



DIRECTORATE GENERAL OF  
**DNFBPs**  
**AML/CFT**

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# **DNFBP ANNUAL SUPERVISORY REPORT 2024-2025**

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This report summarizes supervisory activities carried out by the Directorate General of DNFBPs, FBR, as assigned under the Anti-Money Laundering Act, 2010 for businesses falling under the category of Designated Non-Financial Businesses and Professions (DNFBPs)

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## Preface

It is a matter of great honor and privilege for me to present the First Annual Report for the year 2024-25 to the Honorable Chairman, Federal Board of Revenue (FBR), Islamabad. This report outlines the key achievements, strategic initiatives, and operational performance of the Directorate General of DNFBPs during the fiscal year.

The Directorate General of DNFBPs is entrusted with the regulation, supervision, and enforcement of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations across Designated Non-Financial Businesses and Professions in Pakistan. It derives its legislative foundation from the Anti-Money Laundering Act, 2010, especially through the insertion of 6A and addition of Schedule-IV, which formally brought DNFBPs under the supervision of FBR. This mandate is executed in accordance with domestic legal framework through SRO 924(I)/2020 dated 29<sup>th</sup> September, 2020 and in alignment with international standards, particularly those prescribed by the Financial Action Task Force (FATF). Despite considerable structural and operational challenges, the Directorate recorded substantial progress during the reporting period. Milestones included the identification and mapping of the DNFBP population, implementation of a large-scale data cleansing initiative resulting in thousands of de-registrations, and a significant rise in both provisional and permanent registrations. The regulation of Title Transferring Entities (TTEs), institutionalization of risk-based supervision, and enhanced stakeholder engagement were among the key initiatives that contributed to strengthening Pakistan's AML/CFT regime and improving its rating under FATF Immediate Outcome 4 (IO-4).

The Directorate General DNFBPs pursued a comprehensive supervisory strategy, integrating legal compliance with risk-focused enforcement. Significant efforts were made toward expanding registration coverage, conducting capacity-building programs for supervisory staff, and aligning field operations with international best practices.

Fiscal Year 2024-25 marked a transformative phase for the Directorate. A number of high-impact interventions were executed, resulting in measurable improvements in supervisory outreach, compliance enforcement, and the DNFBP IT Management system.

Key achievements include:

- A 40% increase in outreach sessions, with special emphasis on high-risk sectors such as Real Estate and Dealers in Precious Metals and Stones (DPMS).
- A 355% increase in registration notices, reflecting a strategic pivot toward proactive enforcement.
- The identification and registration drive increased the DNFBP population from 1,921 to 3,627 during January-June 2025, marking an 83% rise in registrations compared to the same period last year.
- The number of inspections increased from 421 to 457 during January-June 2025, marking an 8.5% rise in inspections compared to the same period last year.
- A successful pilot project in Lahore, through which over 195 TTEs were identified and 141 successfully registered - an initiative now being scaled nationwide.
- Establishment of Facilitation Desks across regional offices, significantly enhancing stakeholder accessibility and compliance support.
- An overhaul of the IT infrastructure, enabling more efficient registration tracking and improved interface for stakeholders.

- Expansion of thematic and follow-up inspections, guided by sector-specific risk indicators to ensure more effective and focused supervision.
- Development of two level Offsite Monitoring Questionnaire (OSMQ) for enhanced supervision of DNFBPs.
- Organized a National level capacity building training for all the officers of DNFBPs.

These outcomes represent a tangible enhancement in the Directorate's regulatory capacity and institutional readiness. Looking ahead to FY 2025-26, the Directorate aims to further expand sectoral coverage, enhance data-driven intelligence, and embed sustainable compliance practices across the DNFBP landscape.

The achievements detailed in this report owe much to the visionary leadership and steadfast support of the Honorable Chairman, FBR Mr. Rashid Mahmood Langrial. His consistent commitment to institutional integrity and regulatory excellence ensured timely provision of essential human and logistical resources. His leadership served as both a compass and a catalyst throughout this journey.

Equally commendable is the support of Member (Administration) FBR Mr. Muhammad Iqbal, whose close attention to operational matters enabled the Directorate to function efficiently and scale its outreach, also merits special appreciation. His pragmatic approach to resolving administrative bottlenecks helped maintain uninterrupted focus on the Directorate's core mandate.

The Directorate also greatly benefitted from the continuous guidance and oversight provided by the Chairperson of National AML/CFT Authority Mr. Mushtaq Ahmed Sukhera and Director General of National AML/CFT Authority Dr. Ehsan Sadiq. Their pivotal role in shaping and refining FBR's supervisory protocols coupled with the constructive feedback was instrumental in ensuring alignment with FATF standards and in enhancing the credibility and effectiveness of the Directorate's enforcement framework.

I would also like to acknowledge the dedication and hard work of all the regional Directors, the officers and staff of the Directorate General of DNFBPs, whose commitment to public service and perseverance in overcoming challenges greatly contributed to fulfilling FATF requirements and advancing national compliance objectives.

Sincere appreciation is also extended to Mr. Nasir Yaseen (IRO), Mr. Ali Haider (Inspector), and Mr. Muhammad Faisal (Steno-typist) for their efforts in compiling, formatting, and finalizing this Report.

This publication not only documents the Directorate's performance but also reflects the collaborative efforts and institutional resolve that underpinned its success. It is hoped that the insights contained herein will serve as a foundation for continued progress in strengthening Pakistan's AML/CFT framework and fostering a culture of compliance across all DNFBP sectors.

**LAILA GHAFOOR**

Director General of DNFBPs

- **Vision Statement**

To be a leading, proactive, and effective regulatory body recognized for its excellence in combating financial crime within the DNFBP sector, fostering a culture of compliance and transparency that supports a resilient and secure financial landscape in Pakistan.

- **Mission Statement**

To foster a robust regulatory environment for DNFBPs in Pakistan through risk-based supervision, enforcement of AML/CFT compliance, and collaboration with stakeholders, thereby safeguarding the financial system from money laundering, terrorist financing, and related illicit activities while promoting transparency and integrity in non-financial sectors.



**Mr. Rashid Mahmood Langrial**  
**Chairman, Federal Board of Revenue (FBR), Pakistan**



**Ms. Laila Ghafoor**  
**Director General, Directorate General of DNFBPs**

**OFFICERS FROM DIRECTORATE GENERAL OF DNFBS AND ALL REGIONAL DIRECTORATES OF DNFBS  
ATTENDING TRAINING SESSION AT IRS ACADEMY, LAHORE**



**Left to Right**

**Sitting:**

Sana Aslam Janjua, Addl. Director (IST), Noman Malik, Director (IST), Abdul Qadir Sheikh, Laila Ghafoor (Director General - DNFBS), Syed Nadeem Hussain Rizvi (Director General - IRSA), Humaira Maryam, Zia Ullah Khan, Jamshed Ali Talpur, Adnan Iqbal Sawati

**Standing 1st Row:**

Aimen Arshad, Kehkshan Khan, Muhammad Saleem Khokhar, Nasir Yaseen, Mirza Aftab Ahmad Baig, Rizwan Sharif, M. Salahuddin Khan, Naveed Ali, Asfandiyar Janjua

**Standing 2nd Row:**

Ali Haider, Sohail Akhtar Khan, Rana Hafeez Ahmad, Shahraze Qaiser, Mehboob Ali, Ch. Khurram Aziz, Muhammad Adnan Faraz, Shafaat Ali Mirza, Asad Moeen, (Deputy Director)



## 1. Evolution of the Directorate General of Designated Non-Financial Businesses and Professions (DNFBPs), Pakistan

### 1.1 Background and Legislative Foundation

The genesis of the Directorate General of DNFBPs stems from Pakistan's commitment to strengthen its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime in line with international standards, particularly the Financial Action Task Force (FATF) Recommendations.

The legislative foundation was laid through the Anti-Money Laundering Act, 2010, particularly with the insertion of Section 6A and the addition of Schedule-IV, which formally designated the Federal Board of Revenue (FBR) as the AML/CFT regulatory authority for specific non-financial sectors. This legal mandate covered the following Designated Non-Financial Businesses and Professions (DNFBPs):

- Real estate agents (Real estate developers, builders, housing societies, property brokers and dealers)
- Dealers in precious metals and stones (DPMS), including jewelers
- Accountants not registered with ICAP/ICMAP

### 1.2 Regulatory Infrastructure (2020)

To operationalize its regulatory mandate, FBR issued the AML/CFT Regulations for DNFBPs through SRO 924(I)/2020 dated 29<sup>th</sup> September 2020, marking a formal milestone in Pakistan's regulatory transformation for non-financial sectors. These regulations were designed to enforce AML/CFT controls such as customer due diligence, record-keeping, reporting of suspicious transactions, and internal controls.

Subsequently, the Directorate General of DNFBPs was formally established on 11<sup>th</sup> November 2020, headquartered under the FBR. This institution was specifically mandated to:

- Register DNFBP entities
- Develop risk profiles
- Supervise compliance
- Undertake enforcement actions
- Facilitate awareness and capacity-building

### 1.3 Expansion of Supervisory Structure (2021-2023)

In order to ensure effective nationwide implementation of AML/CFT regulations and to enhance oversight of Designated Non-Financial Businesses and Professions (DNFBPs), the Directorate General of DNFBPs undertook a strategic expansion of its supervisory footprint. This involved the establishment of five (05) regional directorates, each with clearly defined geographic jurisdictions, aimed at decentralizing regulatory functions and bringing compliance facilitation closer to the ground.

The five regional directorates and their respective jurisdictions are as follows:

- Directorate of DNFBPs, Lahore: Entire province of Punjab, excluding District Rawalpindi.
- Directorate of DNFBPs, Islamabad: Islamabad Capital Territory (ICT), District Rawalpindi, and Gilgit-Baltistan.
- Directorate of DNFBPs, Karachi: Entire province of Sindh.
- Directorate of DNFBPs, Peshawar: Province of Khyber Pakhtunkhwa.
- Directorate of DNFBPs, Quetta: Province of Baluchistan.

Each regional directorate is equipped with dedicated field teams tasked with conducting awareness sessions, registration campaigns, risk-based inspections, and enforcement actions within their respective regions. These offices are critical nodes for operationalizing the national AML/CFT strategy at the regional level, facilitating direct engagement with DNFBP sectors, trade bodies, professional associations, and law enforcement agencies.

#### **1.4 Early Implementation Challenges and FATF-Driven Reforms (2021-2023)**

Following its operationalization in late 2020, the Directorate General of DNFBPs encountered several structural and institutional challenges that impeded the smooth implementation of AML/CFT regulatory measures across DNFBP sectors. Key challenges included:

- Limited awareness and understanding of AML/CFT obligations among DNFBPs, particularly in remote and under-regulated areas.
- Resistance to regulatory oversight due to the informal nature of DNFBP businesses/activities and their historical exclusion from financial compliance regimes.
- Absence of centralized data repositories to identify and track DNFBP entities, resulting in significant registration gaps.
- Limited supervisory capacity and technical expertise, particularly in the initial phase of field-level enforcement.

In response, and under the momentum created by Pakistan's engagement with the Financial Action Task Force (FATF) - particularly its mutual evaluation follow-up process and action plan implementation - the Directorate General initiated a series of critical reforms aimed at strengthening regulatory infrastructure and addressing identified deficiencies. These included:

- Development of a Risk-Based Supervision (RBS) Framework, enabling a structured approach to supervision based on assessed sectoral vulnerabilities.
- Undertaking sectoral risk profiling exercises, tailored to the unique ML/TF exposure of Real Estate, DPMS, and non-ICAP/ICMAP Accountants.
- Launching targeted outreach campaigns on Suspicious Transaction Reporting (STR) to increase compliance and reporting by DNFBPs to the Financial Monitoring Unit (FMU).
- Organizing awareness and training sessions in collaboration with trade bodies, chambers of commerce, and professional associations to improve compliance culture.

These reforms marked a risk-based regulatory model, consistent with FATF Recommendations 22 and 23, which emphasize the importance of AML/CFT supervision over DNFBPs based on their risk exposure.

This reform trajectory significantly contributed to Pakistan's progress in addressing FATF's action plan items. As a result of sustained efforts by the Directorate General of DNFBPs and broader institutional reforms across the AML/CFT regime, **Pakistan was officially removed from the FATF grey list on 21<sup>st</sup> October 2022**, signaling international recognition of the country's improved compliance with FATF standards.

### **1.5 Strategic Realignment and Technological Modernization (2024-2025)**

In June, 2024, the Directorate General of DNFBPs undertook a major transformation to recalibrate its supervisory framework in line with Pakistan's commitments under the Financial Action Task Force (FATF) regime. This period marked a decisive shift from conventional regulatory policies towards a strategically re-aligned and risk responsive supervisory model.

