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RESEARCH PAPER

Strategic Interventions to Combat Terrorism Financing in Pakistan: Challenges and Pathways

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ABSTRACT

The study aims to examine the threat of terrorism financing in Pakistan, specifically focusing on vulnerabilities within DNFBPs, charitable entities, and informal money transfer networks. Despite Pakistan's regulatory improvements under FATF guidelines, persistent gaps in implementation and institutional coordination allow terrorist groups to exploit informal financial systems. Criminal activities such as drug trafficking, smuggling, and extortion contribute to terrorism financing. The research utilizes a qualitative secondary analysis approach, examining data from FATF reports, academic publications, and institutional databases. A systematic review methodology is employed, focusing on structural vulnerabilities, informal financial systems, and associated predicate crimes. Findings highlight exploitation of DNFBPs and charitable organizations due to insufficient oversight. Informal transfer systems like hawala and hundi facilitate anonymous financial flows to terrorist entities. Regulatory advancements remain undermined by inadequate enforcement and inter-agency collaboration, creating implementation gaps. Comprehensive reforms are recommended, including legislative updates, stronger institutional oversight, and increased international cooperation to effectively combat terrorism financing and align national security measures with global standards.

Keywords: Terrorism Financing, Pakistan, FATF, Policy Reform, Anti-Money Laundering, Financial Regulation

Introduction

Fundamentally, no terrorist organization can function without financial support. Although individual terrorist attacks may appear inexpensive, the broader organizational infrastructure—including recruitment, training, and logistics, communication, and weapon procurement—demands substantial funding (Napoleoni, 2005; Ehrenfeld, 2003). These financial inflows are critical for the survival and operational capabilities of militant groups. To sustain themselves, terrorist groups engage in a spectrum of criminal activities such as narcotics trafficking, kidnapping for ransom, smuggling, extortion, and money laundering (Levitt, 2002; Shelley, 2014). In addition, terrorist groups frequently manipulate legitimate platforms—particularly charitable and humanitarian organizations—to raise funds under the guise of social welfare (Clunan&Trinkunas, 2010). The misuse of non-profit organizations for terrorism financing has been well documented in multiple conflict zones, including South Asia and the Middle East.

Furthermore, state sponsorship remains a significant dimension of terrorism financing. Throughout history, several terrorist groups have received material or financial support from states aiming to advance strategic or ideological objectives. Notable examples include Iran's backing of Hezbollah, India's early tacit support for the LTTE, Libya's financial aid to the Provisional Irish Republican Army (PIRA), and Syria's involvement with the Japanese Red Army (Byman, 2005; Nawab, et. al., 2021; Wilkinson, 2011).

These examples underscore that terrorism financing is not merely a criminal matter but a strategic tool leveraged by both state and non-state actors, requiring a multidimensional approach to counter and control. Hence, terrorism financing represents one of the most severe and persistent threats to the global economy. It undermines international financial stability, weakens regulatory systems, and facilitates the expansion of transnational criminal networks (FATF, 2020). Terrorist operations—though often inexpensive in tactical execution—require substantial financial backing for recruitment, training, procurement of weapons, and the dissemination of propaganda (UNODC, 2021). These financial needs are met through both legitimate and illegitimate means, including charitable fronts, smuggling, extortion, and illicit trade. In this context, Pakistan faces unique and multifaceted challenges. Due to its strategic geopolitical location—bordering Afghanistan, Iran, China, and India—it has long been exposed to transnational militant activities and cross-border financial flows that support extremism (Muzaffar & Khan, 2021; Yaseen & Muzaffar, 2018; Haider& Malik, 2021).

With such circumstances, Pakistan has been under constant foreign pressure. Organizations such as the Financial Action Task Force (FATF) have also emphasized the urgent need for reforms to address weaknesses in the systems and align national regulatory frameworks with international standards (FATF, 2020). The inability to take appropriate measures against financing terrorism not only poses a threat to internal security but also causes economic isolation, hindering investments and damaging the country's international image (World Bank, 2022). Various structural weaknesses have cultivated terrorism financing in Pakistan because the practice is complex and exists. A poor financial regulatory regime, persistent political pressure, and limited institutional strength of law enforcement agencies are key factors (Hussain, 2020; Haider& Malik, 2021). The gaps have developed structural loopholes, which extremist groups have consistently exploited to raise funds and transfer them without any hindrance. The major part of the funding of terrorism in Pakistan uses the informal network of value transfers, that is, hawala and hundi networks that are outside the state scrutiny because of the absence of auditing (UNODC, 2021; Clunan &Trinkunas, 2010).

