



# **INDONESIA RISK ASSESSMENT ON MONEY LAUNDERING**

## **2021**

## INDONESIA RISK ASSESSMENT ON MONEY LAUNDERING

2021

## TEAM

### INDONESIA RISK ASSESSMENT ON MONEY LAUNDERING 2021



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**ISBN** : 978-602-9285-67-3

**Writer Coordinator** : Mardiansyah

**Book Size** : 295 x 210 mm

**Manuscript** : Implementing Team for Indonesia Risk Assessment on Money Laundering 2021

**Artistic Director** : Arthur Ananta  
Cover Design, Layout and Graphic Illustration

**Published** : Indonesian Financial Transaction Reports and Analysis Center (INTRAC), 2021

Permitted to be quoted by citing the source.



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## **LIST OF ABBREVIATION/TERMS**

ABBREVIATION	DESCRIPTION
ACWG	G20 Anti-Corruption Working Group
ADB	The Asia Development Bank
AML	Anti-Money Laundering
ANEV	Analysis and Evaluation
APG	Asia Pacific Group on Money Laundering
APMK	Card Payment Tool
AML-CFT	Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation
ASEAN	Association of Southeast Asian Nations
BEC	Business E-mail Compromise
BIN	State Intelligence Agency
INNA	National Narcotics Agency RI
BNPT	National Counter Terrorism Agency
BO	Beneficial Ownership
BOT	Build Operate Transfer
BPR	Rural Credit Bank
BUMD	Regional Owned Enterprises
SOEs	State-Owned Enterprises
CARIN	Camden Asset Recovery Network
CBCC	Cross Border Cash Carrier
CDD	Customer Due Diligence
CMS	Cash Management System
CTF	Counter Terrorism Financing
DE	Electronic Wallet
DOJ	Department of Justice
DPLK	Financial Institution Pension Fund
DPO	People Search List
DTTOT	List of Suspected Terrorists and Terrorist Organizations
EADS	European Aeronautic Defense and Space Company
EBC	Egmont Biennial Census
ECG	Evaluation and Compliance Group

ERT	Emergency Response Team
FAS	Free Alongside Ship
FATF	Financial Action Task Force on Money Laundering
FGD	Focus Group Discussion
FIAC	Financial Intelligence Analysis Course
FICG	Financial Intelligence Consultative Group
FIU	Financial Intelligence Unit
FKDKP	Communication Forum for Director of Banking Compliance
FKKSJK	Coordination and Communication Forum for the Financial Services Sector
FKKSJK	Coordination and Communication Forum for the Financial Services Sector
FPC	Foreign Predicate Crime
FUR	Follow Up Report
goAML	Anti-Money Laundering System
GRIPS	Gathering Reports and Processing Information System
HA	Analysis Results
HAM	Human Rights
HP	Audit Results
ICRG	International Co-operation Review Group
IEWG	Information Exchange Working Group
IFC	International Fundamental Course
IFTI	International Fund Transfer Instruction
IHT	in house training
IKNB	Non-Bank Financial Industry
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
INSW	Indonesia National Single Windows
ITE	Electronic Transaction Information
ITS	Information Technology Service
KAP	Public Accounting Firm
KITE	Ease of Import for Export Purposes
KUPVA	Foreign Exchange Business Activities
KYC	Know Your Customer

LJK	Financial Services Institutions
LO	Laundering Offshore
LPH	Law Enforcement Agency
SRB	Self-regulatory Bodies
LPUT	Report on Cross-Border Cash Carry
LT	Transaction Report
LT PBJ	Transaction Report for Goods and Services Providers
LTKM	Suspicious Financial Transaction Report
LTKT	Cash Financial Transaction Report
MAS	Monetary Authority of Singapore
MER	Mutual Evaluation Review
MLA	Mutual Legal Assistance
MoU	Memorandum of understanding
MPD	Regional Supervisory Council
MPP	Central Supervisory Council
MPW	Regional Supervisory Council
NCC	National Coordination Committee
NCCT's	Non-Cooperative Countries and Territories
NPoCC	Indonesian National Police Coordination Centre
NRA	National Risk Assessment
P2P	Peer-to-Peer Lending
PBI	Bank Indonesia Regulation
PDG	Board of Governors Regulations
PDP	Pre-Delivery Payment
PEP	Politically Exposed Person
PERMA	Supreme Court Regulation
PESTEL	Politic, Economic, Social, Technology, Environment, Legislative
PJK	Financial Services Providers
PJSP	Payment System Service Provider
PKK	Fit and Proper Assessment
MCC	Cooperation Agreement
PMK	Regulation of the Minister of Finance
KYC	Principles of Know Your Customer
PNBP	Non-Tax State Revenue

PoC	Point of Concern
POJK	Regulation of the Financial Services Authority
PP	Reporting Party
PPNS	Investigating Civil Servants
PPP	Public Private Partnership
PPPK	Center for Financial Professional Development, Ministry of Finance
PUJK	Business Actor for Financial Services
PUU	Judicial Review
RBI	Risk Based Investigation
RBS	Risk Based Supervision
RTMG	Risk, Trends and Methods Group
RUU	Draft Bill
SEOJK	Circular Letter of the Financial Services Authority
SIMANTAP	Anti-Money Laundering and Financing of Terrorism Learning System
SIPESAT	Integrated Service User Information System
SIPPENAS	Information System for Reporting and Monitoring National Strategy for ML
SRA	Sectoral Risk Assessment
STRANAS	National Strategy
TATWG	Technical Assistance and Training Working Group
TEKFIN	Financial Technology
TIEA	Tax Information Exchange Agreement
TP	Criminal Acts
TPA	Predicate Crime
TF	Crime Financing Terrorism
ML	Money Laundering
UBS	Union Bank of Switzerland
EU	Electronic Money
MSMEs	Micro Small Medium Enterprises
UNODC	United Nations Office on Drugs and Crime
USD	United States Dollar
WHO	World Health Organization

## PREFACE AND FOREWORD



All praise and thanks be to Allah, the God Almighty due to His grace and guidance, INTRAC based on mandate of the Coordinating Minister for Political, Legal and Security Affairs of the Republic of Indonesia as the Chief of Money Laundering Committee has a role as the Leading Sector in preparation of updating National Risk Assessment on Money Laundering by coordinating more of 15 (fifteen) Ministries/Institutions in Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (AML-CFT) Regime in Indonesia as members of “Inter Agency Working Group NRA Indonesia 2021”.

Preparation of a National Risk Assessment on Money Laundering in Indonesia is not a new issue. Indonesia has carried out its first NRA assessment in 2015 and a consolidated Updated NRA assessment 2015 has been carried out on various risk assessments and white papers for period 2015 to 2019.

This condition shows that the Government of Indonesia has an extraordinarily strong commitment in preventing and eradicating Money Laundering. Various steps to strengthen Indonesia's commitment have been implemented in an integrated manner through National Policy Strategy for Prevention and Eradication of Money Laundering in Indonesia. As a concrete form of Implementation of the Financial Action Task Force Recommendations (FATF Recommendation) No. 1 and responding to the evaluation notes in the 2018 APG Mutual Evaluation Review as well as the domestic need in determining national directions and policies, INTRAC together with the stakeholders of the AML-CFT regime carry out an Indonesian Risk

Assessment on Money Laundering in the form of a National Risk Assessment on Money Laundering Activity (NRA on ML) 2021.

I welcome preparation of the 2021 NRA on ML update document because it is especially important for all stakeholders of the AML-CFT regime, in order to identify, analyze, and evaluate various domestic and international money laundering risks (inward risk and outward risk), includes predicate offenses, profiles, industrial sectors, typology and geographical areas. This document is expected to be utilized by various key stakeholders, particularly in:

1. Providing input for potential improvements to the AML regime, including through the formulation of risk-based mitigation policies (National Strategy for Money Laundering Prevention and Eradication);
2. Assisting the government and relevant stakeholders in prioritizing and allocating resources for Risk-Based Anti-Money Laundering.
3. Providing input on money laundering risk assessment conducted by various related sectors such as Risk Based Investigation by Law Enforcement Agencies, Risk Based Supervision by Self-regulatory bodies, and Risk Based Approach by Reporting Parties.

Finally, I would like to express my gratitude and appreciation to the NRA INTRAC Team and all stakeholders of the AML-CFT regime who are members of the Inter-Agency Working Group of NRA Indonesia who have contributed to preparation of the Indonesian Risk Assessment on Money Laundering in 2021. We are blessed by Allah SWT. Amen Ya Rabbal 'Alamin.

Wassalamualaikum warahmatullahi wabarakatuh.

**Jakarta, April 2022**

**Head of INTRAC**



**Dr. Ivan Yustiavandana, S.H., LLM.**

## **EXECUTIVE SUMMARY**

The update of National Risk Assessment on Criminal Acts of Holistic Money Laundering (ML) in 2021 is an important and relevant step to respond to the dynamic development of national and international needs. By using a risk assessment formulation based on international best practice (IMF, 2011; World Bank, 2013; FATF, 2013),

This national risk assessment process will consider money laundering risk factors which include threats, vulnerabilities, and the consequence of money laundering. Money Laundering risk analysis process is carried out according to the type of predicate crime, the profile of the perpetrator, the geographical area, the industrial sector and typology, including in the domestic and foreign spheres (inward and outward). Based on the level of risk, a domestic and foreign money laundering hitmap is then generated which is then used as a risk evaluation for the formulation of policies and main risk mitigation strategies.

The methodological approach refers to the main concepts, namely threats, vulnerabilities, and consequence in calculating and analyzing the level of risk from various risk contexts for money laundering in Indonesia according to the type of predicate crime, perpetrator profile, geographical area, industrial sector, and

typology, both domestically and abroad (inward risk or foreign predicate crime or outward risk or offshore laundering).

Based on the results of the risk analysis of domestic money laundering, the following are known:

1. Corruption and Narcotics are types of predicate Crime of ML which are categorized as high risk of ML.
2. Corporations and individuals are perpetrators of money laundering which are included in the high-risk category according to the perpetrators of money laundering.
3. Officials of Legislative Institutions and Government, and Employees of SOEs / Regional SOEs are types of individual job profiles that are categorized as high risk.
4. Limited Liability Companies (PT) have a high risk as perpetrators and facilities for money laundering.
5. Motorized Vehicle Dealers, Property Companies or Property Agents, Commercial Banks and Foreign Exchange Traders are industrial sectors that are categorized as high risk as a means of money laundering offences.
6. DKI Jakarta is a high-risk area for money laundering.
7. Use of false identities, use of nominees, trusts, family members or third parties, property/real estate including the role of property agents,

Smurfing, Structuring, use of professional services, use of new payment methods or systems, use of corporations (legal persons), the use of sectors that are not well regulated is a typology of money laundering in the high-risk category.

Based on the results of the foreign predicate crime risk analysis in the scope of FPC (foreign predicate crime), the following issues are known:

1. Fraud, Corruption, Funds Transfer, Narcotics, Electronic Transaction Information (ITE) or SIBER are types of predicate Crime of ML which are categorized as high threat of ML.
2. Malaysia, Japan, Singapore, Thailand, Saudi Arabia, and the United Arab Emirates are 6 (six) countries of origin for TPA in the category of high risk of money laundering offences.
3. Entrepreneurs or entrepreneurs, private employees, traders, housewives, professionals and consultants, students or students, civil servants (including retirees) and teachers or lecturers are individual job profiles categorized as high risk of money laundering offences.
4. Industry and distribution are a type of business sector that is categorized as a high threat of money laundering offences.

Based on analysis of the foreign risk of money laundering in offshore laundering (LO) or foreign risk, namely money laundering carried out abroad where the Predicate Crime occurred in the country (Indonesia), it is known the following things:

1. Corruption and Narcotics are types of predicate Crime which are categorized as high threat of money laundering offences.
2. Singapore, the United States, India, China, Thailand, Malaysia, and Hong Kong are 7 (seven) destination countries for money laundering in the high-risk category.
3. Legislative and Government Officials, Entrepreneurs or Entrepreneurs and Private Employees are individual job profiles that are categorized as high risk of money laundering.
4. Industry is a type of business sector that is categorized as high risk of money laundering. Furthermore, the Distribution, Retail Trade, Export/Import, General Transportation, Mining, Construction sectors are types of business sectors categorized as medium threat of ML.

With development of technological advances and the increasingly complex modus operandi of the perpetrators of money laundering, the emergence of money laundering emerging threats in Indonesia, including:

1. The practice of buying and selling and using an account in the name of another party by a syndicate.
2. Misuse of E-Commerce Practices in transactions resulting from proceed of crime.
3. Unlicensed peer to peer lending Financial Technology practices.

During Covid-19 pandemic, Crime of fraud, corruption, narcotics, fund transfer Crime and embezzlement have a high potential risk of money laundering in Indonesia. In real terms, there have been several cases during Covid-19 pandemic, including those related to the crime of transferring funds for business transactions or Business Email Compromise (BEC) and corruption related to the misuse of social assistance.

Based on analysis of the factors driving ML vulnerability in Indonesia, the Indonesian NRA Team has conducted a macro analysis through PESTEL analysis approach which includes the Political, Economic, Social, Technological, Environmental and Legislative aspects including legal aspects. Based on the results of PESTEL analysis, it is known that there are 21 macro-ML vulnerability factors that need to be responded to in the form of strategic and operational recommendations as consideration for the formulation of the annual action plan in National Strategy for Prevention and Eradication of Money Laundering in Indonesia.

**"The update of the money laundering risk assessment in Indonesia was prepared based on the understanding of the results of the national risk assessment in 2015 and 2019 as well as responding to the emerging threat of money laundering and the ongoing development of the COVID-19 pandemic situation"**

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## **CHAPTER I INTRODUCTION**

### **1.1 Background**

Indonesia as one of strategic countries in the world that implements an open financial system, so it is extremely interested in maintaining the security and integrity of its financial sector. Indonesia continues to be committed to building an Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (AML-CFT) regime. This continues to be pursued not only because of his commitment as an observer member of the Financial Action Task Force on Money Laundering (FATF), but also as the world's collective commitment to maintain stability and integrity of the global financial and security system and to promote healthy and sustainable world economic growth. Furthermore, it is hoped that this commitment will be followed by Indonesia's full membership in the FATF to make a greater contribution to a better global financial order.

As a form of the Indonesian government's commitment to building AML-CFT regime, a holistic national Risk Assessment on Money Laundering (ML) has been updated in 2021 with stakeholders' AML-CFT who are members of the Inter-Agency Working Group of the NRA Indonesia in 2021. This Program is an important and relevant step to respond to developments and dynamics at National and international levels concerning efforts to prevent and eradicate money laundering. A shared understanding of the risks of money laundering in a holistic manner by stakeholders in the AML-CFT regime in Indonesia is very important in determining direction, policies and mitigation strategies and must continue to be updated along with development and the increasingly complex modus operandi of criminals who use financial service providers, providers of goods and services as well as professions that cross the boundaries of the jurisdiction of the Unitary State of the Republic of Indonesia (NKRI). The update of Money Laundering risk assessment in Indonesia is prepared based on the understanding of the results of national risk assessment in 2015 and 2019 and responds to the

emerging threat of money laundering and the ongoing Covid-19 pandemic situation during 2021.<sup>1</sup>

Indonesia's progress in tackling money laundering has been reviewed by the FATF based on the results of Indonesia's Mutual Evaluation Review (MER) through Asia Pacific Group on Money Laundering (APG) 2018. The MER report measures Indonesia's level of compliance with the 40 FATF Recommendations and the level of effectiveness of the anti-money laundering system and combatting the financing of terrorism and proliferation in accordance with recommendations of the FATF in 2012 and the FATF methodology in 2013. This is shown by the score of the results of the Basel AML Index Indonesia assessment which in 2018 was recorded at 5.73, down to 4.62 index numbers in 2020. The magnitude of the decline in Money Laundering risk score in Indonesia, is driven by considerable progress in the assessment of the APG Mutual Evaluation Review (MER) as the FATF regional bodies in Asia Pacific Region.<sup>2</sup> Indonesia's score based on the Basel AML Index 2018-2020 is described in Table 1.

Table 1 Indonesia's Score and Ranking Based on the Basel AML Index 2018-2020

YEAR	2020	2019	2018
Score Value	4.62	5.13	5.73
Ranking	96 of 141	67 of 125	52 of 129

**Note:** Index number has a scale of 0-10, where ten indicates the highest level of money laundering risk. The ranking of the country in order based on the index score of the country that has the highest risk.

<sup>1</sup> Inter-Agency Working Group NRA Indonesia. Indonesia Risk Assessment on the Criminal Offence of Money Laundering Year 2015: <https://wwwINTRAC.go.id/publikasi/read/43/penilaian-risiko-indonesia-terhadap-tindak-pidana-pencucian-uang-tahun-2015.html>.

<sup>2</sup> Indonesian Risk Assessment Document Update Team on Money Laundering in 2019: <https://wwwINTRAC.go.id/link/read/558/document-pen-assessed-risk.html>.

Basel Institute on Governance. Basel AML Index 2019. (Agustus, 2019): 11.

Basel Institute on Governance. Basel AML Index: 9th Public Edition Ranking money laundering and terrorist financing risks around the world. (2020): 5.

Nevertheless, the results of the 2018 APG Indonesia MER assessment have not fully complied with the FATF Standard, including Indonesia has 6 (six) compliant scores (Compliant/C), 29 (twenty nine) mostly compliant (Largely Compliant/LC), 4 (four) partially compliant (Partly Compliant/PC), and 1 (one) non-compliant (Non-Compliant/NC) concerning the target of financial sanctions on the proliferation of weapons of mass destruction. Based on the results of the evaluation, there are several recommendations that need to be improved by Indonesia, especially in efforts to prevent and eradicate money laundering by applying a risk-based approach.

As part of the order of international relations (global) Indonesia is obliged to comply with the standards applicable and applied internationally as best practice. FATF through recommendation one recommends that each country conduct a national risk assessment. Each country is required to identify, assess, and understand the risk of money laundering to then develop and implement a risk-based AML-CFT regime (risk-based approach). In addition, with the large scope of implementation of domestic tasks and challenges related to Prevention and eradication of Money Launderings that have not been fully balanced with uniform steps among stakeholders, these are problems that need to be addressed immediately. To respond to these developments, strategic innovation of risk mitigation is needed in implementing prevention and eradication of money laundering in Indonesia.

Based on the results of the 2019 ML risk assessment, ML Committee has established a National Strategy (STRANAS) for prevention and eradication of money laundering and terrorism financing prevention for 2020-2024 which includes:

- a. Strategy 1: Improving the capacity of the private sector in detecting indications and/or potential for money laundering, terrorism financing and funding for Proliferation of weapons of mass destruction;

- b. Strategy 2: Increasing efforts to prevent the occurrence of money laundering, terrorism financing and funding the proliferation of weapons of mass destruction by applying a risk-based approach;
- c. Strategy 3: Increasing efforts to eradicate the occurrence of money laundering, terrorism financing and funding the proliferation of weapons of mass destruction by applying a risk-based approach;
- d. Strategy 4: Optimizing asset recovery by applying a risk-based approach;
- e. Strategy 5: Increasing the effectiveness of targeted financial sanctions in order to disrupt terrorism, terrorist activities, terrorist organizations and financing activities for Proliferation of weapons of mass destruction;

As a form of implementation of achieving the success of National Strategy, particularly strategy 1, Government of Indonesia through the Indonesian Financial Transaction Reports and Analysis Center (INTRAC) as the focal point in the AML-CFT regime in Indonesia together with relevant stakeholders including regulators, self-regulatory bodies, law enforcement agencies, private parties or reporting parties as well as associations, experts and academics as well as strategic partners abroad have updated Indonesia National Risk Assessment on Money Laundering (ML) and Terrorism Financing (TF) as well as Proliferation Financing of weapons of mass destruction (PPSPM). ) holistically in 2021.

## **1.2 Purpose**

Implementation of updating National Risk Assessment on Money Laundering (ML) in a holistic manner in 2021 is carried out through a series of processes including risk identification, analysis and evaluation. Fulfillment of FATF's recommendation standard one concerning identification, assessment and understanding of money laundering risks through National Risk Assessment (NRA) activities is an essential part in Implementation of the AML-

CFT regime, particularly related to threat factors, vulnerabilities and consequence from legal, regulatory, legal enforcement aspects and other aspects to mitigate the risk of money laundering. This activity is a strategic measure, especially in providing evaluations of likelihood and consequence on risks in determining risk management priorities, mitigation strategy steps to reduce risks, as well as resource allocation. Activity of updating National risk assessment on Money Laundering (ML) in a holistic manner in 2021 can also assist self-regulatory bodies, and the industrial sector in conducting their own risk assessment by considering the results of this updated national risk assessment. All stakeholders must be required to understand the results of the updated national Risk Assessment on Money Laundering (ML) in a holistic manner in 2021 and Implementation of internal control or internal control, as well as policies and procedures are especially important to mitigate the risk of money laundering.

In particular, the purpose of updating National risk assessment of the holistic crime of money laundering (ML) in 2021, specifically aims to:

1. Identify, analyze, and evaluate various risks of domestic money laundering in Indonesia, including types of predicate Crime, perpetrator profiles, industrial sectors, regions, and typologies
2. Identify, analyze, evaluate various risks of foreign money laundering, both inward and outward risks, including types of predicate Crime, profiles of perpetrators, and geographic areas;
3. Identify and analyze the threat factors, vulnerabilities and consequence of money laundering in Indonesia;
4. Identify and analyze emerging and/or developing money laundering threats or “emerging threats” in Indonesia; as well as
5. Formulate steps to mitigate the risk of money laundering risk in Indonesia.

### **1.3 Output**

The update of National risk assessment of holistic Money Laundering (ML) in 2021, is expected to produce several important outputs for strengthening the AML-CFT regime in Indonesia, including:

- a. The priority scale of the main risk of money laundering at the domestic and foreign levels, at least includes the type of predicate crime, the profile of the perpetrator, the geographical area, the industrial sector, and typology.
- b. The scale of threats, vulnerabilities, and consequence of money laundering on industrial sector groups at risk of misuse of products or services as a means of money laundering.
- c. The scale of the threat, vulnerability, and consequence of money laundering on self-regulatory bodies, financial intelligence agencies, Law enforcement Agencies and relevant stakeholders in regulation and supervision, as well as law enforcement.
- d. New typology trends and money laundering threats.
- e. Directions, policies and steps of National Strategy in Prevention and eradication of money laundering in Indonesia with a risk-based approach.

### **1.4 Report Systematic**

In writing National risk assessment of the holistic Crime of Money Laundering (ML) in 2021, it is divided into several parts, as follows:

#### **Chapter I Introduction**

This section describes the background, objectives and outputs that will result from a holistic national Risk Assessment on Money Laundering (ML) in 2021.

## **Chapter II Research Methodology**

This section describes the database, framework, scope, mechanism for preparation and stages of activities, as well as the methodology and formulation of the measurement of money laundering risk-forming factors.

## **Chapter III Legal Framework for Anti-Money Laundering in Indonesia**

This section describes the legal framework, policy landscape, regulation and supervision and law enforcement related to money laundering in Indonesia. This section further explains the achievements and forms of domestic and international cooperation that have been carried out by all relevant stakeholders in the Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation regimes in Indonesia.

## **Chapter IV Main Risk Analysis of Money Laundering 2021 in Indonesia**

This section describes the results of analysis of the main Risk Assessment on Money laundering in 2021 in Indonesia based on the type of predicate crime, the profile of the perpetrator, the industrial sector, geographical area, money laundering typology and emerging threats related to money laundering. Furthermore, this section explains the potential for money laundering during the ongoing Covid-19 pandemic as well as policy responses to address the risk of money laundering during Covid-19 pandemic. In addition, this section will explain the progress of steps forward in Prevention and eradication of money laundering in Indonesia after the risk analysis process for Indonesia's NRA in 2021.

## **Chapter V Conclusions and Priority Actions for Mitigation of Money Laundering Risk in Indonesia**

This section describes the conclusions on the results of the 2021 money laundering risk assessment in Indonesia as well as the formulation of National strategy for mitigating money laundering risks in Indonesia.

## **CHAPTER II RESEARCH METHODOLOGY**

### **2.1 Research Method**

The research method used in updating National risk assessment of holistic Money Laundering (ML) in 2021 is a mixed method explanatory sequential design. This research method is a combination that combines qualitative and quantitative methods sequentially. The quantitative approach uses statistical data on reporting suspicious financial transactions, results of financial intelligence reports, investigation, prosecutions, and court decisions as well as mutual legal assistance in criminal matters (mutual legal assistance). While the qualitative approach uses independent assessments by experts or experts from the reporting party, supervisors and regulators, financial intelligence institutions (INTRAC), law enforcement, as well as political, economic, social, technological, environmental, and legislative experts concerning the quality of aspects of prevention and eradication of money laundering.

The guidelines used in updating National risk assessment of holistic Money Laundering (ML) in 2021 refer to international best practices in National Money Laundering and Terrorist Financing Assessment (FATF Guidance)<sup>3</sup>, Risk Assessment Support for Money Laundering/Terrorist Financing (World Bank).<sup>4</sup> and Review of the funds Strategy on Anti Money Laundering and Terrorist Financing (IMF)<sup>5</sup>. The guidelines are also a reference in preparation of a national Risk Assessment on Money Laundering (ML) in 2015 and 2019.

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<sup>3</sup> The FATF. FATF Guidance. National Money Laundering and Terrorist Financing Risk Assessment, (Februari, 2013). [https://www.fatf-gafi.org/media/fatf/content/images/national\\_ml\\_tf\\_risk\\_assessment.pdf](https://www.fatf-gafi.org/media/fatf/content/images/national_ml_tf_risk_assessment.pdf).

<sup>4</sup> The World Bank. Risk Assessment Support for Money Laundering/Terrorist Financing. (29 Februari, 2016). <https://www.world-bank.org/en/topic/financialsector/brief/antimoney-laundering-and-combating-the-financing-of-terrorism-risk-assessment-support>.

<sup>5</sup> IMF. Anti-Money Laundering and Combating Terrorism Financing (AML/CFT)—Report on the Review of the Consequenceiveness of the Program. (May 11, 2011). <https://www.imf.org/external/np/pp/eng/2011/051111.pdf>.

## **2.2 Scope and Framework for Risk Assessment**

The scope of National risk assessment of the holistic Crime of Money Laundering (ML) in 2021 includes domestic and foreign risks, both inward risk and outward risk. The results of National risk assessment of the holistic Crime of Money Laundering (ML) in 2021 were obtained from an analysis of the threat, vulnerability, and consequence factors. In detail the concept of definition used is as follows:

- a. Threats are people or groups of people, objects or money laundering activities that have the potential to cause harm (state security and stability).
- b. Vulnerability are things that can be used or support threats, or can also be called factors that describe the weaknesses of the anti-money laundering system.
- c. Likelihood is a opportunity about how much money laundering activity occurs.
- d. Consequence is the result or loss arising from Money Laundering on institutions, the wider economy and society, including losses from the crime and activity itself.
- e. Emerging Threat is a new threat in the form of a mode that is considered to have the potential to develop as a means of widespread money laundering.

In the guide from FATF Guidance it is explained that risk is a formulation of the algorithm function as follows:

$$R = f[(T), (V)] \times C \dots \dots \dots \dots \dots \dots \quad (1)$$

Remarks:

R : risk,

T : threat

V : vulnerability, and

C : consequence.

Technically, the formulation of ML risk assessment can be reformulated as follows:



Figure 1 Fomulation of Risk Assesment NRA 2021

Overall, the description of the concept of a national risk assessment is intended as an input in National Strategy for Prevention and eradication of money laundering. National Risk Assessment Framework on Money Laundering is described in Figure 2.

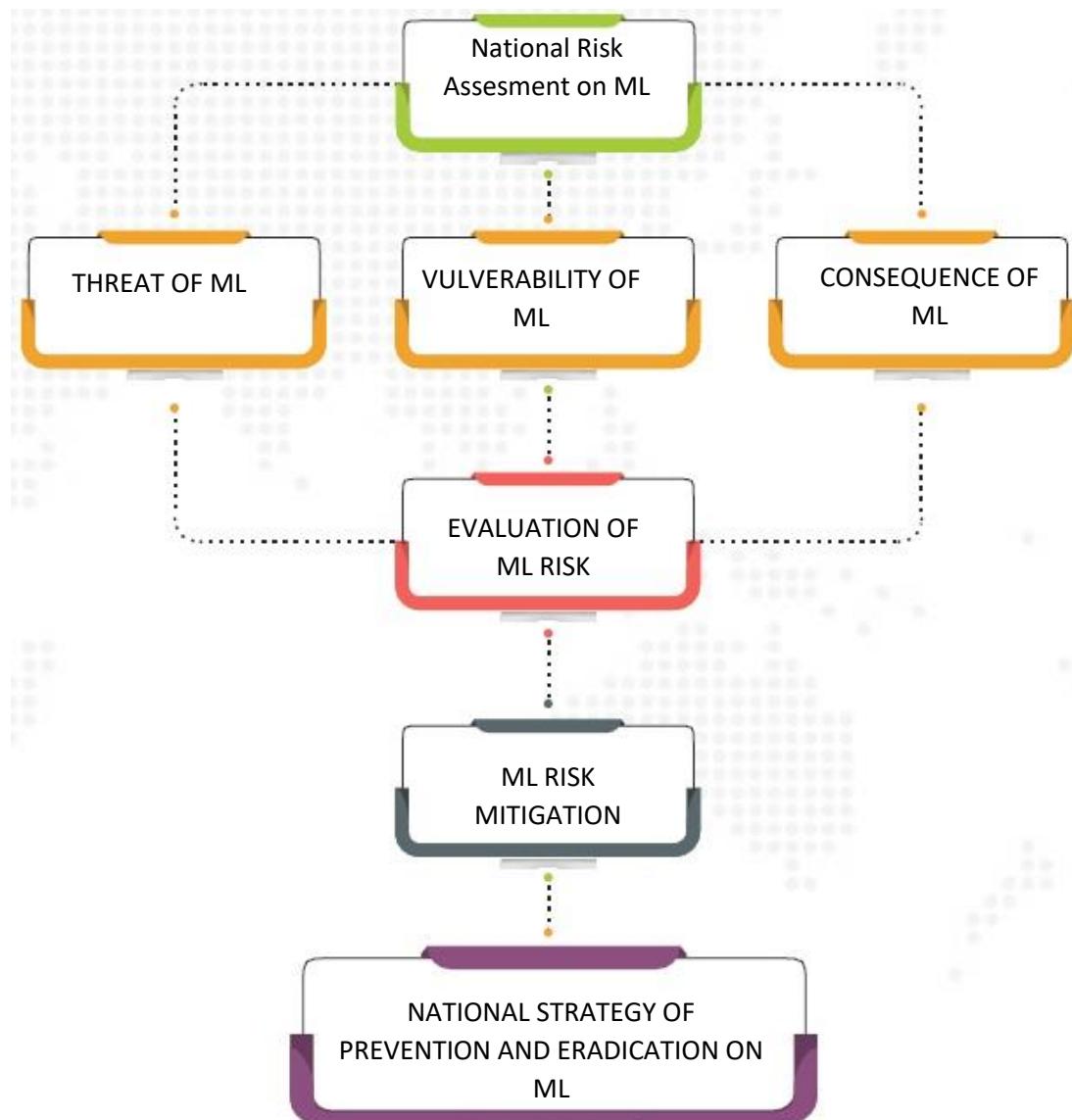


Figure 2 Framework of National Risk Assessment on Money Laundering

## 2.3 Risk Forming Factors

Based on the predetermined scope, the next step is to determine the context of the risk that will be carried out in order to determine the scale of risk priorities. The forming factors in ML risk assessment include the following:

### a. Domestic Money Laundering Risk

#### i. Domestic Money Laundering Risk Factors by Type of Predicate Crime

Table 2 Risk Factors for Domestic Money Laundering by Type of Predicate Crime

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"><li>• Number of LTKT-TKM frequencies indicated TPA</li><li>• Number of LT-TKM frequencies indicated TPA</li><li>• Number of LTKM Frequency indicated TPA</li><li>• Number of HA ML frequencies indicated TPA</li><li>• Number of ML HP Frequency indicated TPA</li><li>• Number of ML Investigation Frequency by TPA</li><li>• Number of Frequency of Money Laundering Prosecutions by TPA</li></ul>	<ul style="list-style-type: none"><li>• Characteristics of ML in Criminal Acts</li><li>• Ability to Detect TPA Indications by Reporting Parties</li><li>• Difficulty of Asset Tracing according to TPA by FIU</li><li>• Policies for Handling ML Cases (Guidelines for Handling Cases,</li><li>• Understanding NRA/SRA, Implementation of RBI (Risk Based Investigation)</li><li>• Self-Assessment (expert judgment)</li></ul>	<ul style="list-style-type: none"><li>• Nominal Amount of LTKT-TKM indicated TPA</li><li>• Nominal Amount of LT-TKM indicated TPA</li><li>• Nominal Amount of LTKM indicated TPA</li><li>• Nominal amount of HA ML indicated TPA</li><li>• Nominal Amount of ML HP indicated TPA</li><li>• Nominal Amount of Money Laundering Investigation by TPA</li><li>• Nominal Amount of Money Laundering Prosecution by TPA</li></ul>

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of ML Decisions Frequency by TPA</li> <li>• Self-Assessment (expert judgment)</li> </ul>		<ul style="list-style-type: none"> <li>• Nominal Amount of ML Decisions by TPA</li> <li>• Self-Assessment (expert judgment)</li> </ul>

The characteristics of ML punishment based on the type of predicate crime are divided into 3 (three) including: extraordinary Crime, ordinary Crime without Alternative Dispute Resolution for handling criminal cases, and Ordinary Crime with Alternative Dispute Resolution for handling criminal cases. In the Ordinary condition with Alternative Dispute Resolution, if the criminal process is no longer running because the case is considered to have been completed through alternative settlements through administrative or civil settlements, then legally the predicate crime is considered completed without going through criminal justice.

