

### **Still rather grey**

Reports indicate that Pakistan's officials are confident that the country will be able to make its way out of the Financial Action Task Force (FATF) grey list. However, one must wonder whether the confidence is misplaced. Only in October, a delegation of the Asia Pacific Group (APG) rated Pakistan to be non-compliant in 33 out of 40 recommendations it had made. It would not be reasonable to assume that Pakistan has found a way to meet all 33 requirements within a month of their visit. Action on the part of government agencies has been slow, despite the fact that many have continued to talk shop. Pakistan cannot underestimate its need to show compliance with the recommendations – otherwise it risks being put in the FATF 'black list' in the middle of next year. This would mean it would join a list that includes only Iran and North Korea. The confidence expressed by the secretary of finance is based on the 'time' Pakistan has to meet the requirements, and less so, on the concrete actions the government may have taken in order to meet improve its financial monitoring ability.

There still seems to be a feeling that the government is taking action on the orders of someone else, rather than due to its own priorities. This is despite the fact that countering money laundering and terrorist finance was integral to the National Action Plan (NAP). What is clear is that the FATF has set stringent requirements for the country, which would not be a bad thing, given the severe challenges it has faced with respect to terrorism and financial corruption. There are real worries that if Pakistan is put on the 'black list', the consequences will be severe. It is bizarre to hear the director general of the Financial Monitoring Unit claim that the government has not detected any suspicious transactions from any bank accounts in Pakistan – despite the detection of multiple accounts connected to terrorist finance and money laundering in recent years.

The FATF is right to question why the country has not issued any suspicious transactions reports – and if Pakistan has no answer, it is not because all is clear, but that multiple agencies are not doing their job. One of the key challenges is going to be to monitor the almost 15,000 NGOs that operate in Pakistan. The SECP has admitted that it does not have the capacity to undertake such a huge task, nor do provincial laws allow it the ability to undertake the task. The fact that almost 3,000 licences have been cancelled is shown as progress but there is more to be done. A new law is set to be introduced in parliament to counter money laundering. With the draft not before parliament yet, it is hard to comment on the efficacy of any new legislation. It is still hard to understand how enforcing the existing frameworks itself is not a sufficient measure. The robust enforcement of existing frameworks is where the task should begin and which is what has been lacking to start with. Pakistan will need to own the process in order to move forward.

### **Editorial**