

Waiting in hope

Pakistan and its government will be waiting hopefully for the FATF meeting in Paris in the middle of October which is to decide if Pakistan remains on the grey list of the international money-laundering and terror-financing watchdog body. In theory, Pakistan could be moved back to the green list of the organization, something the country hopes will happen. India and Israel continue to campaign for Pakistan to be placed on the black list, labelling Pakistan a state that promotes terror.

However, in a report the Asia-Pacific group on Monday has highlighted Pakistan's progress in complying with 36 of the 40 parameters given by the APG, while the joint working group has stated that Islamabad is compliant on 10 out of 27 points of the action plan originally given to it by the FATF. This is encouraging and raises hopes that Pakistan will be able to meet the remaining requirements. In August, the FATF had reported that of 40 universal recommendations, Pakistan's rating was partial compliance or non-compliance on 30 and its performance was also below requirement on ten of the eleven Immediate Outcomes set out. The improvement since then is encouraging. We must hope it can continue. The FATF has emphasized four areas that need work: a look at Designated Non-Financial Businesses and Professions and customer due diligence; transparency and beneficial ownership of legal arrangements; regulation and supervision of DNFBPs; mutual legal assistance; freezing and confiscation. The report has also noted that Pakistan needs to improve international cooperation.

Essentially, while Pakistan's economic managers have been meeting FATF designated officials, there is still some work to be done. There is now also a race against time. It is not essential that the FATF will demand every single parameter be met in order to remove Pakistan from its grey list. This has already cost Pakistan considerable financial damage. It seems highly unlikely that given the efforts made by Pakistan, it will be downgraded any further. Experts however say its place on the grey list could be extended for another nine to 12 months. There is confidence, however, that this will not happen. Of the points the FATF has been pleased with are the activation of the Nacta website. Precautions in the SBP regarding 'Know Your Customers', biometric verification, suspicious transaction reports to all law-enforcement agencies and a list of other measures including the effective utilization of domestic agencies against terrorist financing. We hope this will be enough to save Pakistan further penalty and to bring it back into the mainstream of world economics. It is essential to the country that this happen and that in the next month every possible effort is directed towards this.