## ii. Risk Factors According to Profile

Table 3 Risk Factors for Domestic Money Laundering by Perpetrator Profile

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of LTKT-TKM frequencies according to the profile of the reported</li> <li>• Number of LT-TKM Frequency according to the reported profile</li> <li>• Number of LTKM Frequency according to the reported profile</li> </ul>	<ul style="list-style-type: none"> <li>• Capability of handling money laundering cases according to profile of money laundering perpetrators</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal Amount of LTKT-TKM</li> <li>• Nominal Amount of LT-TKM according to the reported profile</li> <li>• Nominal Amount of LTKM according to the reported profile</li> <li>• Nominal Amount of HA according to the profile of suspected money laundering</li> </ul>

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of HA Frequency according to the profile of suspected ML</li> <li>• Number of HP Frequency according to suspected ML profile</li> <li>• Number of Investigation Frequency according to the profile of money laundering offenders</li> <li>• Number of Prosecution Frequency according to the profile of ML perpetrators</li> <li>• Number of Frequency of Decisions according to the profile of ML perpetrators</li> <li>• Self-Assessment (expert judgment)</li> </ul>		<ul style="list-style-type: none"> <li>• Nominal amount of HP according to the profile of suspected money laundering</li> <li>• Nominal Number of Investigation according to the profiles of ML perpetrators</li> <li>• Amount of Prosecution according to the profile of ML perpetrators</li> <li>• Nominal Number of Decisions according to the profile of ML perpetrators</li> <li>• Self-Assessment (expert judgment)</li> </ul>

### iii. Domestic Money Laundering Risk Factors by Type of Occupation Profile of Individual Actors

Table 4 Risk Factors of Domestic Money Laundering by Occupation Profile of Individual Actors

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of LTKT-TKM frequencies according to the Occupation Profile of the individual reported</li> <li>• Number of LT-TKM Frequency according to the</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to handle money laundering cases according to the Occupation Profile of individual money laundering</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal Amount of LTKT-TKM according to the Occupation Profile of the individual reported</li> <li>• Nominal Amount of LT-TKM according to the</li> </ul>

<b>THREATS</b>	<b>VULNERABILITY</b>	<b>CONSEQUENCE</b>
<p>Occupation Profile of the individual reported</p> <ul style="list-style-type: none"> <li>• Number of LTKM frequencies according to the Occupation Profile of the individual ML reported</li> <li>• Number of HA Frequency according to the Occupation Profile of the individual ML reported</li> <li>• Number of HP Frequency according to the Occupation Profile of the individual reported</li> <li>• Number of Frequency of Money Laundering Investigation according to the Occupation Profile of individual money laundering</li> <li>• Number of Frequency of Money Laundering Prosecutions according to the Occupation Profile of individual money laundering</li> <li>• Number of Frequency of Money Laundering Decisions according to the Occupation Profile of individual money laundering</li> <li>• Self-Assessment (expert judgment)</li> </ul>		<p>Occupation Profile of the individual reported</p> <ul style="list-style-type: none"> <li>• Nominal Amount of LTKM according to the Occupation Profile of the individual reported</li> <li>• Nominal amount of HA according to the Occupation Profile of the individual ML reported</li> <li>• Nominal number of HP according to the Occupation Profile of the individual ML reported</li> <li>• Nominal amount of money laundering investigation according to the Occupation Profile of individual money laundering</li> <li>• Nominal Amount of Money Laundering Prosecution according to the Occupation Profile of individual money laundering</li> <li>• Nominal amount of money laundering offences according to the Occupation Profile of individual money laundering offences</li> <li>• Self-Assessment (expert judgment)</li> </ul>

#### **iv. Domestic Money Laundering Risk Factors by Type of Business Entity Perpetrators**

Table 5 Domestic Money Laundering Risk Factors by Type of Business Entity Perpetrators

THREATS	VULNERABILITY	CONSEQUENCE
• Self-Assessment (expert judgment)	• Self-Assessment (expert judgment)	• Self-Assessment (expert judgment)

#### **v. Domestic Money Laundering Risk Factors by Industry Sector**

Table 6 Domestic Money Laundering Risk Factors by Industry Sector

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of LTKT-TKM frequencies by reporting industry sector</li> <li>• Number of LT-TKM Frequency by reporting industry sector</li> <li>• Number of LTKM Frequency by reporting industry sector</li> </ul>	<ul style="list-style-type: none"> <li>• Total Vulnerability of Reporting Parties (Implementation of AML-CFT Program, LTKM detection capability, Board of Directors Supervision, Board of Commissioners Supervision, Policies and Procedures, Internal Control, Information Systems, Human Resources)</li> <li>• Total Vulnerability of Supervision and Regulation of Reporting Parties (Specific Unit for Supervision of AML-CFT, KYC Guidelines, Implementation of Risk Based Supervision (RBS), Scope of Guidance and Supervision, Imposition of Sanctions)</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal Amount of LTKT-TKM by reporting industry sector</li> <li>• Nominal Amount of LT-TKM by reporting industry sector</li> <li>• Nominal Amount of LTKM by reporting industry sector</li> </ul>

## vi. Domestic Money Laundering Risk Factors by Geographic Region

Table 7 Domestic Money Laundering Risk Factors by Geographic Region

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of LTKT-TKM frequencies by geographic area of transaction occurrence</li> <li>• Number of LTKM Frequency by geographic area of transaction occurrence</li> <li>• Number of HA ML Frequency by geographical area</li> <li>• Number of HP ML Frequency by geographic area</li> <li>• Total Frequency of Money Laundering Investigation by geographic area</li> <li>• Number of Frequency of Money Laundering Prosecutions by geographic area</li> <li>• Number of ML Decisions by Geographical Area</li> <li>• Self-Assessment (expert judgment)</li> </ul>	<ul style="list-style-type: none"> <li>• Capability of Handling Money Laundering Cases according to the geographical area of the jurisdiction</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal Amount of LTKT-TKM according to geographic area of transaction occurrence</li> <li>• Nominal Amount of LTKM by geographical area of transaction occurrence</li> <li>• Nominal Amount of HA ML by geographical area</li> <li>• Nominal Amount of ML HP by geographical area</li> <li>• Nominal Amount of Money Laundering Investigation by geographic area</li> <li>• Nominal Amount of Money Laundering Prosecution by geographical area</li> <li>• Nominal amount of money laundering offences by geographical area</li> <li>• Self-Assessment (expert judgment)</li> </ul>

## vii. Domestic Money Laundering Risk Factors By Typology

Table 8 Risk Factors for Domestic Money Laundering by Typology

THREATS	VULNERABILITY	CONSEQUENCE
• Self-Assessment (expert judgment)	• Self-Assessment (expert judgment)	• Self-Assessment (expert judgment)

### b. ML Risk from Overseas (Inward Risk)

#### i. ML Threat Factors from Overseas (Inward Risk) by Type of Predicate Crime

Table 9 Threat Factors for Money Laundering from Overseas (Inward Risk) By Type of Predicate Crime

THREATS
<ul style="list-style-type: none"> <li>• Number of Frequency of Exchange of Financial Intelligence Information (Incoming) according to the indications of ML</li> <li>• Number of Requests for Mutual Legal Assistance (MLA Incoming) according to TPA indications for ML</li> <li>• Number of ML Cases Frequency from Overseas FIUs according to TPA indications</li> <li>• PESTEL analysis</li> </ul>

#### ii. ML Risk Factors from Overseas (Inward Risk) by Country of Origin TPA

Table 10 Risk Factors for Money Laundering from Overseas (Inward Risk) By Country of Origin TPA

THREATS	VULNERABILITY	CONSEQUENCE
<ul style="list-style-type: none"> <li>• Number of Requests for the Exchange of Financial Intelligence Information (Incoming) by country</li> <li>• Number of Requests for Mutual Legal Assistance (MLA Incoming) by country</li> </ul>	<ul style="list-style-type: none"> <li>• Basel AML Index by Country for 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal Amount of Financial Intelligence Exchange (Incoming) by country</li> <li>• Nominal Amount of Mutual Legal Assistance (MLA) requests by country</li> </ul>

THREATS	VULNERABILITY	CONSEQUENCE
• Number of IFTI Incoming-TKM Frequency by sending country		• Nominal Amount of IFTI Incoming-TKM by sending country

### iii. ML Risk Factors from Overseas (Inward Risk) by Type of Occupation Profile of Individual Actors

Table 11 Threat Factors for Money Laundering from Overseas (Inward Risk) By Type of Occupation Profile of Individual Perpetrators

THREATS	VULNERABILITY	CONSEQUENCE
Number of IFTI Incoming Frequency-TKM by Type of Occupation Profile of Individual Perpetrators	• Ability to Handle Money Laundering Cases according to Type of Occupation Profile of Individual Perpetrators	• Nominal Amount IFTI Incoming-TKM according to Type of Occupation Profile of Individual Perpetrators

### iv. ML Threat Factors from Overseas (Inward Risk) by Type of Business Sector

Table 12 Threat Factors for Money Laundering from Overseas (Inward Risk) By Type of Business Sector

THREATS	CONSEQUENCE
• Number of IFTI Incoming-TKM Frequency by Type of Business Sector of Business Entity	• Nominal Amount of IFTI Incoming-TKM by Type of Business Sector of Business Entity

### c. Money Laundering Risk to Overseas (Outward Risk)

#### i. Threat Factors to Overseas (Outward Risk) by Type of Predicate Crime

Table 13 Threat Factors for Money Laundering Overseas (Outward Risk) By Type of Predicate Crime

<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Number of Frequency of Exchange of Financial Intelligence Information (Outgoing) according to indications of TPA ML</li> <li>• Number of Requests for Mutual Legal Assistance (MLA Outgoing) according to TPA indications for money laundering offences</li> <li>• Number of Case Frequency from Overseas FIUs according to TPA indications for ML</li> <li>• PESTEL analysis</li> </ul>

#### ii. Risk Factors for Money Laundering Abroad (Outward Risk) by Country of Destination

Table 14 Risk Factors for Money Laundering to Overseas (Outward Risk) By Country of Destination

<b>THREATS</b>	<b>VULNERABILITY</b>	<b>CONSEQUENCE</b>
<ul style="list-style-type: none"> <li>• Number of Requests for Financial Intelligence Information Exchange (Outgoing) by country</li> <li>• Number of Requests for Mutual Legal Assistance (MLA Outgoing) by country</li> </ul>	<ul style="list-style-type: none"> <li>• Basel AML Index by country for period 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal Amount of Financial Intelligence Exchange (Outgoing) by country</li> <li>• Nominal Amount of Mutual Legal Assistance (MLA) requests by country</li> </ul>

<b>THREATS</b>	<b>VULNERABILITY</b>	<b>CONSEQUENCE</b>
• Number of IFTI Outgoing Frequency-TKM by recipient country		• Nominal Amount of IFTI Outgoing -TKM by recipient country

### **iii. Risk Factors for Money Laundering Abroad (Outward Risk) by Type of Occupation**

#### **Profile of Individual Actors**

Table 15 Risk Factors for Money Laundering Overseas (Outward Risk) By Type of Occupation Profile of Individual Perpetrators

<b>THREATS</b>	<b>VULNERABILITY</b>	<b>CONSEQUENCE</b>
• Number of IFTI Outgoing Frequency-LTKM	• Ability to Handle Money Laundering Cases	• Nominal Amount of IFTI Outgoing-LTKM

### **iv. Threat Factors for Money Laundering Overseas (Outward Risk) by Type of Business Sector**

Table 16 Threat Factors for Money Laundering Overseas (Outward Risk) By Type of Business Sector

<b>THREATS</b>	<b>CONSEQUENCE</b>
• Number of IFTI Outgoing-TKM Frequency by Type of Business Sector of Business Entity Perpetrators	• Nominal Amount of IFTI Outgoing-TKM by Type of Business Sector of Business Entity Perpetrators

#### **d. Emerging Threat on Money Laundering Factors**

Table 17 Emerging Threat on Money Laundering Factors

<b>THREATS</b>
<ul style="list-style-type: none"><li>• Literature Review</li><li>• Self-Assessment (expert judgment)</li><li>• Focus Group Discussion</li><li>• PESTEL analysis</li></ul>

#### **e. Risk Assessment Method**

After the identification process of the risk-forming factors for each context or PoC (Point of Concern) of each identified variable, then in the next stage a weighting technique is carried out on these risk-forming factors. The following is the weighting that has been carried out based on process Hierarchy Analysis (AHP) approach.

Table 18 Weighting Factors Against Categories

<b>CATEGORIES</b>	<b>FACTOR</b>	<b>WEIGHT</b>
Transaction Based	LT-TKM, LTKT-LTKM, LTKM	1
Intelligence Based	HA, HP	2
Investigation Based	Investigation Result	3
Prosecution Based	Prosecution result	4
Conviction Based	Decision result	5

Table 19 Comparison of Real and Potential Weights

CATEGORIES	FACTOR	WEIGHT
Riil	Transaction, Intelligence, Investigation, Prosecution, Conviction	2
Potential	Perception (Self-Assessment of Reporting Party, FIU, LPP, Law Enforcement Agencies)	1

As is known from table 18 above, this weighting is carried out by considering that decision has the largest weight, namely 5, while the basis for reporting transactions is the smallest, namely

1. The court's decision has been legally proven through the investigation process to the court. The weighting on the real factor with a weight of two and the self-assessment factor that will be used in measuring the potential level with a weight of 1.

Furthermore, a quantification technique is carried out on each variable by transforming the volume of threats, vulnerabilities, and consequence into a scale of 3-9 which shows a low, medium and high risk scale. This quantitative transformation is carried out using the min-max method. The quantitative transformation is described in figure 3.

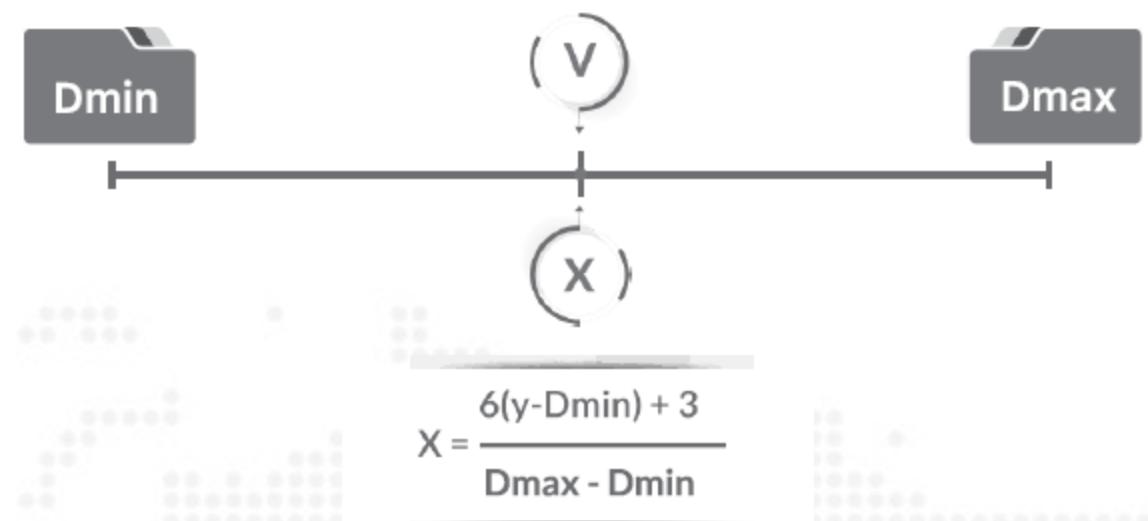


Figure 3 Quantitative Transformation

The smallest scale is three and the largest scale is 9, both for the threat, vulnerability and consequence variables. In accordance with the risk assessment formula, after obtaining the value of the quantity of threats and vulnerabilities, the two are then added together to obtain the likelihood value. In accordance with the risk formula, after obtaining the trend value that has been transformed into a scale of 3-9, then the trend scale is multiplied by the consequence scale to obtain the risk value. The risk value of each PoC is then divided into three levels, as follows:

Table 20 Formulation of Risk Level

RISK VALUE RANGE	RISK LEVEL	EXPLANATION
$7 < x \leq 9$	High	Significant amount and value related to money laundering; and requires urgent attention
$5 \leq x \leq 7$	Medium	Significant amount and value related to money laundering; and requires continuous monitoring to determine the possibility of urgent and/or timely escalation of handling required
$3 \leq x < 5$	Low	Low and/or limited amount and value related to money laundering; and requires a lower Action or a response in the form of monitoring is needed

This evaluation stage contains process of taking the results found during analysis process to determine priorities in overcoming risks, considering the objectives of the risk assessment at the beginning of the assessment process. This stage also contributes to development of strategies for risk mitigation that leads to development of strategies to address risks.

## 2.4 Database

This holistic national risk assessment on Money Laundering (ML) 2021 was compiled using various data and information sources, both INTRAC internal databases and INTRAC external

databases through various data collection methods in the form of questionnaires, in-depth interviews, Focus Group Discussions (FGD) with data period 2016-2020, especially quantitative data and the 2021 data period in the form of qualitative and NRA supporting data. Some of the data and information used in preparation of National risk assessment of the holistic Crime of Money Laundering (ML) in 2021, are as follows:

**a. Internal INTRAC**

1. Suspicious Financial Transaction Report (LTKM)
2. Cash Financial Transaction Report (LTKT)
3. Transaction Report of Other Goods and/or Service Providers (LT PBJ)
4. Financial Transaction Reports from/to Overseas (LTKL)
5. Cross-Border Cash Courier Report (LPUTLB)
6. Analysis Result Report (HA)
7. Examination Result Report (HP)
8. Report on Exchange of Information between FIUs
9. INTRAC Expert Statement Report
10. Results of the 2020 National Risk Assessment Questionnaire for Money Laundering
11. Typology Research Results and Strategic Analysis
12. Results of Indonesia's Mutual Evaluation Report (MER) Penilaian

**b. External INTRAC**

1. Money Laundering Investigation Report
2. Money Laundering Case Prosecution Report
3. Money Laundering Case Decision Report
4. Mutual Legal Assistance (MLA) Report
5. Implementation of online data collection to support Indonesia's NRA 2021.

6. The results of National Risk Assessment Questionnaire for Money Laundering in 2020 were 1,185 respondents with an average response rate of 71.24%, the details are as follows:

a. 583 respondents from representatives of ML Law enforcement Agencies (central and regional) with an average response rate of 95.33%.

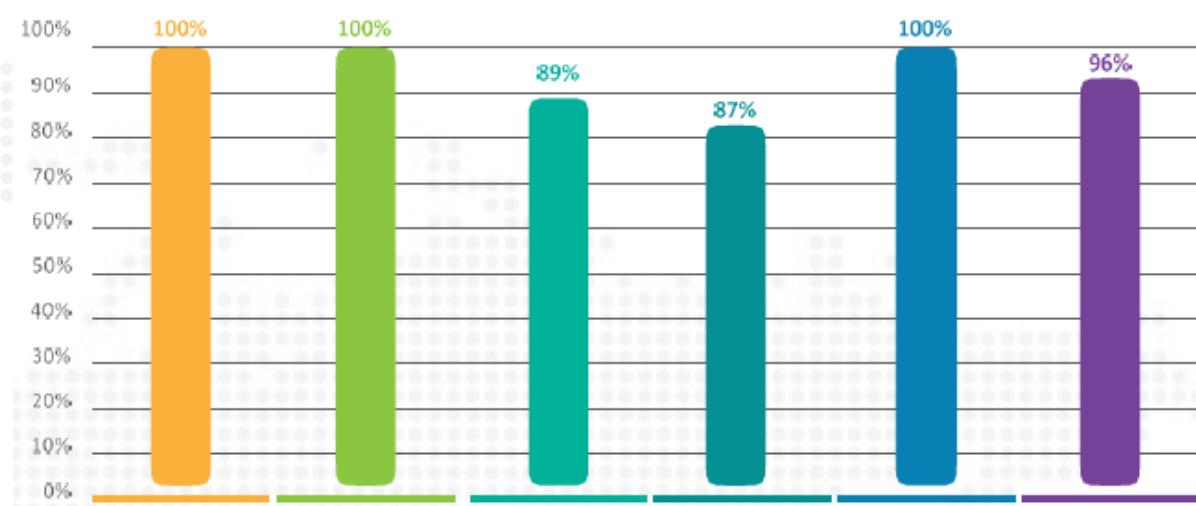


Figure 4 Response Rate of Filling Questionnaire Based on Respondent Category of Law Enforcement Agencies

b. 574 respondents from representatives of reporting parties including associations (central and regional) with an average response rate of 64.64%.

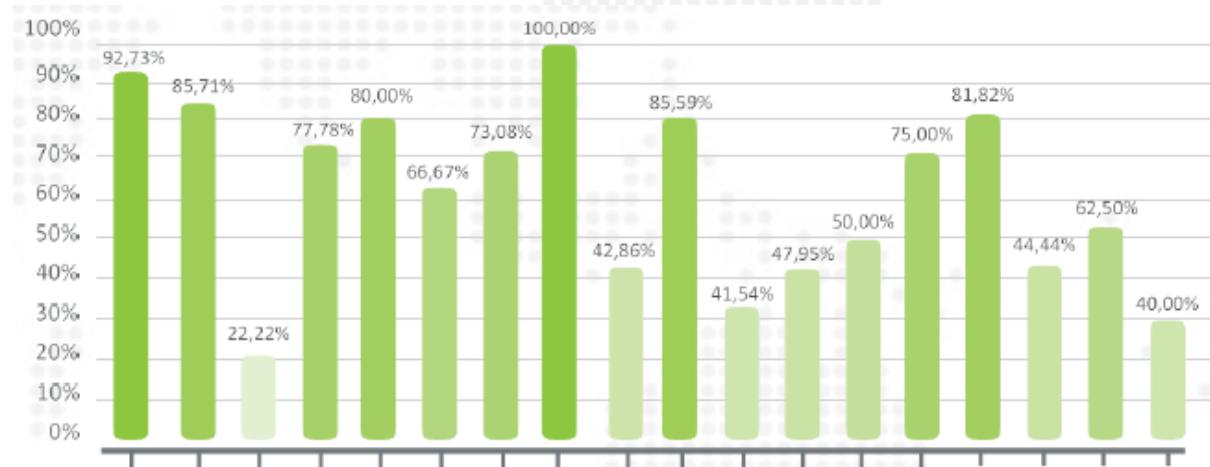


Figure 5 Response Rate of Filling Out Questionnaire Based on Respondent Category of Reporting Party

c. 8 respondents from representatives of self-regulatory bodies with an average response rate of 100%.

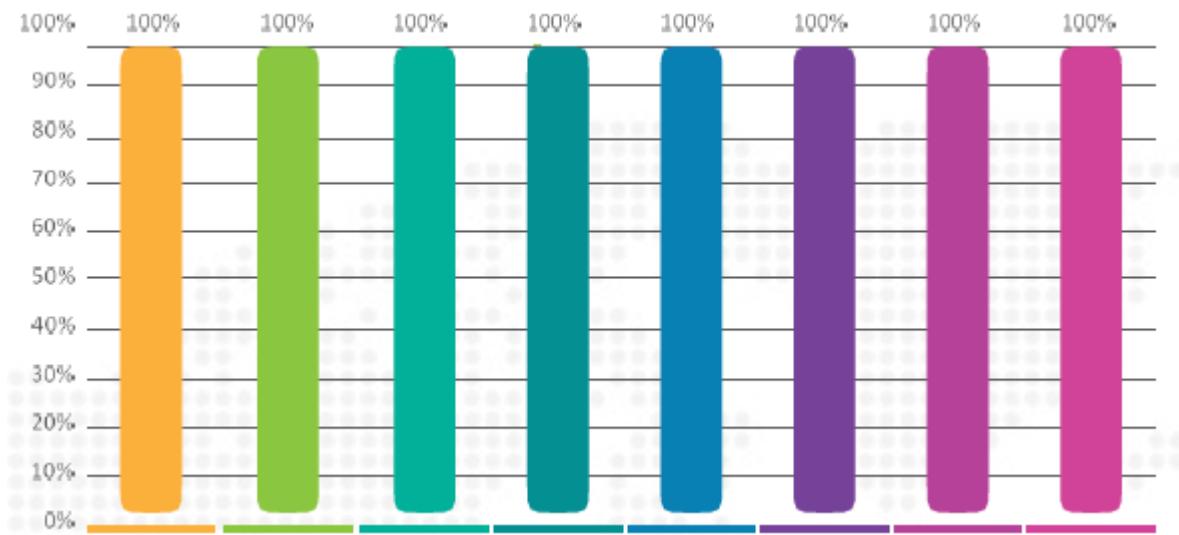


Figure 6 Response Rate of Filling Out Questionnaire Based on Respondent Category of Self - regulatory Bodies

d. 20 respondents from Overseas FIU representatives with an average response rate of 25%.

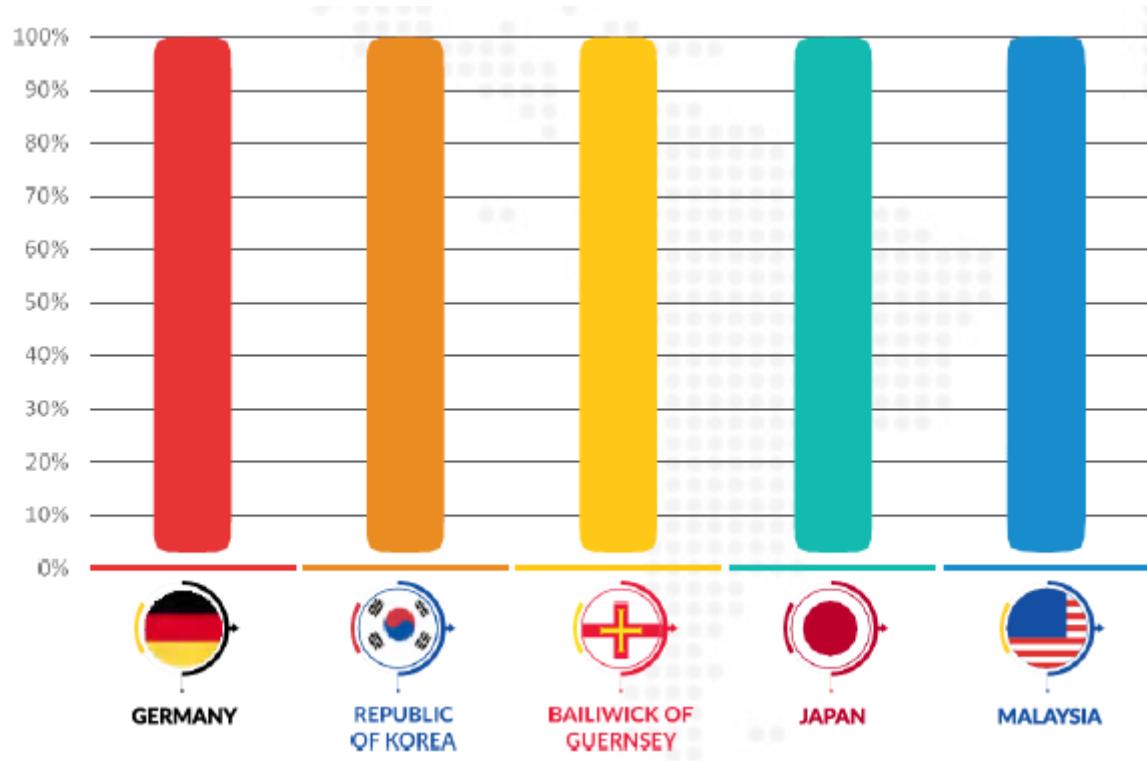


Figure 7 Response Rate of Filling the Questionnaire Based on Respondent Category of Overseas FIU

Implementation of in-depth interviews and mentoring programs is a quality assurance process carried out by the NRA Indonesia team by providing assistance and coordination with all respondents to ensure that the data and information provided are valid.

## **2.5 Stages of National Risk Assessment Activities Against Money Laundering in 2021**

In conducting a national risk assessment of the holistic Crime of Money Laundering (ML) in 2021, several stages of activities have been carried out from 2020-2021, as follows:

### **I. Preparation Stage (January-October 2020)**

1. Determination of the Action Plan for National Strategy for Prevention and Eradication of Money Laundering for 2020-2024 which states that preparation of a national risk assessment for holistic money laundering in 2021 is a national priority agenda in accordance with Strategy I of National Strategy for Money Laundering with INTRAC as the leading sector) Inter Agency Working Group NRA Indonesia in 2021.
2. Stipulation of Decree of Head of INTRAC Number 108 of 2020 and Number 210 of 2021 concerning the Implementing Team for preparation of National Risk Assessment on Money Laundering. The Hierarchy of Inter-Agency Relations in preparation of a National Risk Assessment on Money Laundering in 2021 is described in Figure 8.



Figure 8 Hierarchy of Inter-Agency Relations in preparation of a National Risk Assessment on Money Laundering in 2021

3. Implementation of the 2021 NRA Indonesia Inter Agency Working Group Kick Off Meeting on 18 May 2020.
4. Implementation of the FGD Discussion of Methodology and Preparation of Survey Instruments and Data Collection which was carried out in a hybrid manner on 11-13 August 2020 at the ML-TF INTRAC Training and Education Center.
5. Implementation of Data Collection through the 2020 National Survey.
6. Implementation of Indepth Study and Assistance with Law enforcement Agencies on September 14-15, 2020.
7. Implementation of In-depth Study and Assistance with Reporting Parties and Associations on October 12, 2020.

## **II. Implementation Stage (September 2020 – July 2021)**

### **a. Risk Identification**

At this stage, process is carried out to identify risk factors to be analyzed, as well as identify the need for data and information types. The following activities are carried out in the identification process:

1. FGD on the identification of money laundering threats was held virtually on 30 September – 2 October 2020.
2. FGD on the identification of ML vulnerabilities was held virtually on 21-23 October 2020.
3. FGD to identify the consequence of money laundering was held virtually on 18 – 20 November 2020.
4. Implementation of the Ministerial Level ML Committee Virtual Meeting in 2021.
5. The 2021 NRA Indonesia Team Kick Off Meeting will be held virtually on 18 May 2021.

6. FGD Review of National Risk Assessment Methodology for Holistic ML in 2021 with Representatives from the University of North Sumatra, Sriwijaya University, Gadjah Mada University, Padjajaran University, Udayana University, Jember University, Airlangga University and a Team of Methodology Experts from Representatives of College of Statistics, the Central Bureau of Statistics and Partners Ernst & Young Indonesia.

### **b. Risk Analysis**

The risk analysis stage is a continuation of the risk identification stage using the vulnerabilities, threats, and consequence variables. The purpose of this step is to analyze the identified risk factors to understand their nature, source, likelihood, and consequence in order to establish a level of relative value for each risk factor. The following activities are carried out to support risk analysis:

1. Implementation of additional supporting data collection for Indonesia's NTA 2021.
2. The 2021 NRA Indonesia Policy Brief FGD with E-Commerce Platform Providers and the Indonesian Joint Funding Financial Technology Association and the Coordinating Ministry for the Economy on 19 May 2021.
3. PESTEL Analysis FGD and Risk Evaluation with Domestic Experts including Political Expert (Dr. Yunus Husein, SH, LL.M.), Economic Expert (Faisal H. Basri, SE, MA), Social Expert (Prof. Dr. Azyumardi Azra, MA, CBE), Technology Expert (Ruby Alamsyah, ST, MTI), Environmental Expert (Laode Syarif, SH, LL.M., Ph.D), Legislation & Law Expert (Prof. Hikmahanto Juwana, SH, LL. M., Ph.D.) and Overseas Risk Expert from AUSTRAC Australia (Mr. Andrew Wright) on a hybrid basis on 21-23 June 2021 in Jakarta.

### **c. Risk Evaluation**

This evaluation stage contains process of taking the results found during analysis process to determine priorities in overcoming risks, considering the objectives of the risk assessment at the beginning of the assessment process. This stage also contributes to development of strategies for risk mitigation that leads to development of strategies to address risks.

1. FGD Initial Formulation of Mitigation Measures and Priority Actions for ML on 22-24 November 2020 in Bandung.
2. FGD Expose the Results of Consolidation and Risk Evaluation for 2021 with the Indonesian NRA Team for 2021 on July 4, 2021.
3. The FGD on Sharpening the Mitigation Measures and Priority Action for ML on July 8, 2021.

## **II. Launch or Dissemination Stage (August 2021)**

Launch or dissemination stage is carried out to provide mutual understanding and awareness of the risks of money laundering in Indonesia. Implementation of launch or dissemination is as follows:

1. Implementation of launch or Dissemination of Indonesia's NRA Results in 2021 with the Chairman of ML Committee in Hybrid on August 19, 2021
2. Publicly Launching or Disseminating the Results of the 2021 NRA Indonesia through Seminars and Media Website Publications on August 19, 2021.

## CHAPTER III ANTI-MONEY LAUNDERING LEGAL FRAMEWORK IN INDONESIA

### 3.1 The Legal Framework for Anti-Money Laundering in Indonesia

Indonesia's position in the framework of compliance with international standards based on the FATF assessment since 2001 until now shows a significant step forward in Implementation of the AML-CFT regime. This is explained in Figure 9.

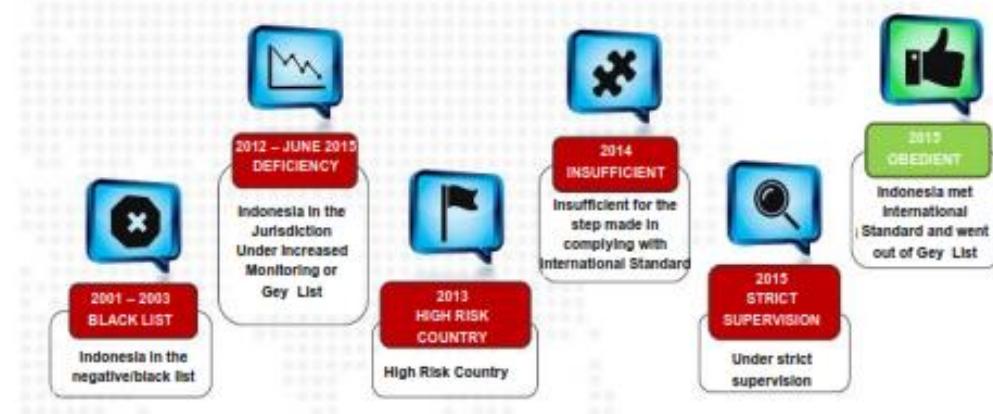


Figure 9 Indonesia's Position in the FATF Assessment concerning Compliance with International Standards

Since the inclusion of Indonesia in the Second Non-Cooperative Countries and Territories (NCCT's) list<sup>6</sup> by the FATF in 2001, it has provided a strong awareness of the importance of having a anti-money laundering regime as a national necessity. As a follow-up to the results of the first review in 2001 by the FATF, efforts to fulfill the 40 FATF recommendations began when **Law No. 15 of 2002** on Money Laundering was ratified. However, in Law Number 15 of 2002, it is considered that there are still weaknesses, among others, as follows:<sup>7</sup>

<sup>6</sup> FATF. Review to Identify Non-Cooperative Countries or Territories: Increasing the Worldwide Consequenceiveness of Anti-Money Laundering Measures. Accessed July 19, 2021. <https://www.fatf-gafi.org/media/fatf/documents/reports/2000%202001%20 NCCT%20ENG.pdf>.

<sup>7</sup> INTRAC. Compilation of the Law on Ratification of the EDP Convention and International Anti-Money Laundering Standards. 2009.

- a. The threshold of IDR500 million in the definition of proceeds of crime (Article 2) provides a weakness that will result in criminal proceeds of less than IDR500 million not being prosecuted under this Law. In some countries, the limit on the proceeds of a crime is not linked to a threshold.
- b. The limited number of types of predicate offenses in money laundering (predicate offense), which is only fifteen types of predicate Crime and the exclusion of gambling in the list of types of predicate offenses in money laundering in Indonesia. In this regard, the FATF standard states that every country can consider serious offenses to be included in the category of predicate offenses.
- c. Submission of suspicious financial transaction reports by financial service providers to INTRAC no later than 14 days after the transaction is found to be considered too long to allow suspicious financial transactions to be transferred/transferred or withdrawn by the service user concerned.
- d. There is no prohibition for financial service providers to notify service users that suspicious financial transaction reports are being prepared or have been reported to INTRAC (anti-tipping-off provision).
- e. The definition of suspicious financial transactions does not yet contain the element “including transactions that use assets resulting from crime.”
- f. International cooperation has not been regulated in detail, even though the FATF recommendations contain no less than eight recommendations, both in the framework of confiscation, mutual legal assistance, and extradition.

With these weaknesses, Law Number 15 of 2002 was amended by Law Number 25 of 2003 on Amendments to Law Number 15 of 2002 on Money Laundering by including several material weaknesses in Law Number 15 of 2002, among others:

- a. The IDR500 million threshold has been abolished on the definition of proceeds of crime.

