

Pakistan Trying To Move Away From FATF

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The Financial Action Task Force (FATF) announced Pakistan will continue to remain on the grey list while but did not that “significant progress” has been made in completing the required action items for removal from the list. Since the start of the COVID-19 pandemic, the FATF has provided some flexibility to jurisdictions not facing immediate deadlines to report progress on a voluntary basis. The following countries had their progress reviewed by the FATF since June 2021 Albania, Barbados, Botswana, Cambodia, Cayman Islands, Jamaica, Malta, Mauritius, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, Uganda, and Zimbabwe.

Recently Prime Minister Imran Khan has set up a high-powered 12-member National Financial Action Task Force (FATF) Coordination Committee to ensure execution of all FATF-related tasks till Dec 1. The committee includes the Governor of the State Bank of Pakistan (SBP), Chairman of Securities and Exchange Commission of Pakistan (SECP), Director General of the Federal Investigation Agency (FIA), member (customs) of the Federal Board of Revenue (FBR) and DG of the Financial Monitoring Unit (FMU). The committee also has three senior officials from the military’s General Headquarters (GHQ). This round of FATF that is happening soon is not directly linked to the performance of Pakistan. The commitments Pakistan have made with FATF on money laundering and terror financing should be completed, valuation report can indirectly impact the country’s position to move out of the grey list.



Pakistan has submitted its report that consist of 27 points action plan committed with FATF to the APG, report consist of seven areas mostly relating to financial and insurance services and facilities as part of an ongoing five-year review cycle. These areas cover safeguards against money laundering and terror financing by banned outfits and non-government entities through banking and non-banking jurisdictions, capital markets, corporate and non-corporate sectors like chartered accountancy, financial advisory services, cost, and management accountancy firm and similar related services.

According to the reports of officials, US is showing support towards Pakistan in recent months and this all because of Pakistan engagement at the highest Political and cooperative approach towards Afghanistan peace process and helping the US to move away from Afghanistan. It is the responsibility of institutions to formulate the report by keeping in mind the international standpoint and come up to the FATF standards.

A recent visit of US delegate led by ambassador Alice G. Wells, Acting Assistant Secretary of State for the Bureau of South and Central Asian Affairs, during his visit he advised Pakistan to show some real actions against the banned organizations listed by FATF, this will ensure to move Pakistan out of the grey list.

According to the reports Pakistan had made substantial development in the past year. National assembly of Pakistan, the standing committee on finance on Finance had cleared two critical bills relating to amendments in Foreign Exchange Regulations and anti-money laundering law, but the US, APG, and FATF expected Pakistan to ensure these drafts attain the finality as laws, properly passed by the parliament. FATF encourages Pakistan to continue to make progress to address, as soon as possible, the one remaining item by continuing to demonstrate that TF investigations and prosecutions target senior leaders and commanders of UN-designated terrorist groups.

The Plenary, took the formal decision to appoint T Raja Kumar of Singapore as the next President of the FATF, for a fixed two-year term. Pakistan hope that in next meetings things might change and Pakistan will

be removed from FATF grey list.



Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the “grey list”.

The FATF and FATF-style regional bodies (FSRBs) continue to work with the jurisdictions below as they report on the progress achieved in addressing their strategic deficiencies. The FATF calls on these jurisdictions to complete their action plans expeditiously and within the agreed timeframes. The FATF welcomes their commitment and will closely monitor their progress. The FATF does not call for the application of enhanced due diligence measures to be applied to these jurisdictions, but encourages its members and all jurisdictions to take into account the information presented below in their risk analysis.

The FATF identifies additional jurisdictions, on an on-going basis, that have strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. A number of jurisdictions have not yet been reviewed by the FATF or their FSRBs, but will be in due course.

Since the start of the COVID-19 pandemic, the FATF has provided some flexibility to jurisdictions not facing immediate deadlines to report progress on a voluntary basis. The following countries had their progress reviewed by the FATF since October 2021: Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Jamaica, Malta, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Uganda, and Zimbabwe. For these countries, updated statements are provided below. Jordan, Mali, Haiti, and Turkey were given the opportunity and chose to defer reporting; thus, the statements issued in June and October 2021 for these jurisdictions are included below, but they may not necessarily reflect the most recent status of the jurisdiction’s AML/CFT regime. Following review, the FATF now also identifies the United Arab Emirates.

In response to additional deficiencies later identified in Pakistan’s 2019 APG Mutual Evaluation Report

(MER), in June 2021, Pakistan provided further high-level commitment to address these strategic deficiencies pursuant to a new action plan that primarily focuses on combating money laundering. Since June 2021, Pakistan has taken swift steps towards improving its AML/CFT regime and completed 6 of the 7 action items ahead of any relevant deadlines expiring, including by demonstrating that it is enhancing the impact of sanctions by nominating individuals and entities for UN designation and restraining and confiscating proceeds of crime in line with Pakistan's risk profile. Pakistan should continue to work to address the one remaining item in its 2021 action plan by demonstrating a positive and sustained trend of pursuing complex ML investigations and prosecutions.