Pakistan's Compliance with FATF Recommendations

Technical compliance ratings (C – compliant, LC – largely compliant, PC – partially compliant, NC – non-compliant)

Recommendation	Rating	Factor underlying the rating
1. Assessing risks and applying a risk-based approach	PC	· Gaps in developing and identifying threats, vulnerabilities and risks. · National Risk Assessment (NRA) has not been w idely circulated to private sector stakeholders, and there are varying degrees of communication and disclosure. · Higher risk or more vulnerable sectors are yet to be covered by comprehensive Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) measures.
2. National cooperation and coordination	LC	· Measures in 2018 NRA are general. They are not based on risks identified. They lack an operational risk-based focus. · Terrorist Financing (TF) is not dealt w ith separately from general AML/CFT matters to address financing risks. · Gaps in national policies on key risk areas, e.g. haw ala/hundi and real estate.
3. Money laundering offence	LC	· Deficiencies in AMLA's scoping of predicate offences. · Sanctions for legal persons are not dissuasive or proportionate, including limited fines. · Minor deficiency in ML offence set out under Control of Narcotic Substances Act 1997 (CNSA).
4. Confiscation and provisional measures	LC	· Not all relevant legislation provide for void actions. · Confiscation of property of corresponding value is not available, outside of Anti-Money Laundering Act 2010 (AMLA) and National Accountability Ordinance (NAO). · CrPC does not extend confiscation to instrumentalities.
5. Terrorist financing offence	LC	· Quantum of available monetary penalties is not defined. · Individuals or organisations must be proscribed in order to apply certain parts of TF offence. · Financing the travel for terrorist purposes is not explicitly criminalised.
6. Targeted financial sanctions related to terrorism and TF	PC	· Delays in implementation, and lack of clarity of w hich entities are required to implement. · No legal obligation for all natural and legal persons to freeze funds or assets w ithout delay. · No public procedures for 1988 committee to review implementation, nor for affected persons to request inquiry w hether money/property has been inadvertently frozen or seized. · Unclear w hether prohibition to make available funds and assets available to designees also applies w hen they are jointly ow ned or controlled. · No enforceable requirements for Pakistan Post, Central Directorate of National Savings (CDNS), cooperatives or Designated Non-Financial Businesses and Professions (DNFBPs) to ensure resources are not made available to designees. · Unclear how UNSC Resolution 1267/1989 and 1988, and UNSCR 1373 designations are communicated to DNFBPs, or if there are mechanisms for providing guidance to all Reporting Entity (REs) holding targeted funds/assets. · Only banks, Development Finance Institution (DFIs) and REs regulated by Securities and Exchange Commission of Pakistan (SECP) are required to report to the FIU on the identification of a relationship w ith a designee, and any actions they have undertaken. · Freeze actions for proscribed designees must be reported w ithin 48 hours, but unclear w hether reporting obligations only apply to freezing/seizing actions and not action in regards to prohibition of funds. · No measures to protect rights of bona fide third-parties. · Lack of publicly-know n procedures for the review of designations by relevant committees for UNSCR, 1904, 1988, 1989 and 2083, nor to request review of false positives and inadvertent freeze or seizure of money and property.
7. Targeted financial sanctions related to proliferation	PC	· Coverage issues, including unclear w hether all natural and legal persons are required to implement freezing actions and no requirements to report attempted transaction. · Other shortcomings include protection for bona fide third parties; measures for monitoring and ensuring compliance; de-conflicting false positives and providing guidance on obligations related to delisting; and obligation that arose prior to date of Targeted Financial Sanctions (TFS).
8. Non-profit organisations	PC	· Pakistan has not identified a subset of registered and international organisations that fall w ithin the FATF definition of NPO for high-risk to TF. · Pakistan has not review ed the adequacy of measures, including law s and regulations that relate to the high-risk subset of the NPO sector. · Pakistan has not adopted a risk-based approach or undertaken steps to promote effective supervision or monitoring of the registered and international NPO sectors.
9. Financial institution secrecy law s	C	
10. Customer due diligence	PC	· CDNS and Pakistan Post are not subject to AML/CFT requirements. · Lack of requirements for Micro-Finance Banks (MFBs) and Exchange Companies (ECs) to undertake Customer Due Diligence (CDD) w hen there are suspicions of ML/TF or doubts about the veracity or adequacy of previously obtained customer identification data. · Shortcomings in CDD requirements for banks and DFIs to identify and verify occasional customers. · Shortcomings in CDD requirements for banks, DFIs and ECs to perform EDD. · Lack of requirements for banks, DFIs, MFBs to terminate the business relationships w here they are unable to comply w ith relevant CDD measures.
11. Record keeping	LC	· Some inconsistencies in record-keeping obligations w ithin various reporting sectors. · The obligations on Pakistan Post are not enforceable means and the Archives Act w ith respect to CDNS is problematic.
12. Politically exposed persons	PC	· The full range of measures relating to politically exposed persons (PEPs) does not apply to ECs. · No enforceable means for Pakistan Post and CDNS.
13. Correspondent banking	LC	· No specific requirements for Pakistan Post.
14. Money or value transfer services	PC	· Sanctions for illegal Money Value Transfer Services (MVTS) are not proportionate and dissuasive. · Lack of requirement to be licensed and registered for Pakistan Post and payment booths. · Lack of requirement to monitor agents for compliance w ith these programmes. · Pakistan Post is not supervised for AML/CFT.
15. New technologies	PC	· Pakistan has not identified and assessed the ML/TF risks that may arise in relation to the development of new products and new business practices. · No specific requirements for CDNS and Post Savings Bank and ECs. · Financial institutions outside the regulatory scope of the State Bank of Pakistan (SBP) and SECP are not required to undertake assessments.

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Based on FATF Pakistan Mutual Evaluation Report 2019