

## Financial Action Task Force (FATF)

The Financial Action Task Force (FATF) is an inter-governmental organization established to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. It was formed in 1989 by the G7 Summit which was held in Paris. The FATF is really a policy-making body that works with governments to bring about national legislation and regulatory reforms in these areas.

### Latest context on Financial Action Task Force (FATF) –

India has attended the 32nd special Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) plenary meeting, under the aegis of the Financial Action Task Force (virtually).

#### What is EAG?

1. It is an associate member of FATF
2. It is a regional body comprising nine countries: India, Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Belarus.

#### FATF'S view on Crime during Covid-19 situation-

- The FATF is actively monitoring the impact of the pandemic on measures to combat illicit financing, released a paper on "Covid-19-related Money Laundering and Terrorist Financing Risks and Policy Responses".
- It observed an increase in the Covid-19 related crimes, including fraud, cyber-crime, misdirection, or exploitation of government funds or international financial assistance.

## FATF Recommendations

The FATF has developed a series of recommendations that have become global standards for fighting money laundering and terror financing, as well as the proliferation of weapons of mass destruction. The first set of recommendations was issued in 1990 followed by revisions in 1996, 2001, 2003, and lastly in 2012.

## FATF Activities

- The organization monitors its member countries on the progress they have made in implementing reform measures and reviews their counter-measures to money laundering and terror financing.
- The decision-making body of FATF is called the FATF Plenary. It meets three times annually.
- The organization has included even combating terror financing among its objectives after the September 11 terror attacks on the USA in 2001.

## FATF Grey List

Countries that are considered safe haven for supporting terror funding and money laundering are put on the FATF grey list. This inclusion serves as a warning to the country that it may enter the blacklist.

- **Pakistan** was retained in the grey list or list of countries under “increased monitoring” because it was unsuccessful in prosecuting the top leadership of UN Security Council-designated terror groups; the list includes Lashkar-e Toiba, Jaish-e Mohammad, Al Qaeda and the Taliban.

## FATF Blacklist

Officially called the “Non-Cooperative Countries or Territories (NCCTs), the FATF Blacklist is a list of countries that the FATF considers to be non-cooperative in the international fight against terrorist financing and money laundering. This list is regularly updated, with countries being either deleted off the list or new countries being added to the list. It is to be noted that some names are on the list not because of their non-cooperative stance towards fighting this menace, but because they lack the necessary infrastructure and mechanisms to engage in this fight.

## FATF Countries (FATF Members)

- As of January 2021, there are 39 member countries in the FATF. India is a member of the organization since June 2010. It had earlier acquired ‘Observer’ status at FATF in 2006.
- FATF Observer – Indonesia. There are many other Observer organizations and Associate Members.
- Headquarters – Paris, France
- Training Institute – Busan, Korea
- No other regional offices.

### FATF and India

- India plans to share more evidence with the key FATF members on the narco-terror cases linked to Pakistan-based syndicates, through which funds are allegedly being supplied to the terrorists operating in Jammu and Kashmir.
- The Enforcement Directorate and the National Investigation Agency have been probing several such cases.

## FATF President

The current President of the FATF is Dr Marcus Pleyer of Germany who assumed the position of President on 1st July 2020. Its Executive Secretary is David Lewis of the United Kingdom.

The FATF is an important international organization that is to be understood and studied for the [IAS exam](#). International organizations are an important segment of IR for the UPSC exam. It is also a part of internal security, which is a part of General Studies II in the UPSC syllabus.

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