



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

Why in News?

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

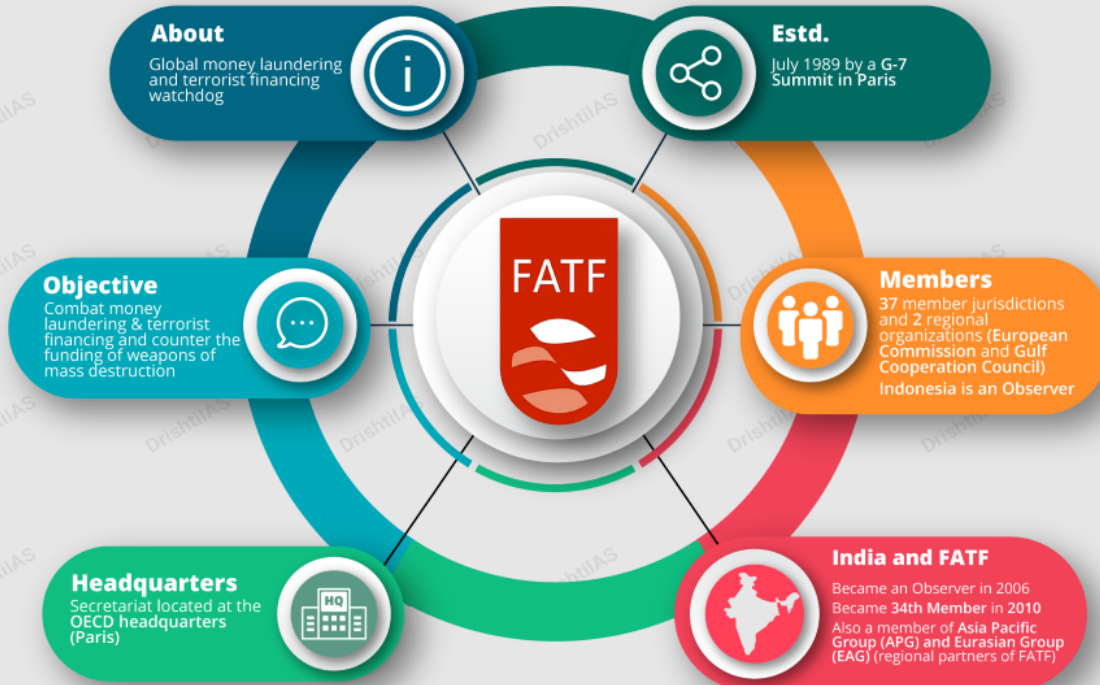
Key Points

- [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 [human trafficking](#) 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.

Financial Action Task Force



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**