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The FATF's Grey and Blacklists: What Are They and How do They Impact Compliance.?

Date: 27 August 2023

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system.

As FATF members, countries commit to developing and strengthening their AML and CTF framework in order to maintain membership; this is achieved through regulations that prohibit money laundering as well as other forms of corruption, and also requires financial institutions to take action to combat these crimes.

The FATF, in partnership with its global network of FATF-Style Regional Bodies (FSRBs), has a number of protocols that determine the propensity of risk within named nations for money laundering, terrorist financing and other forms of financial crime.

The FATF (with its own 39 member states) and FSRBs (spanning over 200 jurisdictions) promote the implementation of FATF recommendations and provide expertise and guidance on policy making. Three times a year, the FATF publicly identifies any jurisdictions with weaknesses in their AML/CTF measures as either High-Risk Jurisdictions subject to a Call for Action or Jurisdictions under Increased Monitoring. These are known as [the black and grey lists](#), respectively.

According to FATF updates as of February 2023, 125 countries and jurisdictions have been reviewed and 98 have been identified publicly. 72 have since improved their AML/CTF weaknesses and have been withdrawn from the public lists.

The FATF black list

This list identifies countries and jurisdictions with serious deficiencies when it comes to countering money laundering and terrorist financing.

Black Listed nations represent a serious criminal risk to financial systems, and may even be engaging directly in ongoing illegal activities including the proliferation of WMD, or funding of terrorist organisations.

Whenever a country is identified as being high-risk, the FATF calls on all members and urges all jurisdictions to exercise enhanced due diligence, and in the most serious cases, countries must take countermeasures to protect the international financial system from the ongoing risks of money laundering and terrorist financing.

In the list issued in the 24th February 2023, three countries were on the FATF's black list:

- Iran
- Myanmar
- Democratic People's Republic of Korea



The FATF grey list

Countries named on the FATF Grey List are not – as the name indicates – ‘blacklisted’ from transacting with other states, they are actively working with the FATF to address money laundering and terrorist financing risks in their jurisdiction. The FATF has deemed them to have “strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing.”

The Grey List also denotes a country’s commitment to work with FATF, and with FATF-style regional bodies (FSRB), to resolve its deficiencies within agreed timeframes. Money laundering and terrorist financing risks must be identified by Grey List countries, and their progress towards solving them must be reported to FATF.

In the list issued in the 24th of February 2023, 23 countries were on the FATF’s grey list. They are:

- Albania
- Barbados
- Burkina Faso
- Cayman Islands
- Democratic Republic of Congo
- Gibraltar
- Haiti
- Jamaica
- Jordan
- Mali
- Mozambique
- Nigeria
- Panama
- Philippines
- Senegal
- South Africa
- South Sudan
- Syria
- Tanzania
- Turkey
- Uganda
- United Arab Emirates
- Yemen

In contrast to the blacklist, FATF does require its member states to automatically apply enhanced due diligence measures to grey list nations, but calls for grey list information to be taken into consideration as part of AML compliance procedures and risk assessments.

FATF black and grey list compliance

For compliance professionals, the grey and blacklists of the FATF are valuable resources. When dealing with individuals or organisations operating in these jurisdictions, firms should screen their existing and new clients against these lists.

It’s important to note that the lists, and countries named on the lists, change regularly. The FATF publishes the list three times a year, adding jurisdictions subject to heightened scrutiny or removing ones that have met the FATF’s level of commitment for AML and CFT protocols.

It is important for businesses to screen their customers against both black and grey lists to ensure compliance with AML regulations. As the lists can change, this applies both to onboarding new customers as well as [monitoring existing customers](#) for any change in circumstance.



In order to accurately verify the countries where your clients operate, firms must also have robust customer due diligence (CDD) processes in place. You must ensure that you have an enhanced due diligence (EDD) process in place when working with clients in grey or blacklist countries.

This should include screening businesses and individuals for any connections to jurisdictions named on the grey or blacklist. In some cases, businesses which may not have operations in a blacklisted country may, in fact, have beneficial owners based in or with links to sanctioned countries.