Pakistan to stay on FATF grey list till February

By Khaleeq Kiani 2020-10-24
ISLAMABAD: Pakistan will continue to remain on the grey list of the Financial Action Task Force (FATF) for another four months till February 2021 for six out of 27 unmet action plan targets on anti-money laundering and combating the financing of terrorism (AML/CFT).

`Pakistan remains in the increased monitoring list, the so-called grey list,` announced Dr Marcus Pleyer, president of Paris-based global money laundering and terrorist financing watchdog, at a virtual news conference on the conclusion ofa three-day plenaryinParis.

`To date, Pakistan has made progress across all action plan items and has now largely addressed 21 of the 27 action items. As all action plan deadlines have expired, the FATF strongly urges Pakistan to swiftly complete its full action plan by February 2021,` the watchdog said in a statement.

`The FATF takes note of the significant progress made on a number of action plan items,` it added.

The next plenary is due on Feb 21-26.

Pakistan welcomed the outcome, saying `this is indicative of the confidence of the FATF on the efforts of Pakistani government` In a statement, the finance ministry said the FATF acknowiedged that Pakistan had made progress across all action plan items and had now `largely addressed` 21 of the 27 action items. The FATF has taken note of the significant progress made by Pakistan on a number of action plan items.

The industries minister, who led the Pakistani delegation at the virtual plenary, said: `Blacklisting Pakistan was now off the table.

Dr Marcus Pleyer appreciated Pakistan for having made progress on all areas and its strong commitment to complete the 27-point action plan. `It needs to do more` and carry out reforms to meet targets, he said in response to a question. He said the discussions at the plenary were confidential, but `Pakistan needs to complete six outstanding items` and report back after which the FATF would send a technical team for on ground verification.

The next plenary would then decide if Pakistan had completed all the action plan points effectively and remove it from the grey list. Dr Pleyer said the process also involved Mutual Evaluation Report (MER) with Asia-Pacific Group, the FATF`s regional affiliate.

Responding to a question, Dr Pleyer explained that Pakistanhad never been in the blacklist but in the grey list and based on its completion on 21 out of 27 items as largely complaint status, the country could be viewed `safer`. He, however, made it clear that six outstanding items were `very serious and risks are not over until the government of Pakistan repairs all six outstandingitems`.

When asked why Pakistan`s deadlines were being extended, the FATF president said Pakistan had to be treated equally with other countries which showed progress and made commitment to do better and to repair deficiencies, but this could not go on forever either.

He said Pakistan was not being discriminated against in simultaneous reviews by the FATF and the APG, adding that it was all rule-based and the same rules were being followed in the case of Pakistan.

Asked if the FATF would investigate reports about 44 Indian banks having suspicious transactions in terms of terror financing, Mr Pleyer said the FATF was not a body to investigate but follow standard rules and research and did not comment on a specific country.

The FATF said Pakistan should continue to work on implement-ing its action plan to address its strategic deficiencies on four major areas. First, it would have to demonstrate that law enforcement agencies (LEAs) are identifying and investigating the widest range of terror financing (TF) activity and that TF investigations and prosecutions target designated persons and entities and those acting on behalf of or on the directive of the designated persons or entities.

Second, Pakistan has to address strategic deficiencies by demonstrating that TF prosecutions result in effective, proportionate and dissuasive sanctions.

Third, it would be required to demonstrate effective implementation of targeted financial sanctions against all designated terrorists under 1267 and 1373 resolutions of the UN Security Council and those acting for or on their behalf, preventing the raising and moving of funds, including in relation to NPOs (non-profit organisations), identifying and freezing assets (movable and immovable) and prohibiting access to fundsandñnancialservices.

Fourth, the country has to demonstrate enforcement against targeted financial sanctions (TFS) violations, including in relation to NPOs, of administrative and criminal penalties and provincialand federal authorities cooperating on enforcement cases.

The FATF had formally placed Pakistan on the grey list in June 2018 due to `strategic deficiencies` in it s AML/CF T regime after a push from India supported by the United States, the United Kingdom and some other European countries. Pakistan then committed at the highest level to a 27-point action plan, but failed to meet deadlines.

The FATF said that since June 2018, Pakistan`s continued political commitment had led to progress in a number of areas in its action plan, taking action to identify and sanction illegal money or value transfer services (MVTS), implementing cross-border currency and bearer negotiable instruments (BNI) controls, improving international cooperation in terrorist financing cases, passing amendments to the ATA (AntiTerrorism Act) to increase the sanctioning authority, financial institutions implementing targeted Enancial sanctions and applying sanctions for AML/CF T violations and controlling facilities and services owned or controlled by designated persons and entities.

The finance ministry said the FATF had recognised Pakistan`s sustained and irreversible effortsand upgraded overall nine items.

`There is no item remaining in the incomplete category,` it said.

The action plan items that have been addressed by Pakistan include highly important areas of financial sector, illegal hawala/ hundi, cross-border currency regime, international cooperation in terrorist financing cases, amendments to the Anti-Terrorism Act, implementation of targeted financial sanctions by financial institutions, applying sanctions for AML/CFT violations and controlling facilities and services owned or controlled by designated persons and entities.

However, in view of the six items in `Partially Addressed` category, the plenary meeting decided to maintain status quo with respect to classification of Pakistan, for the time being.

Considerable work has already been carried out on these six items and Pakistan would continue to make efforts to complete the remaining items in line with its strategy by February 2021.

The FATF excluded two countries, Iceland and Mongolia, from the grey list for their significant progress in improving their AML/CF T regimes. However, the status of Iran and North Korea was kept unchanged in the blacklist as `high-risk jurisdictions`