- b. Added the element “financial transactions using proceeds of crime” in the definition of suspicious financial transactions.
- c. The addition of the types of predicate offenses in money laundering to 24 types of predicate Crime and added with an open ended clause that accommodates other serious Crime which are punishable by 4 years or more.
- d. The limit for submitting suspicious financial transactions from financial service providers is 3 (three) days.
- e. Establishment of National Coordination Committee for Prevention and Eradication of Money Laundering (Committee on Money Laundering). Money Laundering Committee will focus its duties on formulating policies for Prevention and eradication of money laundering.
- f. INTRAC in implementing international conventions and international recommendations related to money laundering in accordance with the prevailing laws and regulations.

With completion of the amendment process, it can be said that process of drafting a legal framework that is in accordance with domestic needs and international standards has been completed. Furthermore, in order to provide a stronger legal basis in preventing and eradicating Money Laundering, on October 22, 2010 Law Number 8 of 2010 on Prevention and Eradication of Money Laundering was promulgated, which replaced the previous Law.

Based on the general explanation of Law 8 of 2010 it is stated that in order to meet national interests and adjust to international standards, it is necessary to draw up a Law on Prevention and Eradication of Money Laundering in lieu of Law No. 15 of 2002 on Money Laundering as amended with Law Number 25 of 2003 on amendments to Law Number 15 of 2002 on Money Laundering. The content material contained in this Law, among others:

- 1. redefinition of the meaning of matters related to Money Laundering;
- 2. perfecting the criminalization of money laundering;

3. regulations concerning the imposition of criminal sanctions and administrative sanctions;
4. strengthening the application of the principle of Know Your Customer;
5. expansion of the reporting party;
6. determination of the type of reporting by providers of other goods and/or services;
7. arrangements concerning compliance supervision;
8. granting authority to the reporting party to postpone the Transaction;
9. expansion of the authority of Directorate General of Customs and Excise to carry cash and other payment instruments into or out of the customs area;
10. granting authority to investigators of predicate Crime to investigate allegations of Money Launderings;
11. expansion of agencies entitled to receive INTRAC analysis or examination results;
12. restructuring of INTRAC institutions;
13. addition of INTRAC's authority, including the authority to temporarily suspend transactions;
14. re-arrangement of the law on the examination of the criminal act of Money Laundering; and
15. regulation concerning confiscation of Assets originating from criminal acts.

The existence of Law Number 8 of 2010 strengthens the existence of INTRAC as an independent institution and free from interference and influence from any power. In this case, everyone is prohibited from interfering with Implementation of the duties and authorities of the INTRAC. In addition, INTRAC must refuse and/or ignore any interference from any party in Implementation of its duties and authorities. INTRAC is solely responsible to the President of the Republic of Indonesia. As a form of accountability, INTRAC prepares and submits reports on Implementation of its duties, functions, and authorities periodically every 6 (six) months to the President and the House of Representatives.

The efforts to prevent and eradicate Money Laundering use a follow money approach in preventing and eradicating criminal acts. This approach is carried out by involving various parties (known as the Anti-Money Laundering Regime) each of which has a significant role and function, including Reporting Parties, Self-regulatory bodies, Law enforcement Agencies, and other related parties. In addition, to support the implementation of efforts to prevent and eradicate money laundering in Indonesia, through Presidential Regulation Number 117 of 2016 on Amendments to Presidential Regulation Number 6 of 2012 on National Coordinating Committee for Prevention and Eradication of Money Laundering, the establishment of a Coordinating Committee has been established. National Money Laundering Committee is chaired by the Coordinating Minister for Politics, Law and Security with the Deputy for the Coordinating Minister for the Economy and Head of INTRAC as the secretary of Money Laundering Committee. This committee is tasked with coordinating Prevention and eradication of money laundering.

The Anti-Money Laundering approach is an approach that complements the conventional approach that has been used to combat crime. This approach has several advantages and breakthroughs in uncovering Crime, pursuing the results of Crime, and proving them in court. With the existence of INTRAC and the Anti-Money Laundering Regime, the goal is to maintain stability and integrity of the financial system and assist law enforcement efforts to reduce crime rates.

The Government of Indonesia's progressive and forward steps in its commitment to anti-money laundering in Indonesia have been proven by the results of decision of the Constitutional Court Number 15/PUU-XIX/2021 on the results of the judicial review of Article 74 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering (Money Laundering Law) which has provided legal certainty and provided the same understanding and commitment in the enforcement of anti-money laundering laws. The phrase investigator for predicate Crime

in Article 74 of Money Laundering Law provides a broad definition, which includes Civil Servant Investigator (PPNS). This progressive decision of the Constitutional Court is especially important in the context of optimizing asset recovery resulting from Crime that are included in the scope of duties of PPPNS, including Crime in the forestry sector, Crime in the environment sector and Crime in the marine sector and fisheries, as well as all other predicate offenses with economic motives. Decision of the Constitutional Court has consequence for the explanation of Article 74 of the Anti-Money Laundering Law which is interpreted by what is meant by predicate criminal investigators are officials or agencies that are authorized by laws and regulations to carry out investigation.<sup>8</sup>

### **3.2 Anti-Money Laundering Regime in Indonesia**

The Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (AML-CFT) Regime in Indonesia is a series of arrangements and processes for Prevention and eradication of money laundering and terrorism financing (ML and TF) Crime, which involve all relevant stakeholders including the public. The Anti-Money Laundering Regime in the Anti-Money Laundering Law always mandates the importance of inter-sectoral or inter-institutional coordination. The coordination is in the form of a comprehensive domestic cooperation forum to carry out the handling of money laundering which must be cross-sectoral. FATF is a task force formed with the aim of preventing and eradicating criminal acts of money laundering and terrorism financing, has issued international standards that become standards for every country in Prevention and eradication of money laundering and terrorism financing, known as FATF Recommendations. Based on FATF Standard Number 1, it is stated that:

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<sup>8</sup> Constitutional Court. Decision Number 15/PUU-XIX/2021. Accessed July 19, 2021.  
[https://www.mkri.id/public/content/persidangan/putusan/putusan\\_mkri\\_7942.pdf](https://www.mkri.id/public/content/persidangan/putusan/putusan_mkri_7942.pdf).

“Each country must identify, assess and understand the risks of money laundering, terrorism financing, and financing of the proliferation of weapons of mass destruction and must define authorities and mechanisms to coordinate action to assess and mitigate risks.”

Based on the FATF Recommendation, each country must have a national policy that must be reviewed regularly and establish an authorized official or have coordination or other mechanisms responsible for national policies on Prevention and eradication of money laundering and terrorism financing in accordance with information from the results of the study, mapping of identified risks and requiring regular review.

In response to this, Money Laundering Committee in Indonesia has been established since 2004 through Presidential Decree Number 1 of 2004 as Implementation of Article 29B of Law Number 15 of 2002 on Money Laundering as amended by Law Number 25 of 2003. Committee ML continues to grow in line with the enactment of Law No. 8 of 2010 (Law on Money Laundering). Money Laundering Committee was refined through the stipulation of Presidential Regulation Number 117 of 2016 on Amendments to Presidential Regulation Number 6 of 2012 on National Coordinating Committee for Prevention and Eradication of Money Laundering.

The provisions of Article 92 of Money Laundering Law stipulates that Money Laundering Committee was formed to improve coordination between related institutions in Prevention and Eradication of Money Laundering. This task is described in more detail in Presidential Regulation Number 6 of 2012 in Article 4 which lists four functions, including coordinating the steps needed in cooperation in handling matters relating to direction, policy, and strategy of preventing and eradicating money laundering.

The AML-CFT Committee based on its duties, functions and membership is a formal coordination organization or forum between domestic institutions that is vital and in strengthening cooperation and coordination. ML Committee in carrying out its duties and

functions is assisted by two organs of ML Committee, namely ML Committee Implementation Team consisting of Echelon I level officials and ML Committee Working Group consisting of Echelon II level officials from Ministries/Institutions who are members of ML Committee.

Composition of ML Committee membership consists of:

Chairperson : Coordinating Minister for Political, Legal and Security Affairs

Vice Chairman : Coordinating Minister for Economic Affairs

Secretary : Head of Financial Transaction Reports and Analysis Center

Member :

1. Minister of Foreign Affairs
2. Minister of Home Affairs
3. Minister of Finance
4. Minister of Law and Human Rights
5. Minister of Trade
6. Minister of Cooperatives and Small and Medium Enterprises
7. Governor of Bank Indonesia
8. Chairman of Board of Commissioners of the Financial Services Authority
9. Attorney General
10. Chief of Indonesian National Police
11. Head of State Intelligence Agency
12. Head of National Counter-Terrorism Agency; and
13. Head of National Narcotics Agency

Implementing Team:

1. Deputy for Coordination of Law and Human Rights, Coordinating Ministry for Political, Legal and Security Affairs

2. Deputy for Coordination of International Economic Cooperation, Coordinating Ministry for Economic Affairs
3. Deputy Governor of Bank Indonesia for Payment System and Rupiah Money Management, Bank Indonesia
4. Head of Supervisory Agency and Futures Trading
5. Assistant Deputy for Financing and Guarantee, Ministry of Cooperatives and Small and Medium Enterprises
6. Assistant Deputy Supervision, Ministry of Cooperatives and Small and Medium Enterprises
7. Chief Executive of Banking Supervision, Financial Services Authority
8. Director General of Customs and Excise, Ministry of Finance
9. Director General of Taxes, Ministry of Finance
10. Director General of State Assets, Ministry of Finance
11. Secretary General, Ministry of Finance
12. Director General of Multilateral Cooperation, Ministry of Foreign Affairs
13. Director General of International Law and Treaties, Ministry of Foreign Affairs
14. Director General of General law administration, Ministry of Law, and Human Rights
15. Director General of Immigration, Ministry of Law, and Human Rights
16. Director General of Politics and Public Administration, Ministry of Home Affairs
17. Director General of Population and Civil Registration, Ministry of Home Affairs
18. Junior Attorney General for General Crime, Attorney General of the Republic of Indonesia
19. Junior Attorney General for Specific Crime, Attorney General of the Republic of Indonesia
20. Head of Criminal Investigation Agency, National Police of the Republic of Indonesia

21. Head of Specific Detachment 88 Anti-Terror, Indonesian National Police
22. Deputy III for Counter Intelligence, State Intelligence Agency
23. Deputy for Enforcement and Capacity Building, National Counter-Terrorism Agency
24. Deputy for Eradication, National Narcotics Agency

The obligation carried out by ML Committee is to hold meetings at least 1 (one) time for Ministerial ML Committee, 2 (two) times for the Implementing Team, and 1 (one) time for the Working Group. Money Laundering Committee produces outputs to discuss and follow up on strategic issues and preparation of National Strategy for Prevention and Eradication of Money Laundering (NATIONAL STRATEGY OF ML). Since 2007, ML Committee has established a NATIONAL STRATEGY for 4 (four) continuous periods as follows:



Figure 10 Indonesia's National Money Laundering Strategy

### **1. National Strategy for Money Laundering for 2007-2011**

To expand Indonesia's efforts in the context of preventing and eradicating money laundering and other criminal acts, National Strategy for money laundering 2007-2011 recommends strategic steps in various fields, namely:

- a. Making a single identity number (*nomor identitas tunggal*) for all Indonesian citizens to facilitate prevention and eradication of criminal acts;
- b. The promulgation of the Anti-Money Laundering Bill as soon as possible so that Indonesia has a more comprehensive and anti-money laundering law to prevent and eradicate money laundering in accordance with international standards;

- c. Electronic database management and database connectivity between relevant agencies so that the information needs of each relevant agency can be met as soon as possible, so that the handling of money laundering and other criminal acts becomes more and efficient;
- d. Improved supervision of PJK compliance so that PJKs have a higher awareness to fulfill their obligations as a reporting party;
- e. Streamlining the application of asset tracing and recovery so that the assets resulting from Crime returned to the state are maximized and at the same time can make a significant contribution to development of National economy;
- f. Increasing public participation through public campaigns to support Implementation of the anti-money laundering regime in Indonesia, in particular the obligations of every citizen as a user of financial services;
- g. Acceleration of ratification of the UN Convention and Regional Convention/Treaty because these conventions are incredibly supportive and helpful in handling money laundering and other criminal acts; and
- h. strengthening the regulation on Alternative Remittance System and Wire Transfer.

## **2. National Strategy for ML-TF 2012-2016**

In 2012, ML Committee has determined National Strategy for Money Laundering for 2012-2016 which has 12 (twelve) strategies, each of which had details of activities and actions. The twelve Strategies included:

- a. Strategy I: implementation and supervision of the use of the Population Identification Number (NIK).
- b. Strategy II: implementation of the PP ML Law by accelerating completion of the implementing regulations.
- c. Strategy III: electronic database management and database connectivity owned by several related agencies.

- d. Strategy IV: increasing compliance supervision of Financial Service Providers (PJK).
- e. Strategy V: accelerate preparation of implementing regulations and preparation for Implementation of reporting obligations for PJK.
- f. Strategy VI: implementation of asset forfeiture and asset recovery.
- g. Strategy VII: disclosure of cases related to money laundering and organized crime.
- h. Strategy VIII: increasing community participation through public campaigns.
- i. Strategy IX: increasing international cooperation.
- j. Strategy X: accelerating completion of the Terrorism Financing Bill and drafting its implementing regulations.
- k. Strategy XI: comprehensive handling of the remittance sector (implementation of the Funds Transfer Law); and
- l. Strategy XII: comprehensive handling of the non-profit organization sector.

### **3. National Strategy for ML-TF 2017-2019**

Strategic steps included in National Strategy for period 2017–2019 included 7 (seven) Strategies as follows:

- a. Strategy I: Reducing the level of narcotics crime, corruption, and tax Crime by optimizing law enforcement for money laundering;
- b. Strategy II: Realizing risk mitigation in preventing the occurrence of money laundering and terrorism financing in Indonesia;
- c. Strategy III: Optimizing efforts to prevent and eradicate terrorism financing;
- d. Strategy IV: Strengthening coordination and cooperation between government agencies and/or private institutions;
- e. Strategy V: Increasing the utilization of international cooperation instruments in the context of optimizing asset recovery located in other countries;

- f. Strategy VI: Improving Indonesia's position and position in international forums in the field of prevention and eradication of criminal acts of money laundering and terrorism financing; and
- g. Strategy VII: Strengthening regulations and increasing supervision of carrying cash and Bearer Negotiable Instruments (BNI) across national borders as a medium for financing terrorism.

#### **4. National Strategy for Money Laundering for 2020-2024**

Based on the determination of National Strategy action plan for 2020-2024 it is stated that the scope of National Strategy includes:

- a. Strategy I: Improving the capacity of the private sector in detecting indications and/or potential for money laundering, terrorist financing Crime and funding for Proliferation of weapons of mass destruction;
- b. Strategy II: Increasing efforts to prevent the occurrence of money laundering, terrorist financing Crime and funding the proliferation of weapons of mass destruction by applying a risk-based approach;
- c. Strategy III: Increasing efforts to eradicate the occurrence of criminal acts of money laundering, criminal acts of financing terrorism and funding the proliferation of weapons of mass destruction by applying a risk-based approach;
- d. Strategy IV: Optimizing asset recovery by applying a risk-based approach; and
- e. Strategy V: Increasing the effectiveness of targeted financial sanctions to disrupt terrorist activities, terrorists, terrorist organizations and financing activities for Proliferation of weapons of mass destruction.

### **3.3 Anti-Money Laundering Regulations and Legislation**

The Government of Indonesia has established several legal instruments that protect or serve as the main basis for efforts to prevent and eradicate money laundering, including:

**Table 21 Main Regulations for Prevention and Eradication of Money Laundering in Indonesia**

No	Regulations	Year
1	Law Number 8 of 2010 on Prevention and Eradication of Money Laundering	2010
2	Regulation of Government of the Republic of Indonesia Number 43 of 2015 on Reporting Parties in Prevention and Eradication of Money Laundering as amended by Government Regulation Number 61 of 2021	2021
3	Regulation of Government of the Republic of Indonesia Number 2 of 2016 on Procedures for Submission of Data and Information by Government Agencies and Private Institutions in Prevention and Eradication of Money Laundering	2016
4	Government Regulation Number 99 of 2016 on Carrying Cash and/or Other Payment Instruments into or Out of the Indonesian Customs Area	2016
5	Regulation of the President of the Republic of Indonesia Number 117 of 2016 on Amendments to Presidential Regulation Number 6 of 2012 on National Coordinating Committee for Prevention and Eradication of Money Laundering	2016
6	Regulation of the President of the Republic of Indonesia Number 13 of 2018 on Application of the Principle of Recognizing Beneficial Owners of Corporations in the Context of Prevention and Eradication of Money Laundering and Terrorism financing	2018

No	Regulations	Year
7	Regulation of the President of the Republic of Indonesia Number 50 of 2011 on Procedures for Implementation of the Authority of the Financial Transaction Reports and Analysis Center	2011
8	Instruction of the President of the Republic of Indonesia Number 2 of 2017 on Optimizing the Utilization of Analysis Results Reports and Audit Results Reports of the Financial Transaction Reports and Analysis Center	2017

Furthermore, taking into account that the perpetrators of criminal acts aim to obtain economic benefits that have the potential to damage National economic order while reducing the ability of the Government of Indonesia to realize public welfare, so it is necessary to regulate the seizure of assets related to criminal acts and the need for efforts to limit cash financial transactions in the context of optimization prevention and eradication of money laundering. In its implementation, the Government of Indonesia through INTRAC has formulated the draft legislation. The urgency and status of development of the draft legislation are as follows:

### 3.3.1 Bill

Table 22 List of Bill for Strengthening on Money Laundering Prevention and Eradication in Indonesia

No	Regulation Requirement	Urgency	Status	Completion Target
1	Bill of Confiscation of Assets from Proceed of Crime	a. Optimization of Asset Recovery from Crime.	Registered in National Legislation Program 2020-2024	Year 2020-2024
		b. Optimization of Asset Recovery for the proceeds of criminal acts that cannot or are difficult to prove.		

No	Regulation Requirement	Urgency	Status	Completion Target
		<p>c. The application of Unexplained Wealth is an asset that is not balanced with income or is not balanced with a source of additional wealth that cannot be proven to have a legal origin and is suspected to be related to a criminal act.</p> <p>d. Asset Confiscation Procedure of Law.</p>		
2	Bill of Restrictions on Cash Transactions	<p>a. restriction of transactions using currency in a certain amount can reduce the occurrence of the crime of bribery. Therefore, INTRAC through ML Committee recommends that laws and regulations be enforced that limit cash payments to a certain amount because it is difficult to carry out an audit trail.</p> <p>b. Support government programs, namely National Non-Cash Movement.</p>	Registered in National Legislation Program 2020-2024	Year 2020-2024

### 3.3.2 Rules and Regulations

Several other relevant rules and regulations in the context of implementing the Anti-Money Laundering Program in Indonesia have been established by the Government of Indonesia. This condition shows Indonesia's commitment to preventing and eradicating money laundering both nationally and internationally. The following is a collection or compilation of various rules and regulations in the Anti-Money Laundering Program in Indonesia.

Table 23 Compilation of Anti-Money Laundering Program Rules and Regulations in Indonesia

No	Regulation Framework	Type of Regulation	Source
1	Guidelines for Anti-Money Laundering and Counter-Terrorism Financing Programs and the Principles of Know Your Customer	<ol style="list-style-type: none"> <li>1. Circular Letter of the Head of INTRAC Number 02 of 2019 on Guidelines for Implementing the Principles of Know Your Customer and Submission of Suspicious Financial Transaction Reports for the Profession.</li> <li>2. Regulation of the Head of INTRAC Number 17 of 2017 on the Application of the Principle of Know Your Customer for Postal Service Providers.</li> <li>3. Regulation of the Head of INTRAC Number 11 of 2017 on Application of the Principle of Know Your Customer for Land Deed Officers.</li> <li>4. Regulation of the Head of INTRAC Number 10 of 2017 on the Application of the Principle of Know Your Customer for Advocates.</li> <li>5. Circular Letter Number 7 of 2017 concerning Guidelines for Implementing the Principles of Know Your Customer for Providers of Other Goods and/or Services.</li> <li>6. Regulation of the Head of INTRAC Number 06 of 2017 on the Application of the Principle of Know Your Customer for Financial Planners.</li> <li>7. Circular Letter Number 3 of 2016 on Sample Order Forms for Providers of Other Goods and/or Services in Applying the Principle of Know Your Customer.</li> </ol>	Indonesian Financial Transaction Reports and Analysis Center

No	Regulation Framework	Type of Regulation	Source
		<p>8. Regulation of the Head of INTRAC Number PER-10 /1.02.1/ INTRAC/09/2011 on Application of the Principle of Know Your Customer for Providers of Other Goods and/or Services.</p>	
		<p>9. POJK No. 12/POJK.01/2017 on the Implementation of AML and CFT Programs in the Financial Services Sector on March 21, 2017, as amended by POJK No. 23/POJK.01/2019.</p>	Financial Services Authority
		<p>10. SEOJK No. 32/SEOJK.03/2017 concerning the Implementation of AML and CFT Programs in the Banking Sector.</p>	
		<p>11. SEOJK No. 47/SEOJK.04/2017 concerning the Implementation of AML and CFT Programs in the Capital Market Sector.</p>	
		<p>12. SEOJK No. 37/SEOJK.05/2017 concerning Guidelines for the Implementation of AML and CFT Programs in the IKNB Sector.</p>	
		<p>13. SEOJK Number 6/SEOJK.05/2021 concerning Guidelines for the Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Programs for Information Technology-Based Money Lending and Borrowing Service Providers.</p>	
		<p>14. SEOJK Number 11/SEOJK.05/2021 concerning Guidelines for the Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism</p>	

No	Regulation Framework	Type of Regulation	Source
		and Proliferation Programs for Microfinance Institutions.	
		15. Risk-based APU PPT Implementation Guidelines for PTD and Non-Bank KUPVA.	Bank Indonesia
		16. Guidelines for implementing risk-based AML and CFT for EU, DE, and APMK Operators.	
		17. Bank Indonesia Regulation Number 19/12/PBI/2017 concerning Implementation of Financial Technology.	
		18. Bank Indonesia Regulation Number 19/10/PBI/2017 on the Application of APU-PPT for PJSPs Other Than Banks and Non-Bank Foreign Exchange Business Activities Operators (KUPVA).	
		19. Principle Guidelines for Knowing Service Users (Customer Due Diligence) Non-Bank Payment System Service Providers and Non-Bank Foreign Exchange Business Activities.	
		20. Regulation of the Minister of Cooperatives and Small and Medium Enterprises Number 06/Per/M.KUKM/V/2017 concerning the Application of the Principles of Know Your Customer (KYC) for Cooperatives conducting Savings and Loans Business.	Ministry of Cooperatives and Small and Medium Enterprises
		21. Regulation of Minister of Law and Human Rights No. 9 of 2017 on the Implementation of KYC for Notaries.	Directorate General of General law administration, Ministry of Law, and Human Rights
		22. Circular of Directorate General of General Law Administration No. 1232 concerning KYC Guidelines for Notaries.	

No	Regulation Framework	Type of Regulation	Source
		<p>23. Regulation of Minister of Finance Number 55/PMK.01/2017 concerning Principles of Know Your Customer for Accountants and Public Accountants, as amended by Minister of Finance Regulation Number 155/PMK.01/2017.</p>	Financial Professional Development Center, Ministry of Finance
		<p>24. Circular Letter of the Head of PPPK Number SE-2/PPPK/2018 concerning Guidelines for Implementing the Principles of Recognizing Risk-Based Service Users for Accountants and Public Accountants.</p>	Finance
		<p>25. Circular Letter of the Head of PPPK Number SE-7/PPPK/2019 on Guidelines for the Implementation of the Principles of Know Your Customer for Accountants and Public Accountants.</p>	
		<p>26. Ministry of Finance Regulation (PMK) Number 156/PMK.06/2017 on Application of the Principle of Know Your Customer for Auction Centers.</p>	Directorate General of State Assets, Ministry of Finance
		<p>27. Regulation of Head of Commodity Futures Trading Supervisory Number 6 of 2019 on Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Programs related to Commodity Physical Market Operators on Futures Exchanges.</p>	Commodity Futures Trading Supervisory Agency, Ministry of Trading
		<p>28. Regulation of the Head of Commodity Futures Trading Supervisor Number 5 of 2019 on Technical Provisions for the Implementation of the Physical Market for</p>	

No	Regulation Framework	Type of Regulation	Source
		<p>Crypto Assets on the Futures Exchange.</p> <p>29. Regulation of the Minister of Trade Number 99 of 2018 on General Policy for the Implementation of Crypto Asset Futures Trading.</p> <p>30. Regulation of the Head of the Commodity Futures Trading Supervisory Agency Number 11 of 2017 on Guidelines for the Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Programs at Futures Brokers.</p> <p>31. Regulation of the Head of the Commodity Futures Trading Supervisory Agency Number 8 of 2017 on Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Programs at Futures Brokers.</p>	
2	Reporting Procedure	<p>1. Regulation of the Head of INTRAC Number 1 of 2021 on Procedures for Submission of Reports on Suspicious Financial Transactions, Cash Financial Transactions, Financial Transactions for Transfers of Funds to and From Overseas through the GoAML Application for Financial Service Providers.</p> <p>2. Regulation of the Head of INTRAC Number 2 of 2021 on Procedures for Submission of Transaction Reports and Suspicious Financial Transaction Reports through the GoAML Application for Providers of Other Goods</p>	Indonesian Financial Transaction Reports and Analysis Center

No	Regulation Framework	Type of Regulation	Source
		and/or Services.	
		3. Regulation of the Head of INTRAC Number 3 of 2021 on Procedures for Submission of Suspicious Financial Transaction Reports through the GoAML Application for Professionals.	
		4. INTRAC Regulation Number 14 of 2021 on Technical Guidelines for Using the goAML Application for Reporting Parties	
		5. Circular Letter of the Head of INTRAC Number 4 of 2021 on Guidelines for Transaction Formats and Activity Formats in Submission of Suspicious Financial Transaction Reports and Suspicious Financial Transaction Reports related to Terrorism Financing for Financial Service Providers.	
		6. Circular Letter of the Head of INTRAC Number 8 of 2016 on Procedures for Submission of Integrated Service User Information through the Integrated Service User Information System Reporting Application.	
		7. Circular Letter of the Head of INTRAC Number 2 of 2016 on Examples of Filling Out Details of Transactions in Transaction Reports for Providers of Other Goods and/or Services.	
		8. Circular Letter of the Head of INTRAC Number: SE-02/1.02/INTRAC/03/14 concerning Procedures for Submission of	

No	Regulation Framework	Type of Regulation	Source
		<p>Integrated Service User Information.</p> <p>9. Regulation of the Head of INTRAC Number PER-02/1.02/INTRAC/02/2014 on Integrated Service User Information Systems.</p> <p>10. Circular Letter of the Head of INTRAC Number SE-01/1.02/INTRAC/02/14 concerning Examples of Using Actor Approaches and Account Approaches in the Implementation of Cash Financial Transaction Identification.</p> <p>11. Regulation of the Head of INTRAC Number PER-21/1.02/INTRAC/11/2013 concerning Identification of Cash Financial Transactions for Financial Service Providers.</p> <p>12. Regulation of the Head of the Indonesian National Police Number 17 of 2005 on Procedures for Providing Specific Protection to Whistleblowers and Witnesses in the Crime of Money Laundering.</p> <p>13. Government Regulation Number 57 of 2003 on Procedures for Specific Protection for Whistleblowers and Witnesses of the Crime of Money Laundering.</p>	
3	Guidelines for Identification of Financial Transactions	<p>1. Circular Letter of the Head of INTRAC Number 02 of 2021 on Indicators of Suspicious Financial Transactions Related to Criminal Acts in the Taxation Sector.</p> <p>2. Circular of the Head of INTRAC Number 08 of 2019 on Indicators of Suspicious Financial Transactions Related to Narcotics Crimes.</p> <p>3. Circular Letter of the Head of INTRAC</p>	Indonesian Financial Transaction Reports and Analysis Center

No	Regulation Framework	Type of Regulation	Source
		<p>Number 1 of 2019 on Indicators of Suspicious Financial Transactions Related to Umrah Worship Travel Bureaus/Agents</p> <p>4. Circular of the Head of INTRAC Number 03 of 2015 on Indicators of Suspicious Financial Transactions for Financial Service Providers</p> <p>5. Regulation of the Head of INTRAC Number 02/1.02/INTRAC/02/15 concerning Categories of Service Users with the Potential to Commit Money Laundering.</p> <p>6. Regulation of the Head of INTRAC Number PER-04/1.02/INTRAC/03/2014 on Amendments to Regulation of the Head of the Center for Financial Transaction Reports and Analysis Number: PER-11/1.02/INTRAC/06/2013 on Identification of Suspicious Financial Transactions for Financial Service Providers.</p>	
4	<i>Platform Politically Exposed Person (PEP) access</i>	1. INTRAC Regulation Number 11 of 2020 on Procedures for Utilizing Applications <i>Politically Exposed Person (PEP)</i>	Indonesian Financial Transaction Reports and Analysis Center
5	Reporting Party Protection	<p>1. Regulation of the Head of the Indonesian National Police Number 17 of 2005 on Procedures for Providing Specific Protection to Whistleblowers and Witnesses in the Crime of Money Laundering.</p> <p>2. Government Regulation Number 57 of 2003 on Procedures for Specific Protection for Whistleblowers and</p>	

No	Regulation Framework	Type of Regulation	Source
		Witnesses of the Crime of Money Laundering.	
6	Suspension and Postponement of Transactions	1. Regulation of the Head of INTRAC Number 18 of 2017 on Implementation of Suspension and Postponement of Transactions by Financial Service Providers.	
7	Compliance and Specific Audit Procedures	1. Regulation of the Head of INTRAC Number 13 of 2016 on Procedures for Implementation of Compliance Audits, Specific Audits, and Monitoring Follow-up on Audit Results.	
8	Administrative Sanctions	1. Regulation of the Head of INTRAC Number PER-14/1.02/INTRAC/11/14 concerning the Imposition of Administrative Sanctions for Violations of Reporting Obligations.	
9	Request for Information to INTRAC	1. INTRAC Regulation Number 15 of 2021 on Procedures for Requesting Information to the Financial Transaction Reports and Analysis Center	
10	Handling Public Complaints	1. INTRAC Regulation Number 07 of 2019 on Procedures for Handling Reports and/or Information from the Community.	
11	Property Handling	<p>1. Circular Letter of the Supreme Court Number 3 of 2013 on Instructions for Handling Cases on Procedures for Settlement of Applications for Handling Assets in the Crime of Money Laundering.</p> <p>2. Regulation of the Supreme Court Number 01 of 2013 on Procedures for Settlement of Applications for Handling Assets in the Crime of Money Laundering.</p>	

No	Regulation Framework	Type of Regulation	Source
12	International Membership	1. Presidential Decree Number 23 of 2011 on Determination of Indonesia's Membership in Asia Pacific Group on Money Laundering. 2. Presidential Decree Number 24 of 2011 on the Determination of Indonesian Membership in the EGMONT Group	

### 3.4 Self-regulatory Bodies

Based on the provisions of Article 1 number 17 of Money Laundering Law, it is stated that Self-regulatory Bodies (SRB) are the institutions that have the authority to supervise, regulate and/or impose sanctions on the Reporting Party. In terms of monitoring compliance with reporting obligations for the Reporting Party for which there is no SRB, then the supervision of compliance with reporting obligations is carried out by INTRAC as stipulated in Article 31 point 2 of Money Laundering Law. In particular, the regulation on Implementation of Supervision and Compliance carried out by SRB and/or INTRAC has been regulated in Money Laundering Law and implementing regulations for each SRB in accordance with their respective authorities. As for the duties, functions, and authorities of the SRB towards the compliance of the Reporting Party, at least the following matters:

- a. Establishing the principle provisions of Know Your Customer.
- b. Carrying out supervision over the compliance of the Reporting Party in applying the provisions of the principle of Know Your Customer.
- c. Establishing Anti-Money Laundering program guidelines.
- d. Establishing procedures for implementing compliance supervision.
- e. Carrying out compliance monitoring of reporting obligations for the Reporting Party.

- f. Imposing administrative sanctions to the Reporting Party that does not submit financial transaction reports.

### **3.4.1 Landscape of Monitoring and Regulation of Money Laundering in Indonesia**

Development of the financial and non-financial service industry sectors as well as professional services is getting faster so that the utilization of information technology-based services has the potential to be used as a means by criminals to launder money resulting from criminal acts. That in the context of protecting the industrial sector, it is necessary to regulate as the reporting party in Prevention and eradication of Money Laundering. The following is the landscape of the reporting party along with the scope of reporting obligations and Self-regulatory bodies as regulated in Article 17 and Article 27 of Money Laundering Law and Government Regulation Number 61 of 2021 on Amendments to Government Regulation Number 43 of 2015 on Reporting Parties in Prevention and Eradication of Money laundering.

Table 24 Landscape of Self-regulatory Bodies and Reporting Obligations by Reporting Parties Based on Article 23 and Article 27 of Money Laundering Law and Government Regulation No. 43 of 2015 as Amended by Government Regulation No. 61 of 2021

NO	SELF-REGULATORY BODIES	REPORTING PARTY	REPORTING OBLIGATIONS				
			LTKM	LTKT	LTPBJ	LTKL	SIPESAT
I	Financial Services Authority	Bank	V	V	X	V	V
		Rural Credit Banks	V	V	X	V	V
		Financing Company	V	V	X	V	V
		Insurance Companies and Insurance Brokers	V	V	X	V	V
		Financial Institution Pension Fund	V	V	X	V	V
		Securities Company	V	V	X	V	V
		Investment Manager	V	V	X	V	V

NO	SELF-REGULATORY BODIES	REPORTING PARTY	REPORTING OBLIGATIONS				
			LTKM	LTKT	LTPBJ	LTKL	SIPESAT
		Custodian	V	V	X	V	V
		Trustee	V	V	X	V	V
		Pawnshop	V	V	X	V	V
		Venture Capital Company	V	V	X	V	V
		Infrastructure Financing Company	V	V	X	V	V
		Microfinance Institutions	V	V	X	V	V
		Export Financing Agency	V	V	X	V	V
		Technology-Based Savings and Loans Service Provider	V	V	X	V	V
		Crowdfunding Service Provider through Information Technology-Based Stock Offering	V	V	X	V	V
II	Bank Indonesia	E-Money or E-Wallet Operator	V	V	X	V	V
		Non-Bank Foreign Exchange Business Activities	V	V	X	V	V
		Fund Transfer Operator	V	V	X	V	V
		APMK Organizer	V	V	X	V	V

NO	SELF-REGULATORY BODIES	REPORTING PARTY	REPORTING OBLIGATIONS				
			LTKM	LTKT	LT PB.J	LT KKL	SIPESAT
III	Ministry of Cooperatives and Small and Medium Enterprises	Cooperatives Conducting Savings and Loans	V	V	X	V	V
IV	Commodity Futures Trading Regulatory Agency	Commodity Futures Companies, including Crypto Asset Physical Market Operators	V	V	X	V	V
V	Directorate General of State Assets, Ministry of Finance	Auction Center	V	X	V	X	X
VI	Directorate General of General law administration, Ministry of Law, and Human Rights	Notary	V	X	X	X	X
VII	Ministry of Agrarian and Spatial Planning, National Land Agency	Land Deed Officer	V	X	X	X	X
VIII	Financial Professional Development	Accountant	V	X	X	X	X
		Public Accountant	V	X	X	X	X

NO	SELF-REGULATORY BODIES	REPORTING PARTY	REPORTING OBLIGATIONS				
			LTKM	LTKT	LT PB.J	LTKL	SIPESAT
	Center, Ministry of Finance						
IX	Indonesian Financial Transaction Reports and Analysis Center	Postal Services as a Current Account Service Provider	V	V	X	V	V
		Property Company or Property Agent	V	X	V	X	X
		Motor Vehicle Dealer	V	X	V	X	X
		Jewelers and Jewelers or Precious Metals	V	X	V	X	X
		Art and Antique Merchant	V	X	V	X	X
		advocate	V	X	X	X	X
		Financial Planner	V	X	X	X	X

### 3.4.2 Financial Services Authority

The Financial Services Authority (FSA) is one of self-regulatory bodies (SRB) in the ML-TF Regime. FSA is a state institution established based on Law Number 21 of 2011 which functions to organize an integrated regulatory and supervisory system for all activities in the financial services sector, both in the banking sector, capital market, and non-bank financial services sector such as insurance, funds, and financial services. Pensions, Financing Institutions, and other Financial Services Institutions. In a more complete manner, FSA is an independent institution and is free from interference from other parties with the functions, duties, and authorities of regulation, supervision, examination, and investigation as referred to in Law Number 21 of 2011.