As a result of these ongoing challenges, Pakistan has remained under scrutiny by international organizations, most notably the Financial Action Task Force (FATF), which has highlighted the country's "strategic deficiencies" and repeatedly urged comprehensive reform (FATF, 2020). Since the events of September 11, 2001, Pakistan has become deeply entangled in the global 'war on terror.' This involvement has sparked widespread debate regarding Pakistan's role, whether as a frontline ally or a sanctuary for extremist organizations (Abbas, 2017; Karamat, et. al., 2019). Numerous militant groups operating within its borders have targeted public infrastructure, including schools, hospitals, markets, and places of worship, causing mass casualties and widespread fear. These acts have further deepened the socio-economic crisis in the country, which is already marked by chronic issues such as illiteracy, poor health infrastructure, social injustice, and pervasive insecurity (Javaid, 2022; International Crisis Group, 2019). According to the Economic Survey of Pakistan, terrorism has put the country at a deficit of $126 billion (Javaid, 2022). According to the Global Terrorism Index (2014), Pakistan ranks third among all countries in the index. This report shows that 82% of terrorist incidents occurred in five countries, namely Iraq, Afghanistan, Pakistan, Nigeria and Syria. Pakistan has been waging war against terrorism for the last two decades (Muzaffar, et. al., 2021). The terrorist networks and their operations function on the requirements and reception of financial assets. Terrorism finance prevention and adequate control are, therefore, among the most significant measures for combating terrorism. According to the World Bank (2022), the informal economy in Pakistan accounts for approximately 36% of the country's GDP, a staggering figure that highlights the scale of unregulated financial activity. Additionally, limited financial inclusion and low public awareness about AML/CFT laws further reduce the effectiveness of existing regulations.

This research aims to address these pressing concerns by evaluating the risk situation in Pakistan concerning terrorism financing, identifying key structural and transactional vulnerabilities, and examining the role played by independent and informal sectors in facilitating them. Additionally, this work aims to identify policy changes that can provide solutions to these risks according to global standards. Thus, by exploring the relationship between systemic factors and terrorism financing in this research, it contributes to the further discussion on how to strengthen Pakistan's ability to counter the transnational threat of terrorism financing. By adopting a policy-oriented lens grounded in empirical and legal analysis, this paper contributes to the growing body of research aimed at strengthening Pakistan's financial and national security apparatus.

Literature Review

The subject of terrorism financing (TF) has increasingly attracted scholarly and policy-oriented attention in Pakistan, particularly in light of the country's placement on the Financial Action Task Force (FATF) grey list multiple times, most recently between 2018 and 2022. These periods of enhanced international scrutiny have stimulated a surge in literature focusing on the challenges, institutional weaknesses, and potential solutions for countering terrorism financing. The discourse has, however, been dominated mostly by an existing strain between externally imposed compliance and internally based reforms. One of the most notable themes in current literature is the reactive nature of Pakistan's AML/CFT framework, which has historically been more reactive than proactive. Abbas (2017) criticizes Pakistan's counter-terrorism financing policies as a result of the crisis, noting that most crucial regulatory and legal reforms were traditionally adopted under the duress of the FATF, rather than as a self-strategic initiative. Likewise, Hussain (2020) believes that, although Pakistan has passed the Anti-Money Laundering Act (2010) and made amendments to the Anti-Terrorism Act (1997), implementation and enforcement measures have been weak, dissipated, and politically bound. This defensive position, he argues, is not only counterproductive but also disadvantageous for future reforms after the close of direct international challenges.

Another theme that has been of paramount importance in the literature is the concept of fragmentation in the regulatory landscape. Khan and Ahmad (2018) discuss the overlaps and gaps in institutional authority between the federal and provincial governments, particularly in the regulation of financial activity, including the Designated Non-financial Businesses and Professions (DNFBPs). In their work, they report that low levels of coordination, confusion between jurisdictional responsibilities, and a failure to share data systems are barriers to effective supervision and enforcement. Such division allows terrorist groups to use loopholes in law enforcement, notably in industries such as real estate, jewellery dealers and unregistered charitable organizations. Rizvi (2021) has written extensively on the problem of structural informality and its impact on TF detection, with special reference to the large informal sector in Pakistan, which is estimated to account for 36-40 per cent of GDP (World Bank, 2022). Informal processes of value transfer, such as hawala/hundi systems, flourish in this ecosystem, making it difficult to trace where the money came from and where it went. The conclusion drawn by Rizvi is consistent with those presented by Global Financial Integrity (2021), which identifies informal financial channels as one of the primary sources of cross-border support for terrorist organizations in South Asia. These undocumented systems are highly anonymous and efficient; hence they have appeal to both authorized and unauthorized financial flows.

