

"FATF: Terror from ISIL and AQ-Linked Groups in J&K" | Jammu & Kashmir | 21 Sep 2024

Why in News?

Recently, the <u>Financial Action Task Force (FATF)</u> released its <u>Mutual Evaluation Report on India</u>, highlighting the terrorism threats India facing, particularly from <u>Islamic State of Iraq and the Levant (ISIL)</u> <u>and Al-Oaeda-</u>linked groups active in and around Jammu and Kashmir.

Key Points

- Regional insurgencies in the Northeast and Left-Wing Extremist groups also pose terrorism risks, the report highlighted.
- While the country emphasizes prevention and disruption of terrorist financing, more effort is required to conclude prosecutions and convict terrorist financiers.
- FATF: FATF is the global money laundering and terrorist financing watchdog set up in 1989 out of a G-7 meeting of developed nations in Paris.

Objective:

- Initially, its objective was to examine and develop measures to combat money laundering.
- After the 9/11 attacks on the US, the FATF in 2001 expanded its mandate to incorporate efforts to combat terrorist financing.
- In April 2012, it added efforts to counter the financing of proliferation of Weapons of Mass Destruction (WMD).

FATF Recommendations:

- In April 1990, less than one year after its creation, the FATF issued a report containing a set of Forty Recommendations intended to provide a comprehensive plan of action needed to fight against money laundering.
- In 2004, the FATF published a **Ninth Special Recommendations**, further strengthening the agreed international standards for combating money laundering and terrorist financing the 40+9 **Recommendations**.
- In 2012, the FATF revised its recommendations and expanded them to deal with new threats such as the financing of proliferation of WMD.
- Over 200 jurisdictions around the world have committed to the FATF Recommendations through the global network of nine FATF-Style Regional Bodies (FSRBs) and FATF memberships.

FATF's Recommendations

- Pending Trials: India needs to expedite the conclusion of pending money laundering trials and improve its handling of crimes like <u>human trafficking</u> and drug-related offences.
- **Targeted financial sanctions**: India must improve its framework to ensure the freezing of funds and assets without delay and streamline communication regarding sanctions.
- **Domestic Politically Exposed Persons (PEPs):** India needs to define domestic PEPs under its anti-money laundering laws and implement risk-based enhanced measures for them.



Headquarters
Secretariat located at the OECD headquarters (Paris)



India and FATF

Became an Observer in 2006 Became **34th Member** in **2010** Also a member of Asia Pacific Group (APG) and Eurasian Group (EAG) (regional partners of FATF)

FATF Lists

Grey List:

- Aka "Increased Monitoring List"
- Includes countries considered safe haven for supporting terror funding and money laundering
- Serves as a warning that the country may enter the blacklist

Black List:

- Includes Non-Cooperative Countries or Territories (NCCTs) that support terror funding and money laundering activities
- Countries Iran, North Korea and Myanmar

Consequences of being Greylisted:

- Economic sanctions from financial institutions affiliated with FATF (IMF, World Bank, ADB)
- Problem in getting loans from such financial institutions and countries
- Reduction in international trade
- International boycott