



# FATF Retains Pakistan on Grey List

## Why in News

Recently, the Financial Action Task Force (FATF) retained Pakistan in the 'greylist' or 'increased monitoring list'.

- The FATF also announced the 'greylisting' of Jordan, Mali and Turkey.
- Botswana and Mauritius had been taken out of the grey list.

**Marcus Pleyer** FATF Chief

**Pak Cooperating**  
Pakistan has already completed 30 out of 34 action points. So, there was no discussion on blacklisting. The government is cooperating with FATF and we urged it to address the remaining four items as soon as possible

**No Indian Pressure**  
FATF is a technical body and we take our decisions by consensus. It is not one country but 39 jurisdictions and the decision is taken by consensus on a jurisdiction to be put under increased monitoring

Jordan and Mali were also added to the grey list

## Key Points

- **About:**
  - Pakistan is retained for failing to effectively implement the **global FATF standards and over its lack of progress on investigation and prosecution** of senior leaders and commanders of UN-designated terror groups.
  - Pakistan **will remain on the grey list till** it addresses all items on the **original action plan agreed to in June 2018** as well as all items on a **parallel action plan handed out by the FATF's regional partner - the [Asia Pacific Group \(APG\)](#) - in 2019.**
  - The Pakistan government has two concurrent action plans, with **a total of 34 action plan items**. It has **largely addressed 30 of the items**.
  - Pakistan has made significant progress and it has largely **addressed 26 out of 27 items on the action plan** it first committed to in June 2018. The item on

**financial terrorism still needed to be addressed.**

- The **2019 action plan** largely **focussed on money laundering deficiencies**.
- The FATF had advised that **Pakistan should continue to work to address its six strategically important deficiencies**, which included enhancing international cooperation by amending the money-laundering law and demonstrating that assistance was being sought from foreign countries in implementing the **UNSCR 1373 designations**.
- The UNSC Resolution 1373 was adopted on 28<sup>th</sup> September 2001. It declares international terrorism a threat to international peace and security and imposes binding obligations on all UN member states.

▪ **Background:**

- 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**.
- Pakistan was first put on the list in 2008, removed in 2009 and then again remained under increased monitoring from 2012 to 2015.
- Pakistan's inclusion in the grey list has **adversely impacted that country's prospects of obtaining financial assistance** from world bodies such as the [International Monetary Fund](#), [World Bank](#), and [Asia Development Bank](#).

**Financial Action Task Force**

▪ **About:**

- An **inter-governmental body** established in 1989 during the [G7 Summit](#) in Paris.
- 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.
- Currently, **Iran and Democratic People's Republic of Korea (DPRK)** are under High-risk Jurisdiction or black list.

▪ **Sessions:**

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

**Source: TH**

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