The misuse of non-profit organizations (NPOs) and charities is another area that has drawn scholarly concern. Research by Yousaf and Ahmed (2019) reveals how extremist groups have historically operated under the guise of charitable work, collecting donations during crises and religious occasions. These funds are then diverted toward terrorist recruitment and operations. While Pakistan has made efforts to ban or restrict certain high-risk organizations, such as Jamaat-ud-Dawa (JuD) and Falah-e-Insaniat Foundation (FIF), the literature notes that these groups often rebrand or create new entities to continue their fundraising activities. FATF (2020) and APG (2019) have both documented these challenges in their technical compliance reviews, citing a lack of sustained and consistent oversight of NPOs. The low compliance rates among DNFBPs have also received empirical validation from the FATF's mutual evaluation reports. The APG (2019) found that Pakistan had not adequately risk-rated or supervised sectors like real estate, accountants, and precious metal dealers, which continue to operate with minimal reporting obligations. These findings are echoed in the work of Aslam (2020), who argues that the absence of KYC (Know Your Customer) protocols and a risk-based monitoring system across these professions creates opportunities for money laundering and terrorism financing.

Particularly, there is evidence of positive institutional change noted tentatively by some studies. Haider and Malik (2021) note that the creation of the Financial Monitoring Unit (FMU) within the framework of the SBP, along with advancements in suspicious transaction reporting (STRs), is significant steps towards compliance. Nevertheless, they warn that reporting rates are still low and most STRs lack research and subsequent prosecution owing to the brimming capacities of law enforcement agencies. Comparatively, on an international level, reports, including those made by IMF (2021) and International organizations like the United Nations Security Council Counter-Terrorism Committee (UNCTC), have mentioned that Pakistan is worse than nations like Malaysia, Turkey and Indonesia in having integrated financial intelligence, employing the use of digital monitoring tools as well as developing frameworks of inter-agency coordination. The same countries have implemented a whole-of-government approach to TF prevention, encompassing legal reform, mass education, online monitoring, and liaison with other states that Pakistan may also be able to follow.

Additionally, the literature also critiques the geopolitical aspects of counter-terrorism financing. Other researchers argue that the decisions of the FATF are not entirely technocratic, as they can also be driven by geopolitical concerns at times (Javaid& Khan, 2020). This criticism implies that, since Pakistan needs to intensify its internal machinery, it also requires entering into diplomatic deliberations so that evaluation can be done fairly.

Material and Methods

This research adopts a qualitative secondary research design, primarily aimed at exploring and analyzing the structural, institutional, and policy-related dimensions of terrorism financing in Pakistan. Given the nature of the topic, which intersects with sensitive financial systems, counter-terrorism mechanisms, and state security, the study relies entirely on secondary data sources. The design is exploratory and descriptive, allowing the researcher to investigate how various actors, institutions, and regulatory gaps contribute to the persistence of terrorism financing. Data for this study are drawn from a wide array of secondary sources. These include international organizational reports, government publications, legal documents, academic research articles, and policy briefs from think tanks. These are supplemented by relevant Pakistani laws, such as the Anti-Money Laundering Act of 2010 (as amended), the Anti-Terrorism Act of 1997, and regulatory circulars concerning Designated Non-Financial Businesses and Professions (DNFBPs), real estate, and charitable organizations.

The data collection process involved a careful analysis of documents and a thematic content analysis. Each source was read critically to identify recurring themes such as structural vulnerabilities, predicate crimes, informal financial networks, and private sector compliance. The extracted data were then organized into analytical categories to facilitate in-depth discussion. Furthermore, a comparative policy review was conducted to evaluate Pakistan’s alignment with international benchmarks, including FATF’s 40 Recommendations and the United Nations Security Council’s counter-terrorism financing mandates. No primary data collection—such as interviews or fieldwork—was conducted, as the study's focus was on policy and institutional analysis rather than empirical behavioral inquiry.