Key initiatives included certain amendments in different modules of the DNFBP Management System (DMS)-a digital platform centralizing registration, risk profiling, inspection, and enforcement functions with real-time dashboards and compliance interfaces. To complement this, the simplified Off-Site Monitoring Questionnaire (OSMQ) was rolled out as a structured supervisory tool for continuous risk assessment and data-driven oversight which is being embedded.

Pilot registration campaign was launched in Lahore District, focusing on Title Transferring Entities (TTEs)-a high-risk segment within the real estate sector. This pilot project featured sector mapping, registration notices, and post-registration compliance checks.

A comprehensive legal review of DNFBP regulations was also conducted, resulting in the rectification of syntax and grammatical inconsistencies to improve legal clarity and enforceability.

To further enhance sectoral coverage, a mechanism for identifying and registering Dealers in Precious Metals and Stones (DPMS) was developed using data validation, market mapping, and risk filters.

Recognizing the importance of international collaboration, the Directorate established an Informal International Cooperation Cell, along with SOPs and a model MoU for informal cross-border cooperation in line with FATF Recommendation-40.

Additionally, nationwide capacity-building programs were conducted to train DNFBP officers and analysts on advanced supervision techniques, FATF-compliant inspections, and digital regulatory tools.

Finally, the Directorate made a strategic policy shift from blanket registration efforts toward focused engagement with high-risk entities, improving efficiency and strengthening alignment with risk-based supervision principles.

These reforms have significantly advanced the Directorate's supervisory capabilities, positioning it as a modern and responsive regulator in Pakistan's AML/CFT architecture.

### **1.6 Current Role and Institutional Consolidation (2025 and Beyond)**

As of 2025 and moving forward, the Directorate General of DNFBPs has firmly established itself as a pivotal institution within Pakistan's Anti-Money Laundering and Countering the Financing of

Terrorism (AML/CFT) regime. Its institutional maturity, strategic outreach, and regulatory depth have transformed it into a key enabler of national efforts to mitigate money laundering (ML) and terrorist financing (TF) risks across vulnerable non-financial sectors.

The Directorate plays an essential role in shaping, executing, and reinforcing Pakistan's AML/CFT policy framework through the following core functions:

#### **1.6.1 Active Contribution to FATF Evaluations and Technical Compliance Reviews:**

The Directorate represents a critical stakeholder in Pakistan's ongoing engagement with the Financial Action Task Force (FATF), particularly during follow-up evaluations and assessments. It provides vital data, sectoral statistics, and evidence of regulatory enforcement to demonstrate compliance with Recommendations 22 and 23, which specifically pertain to DNFBPs.

#### **1.6.2 Participation in National Risk Assessments (NRAs):**

Through its comprehensive data collection and risk profiling of DNFBPs, the Directorate feeds into Pakistan's broader National Risk Assessment processes. It identifies sectoral vulnerabilities, evaluates exposure to ML/TF threats, and supports the formulation of mitigation strategies at the national level.

#### **1.6.3 Enhanced Inter-Agency Coordination:**

The Directorate maintains institutional linkages with the Financial Monitoring Unit (FMU), law enforcement agencies (LEAs) and the National AML/CFT Authority to ensure coordinated action in response to non-compliance, intelligence sharing, and enforcement of financial sanctions. These partnerships allow for a more integrated response to emerging threats and regulatory breaches.

#### **1.6.4 Proactive Stakeholder Engagement and Sectoral Outreach:**

Recognizing the importance of voluntary compliance, the Directorate regularly engages with DNFBP sectors through structured awareness programs, consultative sessions with trade bodies and professional associations, and the establishment of facilitation desks within regional directorates. These measures foster transparency, trust, and a shared commitment to AML/CFT objectives.

Through this multi-dimensional role, the Directorate General of DNFBPs now serves as a strategic national institution, providing both operational oversight and policy direction for non-financial sectors at risk of misuse for illicit financial flows. Its continued efforts not only ensure compliance with international standards but also contribute meaningfully to the integrity, stability, and transparency of Pakistan's financial and commercial systems.

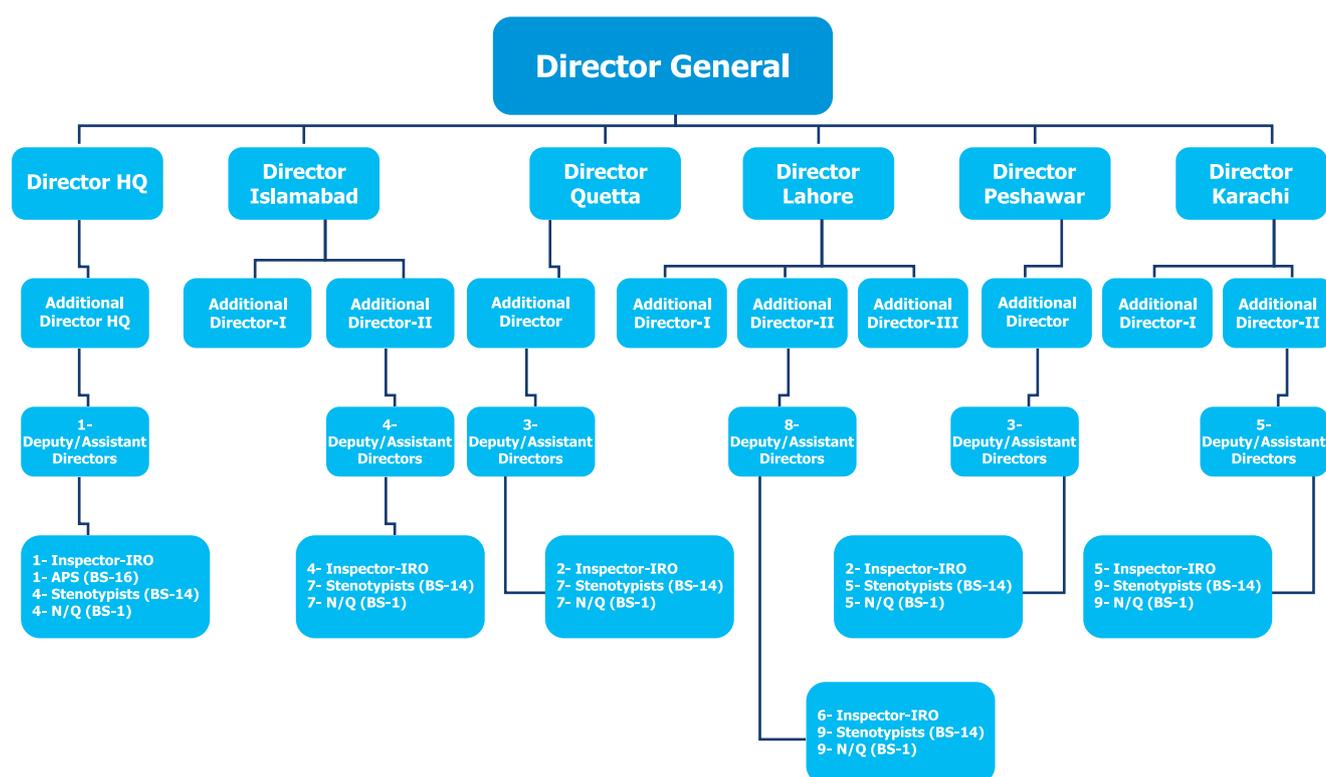
## 2. Overview of the Directorate General of DNFBPs: Mandate, Structure, and Operations

The Directorate General of Designated Non-Financial Businesses and Professions (DNFBPs) aims to strengthen Pakistan's anti-money laundering (AML) and counter-terrorist financing (CFT) framework by ensuring effective regulation, supervision, and compliance of designated non-financial businesses and professions, including Real Estate Agents, Dealers in Precious Metals and Stones (DPMS), Jewelers and Accountants to prevent financial crimes and align with international standards set by the Financial Action Task Force (FATF).

### 2.1 Organogram

The Directorate General of DNFBPs is led and supervised by a Director General, supported by a Director, Additional, Deputy and Assistant Directors at the headquarters. The regional offices are led by Directors assisted by Additional, Deputy, Assistant Directors and other support staff.

Figure 1



### 2.2 Mandate

The Directorate General of DNFBPs, established under the Federal Board of Revenue (FBR), is mandated to implement and enforce AML/CFT regulations for Designated Non-Financial Businesses and Professions as defined under the Anti-Money Laundering Act, 2010 (AML Act). Its primary mandate is to oversee compliance, monitor activities, and impose sanctions to mitigate money laundering and terrorist financing risks posed by DNFBPs, in line with FATF recommendations and Pakistan's national AML/CFT strategy.

## 2.3 Statutory Powers Regulating the Directorate General

The Directorate General of DNFBPs, derives its statutory powers primarily from the following legislative instruments and statutory regulatory orders, acting under their purview and implementing the relevant provisions:

### **Anti-Money Laundering Act, 2010 (AMLA, 2010) amended up to September, 2020**

- This is the foundational law for AML/CFT in Pakistan. The Federal Board of Revenue operates under its provisions to regulate the Designated Non-Financial sector.

### **S.R.O. 1319(I)/2020 DNFBPs (Regulatory Powers and Functions) Regulations, 2020:**

- The Directorate General of DNFBPs established for performance of functions under Section 6A of the Anti-Money Laundering Act, 2010 (Act VII of 2010).

### **S.R.O. 924(I)/2020 FBR AML/CFT Regulations, 2020**

- It outlines the Federal Board of Revenue's 2020 regulations for DNFBPs. It mandates their compliance with Anti-Money Laundering and Countering Financing of Terrorism measures.

### **S.R.O. 950(I)/2020 AML/CFT Sanction Rules, 2020**

- It outlines the Directorate General's powers to impose various sanctions, including monetary penalties up to Rs. 100 Million, on non-compliant reporting entities and individuals under the Anti-Money Laundering Act, 2010.

## 2.4 Functions

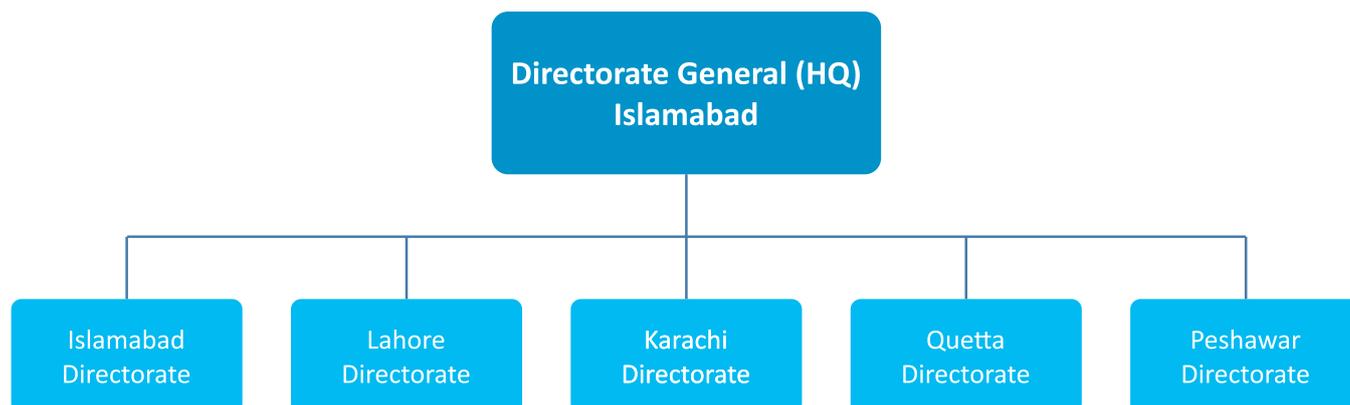
The key functions of the Directorate General of DNFBPs includes:

Category	Function
<b>Regulatory Framework Development</b>	Formulating, updating, and disseminating AML/CFT regulations, guidelines, and best practices tailored for various DNFBP sectors (e.g., real estate agents, dealers in precious metals/stones and non ICAP/ICMAP accountants).
<b>Registration and Licensing</b>	Establishing and maintaining a comprehensive register of all DNFBPs falling under its jurisdiction and potentially overseeing their licensing in coordination with relevant sectoral regulators.
<b>Supervision and Monitoring</b>	Implementing a risk-based approach to conduct regular oversight, including onsite inspections, audits, and off-site monitoring to ensure DNFBPs develop and implement effective AML/CFT programs.
<b>Compliance Enforcement</b>	Investigating instances of non-compliance, imposing administrative sanctions, and taking enforcement actions, including penalties, fines, or suspension of operations, in accordance with applicable laws.
<b>Reporting Oversight</b>	Ensuring DNFBPs fulfill their obligations to report suspicious transactions (STRs) and suspicious activities (SARs) to the Financial Monitoring Unit (FMU).
<b>Outreach and Capacity Building</b>	Providing trainings, conducting workshops and awareness campaigns to DNFBPs to enhance their understanding of AML/CFT risks and compliance requirements.
<b>National and International Coordination</b>	Liaising with the FMU, law enforcement agencies (e.g., FIA, NAB), SBP and sectoral regulators to share information, coordinate efforts, and ensure Pakistan's compliance with global AML/CFT standards.
<b>Risk Assessment</b>	Conducting periodic sector-specific risk assessments to identify emerging money laundering and terrorist financing threats and vulnerabilities within the DNFBP sector.
<b>Data Management</b>	Maintaining a robust database of DNFBP information, compliance records, and enforcement actions.

