

Testwale Current Affairs PDF

Current Affairs search results for: "Money laundering and terrorist financing watchdog Financial Action Task Force (FATF) has put Myanmar on the "black list" and has called on members to apply enhanced due diligence to business relations and transactions in Myanmar. Myanmar joins the ranks of Iran and North Korea who are already in the Black list of the FATF."

1. Myanmar joins North Korea and Iran in the Financial Action Task Force black listed countries (Oct. 22, 2022)

Financial Action Task Force

The international Money laundering and terrorist financing watchdog Financial Action Task Force (FATF) has put **Myanmar** on the "black list" and has called on members to apply enhanced due diligence to business relations and transactions in Myanmar. Myanmar joins the ranks of Iran and North Korea who are already in the Black list of the FATF.

Money laundering is a process where the money generated through criminal activities like smuggling ,organised crime etc is integrated with the legal financial system so as to hide the origin of these money.

FATF's Grey or Black list

Countries which has weak anti -laundrying and anti-terrorist regulatory frameworks are put into **Grey list**. It basically warns the country to improve its anti-money laundering system.

Black List

Countries which refuse to act and refuse to take concrete steps to combat money laundering are put in High-Risk Jurisdictions subject to a Call for Action or black list. Currently Iran, North Korea and Myanmar are in the list.

Implications for Myanmar

It will become extremely difficult for Myanmar to secure loans from international financial institutions like International Monetary Fund, World Bank, Asian Development Banks.

Foreign investors and financial institutions will avoid dealing with Myanmar and its financial institutions like banks.

The cost of doing business with international customers will increase for Myanmar which will adversely affect its trade and investment.

[Credit rating agencies](#) will downgrade Myanmar's rating which will raise the cost of borrowing for Myanmar's companies and banks in the international market. It means they will have to pay very high interest rates to borrow money.

FATF

The Financial Action Task Force was set up in 1989 on the recommendation of the Group of 7 Countries.

Function of FATF

- The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog.
- The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society.

- The FATF reviews money laundering and terrorist financing techniques and continuously strengthens its standards to address new risks, such as the regulation of virtual assets.
- India's anti Money laundering law Prevention of Money Laundering Act (PMLA) 2002 is modelled on the standards of FATF.
- Total member countries of FATF is at present 39.
- India became a member in 2010.

Headquarters: **Paris, France**

President: **T Raja Kumar** (Singapore national)