



Republic of the Philippines
ANTI-MONEY LAUNDERING COUNCIL

**Q&A on the Philippines' Exit
from the Financial Action Task Force's (FATF) Grey List**

1. THE PH COMMITTED TO EXIT THE FATF'S GREY LIST IN 2024. WHY DID IT ONLY EXIT IN FEB. 2025?

The Philippines accomplished all action plan items needed for it to exit the grey list in 2024.

FATF recognized this during a plenary session in October 2024.

In accordance with its processes, FATF had to conduct an onsite visit from 21 to 22 January 2025 to confirm the fulfilment of the action plan items before making the formal announcement.

2. WHAT ARE THE DISADVANTAGES OF STAYING IN THE GREY LIST? WHAT IS THE BENEFIT OF BEING REMOVED FROM THE GREY LIST?

Greylisting may have significant impacts on an economy's reputation and the cost of doing business, including:

- Increased administrative burden due to periodic reporting to FATF;¹
- Limited business relationships or financial transactions with the identified country or persons in that country;
- Inclusion in the European Union List on AML/CTF and being subjected to stricter customer due diligence measures by EU member states in relation to business relationships or transactions;
- Inclusion in the United Kingdom Advisory, leading to stricter due diligence measures and enhanced monitoring by regulated businesses for business relationships;
- De-risking or when financial institutions terminate or restrict business relationships to avoid risk; and
- Reduced investor confidence, potentially affecting foreign investments.

Many of the above increase the cost and requirements for sending remittances, a key issue given the large overseas Filipino population.

Exiting the grey list is expected to lower remittance costs and the cost of doing business with Philippine entities. It also shows the country's compliance with global standards on money laundering and terrorism financing, which helps attract foreign investment.

¹ A jurisdiction in the FATF Grey List is required to report to the FATF three (3) times a year until it can exit the grey list.

3. WHAT IS THE FATF'S BLACKLIST AND WHAT ARE THE REPERCUSSIONS OF BEING BLACKLISTED?

The FATF blacklist identifies countries or jurisdictions who are weak in countering money laundering, terrorism financing, and proliferation financing of weapons of mass destruction.

The FATF urges all jurisdictions to apply enhanced due diligence and, in severe cases, countermeasures against blacklisted countries. This is to protect the global financial system from risks related to money laundering, terrorism financing, and proliferation financing.

4. WHAT WERE THE ACTION PLAN ITEMS ACCOMPLISHED BY THE PHILIPPINES TO GET OUT OF THE GREY LIST?

The FATF recognizes that the Philippines has shown progress in improving its AML/CTF regime by accomplishing action plan items, among which were:

- Strengthening supervision of designated non-financial businesses and professions, such as lawyers, accountants, real estate sector and company service providers, and casinos;
- Reducing risks associated with casino junkets;
- Cracking down on unregistered and illegal money transfer operators;
- Improving access to accurate beneficial ownership information for law enforcement agencies;
- Increasing investigations and prosecutions related to money laundering and terrorism financing; and
- Implementing stricter cross-border measures on all main sea/airports of the country.

5. IS IT POSSIBLE FOR A COUNTRY THAT HAS BEEN REMOVED FROM THE GREY LIST TO BE GREYLISTED AGAIN IN THE FUTURE?

Yes, if the FATF determines after the next round of evaluation (which is scheduled in 2027 for the Philippines) that the jurisdiction has deficiencies in its AML/CTF regime.

6. IF SO, WHAT SHOULD BE DONE TO ENSURE THAT THE PHILIPPINES STAYS OUT OF THE GREY LIST?

The Philippines should continue its high-level political commitment to sustain the improvements in its AML/CTF fronts.

7. ARE MEASURES IN PLACE TO HELP KEEP THE PHILIPPINES OUT OF THE GREY LIST? ARE THERE NEW MARCHING ORDERS FROM THE PRESIDENT?

Yes, systems have been institutionalized to prevent another FATF greylisting. These include the coordinating mechanism under the National

Anti-Money Laundering, Counter-Terrorism Financing, Counter-Proliferation Financing Coordinating Committee (NACC) composed of relevant government agencies, chaired and co-chaired by the Executive Secretary and the BSP Governor.