## 2.5 Jurisdiction

The Directorate General's jurisdiction is nationwide, covering all provinces, territories, and administrative units of Pakistan where DNFBPs falling under its purview operate. It has a headquarter at Islamabad and five (05) Regional Directorates i.e., Islamabad, Lahore, Karachi, Quetta and Peshawar. The Directorate of Islamabad also oversees operations in Gilgit Baltistan.

Figure 2



## 2.6 Sanctioned Strength viz-a-viz Working Strength

The Directorate General of DNFBPs comprises of a total sanctioned strength of 144 including officers, officials and support staff. Currently, the working strength is about 100, and the remaining posts are vacant/unfilled.

Figure 3

Description	Officers (BS 17-20)	Officials (BS 1-16)	Total
Sanctioned Posts	41	103	144
Working Strength	24	76	100
Vacant Posts	17	27	44

## 3. Understanding DNFBPs: Role, Risks, and Regulatory Framework

### 3.1 What are DNFBPs?

Designated Non-Financial Businesses and Professions (DNFBPs) refer to non-financial sectors that due to the nature of their activities- are vulnerable to being exploited for money laundering (ML) and terrorist financing (TF). Though not part of the conventional financial system, these businesses frequently engage in high-value financial transactions, facilitate the movement of assets, or offer services that may be misused to disguise illicit wealth.

Examples include real estate sector, where parking of illicit funds is a classic method of laundering money, the second is dealers in precious metals and stones, dealing in high-value goods like gold or diamonds, and the accountants offering services that help form legal entities or manage client funds. Because of these characteristics, DNFBPs are considered high-risk sectors under global AML/CFT standards.

### 3.2 Why are DNFBPs Important for AML/CFT?

DNFBPs often operate in sectors where financial oversight may be weak or informal. They may facilitate:

- Large cash-based transactions.
- Anonymous ownership through company formations.
- Cross-border dealings and high-value goods that can be easily moved or traded.
- Lack of customer identity verification.

If left unregulated, these sectors provide a safe haven for illicit funds, potentially undermining national and international financial integrity.

### 3.3 DNFBPs Regulated by FBR in Pakistan

In line with FATF's requirements and under Section 6A of Pakistan's Anti-Money Laundering Act, 2010, the Federal Board of Revenue (FBR) is the designated supervisory authority for the following categories of DNFBPs:

#### 3.3.1 Real Estate Agents

- Includes individuals or firms facilitating purchase, sale, or transfer of real property.
- Covers builders, developers, housing societies, and Real Estate Title Transferring Entities (TTEs).
- High ML risk due to high-value and asset-based transactions.

#### 3.3.2 Dealers in Precious Metals and Stones (DPMS)

- Includes jewelers, gold traders, diamond merchants, and others dealing in precious metals.
- Often operate in cash and may lack formal oversight.
- High TF risk due to mobility and high value of goods.

### 3.3.3 Accountants (Other than those regulated by ICAP & ICMAP) & TCSPs

- Professionals and firms providing:
  - Managing, Operating, Buying & Selling of Real Estate, Legal Persons & Legal Arrangements & Preparing Documents therefore;
  - Managing of Client Money, Securities or other Assets;
  - Managing Bank, Savings or Securities Accounts; or
  - Business advisory services
- Risk arises when they help clients manage assets or obscure ownership

### 3.4 Key AML/CFT Obligations for DNFBPs under FBR Supervision

All DNFBPs are legally required to:

- Register via FBR's DNFBP portal.
- Conduct Customer Due Diligence (CDD) and verify beneficial owners.
- Maintain records of transactions and due diligence for at least 5 years.
- File Suspicious Transaction Reports (STRs) with the Financial Monitoring Unit (FMU).
- Comply with UN Sanctions (Targeted Financial Sanctions - TFS).
- Appoint a compliance officer.
- Implement internal AML/CFT policies, controls and conduct trainings.

### 3.5 Purpose and Impact of Regulating DNFBPs

Bringing DNFBPs under AML/CFT regulations serves multiple national and international objectives:

- Prevent misuse of key sectors for money laundering and terrorist financing.
- Enhance transparency and promote financial integrity.
- Support Pakistan's compliance with FATF standards and avoid grey-listing.
- Enable risk-based supervision and targeted enforcement.
- Strengthen public confidence in real estate, precious metals, and accounting sectors.

### 3.6 FATF's Requirements for DNFBPs

The Financial Action Task Force (FATF)-an international standard-setting body for combating ML and TF-has issued specific recommendations for DNFBPs. These are mainly contained in:

- **Recommendation 22** (Customer Due Diligence for DNFBPs)
- **Recommendation 23** (Other Measures for DNFBPs)
- **Recommendation 28** (Regulation and Supervision of DNFBPs)

### 3.7 FATF Recommendation 22 - Customer Due Diligence (CDD)

DNFBPs are required to undertake Customer Due Diligence (CDD) measures when they carry out certain types of transactions for clients. These include:

- Real estate agents: when they are involved in transactions for their clients concerning the buying or selling of real estate.
- Dealers in precious metals/stones: when they engage in any cash transaction with a customer equal to or above the applicable designated threshold.
- Accountants and TCSPs: when preparing or carrying out transactions for clients involving:
  - Company formation
  - Managing client funds or accounts
  - Buying/selling business entities
  - Acting as a nominee shareholder or director

CDD must include:

- Identifying and verifying the client's identity and beneficial ownership.
- Understanding the nature and purpose of the business relationship.
- Ongoing monitoring of transactions.

### 3.8 FATF Recommendation 23 -Other Measures for DNFBPs

DNFBPs must also:

- Keep records of transactions and CDD information for at least five years.
- File Suspicious Transaction Reports (STRs) to the Financial Intelligence Unit.
- Implement a risk-based approach to AML/CFT obligations based on national risk assessments and sectoral vulnerabilities.

### 3.9 FATF Recommendation 28 - Regulation and Supervision of DNFBPs

Countries must:

- Ensure DNFBPs are subject to effective monitoring and supervision.
- Designate competent authorities to supervise compliance with AML/CFT obligations.
- Apply sanctions for non-compliance that are effective, proportionate, and dissuasive.
- Ensure that the supervisory approach is risk-based, focusing on higher-risk entities.

### 3.10 Conclusion

Designated Non-Financial Businesses and Professions (DNFBPs) represent a critical component of Pakistan's AML/CFT framework due to their vulnerability to misuse in money laundering and terrorist financing schemes. Although they operate outside the formal financial sector, their

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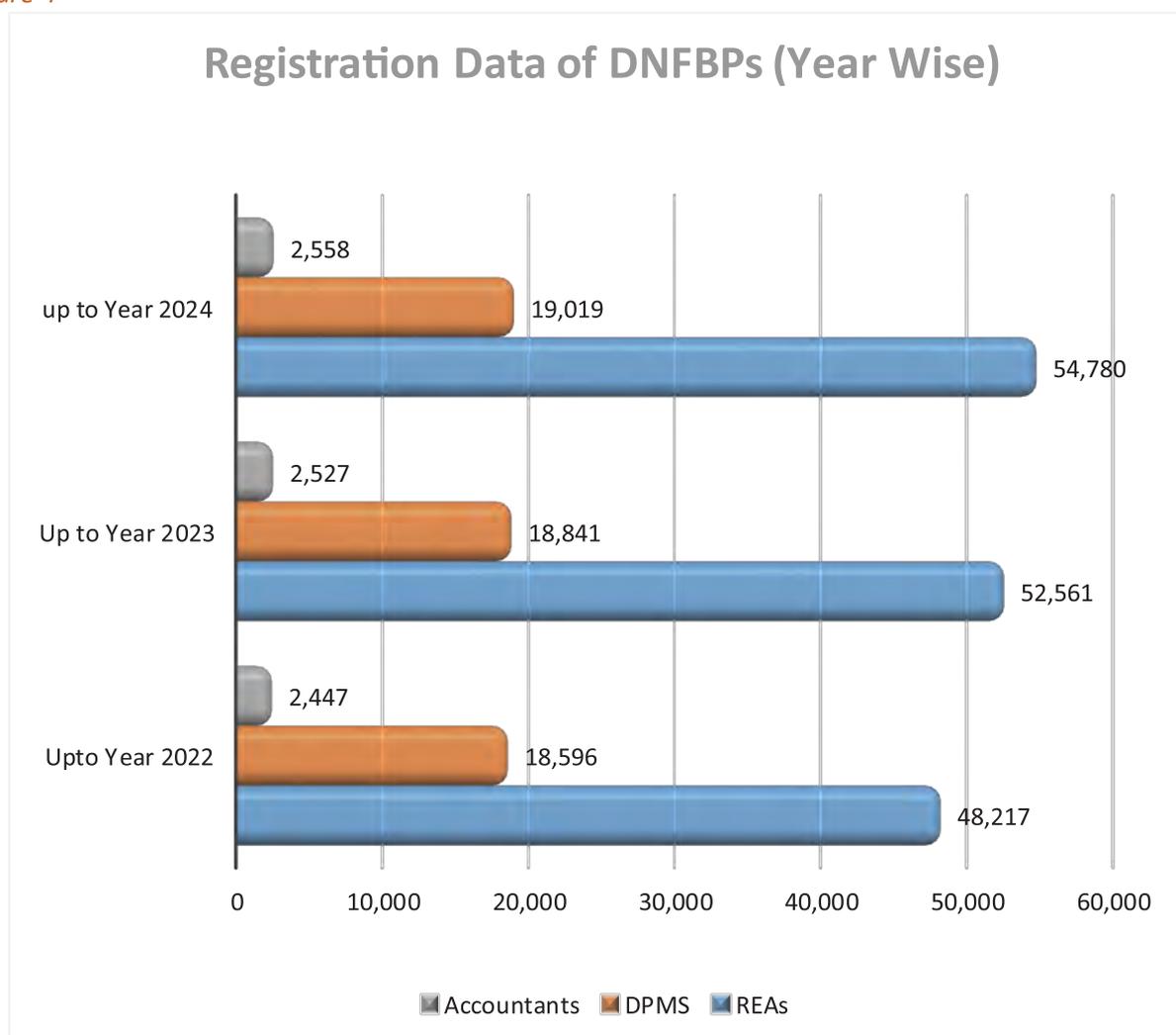
involvement in high-value and complex financial transactions places them at significant risk. Recognizing this, the Federal Board of Revenue (FBR), in alignment with FATF standards, has taken comprehensive regulatory and supervisory measures to ensure that DNFBPs fulfill their legal obligations. These include conducting customer due diligence, reporting suspicious activities, maintaining records, and instituting internal controls. By bringing real estate agents, dealers in precious metals and stones, accountants, and trust and company service providers under stringent AML/CFT oversight, Pakistan aims to safeguard its financial system, uphold international commitments, and reinforce national economic integrity. Ongoing compliance and risk-based supervision of DNFBPs remain essential in maintaining the country's progress and credibility on the global stage.

