

FATF Action Plan for Pakistan

Why in news?

\n\n

Pakistan has been formally put on the grey list by the Financial Action Task Force (FATF).

\n\n

What is the Financial Action Task Force?

\n\n

\n

- The FATF was set up in 1989 by the G7 countries.

\n

- **Members** - With headquarters in Paris, FATF has 37 members.

\n

- They include all 5 permanent members of the Security Council and other countries with economic influence.

\n

- Two regional organisations, the Gulf Cooperation Council (GCC) and the European Commission (EC) are also its members.

\n

- Saudi Arabia and Israel are “observer countries” (partial membership).

\n

- India became a full member in 2010.

\n

- **Objective** - FATF acts as an ‘international watchdog’ on issues of money-laundering and financing of terrorism.

\n

- It is empowered to curtail financing of UN-designated terrorist groups.

\n

- It can publicly sensor countries that are not abiding by its norms.

\n

- It is to limit the concerned countries from sourcing financial flows internationally and thereby constraining them economically.

\n

\n\n

What is the recent decision?

\n\n

- \n
- FATF earlier decided to place Pakistan in the grey list for inaction against terror funding.
- \n
- It has now unanimously agreed to put into effect the above decision.
- \n
- The move comes as a response for Pakistan's inaction against terror funding.
- \n
- The Financial Action Task Force (FATF) has laid out a 10-point action plan for compliance with its guidelines.
- \n
- Pakistan has been instructed to take measures and to demonstrate the action on guidelines given.
- \n
- UN-designated terrorists and banned terror outfits should be deprived of their resources.
- \n
- Also, their sources of funding are to be choked.
- \n
- The designated ones include Hafiz Saeed and Masood Azhar, Taliban and Haqqani Network, Jaish-e-Mohammad, Lashkar-e-Taiba, and their affiliates.
- \n
- If Pakistan fails to implement the action plan, it could be included in the black list the next year.
- \n

\n\n

What are the guidelines?

\n\n

- \n
- Pakistan will have to take steps to ensure that **terror funding risks** are properly identified and assessed.
- \n
- Also, it will have to ensure that **supervision** is applied on a risk-sensitive basis.
- \n
- Measures are to be taken to prevent **financial institutions** from indulging in money laundering and terror funding.
- \n
- It should take action against illegal financial operations, identify cash

couriers and enforce controls on illicit movement of currency.

\n

- It has been told to improve **coordination** between the provincial and federal authorities on combating terror funding.

\n

- Enforcing effective **prosecution and conviction** of the designated persons, entities and their affiliates are specified.

\n

- The FATF has also sought actions demonstrating effective implementation of **targeted financial sanctions**.

\n

\n\n

What is Pakistan's response?

\n\n

\n

- After 2012-15, this is the second time it has been grey-listed and is facing sanctions.

\n

- The placement on the 'grey list' could hurt Pakistan's economy as well as its international standing.

\n

- Pakistan had this time round made a high-level political commitment.

\n

- It has agreed to work with the global watchdog and the Asia Pacific Group, of which it is a member.

\n

- It would perceivably strengthen its anti-money laundering and counter terror-financing regime.

\n

\n\n

\n\n

Source: The Hindu

\n