FSA functions to organize an integrated regulatory and supervisory system for all activities in the financial services sector. Meanwhile, based on article 6 of Law Number 21 of 2011, the main task of the FSA is to regulate and supervise:

- a. Financial services activities in the Banking sector;
- b. Financial services activities in the Capital Market sector;
- c. Financial service activities in the Insurance, Pension Fund, Financing Institutions, and Other Financial Services Institutions sector.

## **1. Regulations and Policies**

In carrying out its duties as a Self-regulatory Body there are several regulations and policies that have been set, including:

### **A. External Terms**

1. POJK No. 12/POJK.01/2017 concerning Implementation of AML and PTF Programs in the Financial Services Sector on March 21, 2017, as amended by POJK No. 23/POJK.01/2019 on September 30, 2019;
2. SEOJK No. 32/SEOJK.03/2017 concerning Implementation of AML and PTF Programs in the Banking Sector on June 22, 2017;
3. SEOJK No. 47/SEOJK.04/2017 concerning Implementation of AML and PTF Programs in the Capital Markets Sector on September 6, 2017;
4. SEOJK No. 37/SEOJK.05/2017 concerning Guidelines for Implementation of AML and PTF Programs in the IKNB Sector on July 17, 2017;
5. POJK Number 77/POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services;
6. POJK Number 13/POJK.02/2018 concerning Digital Financial Innovation in the Financial Services Sector;

7. POJK Number 16/POJK.04/2021 concerning Amendments to Financial Services Authority Regulation Number 57/POJK.04/2020 concerning Securities Offering Through Technology-Based Crowdfunding Services;
8. SEOJK Number 6/SEOJK.05/2021 concerning Guidelines for Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Programs for Information Technology-Based Borrowing-Lending Service Providers on January 29, 2021; and
9. SEOJK Number 11/SEOJK.05/2021 concerning Guidelines for Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Programs for Microfinance Institutions on March 23, 2021.

**b. Internal Terms**

1. SEDK No. 5/SEDK.03/2017 concerning Guidelines for Assessing Money Laundering and Money Laundering Risk Levels Based on a Risk-Based Approach for Commercial Banks dated July 10, 2017;
2. SEDK No. 1/SEDK.04/2017 concerning Guidelines for Risk-Based Supervision in Implementation of AML and PTF Programs in Securities Companies conducting Business Activities as Underwriters and Broker-Dealers on 20 June 2017;
3. SEDK No. 2/SEDK.04/2017 concerning Guidelines for Risk-Based Supervision in Implementation of AML and PTF Programs for Investment Managers on October 6, 2017;
4. SEDK No. 5/SEDK.01/2018 concerning Guidelines for the AML-CFT Program Information System as a guide in requesting data and information on AML-CFT Supervision at FSA on 7 May 2018;

5. SEDK No. 9/SEDK.03/2018 concerning Guidelines for Supervision of Implementation of Risk-Based AML and PTF Programs for Commercial Banks on December 3, 2018 as amended by SEDK No.3/SEDK.03/2019 on August 23, 2019; and
6. SEDK No.4/SEDK.04/2019 concerning Guidelines for Supervision of Implementation of the Risk-Based AML-CFT Program for Custodian Banks on July 15, 2019.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, several achievements have been made by the Financial Services Authority, including:

- a. Strategic policies at the FSA leadership level as the tone of the top
    - i. Decision of the members of Board of Commissioners to make AML-CFT as the Main Risk Profile of the FSA.
    - ii. All FSA leaders are committed to supporting the AML-CFT regime and realizing National Strategy for ML and TF.
  - b. Preparation of Priority Action Plan related to AML-CFT.
- (2) Strengthening the Regulatory Framework:
- a. Issuing provisions for Implementation of an integrated AML-CFT program for all sectors.
  - b. Amending the regulations for Implementation of the AML-CFT program which was originally rule based, to be a principle based (risk-based approach).
  - c. Fulfillment of International Standards in the AML and PFT fields.
  - d. Developing guidelines for Implementation of the AML-CFT program for each sector in the form of SEOJK, including the risk-based Guidelines for Know Your Customer (KYC).

(3) Implementation of consistent risk-based supervision by all sectors as reflected in ML/TF risk assessment with audits carried out in all sectors of the Banking, Capital Market, and IKNB, including Regional Offices and FSA Offices.

- a. FSA already has the tools to identify the level of risk of Money Laundering/Terrorism Financing (ML/TF) risks from each Financial Service Provider.
- b. From the results of the risk identification, FSA has implemented a consistent risk-based AML-CFT program supervision. The frequency and scope of supervision is carried out based on the results of the risk assessment in question.
- c. In 2021, FSA has carried out continuous risk-based AML-CFT supervision.

(4) Imposition of administrative sanctions and fines that are proportional and provide a deterrent consequence.

- a. To improve the compliance of Financial Services Providers, FSA has imposed administrative sanctions in the form of fines for violations of ML-TF obligations proportionally with a value of IDR 60,109,080,000 (sixty billion one hundred and nine million and eighty thousand rupiah) from 2014 to 2021.
- b. FSA also imposes other administrative sanctions that provide a dissuasive consequence, including written warning letters, suspension of business licenses, and restrictions on business licenses.

(5) Preparation of Sectoral Risk Assessment in the Financial Services Sector

- a. FSA updates Sectoral Risk Assessment (SRA) in the Financial Services Sector every 2 (two) years.

(6) Continuous implementation of Joint Audit with INTRAC.

- a. In 2018 a Joint Audit was conducted on Regional Development Bank (BPD) to prevent money laundering related to Regional Head Election process.
- b. In 2019, a Joint Audit was conducted on banks, insurance companies, and finance companies.
- c. In 2020, a Joint Audit was conducted on banks (commercial banks and regional banks), securities companies, insurance companies, and one finance company.

(7) Development of Supervision Infrastructure, including information technology that supports supervision (supervisory technology)

- a. The FSA-OBOX (OBOX) system is part of the Business Process Re-engineering supervision by utilizing technology that enables the Bank to improve the flow of information to FSA, especially transactional ones. This information will later complement existing reports so that FSA and the Bank can improve supervision of potential risks that arise early.
- b. FSA Online Reporting Application System (APOLO) to provide services to PJK in fulfilling the obligation to submit reports online, including reports used for Implementation of supervision of the AML-CFT program.
- c. AML-CFT Program Information System (SIGAP)
  - For internal FSA, SIGAP is a web-based AML-CFT program monitoring information system to integrate data and information on the results of the AML-CFT program supervision implementation and to provide supporting data for the AML-CFT program supervision.
- d. Information System for Players at Integrated Financial Services Institutions (SIPUTRI), to manage and provide profile data and history of Financial Services Business Actors

(PUJK) in an integrated, comprehensive, timely, and accurate manner to stakeholders, especially in the context of Fit and Proper Assessment (PKK).

(8) Implementation of cooperation through the signing of Memorandum of Understanding (NK) or Cooperation Agreements (PKS) of various SRB, INTRAC, and Law Enforcement Agencies, as well as other Ministries/Institutions.

- a. To increase the effectiveness of information exchange between SRBs in the ML-TF sector, FSA has established formal cooperation through the signing of MoU with Bank Indonesia, Ministry of Finance, and Ministry of Cooperatives and SMEs. Meanwhile, with Ministry of Trade and Ministry of Law and Human Rights, although they do not yet have MoU, FSA has conducted quite cooperation.
- b. The exchange of information by FSA with the SRB mentioned above is carried out in various forms, including:
  - (i) Sharing information related to capacity building training modules for Supervisors.
  - (ii) Discussion of current policies and issues related to Implementation of the AML-CFT program.
  - (iii) Sharing experiences in coordination and preparation of Indonesian MER by FATF.
  - (iv) Integration of information systems in the AML-CFT sector owned by each SRB.
  - (v) FSA also has FSA cooperation with APGAKUM, and other Ministries/Institutions namely Indonesian National Police, National Counter-Terrorism Agency (BNPT), National Narcotics Agency (INNA), State Intelligence Agency (BIN), Corruption Eradication Commission (CEC), Ministry of Home Affairs and others.

(9) Implementation of international cooperation through the signing of MoU with authorities in other countries.

- a. FSA as SRB in the financial services sector has established good cooperation with various authorities from other countries and international agencies both formally and informally. Currently, FSA has recorded 24 MoU with counterparts and other state authorities.
- b. To support the effectiveness of monitoring compliance with Implementation of the AML-CFT program, the information exchanged by FSA with counterparts and foreign authorities is in the form of:
  - (i) Information concerning certain parties in the context of carrying out Fit and Proper Tests, monitoring, and handling cases including investigation.
  - (ii) Implementation of joint supervision, joint audit, and/or on-site supervision by FSA overseas as well as on-site supervision by foreign authorities in Indonesia.

(10) Implementation of Thematic Supervision.

- a. In addition to full-scope inspections, FSA has implemented thematic supervision in accordance with the results of ML/TF risk assessment. Thematic AML-CFT supervision carried out in 2018 was as follows:
- b. ML-TF thematic supervision is carried out on Securities Companies owned or controlled by politically popular people (PEP). This supervision was carried out in 2018, during the legislative election period.
- c. Banking supervisors apply AML-CFT thematic supervision, which focuses on Suspicious Financial Transaction Reports (LTKM) for tax Crime using personal accounts for business purposes.

(11) Strengthening of FSA's internal HR and Organizational Structure.

- a. The formation of the AML-CFT Handling Group as a Work Unit that specifically handles AML-CFT.

- b. Establishing AML-CFT Specialist Supervisory Group in the Banking Sector (the sector with the highest relative risk level).
- c. Implementation of sustainable capacity building programs consisting of certification programs, in-house training (IHT) activities, Training of Trainers (ToT), and others.

(12) Capacity development of human resources in the financial services sector.

- a. FSA continues to carry out capacity building activities in a sustainable manner. One of the materials presented in these activities was material on the obligation to report to INTRAC including the typology and mode of ML and TF. This aims to improve the understanding, ability, and capacity of PJK in identifying TKM which is then expected to increase the number of qualified LTKM to INTRAC.
- b. Some of the capacity building activities mentioned above are held in synergy between FSA and the Financial Services Sector Association. Synergy with the Association is carried out to increase effectiveness and efficiency and avoid duplication of activities.
- c. The next capacity building activity is the holding of a workshop on mentoring Implementation of the risk-based AML-CFT program for the technical level. The mentoring workshop is an ongoing activity since 2017 to achieve the participation target of all PJKs.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of the Financial Services Authority until period 2020, are as follows:

(1) Continuous development of internal and external HR capacity.

- a. For FSA Internal HR, in 2021 IHT activities will be held on GoAML Implementation in Supervision of the AML-CFT Program Implementation, IHT for ML-TF Program Supervision related to Compliance Aspects with Reporting Obligations, IHT ML-TF

Program Supervision for Peer-to-Peer (P2P) Lending Financial Service Providers and Microfinance Institutions.

- b. For external human resources (financial service sector actors), in 2021, Mentoring Workshop activities for P2P Lending organizers will be held, Training Webinar on Prevention of Funding for Proliferation of Weapons of Mass Destruction, Webinar related to TPA of Environment, Wildlife Trade and Forestry, Dissemination of the Arranged Provisions, Dissemination of NRA and SRA results.

(2) Continuing development of supervisory infrastructure, including information technology that supports supervision (supervisory technology), including the integration of the SIGAP system with the FSA Reporting System, SIGAP access to PEP INTRAC data, and FSA system access to BO data managed by Ministry of Law and Human Rights.

(3) Strengthening the regulatory framework consisting of:

- a. If there are adjustments, amendments, or new formulations of applicable international principles, the FSA will conduct a gap analysis between the FSA provisions and the said international principles.
- b. Preparation of guidelines for implementing risk-based AML-CFT programs for Securities Crowdfunding.
- c. Preparation of risk-based AML-CFT supervision guidelines for the P2P Lending, Microfinance Institutions, and Securities Crowdfunding industries.

(4) Continuous implementation of Joint Audit with INTRAC

(5) Implementation of Thematic Supervision for the Financial Services Sector

(6) Ensure Implementation of risk-based supervision in the financial services sector consistently. This is done by:

- a. Ensuring that Implementation of supervision is in accordance with the monitoring plan based on the results of the risk assessment.
- b. Periodically compiling a Compilation Report and Results of Monitoring Analysis (LKHAM) of the AML-CFT Program which can provide recommendations for improving Implementation of AML-CFT supervision in the Financial Services Sector.

(7) Preparation of Sectoral Risk Assessment in the Financial Services Sector

- a. In 2021, FSA is updating the 2019 Financial Services Sector SRA. Currently, process of updating the SRA has entered the stage of distributing questionnaires to sampling Financial Services Providers (PJK).

#### **4. Domestic Cooperation**

Various forms of domestic cooperation related to anti-money laundering programs that have been carried out by the Financial Services Authority until period year 2020, are as follows:

- (1) Implementation of cooperation through the signing of Memorandum of Understanding (NK) or Cooperation Agreements (PKS) of various SRBs, INTRAC, and Law enforcement Agencies, as well as other Ministries/Institutions.
  - a. To increase the effectiveness of information exchange between SRBs in the AML-CFT sector, FSA has established formal cooperation through the signing of MoU with Bank Indonesia, Ministry of Finance, and Ministry of Cooperatives and SMEs. Meanwhile, with Ministry of Trade and Ministry of Law and Human Rights, although they do not yet have MoU, FSA has conducted quite cooperation.
  - b. The exchange of information by FSA with the SRB mentioned above is carried out in various forms, including:
    - (i) Sharing information related to capacity building training modules for Supervisors.
    - (ii) Discussion of current policies and issues related to Implementation of the AML-CFT program.

- (iii) Sharing experiences in coordination and preparation of Indonesian MER by FATF.
  - (iv) Integration of information systems in the AML-CFT sector owned by each SRB.
- c. FSA also has FSA cooperation with Law Enforcement Agencies, and other Ministries/Institutions, namely Indonesian National Police, National Counter-Terrorism Agency (BNPT), Indonesian National Narcotics Agency (INNA), the State Intelligence Agency (BIN), Corruption Eradication Commission (CEC), Ministry of Home Affairs and others.
- (2) FSA's active involvement in National Coordination Committee for Prevention and Eradication of ML/TF (ML Committee), one of which is to carry out the function of formulating directions, policies, and National Strategy for Prevention and eradication of ML/TF and is committed to implementing all decisions and policies at the ML Committee.

(3) FSA's Active Involvement in Public Private Partnership (PPP)

- a. FSA is actively involved in coordinating and discussing the initiation of the formation of a Public Private Partnership (PPP) which is coordinated by INTRAC.
- b. FSA is a member of Strategic Advisory Board (SAB) represented by the Deputy Commissioner for International and Research.

(4) Establishment of the Financial Services Sector Coordination and Communication Forum (FKKSJK) in the AML-CFT sector which was formed in 2016.

- a. FKKSJK is a forum for all financial sectors (Banks, Capital Markets, and NBFIs) to coordinate related to Implementation of AML/CFT programs, such as information sharing, capacity building, and involvement in provision of provisions and research.
  - b. FKKSJK consists of FSA representatives and representatives of financial sector associations as follows:
- (i) Banking Compliance Director Communication Forum (FKDKP).

- (ii) Association of Indonesian Rural Banks (Perbarindo).
- (iii) Indonesian Association of Mutual Funds and Investments (APRDI) Indonesia.
- (iv) Association of Indonesian Securities Companies (APEI).
- (v) Indonesian Pawn Company Association (Indonesian Pawn Company Association).
- (vi) Indonesian Life Insurance Association (AAJI).
- (vii) Indonesian General Insurance Association (AAUI).
- (viii) Association of Indonesian Insurance and Reinsurance Brokers (APPARINDO).
- (ix) Association of Indonesian Financing Companies (APPI).
- (i) Venture Capital Association for Indonesian Startups (Association of Venture Capital for Indonesian Startups/AMVESINDO).
- (ii) Indonesian Peer to Peer Lending Financial Technology Association (Indonesian Joint Funding Financial Technology Association/AFPI).
- (iii) Indonesian Financial Institution Pension Fund Association (PDPLK).
- (iv) One of the significant contributions of FKKSJK is in preparation of ML/TF Regulations.
- (v) FKKSJK activities are divided into three main working groups, namely policy development, capacity building, and preparation of joint evaluations. During 2017 – Semester 1 of 2020, FKKSJK actively discussed certain topics in each group in fifty-one meetings.

## **5. International Cooperation**

Various forms of international cooperation related to anti-money laundering programs that have been carried out by the Financial Services Authority until period year 2020, are as follows:

- (1) Until 2020, FSA has signed twenty-four cooperation agreements with foreign authorities whose scope of cooperation includes cross-border supervision and exchange of information as well as continuing cooperation with international institutions based on

cooperation agreements signed by Bapepam-LK) and Bank Indonesia prior to the establishment of FSA.

- (2) In addition, FSA is also a member of the IOSCO MMoU where FSA has exchanged information with foreign authorities including with supervisory and Regulatory Bodies of other countries. In addition to IOSCO, Indonesia is also a member of international organizations or forums whose work areas have close links with AML-CFT supervision, including:
- Basel Committee on Banking Supervision (BCBS).
  - International Organization of Pension Supervisors (IOPS).
  - International Association of Insurance Supervisors (IAIS).
  - Islamic Financial Services Board (IFSB).
  - International Federation of Accountant (IFAC).
  - International Forum of Independent Audit Regulators (IFIAR).

- (3) FSA actively exchanges information with Foreign Authorities Abroad, both related to the licensing process, supervision, and law enforcement. The following is data on information exchange that has been carried out by FSA with Overseas Authorities.

Table 25 Information Exchange Statistics from FSA to Overseas Authorities

SECTOR	2016	2017	2018	2019	SEMESTER 1 2020
Banking Sector	27	28	39	25	24
Capital Market Sector	11	22	23	20	14
IKNB Sector	10	17	17	30	9

Table 26 Information Exchange Statistics from Overseas Authorities to FSA

<b>SECTOR</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>SEMESTER 1 2020</b>
Banking Sector	3	6	4	15	9
Capital Market Sector	14	3	10	6	4
IKNB Sector		-	3	-	1

(4) FSA also cooperates with supervision in the form of supervisory collage, joint audit, and on-site examination.

Table 27 Collage Supervision Statistics

<b>SECTOR</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Banking Sector	5	4	1	2
Capital Market Sector	1	-	-	-
IKNB Sector	-	1	-	-

Table 28 Statistics on on-site audit conducted by FSA in Overseas

<b>SECTOR</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Banking Sector	2	1	25	12
Capital Market Sector	-	-	-	-
IKNB Sector	-	-	-	-

### 3.4.3 Bank Indonesia

Bank Indonesia in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been stipulated, including:

## **1. Regulations and Policies**

### **a. External Terms**

1. Vision 4 Blueprint for the Indonesian Payment System (SPI) 2025, namely SPI 2025, ensures a balance of innovation, one of which is through Implementation of Know Your Customer (KYC) & Anti Money Laundering and Counter Terrorist Financing (AML-CFT).
2. Bank Indonesia Regulation Number 19/10/PBI/2017 concerning Application of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (AML-CFT) for Payment System Service Providers (PJSP) Other Than Banks and Non-Bank Foreign Exchange Business Activities Operators (KUPVA).
3. Guidelines for the application of risk-based AML-CFT for PTD and KUPVA Non-Bank.
4. Guidelines for implementing risk-based AML-CFT for EU, DE, and APMK Operators.
5. Bank Indonesia Regulation Number 22/23/PBI/2020 concerning Payment Systems.
6. Bank Indonesia Regulation Number 14/2/PBI/2012 concerning Implementation of Card-Based Payment Instrument Activities (APMK).
7. Bank Indonesia Regulation Number 14/23/PBI/2012 concerning Fund Transfer.
8. Bank Indonesia Regulation Number 18/20/PBI/2016 concerning KUPVA BB.
9. Bank Indonesia Regulation Number 18/40/PBI/2016 concerning Implementation of Payment Transaction Processing.
10. Bank Indonesia Regulation Number 19/12/PBI/2017 concerning Implementation of Financial Technology.
11. Bank Indonesia Regulation Number 20/2/PBI/2018 concerning the Carrying of Foreign Banknotes (UKA) into and Out of Indonesian Customs.
12. Bank Indonesia Regulation Number 20/6/PBI/2018 concerning Electronic Money (EU).

13. Guide to the Principles of Knowing Service Users or Customer Due Diligence (CDD) for PJSPs Other Than Banks and Non-Bank KUPVA.
14. Letter No.20/271/DKSP/SRT/B concerning Notification on the Prohibition of Recirculation of UKA in the 10,000 SGD Denomination.
15. Letter No. 22/240/DKSP/SRT/B concerning the Use of Electronic Signatures and Proof of Income Documents in Credit Card Granting Procedures.
16. Letter No. 22/221/DSSK/SRT/B to PJSPs Other Than Banks and Non-Bank KUPVA concerning Appeals related to Anticipating Financial Crime during Covid-19 pandemic Condition.
17. Guidelines for Implementation of Risk-Based AML-CFT for Fund Transfer Operators (PTD) and Non-Bank KUPVA.
18. Guidelines for Implementation of Risk-Based AML-CFT for EU, DE, and APMK Operators.
19. Sector Risk Assessment (SRA) in Non-Bank PJSP Sector and Non-Bank KUPVA.
20. Circular No. 18/41/DKSP Concerning Implementation of Payment Transaction Processing.
21. Circular Letter No. 11/10/DKSP Concerning Implementation of APMK.
22. Circular Letter No. 15/23/DKSP Concerning PTD.
23. Circular Letter No. 18/42/DKSP Concerning Non-Bank KUPVA.

## **b. Internal Terms**

1. Risk-Based AML-CFT Supervision Guidelines for Non-Bank PTD and KUPVA.
2. Risk-Based AML-CFT Supervision Guidelines for Electronic Money Operators (EU), Electronic Wallets (DE), and Card-Based Payment Instruments (APMK).
3. General Guidelines for Examination in Certain Conditions.

4. Decree of the Governor of Bank Indonesia No. 21/39/KEP.GBI/INTERN/2019 on the Establishment of a Specific Team for the FATF BI Mutual Evaluation.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, several successful achievements have been made by Bank Indonesia, including:

### **A. Risk and Policy**

1. In 2019 the Division for Fulfillment of the Principles of Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation was established within the organizational structure of Bank Indonesia.
2. A cross-departmental ML-TF Task Force has been established, namely the BI FATF Mutual Evaluation Specific Team through the Decree of the Governor of Bank Indonesia No. 21/39/KEP.GBI/ INTERN/2019. Bank Indonesia as Self-regulatory bodies (SRB) has been actively involved in preparation of the FATF Mutual Evaluation.
3. Bank Indonesia as a member of ML Committee has been actively involved in preparation of the 2021 National Risk Assessment (NRA) for ML/TF/PPSPM.
4. Bank Indonesia has compiled and issued a Sectoral Risk Assessment (SRA) in the Non-Bank Payment System Service Provider sector and Non-Bank KUPVA in 2017 as well as an updated SRA in 2019. Currently, SRA 2021 for ML/TF/PPSPM in the sector payment system, as a derivative of preparation of the 2021 NRA ML/TF/PPSPM.
5. Bank Indonesia has been involved in the AML/CFT National Coordination Committee (NCC) for preparation of Regional Risk Assessment (RRA) of Southeast Asia and Australia on TF 2017.
6. Bank Indonesia has issued a Bank Indonesia Regulation (PBI) concerning Implementation of AML-CFT for Non-Bank Payment System Service Providers and Non-Bank KUPVA in accordance with FATF 40 Recommendations.

7. Bank Indonesia has implemented risk-based supervision (Risk Based Approach). Bank Indonesia has issued guidelines for implementing risk-based AML-CFT for Operators as well as guidelines for monitoring risk-based AML-CFT for Bank Indonesia internally.
8. The business process of carrying foreign banknotes is an activity of exporting and importing foreign currency into and outside Indonesian Customs which can only be carried out by a Permitted Agency (Bank and Non-Bank KUPVA) with a nominal value equivalent to IDR1 billion. This arrangement aims to prevent Money Laundering (ML).
9. Formulation and implementation of Bank Indonesia Action Plans (Renaksi) in National Strategy (National Strategy) for ML 2017-2019 and 2020-2024, with 100% achievement of the BI-related Renaksi every year.
10. Prohibition for all Payment System Operators and Financial Technology Operators in Indonesia to process payment transactions through virtual currency.
11. Facing Covid-19 pandemic, BI issued policies related to Examination in Certain Conditions, CDD (Customer Due Diligence) Guidelines including e-CDD for providers, as well as policies for using digital signatures for customer on boarding for Credit Cards.
12. Bank Indonesia has issued Internal PADG related to ML-TF Supervision for Operators under the supervision and regulation of Bank Indonesia, namely:
  - 1) PADG INTERN No. 23/24/PADG INTERN/2021 Concerning Guidelines for Supervision of AML-CFT Risk-Based KUPVA BB and PTD BB; as well as
  - 2) PADG INTERN No. 23/25/PADG INTERN/2021 concerning Guidelines for Supervision of AML-CFT Risk Based EU, APMK and DE.
13. Bank Indonesia issues General Guidelines for Examination under Certain Conditions as a guideline for supervision during Covid-19 pandemic.

## **B. Licensing**

1. Implementation of E-Licensing for Payment System Service Providers Other Than Banks, Non-Bank KUPVA, and Carrying Foreign Banknotes since 2018.
2. Application of QR Code innovation on the logo of Non-Bank KUPVA and licensed Non-Bank PTD to provide convenience in identifying between licensed and unlicensed operators from Bank Indonesia.
3. Bank Indonesia has an e-licensing system that is integrated with INSW (Indonesia National Single Window) for the exchange of information related to licensed UKA carriers with CBCC (Cross Border Cash Carrier) quotas. In the future, the e-licensing system is expected to provide access to data and information on the identity of UKA carriers (such as Passport and flight numbers) that can be accessed directly by DJBC, Ministry of Finance, to assist the identification process of UKA carriers.

## **C. Supervision**

1. Implementation of Risk Based Approach (RBA) both in terms of risk profile assessment, supervision, and inspection of Bank Indonesia, as well as implementation by Operator.
2. Implementation of capacity building on a regular basis for Bank Indonesia supervisors throughout Indonesia as well as PJSPs other than Banks and Non-Bank KUPVA through coordination meetings, workshops, and coaching clinics. In addition, Bank Indonesia regularly standardizes SP-PUR competencies through training/certification for Operators under the regulation and supervision of Bank Indonesia.
3. Bank Indonesia already has a BI-SSS system (Bank Indonesia Surveillance and Supervision System) which functions as a provider and processor of financial system data, a means to facilitate supervisory analysis, as well as storage of assessment and inspection results.

4. Joint audit with INTRAC and related MINISTRY/INSTITUTION on Non-Bank KUPVA and Non-Bank PTD.
5. Bank Indonesia regularly carries out thematic supervision based on initiatives from Bank Indonesia as well as input from relevant authorities in accordance with developments in ML/TF/PPSPM issues that need attention.
6. Imposition of administrative sanctions and revocation of licenses for PJSPs Other than Banks and Non-Bank KUPVA that violate the provisions of ML-TF.

#### **D. Suppressive Measures**

1. Control of unlicensed Non-Bank KUPVA and illegal Non-Bank PTD in coordination with Indonesian National Police and related MINISTRY/INSTITUTION. During 2017-2021 Bank Indonesia has identified 1090 unlicensed Non-Bank KUPVA and seventy-nine illegal PTDs in Indonesia. Furthermore, Bank Indonesia took steps to improve through the delivery of a written warning to take steps to control in cooperation with the relevant authorities (Indonesian National Police).
2. In 2017, Bank Indonesia Bali Province Representative Office in collaboration with the Police carried out control of Bitcoin ATMs.

#### **E. National & International Coordination**

1. Memorandum of Understanding (MoU) between Bank Indonesia and other Central Banks in the framework of cooperation in Implementation of AML-CFT, including:
  - (i) Bank Indonesia with Bangko Sentral Ng Pilipinas in 2018;
  - (ii) Bank Indonesia and Bank of Thailand in 2019;
  - (iii) Bank Indonesia with Bank Negara Malaysia in 2019; and
  - (iv) Bank Indonesia with Autoriti Monetary Brunei Darussalam (AMBD) in 2021.

Modalities in the MoU include: (1) policy dialogue; (2) exchange of data and information; and (3) capacity building. In addition, Bank Indonesia is currently in the finalization stage of the ML-TF MoU with the Bank of Lao PDR (BOL) and the Central Bank of the United Arab Emirates (CBUAE). Currently, Bank Indonesia is also conducting internal coordination and studies, as well as exploring bilateral cooperation at Bank Indonesia with the Reserve Bank of India (RBI), Saudi Arabian Monetary Authority (SAMA), and Monetary Authority of Singapore (MAS).

2. MoU between Bank Indonesia and other Ministries/Agencies in the framework of cooperation in Implementation of ML-TF include, among others, MoU with Indonesian National Police, INTRAC, INNA, CEC, and Ministry of Finance. The MoU with Indonesian National Police also regulates the cooperation between the POLDA and the Domestic BI Representative Office. This MoU consists of several scopes including: (1) Coordination and cooperation, (2) Supervision, (3) Task Force, (4) Exchange of information, (5) Dissemination, (6) Competence Improvement, (7) Act against financial institutions that unlicensed.
3. Having collaborated with Director General of Customs and Excise - Ministry of Finance related to the carrying of foreign banknotes through 3 (three) integrated systems, namely e-licensing Bank Indonesia, Indonesia National Single Windows (INSW), and Custom Excise Information System and Automation (CESA). As of May 2019, nationally there have been 20 Licensed Agencies (8 Banks and 12 Non-Bank KUPVAs).

## **F. Communication and Outreach**

1. As a means of policy communication related to AML-CFT, Bank Indonesia has conducted launching a specific AML-CFT menu on the BI website in 2019.

2. In preparation for the ME FATF on-site visit, Bank Indonesia developed AML-CFT campaign media, among others, by placing banners throughout KUPVA and PTD Non-Bank under the supervision and regulation of Bank Indonesia, TV media, newspapers, and online media. In addition, Bank Indonesia cooperates with PT Angkasa Pura 2 for the installation of AML-CFT communication media on digital banners at 19 airports.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of Bank Indonesia until period year 2020 are as follows:

#### **A. Risk and Policy**

1. Bank Indonesia shall prepare a Sector Risk Assessment (SRA) for ML/TF/PPSPM 2017 and SRA PJSP for 2019 and will update the SRA on the follow-up response to the NRA for ML/TF/PPSPM in 2021.
2. Bank Indonesia conducts AML-CFT Implementation Analysis in the Non-Bank Money Changer Industry.
3. Bank Indonesia prepares and conducts dissemination related to the typology of ML/TF/PPSPM cases for PJSPs other than Banks and KUPVA Non-Bank.

#### **B. Licensing**

1. In the licensing process, BI intensively coordinates with domestic authorities (INTRAC, CEC, INNA, INDONESIAN NATIONAL POLICE, FSA, IDIC, Ministry of Communication and Informatics and Ministry of Trade) as well as authorities or central banks of other countries to obtain additional information concerning potential Providers.
2. In 2021, the non-bank KUPVA relicensing process will be carried out under the supervision of Bank Indonesia. Bank Indonesia establishes a relicensing policy that

requires Operator to apply for a license renewal every 5 (five) years. The relicensing process considers the recommendations of supervisor and the compliance level of Operator, including the AML-CFT regulations and policies based on off-site and on-site supervision.

### **C. Supervision**

1. Bank Indonesia shall conduct risk-based supervision on Implementation of AML-CFT by Operator, including conducting thematic supervision. In addition, Bank Indonesia regularly conducts joint audits with INTRAC.
2. Bank Indonesia increases the frequency of off-site supervision for operators deemed high risk.
3. Bank Indonesia is designing Regulatory Technology and Supervisory Technology which will be implemented in the Bank Indonesia Supervision System.

### **D. Enforcement**

1. Controlling Unlicensed KUPVA and Illegal PTD in coordination with INDONESIAN NATIONAL POLICE.

### **E. National & International Coordination**

1. Expansion of domestic/international cooperation.
2. Bank Indonesia coordinates between Ministries/Agencies to supervise operators deemed high risk.
3. Bank Indonesia and Ministry of Finance have a regular harmonization forum every year to discuss aspects of cooperation between BI and Ministry of Finance, including the Carrying of Foreign Banknotes (UKA).

## **F. Communication and Outreach**

- a. Bank Indonesia actively publishes publications related to AML-CFT on all Bank Indonesia social media, especially in preparation for the FATF MER.
- b. Carrying out capacity building for supervisors and administrators, including regularly standardizing SP-PUR competencies through training/certification for operators under the regulation and supervision of Bank Indonesia.

## **4. Domestic Cooperation**

Various forms of domestic cooperation related to anti-money laundering programs that have been carried out by Bank Indonesia until period year 2021 are as follows:

1. Bank Indonesia is a member of ML Committee, which is obligated to formulate and implement the 2017–2019 and 2020–2024 ML TF National Strategy.
2. MoU between Bank Indonesia and other Ministries/Agencies in the framework of cooperation in Implementation of ML-TF include, among others, MoU with Indonesian National Police, INTRAC, INNA, CEC, and Ministry of Finance. The MoU with Indonesian National Police also regulates the cooperation between Regional Indonesian Police and the BI DN Regional Representative Office (KPw). The MoU with INTRAC is currently being updated.
3. Bank Indonesia may conduct an on-site visit, if there is information from other authorities concerning ML/TF cases involving operators under the supervision of BI.
4. Bank Indonesia coordinates with INTRAC to conduct joint supervision.
5. In the licensing process, BI intensively coordinates with INTRAC, CEC, INNA, INDONESIAN NATIONAL POLICE, FSA, IDIC, Ministry of Communication and Informatics and Ministry of Trade to obtain additional information related to potential Providers.

6. Bank Indonesia regularly conducts capacity building in collaboration with other MINISTRY/INSTITUTION such as INTRAC, INDONESIAN NATIONAL POLICE (Specific Detachment 88), DJBC, and Ministry of Finance concerning AML-CFT.