## 4. Achievements (2022-2024)

### 4.1 Identification and registration of all DNFBPs

The Directorate General of DNFBPs is mandated to identify and register all DNFBPs. In this regard, the Directorate General collects information/data of DNFBPs from PRAL, Chambers of Commerce, Associations, field surveys and open source. Rigorous efforts have been made to identify and register operational DNFBPs across Pakistan. As of December, 2024, about 76,357 DNFBPs have been registered. Statistics of DNFBPs registration year wise are elaborated below:

Figure 4



Source: Pakistan Revenue Automation Limited (PRAL)

### 4.2 Full-Scope/Follow-Up Inspections

Inspections are of vital importance to guide the DNFBPs about AML/CFT obligations and ascertain their level of compliance. The Directorate General, DNFBPs has assigned monthly inspection targets and focused on improving the quality of inspections. A detailed picture of the inspections conducted and year wise comparison are outlined below:

Figure 5

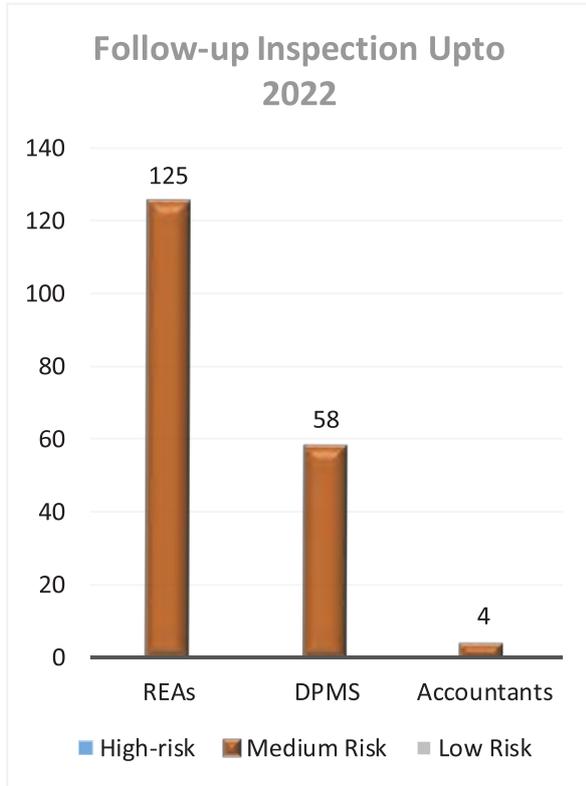


Figure 6

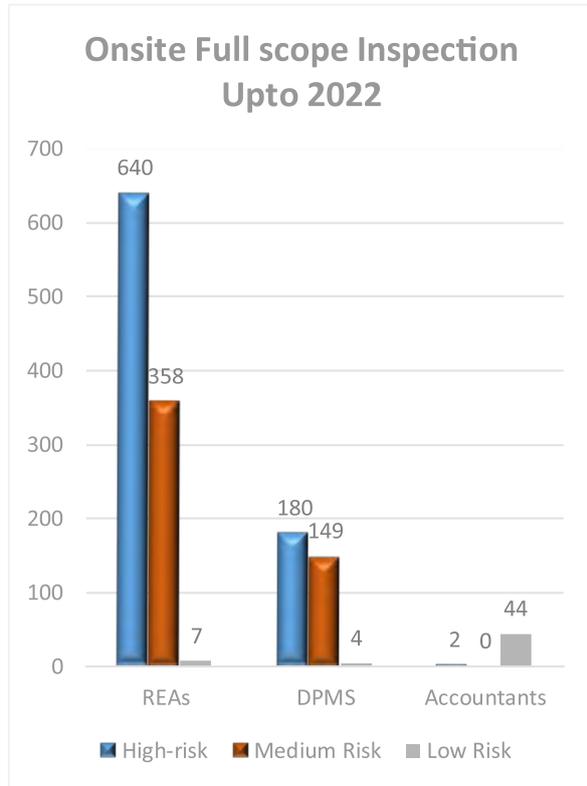


Figure 7

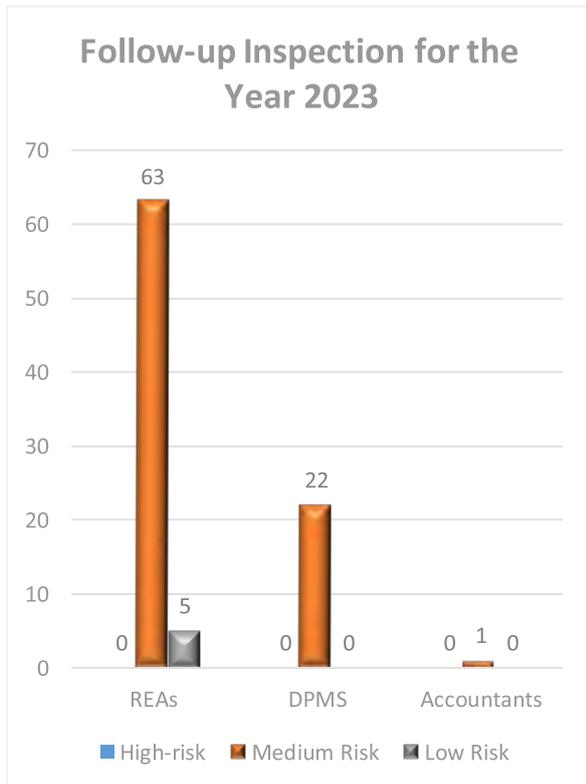


Figure 8

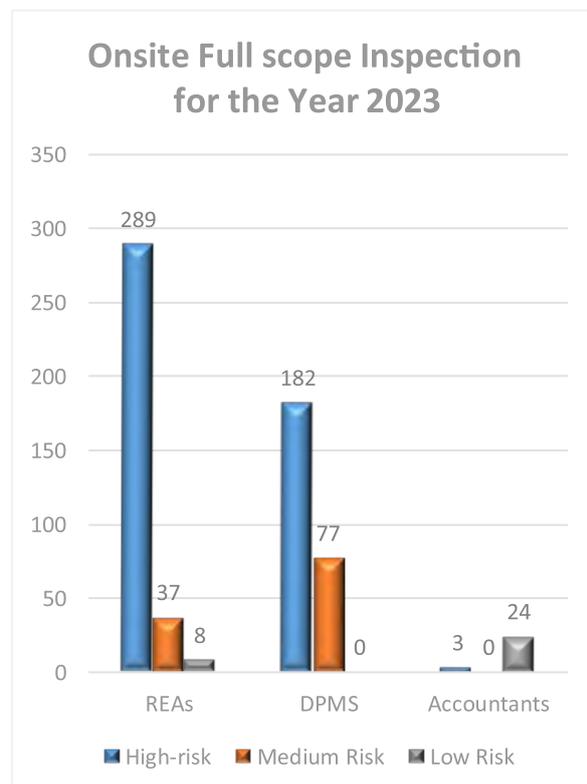


Figure 9

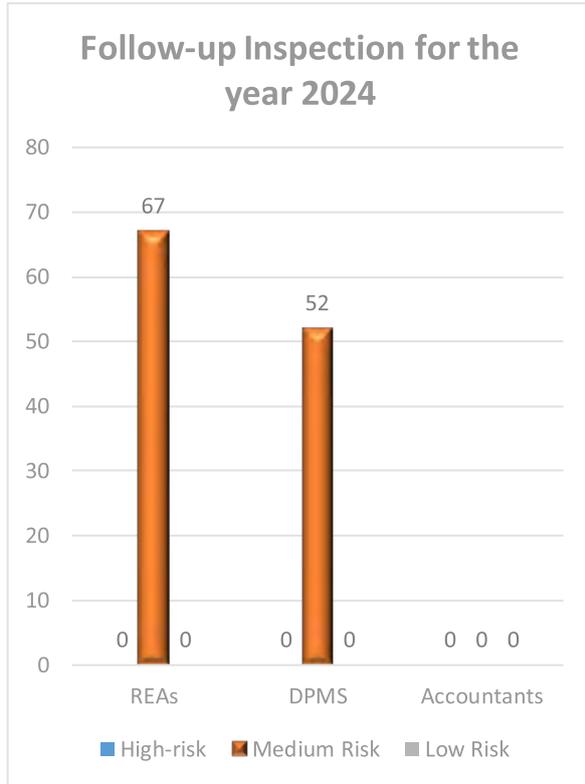


Figure 10

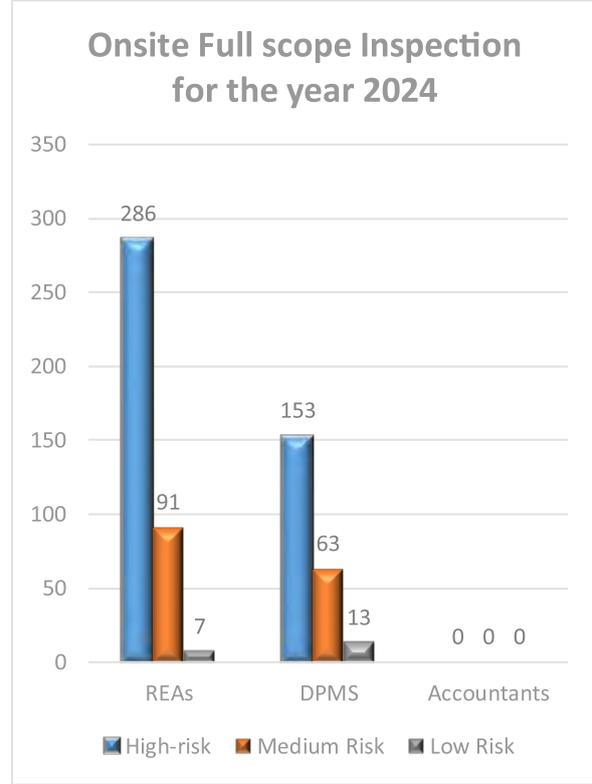
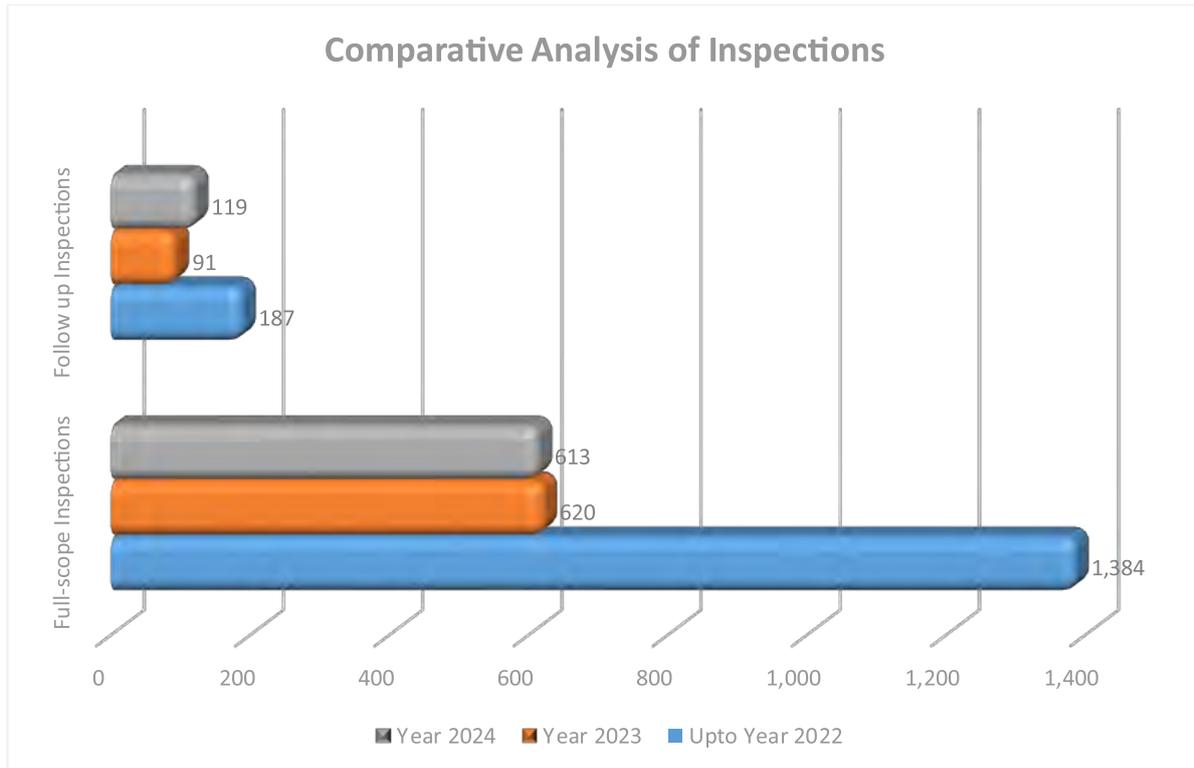


Figure 11



Source: Reports of Regional Directorates

### 4.3 Remedial/ Enforcement Actions

The Directorate General, DNFBPs identifies the number of breaches and initiates the supervisory, and enforcement actions in order to compel the DNFBPs to follow the obligations under AML/CFT regime. The FATF recommendations guide to impose sanctions on non-compliant DNFBPs keeping in view that the penalties are effective, proportionate and dissuasive. The continuous efforts of outreaching, guidance and constant monitoring of the DNFBPs has resulted in rise of their understanding and compliance especially by high-risk entities, resulting in decrease of number of penalties in the year 2024. A detailed review of the monetary and non-monetary penalties is provided below:

