

Anti-terror financing compliance review of Pakistan to conclude tomorrow

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ISLAMABAD: A visiting delegation of the Asia Pacific Group (APG) on Thursday will complete its review of Pakistan's compliance with international obligations over fighting money laundering and terror financing in order to submit its report to the Paris-based Financial Action Task Force (FATF).

By the end of September next year, Pakistan has to comply with a 10-point action plan it [committed with the FATF in June this year](#) to combat terror financing and money laundering to get out of the grey list or else fall into the black list, a finance ministry official told Dawn.

He said the six-member APG delegation did not have any meeting scheduled with caretaker Finance Minister Shamshad Akhtar, but was expected to have a wind-up session with the federal finance secretary after going through a checklist of 26 actionable points with other stakeholders, including the Financial Monitoring Unit (FMU) of the State Bank of Pakistan, Securities and Exchange Commission of Pakistan (SECP), National Counter Terrorism Authority (Nacta), Federal Investigation Agency (FIA) and representatives of the ministries of foreign affairs and interior.

Pakistan has to comply with 10-point action by end of September next year to get out of FATF grey list

The official said the response to the checklist by the authorities had already been finalised for sharing it with the APG after a plan to improve laws and strengthen the agencies concerned was approved by the caretaker cabinet last month.

Under the plan, the FMU will be upgraded, punishments and penalties will be enhanced to check smuggling of currency and two legal documents — Anti-Money Laundering Ordinance 2010 and Foreign Exchange Regulation Act 1947 — will be strengthened to meet the requirements of United Nations resolutions.

The official said the homework to address serious deficiencies had been completed and its implementation was in progress and would be completed within the time frame committed with the FATF. He said there were some positive vibes from European capitals to help Pakistan make progress in a manner that it did not become a victim of geopolitics and avoid a repeat of the June 27-29 FATF plenary in Paris when it was included in the grey list.

The official said the SECP and the SBP had recently taken steps for strengthening the regulatory regime on AML/CFL even though these had already been very stringent since 2015. To address risk-based challenges and changing identities and titles, the regulators have streamlined documentations for all individuals and entities in financial dealings.

To ensure that “criminals are not able to hide their identity through use of complex ownership structure of companies, partnerships, trusts or other similar forms, the financial institutions are required to identify the ultimate beneficial owner, who is a natural person, of all legal persons and legal arrangements before offering their services to them”.

Pakistan was found deficient in four areas such as supervision of AML/CTF, illicit cross-border movement of currency by terror groups, weak investigation and poor outcome of prosecution on terror financing and unsatisfactory implementation of UNSC resolutions 1267 and 1373.

By January next year, Pakistan will identify and assess domestic and international terror financing risks to and from its system to strengthen investigations and improve on inter-agency (FIA, SBP, SECP, banks, home and interior departments and associated agencies) coordination as well as federal and provincial coordination to combat these risks.

Also by January 2019, the government will complete the profiling (preparing data banks) of terror groups or suspected terrorists, their financial assets and strengths, besides their members and their family backgrounds, and make them inter-agency accessible.

Besides, banks, exchange companies and all agencies will be upgraded and trained about risks associated with AML/CTF issues, obligations and responsibilities for sharing and start imposing penalties on violations.

Over the next nine months i.e. till September 2019, the government will complete the investigation into the widest range of terror financing activities, including appeals and calls for donations and collection of funds, besides their movements and uses.

The focus will be on curbing smuggling of funds and misuse of not-for-profit titles of the blacklisted organisations. The government will also proactively request and provide international cooperation in targeting, investigating and prosecuting terror financing cases and clearly demonstrate that it has included police-to-police, customs-to-customs, financial investigation unit-to-unit and formal cooperation in the mutual legal assistance regimes.

Focus will remain on action against the UNSC-sanctioned entities, freezing their accounts and assets, limiting their activities, closing down their charitable and social service organisations and ensuring they are incapacitated in all manifestations. The outcome will be published at least twice before September next year.

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