Results and Discussion

Pakistan's Terrorism Financing Risk Profile

Structural Vulnerabilities in the Financial System

Pakistan's financial system suffers from a multitude of structural deficiencies that make it vulnerable to exploitation by terrorist financiers. The Asia Pacific Group (APG) on Money Laundering, in its 2019 Mutual Evaluation Report, highlighted several critical weaknesses, including inadequate supervision of financial institutions, inconsistent implementation of risk-based approaches, and insufficient mechanisms for tracking the beneficial ownership of legal entities (APG, 2019). The lack of transparency regarding beneficial ownership is one of the most significant concerns. This is because it enables criminals and terrorists to do business anonymously with shell companies, trusts, or proxy holders. Although the Securities and Exchange Commission of Pakistan (SECP) implemented regulations to enhance transparency in 2020, they have not been fully enforced, and data sharing among agencies remains low. Another red flag is the low number of filings on Suspicious Transaction Report (STR). The Financial Monitoring Unit (FMU) found that the quantity of STRs submitted each year remains below international standards, indicating the incapacity and unwillingness of reporting entities. Many financial institutions and DNFBPs either lack the knowledge to detect suspicious activities or fear repercussions for reporting powerful clients.

Moreover, Pakistan's financial institutions are gradually transitioning from traditional rule-based compliance systems to more advanced risk-based supervisory frameworks. While regulatory bodies such as the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) have initiated capacity-building programs, numerous structural and operational hurdles remain—especially in rural and semi-urban regions where financial inclusion is low and informal financial practices continue to thrive (Ahmed &Mahmood, 2020; World Bank, 2022). These areas often lack adequate awareness of Anti-Money Laundering (AML) obligations, contributing to widespread underreporting and poor compliance.

One of the most significant barriers to effective enforcement is the lack of coordination between federal and provincial authorities, which undermines the implementation of a cohesive national strategy to counter terrorism financing (Khan & Zafar, 2021). The absence of centralized and interoperable data systems, coupled with procedural delays in mutual legal assistance (MLA) and international cooperation, further weakens Pakistan's ability to conduct timely financial investigations (ICG, 2021). Moreover, although the legal framework for countering terrorism financing exists, enforcement agencies often lack technical expertise, trained personnel, and access to forensic and digital investigation toolsrequired to tackle increasingly sophisticated financial crimes (Sheikh, 2022). This creates significant operational gaps that terrorist networks continue to exploit.

Predicate Crimes as a Foundation of Terrorist Financing

In the context of AML/CFT, predicate crimes refer to the underlying criminal activities that generate illicit funds, which are subsequently used to finance terrorism. In Pakistan, these crimes include drug trafficking, smuggling, kidnapping for ransom, extortion, illegal arms trade, and corruption, many of which are widespread and deeply embedded in socio-political networks. Pakistan serves as a key transit point for narcotics produced in Afghanistan, especially opiates and heroin. These drugs are trafficked through Baluchistan and Khyber Pakhtunkhwa, with profits used to fund both domestic and cross-border militant operations (UNODC, 2021). Smuggling across the Iran-Pakistan and Afghanistan-Pakistan borders—ranging from fuel and consumer goods to weapons—is another significant revenue stream (Bibi, & Muzaffar, 2023).

Kidnapping for ransom and extortion have been particularly common in urban centres such as Karachi and Peshawar. These funds are frequently routed through informal systems to avoid detection and are difficult to trace due to the absence of digital transaction records. Predicate crimes are also further facilitated by corruption, particularly among local law enforcement agents and border control agents. TF, in most cases, is protected by political patronage networks that shield the individuals involved. With such a culture of impunity, it is difficult to develop any deterrence or confidence in the enforcement process. The militant groups have been very dynamic in the use of such predicate crimes. As an example, the Lashkar-e-Taiba (LeT) and the Tehrik-i-Taliban Pakistan (TTP) groups have run an extortion racket in the rural and urban regions, levying duties on transit agents, enterprises, and even government contractors. The money is subsequently diverted into operations through cash couriers, charity, or front businesses (UNSC Reports, 2020). In combination with the structural weaknesses and the established predicate crimes within Pakistan, financing terrorism has fertile ground to bloom. Such challenges can only be solved through technical reforms, accompanied by a necessary shift in governance, regulatory culture, and intra-agency relations.