Figure 12

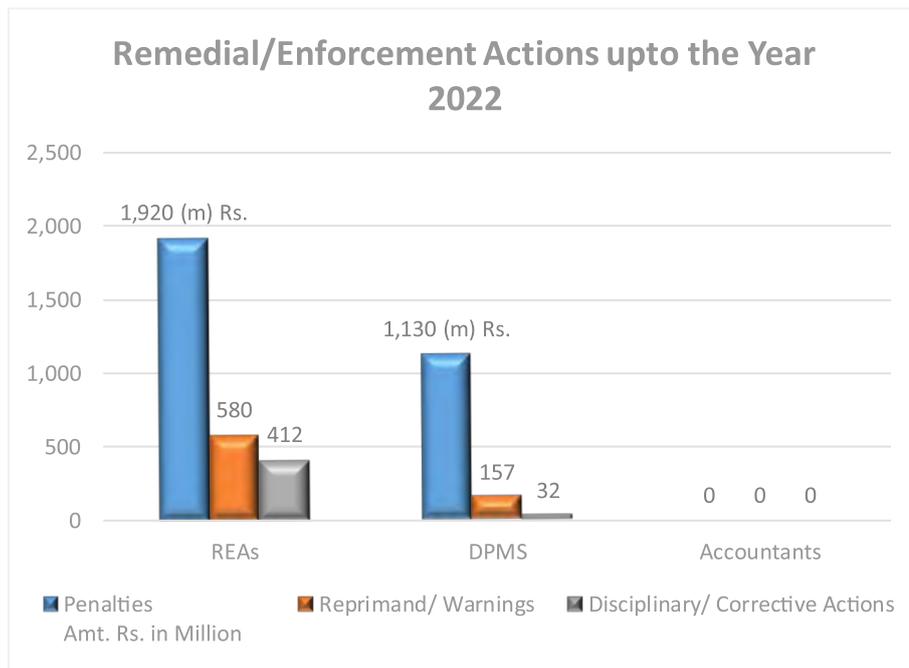


Figure 13

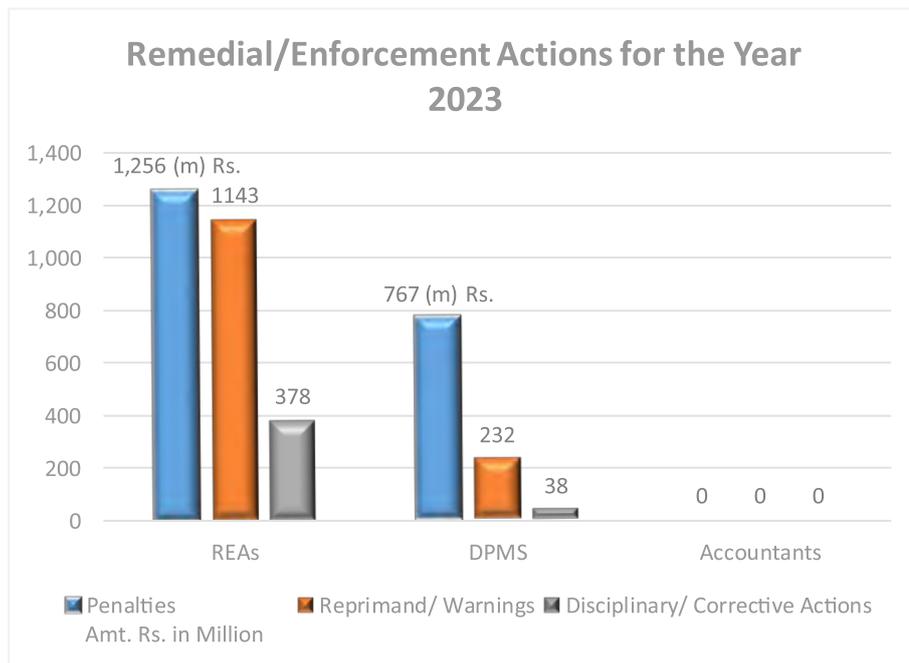


Figure 14

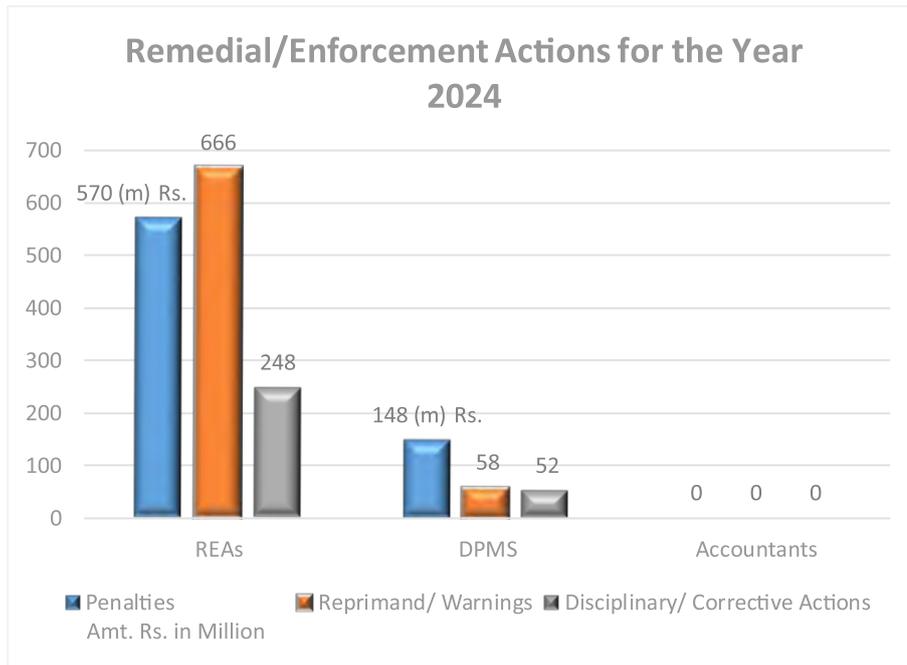
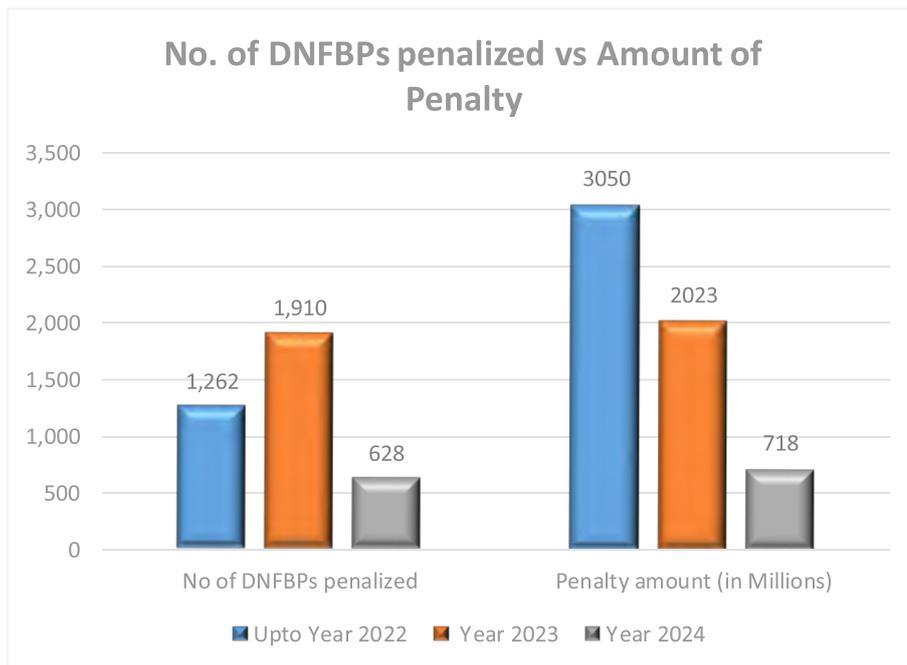


Figure 15



*Source: Reports of Regional Directorates*

#### 4.4 Outreach and Capacity Building sessions

The Directorate General conducts outreach sessions for the reporting entities in order to enhance their understanding regarding the obligations as per AMLA, 2010, AML/CFT regulations and relevant laws. Along the same lines, for enhancing the level of understanding of the AML/CFT staff, trainings are required to be conducted. In this case, various training sessions have been conducted by the Directorate General. The statistics of outreach and capacity building sessions are highlighted below.

Figure 16

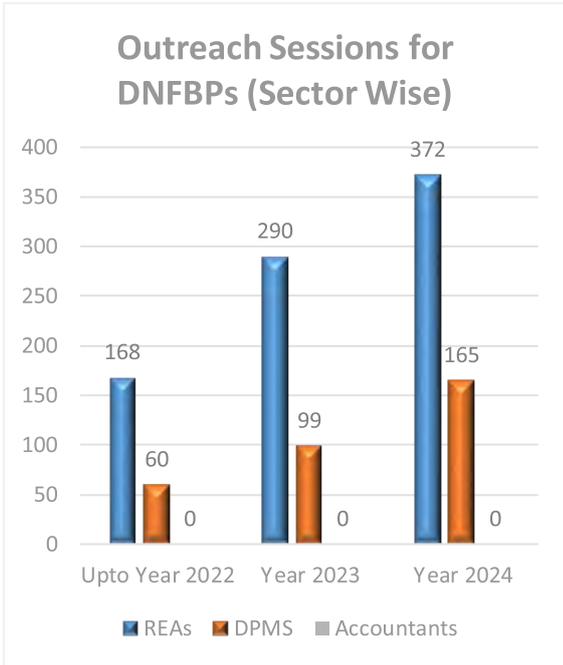


Figure 17

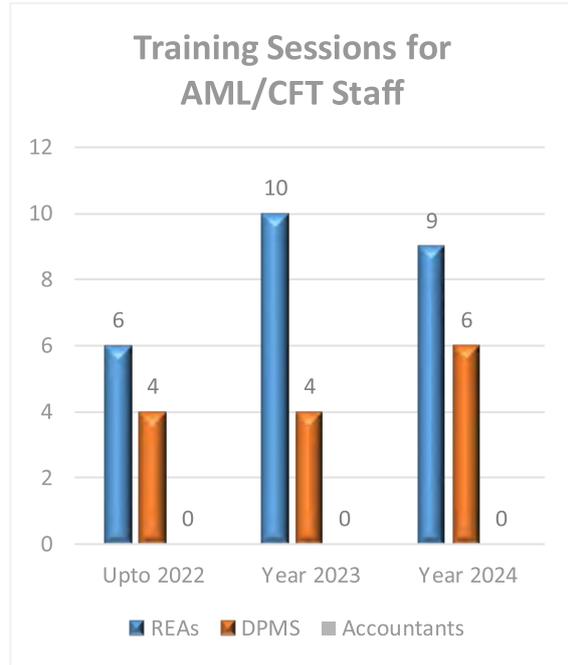


Figure 18

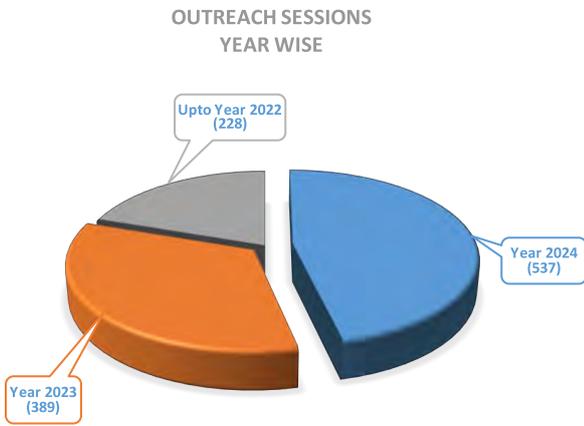
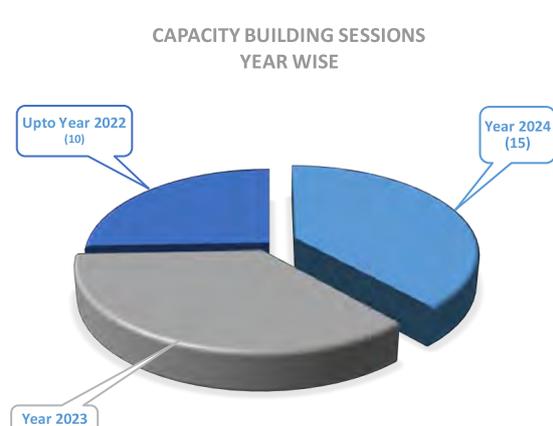


Figure 19



Source: Reports of Regional Directorates

## 5. Financial Year 2024-25: A Landmark Year for DNFBP Registration, Supervision, and Enforcement

During Financial year 2024-25, the Directorate General of DNFBPs achieved unprecedented regulatory outreach, registration and supervisory coverage across all high-risk sectors. Through transformative policy shifts, technology upgrades and nation-wide facilitation, the Directorate delivered measurable results in enhancing Pakistan's compliance with AML/CFT obligations under the FATF framework. These strategic efforts not only bridged gaps in registration and risk-based supervision but also created sustainable system for sectoral compliance and transparency.

### 5.1 Structured Outreach Expansion Policy

In Financial Year 2024-25, the Directorate General of DNFBPs introduced a structured Outreach Sessions Expansion Policy aimed at enhancing compliance awareness among Designated Non-Financial Businesses and Professions (DNFBPs), particularly Realtors and DPMS/Jewelers through outreach and awareness initiatives. This expansion policy has resulted in significant increase in overall outreach efforts i.e., 539 sessions nation-wide, reflecting 40% increase.

