Short Note:

Money Laundering in Pakistan

Introduction

Money laundering is a pervasive problem in Pakistan. It is a process of ~~the~~ disguising criminal activities. In recent times, the situation of anti-money laundering has improved in the country. However, the problem is still present with driving forces diverse in number. Money laundering has several adverse impacts upon Pakistan. The country is struggling against the problem through institutions and legislations. Nevertheless, through strict interventions, the issue can also be minimized.

Defining Money laundering.

According to International Monetary Fund,

"Money laundering is the process by which proceeds from a criminal activity are disguised to conceal their illicit origin"

Status of Money laundering in Pakistan.

In recent times, Pakistan has improved its resilience for money laundering in country. It is placed in medium-risk category in The Basel Anti-money laundering (AML) Index with score of 6.16.

CASES:

1. The Cash Smuggling Case of Ayyan Ali

The Pakistan model Ayyan Ali was arrested at Islamabad Airport.

∴ The cash found in her bag = $506,000

∴ Maximum cash allowed = $10,000 to $60,000 a year

2. The Case of the Khanani and Kalia Foreign Exchange Company.

Offender	Offence
Javed Khanani and Munaf Kalia	Illegally transfering $10 billion out of Pakistan

Vulnerabilities of Pakistan towards money laundering

Factors make Pakistan vulnerable to money laundering are:

- **Weak Financial Regulations:**
  Money launders could take benefit from the loopholes in regulatory systems.

- **Banking Failure in detecting laundered money.**
  Banks most often accept huge sums of money without carrying out any effective inspection.

- **Porous Borders**
  The porous borders

make a country vulnerable to activities like money laundering. ~~As~~ Pakistan has porous borders with Afghanistan and Iran.

Impacts of Money Laundering (in Pakistan)

The negative impacts of money laundering in Pakistan include:

i) Economic Impacts:

Money laundering imparts huge economic losses to Pakistan.

"Trade-based money laundering costs Pakistan more than $10 billion a year."

(US State Department's International

Narcotics Control Strategy Report)

2. Minimising Control over policies.
Money laundering diminishes the Control of government over economic policies.

3. International Sanctions:
Due to money laundering Pakistan was put in the Grey list of Financial Action Task Force (FATF) in 2018. However, Pakistan successfully existed from the list in 2022. The Sanctions had affected Pakistan's economic outlook. It also tarnished image of Pakistan in the international Community.

Anti-money laundering initiatives.

Pakistan took strict measures against money laundering. These include:

legislations: These are,

- Anti-Money laundering ordinance, 2007
- Anti-Money laundering Act, 2010
- Anti-Money laundering Rules and Regulations 2010.

- Amendments to Anti-money laundering Act 2010, like Anti-money laundering (Amendment) Bill 2020.

Institutions: These are:

- FIA, Federal Investigation Agency
- NAB, National Accountability Bureau
- SBP, State Bank of Pakistan
- FBR, Federal Board of Revenue

Analysis:

Anti-money laundering strategies in Pakistan are updated in recent times. However, their effective implementation is needed for outcomes in real terms. Furthermore, the problem of money-laundering is still inter-mingled with other financial issues like white-collar crime. Addressing such loopholes will make Pakistan free from curse of money-laundering.

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content is acceptable and satisfactory
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