Role of Private and Informal Actors in Facilitating Terrorism Financing

The Vulnerabilities of Designated Non-Financial Businesses and Professions (DNFBPs)

The Financial Action Task Force (FATF) defines Designated Non-Financial Businesses and Professions (DNFBPs)as entities that do not primarily provide financial services but are involved in activities that expose them to risks of money laundering and terrorist financing. These include real estate agents, jewelers, lawyers, accountants, and company service providers (FATF, 2012). In Pakistan, DNFBPs operate within a loosely regulated environment and often fall outside the effective supervision of anti-money laundering (AML) compliance systems (Haider& Malik, 2021; APG, 2019). Among these, the real estate sector is particularly vulnerable. Real estate transactions are frequently conducted in cash, with widespread practices of under-invoicing and inflated property values, which facilitates the laundering of illicit funds (Federal Board of Revenue [FBR], 2020). The absence of a centralized, digital land record system across provinces makes it easier for terror financiers to obscure ownership through proxies, shell entities, or benami (fictitious name) holdings (Rizvi, 2021; World Bank, 2022).

A 2020 FATF follow-up report specifically instructed Pakistan to establish a comprehensive oversight frameworkfor its real estate sector. However, the implementation of this directive has remained partial, with fragmented regulatory coverage and low compliance among property dealers (FATF, 2020). Likewise, jewellery and precious stones—as high-value, portable, and easily convertible commodities—are exploited for cross-border value storage and fund transfers. Due to limited customer due diligence (CDD) and a lack of reporting obligations for jewelers, these assets provide an ideal tool for laundering funds for terrorist organizations (Reuter & Truman, 2004; FATF, 2013). Furthermore, lawyers, accountants, and trust service providers can unwittingly or deliberately facilitate terrorism financing through the creation of shell companies, secret trusts, or complex legal arrangements. Their advisory roles may assist in concealing beneficial ownership or layering financial transactions, thereby undermining financial transparency (Levi & Reuter, 2006; Qureshi, 2020). Despite their potential involvement, these professionals in Pakistan are not uniformly trained in AML compliance nor obligated to report suspicious transactions, substantially weakening the country's broader financial surveillance architecture.

Exploitation of Charities and Non-Profit Organizations

Pakistan has a vibrant culture of philanthropy and Islamic charitable giving (zakat, sadaqah), which unfortunately has been exploited by extremist entities. Organizations such as Jamaat-ud-Dawa (JuD) and its front groups, including the Falah-e-Insaniyat Foundation (FIF), operate under the guise of humanitarian work, collecting vast donations during natural disasters and religious festivals. These funds were subsequently channelled into militant recruitment, weapons procurement, and logistics (U.S. State Department, 2021). Although Pakistan's government has banned over 70 organizations under the Anti-Terrorism Act, many continue to function by rebranding or using unregulated donation platforms. The regulatory capacity of institutions like the Economic Affairs Division (EAD) and the Ministry of Interior remains limited, especially in monitoring the thousands of smaller, community-based NGOs. There is a need for a unified charity registration system, regular financial audits, and a national risk assessment framework for the non-profit sector. Moreover, public awareness campaigns are necessary to educate donors about the risks associated with giving to unverified causes.

Informal Money Transfer Systems: Hawala and Hundi

Hawala and hundi systems are informal, centuries-old mechanisms for transferring value based on networks of trust that exist completely outside the formal banking system. Such frameworks, although regulated, remain very popular in Pakistan due to their low cost, fast transactions, anonymity, and accessibility of services across the country, including rural and remote areas, where formal banking is either weak or absent (Ballard, 2013; Qureshi & Khalid, 2020). Although hawala/hundi systems have some legitimate uses, especially in remitting money to emigrants, they are also commonly used to engage in illegal transaction activities, such as terrorism financing, money laundering, and tax evasion (El-Qorchi, Maimbo, & Wilson, 2003; FATF, 2013). Research indicates that hawala networks have been integral to funding militant operations across South Asia, including the financing of insurgent movements in Afghanistan and Kashmir, where formal oversight is minimal (Muzaffar, et. al., 2019;Passas, 2006). Despite regulatory crackdowns and awareness campaigns, these informal systems continue to flourish due to three persistent factors:

- The lack of reliable and accessible banking alternatives in rural areas,
- Collusion between hawaladars and corrupt public officials, and
- Cultural acceptance and deep-rooted trust in traditional financial intermediaries (Reuter & Truman, 2004; Khan & Khan, 2019).

