

Financial Action Task Force Immediate Outcomes explained

The Financial Action Task Force is one of the few international organisations with a structured framework for assessing how effective countries actually are. The FATF uses 11 Immediate Outcomes (IOs) to assess how effectively countries implement measures to combat money laundering, terrorist financing, and proliferation financing. During mutual evaluations, the FATF uses these IOs to assess the effectiveness of a country's defences against illicit finance.



1) Risk-based approach

Countries identify and target their highest ML/TF risks by applying a risk-based approach to oversight, due diligence, and enforcement, and the actions are coordinated domestically to combat illicit finance.



2) International cooperation

Countries cooperate internationally to combat cross-border ML/TF through timely information sharing, joint investigations, and legal assistance.



3) Financial sector supervision & application of preventive measures

Financial institutions are supervised effectively and comply with preventive measures, such as customer due diligence, record keeping, and reporting suspicious transactions.



4) Non-financial sector supervision & application of preventive measures

Non-financial sector — including lawyers, real estate agents, casinos, and accountants — are also monitored and comply with AML/CFT requirements proportionate to their risk.



5) Beneficial ownership transparency

Authorities can quickly find out who really owns and controls companies, trusts, and other legal entities, so criminals cannot use them to hide their identities or move illicit funds.



6) Financial Intelligence

Suspicious transaction reports and other financial data are collected, analyzed, and used effectively to detect and investigate ML/TF. The financial intelligence unit (FIU) plays a central role in this process.



7) Money laundering criminal justice measures

Authorities detect and investigate money laundering cases that reflect the country's risk profile. Prosecutions and convictions are obtained, and sanctions are applied to deter future crimes.



8) Asset recovery

Authorities are able to trace, freeze, seize, and confiscate criminal assets—both domestically and internationally—ensuring crime does not pay.



9) Terrorist financing

Authorities identify and investigate cases of terrorist financing effectively, secure prosecutions, and apply appropriate penalties. Preventive and investigative actions reflect national risks.



10) Terrorist financing sanctions

The country promptly implements targeted financial sanctions to freeze terrorist-related funds and prevent their use. Private sector entities comply with freezing obligations. Risk-based measures are also applied to protect NPOs from terrorist financing abuse.



11) Proliferation financing sanctions

Authorities and financial institutions implement UN sanctions related to the financing of weapons of mass destruction ensuring that individuals and entities cannot raise or move funds for such programs.

Effectiveness Ratings

High Level of Effectiveness	The Immediate Outcome is achieved to a very large extent.	Minor improvements needed.
Substantial Level of Effectiveness	The Immediate Outcome is achieved to a large extent.	Moderate improvements needed.
Moderate Level of Effectiveness	The Immediate Outcome is achieved to some extent.	Major improvements needed.
Low Level of Effectiveness	The Immediate Outcome is not achieved or achieved to a negligible extent.	Fundamental improvements needed.



Financial Action Task Force

Recommendations and Compliance Ratings

The international standards which countries should implement to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction.

A POLICIES AND COORDINATION

- 1. Assessing risks & Risk-based Approach** – Ensuring countries identify and address their ML/TF risks.
- 2. National Cooperation** – Promoting coordination among domestic authorities to combat ML/TF threats effectively.

B MONEY LAUNDERING AND ASSET RECOVERY

- 3. Money laundering offence** – The criminalisation of money laundering.
- 4. Asset recovery laws and regulations** – Enabling seizure and confiscation of criminal proceeds.

C TERRORIST AND PROLIFERATION FINANCING

- 5. Terrorist financing offence** – The criminalisation of terrorism financing.
- 6. Targeted financial sanctions on terrorist financing** – Implementing targeted financial sanctions against terrorists.
- 7. Proliferation of financing sanctions** – Enforcing UN sanctions related to weapons of mass destruction.
- 8. Non-profit organisations** – Protecting NPOs from terrorist abuse while preserving legitimate activity.

D PREVENTIVE MEASURES

- 9. Financial secrecy laws** – Preventing misuse of secrecy laws to obstruct AML/CFT measures.

Customer due diligence and record keeping

- 10. Customer due diligence (Know Your Customer)** – Verifying customers' identities, understanding the customer relationship and how they transact to be able to identify suspicious activity.
- 11. Record keeping requirements** – Keeping transaction records to support investigations.

Additional measures for specific customers and activities

- 12. Politically exposed persons** – Applying enhanced scrutiny to high-risk public officials.
- 13. Correspondent banking** – Mitigating risks in cross-border interbank relationships.
- 14. Money transfer services** – Ensuring these services are not misused for ML/TF.
- 15. New technologies and virtual assets** – Addressing risks from digital finance and crypto.
- 16. Payment and value transfers** – Tracing funds through the payment chain.

