



FATF Retains Pakistan In Grey List

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Why in News

The **Financial Action Task Force (FATF)** has decided to retain Pakistan on the “greylist” till the next review of its performance on its recommendations during the June Plenary session.

Key Points

- **Background:**

- During the October-2020 Plenary, due to the **Covid-19 pandemic**, **Pakistan was given an extension** for full compliance with the 27-point action plan till February 2021.

It had then not fully complied with 6 of the 27 directives.

- The **FATF had issued the 27-point action plan** after placing **Pakistan on the ‘Grey List’ in June 2018**. The action plan pertains to curbing **money laundering** and terror financing.

- **About:**

- FATF **acknowledged Pakistan’s significant progress in combating terrorism**, however it was **still to fully comply with three of the 27-point action plan**.
- The **three points** pertain to **effective steps in terms of financial sanctions and penalties** against the terror funding infrastructure and the entities involved.
- After assessing the measures taken during the June 2021 session, the FATF would verify the implementation and test the sustainability of reforms undertaken by Pakistan, to review its inclusion or exclusion on the grey list.

- **Significance:**

- In Pakistan's case, the **FATF has taken cognisance of the inaction against several banned organisations** involved in raising funds for terror activities and those linked to global terrorists like Jaish-e-Mohammed chief Masood Azhar and **Lashkar-e-Taiba's** Hafiz Saeed and its operations chief Zaki-Ur Rahman Lakhvi.
- On several occasions, India has also raised the involvement of elements within Pakistan in a number of terror cases, including the **26/11 Mumbai** and **Pulwama attacks**.
- Perpetual containment of Pakistan on the grey list of FATF would further pressurise Pakistan to take adequate measures to prevent such terrorist attacks on India from its soil.

Financial Action Task Force

- **About:**

- It is an inter-governmental body established in 1989 during the **G7 Summit** in Paris.
- The FATF assesses the strength of a country's anti-money laundering and anti-terror financing frameworks, however it does not go by individual cases.

- **Objectives:**

To set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

- **Headquarters:**

Its Secretariat is located at the **Organisation for Economic Cooperation and Development (OECD)** headquarters in **Paris**.

- **Member Countries:**

The FATF currently has **39 members** including two regional organisations — the European Commission and **Gulf Cooperation Council**. **India** is a member of the FATF.

- **Lists under FATF:**

- **Grey List:**

- Countries that are considered **safe haven for supporting terror funding and money laundering** are put in the FATF grey list.
- This inclusion serves as a warning to the country that it may enter the blacklist.

- **Black List:**

- Countries known as **Non-Cooperative Countries or Territories (NCCTs)** are put in the blacklist.
- These countries support terror funding and money laundering activities.
- The FATF revises the blacklist regularly, adding or deleting entries.

- **Sessions:** The **FATF Plenary** is the decision making body of the FATF. It meets **three times per year**.

Source:TH