
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.

