

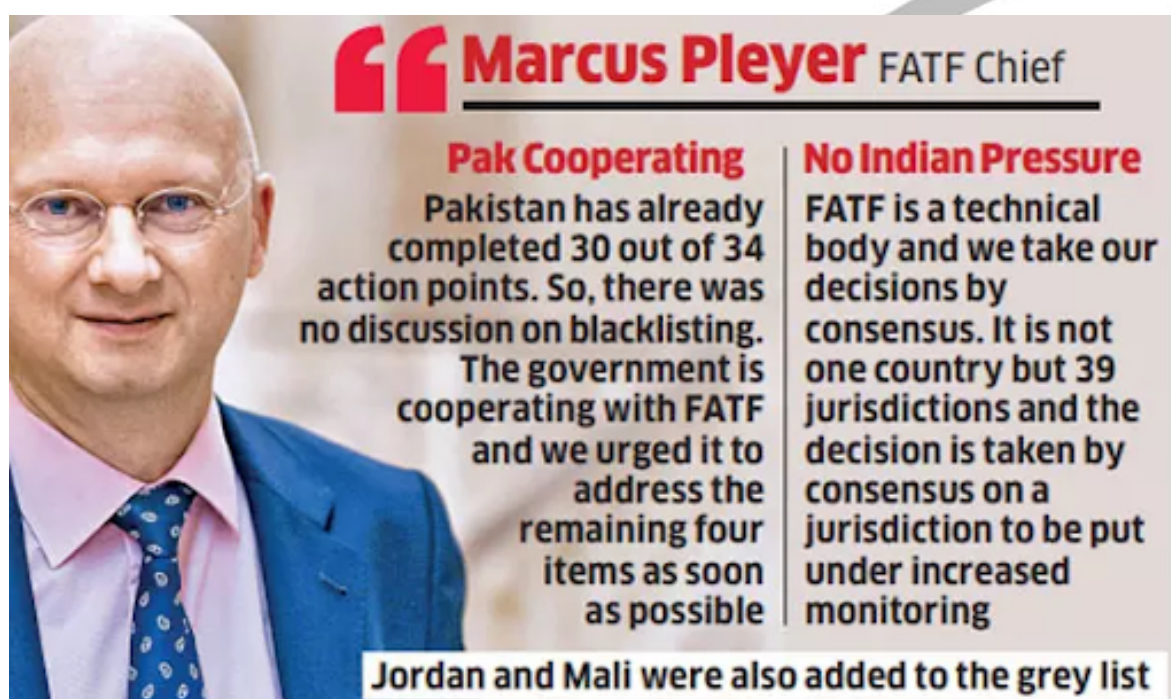


## FATF Retains Pakistan on Grey List

### 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.



### 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 **focused 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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