#### 5.1.1 Objectives and Strategy

The Outreach Sessions Policy was introduced as a formal mechanism to:

- Raise awareness regarding AML/CFT obligations among DNFBPs.
- Clarify the licensing and registration process.
- Address sector-specific vulnerabilities identified through the National Risk Assessment (NRA).
- Promote a culture of compliance and risk-based supervision.
- Bridge the knowledge gap between the regulator and the regulated sectors.

Key features of the policy included:

- Monthly outreach targets for each regional directorate.
- Sector-specific training modules tailored for Realtors and DPMS.
- Bilingual presentations and handouts (Urdu and English) for better understanding.
- Use of real case studies and typologies relevant to each sector.
- Interactive Q&A segments to address practical challenges and regulatory concerns.

#### 5.1.2 Targeted Risk-Based Engagement with very High-Risk Sector-Realtors

This approach is consistent with FATF Recommendation-I (Risk Based Approach) and recommendations 22/23 (DNFBP compliance obligations). Realtors, being one of the largest and most vulnerable segment of DNFBPs in Pakistan and rated as “very High Risk” sector, were

prioritized under the outreach strategy due to their exposure to high-value transactions and inherent ML/TF risks.

During FY 2024-25:

- Over 331 outreach sessions were conducted with Realtors across all major cities, including Lahore, Karachi, Islamabad, Peshawar, Quetta, Faisalabad, Gujranwala, Sialkot and Multan, reflecting a rise of 24%.
- Sessions were organized in collaboration with major trade bodies such as the Federation of Realtors Associations, Housing Authorities, and local real estate developers and brokers.
- Topics covered included risk indicators, beneficial ownership requirements, record-keeping obligations, targeted financial sanctions screening (TFS) and filing of Suspicious Transaction Reports (STRs) and Currency Transactions Reports (CTRs).

### 5.1.3 Outreach Sessions with DPMS (Jewelers)

DPMS were identified as another critical and high risk sector due to their cash-intensive operations and transnational trade vulnerabilities. The outreach sessions with DPMS were tailored to their operational realities and practical challenges.

During FY 2024-25:

- More than 208 outreach sessions were conducted exclusively for jewelers and dealers in precious metals and stones, marking a significant rise in outreach sessions for DPMS by 75%.
- Regional directorates partnered with Jeweler Associations, Chamber of Commerce sub-committees, and Market Unions in major gold markets such as Sarafa Bazaar, Liberty Market, Ichra, Fortress Stadium and MM Alam road in Lahore, Saddar in Karachi, and Namak Mandi in Peshawar.
- Sessions focused on creation of awareness regarding ML/TF risks, guidelines for registration, targeted financial sanctions screening (TFS), identification of suspicious activity, customer due diligence (CDD) and threshold transaction monitoring.
- The outreach reached over majority of the jewelers, many of whom were previously unaware of their AML/CFT obligations.

Measurable impact and strategic gains

- Increased voluntary registration from real estate developers and agents and DPMS.
- Enhanced cooperation from local trade bodies.
- Improved quality of data in registration forms and declarations.
- Resolution of compliance queries that had delayed registrations.

### 5.1.4 Overcoming Ground Level Barriers for Enhanced Compliance

While outreach efforts saw unprecedented success, the following challenges were encountered:

- Reluctance by small traders due to documentation burdens.

- Language barriers in remote areas.
- Limited accessibility to remote and far-flung areas of KPK and Baluchistan.

To mitigate these issues:

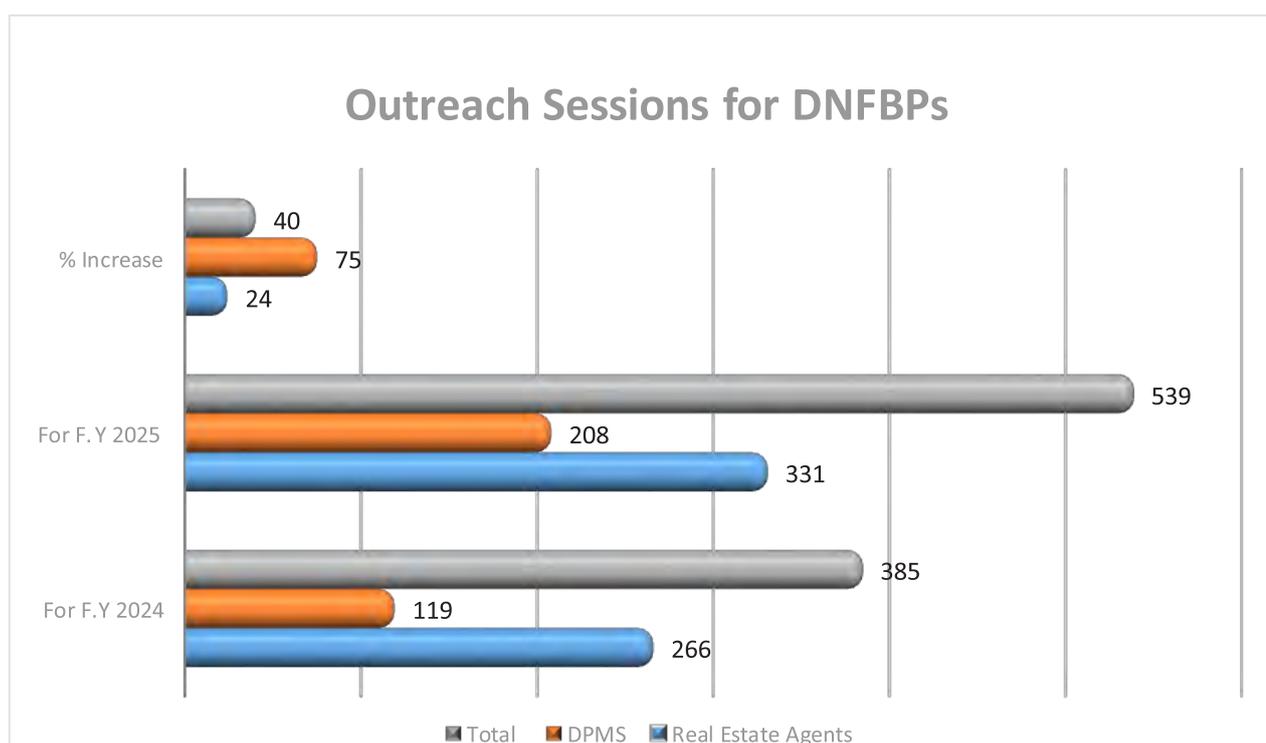
- Simplified guides and pictorial sessions were conducted.
- Regional languages were incorporated in some sessions.
- On-site facilitation desks were deployed post-session for immediate registration support.

The Outreach Sessions Policy under FY 2024-25 marked a transformative step in engaging DNFBPs in the regulatory framework. The focused engagement with Realtors and DPMS not only improved registration metrics but also cultivated a sustainable culture of compliance. Moving forward, the Directorate General aims to further enhance outreach by leveraging digital platforms, e-learning modules, and sector-specific compliance toolkits to maintain momentum in AML/CFT capacity building.

The comparative breakdown of outreach and training sessions conducted for DNFBPs, as compared to the previous year, is as follows:

Figure 20

Outreach sessions for DNFBPs			
Category	For F.Y 2024	For F.Y 2025	% Increase
Real Estate Agents	266	331	24 %
DPMS	119	208	75 %
<b>Total</b>	<b>385</b>	<b>539</b>	<b>40 %</b>

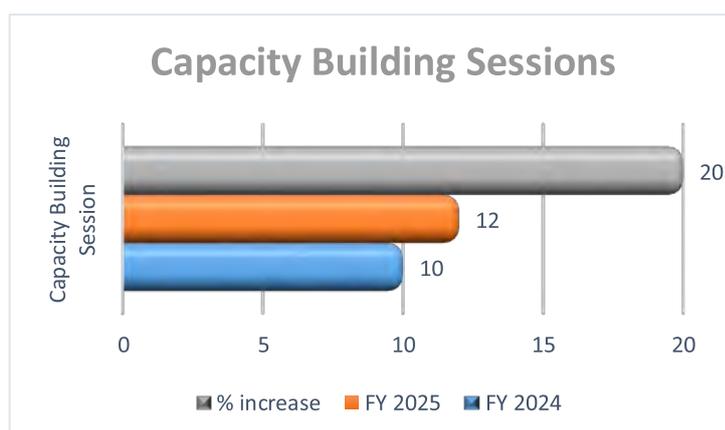


Source: Reports of Regional Directorates

## 5.2 Capacity Building

In a landmark initiative aimed at capacity building, a comprehensive training program was organized in May 2025 for officers posted in all Directorates of DNFBPs. This was the first-ever structured training of its kind, conducted from 5<sup>th</sup> to 9<sup>th</sup> May 2025, ensuring full-day sessions for all participants. The program was meticulously designed to enhance understanding and implementation of AML/CFT obligations among field officers. To ensure quality and relevance, distinguished resource persons from key institutions including the National Counter Terrorism Authority (NACTA), Federal Board of Revenue (FBR), Financial Monitoring Unit (FMU), Institute of Chartered Accountants of Pakistan (ICAP), and the private sector were engaged. As a highlight of the program, an interactive workshop and Q&A session was convened, bringing together representatives from the Lahore Chamber of Commerce and Industry (LCCI), FMU, National AML/CFT Authority, NADRA, NACTA, and the State Bank of Pakistan. This collaborative engagement not only facilitated knowledge-sharing but also strengthened coordination among stakeholders committed to safeguarding Pakistan's financial system. Moreover, a total of 12 capacity-building sessions were conducted during FY 2025, reflecting a 20% increase compared to 10 sessions held in FY 2024.

Figure 21



## 5.3 Key Initiatives-2025

In line with Pakistan's AML/CFT commitments and the need for risk-based regulatory coverage of Designated Non-Financial Businesses and Professions (DNFBPs), the Directorate General of DNFBPs undertook a series of policy, operational, and technological initiatives during the year 2025 to strengthen the identification and registration framework.

### 5.3.1 Pilot Project for Registering Title Transferring Entities (TTEs) - A Strategic Policy Shift

For the first time, the Directorate General of DNFBPs shifted regulatory focus to the Real Estate Title Transferring Entities (TTEs), closing a critical gap in Real Estate AML oversight. The Lahore pilot project which successfully identified 195 TTEs and Registered 141 Entities, is now a national model.

#### Key Features of the Project:

- A pilot project was launched in District Lahore to register 100% of TTEs through a structured three-phase approach.

- As of June, 2025, 195 Title Transferring Entities (TTEs) have been identified, and 141 DNFBPs have been successfully registered under the FBR's regulatory framework.
- The initial success in Lahore led to the expansion of the project to all regional directorates, with the goal of replicating the same model nationwide.

#### **Lahore TTE Pilot Project**

- 195 TTEs Identified
- 141 TTEs Registered
- Model now being replicated Nation-Wide

This initiative ensures that high-risk real estate transactions are captured at the operational level, closing previous gaps in compliance and data collection.

### **5.3.2 Strategic Milestone: KPK Government Mandates to Regulate Real Property Transfer Offices under AML/CFT Regime**

A significant step has been taken by the Government of Khyber Pakhtunkhwa (KPK) regarding the registration of Real Estate Title Transferring Entities (TTEs). The Regional Directorate of DNFBPs, Peshawar-having jurisdiction over the entire province-referred the matter to the KPK Government. As a result, during the 20<sup>th</sup> meeting of the KPK Cabinet, chaired by Chief Minister Ali Amin Gandapur on 15<sup>th</sup> January 2025, a pivotal decision was made. The Cabinet approved the implementation of the AML/CFT regulatory regime in KPK, mandating that all public and private entities involved in real estate transactions be registered as Designated Non-Financial Businesses and Professions (DNFBPs) with the Federal Board of Revenue (FBR). This includes government departments and revenue offices such as Sub-Registrars, Tehsildars, Naib Tehsildars, and local authorities responsible for managing public lands through auctions and facilitating real property transfers.

#### **Provincial drive to regulate Real Property Transfers under AML/CFT Laws**

- The KPK Government mandates regulation of real property transfer offices.
- The Government of Punjab is already implementing these regulations.
- Other provinces are following the footsteps of the KPK Government.

