



By: The Editorial Board

FATF – When financial isolation becomes an instrument of power



At its last session in Paris on 24 October, the Financial Action Task Force (FATF) confirmed three countries on its list of "High-Risk Jurisdictions subject to a Call for Action": North Korea, Iran, and Myanmar.

These countries remain under the strictest international financial supervision due to unmet standards in combating money laundering, financing terrorism, and the proliferation of weapons of mass destruction.

The decision is not surprising, but it confirms a trend: the FATF is no longer merely a technical body that sets standards but a structure that determines who has access to the global financial system and who does not.

Who remains on the "blacklist" and why?

North Korea and Iran are still subject to countermeasures. This means the FATF calls on all countries and financial institutions to limit, suspend, or terminate relations with banks and entities from these countries.

In practice, this involves closing correspondent links, banning the establishment of branches, and increasing oversight over any potential transactions originating from these jurisdictions.

Myanmar is designated as high-risk but is not subject to countermeasures

For **Iran**, the issue is not just its nuclear programme or Security Council sanctions. There is a systemic failure to comply with FATF recommendations: laws are only partially harmonised, and key oversight and transparency mechanisms remain incomplete.

North Korea, meanwhile, poses the greatest risk due to the financing of its weapons of mass destruction programme, which the FATF explicitly states in every assessment.

Myanmar is in an intermediate category: it is designated as high-risk but is not subject to countermeasures. Its institutions are subject to an enhanced due diligence regime, meaning each transaction must be checked individually. Should it fail to make significant progress by February 2026, it will transition to the countermeasure regime.

What has changed in the "grey list"?

The second, less severe **FATF list** – "Jurisdictions under Increased Monitoring" – has been significantly updated. On 24 October, the Republic of South Africa, Nigeria, Mozambique, and Burkina Faso were removed from it.

In the past two years, these countries have implemented reforms that, according to **FATF standards**, are sufficient to exempt them from enhanced supervision.

FATF system has become a public "signal of confidence"

The removal of these countries from the list has immediate effects. It reduces regulatory pressure on their banks, facilitates access to correspondent channels, and lowers the cost of capital.

At the same time, it demonstrates that the FATF system has become a public "signal of confidence" – something that markets take more seriously than many political decisions.

How lists change financial flows

Every FATF decision immediately spills over into the market, as banks treat it as a signal rather than merely news or an administrative decision.

These decisions directly affect the cost of capital, transaction costs, and countries' ability to participate in international trade.

Banks, even those not formally required to comply with FATF rulings, follow them due to reputational risk and the possibility of secondary sanctions.

This practice has spread to technology companies, fintech services, and crypto platforms

When a country remains on the list, its institutions lose access to cheaper financing. Investors withdraw funds because they expect slower transactions, higher costs, and more difficult access to dollars and euros.

This is not a punishment but a way to protect their capital against risks they cannot assess.

In recent years, this practice has spread to technology companies, fintech services, and crypto platforms. Most now incorporate the FATF lists into their risk assessment algorithms, so the same logic is repeated in the digital space: whoever is non-compliant gets excluded.

A regulatory instrument that becomes a political tool

What was once a technical category has now become an instrument of political power. The FATF formally acts as an independent body, but its decisions have a similar effect to economic sanctions imposed by states.

When a country loses access to mainstream financial flows, it moves into networks controlled by other powers.

The world is not moving towards a more liberal financial environment but towards an increasingly strict regime of control and risk identification

This is problematic because such systems are not transparent, are more expensive, are

subject to political conditions, and are often beyond international supervision.

Instead of stability, there is dependence on those who manage these parallel channels.

In this context, the FATF's decision from October should be read as a message: the world is not moving towards a more liberal financial environment but towards an increasingly strict regime of control and risk identification.

Consequences for the financial sector

Banks and corporations operating globally are already adapting. In their internal risk assessments, they now measure not only a client's creditworthiness or a country's macroeconomic indicators but also its compliance with international anti-money laundering norms.

The introduction of countermeasures automatically raises the so-called risk premium – the cost of capital. Their implementation increases costs and slows transactions, but this is part of the mechanism designed to compel states to return to the system of rules.

Those who refuse face limited access to capital and growing distrust from banks and investors. The effect is straightforward: a country that falls outside the standard pays more and loses market confidence.

Iran and North Korea – their isolation is no longer a temporary measure but part of a permanent international arrangement

In this respect, the FATF regime is not only a measure to combat financial crime; it also becomes a factor shaping global economic relations.

In the coming months, the FATF will monitor

Myanmar in particular. If it does not show progress by February 2026, the transition to the regime of countermeasures will mean that smaller economies are subject to the same rules as larger ones.

This will not change the region's balance sheets, but it will demonstrate that financial pressure no longer depends on the size of a country but on confidence in its system. Iran and North Korea remain exceptions in another sense – their isolation is no longer a temporary measure but part of a permanent international arrangement.

A new form of power

For other countries, especially those that have just come off the **grey list**, the challenge is different: how to maintain a reputation as a reliable partner and avoid a return to oversight.



How to maintain a reputation as a reliable partner and avoid a return to oversight – South African Reserve Bank

South Africa and Nigeria are already addressing this through new digital transaction laws and by strengthening regulatory bodies.

FATF decisions rarely make headlines, but their impact runs deeper than most political statements. While the world debates trade wars and technology blocs, the real dividing line runs through the financial system.

Countries that cannot meet standards of

transparency and control of money flows remain outside the system, regardless of political connections or economic potential.

This is a new form of power in global finance—there is no need to impose sanctions if the market simply estimates that a country is risky. Then, capital flows stop without any political decision.

The FATF does not judge countries, but it shapes the way global money works. Its lists not only indicate where risks exist, but also determine who is trusted and who has access to capital.

Today, the world is divided by who is trusted in finance and who is not. A country that cannot prove its system operates according to the rules loses not only its reputation but also its ability to participate in the global circulation of money – and that is the most severe form of exclusion.