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Unsatisfactory progress on FATF requirements

Despite its efforts to get off the Paris-based Financial Action Task Force's grey list, Pakistan is not out of the woods yet. During its recent week-and-half-long visit to Islamabad for on-site evaluation of anti-money laundering (AML) and counter-terror financing (CFT) laws and mechanisms, a nine-member team of FATF's Asia Pacific Group (APG) met with different stakeholders, including Finance Minister Asad Umar, to assess progress on the recommendations it made last August as part of its pre-site mutual evaluation, identifying several gaps in this country's AML/CFT regime. Although APG is to provide Pakistan with its first report by November 19 and return in March or April next year for follow-up assessment, press reports suggest what it has to say is not very encouraging. The team is said to have found Pakistan compliant in legislation, but wanting in implementation of the relevant laws.

As per the laws, financial institutions and investigation agencies are required to provide reports to relevant authorities if they have reason to suspect any transaction to be proceeds of crime or belonging to terrorist groups. Yet there seems to be no let-up in the activity. In recent days, several cases have surfaced wherein people, such as a poor 'kulfa' seller, a student and a lady health visitor, discovered astounding sums of money in their bank accounts unbeknown to them. Whosoever put the money there obviously gained it through illicit means either to be whitened or for criminal activity. The main sources of FATF members' concern, though, are the organisations proscribed under a UN Security Council resolution, which remain functional as charitable groups. No wonder, among other things, a 10-point FATF action plan calls on the government to complete profiling of suspected terrorists and terrorist groups, their assets, and activities, including appeals for donations and collection of funds as well as movements and uses of such funds. These measures are likely to draw stiff resistance. But it must not deter the government from doing the needful. There are other violent extremist outfits, too, believed to be funded by certain countries for the furtherance of their regional agendas. Pakistan needs to stop financing of all such entities for the sake of its own peace and security.

Stopping money laundering is no easy task, either. For those involved, more often than not, happen to be influential people well-versed in adopting dodging tactics. Besides, the investigating and accountability organisations, such as the FIA, SECP, NAB, as well as provincial administrations, lack the expertise to detect suspicious transactions made by terrorists, narcotics smugglers, corrupt politicians, bureaucrats and other state functionaries. They must be trained in modern methods of investigating financial crimes and nabbing the culprits. This issue, bearing so importantly on our economy and even more importantly on our system of governance, needs to be highlighted prominently and appropriately. The government has to make it clear that it has a strong will to stop money laundering and terror financing.

RECORDER REPORT