Reliance, Controls and Financial Groups

- 17. Third-party reliance** – Allowing reliance on third parties with safeguards.
- 18. Internal controls (group-wide measures)** – Requiring AML/CFT programs across financial groups.

- 19. Higher-risk countries** – Applying stricter measures for transactions involving countries with weak AML/CFT systems.

Reporting of suspicious transactions

- 20. Suspicious transactions reporting** – Mandating reporting of suspected ML/TF.

- 21. Tipping-off and confidentiality** – Prohibiting alerting suspects and protect reporters.

Non-financial sector (DNFBPs: Designated Non-Financial Businesses and Professions, also known as 'gatekeepers')

- 22. Non-financial sector: Customer due diligence** – Applying KYC to lawyers, real estate agents, etc.

- 23. Non-financial sector: Other measures** – Extending reporting and compliance duties to DNFBPs.

E TRANSPARENCY AND BENEFICIAL OWNERSHIP

- 24. Beneficial ownership of legal persons** – Identifying who truly owns/controls companies.
- 25. Beneficial ownership of legal arrangements** – Disclosing ownership of trusts and similar entities.

F POWERS AND RESPONSIBILITIES OF COMPETENT AUTHORITIES

Regulation and Supervision

- 26. Regulation and supervision of financial institutions** – Ensuring AML/CFT compliance through oversight.
- 27. Powers of supervisors** – Giving authorities the tools to monitor and enforce rules.
- 28. Regulation and supervision of non-financial sector** – Extending oversight to the non-financial sector.

Operational and Law Enforcement

- 29. Financial intelligence units** – Collecting and analyse financial intelligence.
- 30. Responsibilities of law enforcement and investigative authorities** – Assigning roles to investigate ML/TF.
- 31. Powers of law enforcement and investigative authorities** – Equipping authorities with adequate investigative tools.
- 32. Cash couriers** – Monitoring and control cross-border cash movement.

General Requirements

- 33. Statistics** – Maintaining data to assess AML/CFT system effectiveness.
- 34. Guidance and feedback** – Providing clarity and support to reporting entities.

Sanctions

- 35. Sanctions** – Imposing penalties for non-compliance.

G INTERNATIONAL COOPERATION

- 36. International treaties** – Committing to AML/CFT conventions.
- 37. Mutual legal assistance** – Facilitating inter-country information exchange and cooperation.
- 38. Asset recovery (mutual legal assistance)** – Cooperating to locate, freeze, and return assets from criminal cases across borders.
- 39. Extradition** – Supporting extradition of ML/TF offenders.
- 40. Other forms of international cooperation** – Enabling broader international collaboration.

Technical Compliance Ratings

Rating	Abbreviation	Description
Compliant	C	There are no shortcomings.
Largely compliant	LC	There are only minor shortcomings.
Partially compliant	PC	There are moderate shortcomings.
Non-compliant	NC	There are major shortcomings.
Not applicable	NA	A requirement does not apply.



Key terms and definitions, essential to understanding the fight against illicit finance.

FATF-Style Regional Bodies (FSRBs)

- APG – Asia/Pacific Group on Money Laundering
- CFATF – Caribbean Financial Action Task Force
- EAG – Eurasian Group
- ESAAMLG – Eastern and Southern Africa Anti-Money Laundering Group
- GABAC – Action Group against Money Laundering in Central Africa
- GAFILAT – Financial Action Task Force of Latin America
- GIABA – Inter-Governmental Action Group against Money Laundering in West Africa
- MENAFATF – Middle East and North Africa Financial Action Task Force
- MONEYVAL – Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Council of Europe)
- FATF Global Network – Collective term for FATF and the nine FSRBs



The Global Network comprises the FATF and the 9 FSRBs, bringing together more than 200 jurisdictions.

Learn more at: www.fatf-gafi.org/en/countries/global-network

Additional Key Terms

- AML / ML – Anti-Money Laundering / Money Laundering
- BO – Beneficial Ownership
- CDD – Customer Due Diligence (also referred to as KYC – Know Your Customer)
- DNFBP – Designated Non-Financial Businesses and Professions (also known as “Gatekeepers”)
- FIU – Financial Intelligence Unit
- FUR – Follow-Up Report
- ICRG – International Co-operation Review Group
- ME – Mutual Evaluation
- MVTS – Money or Value Transfer Services
- NRA – National Risk Assessment
- PEP – Politically Exposed Persons
- PF / CPF – Proliferation Financing / Countering Proliferation Financing
- RBA – Risk-Based Approach
- SAR / STR – Suspicious Activity Report or Suspicious Transaction Report
- TF / CFT – Terrorist Financing / Countering the Financing of Terrorism
- VA – Virtual Asset
- VASP – Virtual Asset Service Providers