Although the State Bank of Pakistan has implemented initiatives such as the Pakistan Remittance Initiative (PRI) and introduced incentives to formalize remittance channels, the uptake remains modest, particularly in underserved communities (State Bank of Pakistan, 2021). For meaningful progress, a more inclusive financial model is needed—one that integrates mobile banking, fin-tech platforms, and community-based microfinance institutions, which can offer secure, accessible, and regulated alternatives to hawala/hundi in both urban and rural settings (Amin &Ghafoor, 2022; Muzaffar, et. al., 2021a).

Strategic Interventions and Policy Pathways

To combat terrorism financing effectively, Pakistan must move beyond reactive compliance and toward the institutionalization of preventive, proactive, and globally aligned financial integrity systems. The following policy interventions are proposed:

Legislative and Regulatory Strengthening

- Update AML/CFT Laws: Harmonize all provincial and federal AML/CFT laws under a unified national framework. Introduce provisions for mandatory beneficial ownership disclosure for all legal entities.
- Regulate DNFBPs Rigorously: Enforce mandatory AML/CFT compliance training, registration, and STR filing requirements across DNFBPs. The FBR and SECP should coordinate sector-specific supervision mechanisms to ensure effective oversight.
- Charity and NGO Oversight: Establish a central database for all NGOs and require them to submit regular, audited financial reports, funding disclosures, and independent risk ratings.

Institutional and Technological Enhancements

- Strengthen FMU and LEAs: The Financial Monitoring Unit should be technologically upgraded to utilize AI-driven transaction monitoring systems. At the same time, law enforcement agencies must receive training in financial forensics and cybercrime detection.
- Improve Inter-agency Coordination: Establish a centralized task force comprising the SBP, FMU, FIA, FBR, and NADRA to coordinate TF investigations in real-time.

International Cooperation and Compliance

- Fulfil FATF Standards: Maintain post-grey list momentum by aligning with FATF's 40 Recommendations and regularly publishing National Risk Assessments (NRAs).
- Cross-border Collaboration: Forge intelligence-sharing partnerships with Interpol, the UN Security Council Counter-Terrorism Committee, and regional financial intelligence units (FIUs).

Conclusion

Financing of terrorism in Pakistan is a very pronounced issue of concern and is a complex activity that needs long-term, multi-factorial, and coordinated action. The country has been under strong international surveillance over the years, especially by the Financial Action Task Force (FATF), to overhaul its AML/CFT systems. Although there has been some improvement especially since 2018 when Pakistan was put under the FATF grey list and up to 2022, the country is still facing structural problems that terror organizations use to raise, transfer and use the finances. The current analysis has shown that institutional weaknesses are not the only factor that has made this country vulnerable, as it also has a highly embedded informal economy and a disarticulated regulatory system.

Besides, the terrorism financing ecosystem in Pakistan is highly connected to the bottomless list of predicate crimes, such as narcotics trafficking, extortion, and corruption, which play the role of evoking a shadow economy and are resistant to source-tracking. The insufficient cooperation between different agencies, low financial literacy rates, and the inability to conduct digital surveillance are other contributing factors to the situation. The paper proposes to overcome these threats by implementing the strategy at multiple levels.

Pakistan needs to establish robust cross-border intelligence sharing systems to trace and dismantle transnational terrorist networks. Conclusively, the path to developing a resilient and transparent financial ecosystem is both long and complicated; yet, a combined, long-term, evidence-based, and internationally coordinated approach can empower Pakistan in disrupting the financial infrastructure that enables terrorism. This is not only strategic, but it is also a duty to uphold peace at the national and international levels.

Recommendations

Based on the analysis, the following strategic recommendations are proposed to effectively address the identified gaps in Pakistan's terrorism financing framework:

- Harmonize national AML/CFT laws to enforce mandatory beneficial ownership disclosures across all legal entities.
- Strengthen regulatory oversight of DNFBPs and charitable organizations through compulsory AML/CFT compliance training and robust reporting mechanisms.
- Expand accessible, formal financial services (e.g., mobile banking, fintech platforms) to reduce dependency on informal money transfer systems like hawala/hundi.
- Establish a centralized task force integrating agencies such as SBP, FMU, FIA, FBR, and NADRA for real-time information sharing and rapid enforcement actions.
- Strengthen partnerships with global organizations such as FATF, Interpol, and the UN to enhance intelligence sharing and policy alignment with international standards.

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