

## 7. Financial Action Task Force (FATF)

**Prelims Syllabus:** International Institutions

**Mains Syllabus:** GS-II Important International institutions, agencies and for- their Structure, Mandate.

### Why in News?

- The decision by a Pakistani court in Sindh to acquit Ahmed Omar Sheikh Saeed of murdering journalist Daniel Pearl will be raised by India at the next meeting of the Financial Action Task Force.

### About FATF:

- The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 on the initiative of the G7.
- It is a “policy-making body” which works to generate the necessary political will to bring about national legislative and regulatory reforms in various areas.
- The FATF Secretariat is housed at the OECD headquarters in Paris.
- Initially it was established to examine and develop measures to combat money laundering.
- In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering.
- In April 2012, it added efforts to counter the financing of proliferation of weapons of mass destruction.
- The FATF currently comprises 37 member jurisdictions and 2 regional organisations, representing most major financial centres in all parts of the globe. It also has observers and associate members.
- 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.

### What is Blacklist and Grey List?

- **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.
- **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.

- **Considered in the Grey List may Face:**

1. Economic sanctions from IMF, World Bank, ADB.
2. Problem in getting loans from IMF, World Bank, ADB and other countries.
3. Reduction in international trade.
4. International boycott.