## **5. International Cooperation**

Various forms of international cooperation related to Anti-Money laundering program that have been carried out by Bank Indonesia until period year 2021, are as follows:

1. Cooperation Agreements between Bank Indonesia and other Central Banks in the framework of cooperation in Implementation of AML-CFT, among others, with BSP, BOT, BNM and AMBD. Currently, Bank Indonesia is in the stage of finalizing the ML-TF MoU with BOL and CBUAE.
2. Bank Indonesia actively provides information related to AML-CFT based on requests from other state authorities, such as AUSTRAC, BNM, IDB, APG, and Members of the US Congress.
3. Bank Indonesia participated in the Regulatory Exchange Program (REP) in 2016 and 2017.
4. Bank Indonesia was involved in the AML/CFT National Coordination Committee (NCC) to prepare the RRA of Southeast Asia and Australia on TF 2017.
5. Bank Indonesia was involved in the NCC to prepare an RRA concerning Regional Threats to Transnational Money Laundering of Corruption Proceeds covering the ASEAN, Australia and New Zealand regions in 2019.

### **3.4.4 Ministry of Cooperatives and Small and Medium Enterprises**

Ministry of Cooperatives and SMEs has been stipulated in Presidential Regulation Number 96 year 2020 concerning Ministry of Cooperatives and Small and Medium Enterprises, has the

task of carrying out affairs in the field of cooperatives and small and medium-sized enterprises in the government to assist the President in administering state government.

## **1. Regulations and Policies**

Ministry of Cooperatives and SMEs in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been set, including:

- a. Regulation of the Minister of Cooperatives and SMEs Number 9 of 2020 on Supervision of Cooperatives.
- b. Circular of the Deputy for Supervision of Ministry of Cooperatives and SMEs Number 92/SE/Dep.6/III/2019 dated March 18, 2019, concerning Circular of Examination of Cooperatives conducting savings and loan businesses in the context of monitoring compliance with the implementation of the Know Your Customer Principles (KYC).
- c. Circular of the Deputy for Supervision of Ministry of Cooperatives and SMEs Number 13/SE/Dep.6/VII/2019 dated July 25, 2019, concerning Circular of GRIPS Registration Obligations for Cooperatives Conducting Savings and Loans.
- d. Minister of Cooperatives and SMEs Regulation Number 05 of 2019 on Amendments to the Regulation of the Minister of Cooperatives and SMEs Number 11 of 2018 on Cooperative Savings and Loans Business Licensing.
- e. Regulation of the Deputy for Supervision of Ministry of Cooperatives and SMEs Number 37 Kep/Dep.6/IV/2018 concerning Procedures for Compliance Supervision, Specific Inspections and Follow-Up Monitoring.
- f. Regulation of the Minister of Cooperatives and SMEs Number 9 of 2018 on the Organization and Development of Cooperatives.
- g. Regulation of the Minister of Cooperatives and SMEs Number 11 of 2018 on Cooperative Savings and Loans Business Licensing.

- h. Regulation of the Minister of Cooperatives and SMEs Number 06/PER/M.KUKM/V/2017 concerning the Application of the Principle of Know Your Customer for Cooperatives Conducting Savings and Loans Business Activities.
- i. Issuance of Sectoral Risk Assessment in Cooperatives Conducting Savings and Loans against Money Laundering and Terrorism financing in 2018.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, several achievements have been made by Ministry of Cooperatives and SMEs, including:

- a. Regulation of the Minister of Cooperatives and SMEs Number 6/PER/M.KUKM/V/2017 has been issued concerning the Application of the Principle of Know Your Customer for Cooperatives Conducting Savings and Loans Business Activities.
- b. Regulation of Minister of Cooperatives and SMEs Number 9 of 2020 has been issued concerning Cooperative Supervision.
- c. Cooperative Supervisory Functional Position has been established in the Internal Ministry of Cooperatives and SMEs.
- d. Risk-Based Cooperative Supervision and Cooperative Classification based on Cooperative Business Classification (KUK) 1-4 have been implemented.
- e. Finalization of the Cooperative Examination Working Paper in accordance with Ministerial Regulation 09 of 2020 on Cooperative Supervision, if the candidate for the Management and Supervisor of the KUK 3 and KUK 4 Cooperatives must take a fit and proper test first.
- f. Dissemination of the ML-TF program has been carried out in Cooperatives.
- g. Joint Audit program with INTRAC and FSA has been implemented. The GoAML team of Ministry of Cooperatives and SMEs has been formed.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of Ministry of Cooperatives and SMEs until period year 2020, are as follows:

- a. Implementation of Risk-Based Cooperative Supervision Program by dividing Savings and Loan Cooperatives into Cooperative Business Classification (KUK) 1-4.
- b. Implementation of cooperative health checks through information technology.
- c. The establishment of an information technology-based cooperative supervision system.
- d. Members' Meetings (RA) can be held online.
- e. The results of Implementation of the RA must be submitted to Ministry of Cooperatives & SMEs through an electronic reporting system.
- f. Cooperatives that carry out savings and loan business activities as well as Savings and Loans and Sharia financing are required to submit reports to Ministry of Cooperatives & SMEs periodically and at any time through an electronic reporting system.
- g. Implementation of fit and proper test for prospective Cooperative Management and Supervisors for KUK 3 and KUK 4.

### **4. Domestic Cooperation**

Various forms of domestic cooperation related to anti-money laundering programs that have been carried out by Ministry of Cooperatives and SMEs until period year 2020, are as follows:

- a. A memorandum of understanding or MoU with INTRAC has been signed.
- b. A memorandum of understanding or MoU has been signed with Ministry of Law and Human Rights.
- c. Having joined the Investment Alert Team Task Force.

### **3.4.5 Commodity Futures Trading Regulatory Agency**

BAPPEBTI is a trading supervisory body for the commodity futures sector which is directly under the Minister of Trade of the Republic of Indonesia.

#### **1. Regulations and Policies**

CoFTRA in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been set, including:

- a. Regulation of Head of CoFTRA No. 7 of 2020 on the Establishment of a List of Crypto Assets that can be traded in the Crypto Asset Physical Market.
- b. Regulation of Head of CoFTRA No. 6 of 2019 on Implementation of the AML-CFT Program related to Implementation of the Physical Market on the Futures Exchange.
- c. Regulation of the Minister of Trade Number 99 of 2018 on General Policy for Implementation of Crypto Asset Futures Trading.
- d. Regulation of Head of CoFTRA No. 11 of 2017 on Guidelines for Implementation of the AML-CFT Program at Futures Brokers.
- e. Regulation of Head of CoFTRA No. 9 of 2017 on Procedures for Implementation of Compliance Supervision on Implementation of the ML-TF Program at Futures Brokers.
- f. Regulation of Head of CoFTRA No. 8 of 2017 on Implementation of the ML-TF Program on Futures Brokers.

#### **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, CoFTRA has several successful achievements, including:

- a. In this activity, dissemination, coaching, and supervision of Implementation of ML-TF were carried out to Futures Brokers, so that there was an increase in understanding (change behavior) related to Implementation of ML-TF in Futures Brokers.

- b. The Commodity Futures Trading SRA has been prepared in 2017 and has been socialized to PBK business actors, namely the President Director or Futures Broker Compliance Director.
- c. Conducting a coaching clinic for 25 Futures Brokers concerning the obligation to implement ML-TF by the end year 2019.
- d. Conducting preparation of the Crypto Asset SRA in 2019.
- e. Good cooperation with INTRAC, including:
  - (i) Implementation of ML-TF training organized by the INTRAC Education and Training Center for CoFTRA employees as well as for Futures Brokers.
  - (ii) Coordination and exchange of information related to AML-CFT.
  - (iii) Joint audit between CoFTRA and INTRAC on Futures Brokers and prospective Physical Crypto Asset Traders.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of CoFTRA until period year 2020, are as follows:

- a. Risk mitigation for Commodity Futures Trading business actors is carried out from the beginning of the licensing/approval and regulatory process. In terms of supervision, efforts to increase the reporting party's understanding of AML-CFT and identify suspicious financial transactions through literacy/technical meetings as well as on-site supervision.
- b. Carrying out risk-based supervision of Futures Brokers;
- c. Carrying out on-site supervision of high-risk Futures Brokers;
- d. Carrying out off-site supervision to all Futures Brokers;
- e. Updating Sectoral Risk Assessment (SRA) for Commodity Futures Trading.

#### **4. Domestic Cooperation**

Various forms of domestic cooperation related to Anti-Money laundering program that have been carried out by CoFTRA until period year 2020, are as follows:

- a. Having coordinated and played an active role in ML committee and Implementation of the action plan for National Money Laundering Strategy.
- b. Having coordinated with INTRAC concerning Implementation of the AML-CFT Program.

#### **3.4.6 Directorate General of State Assets, Ministry of Finance**

Direktorat General of State Assets has the task of carrying out the formulation and implementation of policies in the field of state assets, valuation, and auction in accordance with statutory regulations.

##### **1. Regulations and Policies**

Direktorat General of State Assets (DJKN) in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are regulations and policies that have been established, including:

1. Regulation of the Minister of Ministry of Finance Number 156/PMK.06/2017 of 2017 concerning the Application of the Principle of Know Your Customer for Auction Centers.
2. Sectoral Risk Assessment (SRA) of Auction Center for Money Laundering in 2017 and SRA scrapping in 2019.
3. Regulation of Director General of State Assets Number 1/KN/2019 concerning Procedures for Implementation of Compliance Evaluation and Monitoring of Follow-Ups on the Results of Compliance Evaluation on Auction Centers.
4. Regulation of Director General of State Assets Number 3/KN/2016 concerning Application of the Principle of Know Your Customer for Class II Auction Officials.

5. Regulation of Director General. State Assets Number 2/KN/2016 concerning Application of the Principle of Know Your Customer for State Assets and Auction Service Offices.
6. Circular Letter of Director General of State Assets Number SE-1/KN.7/2018 concerning Technical Guidelines for Evaluation of Compliance with the Application of Know Your Customer for Auction Centers and Obligations for Reporting Auction Transactions.
7. Circular Letter of Director General of State Assets Number SE-3/KN/2016 concerning Guidelines for Implementing the Principles of Know Your Customer.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, several achievements have been made by Directorate General of State Assets, including:

1. Directorate General of State Assets has compiled and issued a Sectoral Risk Assessment (SRA) for the Auction Center for Money Laundering in 2017 as well as an updated SRA in 2019.
2. Application of Risk Based Approach (RBA) in assessing the risk level of the Auction House, classifying the level of risk to Service Users by the Auction Center, as well as evaluating the compliance of the Auction Center.
3. Joint Audit with INTRAC on the application of the Principles of Know Your Customer for Auction Centers.
4. The imposition of administrative sanctions on the Auction Center that violates the provisions of the ML-TF.
5. Implementation of training with INTRAC to internalize the application of the Principles of Know Your Customer, either to the Auction Center, CECNL, or Class II Auction Officials.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of DJKN until period year 2020 are:

1. Implementation of the updated Sectoral Risk Assessment (SRA) for the Auction Center in a structured manner.
2. Directorate General of State Assets carries out risk-based supervision on the application of the Recognizing Service User Principles to the Auction Center.

### **4. Domestic Cooperation**

Various forms of domestic cooperation related to Anti-Money laundering program that have been carried out by DJKN until period year 2020, are as follows:

- a. Having coordinated and played an active role in ML committee and Implementation of the action plan for National Money Laundering Strategy.
- b. Having coordinated with INTRAC concerning Implementation of the ML-TF Program, either in the form of training for the Auction Center, CECNL, or Class II Auction Officers, implementation of joint audits, as well as data exchange.

#### **3.4.7 Directorate General of General Law Administration, Ministry of Law, and Human Rights**

Direktorat General of General Law Administration (Dirjen AHU) is one of the implementing elements in the Indonesian Ministry of Law and Human Rights in charge of carrying out the formulation and implementation of policies in the field of general law administration services in accordance with the provisions of laws and regulations. One of the duties and functions it has is as a settlement of applications for the appointment, transfer, and dismissal of a notary.

## **1. Regulations and Policies**

Direktorate General of General Law Administration (DG AHU) in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been set, including:

- a. Regulation of the Minister of Law and Human Rights Number 9 of 2017 on the Application of the Principle of Know Your Customer for Notaries.
- b. Circular of Director General of AHU Number AHU.UM.01.01-1232 concerning Guidelines for Implementation of the Principles of Know Your Customer for Notaries.
- c. Circular of Director General of AHU No. AHU.UM.01.01-1239 concerning Guidelines for Supervision of Compliance with KYC Implementation and Reporting to INTRAC for Notaries.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, some of the achievements made by Directorate General of AHU, include:

- a. Notary Sectoral Risk Assessment (SRA) has been prepared.
- b. Director General of AHU Circular Letter No. AHU.UM.01.01-1232 has been issued concerning Guidelines for Implementing the Principles of Know Your Customer for Notaries.
- c. Circular of Director General of AHU Number AHU.UM.01.01-1239 concerning Guidelines for Compliance Supervision of KYC Implementation and Reporting to INTRAC for Notaries.
- d. Regulation of the Minister of Law and Human Rights Number 9 of 2017 has been issued concerning the Application of the Principles of Know Your Customer for Notaries.

- e. Letter of Director General of AHU Number AHU.UM.01.01-48 dated January 30, 2020, concerning the Dissemination of the Obligation to Apply the Principles of Know Your Customer (KYC) for Notaries to Notary service users through filling out the Customer Due Diligence (CDD) form.
- f. Having carried out the Dissemination of Implementation of KYC for Notaries on a regular basis.
- g. Having carried out the KYC Questionnaire Filling Webinar and LTKM Reporting Procedures in collaboration with 33 (thirty three) Regional Offices of Ministry of Law and Human Rights.
- h. Implementation of KYC Dissemination and KYC supervision to related regional offices.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of Director General of AHU until period year 2020, are as follows:

- a. Including ML-TF materials in the Notary Position Quality Improvement Training Program and require newly appointed Notaries to register for GRIPS (currently GoAML) as one of the requirements for activating a Notary account.
- b. Implementation of KYC Dissemination and Monitoring of KYC compliance as performance targets for all Regional Offices of Ministry of Law and Human Rights.

### **4. Domestic Cooperation**

Various forms of domestic cooperation related to anti-money laundering programs that have been carried out by Director General of AHU until period year 2020, in the form of providing regular training and dissemination concerning the obligation to implement KYC and reporting to INTRAC, as well as organizing training for compliance supervisory teams in all Regional Offices of Ministry of Law and Human Rights of the Republic of Indonesia in monitoring KYC

compliance by a Notary. In addition, information exchange has been carried out with other SRBs, namely FSA concerning the supervision of Notaries who carry out capital market activities registered with the FSA in order to establish cooperation related to AML/CFT as the initial stage/exploration in exchanging information with other SRBs.

## **5. International Cooperation**

Various forms of international cooperation related to anti-money laundering programs that have been carried out by Director General of AHU until period year 2020, in the form of information exchange involving the Indonesian Notary Association organization by inviting Notaries from Counterpart countries who have become members of FATF, namely from Germany and the Netherlands by holding webinars. Virtual ML-TF with the theme Implementation of KYC and Effectiveness of Supervision of Notaries, was held on 18-20 November 2020 and was attended by all regional offices of Ministry of Law and Human Rights of the Republic of Indonesia.

### **3.4.8 Ministry of Agrarian and Spatial Planning, National Land Agency**

Based on the Presidential Regulation of the Republic of Indonesia Number 20 of 2015 on National Land Agency, BPN has the task of carrying out government duties in the land sector in accordance with the provisions of the legislation. To carry out the duties and functions of BPN in the regions, BPN Regional Offices are established in the provinces and Land Offices in the districts/cities.

#### **1. Regulations and Policies**

Ministry of Agrarian and Spatial Planning in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been set, including:

- a. Circular Letter Number 6/SE-HM.01/IX/2019 concerning Control of Beneficial Owners and Affiliated Companies in process of Determination and Transfer of Land Rights.
- b. Professional Outreach Land Deed Officer registers as a reporting party to INTRAC.

### **3.4.9 Center for Professional Development of Finance, Ministry of Finance**

Financial Professional Development Center (PPPK) has the task of fostering, developing, and supervising which includes policy formulation, information services, examination, and development of the financial profession, namely Accountants, Public Accountants, Accounting Technicians, Appraisers, Public Appraisers, Actuaries, and other financial professions. In carrying out its duties, PPPK is under and responsible to the Minister of Finance through the Secretary General of Ministry of Finance.

#### **1. Regulations and Policies**

In carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been set, including:

- a. Minister of Finance Regulation Number 55/PMK.01/2017 concerning Principles of Know Your Customer for Accountants and Public Accountants, as amended by Minister of Finance Regulation Number 155/PMK.01/2017.
- b. Sectoral Risk Assessment (SRA) of Accountants and Public Accountants in 2017, and Update on SRA of Accountants and Public Accountants in 2018.
- c. Circular of Head of PPPK Number SE-2/PPPK/2018 concerning Guidelines for Implementation of the Principles of Recognizing Risk-Based Service Users for Accountants and Public Accountants.
- d. Circular of Head of PPPK Number SE-7/PPPK/2019 concerning Guidelines for Implementation of the Principles of Know Your Customer for Accountants and Public Accountants.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, some of the results of the successful achievements that have been carried out by PPPK, include:

- a. PPPK has disseminated regulations and policies, especially those related to ML-TF to the profession.
- b. PPPK has aided the profession to register in the INTRAC reporting system, namely goAML, so that they can take advantage of the system in submitting reports if any indications of money laundering are found.
- c. PPPK has conducted examinations, both independently and jointly with INTRAC, particularly those related to the adequacy of the procedures carried out by the profession in implementing the ML-TF program.

## **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of PPPK until period year 2020, as follows:

- a. Improving the quality of inspections related to the Principles of Know Your Customer for Public Accounting Firms (KAP), and Accounting Service Firms (KJA), either through regular inspections, thematic examinations, or joint audits with INTRAC, by implementing risk-based supervision based on risk profiling that has been carried out.
- b. Completion of regulations or policies needed to support the application of the Principles of Know Your Customer for Accountants and Public Accountants.
- c. Improving the quality and/or quantity of the Outreach Program implemented for Accountants and Public Accountants, as well as internal training that will be carried out for PPPK Employees.

## **4. Domestic Cooperation**

To increase efforts to prevent and eradicate money laundering, Ministry of Finance (including PPPK) has collaborated with INTRAC in updating and improving matters relating to AML-CFT. PPPK is involved with MINISTRY/INSTITUTION coordinated by INTRAC in preparation of the NRA in 2015 and updating the NRA in 2021, as well as holding joint audits between PPPK and INTRAC in 2020 and 2021 in conducting examinations of the profession related to the profession's compliance with AML-CFT laws and regulations.

### **3.4.10 Indonesian Financial Transaction Reports and Analysis Center**

The Indonesian Financial Transaction Reports and Analysis Center (INTRAC) is a central institution (focal point) that coordinates Implementation of efforts to prevent and eradicate money laundering in Indonesia. Internationally, INTRAC is a Financial Intelligence Unit (FIU) which has the duty and authority to receive financial transaction reports, analyze financial transaction reports, and forward the results of analysis to Law enforcement Agencies. In addition, in accordance with Article 40 of the Anti-Money Laundering Law, it is stated that the compliance supervision function is carried out by the INTRAC against the Reporting Party who does not yet have a Self-regulatory Body or to the reporting party whose supervision has been submitted by Self-regulatory bodies to the INTRAC.

#### **1. Regulations and Policies**

The Financial Transaction Reports and Analysis Center (INTRAC) in carrying out its duties as a Self-regulatory Body related to Anti-Money Laundering Program, there are several regulations and policies that have been set, including:

- a. Presidential Regulation Number 50 of 2011 on Procedures for Implementation of the Authority of the Financial Transaction Reports and Analysis Center.

- b. Presidential Instruction Number 2 of 2017 on Optimizing the Utilization of Analysis Results Reports and Audit Results Reports from the Financial Transaction Reports and Analysis Center.
- c. Regulation of Head of INTRAC No. 12 of 2020 on the Organization and Administration of INTRAC as a form of Organizational Strengthening leading to the establishment of a unique specific work in Implementation of analysis and examination of the corruption sector & fit and proper test, the fiscal sector, narcotics, and other Crime as well as terrorism financing.
- d. Regulation of Head of INTRAC Number 11 of 2020 on Procedures for Utilizing Politically Exposed Persons Applications.
- e. Regulation of Head of INTRAC Number PER-19/1.03/INTRAC/11/13 on procedures for analysis and examination.
- f. Circular of Head of INTRAC Number 02 of 2019 on Guidelines for Implementing the Principles of Know Your Customer and Submission of Suspicious Financial Transaction Reports for the Profession.
- g. Regulation of Head of INTRAC Number 17 of 2017 on the Application of the Principle of Know Your Customer for Postal Operators.
- h. Regulation of Head of INTRAC Number 11 of 2017 on Application of the Principle of Know Your Customer for Land Deed Officers.
- i. Regulation of Head of INTRAC Number 10 of 2017 on the Application of the Principle of Know Your Customer for Advocates.
- j. Circular Letter Number 7 of 2017 on Guidelines for Implementing the Principles of Know Your Customer for Providers of Other Goods and/or Services.
- k. Regulation of Head of INTRAC Number 06 of 2017 on Application of the Principle of Know Your Customer for Financial Planners.

- l. Circular Letter Number 3 of 2016 on Sample Order Forms for Providers of Other Goods and/or Services in Application of the Principle of Know Your Customer.
- m. Regulation of Head of INTRAC Number PER-10/1.02.1/INTRAC/09/2011 concerning the Application of the Principle of Know Your Customer for Providers of Other Goods and/or Services.
- n. Regulation of Head of INTRAC Number 13 of 2016 on Procedures for Implementation of Compliance Audits, Specific Audits, and Monitoring Follow-up on Audit Results.
- o. Regulation of Head of INTRAC Number PER-14/1.02/INTRAC/11/14 concerning the Imposition of Administrative Sanctions for Violations of Reporting Obligations.

## **2. Achievement of Success**

In carrying out its duties as a Self-regulatory Body, several achievements have been made by INTRAC, including:

- a. Development of e-learning: Anti-Money Laundering and Terrorism Financing Learning System for Bank Financial Service Provider Frontliners (SIMANTAP) in February 2019. SIMANTAP is a medium to increase understanding of the AML-CFT regime, especially for banking frontliners as the front line in detecting criminal acts money laundering and terrorism financing. The SIMANTAP application contains six learning modules, namely, the Anti-Money Laundering and Terrorism Financing Regime in Indonesia; The Principle of Know Your Customer (KYC); Reporting Obligations for Financial Service Providers; Identification of Transaction Reports; Typology; and Red Flag Suspicious Financial Transaction Indicator.
- b. Acceleration of registration realization of Gathering Reports and Processing Information System (GRIPS) reporting applications by professional reporting parties in the context of Indonesia's membership process in the Financial Action Task Force (FATF) in 2019

with priority scales for Accountants, Public Accountants, Notaries and Notaries who have a role as a profession Land Titles Registrar.

- c. Optimization of ML-TF Reporting since February 1, 2021, namely the change of the GRIPS reporting application system to the goAML reporting application system developed by The Information Technology Service (ITS) from the United Nations Office on Drugs and Crime (UNODC). This application is an integrated application that is in accordance with the Financial Intelligence Unit (FIU) business process and has been implemented by 56 FIUs and 55 FIUs in Implementation process. One of the purposes of replacing the reporting application is to improve the quality of reports received from the Reporting Party by setting the validation and business rules. INTRAC can monitor the quality of reports through the Compliance Case function as provided in the goAML application.
- d. Development of the Politically Exposed Person (PEP) Database Application System through the PEP Application which aims to identify, verify, and monitor service users and beneficial owners who may indicate corruption or other Crime. The PEP in question is an individual who is registered or has been registered as a state administrator as referred to in the legislation, has or has had public authority or essential functions. PEP information obtained through the PEP application is a PEP profile which includes Full name, NIK, place of birth, date of birth, position, and name of agency. Success in obtaining the satisfactory category in the 2018 APG MER Assessment.
- e. Determination of National Strategy for Prevention and Eradication of Money Laundering and Terrorism Financing for the 2020-2024 Period as a continuation of National Strategy for ML and TF for period 2017-2019, which is detailed with an annual Action Plan, namely 2020 and 2021.

- f. Implementation of INTRAC's duties as the Secretariat of ML Committee which has successfully carried out ML Committee Meetings at the level of the Minister/Head of Institutions, the Implementing Team, and the Working Groups that have followed up the results of ML Committee Meetings properly.
- g. The achievement of various Memorandums of Understanding (MoU) and Cooperation Agreements (PKS) over the last 5 years between INTRAC and strategic MINISTRY/INSTITUTIONs that have brought benefits to INTRAC and strengthening of the ML-TF Regime, namely: a) Expanding access to data sources owned by INTRAC; b) The impetus for Implementation of development of the Politically Exposed Persons (PEPs) Database Application System Based on the Population Identification Number (NIK); c) increasing the effectiveness of information exchange with Ministry of Environment and Forestry; and d) Improving the quality of human resources for INTRAC employees.
- h. Having initiated law enforcement on various strategic cases.
- i. Having supported the disclosure of cases at the request of law enforcement.
- j. Having conducted joint analysis on an ongoing basis with FIUs of other countries.
- k. Having supported law enforcement in efforts to confiscate assets resulting from crime.
- l. Having encouraged the optimization of state revenues through the utilization of the results of analysis and examination results of INTRAC.
- m. Increasing international cooperation, especially with neighboring countries through joint analysis programs and bilateral meetings.
- n. Preparing studies and become project leaders in regional and international scope related to AML-CFT at the FICG CTF Summit forum.
- o. Facilitating Indonesia as Asia Pacific Regional Representative in Membership in the Egmont Group of FIU.

- p. Having supported preparation of presidential regulations related to Beneficial Ownership and sectoral risk assessment from relevant Ministries/Institutions (SRA for Corporate, SRA for Goods and Services Providers and Professionals, SRA NPO, SRA TP Forestry, SRA TP Banking, SRA TP Capital Market).
- q. To become the leading sector in preparation of National Strategy for Prevention and Eradication of Money Laundering and Money Launderings in 2020 - 2024.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Various risk mitigation measures against money laundering in the industrial sector under the supervision of INTRAC until period year 2020, are as follows:

- a. Preparation of National Risk Assessment (NRA) 2019 on ML and TF as well as assistance in preparation of several Sectoral Risk Assessments (SRA) of ML on the Results of Corruption, Narcotics, Taxation, and other SRAs, both based on the industrial sector and the type of predicate crime.
- b. Strengthening the Commitment of Ministers and Heads of Institutions in various high-level meetings of ML Committee led by the Coordinating Minister for Political, Legal and Security Affairs to follow up on recommendations for mitigating the risks of ML, TF, and PPSPM according to the results of the NRA Update.
- c. Setting priorities for handling risk-based Crime.
- d. Reorganizing institutions and personnel to support the handling of risk-based Crime.
- e. In a number of risk-based Crime, a number of collaborations were carried out in the form of information exchange, joint analysis/investigation and task forces.
- f. Encouraging policies for Law enforcement Agencies to prioritize handling money laundering in high-risk Crime.

- g. Formulation of policies/draft regulations related to the determination of predicate offenses in reports submitted by the Reporting Party as an effort to improve the quality of reports for Prevention and eradication of money laundering.
- h. Setting priorities from analysis results and examination results, audit implementation and compliance supervision from reporting parties, both PJK and PBJ as well as risk-based training and education (risk-based approach).
- i. Forming a Working Team for Implementation of Determining Indications of Predicate Crime in reporting submitted through the goAML application (TPA Indications Work Team) to improve the quality of reports from reporting parties, especially the Proactive Suspicious Financial Transaction Reports (LTKM) by determining indications of TPA. This is a form of encouragement from INTRAC to the reporting party which is in line with FATF recommendation Number 20, so that the formation of this Working Team is tasked with, among other things, compiling indicators or parameters of predicate Crime in accordance with Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. , updating the typology of ML and TF on a regular basis, providing supporting information that can assist the reporting party in process of determining TPA indications and providing feedback on the determination of TPA indications received by INTRAC through the submission of LTKM by the reporting party.
- j. Launching of Financial Integrity Rating (FIR) 2020 Assessment.
- k. Launching of the Pilot Project on the Effectiveness Index of the Role of INTRAC in Prevention and Eradication of Money Laundering and Terrorism Financing.

#### **4. Domestic Cooperation**

Various forms of domestic cooperation related to anti-money laundering programs that have been carried out by INTRAC until period year 2020, are as follows:

## **A. Optimization of Prevention of Money Laundering**

- (1) Joint Commitment among INTRAC, Ministry of Home Affairs, Corruption Eradication Commission and Regional Development Banks in Improving the ML-TF Program.
- (2) Improved coordination with Ministry of Cooperatives and SMEs in Prevention and disclosure of savings and loan cooperatives as a means of money laundering.
- (3) Increased Supervision in the Context of Realizing Integrity, Accountable and Transparent State Apparatuses through a fit and proper test program to INTRAC.
- (4) Determination year 2021 National Strategy for Money Laundering.
- (5) Improvement of Joint Audit with Self-regulatory bodies.
- (6) Optimizing Eradication of Money Laundering and Other Related Crime
- (7) Dissemination of Analysis Results and Examination Results (Proactive and Inquiry) to Law enforcement Agencies.
- (8) Improved coordination with Ministry of Cooperatives and SMEs in disclosing savings and loan cooperatives as a means of money laundering.
- (9) Improved coordination with law enforcement agencies in disclosure Professional Money Laundering.
- (10) Improved coordination with law enforcement agencies in disclosing SIBER Crime including Business Email Compromise.
- (11) Improved Assistance in Handling Money Laundering Cases with Law enforcement Agencies.
- (12) Increased Supervision in the Context of Realizing Integrity, Accountable and Transparent State Apparatuses through requests for information to INTRAC.
- (13) Determination of the 2021 National Strategy for Money Laundering.
- (14) Strengthening Coordination with Directorate General of Taxes in increasing non-tax state revenues.

## **B. Strengthening Institutional Synergy**

- (1) Improved Coordination with Financial Technology (fintech) providers in mapping service user transactions in the reporting format on the goAML application.
- (2) Strengthening Coordination with Self-regulatory bodies to realize the integrity and stability of the financial system through Prevention and eradication of Money Launderings in the financial sector and payment system in Indonesia.
- (3) Improved coordination with ML Committee, both at the Ministerial level and the implementing team.
- (4) Strengthening Coordination with Law enforcement Agencies.
- (5) Establishment of Public Private Partnership (PPP) Program in Preparing Suspicious Financial Transaction Detection Alert Operations.
- (6) Strengthening the Public Outreach Program to all AML-CFT stakeholders.

## **C. Active Involvement of Various Task Forces**

- (1) Investment Alert Task Force.
- (2) Task Force for Prevention, Supervision, Signing of Issues on Implementation of the Umrah Worship.
- (3) Task Force on Human Trafficking.
- (4) Tripartite Task Force between INTRAC, Director General of Taxes, Director General of Customs and Excise in the Context of Handling Cases and Exchange of Information in an integrated manner.
- (5) Tripartite Task Force between INTRAC, Ministry of Home Affairs, Ministry of Cooperatives and SMEs in the Framework of Strengthening Implementation of the AML-CFT Program.

## **5. International Cooperation**

Various forms of international cooperation related to anti-money laundering programs that have been carried out by INTRAC until period year 2020, are as follows:

### **A. Financial Action Task Force**

- (1) Indonesia always participates in FATF meetings such as the FATF Plenary series which will be held in February 2021 and June 2021.
- (2) Through the FATF forum, INTRAC contributes to the G20 Anti-Corruption Working Group (ACWG) and provides feedback on Implementation of regulations concerning Beneficial Ownership (BO) in Indonesia. Indonesia's active role is also carried out through working groups owned by FATF including the Policy Development Group (PDG), Risk, Trend and Methods Group (RTMG), Evaluation and Compliance Group (ECG) and International Co-operation Review Group (ICRG).

### **B. Asia Pacific Group on Money Laundering**

- (1) Indonesia's membership in the APG has had a good consequence in strengthening the AML-CFT Regime in Indonesia.
- (2) INTRAC also contributes to preparation of the APG Typologies Report in 2021 which will be launched in July 2021. This is a form of Indonesia's commitment through INTRAC with the global community in Asia Pacific Region, to share experiences on the typology of ML/TF cases that occurred in Indonesia to be a lesson learned for other countries.

### **C. Egmont Group of Financial Intelligence Units**

The joining of Indonesia to The Egmont Group of FIU forum has brought positive consequence, including the following:

- (1) Expanding and systematizing international cooperation in the mutual exchange of financial intelligence information;
- (2) Improving the effectiveness of the FIU by offering training and personnel exchange to improve the skills and capabilities of the personnel employed by the FIU/INTRAC;
- (3) Fostering better and more secure communication between the Influenza through the application of current technology through the Egmont Secure Web (ESW).
- (4) INTRAC participates in the Egmont Working Group Meetings in February 2021. The outcome of the meeting is to see the progress of ongoing projects and new projects that will be handled by the Information Exchange Working Group (IEWG) and the initiative from the Technical Assistance and Training Working Group (TATWG) in issuing the Best Egmont Case Award (BECA) Book II. The book contains eight cases from the APRG area, including 1 case from Indonesia, which is related to: "The Use of Money Remittance Systems and Non-Profit Organizations to Finance Terrorism (Indonesia, INTRAC)"
- (5) Indonesia through INTRAC as Asia Pacific Regional Representatives succeeded in encouraging 3 (three) Egmont countries in the APRG (Vanuatu, Salomon Island and Marshall Island) to encourage filling in the Egmont Biennial Census (EBC).
- (6) Indonesia in collaboration with The Asia Development Bank (ADB) and Egmont member countries in Asia Pacific continues the Trade Based Money Laundering project with the aim of improving reporting of suspicious matters related to trade-based money laundering.
- (7) INTRAC successfully held a Workshop on FIU-LEA Supervisor Cooperation. This activity was held in collaboration with INTRAC, ECOFEL and APG (12 April 2021).

#### **D. Financial Intelligence Consultative Group (FICG)**

(1) Since 2019, the permanent members of the CTF Summit, one of which is Indonesia, has proposed to expand the focus or theme of the meeting, which not only discusses issues related to Terrorism Financing but also focuses on how to prevent and eradicate other transnational organized Crime, such as human trafficking, people smuggling, child sex exploitation, illegal wildlife trade and other high-risk economic Crime, such as corruption, tax Crime and trade-based money laundering.

(2) Indonesia's active role, in this case represented by INTRAC as Indonesian FIU in FICG, is INTRAC plays an active role as FICG Co-Chairs and plays an active role in the FICG Secretariat together with FIU Australia (AUSTRAC). In addition, INTRAC also plays an active role in a number of FICG Projects, including:

**(i) Anti-Money Laundering Workstream**

The AML workstream is chaired by INTRAC, Bank Negara Malaysia and AMLO Thailand. AML Workstream has three projects, namely:

- Transnational Laundering of Corruption Proceeds-Red Flag Indicators where the objective of this project is to provide insight and awareness on trends, techniques and methods used in laundering money from criminal proceeds from corruption to improve the ability of the Reporting Party to detect suspicious financial transactions.
- Illegal Wildlife Trade Threat Assessment, the purpose of this project is to produce an area assessment of the main risk factors of illegal wildlife trade, the dominant typology associated with illegal wildlife trade in the area, the ability of each FIU in the Area in handling wildlife trade illegal activities and also provide recommendations on mitigation to prevent the flow of money into and out of areas related to the illegal wildlife trade.

