

2. FATF may keep Pak. on Grey List

Prelims: International Relations

Mains: GS-II- Important International institutions, agencies and fora- their structure, mandate.

Why in News?

- ▶▶ Pakistan could escape being blacklisted by the Financial Action Task Force (FATF), but the international watchdog on terror finance is likely to issue strong warnings to it and keeping the country on the grey list.

Highlights:

- ▶▶ In the period under review, Pakistan registered 228 TF cases and convicted 58 individuals.
- ▶▶ The latest mutual evaluation report by the Asia Pacific Group (APG) on CFT and AML released on October 14, 2019 assigned a national risk-rating of ‘medium’ to Pakistan.
- ▶▶ The report said that since February 2018, Pakistan had taken positive actions against these organisations “but UNSCR 1267 is not being fully implemented”.
- ▶▶ Pakistan is expected to be kept under significant and sustained” pressure to deliver on the 27-point action plan by February 2020, when the next plenary session will be held.

Why Pakistan may avoid Blacklisting?

- ▶▶ Three votes are mandatory for any country to escape the blacklisting.
- ▶▶ Pakistan is relying on support from China, Turkey and Malaysia.
- ▶▶ China is presiding over the ongoing FATF plenary in France.

FATF:

- ▶▶ The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. It is headquartered in Paris.
- ▶▶ The objectives of the FATF are 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.
- ▶▶ It is the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT).
- ▶▶ In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identifies jurisdictions that have strategic deficiencies and

works with them to address those deficiencies that pose a risk to the international financial system. Jurisdiction subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and financing of terrorism risks.

What does getting black listed mean?

- ▶▶ The FATF blacklist means the country concerned is “non-cooperative” in the global fight against money laundering and terrorist financing.
- ▶▶ 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.
- ▶▶ If blacklisted, Islamabad faces financial consequences and economic setbacks at a time when its economy is facing a balance of payment crisis.
- ▶▶ If Pakistan does avert blacklisting it will be just a temporary relief until the FATF meets again in February 2020.

