



Financial Action Task Force Groupe d'action financière

An introduction to the FATF and its work

What is the FATF ?

What are the FATF Recommendations ?

**What are the benefits of implementing
the FATF Recommendations ?**

What is the Financial Action Task Force ?

- An inter-governmental policy making body, comprised of over 30 countries, that has a ministerial mandate to establish international standards for combating money laundering and terrorist financing.
- Over 180 jurisdictions have joined the FATF or an FATF-style regional body, and committed at the ministerial level to implementing the FATF standards and having their anti-money laundering (AML)/counter-terrorist financing (CFT) systems assessed.

What does the FATF do?

- Sets international standards to combat money laundering and terrorist financing.
- Assesses and monitors compliance with the FATF standards.
- Conducts typologies studies of money laundering and terrorist financing methods, trends and techniques.
- Responds to new and emerging threats, such as proliferation financing.

What are the FATF Recommendations?

The internationally endorsed global standards for implementing effective AML/CFT measures. They increase the transparency of the financial system (making it easier to detect criminal activity) and give countries the capacity to successfully take action against money launderers and terrorist financiers.



See www.fatf-gafi.org for the FATF Recommendations

What must a country do to implement the FATF Recommendations effectively ?

- ✓ **Successfully investigate and prosecute money laundering and terrorist financing.**

Criminalise money laundering and terrorist financing. Properly train law enforcement and prosecutorial authorities, and equip them with sufficient powers and resources.
- ✓ **Deprive criminals of their criminal proceeds and the resources needed to finance their illicit activities.**

Implement effective mechanisms to freeze, seize and confiscate criminal assets.
- ✓ **Require financial institutions and other businesses and professions to implement effective measures to detect and prevent money laundering and terrorist financing.**

Ensure that the required range of persons and entities in both the financial and non-financial sectors implement the AML/CFT preventative measures listed below.

 - **Customer due diligence:** Prevent criminals from operating anonymously or under false identities by accurately identifying customers and knowing enough about their business to be able to differentiate between legitimate business and criminal activity.
 - **Record keeping:** Keep accurate customer identification and transaction records that can be promptly accessed by the **authorities** and enable customer transactions to be traced.
 - **Suspicious transaction reporting:** Monitor customer relationships and promptly report any suspicious transactions to the **financial** intelligence unit for analysis and possible dissemination to law enforcement authorities.
- ✓ **Ensure that financial institutions and other businesses and professions comply with AML/CFT requirements.**

Implement monitoring and supervision mechanisms, including powers to sanction financial institutions and other businesses and professions that do not comply with AML/CFT requirements.
- ✓ **Enhance the transparency of legal persons and arrangements.**

Prevent legal persons and arrangements from being abused by criminals by ensuring that the appropriate authorities have timely access to accurate and current information concerning the ownership and control of legal persons and arrangements.
- ✓ **Implement mechanisms to facilitate cooperation and co-ordination of AML/CFT efforts at the international and domestic level.**

Ensure that there are no safe havens for criminals by implementing mechanisms for effective co-operation with countries in a timely manner when investigating and prosecuting money laundering and terrorist financing.

Effective co-operation and co-ordination should also take place amongst domestic authorities (including law enforcement, prosecutorial and supervisory authorities, the financial intelligence unit and policy makers).

What are the benefits of implementing the FATF Recommendations?

- ✓ **Securing a more transparent and stable financial system that is more attractive to foreign investors.**

Corrupt and opaque financial systems are inherently unstable. Excessive money laundering can cause increased volatility of international capital flows and exchange rates, market disparities, and distortions of investment and trade flows.
- ✓ **Ensure that financial institutions are not vulnerable to infiltration or abuse by organised crime groups.**

Financial institutions that are exploited in this manner are exposed to reputational risk, financial instability, diminished public confidence, threats to safety and soundness, and direct losses.
- ✓ **Build the capacity to fight terrorism and trace terrorist money.**

Terrorists need money to finance attacks. Tracing this money is one of the few preventive tools that governments have against terrorism.
- ✓ **Meet binding international obligations, and avoid the risk of sanctions or other action by the international community.**

The international community—through numerous international treaties, United Nations Security Council Resolutions and best practices—has endorsed the FATF Recommendations at the highest political level.
- ✓ **Avoid becoming a haven for criminals.**

Countries with weak AML/CFT systems are attractive to criminals because they provide an environment in which criminals can enjoy the profits of their crimes and finance their illicit activities with little fear of facing punishment.

More information:

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Key publications, available on our website:

- FATF 40 Recommendations
- FATF IX Special Recommendations
- Methodology for Assessing Compliance with the FATF 40 Recommendations and the FATF 9 Special Recommendations

also available:

- Mutual Evaluation reports and follow-up reports
- Risk Based Approach Guidance reports for public authorities and the private sector
- Typologies reports, new methods and trends for money laundering
- Guidance documents for the implementation of the FATF Recommendations and UN Security Council Resolutions.

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