

# THE PREVENTION OF MONEY LAUNDERING BY FATF

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## ABSTRACT

*The researcher brings forward the connection between the offence of Corruption and how it engenders Money laundering. It studies the Recommendations laid down by the Financial Action task Force (FATF) in order to prevent money laundering and makes a comparative study of compliance made by India.*

Key words: Money Laundering, FATF, Corruption.

## INTRODUCTION

A substantial amount of criminal proceeds are generated from corruption offences which has significantly impacted on the economy of the states. It is no wonder that the jurisdictions with poor economy are listed to be more corrupt, and that there is a positive correlation between corruption and the risk of becoming a failed state. One of the exceptional strategies for combating serious offences like corruption has been removal of illegally earned money power from the offenders so that they get discouraged from further indulging in commission of such offences. It is very important to understand that there exists an inevitable connection between corruption and money laundering; as the proceeds of corruption are completely useless until and unless they are undergone through the process of money laundering. The process of money laundering integrates the proceeds into the global financial network in a manner that does not raise suspicion regarding the illegitimate origin of the money.[1]

## INTERNATIONAL MEASURE AGAINST MONEY LAUNDERING: FATF

The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. 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. “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.

The FATF has developed a series of Recommendations that are recognized as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. They form the basis for a coordinated response to these threats to the integrity of the financial system and help ensure a level playing field.” First issued in 1990, the FATF Recommendations were revised in 1996, 2001, and 2003 and most recently in 2012 to ensure that they remain up to date and relevant, and they are intended to be of universal application.[2]

The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. 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.

The FATF recommendations set out the essential measures that countries should have in place to:

- a) Identify the risks, and develop policies and domestic coordination;
- b) Pursue money laundering, terrorist financing and the financing of proliferation;
- c) Apply preventive measures for the financial sectors and other designated sectors;
- d) Establish powers and responsibilities for the competent authorities (e.g., investigative, law enforcement and supervisory authorities) and other institutional measures;
- e) Enhance the transparency and availability of beneficial ownership information of legal persons and arrangements; and
- f) Facilitate international cooperation[3]

## **CONCLUSION**

FATF tried to curb the problem of money laundering to the very extend but still it lacks on some point. There is need of a more rigid body to deal with the problem of money laundering.

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