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## FATF Advisory on Pakistan

### Why in news?

Financial Action Task Force recently decided to continue the 'Grey' listing of Pakistan for its failure to stop funding of terrorist groups.

### What is the Financial Action Task Force?

- The Financial Action Task Force (FATF) was set up in 1989 by the western G7 countries, with headquarters in Paris.
- FATF has 37 members that include all 5 permanent members of the Security Council, and other countries with economic influence.
- Two regional organisations, the Gulf Cooperation Council (GCC) and the European Commission (EC) are also its members.
- Saudi Arabia and Israel are “observer countries” (partial membership).
- India became a full member in 2010.

### What is the present status of Pakistan?

- In June 2018, Pakistan was placed in the 'Grey' list and given a 27-point action plan by the FATF.
- This Plan was reviewed as the last Plenary in October 2018 and for the second time recently.
- In the recent plenary, India submitted new information about Pakistan-based terrorist groups, including Jaish-e-Mohammad, responsible for the Pulwama attack.
- The FATF condemned the suicide bombing of the CRPF convoy that left 40 personnel dead.
- The FATF urged Pakistan to show compliance to show compliance with its action plan or face being “black-listed” by the session in October 2019.
- A black-list would mean enhanced financial scrutiny of its government, possible sanctions against its central bank, and a downgrade of its financial and credit institutions.
- Also, FATF issued a 10-point advisory to Pakistan if it wants to be out of the “grey list” of countries posing a “risk to the international system”.

- Further, Pakistan was nominated for a detailed review of its "serious deficiencies" in countering terror financing in February 2018.
- This nomination was supported by the United States, the United Kingdom, France, Germany and India.

### **What does the FATF advisory say?**

- The FATF has observed that several deficiencies remain in Pakistan's legal regime in dealing with terror financing.
- Since June 2018, Pakistan has made a high-level political commitment to work with and address its strategic counter-terrorist financing-related deficiencies.
- Also, Pakistan has revised its TF (terror financing) risk assessment.
- However, it does not demonstrate a proper understanding of the TF risks posed by Da'esh (ISIS), AL-Qaida, JuD (Jamat-ud-Dawa), FIF (Falah-e-Insaniat Foundation), LeT (Lashkar-e-Taiba), JeM (Jaish-e-Mohammad), HQN (Haqqani Network) and persons affiliated with the Taliban.
- Hence, the FATF urged Pakistan to swiftly complete its action plan, particularly those with timelines of May 2019, the next deadline to show compliance.
- For this, Pakistan should continue to work on implementing its action plan to address its strategic deficiencies.
- The country should adequately demonstrate proper understanding of the terror financing risks posed by the terrorist groups and conduct supervision on a risk-sensitive basis.
- Remedial actions and sanctions should be applied in cases of Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) violations.
- Also, the country should demonstrate that competent authorities are cooperating and taking action to identify and take enforcement action against illegal money or value transfer services (MVTs).
- Further, it should improve inter-agency coordination between provincial and federal authorities on combating TF risks.
- Thus, with the advisory, Pakistan must visibly demonstrate that it has taken measures to crack down on and shut down the infrastructure and finances of the terrorist groups.

**Source: The Hindu**



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