



FATF's unwelcome action

Page No.08 Col No.01

IT is no secret that Pakistan was on its way to the Financial Action Task Force's so-called grey list, but now, [after its inclusion](#), a number of observations must be noted.

First, it should be a priority for the Pakistani leadership, which is currently in an indeterminate state with an interim government looking after affairs, to do everything possible to get off the list as soon as possible.

It would be a mistake to [minimise the impact of FATF's move](#), even though Pakistan was previously on the list for three years until 2015 when it was conditionally removed from it.

Being put on the list again may not necessarily mean a drastic step as some have imagined it to be, but the country is already in a fragile state vis-à-vis the stability of its external sector and its rapidly dwindling foreign exchange reserves.

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Raising capital and arranging badly needed inflows [will be complicated after this development](#), which is sure to raise the cost of future money.

Second, it must be pointed out that FATF has made a mistake by taking this step at a time when an interim government is in power in the country.

Take a look: [Alone at FATF](#)

The timing will burnish the impression that the global financial watchdog is responding to geopolitical considerations of other powers, notably those of the US and India, by putting an interim government in the impossible position of answering for policy matters that it does not have a mandate for.

The sheer opacity of FATF's decision-making process does not help matters either. Vague terms have left it impossible to know exactly what steps Pakistan is being asked to implement through its action plan.

Third, it is important for the civil and military leadership in Pakistan to understand that business as usual is no longer working.

Ordinary citizens, as well as Pakistan's armed forces, have given tremendous sacrifices in the fight against militant groups. However, more needs to be done to eliminate militancy.

There is little point in [passing the laws and regulatory measures](#) required by FATF to shield the country's financial system from terror financing if groups and individuals known to have been involved in terrorist activity, and designated by the UN as such, [are free to roam](#), organise, solicit funding and get involved in electoral politics.

Passing the laws and other subordinate legislation is only the low-hanging fruit on the path to compliance with global concerns when it comes to the misuse of Pakistan's financial system by terrorist groups.

Generating higher numbers of prosecutions and convictions for terror-financing and money-laundering offences must go hand in hand with sustained action against designated entities.

Meanwhile, international bodies must also recognise Pakistan's successes and help it in its fight against militancy.

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