- Regional Sharing of Domestic PEPs List, where this project aims to provide spontaneous exchange of information on Politically Exposed Persons (PEPs) to FIUs in the region to assist in early detection of money laundering.

#### **(ii) Information Sharing Platform (ISP) Workstream**

The project aims to establish a secure intelligence exchange platform among FIUs in the Region. With this secured platform, FIUs in the Region can exchange information securely in a fast time. It is expected that ISPs can be more sophisticated than Egmont Secured Web (ESW), where ISPs will be equipped with chat features, global search, and community features. This ISP development project is chaired by 3 FIUs, namely AUSTRAC, INTRAC and Bank Negara Malaysia.

#### **(iii) Southeast Asia Counter Terrorism Financing (SEA CTF)**

This Working Group is chaired by AUSTRAC and consists of INTRAC and AMLC Philippines. The output of this project is to develop disruption toolkits related to Terrorism Financing in the Region. In addition, this project focuses on handling ISIL and ISIL affiliated organizations in the Southeast Asia Region, Australia, and New Zealand.

#### **(iv) Private Sector Workstream**

The project is chaired by INTRAC and AMLC Philippines. The output of this project is to develop Operational Guidance on Virtual Assets for the FIU. As it is known that many virtual assets are misused by criminals and terrorists.

### **E. Bilateral Cooperation with UNODC Indonesia**

- Cooperation between UNODC Indonesia and INTRAC is a collaboration within the framework of Foreign Grants, where INTRAC is the beneficiary or beneficiary of the grant agreement signed between Bappenas RI and UNODC Indonesia. The collaboration is called the UNODC Indonesia Country Program 2017-2020 which has been extended

until 2021. This program has 4 Sub-Programmes, namely, among others, Transnational Organized Crime and Illicit Trafficking, Anti-Corruption, Criminal Justice and Drug Demand Reduction and HIV/AIDS. INTRAC itself is a member of Sub Program 3 Criminal Justice which in 2021 will focus on increasing capacity in law enforcement and the judicial system to detect, prevent, and act against acts of terrorism, and related Crime, through professionalism and collaboration between related Ministries/Institutions.

- In 2021, INTRAC and UNODC Indonesia have prepared a bilateral program of activities within the framework of the UNODC – INTRAC Program Partnership. This program contains more technical and operational activities related to Prevention and eradication of TF and capacity building of relevant stakeholders in Indonesia. The program is divided into 5 Workstreams, namely, CFT Training, Points to Prove Course, Professional Development Systems, Regional Engagement, and Thematic Webinars. Each Workstream contains several activities that will be carried out by involving the relevant Ministries/Institutions.

## **F. Bilateral Cooperation with AUSTRAC**

- The exploration of cooperation between INTRAC and AUSTRAC was inaugurated through the signing of a Memorandum of Understanding (MoU) in Bali in 2004. Then in 2009, INTRAC and AUSTRAC started a more intensive cooperation program with the scope of partnership and capacity building in the field of enforcement of the anti- money laundering regime and financing of terrorism known as INTRAC-AUSTRAC Partnership Program (PAPP). Over time, the partnership program developed and gave rise to innovative programs that strengthen the collaboration between INTRAC and AUSTRAC. One of the successful forms of this collaboration is Implementation of the Analyst Exchange Program (AEP) which discusses the issue of relationship between the two countries within the scope of the AML-CFT, which is resolved jointly and directly

involves Law enforcement Agencies from both countries including related parties such as Reporting Party.

- In addition, the capacity building program for INTRAC's HR is also carried out by holding an online International Fundamental Course (IFC) and an online Financial Intelligence Analysis Course (FIAC). This activity provides benefits for INTRAC employees to improve the ability of analysts in solving financial intelligence operational cases/problems.
- AUSTRAC also supports Indonesia in the formation of a Public Private Partnership (PPP) by holding a webinar inviting countries that have implemented PPP in their respective countries including Singapore, Malaysia, Australia, United Kingdom, and Canada. The experience shared by the resource persons in the webinar became one of the inputs for the formation of PPP in Indonesia, which had a soft launch in December 2020.

## **G. Bilateral Cooperation with US Department of Justice – OPDAT**

- INTRAC and USDOJ OPDAT collaborated to hold a series of webinars with the theme Virtual Assets. The webinar discusses the discussion of Virtual Asset Service Providers in the United States and Australia, including the detection and red flag indicators for virtual assets transactions.

### **3.5 Law Enforcement Agencies**

In the criminal justice system, the state has given the task and authority to Law Enforcement Agencies to carry out criminal law enforcement through several legal rules including Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. Law Enforcement Agencies referred to in the law are as follows:

### **3.5.1 Indonesian National Police**

Indonesian National Police as a criminal justice subsystem is regulated in Law Number 2 of 2002 on the Indonesian National Police, in accordance with Article 13 it is stated that the Police have the main task of maintaining public security and order, enforcing the law, and providing protection, protection and services to the community. That in criminal justice, the Police have specific authority as investigators which are regulated in Article 15 and Article 16 of Law Number 2 of 2002 and in the Criminal Procedure Code regulated in Articles 5 to 7 of the Indonesian Criminal Procedure Code. Based on Article 74 of Money Laundering Law, the Police have the authority to conduct investigation into Money Launderings with indications of predicate Crime as referred to in Article 2 of Money Laundering Law in accordance with the authority of the Police as regulated in the legislation. Indonesian National Police Organization has adjusted its efforts to prevent and eradicate money laundering with the establishment of a Sub-Directorate of Money Laundering at Directorate of Economic Crime and Specific Criminal Crime at Indonesian National Police Headquarters level and for all central and regional work units to investigate money laundering.

#### **1. Regulations and Policies**

Indonesian National Police of the Republic of Indonesia in carrying out its duties as a law enforcement agency authorized to handle money laundering cases has established several regulations and policies for the AML-CFT program, including:

- a. Regulation of Indonesian National Police Chief Number 17 of 2005 on Procedures for Providing Specific Protection to Whistleblowers and Witnesses in Money Laundering.
- b. Telegram letter from the Police Criminal Investigation Unit Number: STR/106/III/2017/Bareskrim, dated March 8, 2017 to the Chief of Regional Police Att. Dir Reskrimsus and Director of Drugs, Director of Narcotics Tipid, Bareskrim Indonesian National Police and Dir Tipidkor Bareskrim Indonesian National Police

concerning the cumulative application of Anti-Money Laundering Law against predicate Crime of narcotics and criminal acts of corruption, as well as applying the Act on Mutual Legal Assistance in criminal matters or Mutual Legal Assistance (MLA) to optimize asset recovery or Asset Recovery located in other countries.

- c. Police Newspaper Number: B/6218/X/Res.2.6/2018/Bareskrim, October 5, 2018, to all Chief of Regional Police Att. Dir of General Criminal Investigation and Dir of Specific Criminal Investigation concerning application of the Law on Prevention and Eradication of Money Launderings against perpetrators of Crime, especially street Crime.
- d. Telegram letter from Indonesian Police Criminal Investigation Unit Number: ST/321/X/Res.2.6/2019/Bareskrim, dated October 30, 2019, to Directors of Indonesian National Police Criminal Investigation Unit, Director of Criminal Investigation Unit of the Police, Director of Directorate of Criminal Investigation and Director of Directorate of Drug and Drug Investigation at Regional Police concerning directions implementation of blocking by Police investigators.
- e. Telegram Letter of the Chief of Police Number: STR/85/II/TIK.9.1./2020, dated February 24, 2020 to the Chief of Regional Police, Head of Hubinter Division of Indonesian National Police and Director of the Criminal Investigation Unit of Indonesian National Police concerning the filling out and sending of the Feedback Questionnaire on the Results of the INTRAC analysis for period 2017 to 2017 2019 and sending data for handling money laundering cases and Asset Tracing/Asset Recovery/Confiscated Assets data in 2017-2019.
- f. Telegram letter from the Chief of Indonesian National Police Number: STR/409/V/TIK.9.1./2021, dated May 24, 2021 to all Chief of Regional Police, Chief of International Relations Division Police and Chief of Specific Detachment 88 Anti-Terrorism concerning the formation of a Rapid Response Team for Transnational Crime,

sending a Feedback Questionnaire on the Results of the INTRAC analysis period 2015 sd 2020 and sending data on the handling of money laundering cases in 2015 s.d. 2020.

## 2. Achievement of Success

Indonesian National Police in carrying out their duties as law enforcement agency has resulted in several successful achievements in handling money laundering cases, including:

- a. Disclosure of Business Email Compromise (BEC) Money Laundering Fraud Cases involving victims of a Dutch company a.n. Mediphos Medical Supplies B.V (MMS). Asset Recovery in the form of money in the amount of **IDR 27,868,994,054,- (twenty seven billion eight hundred sixty eight million nine hundred ninety four thousand and fifty four rupiah).**
- b. Disclosure of Business Email Compromise (BEC) Money Laundering Cases involving victims of an Italian company named Althea Italia S.p.A. Asset Recovery in the form of money in the amount of **IDR 56,101,437,451, - (fifty-six billion one hundred one million four hundred thirty seven thousand four hundred fifty one rupiah).**
- c. Disclosure of the Crime of Extortion and or Money Laundering committed by the suspect, Mr. JAG (Chairman of KOMURA) and Br. DHW (Secretary of KOMURA) by way of illegal levies related to loading and unloading at the Samarinda Port (Palaran and Muara Baraw Container Terminal) East Kalimantan from 2010 to March 2017. Asset Recovery in the form of Cash amounting to **IDR 269,833,404,716,- (two hundred sixty-nine billion eight hundred thirty-three million four hundred four thousand seven hundred and sixteen rupiah)**, 4 units of cars, 5 motorcycles, land and buildings.
- d. Disclosure of alleged criminal acts of corruption in the form of lifting/taking and processing the state's share of condensate carried out by way of appointment by the Implementing Body for Upstream Oil and Gas Business Activities (BPMIGAS) to PT. Trans Pacific Petrochemical Indotama (PT. TPPI) by violating the law and taking the

state's share of condensate without being equipped with a cooperation contract (SAA/Seller Appointment Agreement), for these actions have enriched oneself or another person or a corporation by not carrying out the steps required in the procedure for direct appointment of a seller of the state's share of condensate, thereby harming the state's finances or the state's economy in the amount of **USD 2,716,859,655.37 (two billion seven hundred sixteen million eight hundred fifty-nine thousand six hundred fifty-five thirty-seven US cents) or approximately IDR 37.8 Trillion.**

- e. Disclosure of Money Laundering with Predicate Crime in the form of Corruption Crime related to misuse of 1 Malaysian Development Berhard (1MDB) funds that occurred in Malaysia and Money Launderings that occurred in America, by carrying a Luxury Cruise Ship named EQUANIMITY which was the result of the crime of and has been the object of confiscation from the investigation process of Money Laundering in the United States. Asset Recovery that was saved was in the form of **a LUXURY YACHT cruise ship named EQUANIMITY** to be subsequently handed over to the State of Malaysia.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Indonesian National Police has taken steps to mitigate the risk of money laundering, including:

- a. Indonesian National Police Criminal Investigation Agency together with INTRAC, FSA, Ministry of Environment and Forestry (KLHK) have prepared a Sectoral Risk Assessment (SRA) for Forestry Crime, Capital Markets and Banking in 2020.
- b. Criminal Investigation Unit of Indonesian National Police organized a Training on Money Laundering in collaboration with ICITAP for investigators at the Metro Jaya Regional Police, Central Java Regional Police, DIY Regional Police, Aceh Regional Police, Babel Regional Police, South Sumatra Regional Police, West Sumatra Regional Police, North Sumatra Regional Police, Riau Regional Police, Lampung Regional Police, Bengkulu Regional Police and Jambi Regional Police.

- c. Criminal Investigation Unit of the Police held a Training on Money Laundering in collaboration with ICITAP to investigators at the South Sulawesi Regional Police, Central Sulawesi Regional Police, North Sulawesi Regional Police, Southeast Sulawesi Regional Police, Gorontalo Regional Police, Maluku Regional Police, North Maluku Regional Police, Papua Regional Police and West Papua Regional Police on 24 October 2018.
- d. Criminal Investigation Unit of Indonesian National Police held a Training on Money Laundering with a concentration on the Origin of Criminal Acts of Corruption in collaboration with ICITAP to investigators at the East Java Regional Police, Bali Regional Police, East Nusa Tenggara Regional Police, West Nusa Tenggara Regional Police, Papua Regional Police, West Papua Regional Police on 25 June 2019.
- e. Criminal Investigation Unit of the Police held a Training on Money Laundering with a concentration on the Predicate Crime of Corruption in collaboration with ICITAP to investigators at the South Sulawesi Regional Police, North Sulawesi Regional Police, Maluku Regional Police, South Kalimantan Regional Police, Southeast Sulawesi Regional Police, Gorontalo Regional Police, Central Sulawesi Regional Police, West Sulawesi Regional Police, North Maluku Regional Police on July 15, 2019.
- f. Criminal Investigation Unit of Indonesian National Police held a Training on Money Laundering with a concentration on the Predicate Crime of Corruption in collaboration with ICITAP to investigators at the Aceh Regional Police, North Sumatra Regional Police, West Sumatra Regional Police, Riau Regional Police, Riau Islands Regional Police, Jambi Regional Police, Bangka Belitung Regional Police on 7 August 2019.
- g. Criminal Investigation Unit of Indonesian National Police held a Training on Money Laundering with a concentration on the Origin of Criminal Acts of Corruption in collaboration with ICITAP to investigators at the North Kalimantan Regional Police,

Central Kalimantan Regional Police, West Kalimantan Regional Police, East Kalimantan Regional Police and South Kalimantan Regional Police on 26 August 2019.

- h. Criminal Investigation Unit of Indonesian National Police held a Training on Money Laundering with a concentration on the Origin of Criminal Acts of Corruption in collaboration with ICITAP to investigators at the Metro Jaya Regional Police, South Sumatra Regional Police, West Java Regional Police, Central Java Regional Police and Special Region of Yogyakarta Regional Police, Lampung Police, Banten Police and Bengkulu Police on September 13, 2019.
- i. Indonesian National Police through the Criminal Investigation Center in Mega Mendung annually carries out Specialization Development Education for the Investigation of Money Laundering every year for investigators and assistant investigators from all Directorates of Indonesian National Police Criminal Investigation Unit and all Regional Polices.
- j. Indonesian National Police plays an active role in the application of Supreme Court Regulation Number 1 of 2013 on Procedures for Settlement of Applications for Handling Assets in Money Laundering.
- k. Indonesian National Police plays an active role in the discussion of the Indonesian Public Private Partnership (PPP) in the form of the Indonesia Transaction Report and Analysis Center Network (INTRACNET) which is part of the Tactical Hub Team related to Narcotics and Business Email Compromises (BEC).

#### **4. Domestic Cooperation**

Indonesian National Police has carried out domestic cooperation related to money laundering, including:

- a. Memorandum of Understanding between Bank Indonesia (BI) and Indonesian National Police on Procedures for Coordination of Banking Crime Handling on December 19, 2011.
- b. Memorandum of Understanding between the Deposit Insurance Corporation (IDIC) and Indonesian National Police concerning Cooperation in Implementation of the Functions, Duties and Authorities of the Deposit Insurance Corporation and Indonesian National Police on June 11, 2013.
- c. Memorandum of Understanding between the Minister of Home Affairs of the Republic of Indonesia and the Chief of Indonesian National Police concerning Cooperation in the Utilization of Population Identification Numbers, Population Data and Electronic ID Cards in the Scope of Service of Indonesian National Police dated January 29, 2013.
- d. Cooperation Agreement between Director General of Population and Civil Administration of Ministry of Home Affairs of the Republic of Indonesia and Head of Criminal Investigation Agency of Indonesian National Police concerning the Utilization of Electronic Identity Cards and Population Data in the Services of Indonesian National Police.
- e. Memorandum of Understanding between the Financial Services Authority (FSA) and Indonesian National Police concerning Cooperation in Handling Crime in the Financial Services Sector on November 25, 2014.
- f. Memorandum of Understanding between Ministry of Villages, Development of Disadvantaged Regions, and Transmigration, with Ministry of Home Affairs and Indonesian National Police on Prevention, Supervision, and Handling of Village Fund Problems dated 27 October 2017.
- g. Cooperation Agreement between Ministry of Home Affairs of the Republic of Indonesia with the Attorney General's Office of the Republic of Indonesia and the Indonesian

National Police concerning the coordination of the government's internal supervisory apparatus (APIP) with law enforcement agencies in handling Public Reports or Complaints indicating Corruption Crime in Implementation of Regional Government on 28 February 2018.

- h. Memorandum of Understanding between Ministry of Transportation of the Republic of Indonesia and Indonesian National Police on January 29, 2020, concerning Implementation of Law Enforcement in the Shipping Sector.
- i. Cooperation Agreement between the Indonesian National Police and Directorate General of Taxes of Ministry of Finance of the Republic of Indonesia concerning Law Enforcement in taxation Sector dated March 29, 2021.
- j. Joint Decree of the Minister of Environment and Forestry of the Republic of Indonesia, Head of Indonesian National Police, and the Attorney General of the Republic of Indonesia on Integrated Law Enforcement against Criminal Actors of Forest and/or Land Fires in the Scope of Environmental Crime dated May 6, 2021.
- k. Memorandum of Understanding between the Indonesian Corruption Eradication Commission and the Attorney General's Office of the Republic of Indonesia and Indonesian National Police concerning Cooperation in the Eradication of Corruption, dated May 22, 2021.

## **5. International Cooperation**

Indonesian National Police has conducted foreign cooperation related to money laundering, including:

- a. Cooperation with the United States of America (FBI) in the Letter of Intent between Indonesian National Police and the Federal Bureau of Investigation of The United States of America on Mutual Cooperation in Capacity Building and Preventing and Combating Transnational Crime.

- b. Cooperation with Canada in Memorandum of Understanding between Indonesian National Police and The Royal Canadian Mounted Police on Cooperation in Preventing and Combating Transnational Crime.
- c. Cooperation with Mexico in the Memorandum of Understanding between Indonesian National Police of the Republic of Indonesia and the Office of the Attorney General of The Republic of The United Mexican States on Combating transnational Crime and Capacity Building.
- d. Cooperation with the United Kingdom in the Memorandum of Understanding between the Government of The Republic of Indonesia and the Government of The United Kingdom of Great Britain and Northern Ireland on Police Cooperation in Preventing and Combating Terrorism and Other Transnational Crime.
- e. Cooperation with Germany in the Declaration of Intent between Indonesian National Police and The Federal Ministry of The Interior of The Federal Republic of Germany on Preventing and Combating Transnational Crime and Capacity Building.
- f. Cooperation with the State of Romania in the Agreement between the Government of The Republic of Indonesia and the Government of Romania on Cooperation in Preventing and Combating Transnational Organized Crime, Terrorism and Other Types of Crime.
- g. Cooperation with the State of Turkey in the Memorandum of Intent between Indonesian National Police and the National Police of The Republic of Turkey on Preventing and Combating Transnational Crime and Building Capacity.
- h. Cooperation with the People's Republic of China in the Agreement on Cooperation between Indonesian National Police and Ministry of Public Security of the People's Republic of China.

- i. Cooperation with South Korea in the Arrangement on Cooperation Between the National Police of Korea and Indonesian National Police.
- j. Cooperation with the State of Brunei Darussalam Memorandum of Understanding between Indonesian National Police and the Royal Brunei Police Force on Cooperation in Combating Transnational Crime and Capacity Building.
- k. Cooperation with the State of Malaysia in the Memorandum of Understanding on Combating Illicit Trafficking in Narcotic Drugs, Psychotropic Substances, Precursors, Hazardous Materials and Enhancement of Police Cooperation.
- l. Cooperation with the Philippines in the Memorandum of Understanding on Cooperation in Preventing and Combating Transnational Crime
- m. Cooperation with the State of Timor Leste Technical Arrangement Between Indonesian National Police and the Timor Leste National Police on Capacity Building.
- n. Cooperation with the State of Australia in the Arrangement between Indonesian National Police and the Australian Federal Police on Cooperation in Preventing and Combating Transnational Crime.
- o. Cooperation with the State of Namibia in the Memorandum of Understanding on Preventing and Combating Transnational Crime and Capacity Building.
- p. Cooperation with the State of Saudi Arabia in the Cooperation Agreement in Combating Crime between Indonesian National Police of the Republic of Indonesia and Ministry of Interior of the Kingdom of Saudi Arabia.
- q. Cooperation with the State of Iran in the Letter of Intent between Indonesian National Police and the Law Enforcement Force of the Islamic Republic of Iran on People Cooperation.
- r. Cooperation with Iran in the Memorandum of Understanding between Indonesian National Police of the Republic of Indonesia and the Public Security Directorate of

Jordan on Cooperation in Preventing and Combating Transnational Crime and Enhancing Capacity Building.

### **3.5.2 Attorney General of the Republic of Indonesia**

According to Law Number 16 of 2004 on the Attorney General's Office of the Republic of Indonesia, the Attorney General's Office is a government institution that exercises state power in the field of prosecution and other authorities based on the law. In development of the state administration system in Indonesia, the Attorney General's Office is part of the executive body that is subordinate to the President. However, when viewed from the perspective of the function of the Attorney General's Office, it is part of the judiciary. Based on Article 30 of Law Number 16 of 2004 on the Attorney General's Office of the Republic of Indonesia, the following are the duties and authorities of the Attorney General's Office, namely as follows:

#### **(1) In the criminal field**

- a. Conducting prosecutions;
- b. Conducting judges' decisions and court decisions that have permanent legal force;
- c. Supervising Implementation of conditional criminal decisions, supervisory criminal decisions, and parole decisions;
- d. Conducting investigation into certain criminal acts based on the law; and
- e. Completing certain perkara files and for that reason they can carry out additional examinations before being transferred to the court which in its implementation is coordinated with investigators.

#### **(2) In the field of civil and state administration**

The Attorney General's Office with specific powers can act both inside and outside the court for and in the name of the state or government.

**(3) In the field of public order and peace, the Attorney General's Office shall also carry out the following activities:**

- a. Increasing public legal awareness;
- b. Security of law enforcement policies;
- c. Supervision of the circulation of printed goods;
- d. Supervision of the flow of beliefs that can endanger the community and the State;
- e. Prevention of abuse and/or blasphemy of religion; and
- f. Research and development of law and criminal statistics.

In Money Laundering Law, the the Attorney General's Office has the authority to investigate Money Launderings with indications of corruption as referred to in Article 2 of Money Laundering Law in accordance with the authority of the the Attorney General's Office as regulated in the legislation.

## **1. Regulations and Policies**

The Attorney General's Office in carrying out its duties as a law enforcement agency authorized to handle money laundering cases has established several regulations and policies for AML-CFT program, including:

- a. Regulation of the Attorney General of the Republic of Indonesia Number PER-028/A/JA/10/2014 concerning Guidelines for Handling Criminal Cases with Corporate Legal Subjects;
- b. Regulation of the Attorney General of the Republic of Indonesia Number Per-013/A/JA/06/2014 concerning Asset Recovery;
- c. Circular Letter of the Attorney General Number: B-355/A/SKJA/10/2020 concerning Increasing the Application of Articles of Money Laundering in Handling Cases/Cases Relating to Financial Crime;

- d. Circular Letter of the Attorney General Number: B-36/A/Ft.1/06/2009 concerning Corporations as Suspects or The Accuseds in Corruption Crime;
- e. Attorney General's Guidelines Number 1 of 2019 concerning Guidelines for Prosecuting Corruption Crime;
- f. Attorney General's Guidelines Number 2 of 2019 concerning Guidelines for Prosecuting Criminal Cases in Taxation Sector;
- g. Letter of the Deputy Attorney General for Specific Crime Number: B-157/F/Fd.1/01/2019 dated January 29, 2019 concerning Technical Instructions for Application for Handling of Assets in Money Laundering or Other Crime;
- h. Letter of the Deputy Attorney for Specific Crime Number: B-397/F/Ft/03/2019 dated March 20, 2019 concerning Claims for Criminal Fines in Criminal Acts in the Field of Taxation, Customs and Excise;
- i. Letter of the Deputy Attorney General for Specific Crime Number: B-845/F/Fjp/05/2018 dated 04 May 2018 concerning Technical Guidelines for the Handling of Qualified Specific Crime Cases; 15. Letter of the Deputy Attorney General for Specific Crime Number: B360/F.2/Fd.1/02/2014 dated 11 February 2014 concerning the Application of Collusion and Nepotism;
- j. Junior Attorney General for Specific Crime Letter Number B-1648/F/Fjp/09/2020 dated September 14, 2020, concerning Evaluation of the Handling of Corruption Crime; and
- k. Junior Attorney General for Specific Crime Letter Number B-1650/F/Fjp/09/2020 dated September 14, 2020, concerning the Optimization Program for the Handling of Corruption Crime.

## **2. Achievement of Success**

The Attorney General's Office in carrying out its duties as a law enforcement agency has resulted in several successful achievements in handling money laundering cases, including

optimizing or optimizing the handling of specific criminal cases during Covid-19 pandemic as a process or way to be the best or the highest, it is necessary. This is done by taking the right steps and strategies. In this regard, the Junior Attorney General for Specific Crime has made several policies by issuing:

- a. Junior Attorney General for Specific Crime Letter Number B-1648/F/Fjp/09/2020 dated September 14, 2020, concerning Evaluation of the Handling of Corruption Crime.
- b. Junior Attorney General for Specific Crime Letter Number B-1649/F/Fjp/09/2020 dated September 14, 2020, concerning Submission of the Prosecutor General's Memorandum of the Republic of Indonesia.
- c. Junior Attorney General for Specific Crime Letter Number B-1650/F/Fjp/09/2020 dated September 14, 2020, concerning the Optimization Program for the Handling of Corruption Crime.
- d. Junior Attorney General for Specific Crime Letter Number B-1773/F/Fjp/09/2020 dated 30 September 2020 concerning Increasing Awareness in the Control and Handling of Specific Crime Cases.

The achievements of successful handling of money laundering cases and saving state finances in 2020 are as follows:

- a. State financial rescue of IDR 19,257,919,299,612.80 and USD \$76,737.42
  - Investigation and Prosecution Phase of IDR 18,894,594,410,380.80 and USD \$ 76,737.42; SGD \$71,532.30; Euro € 80.00 and GBP £ 305.00.
  - Execution Stage (PNBP) of IDR 363,369,889,232.00.
- b. Application of Corporations as Perpetrators of ML as a Result of Corruption Crime.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

The Attorney General's Office has taken steps to mitigate the risk of money laundering, including:

- a. Providing a deterrent effect for the perpetrators of a specific crime (corruption) and a deterrent consequence for the public not to commit a specific crime (corruption).<sup>9</sup>

<b>Prosecution of Corruption in the Financial Management of Investment Funds by PT AJS</b>
<p>There have been prosecutions of the accused of corruption in the financial management of PT AJS investment funds as follows:</p> <ol style="list-style-type: none"><li>a. HP (former Director of Finance of PT AJS), was prosecuted for life, and was sentenced by the District Court to a life sentence (cassation process).</li><li>b. JHT (private), was prosecuted for life and has been sentenced by the District Court with a life sentence (cassation process).</li><li>c. HR (former Managing Director of PT AJS), was prosecuted for life and was sentenced by the District Court to a life sentence (cassation process).</li><li>d. SHM (former Head of Investment Division and General Manager of Investment &amp; Finance), was prosecuted for life and has been sentenced by the District Court to a life sentence (cassation process).</li><li>e. BT (private), was prosecuted for life and was sentenced by the District Court to a life sentence (cassation process).</li><li>f. HH (private), was prosecuted for life and was sentenced by the District Court to a life sentence (cassation process).</li></ol>

<sup>9</sup> Attorney General's Office. 2020 Press Release. Accessed on July 28, 2021.  
<https://www.kejaksan.go.id/siaranpers.php?idu=1&id=2399>.

- b. Optimization of asset recovery as an effort to save and recover state financial losses or the state economy that occurs because of specific Crime (corruption).

### **Saving State Finance**

The Attorney General's Office of the Republic of Indonesia, through the field of Civil and State Administration, during period October 2019 to October 2020 has succeeded in saving state finances with a total of IDR 388,876,848,205,645.95 (three hundred eighty eight trillion eight hundred seventy six billion eight hundred forty eight million two hundred five thousand six hundred forty five rupiahs and ninety five cents) and USD11,839,755,- (eleven million eight hundred thirty-nine thousand seven hundred and fifty five US dollars) and the following details:

1. In the Civil Administration Sector, the Attorney General's Office has succeeded in saving the state finances amounting to IDR223,000,000,000,- (two hundred and twenty-three trillion rupiah).
2. For the Civil Administration of State Administration of the High Prosecutor's Office and the State Prosecutor's Office throughout Indonesia, the recorded value of the rescue is IDR 16,587,848,205,645.95 (sixteen trillion five hundred eighty-seven billion eight hundred forty-eight million two hundred five thousand six hundred forty-five rupiahs and ninety-five cents) and USD11,839,755,- (eleven million eight hundred thirty-nine thousand seven hundred and fifty-five US dollars).

- c. Increased Non-Tax State Revenue (PNBP) as a practical benefit of prevention and prosecution of specific Crime (corruption).

<b>Saving State Finances by the Specific Criminal Sector</b>
<p>During period of October 2019-October 2020, the Attorney General's Office has saved state finances with a total of IDR 19,629,250,912,165 (nineteen trillion six hundred twenty-nine billion two hundred fifty million nine hundred and twelve thousand one hundred and sixty-five rupiah) and RM1,412 (one thousand four hundred and twelve Malaysian ringgit). The details are as follows:</p> <ul style="list-style-type: none"><li>• The Specific Counsel for the Attorney General's Office has succeeded in saving the state finances amounting to IDR18,723,983,669,675.90 (eighteen trillion seven hundred twenty-three billion nine hundred eighty-three million six hundred sixty-nine thousand six hundred seventy-five rupiah and ninety cents).</li><li>• The AGO's Specific Specialist Division for the 2020 period has succeeded in saving the state finances of IDR 18,992,418,099,024.94 (Eighteen Trillion Nine Hundred Ninety-Two Billion Four Hundred Eighteen Million Ninety Nine Thousand Twenty Four Point Ninety Four Rupiah); Currency SGD 75,259.3; Currency US 76,664; Currency EUR 80; Currency RM 50; Currency Pound 305.</li><li>• The Specific Services Division of the High Prosecutor's Office and District Attorney's Office throughout Indonesia has succeeded in saving the state finances amounting to Rp 905,267,242,490,- (nine hundred five billion two hundred sixty seven million two hundred forty two thousand four hundred ninety rupiah), RM1. 412 (one thousand four hundred and twelve Malaysian ringgit) and others in the form of assets such as movable and immovable objects.</li></ul>

d. Initiation in Handling Corruption Crime That Harm the State's Economy.

<b>Initiation in Handling Corruption Crimes That Harm the State's Economy</b>
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Handling corruption only focuses on recovering state financial losses, while on the other hand, state economic losses due to corruption have not become standard guidelines for handling by law enforcement agencies in Indonesia. This causes the level of state financial recovery that is often not commensurate with the opportunity costs and multiplier economic impacts that arise because of the occurrence of criminal acts of corruption.

Seeing this phenomenon, the Attorney General's Office in investigating alleged criminal acts of corruption in textile imports together with Directorate General of Customs and Excise for 2018-2020 initiated an approach to calculating the country's economic losses.

The Prosecutor's Office has named 5 (five) suspects who are suspected of causing harm to the state economy in the amount of IDR 1,600,000,000,000,000 (one trillion six hundred billion rupiah). The basis for the calculation is based on two elements:

- a. Economic losses from a decline in domestic industrial activity due to a surge in imports of the goods under investigation; and
- b. Potential lost household expenditure due to termination of employment from domestic industry.

All these calculations use the minimum irreducible approach, which means that the losses incurred cannot be lower than that number but are highly likely higher than that number.

Initiation in handling corruption cases that focuses on handling cases that harm the country's economy is expected to not only encourage the handling of other cases that are detrimental to the country's economy, but also encourage improvements in governance in the fields that are objects of corruption, and in the long run can increase revenue of state finances and economy.

#### **4. Domestic and International Cooperation**

The Attorney General's Office has conducted domestic and foreign cooperation concerning money laundering and other Crime, including:

- a. Submission for the Utilization of Illegal Fishing Boats from the Indonesian Prosecutor's Office to Ministry of Maritime Affairs and Fisheries of the Republic of Indonesia on October 12, 2020.
- b. Delivery of the Ship from the Attorney General's Office to the Marine and Fisheries Service of Bitung City on January 31, 2020.
- c. Initiation of Cooperation in the Utilization of Confiscated Ships for Educational Purposes in the form of a Foreign Fishing Vessel (KIA) grant to the Fisheries Campus owned by Ministry of Maritime Affairs and Fisheries of the Republic of Indonesia.
- d. In relation to international cooperation, the Asset Recovery Center has established international work including with FATF, Camden Asset Recovery Network (CARIN), International Conference on Assets Proceeds from Crime [The National Police Coordination Center (NPoCC)], Counter Terrorism Financing (CTF) Summit and comparative study with the Department of Justice (DOJ).

##### **3.5.3 Corruption Eradication Commission (CEC)**

The CEC was formed and stipulated in Law Number 30 of 2002 which has been amended in Law Number 19 of 2019 on Corruption Eradication Commission. The CEC is given high rights and mandates related to ordinary corruption Crime or the eradication of high-level corruption committed by state officials and other important people who are still in contact with the state. Corruption Eradication Commission (CEC) has the authority to conduct investigation into Money Launderings with indications of corruption as referred to in Article 2 of the Anti-Money Laundering Law in accordance with the authority of the CEC as stipulated in the legislation.

## **1. Regulations and Policies**

Corruption Eradication Commission in carrying out its duties as a law enforcement agency authorized to handle money laundering cases has established several regulations and policies for the AML-CFT program, including:

- a. Determination of the CEC's Strategic Targets in optimizing the recovery mechanism and asset management resulting from criminal acts of corruption as measured by the percentage of asset recovery.
- b. Circular Letter of the Chairman of Corruption Eradication Commission Number 4 of 2020 concerning the General Policy Direction of the CEC in 2020.
- c. Issuance of SOP for Internal Enforcement at CEC.

## **2. Achievement of Success**

Corruption Eradication Commission in carrying out its duties as a law enforcement agency has resulted in several successful achievements in handling money laundering cases, including:

- a. The realization of asset recovery achievement in 2020 reached 61.2 percent. Measurement of asset recovery is carried out based on the realization of PNBP originating from replacement money/ looted goods/ fines compared to the accumulated value (replacement money, fines and spoils) of fines based on the value of decisions (fines, replacement money and spoils) which have obtained permanent legal force after being received completely.
- b. During the 2020 period, CEC has carried out executions through determining the status of use and grants, refunding state losses that have been carried out amounting to IDR293.9 billion through the mechanism of fines, compensation and looting of IDR billion.

- c. Realization of Money Laundering detection reports through information and data as case feeding for prosecution as well as information and data for prevention efforts through system improvements as material for preparing studies.
- d. Achievement of supervision on improving the status of handling cases of money laundering resulting from corruption with the Police in oil and gas corruption cases.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Corruption Eradication Commission has taken steps to mitigate the risk of money laundering, including:

- a. Preparation of Sector Money Laundering Risk Assessment (SRA) for Corruption Crime in 2017 with the Indonesian Police and the Indonesian Attorney General's Office.
- b. Strengthening Implementation of data and information exchange concerning Beneficial Ownership (BO), Politically Exposed Persons (PEPs).
- c. Improved compliance of state administrators with reporting on State Administrators Wealth Reports (LHKPN).
- d. Optimizing the mechanism for recovering and managing assets resulting from corruption and money laundering.
- e. Increasing prevention efforts and anti-corruption education.
- f. Increasing the effectiveness of CEC's supervision of related agencies.
- g. Strengthening the capacity of HR investigators through training programs, manuals, e-learning modules.

