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India Elected FATF Vice-President: the AML/CFT Architecture

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India Elected FATF Vice-President: the AML/CFT Architecture

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WHY IN NEWS

At the **FATF Plenary** (<https://ujyari.com/vocab/plenary/>) held in Paris from June 17 to 19, 2026, India was elected **Vice-President of the Financial Action Task Force (FATF)** for 2026-27, its first-ever FATF Vice-Presidency. **Culture Secretary Vivek Aggarwal**, a former Director of FIU-IND, will hold the post from July 2026 to June 2027.

This is a significant elevation of India’s standing in the global financial-integrity architecture. India succeeds the United Kingdom’s Giles Thomson in the role, with Thomson moving up to the FATF Presidency.

WHAT IS THE FATF?

The **Financial Action Task Force (FATF)** is the **inter-governmental global watchdog for anti-money-laundering (AML) and countering the financing of terrorism (CFT)**. It was established in 1989 and is headquartered in **Paris**.

PARAMETER	DETAIL
Full form	Financial Action Task Force
Established	1989
Headquarters	Paris, France
Mandate (https://ujyari.com/vocab/mandate/)	Setting AML/CFT standards globally
India joined	2010 (full member)
India’s new role	Vice-President, 2026-27

The FATF sets standards (the FATF Recommendations) and evaluates whether countries implement them through mutual evaluations. Its most powerful instrument is its **listing mechanism**.

The Grey List and Black List

- **Grey List (Jurisdictions under Increased Monitoring):** Countries with strategic AML/CFT deficiencies that have committed to an action plan. Listing raises compliance scrutiny and can deter investment.
- **Black List (High-Risk Jurisdictions subject to a Call for Action):** Countries with serious deficiencies, attracting counter-measures.

The threat of grey-listing has been a key lever in pressing jurisdictions, including in India's neighbourhood, to act against terror financing.

WHY THIS MATTERS FOR INDIA

Strategic and Diplomatic Weight

The Vice-Presidency gives India greater influence in shaping global AML/CFT norms. India has consistently pushed for the misuse of new technologies (virtual assets, crowdfunding) and terror-financing channels to be addressed in FATF standards. A leadership role amplifies this advocacy, particularly on **state-sponsored terror financing**.

Domestic Architecture

India's AML/CFT framework rests on several pillars:

PILLAR	FUNCTION
Prevention of Money Laundering Act (PMLA), 2002	Core AML statute
Financial Intelligence Unit (FIU-IND)	Receives and analyses suspicious transaction reports
Enforcement Directorate (ED)	Investigation and asset attachment
Unlawful Activities (Prevention) Act (UAPA)	Counter-terror financing

The fact that the new Vice-President previously headed **FIU-IND** signals continuity with India's domestic enforcement experience.

ANALYSIS AND WAY FORWARD

The leadership role is an opportunity and a responsibility. India can:

- Champion stronger global action on **cross-border and state-linked terror financing**.
- Push for robust regulation of **virtual digital assets** and emerging payment channels.
- Use its own experience (UPI, Aadhaar-linked verification) to advocate for technology-enabled, inclusive compliance that does not stifle legitimate finance.

The challenge is to balance rigorous enforcement with avoiding “de-risking” that excludes poorer jurisdictions and small remitters from the formal system.

UPSC RELEVANCE

- **GS Paper 2 (International Relations):** India in **multilateral** (<https://ujijari.com/vocab/multilateral/>) institutions, global governance, and terror-financing diplomacy.
- **GS Paper 3 (Economy / Security):** Money laundering, terror financing, financial regulation and economic security.
- **Prelims:** FATF (1989, Paris), grey/black list, India joined 2010, FIU-IND, PMLA 2002.
- **Mains:** “India’s FATF Vice-Presidency reflects its rising stake in global financial integrity. Discuss the AML/CFT architecture and India’s role.”

FACTS CORNER

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FATF: Financial Action Task Force, the global AML/CFT watchdog, set up 1989, headquartered in Paris.

India’s role: Elected FATF Vice-President for 2026-27, its first ever; term July 2026 to June 2027.

Office-holder: Culture Secretary Vivek Aggarwal, former Director of FIU-IND.

Plenary: Paris, June 17 to 19, 2026; India succeeds the UK’s Giles Thomson (now FATF President).

India FATF member: Since 2010.

Key tools: Grey List (increased monitoring) and Black List (call for action).

Sources: Financial Action Task Force (<https://www.fatf-gafi.org>), Press Information Bureau (<https://pib.gov.in>), LiveMint (<https://www.livemint.com>)

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