India’s move on terror funding

Why in news?

\n\n

India’s proposal on Financial Action Task Force (FATF) meet that looks into terror financing, was accepted.

\n\n

What is FATF meet?

\n\n

\n
- The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions.
\n
- The objectives of the FATF are 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.
\n
- The FATF is therefore a “policy-making body” which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.
\n
- In collaboration with other international stakeholders, the FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.
\n
- The FATF's decision making body, the FATF Plenary, meets three times per year.
\n

\n\n

What was India’s Proposal about?

\n\n

\n

- Recently, China blocked India's proposal against Masood Azhar, the Pakistan-based chief of the Jaish-e-Mohammed in the list of global terrorists, in the 15-member UNSC committee.
\n
- Pakistan failed to penalise or curb the activities of any of the terror groups [designated by the UNSC].
\n
- Even India faced a Chinese veto on designating Masood Azhar a terrorist at the United Nations Security Council,
\n
- India raised the issue at the International Cooperation Review Group (ICRG) in Argentina.
\n
- India scored a major victory at the Financial Action Task Force (FATF) that looks into terror financing.
\n

\n\n

What is the significance of this move?

\n\n

\n
- China tried hard to defend Pakistan during the FATF proceedings, but unlike at the UN, two speaking countries are needed to block consensus, and China was isolated there.
\n
- According to the directive of the FATFs' International Cooperation Review Group (ICRG), Pakistan has been asked to report again in February on action taken against designated terror groups such as the Lashkar-e-Taiba and its off-shoots.
\n
- Many countries supported India and now Pakistan has to submit a compliance report during the next session in February 2018.
\n
- Also for the first time, Pakistan's Central Bank, the State Bank of Pakistan (SBP), has been asked specifically to report on its work in shutting off the finances to the groups.
\n
- A report on "SBP's enforcement activity as it relates to ensuring compliance of the statutory regulatory orders [on terror financing] and penalising non-compliance" has also been demanded.
\n
- This seen as a result of India's move on selective approaches to undermine

the international community’s resolve to combat terrorism.
\n

\n\n

Way forward

\n\n

\n

- The 37-member FATF is a voluntary group, without much power to enforce its ruling, it works through “peer pressure” and “naming and shaming” countries into compliance on terror finance by putting them on “grey lists and black lists”.
\n
- Pakistan is obviously not immune to their orders, and is also facing growing pressure from the US to cooperate.
\n
- The FATF move will ensure that Pakistan curtails activities of all groups under the scanner, and keep global terrorists in detention for the foreseeable future.
\n

\n\n

\n\n

Source: The Hindu

\n

