency responsible for the implementation and civil enforcement of U.K. financial sanctions, and identifies the areas that OFSI will prioritize for the remainder of this decade.

Businesses required to comply with the U.K. sanctions regime should familiarize themselves with the strategy's contents, monitor OFSI's implementation of the strategy's initiatives, assess how their sanctions compliance programs measure up against OFSI's evolving expectation, and consider any adjustments or enhancements to their sanctions processes and controls needed to successfully navigate the evolving financial sanctions compliance landscape.

Shifting Operating Environment for OFSI

OFSI's operating environment has changed significantly since its establishment in 2016, with the implementation of the U.K.'s largest ever sanctions regime against a G20 economy following Russia's invasion of Ukraine in 2022 being particularly transformational.

Since 2022, the complexity and unpredictability of the geopolitical landscape has continued to increase. Against this backdrop, U.K. sanctions have been deployed increasingly to counter a growing array of foreign policy and national security threats and challenges.

The greater use of unilateral sanctions in recent years has also necessitated increased international alignment and coordination of sanctions measures to maximize their effectiveness, which has seen OFSI enter into partnerships with the U.S. and EU, engage in bilateral engagement, and play an active role in other forums, such as the G7 and Financial Action Task Force.

In the post-Brexit era, OFSI has significantly scaled up the implementation of U.K. financial sanctions, with significant increases in the number of licensing decisions taken and enforcement cases pursued since 2021. It has also sought to expand its engagement with industry through the provision of guidance, as well as by developing partnerships with a range of stakeholders, including industry, civil society, regulators and law enforcement.

Technology continues to act as a key agent of change, transforming the threat of sanctions circumvention, while also offering OFSI new intelligence gathering and enforcement capabilities.

Looking ahead, new technologies likely will continue to reshape efforts to evade sanctions,

while the fast-paced development of crypto-assets and increased fragmentation of the financial services industry are likely to give rise to new challenges to existing compliance systems. In response, OFSI is working to integrate AI-enabled workflows across its enforcement, licensing and intelligence functions to better identify evolving threats early.

In response to the evolution of the sanctions landscape, a cross-government review of sanctions implementation and enforcement was undertaken in May 2025.[2] The review sought to identify enhancements to improve and facilitate sanctions compliance, increase the deterrent effect of enforcement and ensure cross-government access to the actionable intelligence needed to take robust, proactive enforcement action against sanctions evaders.

Following the conclusion of that review, OFSI significantly updated its civil enforcement processes in February, and announced plans to double the maximum penalty for financial sanctions violations.[3]

OFSI's Three-Year Strategy

To ensure that U.K. financial sanctions are effective, resilient and effective, OFSI has adopted three key strategic priorities for 2026-2029.

- First, to use high-quality data and an enhanced understanding of the threats, risks and context in which OFSI works in order to guide policy and operational decisions, as well as resource allocation.
- Second, to deliver timely and proportionate licensing, proactive enforcement and focused compliance support in high impact areas.
- Third, to amplify the impact of financial sanctions through strong public, private and international partnerships, and to support the compliance efforts of industry.

OFSI will implement these priorities under four pillars, promoting compliance by clearly articulating sanctions rules, risks and compliance expectations. It will do this through the provision of targeted, sector-specific educational campaigns, the publication of tailored guidance, and use of compliance lessons from enforcement actions. It will also increase alignment with international partners to reduce jurisdictional arbitrage and close identified loopholes in sanctions measures between jurisdictions.

OFSI will also enable faster, more predictable and scalable sanctions compliance by encouraging early engagement, leveraging AI-enabled workflows to anticipate emerging risks, providing practical compliance advice on complex scenarios, and delivering the closure of 50% of licensing cases within six months of application.

The commitment by OFSI to provide practical compliance advice is welcome, as historically obtaining guidance from OFSI on the application of sanctions measures to specific scenarios has been challenging. However, the process for obtaining guidance and whether the ensuing information will be made publicly available remains unclear.

The commitment to complete half of financial sanctions license applications within six months is also welcome, given quite lengthy timelines for licensing decisions in recent years.

OFSI will pursue visible, proportionate and timely enforcement to deter, disrupt and resolve

noncompliance with U.K. financial sanctions early on. The prioritization of enforcement cases will be evidence-led. OFSI will use data analytics and intelligence to facilitate proactive enforcement that is focused on cases posing the greatest risks or offering the most demonstrable effects, whether relating to noncompliance or willful circumvention.

OFSI has committed to increasing the proportion of enforcement cases originating from its intelligence gathering capabilities year-on-year, and will seek to accelerate the conclusion of enforcement actions. The goal is to submit 90% of new enforcement investigations for decision within 18 months of commencement.

The success of OFSI's newly introduced settlement, early account and fixed penalty schemes in speeding up enforcement outcomes likely will significantly influence OFSI's ability to satisfy this performance indicator.

OFSI will support the development of a sustained compliance culture in the private sector through more systematic use of the data OFSI holds to conduct intelligence-led enforcement, and developing feedback loops via guidance and the publication of compliance lessons from enforcement actions. It will also work with other government departments and international partners to ensure that sanctions measures can be effectively implemented in practice by industry.

Key Takeaways for Businesses

The strategy for OFSI's next chapter sets a clear course. Through evolution rather than revolution, OFSI intends to assist businesses in complying with financial sanctions by providing clearer expectations and faster, more predictable support.

OFSI will also invest in and make use of data-driven tools, including AI and data analytics, to identify and target high risk activities and support the expansion and acceleration of OFSI's enforcement efforts. Taken together, OFSI's strategy is underpinned by a commitment to a more proactive, evidence-led approach to the implementation and enforcement of financial sanctions.

While only time will tell how effectively OFSI is able to implement its strategic plan, businesses that are required to comply with U.K. financial sanctions should factor OFSI's forward-looking priorities and expectations into their assessment and management of sanctions risk.

The report makes clear that businesses should anticipate more intelligence-driven compliance monitoring and enforcement actions by OFSI.

Businesses should adopt a proactive approach to sanctions compliance, and make use of the resources OFSI has committed to provide to assess and enhance their compliance controls. This way, they will be best placed to successfully navigate the U.K. financial sanctions landscape as it continues to evolve in response to implementation of OFSI's new strategy and external developments

Alexandra Melia is a partner at Steptoe International (UK) LLP.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective

affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] OFSI, Strategy 2026-29 (OTSI) (15 April 2026): https://assets.publishing.service.gov.uk/media/69df6b6d53469bbcdf408e9f/OFSI_Strategy_2026-29.pdf.

[2] Policy Paper, Cross-government Review of Sanctions Implementation and Enforcement (15 May 2025): <https://www.gov.uk/government/publications/sanctions-implementation-and-enforcement-cross-government-review-may-2025/cross-government-review-of-sanctions-implementation-and-enforcement>.

[3] OFSI, Financial Sanctions Enforcement and Monetary Penalties Guidance (9 February 2026): <https://www.gov.uk/government/publications/financial-sanctions-enforcement-and-monetary-penalties-guidance/financial-sanctions-enforcement-and-monetary-penalties-guidance>.