### **5.3.3 Development of Mechanism for Identification and Registration of DPMS**

Another key initiative undertaken was the formal development of a sector-specific mechanism for the identification and registration of Dealers in Precious Metals and Stones (DPMS), recognized as a high-risk DNFBP category due to its cash-intensive operations and high trade volumes. The mechanism proposes the use of data from FBR's POS system, sales tax-registered jewelers, and information from SECP, FMU, FBR, and Customs authorities. Additionally, prominent jewelers in major cities of Pakistan are being identified through social media and print media sources. Concurrently, regular outreach sessions are being conducted with DPMS associations to raise awareness and encourage voluntary compliance. This structured, consultative approach is designed to

#### **Registration of DPMS / Info received from FMU**

- 05 registered permanently
- 04 registered provisionally
- 81 notices issued for registration
- 02 monetary penalty imposed

align regulatory measures with ground realities while ensuring effective implementation of AML/CFT objectives.

### 5.3.4 Strengthening of the IT Management System

To support the scale and complexity of registration efforts, a dedicated IT strengthening enhancement initiative was also launched through identification and rectification of systematic deficiencies and technical glitches. The enhancements have streamlined the registration process, reduced system delays, and provided better analytics to monitor registration trends across DNFBP sectors.

#### Digital Milestones Achieved

- Overhauled DNFBP Management System
- Analytics enabled monitoring
- Simplified Interface for external users

The DNFBP Management System now provides a more integrated, user-friendly platform for both internal regulators and external stakeholders.

### 5.3.5 Development of two-level Offsite Monitoring Questionnaire (OSMQ)

The Directorate General of DNFBPs has developed a standardized two-tier Offsite Monitoring Questionnaire (OSMQ) along with detailed guidelines to facilitate the periodic collection of data from DNFBPs. These questionnaires, categorized as Level-1 and Level-2, have been formally integrated into the Risk-Based Supervision (RBS) framework. As part of a phased approach, the basic OSMQ (Level-1) will initially be issued to DNFBPs to gather essential preliminary basic information about the DNFBP. The more detailed, comprehensive and risk-based OSMQ (Level-2) will subsequently be issued to high-risk category DNFBPs to ascertain their vulnerabilities and mitigating controls in detail in order to initiate risk-based supervision.

Risk Category	OSMQ Periodicity
Very High	Bi-annually
High	Annually
Medium	Once in two years
Low	Once in three years

### 5.3.6 Enforcement Drive for Registration Compliance

The identification and registration of Designated Non-Financial Businesses and Professions (DNFBPs) remained a top priority of the Directorate. Following a comprehensive identification process, an extensive registration campaign was launched, involving the issuance of formal notices to unregistered DNFBPs. During the financial year 2025, a total of 2,323 notices were issued, marking a 355% increase compared to 510 notices issued in financial year 2024. This significant surge reflects the Directorate's enhanced focus and commitment toward expanding the regulatory perimeter in alignment with AML/CFT objectives.

Figure 22



### 5.3.7 Facilitation Desks

The introduction of walk-in facilitation desks in all Directorates represents a pioneering step in hand-holding small DNFBPs through the registration and compliance process. To provide hands-on support to DNFBPs and address registration-related queries, Facilitation Desks have been established within all regional directorates.

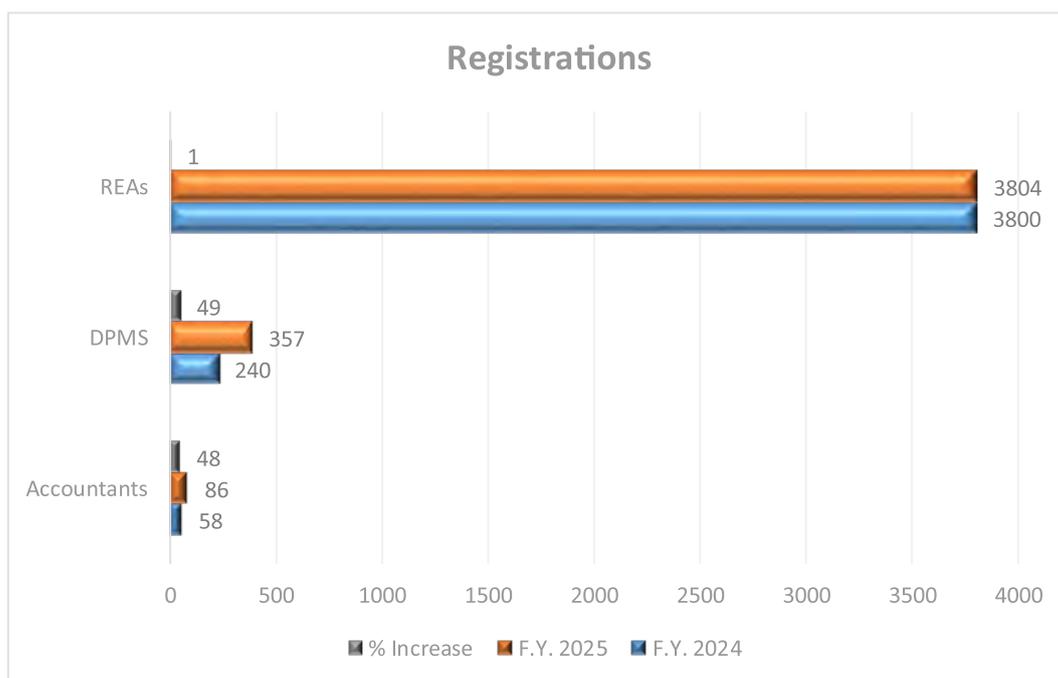
- These desks offer real-time assistance, documentation support, and guidance on compliance obligations.
- They serve as walk-in resource centers for small and medium-sized businesses with limited digital literacy or access.
- Staff are trained to assist in the filling of registration forms, submission of supporting documents, and resolution of technical issues.
- The facilitation desks have significantly improved user satisfaction and increased the pace of registrations across the country.

A series of strategic measures were introduced, resulting in significant achievements between January to June 2025. A key initiative was the launch of a pilot project in Lahore for the registration of real estate agents, followed by the development of a comprehensive mechanism for the identification and registration of jewelers under the DNFBP framework. To ensure effective implementation, dedicated committees were constituted to oversee outreach sessions and inspections, identify syntax and grammatical errors in rules and regulations, and develop Standard Operating Procedures (SOPs) and Memorandums of Understanding (MoUs) for international cooperation. Additionally, the establishment of an International Cooperation Cell (ICC) marked a strategic advancement in fostering cross-border coordination. These interventions led to notable improvements in key operational areas, including enhanced regulatory compliance, increased DNFBP registrations, strengthened enforcement actions, and improved inter-agency collaboration. Collectively, these initiatives represent a transformative phase in the implementation and enforcement of AML/CFT regulations in Pakistan.

The Directorate General of DNFBPs, through a combination of strategic policy reforms, targeted pilot projects, technological upgrades, and on-ground facilitation, has made considerable progress in identifying and registering DNFBPs during F.Y. 2025. These multi-tiered initiatives not only support Pakistan's FATF compliance but also contribute to building a more transparent, accountable, and risk-resilient DNFBP sector. Statistics of DNFBPs registration during F.Y. 2025 are as under:

Figure 23

DNFBP Category	Registrations		
	F.Y. 2024	F.Y. 2025	% Increase
REAs	3800	3804	1%
DPMS	240	357	49%
Accountants	58	86	48%
Total	4098	4247	4%



Source: Pakistan Revenue Automation Limited (PRAL)

#### 5.4 Achievements from Jan-June, 2025

Revolutionary measures were undertaken during the first half of the Financial Year 2024-25, resulting in significant achievements from January to June 2025. These strategic interventions led to marked improvements across key operational areas, including enhanced compliance, increased registration of DNFBPs, effective enforcement

actions, and strengthened inter-agency coordination. Collectively, these developments represent a transformative phase in the implementation of AML/CFT regulations, as outlined below:

##### Key wins in 2<sup>nd</sup> half of FY 2025

- 83% Increase in Registration
- 99% more Outreach Sessions
- 355% Surge in Enforcement Notices

Figure 24

DNFBP Category	Registrations		
	Jan-June 2024	Jan-June 2025	Increase
REAs	1826	3256	78%
DPMS	126	291	131%
Accountants	29	80	176%
<b>Total</b>	<b>1981</b>	<b>3627</b>	<b>83%</b>

### Registrations



Source: Pakistan Revenue Automation Limited (PRAL)

Figure 25

Description	Inspections		
	Jan-June 2024	Jan-June 2025	Increase/Decrease
Full Scope	298	309	3.69%
Thematic	37	64	73%
Follow-up	86	84	-2%
<b>Total</b>	<b>421</b>	<b>457</b>	<b>8.5%</b>

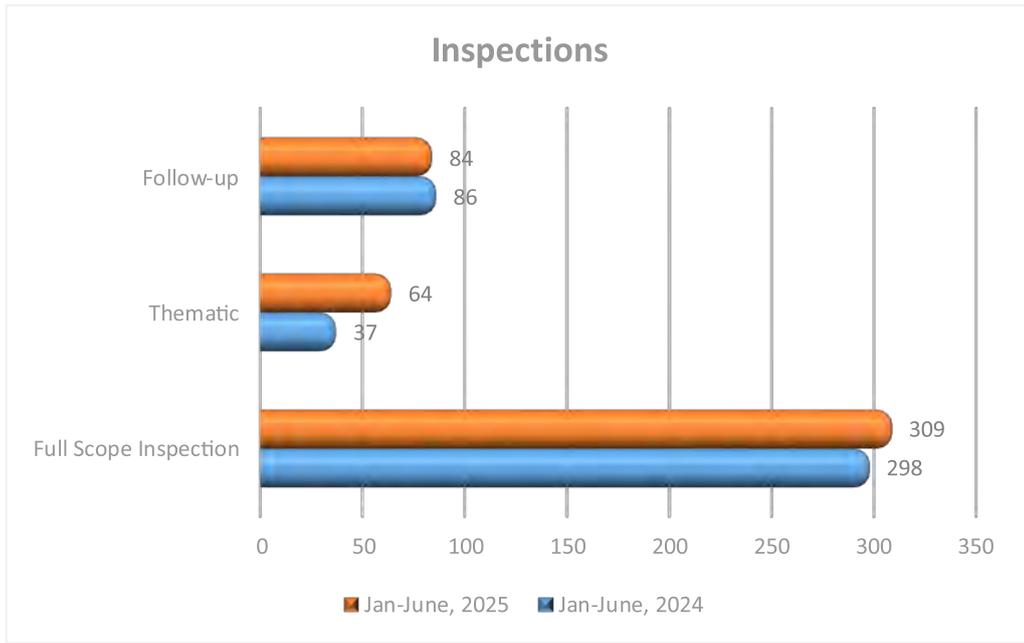
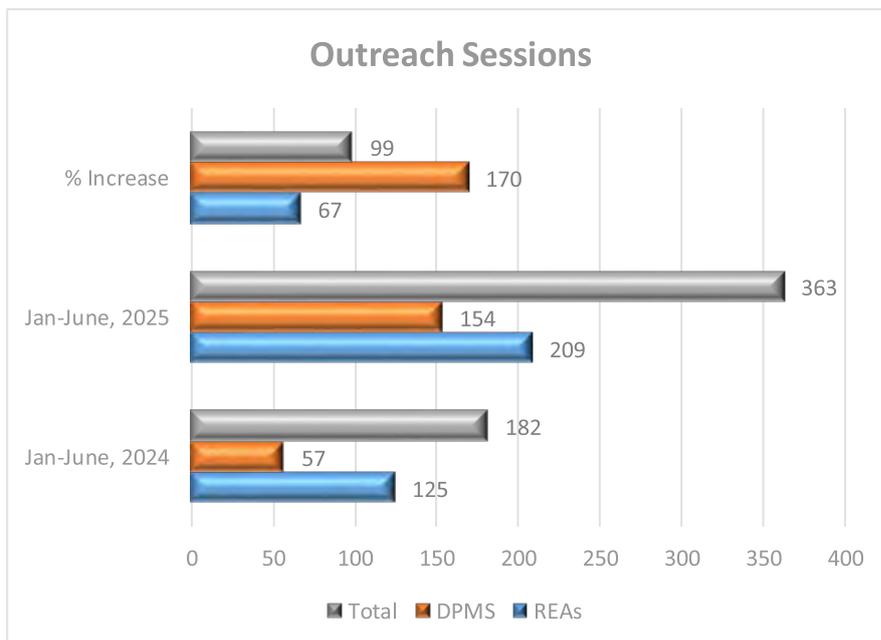


Figure 26

Category	Outreach Sessions		
	Jan-June 2024	Jan-June 2025	Increase
REAs	125	209	67%
DPMS	57	154	170%
<b>Total</b>	<b>182</b>	<b>363</b>	<b>99%</b>

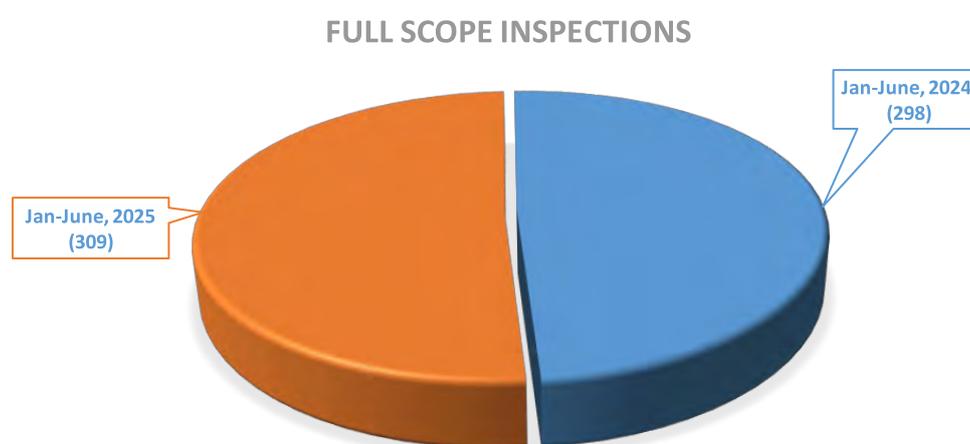


Future actions will focus on expanding outreach to remaining unregistered entities, and further enhancing digital systems for end-to-end regulatory compliance.

