TOBBUND NEWSLETTER

Early Warning System in Risk Management

What Should Be Done Before a Risk Materializes?

September 2026

IN THIS ISSUE

02 BEFORE A RISK MATERIALIZES

03 EARLY WARNING INDICATORS

04 FROM WARNING TO ACTION

TOBBUND
BRIDGING BORDERS

BEFORE A RISK MATERIALIZES

Effective risk management is not only about responding to risks after they occur, but also about identifying warning signs before they materialize. Particularly in logistics and customs operations, high transaction volumes and numerous variables make proactive risk monitoring essential. At this point, an early warning system serves as an important tool that helps organizations take the necessary measures before risks materialize.

A risk often does not emerge as the result of a single event. Certain changes and unusual patterns usually begin to appear beforehand. For example, a continuous increase in the number of open declarations for a company, unusually high transaction volumes and open declarations for a particular product or HS code group, recurring issues along the same route, or previously unseen document discrepancies may all be considered early warning indicators.

The key is to assess multiple indicators together rather than making a risk decision based on a single data point. An increase in transaction volume alone may not necessarily indicate a risk. However, if this increase occurs within a high-risk product group, if similar transactions have caused issues in the past, or if the number of open declarations increases during the same period, the situation may require closer examination.

SIGNS THAT MAY BE CONSIDERED EARLY WARNING INDICATORS

1. Continuous increase in open declarations
2. Unusually high volumes in an HS code group
3. Recurring issues along the same route
4. Previously unseen document discrepancies

⚠ **RISK**

> “ A risk often does not emerge as the result of a single event.

EARLY WARNING INDICATORS

In logistics and customs operations, early warning indicators include data such as a company's transaction history, transaction type, HS code information, route, document structure, and transaction volume.

1. **TRANSACTION HISTORY**
2. **TRANSACTION TYPE**
3. **HS CODE INFORMATION**
4. **ROUTE**
5. **DOCUMENT STRUCTURE**
6. **TRANSACTION VOLUME**

HS CODE

A key indicator in risk assessment

- **Classification**
- **Tax and financial implications**
- **Permit and compliance requirements**

In particular, the HS code is one of the key indicators that should be taken into consideration in risk assessment. The HS code is important not only for the classification of goods but also for determining their tax and financial implications, as well as certain permit and compliance requirements. Therefore, incorporating HS code information into risk assessments for highly taxed or sensitive goods can make a significant contribution to the early identification of potential risks.

RECURRING ISSUES

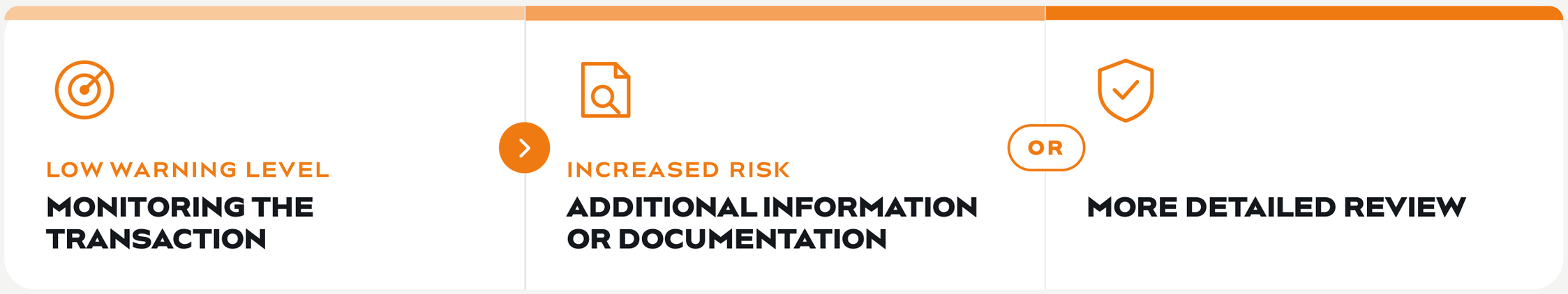
Similarly, recurring issues along a particular route or at a specific customs location should also be taken into consideration. While a single incident may be regarded as an isolated case, the recurrence of the same situation at certain intervals may become an indicator that requires monitoring.

FROM WARNING TO ACTION

The purpose of an early warning system is not merely to identify risky transactions. Its primary objective is to ensure that timely and appropriate action is taken based on predefined risk criteria.

For this reason, predetermined control levels have been established for risk criteria. At a low warning level, monitoring the transaction may be sufficient, whereas an increase in the risk level may require additional information or documentation to be requested or a more detailed review of the transaction.

CONTROL LEVELS



This approach also prevents the same level of control from being applied to every transaction. While low-risk transactions are not unnecessarily delayed, greater attention and resources can be allocated to areas where risk levels are higher.

Another important aspect of an early warning system is the monitoring of actions taken. When a risky situation is identified, simply resolving the individual transaction is not sufficient. The underlying cause of the risk, which indicators could have been identified in advance, and what actions should be taken if a similar situation occurs again should also be evaluated.

In conclusion, an early warning system transforms risk management from a structure that responds to events after they occur into one that proactively monitors potential risks. In logistics and customs operations, jointly monitoring indicators such as the company, transaction, HS code, route, and transaction history can enable the necessary action to be taken before a risk materializes.

WHAT SHOULD ALSO BE EVALUATED

1. **The underlying cause of the risk**
2. **Which indicators could have been identified in advance**
3. **What actions should be taken if a similar situation occurs again**

The primary objective of risk management is not only to respond appropriately after a risk occurs, but also to identify the right warning signs before the risk materializes.

TOBBUND
BRIDGING BORDERS