### **4. Domestic Cooperation**

Corruption Eradication Commission has carried out domestic cooperation related to money laundering, including:

- a. Joint commitment with 12 Ministries and Institutions related to the Capacity Building Program and Coordination of Law Enforcement in the Natural Resources Sector.
- b. Making National Movement to Save Natural Resources Program (GN-PSDA).
- c. Increasing cooperation through memorandum of understanding with national strategic partners, including law enforcement agencies, regulators, academics, and other stakeholders.
- d. CEC together with Directorate General of Taxes conducted a study related to optimizing the return of state losses by imposing taxes on corruption cases.

## **5. International Cooperation**

Corruption Eradication Commission has conducted foreign cooperation related to money laundering, including:

- a. Commitment to fulfill Implementation of the United Nations Convention Against Corruption (UNCAC) and the G-20 Anti-Corruption Working Group.
- b. The contribution of the CEC in the APEC Anti-Corruption and Transparency Working Group forum.
- c. The contribution of the CEC in the Southeast Asia Parties Against Corruption (SEA PAC) forum.
- d. Preparation of the E-learning Module Technical Guidelines for Handling Money Laundering and Asset Recovery in the Capital Market in collaboration with the Australia Department of Home Affairs and the Australia Indonesia Partnership of Justice (AIPJ).
- e. Corruption Eradication Commission together with the Australian Department of Home Affairs compiled the book "Understanding the Typology of Money Laundering and How to Handle it" based on 19 (nineteen) Money Launderings cases handled by Corruption Eradication Commission which have permanent legal force and best practice from abroad.

- f. Request for assistance from central authorities to obtain Mutual Legal Assistance (MLA) from the jurisdictions of Singapore, UK, Australia, and France.
- g. The CEC provides legal assistance to Thailand.
- h. Requests for assistance through inter-agency (non-MLA) mechanisms abroad, including:  
CPIB Singapore, FBI US, NACC Thailand, MACC Malaysia, NCA China, ICAC Hong Kong, IACCC UK, Nazaha Saudi Arabia, AGD Australia.

### **3.5.4 Indonesian National Narcotics Agency (INNA)**

Law Number 35 of 2009 on Narcotics mandates the establishment of INNA that is more operational and has the authority to investigate narcotics abuse and narcotics precursors. The authority of INNA investigators is quite a lot and is explained in Article 75 of Law Number 35 of 2009. Indonesian National Narcotics Agency (INNA) has the authority to conduct investigation into Money Launderings with indications of narcotics and psychotropic Crime as referred to in Article 2 of Money Laundering Law in accordance with their authority. INNA as regulated in the legislation.

#### **1. Regulations and Policies**

Indonesian National Narcotics Agency (INNA) in carrying out its duties as a law enforcement agency authorized to handle money laundering cases has established regulations and policies for the AML-CFT program, including:

- a. Regulation of Head of National Narcotics Agency Number 7 of 2016 on the Investigation and Interrogation of Money Launderings from Criminal Acts of Narcotics Origin and Narcotics Precursor.
- b. Policies for handling narcotics syndicate networks are carried out to criminal acts of money laundering and Implementation of narcotics intelligence activities.

- c. The policy for handling money laundering cases resulting from narcotics Crime and narcotics precursors which have been declared complete by the Prosecutor's Office (P-21) as the determination of the Performance Indicators for the Eradication of INNA.

## **2. Achievement of Success**

National Narcotics Agency (INNA) in carrying out its duties as a law enforcement agency has resulted in several successful achievements in handling money laundering cases, including:

- a. Implementation of ongoing assistance, supervision, and technical guidance for investigators at the Provincial INNA. Coordination and cooperation between relevant agencies or Law enforcement Agencies related to the unification of perceptions of the handling of Money Launderings resulting from narcotics Crime and narcotics precursors.
- b. Disclosure of national and international narcotics networks using various newly developed modes and patterns, as follows:
  - i. The use of fictitious companies (legal but no business activities) as a tool to bring money abroad by means of fictitious imports and exports.
  - ii. The use of accounts in the names of other people used by Money laundering network of narcotics Crime to disguise and hide the proceeds of the narcotics money laundering offences.
  - iii. The use of money changers as a place to disguise narcotics money is as if exchanging foreign currency.
  - iv. The use of banking products in the form of a Cash Management System (CMS) and online gambling accounts.

## **3. ML Risk Mitigation Efforts for period 2016-2020**

Indonesian National Narcotics Agency (INNA) has taken steps to mitigate the risk of money laundering, including:

- a. INNA together with Indonesian National Police have prepared a Sectoral Risk Assessment (SRA) of Money Laundering for Narcotics Crime 2017.
- b. Periodic improvement of coordination with the Law enforcement Agencies, so that there is a mutual understanding in conducting pre-investigation and investigation of money laundering.
- c. Improved coordination with financial service providers (PJK) on a regular basis.
- d. Increased technical guidance and supervision activities for investigators at the Provincial INNA in conducting ML investigation so that INNA investigators at the Provincial INNA can conduct ML investigation.
- e. Strengthening the INARCELL academy International Training program together with World Class Drug Law enforcement Agencies.

#### **4. Domestic Cooperation**

Indonesian National Narcotics Agency (INNA) has carried out domestic cooperation related to money laundering, including:

- a. Strengthening cooperation between INNA and Directorate General of Immigration through monitoring the traffic of people, implementing integrated operations, and exchanging data and information.
- b. Establishment of an Alternative Development Program between INNA and the Colombian National Police.
- c. The signing of a memorandum of understanding between INNA and Ministry of Home Affairs to cooperate in increasing participation in Implementation of prevention and eradication of illicit trafficking and narcotics abuse (P4GN), dissemination of information related to P4GN, early detection of narcotics abuses within the agency, capacity building of human resources in accordance with the regulations. the needs of both parties, as well as the use of facilities and infrastructure in Implementation of P4GN.

- d. Synergy with the Private Sector (Online Transportation Mode Provider) and the Indonesian E-Commerce Association (IDEA) in P4GN's efforts, one of which is the dissemination of information on the dangers of drugs and supervision of transactions through e-commerce and delivery of goods indicated as drugs.
- e. Cross-sectoral synergies with Law enforcement Agencies and business entities managing transportation routes, one of which is with PT. Angkasa Pura II (Persero), as an airport operator license in Indonesia.
- f. Synergy between INNA and the Academic Community in dealing with drugs.

## **5. International Cooperation**

Indonesian National Narcotics Agency (INNA) has conducted foreign cooperation related to money laundering, including:

- a. INNA's collaboration in the Public-Private Partnership Program for Prevention of Trafficking in New Psychoactive Substances (NPS), Synthetic Opioids, and Relevant Precursors Through E-commerce Platforms" with The International Narcotics Control Board (INCB).
- b. Indonesia's Commitment in the 64th Commission on Narcotic Drugs (CND) Meeting.
- c. Cooperation between INNA with the Australian Border Force (ABF) and Director of the Australian Border Force (ABF) to maximize cooperation in border areas and narcotics smuggling.
- d. Cooperation between INNA and Colombo, Morocco, Fiji, Myanmar, India in the context of preventing and eradicating narcotics abuse and illicit trafficking (P4GN).
- e. The collaboration between INNA and the Bangladesh Department of Narcotics Control is through strengthening in eradication, community empowerment, prevention, rehabilitation, one of which is cooperation by involving the assessment team in handling narcotics cases.

- f. Bilateral cooperation between INNA and CNB Singapore concerning the exchange of information related to the handling of narcotics cases and cooperation in the field of eradication.
- g. Bilateral cooperation between INNA and the French Cross-Ministerial Coordination Agency (MILDECA) concerning the exchange of information related to the handling of narcotics cases and cooperation in the field of eradication.
- h. National Narcotics Agency (INNA) represents the Indonesian government as the host of the 41st ASEAN Senior Official on Drug Matters (ASOD) meeting.

### **3.5.5 Directorate General of Customs and Excise**

Based on the prevailing laws and regulations (Law Number 10 of 1995 as amended by Law Number 17 of 2006 on Customs, and Law Number 11 of 1995 as amended by Law Number 39 of 2007 on Excise). The authority of Directorate General of Customs and Excise is divided into two, namely general authority and specific authority.

General authority, namely administrative authority that is inherent and owned by all customs and excise employees, such as:

- a. conducting inspections of goods, buildings, letters/documents related to goods, and people.
- b. performing deterrence (delay the departure of goods or means of transport).
- c. sealing the goods or means of transport.

Specific authority is the specific authority possessed by certain customs and excise officials (PPNS BC) in conducting investigation, in the form of confiscation, arrest, detention, preparation of case files up to the delegation of cases to the Public Prosecutor. Directorate General of Customs and Excise (DJBC) conducts investigation into Money Launderings with indications of customs and/or excise Crime as referred to in Article 2 of Money Laundering

Law in accordance with the authority of Directorate General of Customs and Excise as regulated in the laws and regulations.

## **1. Regulations and Policies**

Direktorat Jenderal Bea dan Cukur dalam melaksanakan tugasnya sebagai lembaga penegak hukum yang berwenang menangani kasus pencucian uang telah mengeluarkan beberapa peraturan dan kebijakan untuk program AML-CFT, termasuk:

- a. Peraturan Menteri Keuangan nomor: 100/PMK.04/2018 tentang Perubahan pada Peraturan Menteri Keuangan Nomor 157/PMK.04.2017 tentang prosedur pengumuman dan pengawasan, indikator mencurigakan, membawa tunai dan/atau instrumen pembayaran lainnya, serta penetapan sanksi administratif dan deposito ke Treasury Fund.
- b. Peraturan Direktor Jenderal Bea dan Cukur Nomor: PER-01/BC/2005 tentang Prosedur Impor dan Ekspor Tunai.
- c. Surat Edaran Direktor Jenderal Bea dan Cukur Nomor: SE-08/BC/2017 tentang Optimalisasi Pengelolaan Pencucian Uang.
- d. Peraturan Direktor Jenderal Bea dan Cukur Nomor: Kep-259/BC/2020 tentang Tim Tugas untuk Penyelidikan Pencucian Uang.
- e. Penentuan Indikator Kinerja Kunci (IKK) terkait Efektivitas Pengawasan dan Pengenalan Peraturan Bea dan Cukur termasuk Pencucian Uang.

## **2. Achievement of Success**

Direktorat Jenderal Bea dan Cukur dalam melaksanakan tugasnya sebagai lembaga penegak hukum yang berwenang menangani kasus pencucian uang telah berhasil mencapai beberapa pencapaian dalam mengelola kasus pencucian uang, termasuk:

- a. The handling of Money Laundering case resulting from the crime of excise (illegal alcohol sales) with those who have been inkracht with a sentence of imprisonment for 3 years and 4 months in prison, a fine of IDR 1.1 billion and evidence in the form of two units of four-wheeled motorized vehicles confiscated for the state.
- b. Disclosure of a new mode that has developed from suspected money laundering resulting from excise Crime using officeless financial service agents in the context of financial inclusion or “Laku Pandai,” with the aim that the identity of the sender or recipient of the proceeds of crime is unknown.
- c. Development of Passenger Risk Management (PRM) Applications to detect people entering and leaving the territory of Indonesia.
- d. Synergy program (joint program) with Directorate General of Taxes (DGT), including joint investigation and joint audits.

### **3. ML Risk Mitigation Efforts for period 2016-2020**

Direktorat General of Customs and Excise has taken steps to mitigate the risk of money laundering, including:

- a. Preparation of the Risk Assessment on Money Laundering and Terrorism Financing of the Customs and Excise Sector (SRA) 2017.
- b. Establishment of a National ML DJBC Task Force (Satgas).
- c. Development of CEISA 4.0 SMART CUSTOMS (Secure, Measurable, Automated, Risk Management-based, and Technology-driven) applications for transnational Crime.
- d. Optimizing the use of the Go-AML Application to support cross-border cash carrying and inquiry reporting.
- e. Strengthening the Customs and Excise Monitoring Dog Tracking Unit will increase border protectors against illicit narcotics trafficking.

f. Strengthening ML Investigation Training Program originating from Customs and Excise Crime with various sources including the Financial Transaction Reports and Analysis Center Team (INTRAC), the Attorney General's Office, Corruption Eradication Commission (CEC) and National Narcotics Agency (INNA).

#### **4. Domestic Cooperation**

Directorate General of Customs and Excise has carried out domestic cooperation related to money laundering, including:

- a. Synergy program (joint program) with Directorate General of Taxes.
- b. Preparation of Cooperation Agreements with other Law enforcement Agencies (INTRAC, CEC, Criminal Investigation Agency of the Indonesian National Police, Security Maintenance Agency, Junior Attorney General for Specific Crimes, Junior Attorney General for Intelligence, Indonesian Army, Military Police Command of the Indonesian National Armed Forces).
- c. Increased cooperation between DJBC and other Law enforcement Agencies concerning suspicious cross-border cash carrying.

#### **5. International Cooperation**

Directorate General of Customs and Excise has conducted foreign cooperation related to money laundering, including:

- a. Data exchange agreement with Singapore.
- b. Data exchange agreement with Australia.

#### **3.5.6 Directorate General of Taxes**

Based on the provisions of Article 6 of the Criminal Procedure Code (KUHAP), the investigators are Indonesian National Police officials and certain Civil Servant Officials who are given specific authority by law. National Police Investigators conduct investigation into

general Crime, while Civil Servant Investigators (PPNS) conduct investigation into criminal acts regulated in the relevant Law.

In the event of a crime in the field of taxation, Law Number 16 of 2009 on General Provisions and Tax Procedures (UU KUP) only authorizes PPNS of Directorate General of Taxes to conduct investigation. This is based on Article 44 paragraph (1) which states that the investigation of criminal acts in taxation sector can only be carried out by certain Civil Servant Officials within Directorate General of Taxes (DGT) who are given specific authority as investigators of criminal acts in taxation sector. In addition, there is also the Attorney General's Circular Number SE-001/JA/5/2000 on the handling of criminal cases in taxation sector which among other things states that cases concerning taxation issues will be resolved by Directorate General of Taxes through procedures taxation techniques in accordance with the provisions of the applicable tax laws.

Crime in taxation sector is specific Crime considering that the types of actions and officials who are authorized to carry out investigation have been regulated separately in the tax law which is a specific provision (lex specialist). In addition, considering that taxation issues are complex issues and require specific expertise, KUP Law gives authority only to PPNS within Directorate General of Taxes to conduct investigation of criminal acts in taxation sector. Directorate General of Taxes (DGT) may conduct investigation into Money Launderings with indications of criminal acts in the field of taxation as referred to in Article 2 of Money Laundering Law in accordance with the authority of Directorate General of Taxes as regulated in Law Number 6 of 1983 on General Provisions and Procedures of Taxation as amended lastly by Law Number 16 of 2009 on Stipulation of Government Regulations in Lieu of Law Number 5 of 2008.

## **1. Regulations and Policies**

Direktorate General of Taxes in carrying out its duties as a law enforcement agency authorized to handle money laundering cases has established several regulations and policies for the AML-CFT program, including:

- a. Decree of the Minister of Finance Number 139/KMK.03/2021 dated April 5, 2021, on the Establishment of an Assistance Task Force for Handling Criminal Cases in the field of Taxation, Money Laundering and Searching for Assets Proceeds of Crime.
- b. Regulation of the Minister of Finance Number 239/PMK.03/2014 concerning Procedures for Examination of Preliminary Evidence of Criminal Acts in taxation Sector, which becomes a reference in Implementation of law enforcement activities in the field of taxation.
- c. Circular Letter of Director General of Taxes Number SE-29/PJ/2021 concerning Guidelines for Implementation of Criminal Investigation within Directorate General of Taxes which is an amalgamation and completion of SE-06/PJ/2014 related to the investigation of criminal acts in taxation sector.
- d. Law Number 9 of 2017 stipulation of Government Regulation in Lieu of Law Number 1 of 2017 on Access to Financial Information for Tax Purposes Being a law is a manifestation of Indonesia's commitment to support transparency and exchange of information to eradicate and prevent tax evasion and tax evasion.
- e. Circular Letter of Director General of Taxes Number: 32/PJ/2017 concerning ML Investigation. Formulation of Official Memorandum or Policy Letter in the field of tax law enforcement including the anti-money laundering regime in taxation sector by taking into account National Strategic Action Plan, Results of NRA ML, and Evaluation of SRA ML in Taxation every year through SR-207/PJ.05/2018 , NDR-64/PJ.05/2019, ND-446/PJ.05/2020, NDR-538/PJ.05/2021.

## **2. Achievement of Success**

Direktorate General of Taxes in carrying out their duties as a law enforcement agency has resulted in several successful achievements in handling money laundering cases, including:

- a. There were eighteen cases of money laundering involving predicate Crime in taxation sector, of which 5 cases had permanent legal force and confiscated assets of IDR
- b. Based on KEP Number 75/KMA/SK/IV/2021 dated April 20, 2021, a POKJA MA has been formed where the DGT and the Supreme Court are working on drafting a Supreme Court Circular Letter for handling cases in the field of taxation including money laundering, this is for uniform understanding and handling among judges in deciding cases in the field of taxation.
- c. Issuance of Circular Letter of Director General of Taxes Number SE-29/PJ/2021 concerning Guidelines for Implementation of Criminal Investigation within Directorate General of Taxes which is an amalgamation and completion of SE-06/PJ/2014 related to the investigation of criminal acts in the field of taxation and SE-32/ PJ/2017 related to money laundering investigation.

## **3. ML Risk Mitigation Efforts for period 2016-2020**

Direktorate General of Taxes has taken steps to mitigate the risk of money laundering, including:

- a. Preparation of Sectoral Risk Assessment (SRA) of Money Laundering Crime in taxation sector in 2017.
- b. A Circular Letter of Director General of Taxes has been issued concerning Instructions for Implementation of Money Laundering Investigation for all vertical units in the DGT, regulating, among other things, technical procedures for ML investigation and

procedures for tracing assets resulting from criminal acts so that the handling can be more optimal.

- c. Determination of Key Performance Indicators (IKU) for each vertical unit to conduct ML investigation in the context of Recovery of State Losses.
- d. Preparation of parameters for the realization of a money laundering offense investigation,
- e. Strengthening the allocation of human resources and budget based on risk assessment (Java and Bali).
- f. Strengthening human resource development programs in the form of technical training, FGD and Inhouse Training (IHT) related to the handling of money laundering cases.

#### **4. Domestic Cooperation**

Direktorat Jenderal Pajak has carried out domestic cooperation related to money laundering, including:

- a. In 2020, a task force for assistance in handling criminal cases in the fields of taxation, money laundering and tracing of assets resulting from criminal acts has been established together with other Law enforcement Agencies, such as the Police, Attorney General's Office, INTRAC, Ministry of Law and Human Rights, Directorate General of Customs and Excise.
- b. Joint program between Directorate General of Taxes and Directorate General of Customs and Excise.
- c. Development of a Tax Clearance Application System for experts or foreign workers through cooperation with Directorate General of Immigration.
- d. To strengthen cooperation between institutions in the field of law enforcement, DGT has signed a Cooperation Agreement (PKS), including:
  - Cooperation agreement between Directorate General of Taxes and Directorate General of Immigration Number KEP-144/PJ/2018 and IMI-UM.01.01-2015 dated

15 May 2018 and the PKS Addendum between Directorate General of Taxes and Directorate General of Immigration Number PRJ-33/PJ/2019 and IMI-UM.01.01-2444 dated May 31, 2019;

- Cooperation agreement between Directorate General of Taxes and PT Telekomunikasi Selular Number KEP-40/PJ.05/2019 and PKS.902/LG.05/CS-01/X/2019 dated 30 October 2019;
- Cooperation agreement between Directorate General of Taxes and the Deputy Attorney General for Specific Crime number KEP-174/PJ/2018 and B-1066/F/Fjp/06/2018 dated March 29, 2021;
- Cooperation agreement between Directorate General of Taxes and Indonesian National Police Number PKS/7/III/2021 and PRJ-04/PJ/2021 dated March 29, 2021.

## **5. International Cooperation**

Direktorat General of Taxes has carried out foreign cooperation related to money laundering, through international agreements that contain information exchange clauses, including:

- a. Double Taxation Avoidance Agreement (Tax Treaty/P3B);
- b. Approval for the Exchange of Information Concerning Tax Purposes (Tax Information Exchange Agreement/TIEA).
- c. Convention on Joint Administrative Assistance in Taxation (MAC).
- d. Based on Article 32A of the Income Tax Law, there are various international agreements and all international agreements agreed by the DGT have Exchange of Information (EOI) clause. Agreements containing information exchange clauses: Tax treaty (P3B), TIEA, MAC, MCAA, BCAA. This EOI can be used by investigators to seek information from abroad.

### **3.5.7 Civil Servant Investigator (PPNS)**

Following up on decision of the Constitutional Court (MK) Judicial Review on the explanation of Article 74 of Law Number 8 of 2010 on Prevention and Limitation of Money Laundering (State Gazette of the Republic of Indonesia Number 5164) which states that "**The definition of investigators of predicate crime are officials from agencies that authorized by law to conduct investigation.**" The consequence of the said Constitutional Court decision is that all investigators of predicate Crime, without exception or erga omnes, have the authority to investigate Money Launderings. Of course, the meaning or limitations of predicate Crime need to pay attention to the provisions of Article 2 paragraph (1) of Money Laundering Law as well as other predicate Crime with economic motives. Based on the provisions of laws and regulations that have been specifically regulated, it can be identified that PPNS can be authorized to conduct money laundering investigation according to their authority at least as follows:

1. PPNS at Ministry of Environment and Forestry;
2. PPNS at Ministry of Marine Affairs and Fisheries;
3. PPNS at the Food and Drug Supervisory Agency;
4. PPNS at Ministry of Communication and Information;
5. PPNS at Ministry of Transportation;
6. PPNS at Ministry of Trade;
7. PPNS at Ministry of Health;
8. Navy investigators;
9. Investigators at the Financial Services Authority;
10. PPNS at Directorate General of Intellectual Property of Ministry of Law and Human Rights;
11. PPNS at Ministry of Immigration;

12. PPNS at the Agricultural Quarantine Agency;
13. PPNS Plantation at Ministry of Agriculture;
14. PPNS of Cultural Conservation at Ministry of Education and Culture;
15. POM (Military Police) investigators.

### **3.5.8 Judges**

The existence of court institutions as a subsystem of criminal justice is regulated in Law Number 48 of 2009 on Judicial Power. Article 1 paragraph (1) of the law defines judicial power as follows: Judicial power is the power of an independent state to administer justice to uphold law and justice based on Pancasila and the 1945 Constitution of the Republic of Indonesia, for the sake of Implementation of Law of the Republic of Indonesia.

In accordance with Law Number 48 of 2009 and the Criminal Procedure Code, the task of the Court is to accept, examine and decide cases that are submitted to him. In examining the Accused, the judge is based on the indictment made by the Public Prosecutor, and based on the evidence as stipulated in Article 184 of the Criminal Procedure Code with at least 2 (two) pieces of evidence and his belief, the judge renders his decision.

### **1. Regulations and Policies**

The judiciary in carrying out its duties as a law enforcement agency authorized to handle money laundering cases has established several regulations and policies for the ML-TF program, including:

- a. Regulation of the Supreme Court (PERMA) Number 1 of 2013 on Procedures for Settlement of Applications for Assets in Money Laundering was established to fill the void "procedural law" for Implementation of Article 67 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering (hereinafter abbreviated as Money Laundering Law). Article 67 of Money Laundering Law gives authority to money

laundering investigators to apply to the District Court to decide that assets that are known or suspected to be the proceeds of criminal acts become state assets or are returned to those entitled to them. Stipulation Number 1 of 2013 is based on Law Number 14 of 1985 on the Supreme Court as amended by Law Number 5 of 2004 on Amendments to Law Number 14 of 1985 on the Supreme Court and Law Number 3 of 2009 on Second Amendment to Law Number 14 of 1985, which among other things states that the Supreme Court has the authority to give instructions, warnings, or warnings to courts in all judicial bodies under its authority and make regulations as a complement to fill legal deficiencies or vacancies in the course of justice.

- b. Regulation of the Supreme Court Number 13 of 2016 on Procedures for Handling Criminal Cases by Corporations.
- c. Circular Letter of the Supreme Court Number 3 of 2013 on Instructions for Handling Cases on Procedures for Settlement of Applications for Handling Assets in Money Laundering. In this Circular Letter, it has been regulated on an appeal to the Judge to pay attention to the provisions concerning the requirements for submitting an application for handling cases, the completeness of the application for handling cases, and the provisions concerning assets being confiscated for the state in the event that the Judge decides that the assets requested for settlement are declared as state assets.

## **2. Achievement of Success**

Based on the duties, functions and authorities of the Supreme Court to adjudicate criminal cases at the level of cassation and reconsideration, the Supreme Court has decided and tried cases of Money Launderings and decisions of these cases which have permanent legal force have been

published through the official website of the Supreme Court on page Directory of Supreme Court Decisions to fulfill public information disclosure.<sup>10</sup>

### **3. Risk Mitigation Steps**

The court has taken steps to mitigate the risk of money laundering, including:

- a. Improvement of education and training programs for General Court Judges in Corruption Crime Certification Training, which includes material on prevention and eradication of money laundering and asset recovery.
- b. Enhancing the knowledge debriefing program for Judges through various scientific forums such as training/seminar/FGD in the hope that Judges have reliable and professional competence in carrying out their duties in adjudicating cases.

### **3.6 Types of Money Laundering and Criminalization of Money Laundering**

Money Laundering is an attempt to hide or disguise the origin of Assets resulting from criminal acts so that the Assets appear as if they originate from legitimate or legal activities. In general, perpetrators of Money Launderings try to hide or disguise the origin of assets resulting from criminal acts in many ways to avoid or be difficult to trace by law enforcement authorities. The following is a description of the types of Money Launderings based on Money Laundering Law, as follows:

#### **3.6.1 Self-Laundering**

It is an act of money laundering which is carried out directly by the perpetrator of the predicate crime. The criminalization of money laundering is regulated in Article 3 of Money Laundering Law. Based on court decisions that have permanent legal force for period 2016 to 2020, there

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<sup>10</sup> Directory of Supreme Court Decisions can be accessed on the following page:  
<https://putusan3.mahkamahagung.go.id/>

were 81.55 percent or as many as 274 of the 336 decisions on money laundering that were imposed as self-laundering actors (Article 3 of Money Laundering Law).

### **Case Study of Self-Laundering in Indonesia**

Decision Number 53/Pid.Sus/Tpk/2017/PN.Sby

Bambang Irianto (BI) as the State Administrator or PEP was proven legally and convincingly to have committed the act of “placing, transferring, transferring, spending, paying, granting, entrusting, bringing abroad, changing forms, exchanging with currency or securities or other actions on Assets which he knows or reasonably suspects are the proceeds of criminal acts of corruption and gratification in the amount of IDR59,787,042,412.” The efforts to hide or disguise the results of corruption Crime committed by BI are as follows:

1. Opening 10 bank accounts (savings and time deposits) in the name of BI;
2. Exchange to foreign currencies in the amount of SAR 3,891 Riyal, USD 2,100 United States Dollars and SGD 77,350 Singapore Dollars;
3. Purchasing assets in the form of 4 Motor Vehicles, 9 Property Sector (Land and Buildings) using the names of other people or family members) children and wives);
4. Purchasing Heavy Equipment using someone else's name;
5. Purchasing assets without ownership names such as Gold Bars;
6. Purchasing 15,348,713 shares in the name of the corporation PT Mitra Anggun Keluarga Bersama, where the source of funds was from book-entry from a deposit account in the name of BI; and
7. Use of Cash Financial Transactions.

#### **3.6.2 Stand Alone Money Laundering**

It is a money laundering act that is suspected, prosecuted, or decided separately without the need to first prove the predicate crime (NOT including the handling of money laundering which

is carried out in a separate file with the handling of the predicate crime) because (a) When there is not enough evidence against the predicate crime certain assets that produce assets resulting from crime; or (b) there is a lack or difficulty of access to the territorial jurisdiction of the predicate offense.<sup>11</sup>

### **Case Study of Stand-Alone Money Laundering in Indonesia**

Decision Number 929/Pid.B/2016/PN. Btm

Tommy Andika Janur who at that time was in Malaysia to visit his friend. In the meeting, Tommy Andika Janur was introduced to someone named Wijaya Kumar. At that time, Wijaya Kumar then asked for help so that he could borrow an account in the name of the company, the plan was that the account in the name of the company would be used to receive remittances from abroad. Tommy Andika Janur then agreed to the request and handed over an account in the name of CV Janur Unity in Indonesia. On February 23, 2016, Tommy Andika received a call from Wijaya Kumar that there was an incoming money of IDR 8,091,000,000 (eight billion ninety one million rupiah). Based on development of the case carried out by the Investigators, Funds worth IDR 8,091,000,000 (eight billion ninety-one million rupiahs) allegedly belonged to **Lubtritade Trading Pte Ltd** which should have been transferred to an account belonging to **PT Fantastik International** but due to indications of Business E-mail Compromise (BEC), money was transferred to CV Djanur Unity's account in Indonesia.

In the aquo case, the facts revealed in court did not contain facts that explicitly stated that there was affiliation between the perpetrators of the Business E-mail Compromise (BEC), against Lubtritade Trading Pte Ltd and the Accused Tommy Andika Janur. In the a quo case, the Accused Tommy Andika Janur was found guilty of committing a criminal act as regulated in the provisions of Article 5 of Money Laundering Law for his act of receiving or

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<sup>11</sup> The FATF Methodology. Updated February 2019. Pg. 113.

controlling assets which he knew or reasonably suspected was the result of a criminal act. In this case, the party suspected of being the perpetrator of the predicate crime has the status of a DPO and his whereabouts are unknown, so that no prosecution is carried out for the criminal act in this case.

### **3.6.3 Third Party Money Laundering**

This money laundering act is money laundering carried out by parties who are not directly involved in the predicate crime. The criminalization of money laundering is regulated in Article 4 (especially for professional Money Laundering perpetrator) and Article 5 of Money Laundering Law. The following is the application of law in criminalizing Third Party Money Laundering perpetrators based on court decisions that have permanent legal force for period 2016 to 2020 as many as 18.45 percent or as many as sixty-two of the 336 decisions on money laundering offences. Most Third-Party Money Laundering perpetrators who have been sentenced by the Court during period 2016 - 2020 has links with predicate Crime of narcotics, corruption, fraud and embezzlement, and transfers of funds.

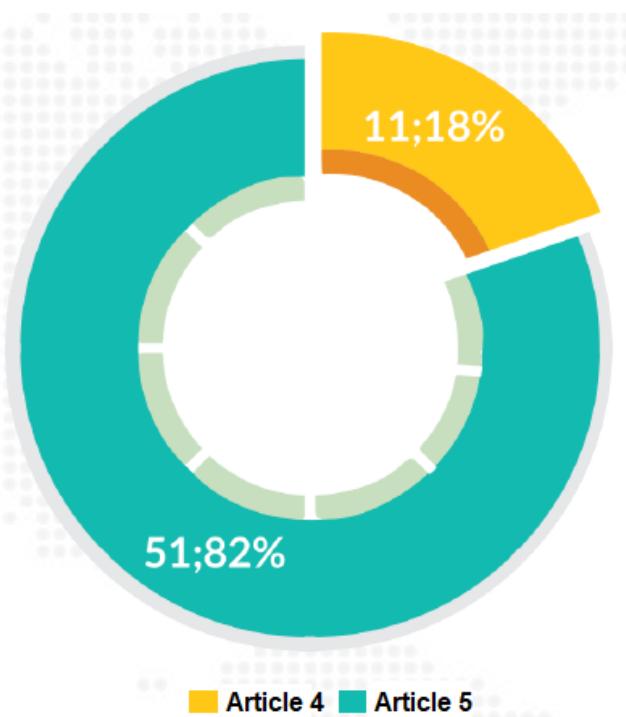


Figure 11 Law Applications for Third Party Money Laundering perpetrator

<b>Case Study of Third-Party Money Laundering in Indonesia</b>
Decision Number 25/Pid.Sus-TPK/2019/PN.Dps
<p>I Nengah Nata Wisnaya (NAW) is the cousin of the convict I Wayan Chandra (as PEP and Convict of corruption and ML) works as a driver at a travel company PT Jans Tour &amp; Travel, then on the recommendation of IWC to become a shareholder and commissioner in the company PT. Bali Perkasa International (BPI). However, the authorization in managing the company is carried out by the IWC convict as evidenced by a power of attorney for checking accounts and company checks (PT BPI). Meanwhile, there are money deposit transactions that are not financial transactions related to the business of PT Bali Perkasa Internasional amounting to IDR11 billion. The income received by NAW as a commissioner at PT Bali Perkasa Internasional is IDR 1-4 million.</p>

That it is true that NAW consciously and knowingly agreed to use his name in the name of 4 (four) parcels of land owned by the IWC convict by providing a photocopy of the Identity Card (ID Card) for processing of the deed of sale and purchase of land. For this act, NAW as another person or third-party money laundering has received or controlled the placement of assets which are the result of a crime of corruption in which the beneficial owner is a convict of IWC.

For this act, NAW was legally and convincingly proven to have committed the act of "receiving safekeeping, assets which he knows, or reasonably suspects are the result of a criminal act of corruption" as regulated in Article 5 of Money Laundering Law.

### **3.7 Landscape of Money Laundering Risk Assessment in Indonesia for Period 2015-2020**

Indonesia already has an adequate understanding of the risks of money laundering. Since 2015-2020, risk identification, analysis and evaluation have been carried out from various levels, starting from sectoral risk (SRA), national risk (NRA), regional or supra-national risk through Regional Risk Assessment (RRA) in the ASEAN Plus Australia and New Zealand Regions. Zealand. The following is a landscape concerning the results of the Risk Assessment on Money Launderings that have been produced, as follows:

#### **A. Main Risk Landscape of Regional Risk Assessment**

Through the Financial Intelligence Consultative Group (FICG) forum in the ASEAN Plus Australia and New Zealand under the AML Working Group, INTRAC together with Bank Negara Malaysia (FIU Malaysia) became project leaders in preparation of the assessment of the threat of transnational money laundering resulting from corruption.