#### 5.4.1 Onsite Full-Scope Inspections of High-Risk Entities

During the Financial Year 2025, the Directorate intensified its supervisory efforts through full-scope onsite inspections, strategically targeting high-risk sectors with a particular focus on very high-risk entities such as Title Transferring Entities (TTEs) operating in the real estate sector. Given their transactional nature and heightened vulnerability to misuse for money laundering, these entities were subjected to enhanced scrutiny under a risk-based inspection framework aligned with national priorities. Simultaneously, the Directorate sustained rigorous oversight of Dealers in Precious Metals and Stones (DPMS), especially jewelers, identified as high-risk due to the sector's cash-intensive operations and exposure to illicit financial flows. Through regular inspections, monitoring visits, and comprehensive risk profiling, the Directorate ensured adherence to AML/CFT obligations, reinforcing its commitment to mitigating sector-specific vulnerabilities and upholding FATF-aligned regulatory compliance across the DNFBP sector. This targeted approach resulted in a notable increase in inspections of realtors and DPMS, rising from 298 in FY 2024 (Jan-June) to 309 in FY 2025 (Jan-June), reflecting a 3.69% growth.

Figure 27



#### 5.4.2 Follow-Up Inspections

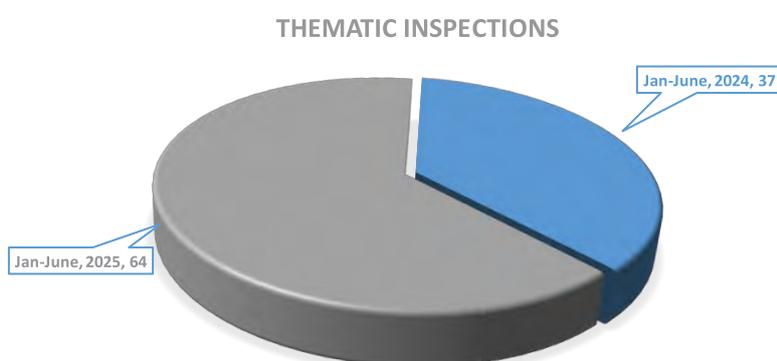
Follow-up inspections are a vital component of the Directorate's supervisory framework, playing a key role in ensuring sustained compliance and effective regulatory oversight, particularly within high-risk sectors. In the real estate domain, with an emphasis on Title Transferring Entities (TTEs), these inspections were strategically prioritized to evaluate the adequacy of corrective measures implemented following initial inspections and to determine whether compliance levels had improved over time. This approach reflects the Directorate's commitment to maintaining a dynamic and results-oriented supervisory regime that extends beyond one-time assessments. A similar methodology was applied to the supervision of Dealers in Precious Metals and Stones (DPMS),

particularly jewelers, whose operations carry elevated financial risks due to their reliance on cash and high-value transactions. Follow-up inspections in this sector are essential to ensure that previously identified compliance deficiencies are addressed in a timely and effective manner. This ongoing supervisory engagement not only enhances enforcement outcomes but also promotes a culture of continuous compliance among high-risk DNFBPs, thereby reinforcing the integrity of the broader AML/CFT framework.

### 5.4.3 Thematic Inspections

Thematic inspections serve as a significant supervisory tool to evaluate sector-wise compliance with specific AML/CFT obligations, targeting recurring risk areas and patterns of non-compliance. During FY 2025, the Directorate prioritized thematic inspections in the real estate sector, particularly among Title Transferring Entities (TTEs), to assess adherence to key obligations such as customer due diligence, record-keeping, targeted financial sanctions screening, and the reporting of suspicious transactions. These inspections are instrumental in identifying systemic weaknesses and informing the development of targeted regulatory responses. A similar focus was applied to the Dealers in Precious Metals and Stones (DPMS) sector, which is inherently high-risk due to its cash-intensive operations and susceptibility to misuse. Thematic inspections in this domain aimed to evaluate critical compliance components including risk assessment frameworks, identification of beneficial ownership, targeted financial sanctions screening, and internal control mechanisms across a representative sample of entities. This structured and issue-driven approach enabled the Directorate to draw broader insights into sectoral compliance trends and areas necessitating regulatory intervention. The strengthened thematic oversight reflects the Directorate's commitment to risk-based supervision and its continuous efforts to enhance compliance across all high-risk DNFBP sectors. This approach resulted in a notable increase in thematic inspections of realtors and DPMS, rising from 37 in FY 2024 (Jan-June) to 64 in FY 2025 (Jan-June), reflecting a 73% growth.

Figure 28



## 5.5 Combating Corruption-Linked Money Laundering: Pakistan's DNFBP Supervision Framework

The Federal Board of Revenue (FBR), through its DNFBP Directorate, plays a pivotal role in mitigating money laundering (ML) risks associated with various predicate offences including corruption. Central to this effort is the use of National Risk Assessments (NRAs) and Sectoral Inherent Risk Assessments (SIRAs), which identify corruption as a major predicate offense. The most recent NRA (2023) assessed 23 predicate offenses, with corruption-related laundering risks found to be particularly high in the real estate and precious metals/jewelry sectors.

To combat these risks, FBR has adopted a risk-based approach (RBA) to AML/CFT supervision. Sectors are categorized by risk level, allowing regulatory resources and inspection efforts to be directed toward high-risk DNFBPs. Real estate agents and DPMS are subjected to enhanced due diligence (EDD), more frequent inspections, and targeted outreach.

FBR, in coordination with the Financial Monitoring Unit (FMU), regularly conducts awareness and outreach sessions for DNFBPs to raise awareness on STR/CTR reporting obligations and AML requirements. The FMU receives STRs, analyzes them and disseminates to Law Enforcement Agencies (LEAs) for further necessary action. As of June, 2025, about 13 Financial Intelligence (FIs) reports regarding DNFBPs have been shared with LEAs.

Pakistan also updates its NRAs and SIRAs periodically to reflect evolving corruption typologies, such as the misuse of shell companies, real estate investments, cash-intensive businesses, hawala networks, and politically exposed persons (PEPs). The integration of digital asset declarations and inter-agency data sharing has improved detection of undeclared assets and tax evasion by public officials, strengthening transparency.

Further reforms are underway, including:

- Legal amendments to DNFBP regulations
- Enhanced off-site and on-site inspections
- Strengthening cooperation with FMU and international partners
- Enhances coordination with LEAs and financial institutions

These initiatives reflect Pakistan's firm commitment to curbing corruption-related financial flows, enhancing compliance across high-risk sectors, and aligning its supervisory framework with FATF standards.

## 5.6 Conclusion & way forward

The Directorate General of DNFBPs has entered a new phase of proactive, risk focused supervision, with transformative achievements in F.Y. 2024-25, ranging from digital reforms to national level registration campaign, and the Directorate has laid the foundation for enduring compliance with global AML/CFT benchmarks.

As we move into FY 2025-26, the focus will remain on achieving full sectoral coverage, with particular emphasis on high-risk areas, enhancing digital traceability, and advancing enforcement maturity to safeguard Pakistan's financial ecosystem.

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DIRECTORATE GENERAL OF  
**DNFBPs**  
**AML/CFT**

## Acronyms

AML	Anti-Money Laundering
AMLA	Anti-Money Laundering Act
CDD	Customer Due Diligence
CFT	Counter-Terrorist Financing
CTRs	Currency Transactions Reports
DMS	DNFBP Management System
DNFBPs	Designated Non-Financial Businesses and Professions
DPMS	Dealers in Precious Metals and Stones
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FBR	Federal Board of Revenue
FIA	Federal Investigation Agency
FIs	Financial Intelligence
FMU	Financial Monitoring Unit
ICAP	Institute of Chartered Accountants of Pakistan
ICC	International Cooperation Cell
ICMAP	Institute of Cost and Management Accountants of Pakistan
ICT	Islamabad Capital Territory
IO-4	Immediate Outcome 4
IRSA	Inland Revenue Services Academy
KPK	Khyber Pakhtunkhwa
LCCI	Lahore Chamber of Commerce and Industry
LEAs	Law Enforcement Agencies
ML	money laundering
MoUs	Memorandums of Understanding
NAB	National Accountability Bureau
NACTA	National Counter Terrorism Authority
NADRA	National Database and Regulatory Authority
NRA	National Risk Assessment
OSMQ	Offsite Monitoring Questionnaire
PEPs	Politically Exposed Persons
PRAL	Pakistan Revenue Automation Limited
RBA	risk-based approach
RBS	Risk-Based Supervision
REAs	Real Estate Agents
SARs	Suspicious Activity Reports
SBP	State Bank of Pakistan
SECP	Securities Exchange Commission of Pakistan
SIRAs	Sectoral Inherent Risk Assessments
SOPs	Standard Operating Procedures
SRO	Statutory Regulatory Order
STR	Suspicious Transaction Reporting
TCSPs	Technical Company Service providers
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
TTEs	Title Transferring Entities
UN	United Nations

## Visit of the Chairman, National AML/CFT Authority



Ms. Laila Ghafoor DG DNFbps Presenting Shield to Mr. Mushtaq Ahmad Sukhera, National AML/CFT Authority



Ms. Laila Ghafoor, DG Directorate General of DNFbps Briefing to Chairman, National AML/CFT Authority, Lt Col Atif Naveed, MO Dte and other Stakeholders



Mr. Adnan Iqbal Sawati, Director Peshawar Briefing Chairman, National AML/CFT Authority and other Stakeholders



Chairman, National AML/CFT Authority taking briefing on performance of Directorate General of DNFbps, Lahore

**The training Workshop held from 05<sup>th</sup> May, 2025 to 09<sup>th</sup> May, 2025  
at IRS Academy, Lahore.**



Mr. Khalid Usman, Vice President LCCI delivering lecture on inter-agency coordination at IRS Academy, Lahore



Officers of DNFBPs attending Training workshop at IRS Academy, Lahore



Officers of DNFBPs attending Training program at IRS Academy, Lahore



Mr. Syed Nadeem Hussain Rizvi, Director General - IRSA, presenting training certificate to Ms. Humaira Maryam, Director Lahore

## Outreach Sessions for DNFBPs conducted by Lahore Directorate



Lahore Directorate's outreach to Real Estate Sector



Lahore Directorate's outreach to Punjab and Lahore Bar Associations



Lahore Directorate outreach to Lahore Development Authority (LDA)



Lahore Directorate outreach to Lahore Development Authority (LDA)

## Outreach Sessions for DNFBPs conducted by Peshawar Directorate



Peshawar Directorate outreach to Cooperative Housing Societies



Peshawar Directorate outreach to REAs



Peshawar Directorate outreach to Jewelers



Peshawar Directorate outreach to Sub-Registrars

## Outreach Sessions for DNFBPs conducted by Islamabad Directorate



Islamabad Directorate's outreach to Magistrates and Registrars of Islamabad



Islamabad Directorate's outreach session at Cabinet Division Cooperative Housing Society, Islamabad



Islamabad Directorate's outreach session at Sana Jewelers, Murree Road Islamabad



Islamabad Directorate's outreach session at Capital Smart City, Islamabad

## Outreach Sessions for DNFBPs conducted by Quetta Directorate



Quetta Directorate's outreach to Realtors and DPMS



Quetta Directorate's outreach to Realtors and DPMS

## Outreach Sessions for DNFbps conducted by Karachi Directorate



Karachi Directorate's outreach to Real Estate Sector including Builders and Developers



Karachi Directorate Outreach session with Jewellers and Gems Traders Association of Pakistan



Karachi Directorate Outreach session with ABAD Members at ABAD House Karachi



Karachi Directorate Outreach session with Jewelers & gemsTraders Association of Pakistan



