

FATF affiliate not happy with steps to block banned groups funding

ISLAMABAD: A delegation of the Asia-Pacific Group (APG) on money laundering, a regional affiliate of the Financial Action Task Force (FATF), has expressed serious reservations over insufficient physical actions on ground against proscribed organisations (POs) to block flow of funds and activities and is likely to issue a formal warning before its departure on Thursday (today).

“The crux of first two days of interactions is that they (APG) consider us very good on paper — legislation, regulation, data collection and notifications — mostly involving the federal government, but highly non-performing at provincial and district levels where such POs and non-profit organisations (NPOs) actually operate,” a senior official told Dawn.

The APG delegation is currently on a three-day visit to Pakistan for mutual evaluation as part of second country risk assessment report and would conclude its assessment on Thursday (today). Authorities of the Securities and Exchange Commission of Pakistan, Financial Monitoring Unit, law enforcement and intelligence agencies, ministries of foreign affairs and interior, National Counter Terrorism Authority, Federal Investigation Agency and Counter Terrorism Departments of the provinces participated in the two-day interaction.

Delegation of Asia-Pacific Group on three-day visit to country concludes assessment today

The official said the situation was such that Finance Minister Asad Umar had directed the newly appointed finance secretary to give top priority to ‘problem areas’ in consultation with the federal and provincial agencies and plug deficiencies so that a robust report could be submitted to the FATF by third week of April. This followed a joint commitment of the civil and military leadership in recent meetings that all institutions had to put their act together to get the country out of the FATF’s grey list.

The official said the APG delegation appreciated the flooding of data on issuance of suspected transaction reports (STRs), blockade of funds through banking and other formal channels and strengthening of legal, regulatory and institutional mechanism, but the team members repeatedly raised questions over specific and on-ground actions against each of the eight organisations proscribed under international requirements. They wanted break-up of suspected transaction report against each PO and specific actions taken against each entity.

“Their impression is that activities of POs and NPOs are still unchecked at the provincial, district and grass roots level where they can still raise funds and hold meetings and rallies,” said the official, adding that the delegation expressed concern over administrative inaction on sustainable basis at the district level.

The delegation was satisfied with anti-money laundering law and regulations of the SECP and controls of the SBP, the official said.

The delegation demanded that activities of proscribed organisations and their workers should be kept under stringent monitoring on a sustainable basis and their fund raising activities and transportation of their proceeds should be totally blocked and focus should increase towards informal means like passenger transport and cash couriers, he said.

Informed sources said the APG was appreciative of action against currency dealers and exchanges to block money laundering and terror financing through hundi and hawala in general, but was more interested to know how many of them were dealing with the eight proscribed organisations.

The two sides reviewed action against hundi, hawala, bank robberies, kidnapping for ransom, extortion, smuggling of precious stones and natural resources, marble and narcotics through land and sea routes and agreed that all agencies of the federal and provincial governments, including intelligence agencies, needed to improve their coordination at every level to act against high risk areas.

Pakistan has declared as high risk all the eight entities and related elements specifically named by the FATF as threat to global financial system after February 18-22 meetings of the global watchdog against financial crimes.

The achievement of a series of targets under a 10-point action plan has now become a top priority for the government. As the FATF meetings were still in progress (Feb 18-22), the government announced a ban on the Jamat-ud-Dawa (JuD) and Falah-i-Insanyat Foundation (FIF) to partially address the concerns raised by India that Pakistan supported these and six similar organisations, including Jaish-e-Mohammad (JeM), or at least considered them low-risk entities and then declared them 'high risk'.

The high risk description means the government has to start monitoring and re-examining their activities and profiles under heightened security checks at all layers of legal, administrative, investigative and financial regimes.

The FATF had noted that Pakistan had revised its terror financing risk assessment, but did "not demonstrate a proper understanding of the terror financing risks posed by the Islamic State group, AQ (Al Qaeda), JuD, FIF, LeT (Lashkar-e-Taiba), JeM, HQN (Haqqani Network), and persons affiliated with the Taliban".

In June 2018, Pakistan made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address its strategic counter-terrorism financing-related deficiencies by implementing an action plan to accomplish these objectives. The successful implementation of the action plan and its physical verification by the APG will lead the FATF to clear Pakistan out of its grey list or move it into the black list by September 2019.

Khaleeq Kiani