In January 2025, the Executive Secretary, in a meeting with FATF, confirmed the government's commitment to sustain and further develop the Philippines' AML/CTF/CPF framework after the FATF exit.

The Philippines is now in the middle of the National Risk Assessment (NRA), which will assess emerging risks and strengthen AML/CTF/CPF strategies. The NRA is expected to be completed this year, and it will be key for the next round of evaluation in 2027.

BACKGROUND INFORMATION:

WHAT IS THE FINANCIAL ACTION TASK FORCE (FATF)?

The Paris-based FATF is an inter-governmental organization that sets standards on anti-money laundering and counter-terrorism financing (AML/CTF). The FATF maintains a "blacklist," or high-risk jurisdictions subject to a call for action; and a "grey list," or jurisdictions under increased monitoring.

WHAT IS THE FATF GREY LIST?

The grey list shows countries under FATF's increased monitoring.¹ These are countries with deficiencies in their AML/CTF regimes. On 25 June 2021, the Philippines was included in the grey list.

Jurisdictions in the grey list are monitored and assessed by FATF's International Cooperation Review Group (ICRG). Grey-listed jurisdictions must swiftly resolve all deficiencies and frequently update the FATF on progress made to address said deficiencies.

WHY WAS THE PHILIPPINES PLACED IN THE FATF GREY LIST?

The Philippines was placed in the FATF's grey list in 2021 because, while it had sufficient laws and regulations against money laundering and terrorism financing,² implementation of these laws and regulations was deemed insufficient.

FATF laid out an action plan that the Philippines needed to accomplish to exit the grey list.

WAS IT THIS THE FIRST TIME FOR THE PHILIPPINES TO BE GREYLISTED IN 2021?

No. Below is a timeline of events:

2000 - The Philippines was blacklisted because of the absence of an anti-money laundering law.

2001 - Republic Act No. (RA) 9160, or the Anti-Money Laundering Act of 2001 (AMLA), was passed (and eventually RA 9194 amending it in 2003), which led to the country's removal from the blacklist in 2005.

2010 - The Philippines was placed on the grey list because, while it had an anti-money laundering law, FATF deemed the law was not strong enough and did not adhere to global standards.

February 2012 - The Philippines was downgraded to "dark-grey list" for failure to sufficiently address the identified deficiencies in its AML/CTF regime.

February 2013 – The Philippines was removed from the dark grey list following the passage of the Terrorism Financing Prevention and Suppression Act of 2012 (RA 10168) and the AMLA amendments (RA 10365).

February 2021 – The Philippines was placed on the grey list because of perceived weakness in the implementation of its laws and regulations against dirty money.

February 2025 – The Philippines was removed from the grey list following completion of its action plan to improve its AML/CTF regime.

WHAT IS THE NATIONAL ANTI-MONEY LAUNDERING, COUNTER-TERRORISM FINANCING, COUNTER-PROLIFERATION FINANCING COORDINATING COMMITTEE (NACC)?

The NACC is an inter-agency government body in the Philippines tasked to develop national policies meant to strengthen the country's fight against money laundering and terrorism financing.

It was created by virtue of Executive Order No. (EO) 68, issued on 12 November 2018.³

EO 33,⁴ issued 4 July 2023, further strengthened the NACC with its adoption of a medium-term strategy to enhance the country's anti-dirty money regime.⁵

WHO ARE THE MEMBERS OF THE NACC?

The Executive Secretary is designated as the Chairperson of the NACC and the Anti-Money Laundering Council (AMLC) Chairman and Bangko Sentral ng Pilipinas Governor is the Vice-chairperson.⁶ The NACC is supported by the AMLC as its Secretariat. The NACC member agencies are as follows:

- Department of Foreign Affairs;
- Department of Finance;
- Department of Justice;
- Department of National Defense;
- Department of the Interior and Local Government;
- Department of Trade and Industry;
- Securities and Exchange Commission;
- Insurance Commission;
- Philippine Amusement and Gaming Corporation;
- Cagayan Economic Zone Authority;
- Aurora Pacific Economic Zone and Freeport Authority; and
- National Intelligence Coordinating Agency.

WHAT IS THE NATIONAL ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM STRATEGY (NACS) 2023-2027?

The NACS is a medium-term strategy by the government and the private sector to jointly combat money laundering, terrorism financing, and proliferation financing of weapons of mass destruction.