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Armenian Banks Tighten Checks on Transactions Linked to Russia Sanctions

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centralbanking.com

Armenian banks must identify and block transactions that may be intended to circumvent international sanctions against Russia under new rules that took effect on Aug. 12.

The requirements are set out in regulations on banks' minimum internal control standards approved by the Armenian Central Bank.

The measures, which could further restrict Russians' access to Armenia's banking system and disrupt payment routes used to transfer money from Russia to other countries, come as Armenia pursues closer ties with the European Union amid a deterioration in relations with Moscow.

Under the regulations, banks must establish systems for managing sanctions-evasion risks and identify, suspend or reject suspicious transactions before they are processed.

Banks must screen not only their clients but also counterparties and other parties involved in transactions. They are required to consider factors including a transaction's geography, currency and location, as well as the origin of the goods or services involved.

For individuals, banks must examine citizenship, residential address and tax residency. For companies, they must assess where they are based and operate, along with their affiliated parties and beneficial owners.

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The screening must be continuous. Banks are required to review a customer within one business day of any changes to sanctions lists or the customer's information. They must also use automated monitoring systems to identify potential attempts to evade sanctions.

Armenian banks that regularly provide services to financial institutions operating outside the country must assess those institutions' exposure to sanctions-evasion risks.

Financial adviser Natalya Smirnova said banks would look beyond whether customers were included on sanctions lists and examine their sources of capital and income, corporate ownership structures and the routes taken by their money.

"If your company or employer has sanctioned founders or beneficiaries, that may be grounds for refusing to credit the funds, even if you personally are not subject to any restrictions," Smirnova wrote on Telegram.

The stricter compliance requirements could also affect brokers in the United Arab Emirates and other countries that receive transfers from Russia through Armenian banks, she said.

The financial news channel OhMySwift said the rules could affect institutions that use Armenian banks to transfer money to other jurisdictions.

Armenian lenders began refusing to open accounts for Russians and rejecting some transactions late last year. In some cases, banks closed accounts without providing detailed explanations, citing only "internal compliance requirements."

Russian citizens had opened more than 70,000 accounts at Armenian banks by July 2022, according to Armenian government data.

The new restrictions come as relations between Armenia and Russia continue to cool. Armenia began the process of seeking European Union membership in March 2025.

Prime Minister Nikol Pashinyan later said Armenia was not Moscow's ally on the war in Ukraine and invited Ukrainian President Volodymyr Zelensky to attend a European Political Community summit.

Russian President Vladimir Putin has urged Armenia to hold a referendum on EU membership, saying that if the country leaves the Russian-led Eurasian Economic Union, the two sides should separate on mutually beneficial terms.

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