Table 29 Main Regional Risk Landscapes

No	Reports	Key Finding
1	Transnational Laundering of Corruption Proceeds 2019  	<ol style="list-style-type: none"> <li>1. The highest threat for transnational money laundering resulting from corruption is within the region.</li> <li>2. Most money laundering destinations other than regional areas include Europe. While into the region money laundering proceeds from countries in Asia, America, and Europe.</li> <li>3. Typologies that have high threats include Domestic PEP, Banks, Corruption in the Natural Resources Sector, and Types of Corruption in abuse of authority and Embezzlement of Misappropriation.</li> </ol>

## B. Main Risk Landscapes of National Risk Assessment

Indonesia has carried out a national risk assessment of ML and TF in 2015 and updated it in 2019. The results of National risk assessment are as follows:

Table 30 Main National Risk Landscapes

No	Reports	Key Findings
1	National Risk Assessment on Money Laundering in 2015  	<p>Indonesia has carried out a national Risk Assessment on Money laundering in 2015 and updated it in 2019. The results of National risk assessment are as follows:</p> <ol style="list-style-type: none"> <li>1. Crime: Narcotics, Corruption, Taxation.</li> <li>2. Threats from abroad: Taxation</li> <li>3. Region: DKI Jakarta.</li> <li>4. Industry Group: Banking, Capital Market, Company/Property Agent, and Motor Vehicle Trader.</li> <li>5. Individual Profile: Entrepreneurs and Private Employees</li> </ol>

No	Reports	Key Findings
		<p>6. Non-Individual/Corporate Profiles: PT, Foundation, and Non-MSME Cooperatives).</p> <p>7. Emerging Threat: use of virtual currency.</p>
2	<p>Updating on National Risk Assessment Money Laundering Risk 2015</p> 	<p>Money Laundering Risk based on:</p> <ol style="list-style-type: none"> <li>1. Crime: Narcotics, Corruption, Banking, Forestry, Capital Market.</li> <li>2. Threats from abroad: Taxation, Banking, Forestry.</li> <li>3. Foreign Predicate Crime (Criminal acts committed abroad and money laundering in Indonesia):             <ol style="list-style-type: none"> <li>a. Corruption</li> <li>b. Fraud</li> <li>c. Narcotics</li> </ol> </li> <li>4. Laundering Offshores (Criminal acts committed in Indonesia and money laundering abroad):             <ol style="list-style-type: none"> <li>a. Narcotics</li> <li>b. Corruption</li> <li>c. Taxation</li> </ol> </li> <li>5. Region: DKI Jakarta.</li> <li>6. Industry Group: Banking, Capital Market, Company/Property Agent, and Motor Vehicle Trader.</li> <li>7. Individual Profile: Entrepreneur and Private Employee.</li> <li>8. Non-Individual/Corporate Profiles: PT, Foundation, and Non-MSME Cooperatives). Individual profile based on SRA Legal Persons: Foreign Investment Company/PMA.</li> <li>9. Emerging Threat: use of virtual currency.</li> </ol>
3	White Papers on Taxation of Directorate General of Taxes	Changes in the risk of TP in Taxation from a high risk of TPA with the potential for money laundering to medium risk due to the strengthening of the tax

No	Reports	Key Findings
	(DGT), Ministry of Finance, 2017  WHITE PAPERS: UPDATE VULNERABILITIES PEMETAAN RISIKO INDONESIA TERHADAP TPPU DI SEKTOR PERPAJAKAN  2017 	regime in Indonesia after the NRA in the form of the stipulation of the Law on Tax Amnesty.

### C. Main Risk Landscape of Sectoral Risk Assessment

National Risk Assessment is a general description of the risk of money laundering nationally. To deepen the risk assessment, a sector-by-sector risk assessment or sectoral risk assessment is carried out. Sectoral risk assessment is carried out by Law enforcement Agencies (LPH) and self-regulatory bodies (SRB), including INTRAC as SRB of PBJ and several professions. Sectoral risk assessments that have been carried out include:

Table 31 Sectoral Main Risk Landscape

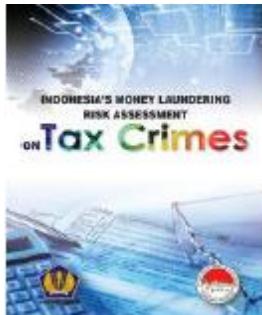
No	SRB/LEAs	Reports	Key Findings
1	Financial Services Authority (FSA), 2017 	SRA ML in the Financial Services Sector (Banking, Securities Companies, Investment Managers, Insurance Companies, and Financing Companies)	High Risk of Money Laundering in the Banking Sector: 1. Profile: Officials from government institutions (executive, legislative, and judicial), entrepreneurs/entrepreneurs (individuals), political party administrators, and corporations.

No	SRB/LEAs	Reports	Key Findings
			<p>2. Service products: Domestic fund transfers, priority services (wealth management), fund transfers to and from overseas, safe deposit boxes and corresponden banking.</p> <p>3. Regions: DKI Jakarta, East Java, West Java, North Sumatra, Banten, and Central Java.</p> <p>4. Distribution Channel: Cash deposit machine (CDM).</p> <p>High Risk of Money Laundering in the Securities Company sector:</p> <p>1. Profile: Entrepreneurs/entrepreneurs (individuals), government agency officials (executive, legislative, and judicial), political party administrators, administrators/employees of foundations/institutions with legal entities, and private employees.</p> <p>2. Type of product: Equity securities and debt securities.</p> <p>3. Region: DKI Jakarta.</p> <p>4. Distribution channel: Remote trading.</p>

No	SRB/LEAs	Reports	Key Findings
			<p>High risk of money laundering in the Investment Manager sector:</p> <ol style="list-style-type: none"> <li>1. Profile: Officials from government institutions (executive, legislative, and judicial), political party administrators, and corporations.</li> <li>2. Products: no high-risk products. For medium risk products: Equity mutual funds, money market mutual funds, Fund management contracts (KPD).</li> <li>3. Region: DKI Jakarta.</li> <li>4. Distribution channels: no high-risk distribution channels. Medium risk distribution channels: Banking sales agents, internal sales (both online and conventional), online/electronic selling agents (only agents through online sales), securities company selling agents.</li> </ol> <p>High risk of money laundering in the insurance sector:</p> <ol style="list-style-type: none"> <li>1. Profile: Officials from government institutions (executive, legislative, and</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			<p>judicial), political party administrators, and entrepreneurs/entrepreneurs (individuals).</p> <p>2. Product: Unit link.</p> <p>3. Regions: DKI Jakarta, North Sumatra, Riau Islands, Bali, and Banten.</p> <p>4. Distribution channels: Direct selling (including through agents) and indirect through banks.</p> <p>High risk of money laundering in the Finance Company sector:</p> <p>1. Profile: Businessman/entrepreneur (individual), Government agency officials (executive, legislative, and judicial), and political party administrators.</p> <p>2. Product: Multipurpose financing-financing installment.</p> <p>3. Region: DKI Jakarta.</p> <p>4. Distribution channel: Bank transfer.</p>
2.	Bank Indonesia (BI), 2017	SRA Non-Bank Foreign Exchange (Kupva BB) Business Activities and Funds Transfer (PTD)	<p>High Risk in the BB KUPVA sector:</p> <p>1. Region: DKI Jakarta.</p> <p>2. Profile: Private employee.</p> <p>3. Type of UKA: US Dollar.</p>

No	SRB/LEAs	Reports	Key Findings
			<p>High risk in PTD BB sector:</p> <ol style="list-style-type: none"> <li>1. Region: DKI Jakarta and East Java.</li> <li>2. Profile: Private employee.</li> <li>3. Product: Incoming.</li> </ol>
3.	Financial Transaction Reports and Analysis Center (INTRAC), 2017  	SRA for the Provision of Goods and/or Other Services	<p>High risk in the property sector/property agent:</p> <ol style="list-style-type: none"> <li>1. Profile: Businessman/entrepreneur.</li> <li>2. Payment instrument: non-cash.</li> <li>3. Payment method: Cash in stages.</li> <li>4. Product: Home.</li> <li>5. Region: DKI Jakarta.</li> </ol> <p>High risk of money laundering in the motor vehicle trader sector:</p> <ol style="list-style-type: none"> <li>1. Profile: Businessman/entrepreneur.</li> <li>2. Payment instrument: Cash.</li> <li>3. Payment method: Cash.</li> <li>4. Product: Personal vehicle.</li> <li>5. Region: DKI Jakarta.</li> </ol>
4.	BAPPEBTI, Ministry of Trade, 2017  	SRA of Commodity Futures Trading	<p>High risk in commodity futures trading sector:</p> <ol style="list-style-type: none"> <li>1. Products and services: foreign currency (forex) bilateral contracts.</li> <li>2. Region: DKI Jakarta.</li> </ol>

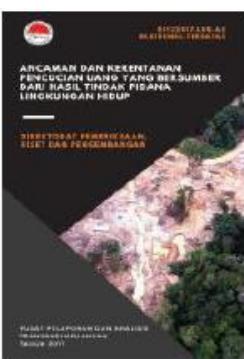
No	SRB/LEAs	Reports	Key Findings
			3. Profile: self-employed, private employees and civil servants (including retirees).
5.	Indonesian National Narcotics Agency (INNA), 2017	SRA Narcotics	<p>High risk in the narcotics sector:</p> <ul style="list-style-type: none"> <li>1. Type: Shabu and Heroin.</li> <li>2. Role: Distribution of narcotics.</li> <li>3. Profile: self-employed, unemployed (not working) and private employees.</li> </ul>
6.	Directorate General of Taxes (DGT), Ministry of Finance, 2017  	SRA Taxation	<p>High risk in taxation sector:</p> <ul style="list-style-type: none"> <li>1. Crime: Article 39A - Misuse of Tax Invoices Not Based on Actual Transactions (FPTBTS) and Article 39 paragraph (1) letter i - Not Depositing Collected and/or Withholding Taxes.</li> <li>2. Profile: Individual Taxpayer with profile of entrepreneur in trade, export/import sector.</li> <li>3. Region: DKI Jakarta. Java, Sumatra.</li> <li>4. Facilities: property, banking, automotive financing.</li> </ul>
7.	Corruption Eradication Commission (CEC), 2017	SRA Corruption	<p>High risk in the corruption sector:</p> <ul style="list-style-type: none"> <li>1. Form/type of TP: State Financial Losses and Bribery.</li> </ul>

No	SRB/LEAs	Reports	Key Findings
			<p>2. Profile: legislative, judicial and government officials, civil servants (including retirees), professionals and consultants, INDONESIAN ARMY/INDONESIAN NATIONAL POLICE (including retirees) and BI/SOES / REGIONAL SOES employees (including retirees).</p> <p>3. Regions: DKI Jakarta, East Java, and West Java.</p>
8.	Directorate General of Customs and Excise (DJBC), Ministry of Finance, 2017  	SRA Customs and Cash Carrying	<p>High risk in the Customs sector:</p> <ol style="list-style-type: none"> <li>1. Types of TP: customs fraud, unmanifest smuggling, and collection of imported/exported goods.</li> <li>2. Motive: avoidance of import duties, taxes, and export duties.</li> <li>3. Profile: Indonesian citizen – Entrepreneur.</li> <li>4. Facilities: TPB - Free Zone.</li> <li>5. Region: DJBC West Java.</li> <li>6. Country of origin of imported goods: China and Singapore.</li> <li>7. Commodities: Textiles and Textile Products.</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			<p>High risk in the Excise sector:</p> <ol style="list-style-type: none"> <li>1. Types of TP: selling BKC without excise stamps/BKC with fake/used excise stamps attached, selling/using PCs to those who are not entitled to or buying/using PCs that are not theirs and criminal offense of excise stamp forgery.</li> <li>2. Profile: Indonesian Citizen - Entrepreneur, Indonesian Citizen - Private Employee, Corporation-Without NPPBKC Permit, Corporation-Cigarette Factory Goal 2, Corporation-MMEA Retail Point of Sale, and Corporation 3 - Goal 3 Cigarette Factory.</li> <li>3. Facilities: Not Collected - Excisable Goods (BKC) for Export Destinations/Free Zones.</li> <li>4. Region: DJBC Sulbagsel and Regional Office of DJBC Sumbagbar.</li> <li>5. Type of BKC: SKM - Machined Kretek Cigarettes, SKT - Hand kretek Cigarettes, and MMEA Goal C.</li> </ol> <p>High risk in the Cash carrying sector:</p>

No	SRB/LEAs	Reports	Key Findings
			<ol style="list-style-type: none"> <li>1. Currency: Singapore Dollar.</li> <li>2. Means of transportation: air (airplane).</li> <li>3. Country of origin: Singapore.</li> <li>4. Country of destination: Singapore.</li> <li>5. Profile: Private Employee.</li> <li>6. Airport/Port: Soekarno Hatta Airport, Ngurah Rai Airport and Batam Ferry Port.</li> </ol>
9.	INTRAC, CEC, FSA, EY, and USAID, 2018	Risk Assessment on Legal Persons (Analysis of Gaps Between Provisions of Beneficial Ownership of Corporations/ Other Engagements in Indonesia)	<p>Mapping of Money Laundering Risks against Legal Entities (Legal Persons), based on the following points of concern:</p> <ol style="list-style-type: none"> <li>1. Form of Legal Entity: Limited Liability Company.</li> <li>2. Type of Business: Trading.</li> <li>3. Distribution Channel/Delivery Channel: Transfer, Purchase of Motor Vehicles.</li> <li>4. Reporting Parties: Banks, Property and Motor Vehicle Dealers.</li> <li>5. International Transactions (Inflow): Singapore, Hong Kong, Thailand.</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			6. International Transactions (outflow): Singapore, Hong Kong, China.
10.	Financial Transaction Reports and Analysis Center (INTRAC), 2017  	Threats and Vulnerability of Money Laundering from the Proceeds of Fraud Crime	<p>High risk of fraud threats:</p> <ol style="list-style-type: none"> <li>Profile: businesspeople/entrepreneur and Private Company Employees.</li> <li>Region: DKI Jakarta and West Java.</li> <li>Fraud Characteristics: Banking Fraud, Investment Fraud, Cyber Fraud.</li> </ol>
11	Indonesian Financial Transaction Reports and Analysis Center (INTRAC), 2017  	Threats and Vulnerabilities of Money Laundering from the Proceeds of Forestry Crime	<p>High risk of threats to Forestry Crime:</p> <ol style="list-style-type: none"> <li>Profile: Organized Groups (Capital Owners and Entrepreneurs, Government Officials (executive, legislative), Political Party Members, Law Enforcement Persons, and Ship Masters).</li> <li>Regions: East Java, South Kalimantan, Central Java, Bangka Belitung, Jambi, and Maluku.</li> <li>Characteristics: <ul style="list-style-type: none"> <li>a. receives, buy, or sell, accept exchange, accept deposit, store, or possess forest products which are known or suspected to have originated</li> </ul> </li> </ol>

No	SRB/LEAs	Reports	Key Findings
			<p>from forest areas which were taken or collected illegally.</p> <p>b. transporting, controlling, or owning timber forest products which are not accompanied by a legal certificate of forest products.</p> <p>c. cutting down trees or harvesting or collecting forest products without having the right or permission from the competent authority.</p> <p>d. carries out plantation activities without the permission of the Minister in forest areas.</p>
12.	Financial Transaction Reports and Analysis Center (INTRAC), 2017	 <p>The report cover features a black and white photograph of a deforested area with a small stream flowing through it. The title is written in Indonesian at the top, and the date 'Tahun 2017' is at the bottom.</p>	<p>Threats and Vulnerability of Money Laundering from the Proceeds of Environmental Crime</p> <p>High risk of threats to Environmental Crime:</p> <ol style="list-style-type: none"> <li>Profile: Organized group (covering Capital Owners, Entrepreneurs, State/Government Apparatuses (executive and legislative)).</li> <li>Region: East Java, North Sumatra, and East Kalimantan.</li> <li>Characteristics: <ul style="list-style-type: none"> <li>a. violation of wastewater quality standards.</li> <li>b. hazardous waste management without a permit.</li> </ul> </li> </ol>

No	SRB/LEAs	Reports	Key Findings
			c. dumping (disposal) of B3 waste remaining from processing production without a permit. d. forest and land fires.
13	Directorate General of State Assets (DJKN), Ministry of Finance, 2017  	SRA Auction Center	In the auction house sector, there are no users of services, service methods, products, and high-risk areas.  While medium risk: <ol style="list-style-type: none"> <li>1. Service User: merchant.</li> <li>2. Service method: internet auction.</li> <li>3. Products: Movable goods.</li> <li>4. Region: DKI Jakarta.</li> </ol>
14	Financial Transaction Reports and Analysis Center (INTRAC), 2017  	Threat Assessment on Foreign Predicate Crime & Laundering Offshores	1. Foreign Predicate Crime (FPC): <ol style="list-style-type: none"> <li>a. TPA, high risk: Narcotics, Corruption, and Fraud.</li> <li>b. Countries, high risk: Singapore, United States, Australia.</li> </ol> 2. Laundering Offshores (LO): <ol style="list-style-type: none"> <li>a. TPA, high risk: Narcotics, Corruption, and Taxation.</li> <li>b. Countries, high risk: Singapore, China, Hong Kong.</li> </ol>
15	Ministry of Cooperatives and SMEs, 2018	SRA Cooperatives Conducting Savings and Loans Activities	High Risk in Savings and Loans Cooperatives: <ol style="list-style-type: none"> <li>1. Type of institution: Savings and Loan Cooperative.</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			<p>2. Membership: Primary Cooperatives at District/City level.</p> <p>3. Regions: West Java, Central Java, East Java and DKI Jakarta.</p> <p>4. Product: voluntary savings.</p> <p>5. Profile of service users: Members of the cooperative sector who conduct savings and loan businesses.</p> <p>6. Member profile: businessperson/ entrepreneur.</p>
16	Financial Professional Development Center (PPPK), Ministry of Finance, 2018	SRA Accountants and Public Accountants	<p>High risk in Accountants and Certified Public Accountants:</p> <p>1. Services:</p> <ul style="list-style-type: none"> <li>a. Management of checking accounts, savings accounts, time deposit accounts, and/or securities accounts.</li> <li>b. Property Purchase and Sale.</li> </ul> <p>2. Service Users: Political Party Managers, Entrepreneurs, Politically Exposed Persons (e.g., Political Party Leaders, Government Officials, etc.), Political Parties, Non-SME Corporations, Foreign Exchange Traders.</p> <p>3. Service User Business: Banking, Property, Insurance,</p>

No	SRB/LEAs	Reports	Key Findings
			<p>Foreign Exchange, and Mining and Energy.</p> <p>4. Region: DKI Jakarta, North Sumatra, East Java.</p> <p>5. Domicile of Overseas Clients: Tax Haven Country and China (China).</p> <p>6. Domicile of KAP/KJA: DKI Jakarta.</p>
17	Directorate General of General law administration (AHU), Ministry of Law and Human Rights, 2018	  	<p>High risk in the Notary sector:</p> <p>1. Profile of service users: Entrepreneurs/Entrepreneurs, Traders, Political Party Management, Private Employees and Officials of Legislative Institutions and Government.</p> <p>2. Service user business: Trade, Mining, contractor, and industry.</p> <p>3. Region: DKI Jakarta, West Java and East Java.</p> <p>4. Services:</p> <ul style="list-style-type: none"> <li>a. Management of Money, Securities, and/or other Financial Services Products.</li> <li>b. Operation and Management of the Company and Management of Current Accounts, Savings Accounts, Deposit Accounts, and/or Securities Accounts.</li> </ul>

No	SRB/LEAs	Reports	Key Findings
			<p>5. Product:</p> <ul style="list-style-type: none"> <li>a. Deed of Agreement JO (Joint Operation / Operational Cooperation to Manage Projects).</li> <li>b. Deed of Establishment and Change of Political Parties.</li> <li>c. BOT (Build Operate Transfer) Agreement Deed.</li> </ul>
18	Financial Transaction Reports and Analysis Center (INTRAC), 2018	 <p>SRA Legal Arrangement</p>	<p>Indonesia is a civil law country, so there is no legal arrangement or trust in Indonesia. However, Indonesia has identified several foreign trust schemes that exist in Indonesia. In general, the Beneficiary Ownership identification process for foreign trusts is observed to be more difficult to uncover.</p> <p>On the other hand, several trust schemes have been identified under the authority of other countries but whose assets/investments are in Indonesia. This scheme is hereinafter known as foreign trust (foreign trust).</p> <p>Indonesia does not allow for trusts to be formally formed in the country. This results in the</p>

No	SRB/LEAs	Reports	Key Findings
			<p>service users of the reporting party being only individuals, corporations and legal arrangements or foreign trusts. However, it is possible that the entity behind the individual or corporation is a foreign trust.</p> <p>In other words, foreign trusts can operate in Indonesia indirectly by using corporations in the form of a Specific Purpose Vehicle (“SPV”) or shell companies. It is possible that foreign trusts can be used to carry out money laundering.</p> <ul style="list-style-type: none"> <li>• Money Laundering Risk based on International Transactions: Singapore, British Virgin Island, Seychelles.</li> <li>• Money Laundering Risk through legal arrangement scheme based on product or transaction model: securities related to securities brokerage companies, savings products, debt securities financing.</li> <li>• Money Laundering Risk through legal arrangement scheme based on legal subject:</li> </ul>

No	SRB/LEAs	Reports	Key Findings
			<p>Corporate and Non-Reporting Party.</p> <p>In general, the Anti-Money Laundering regulations in Indonesia have mitigated the risk of Money Laundering by using legal arrangements.</p>
19.	Financial Services Authority (FSA), 2019	Risk Assessment on Money Laundering and Crime Terrorism Financing in the Financial Services Sector (Sectoral Risk Assessment of the Financial Services Sector) in 2019	<p>1. The results of Money Laundering offense risk assessment in the banking sector are as follows:</p> <p>a. Officials of government institutions (executive, legislative, and judicial), party administrators, politics, corporations, entrepreneurs/entrepreneurs (individuals), INDONESIAN ARMY/INDONESIAN NATIONAL POLICE (including retirees), administrators/employees of SOEs /Regional SOE, civil servants. (Including retirees), and professionals who are high-risk customers in committing money laundering offences. The types of Business Sectors of corporate customers that have a high risk of money laundering are trading.</p>

No	SRB/LEAs	Reports	Key Findings
			<p>b. Domestic fund transfers, safe deposit boxes (SDB), fund transfers to and from abroad, and priority services (wealth management) are the types of products/services that have a high risk of being used as a money laundering facility.</p> <p>c. DKI Jakarta, Banten, Central Java, East Java, West Java, and North Sumatra are geographical areas/areas with high risk of money laundering offences.</p> <p>d. Teller (cash) is a distribution channel (delivery channel) which has a high risk of being used as a means of transactions for money laundering purposes.</p> <p>2. The results of ML risk assessment in the Investment Manager Sector are as follows:</p> <p>a. Officials of government institutions (executive, legislative, and judicial), entrepreneurs/entrepreneurs (individuals), and political party administrators are customers who are at high risk</p>

No	SRB/LEAs	Reports	Key Findings
			<p>in committing money laundering offences.</p> <p>b. Equity securities are a type of product/service with a high risk of being used as a money laundering facility.</p> <p>c. DKI Jakarta is a geographical area/area that has a high risk of money laundering offences.</p> <p>d. Remote trading is a distribution channel (delivery channel) which has a high risk of being used as a means of transactions for the purpose of money laundering offences.</p> <p>3. The results of ML risk assessment in the Investment Manager Sector are as follows:</p> <p>a. Officials of government institutions (executive, legislative, and judicial), entrepreneurs/entrepreneurs (individuals), and political party administrators are customers who are at high risk in committing money laundering offences.</p> <p>b. In the risk assessment of the types of products/services in the investment manager</p>

No	SRB/LEAs	Reports	Key Findings
			<p>sector, there is no product/service that has a high level of risk.</p> <p>c. DKI Jakarta is a geographical area/area that has a high risk of money laundering offences.</p> <p>d. In conducting money laundering, there is no distribution channel (delivery channel) with a high risk of money laundering offences.</p> <p>4. The results of ML risk assessment in the Insurance sector are as follows:</p> <p>a. Entrepreneurs/entrepreneurs (individuals), government agency officials (executive, legislative, and judicial), and political party administrators, are customers who are at high risk in committing money laundering offences.</p> <p>b. Unit link is a type of product/service that has a high risk of being used as a money laundering facility.</p> <p>c. DKI Jakarta is a geographical area/area with a high risk of money laundering offences.</p>

No	SRB/LEAs	Reports	Key Findings
			<p>d. Indirect selling through banks and direct selling (including through agents) become a distribution channel (delivery channel) which has a high risk of being used as a means of</p> <p>e. transactions for the purpose of money laundering offences.</p> <p>5. The results of ML risk assessment in the Financing Company sector are as follows:</p> <p>a. Entrepreneurs/entrepreneurs (individuals), government agency officials (executive, legislative, and judicial), and political party administrators are customers who are at high risk in committing money laundering offences.</p> <p>b. Multipurpose financing installments are a type of product/service that has a high risk of being used as a money laundering facility.</p> <p>c. DKI Jakarta is a geographical area/area with a high risk of money laundering offences.</p> <p>d. Bank transfers are a distribution channel (delivery</p>

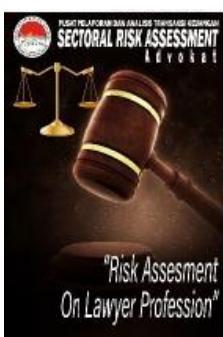
No	SRB/LEAs	Reports	Key Findings
			<p>channel) with a high risk of being used as a means of transactions for money laundering purposes.</p> <p>Meanwhile, based on the results of identification, analysis, and mapping of variations in potential threats, vulnerabilities, and consequence of TF, it can be concluded that:</p> <ol style="list-style-type: none"> <li>1. Entrepreneurs/entrepreneurs (individuals), including traders, are the type of customers in SJK who are at high risk of committing TF.</li> <li>2. DKI Jakarta is a geographical area/high risk area for TF through SJK.</li> <li>3. The use of cash as a high-risk transaction instrument in TF through SJK.</li> <li>4. The banking, insurance and financing industries are the riskiest means of being used as a mode of TF in SJK.</li> </ol>
20.	Direktorate General of State Assets (DJKN), Ministry of Finance, 2019	Sectoral Risk Assessment (Sectoral Risk Assessment) Auction Center on Money Laundering (Review Document) 2019	<p>Based on the results of an analysis of data in the Auction House sector on 4 (four) Points Of Concern (POC), namely service users (customers), service methods</p>

No	SRB/LEAs	Reports	Key Findings
			<p>(delivery channel), product and region it can be concluded that:</p> <ol style="list-style-type: none"> <li>1. Traders are service users (customers) with a “medium” risk level based on the type of perpetrator, followed by civil servants (including retirees), students and entrepreneurs with a “medium” risk level. In addition to the three customer profiles, there are 13 (thirteen) customer profiles identified as having “low” risk in the Auction Center sector.</li> <li>2. Internet auction is a method of providing services with a "medium" risk level, which is higher than the method of providing services using conventional auctions having a "low" risk.</li> <li>3. Movable goods are products with a “medium” risk level being used as money laundering facilities and tools, which is higher than in the form of fixed goods as products with a “low” risk level.</li> <li>4. DKI Jakarta Province is an area with a “medium” risk</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			level for money laundering, followed by Banten and South Sulawesi Provinces with a “medium” risk level.
21.	Commodity Futures Trading Supervisory Agency (CoFTRA) and INTRAC, 2019	Sectoral Risk Assessment Money Laundering and Terrorism Financing Crypto Asset Trading in Indonesia	<p>1. Entrepreneurs and PEPs are profiles of service users who are at high risk of becoming ML perpetrators, while Entrepreneurs and Traders are profiles of service users who are at high risk of TF in the Crypto Asset trading sector.</p> <p>2. DKI Jakarta is a province with a high risk of ML and TF.</p> <p>3. Bitcoin is a product and service that carries a high risk of money laundering and money laundering in the Crypto Asset trading sector.</p> <p>4. Services that have the potential risk of ML and TF are Crypto Asset Exchange into Fiat Currency or vice versa.</p> <p>5. Predicate offenses with a high risk of money laundering involving the use of Crypto Assets are Narcotics, Psychotropics, and Corruption.</p>

No	SRB/LEAs	Reports	Key Findings
22.	Indonesian Financial Transaction Reports and Analysis Center, 2019	<p>Sectoral Risk Assessment (Sectoral Risk Assessment) of the Financial Planning Profession Against Money Laundering</p> 	<p>1. Businessman/ entrepreneur profile identified as high-risk profile. The high level of risk profile of entrepreneurs/entrepreneurs is influenced by the high level of threat, as well as the level of vulnerability to art and antiques traders, which is followed by the high level of vulnerability of legislative and government officials, INDONESIAN ARMY/INDONESIAN NATIONAL POLICE, civil servants, and private employees.</p> <p>2. The DKI Jakarta area is identified as a high-risk area. The high level of risk in the DKI Jakarta area is influenced by the high level of threat, as well as the level of vulnerability to traders of art and antiques, which is followed by a high level of vulnerability in the areas of West Java, East Java, Central Java and Bali.</p> <p>3. Investment planning service products are identified as high-risk products, followed</p>

No	SRB/LEAs	Reports	Key Findings
			<p>by risk management and insurance planning service products. The high level of risk of investment planning products is influenced by the high level of threat, as well as the level of vulnerability in the financial planning profession.</p> <p>4. The type of service for managing money, securities, and/or other financial service products is the type of service with the most risk of money laundering offences. The high type of management services for money, securities, and/or other financial service products is influenced by the high level of threat, as well as the level of vulnerability of the financial planning profession.</p> <p>5. Financial sources of service users originating from operating results are identified as high-risk financial sources, followed by income/salary and inheritance. The high level of financial resources using business results is influenced by the high level of</p>

No	SRB/LEAs	Reports	Key Findings
			threat, as well as the level of vulnerability in the financial planning profession.
23.	Indonesian Financial Transaction Reports and Analysis Center, 2019  	Sectoral Risk Assessment of Advocate Profession	<p>1. Entrepreneurs/Entrepreneurs are service users with a “high” risk level based on the type of perpetrator, followed by then followed by Legislative and Government Officials, political party administrators, INDONESIAN ARMY/INDONESIAN NATIONAL POLICE (including retirees) and BI/SOEs / Regional SOEs employees (including pensioners). at “medium” risk. In addition to the five service users, there are 9 (nine) service user profiles identified as having “medium” risk and 12 (twelve) service user profiles in the “low” category.</p> <p>2. DKI Jakarta is an area with a "high" level of risk in the advocate profession sector compared to 34 (thirty-four) provinces in Indonesia, while the other regions consist of 3 (three) medium-sized regions namely West Java, Central</p>

No	SRB/LEAs	Reports	Key Findings
			<p>Java, and East Java and 30 (thirty) areas that have a “low” risk.</p> <p>3. Singapore and China are countries with a “high” risk level for money laundering, followed by Hong Kong with a “medium” risk and Australia and the United States with a “low” risk level.</p> <p>4. Non-Litigation Legal Services are legal services with a “high” risk level used as a means and tool for money laundering, followed by Litigation with a “medium” risk level and Mediation/ADR with a “low” risk level.</p> <p>5. The purchase and sale of property and the management of money, securities, and/or other financial service products are legal service products that have a “high” risk of money laundering offences. Meanwhile, the medium risk is occupied by legal service products managing checking accounts, savings accounts, deposit accounts, and/or securities accounts as well as litigation</p>

No	SRB/LEAs	Reports	Key Findings
			related to civil or criminal disputes and financing transactions (financing).
24	Indonesian Financial Transaction Reports and Analysis Center, 2019  	Sectoral Risk Assessment of Providers of Other Goods and/or Services Against Money Laundering	<p>1. Businessman/ entrepreneur profile identified as high-risk profile. The high level of risk profile of entrepreneurs/entrepreneurs is influenced by the high level of threat, as well as the level of vulnerability to gem and jewelry/precious metal traders. This is followed by the high level of vulnerability of legislative and government officials, civil servants, INDONESIAN ARMY/INDONESIAN NATIONAL POLICE, and BI/BUMD/BUMD employees.</p> <p>2. The West Java region was identified as a high-risk area. The high level of risk in the West Java region is influenced by the high level of threat and the level of vulnerability to gem and jewelry/precious metal traders. Furthermore, at the medium level of threats and vulnerabilities, it is identified in the DKI Jakarta area. Then followed by the</p>

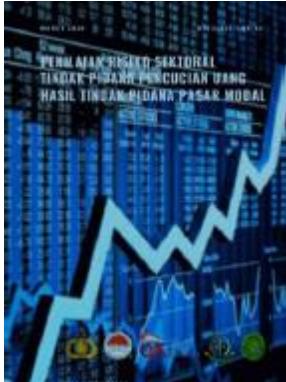
No	SRB/LEAs	Reports	Key Findings
			<p>high level of vulnerability in the areas of Bali, East Java, and North Sumatra.</p> <p>3. Precious metal products are identified as high-risk products. The high level of risk of precious metal products is influenced by the high level of threat, as well as the level of vulnerability to gem and jewelry/precious metal traders. Then followed by the high level of vulnerability in jewelry and precious stones products.</p> <p>4. Payment method using hard cash or payments made and repaid at the beginning of the financial transaction. The high level of payment methods through hard cash is influenced by the high level of threat, as well as the level of vulnerability to gem and jewelry/precious metal traders.</p> <p>5. The method of payment using cash is identified as a high-risk payment method, followed by payment methods using transfers and checks/giro.</p>

No	SRB/LEAs	Reports	Key Findings
25	Financial Services Authority, 2019  	Assessment of the Vulnerability of the Peer-to-Peer Lending Industry against Money Laundering and Terrorism financing	<p>1. P2PL Financial Technology Operators owned by foreign parties (foreign investment) have a higher level of ML and ML vulnerabilities based on institutional factors according to ownership.</p> <p>2. P2PL Financial Technology Operators whose administrators have foreign nationality have a higher level of ML and TF vulnerability based on institutional factors according to management; and</p> <p>3. The Jabodetabek area has a higher level of vulnerability to money laundering and money laundering based on institutional factors according to the area of domicile (domicile).</p> <p>4. Most P2PL Financial Technology Operators (60%) stated that there is no internal audit work unit that functions to audit Implementation of APU and PPT programs.</p> <p>5. Most P2PL Financial Technology Operators (65%) stated that they did not have a system to detect indications of the possibility of money</p>

No	SRB/LEAs	Reports	Key Findings
			<p>laundering and money laundering;</p> <p>6. Most P2PL Financial Technology Operators (80%) stated that their system was not capable of classifying users based on the potential threats of ML and TF; and</p> <p>7. Some P2PL Financial Technology Operators (50%) stated that their system was able to identify users who were included in the PEP category. Meanwhile, some other P2PL Financial Technology Operators (50%) stated that their system was unable to identify users who were in the PEP category.</p>
26.	Financial Services Authority, 2019	 <p>Assessment of the Vulnerability Level of the Equiry Crowdfunding Industry against money laundering and terrorism financing.</p>	<p>Vulnerability of money laundering and money laundering in the ECF industry can be seen from Implementation of the AML and CFT programs where almost all ECF organizers have started and implemented 5 (five) pillars of AML and CFT implementation .</p> <p>However, Implementation of the AML-CFT program implementation by ECF</p>

No	SRB/LEAs	Reports	Key Findings
			<p>organizers needs to be improved even more before Implementation of AML and CFT program implementation has become an obligation, namely in 2022.</p> <p>37/POJK.04/2018.</p>
27.	Bank Indonesia 2019 	Risk Analysis of Money Laundering and Terrorism Financing in the Non-Bank Foreign Exchange Business Activities Sector (KUPVA BB) and Non-Bank Payment System Service Providers (PJSP SB)	<p>SRA Kupva BB includes high risks, as follows:</p> <ol style="list-style-type: none"> <li>1. Region: DKI Jakarta.</li> <li>2. Individual Profile: PEPs, Private Employees.</li> <li>3. Product: Foreign Currency USD.</li> </ol> <p>Non-Bank Funds Transfer Operator, includes the following high risks:</p> <ol style="list-style-type: none"> <li>1. Region: DKI Jakarta, East Java, Central Java.</li> <li>2. Individual Profile: PEPs, Private Employees.</li> <li>3. Product: Incoming Transfer.</li> </ol> <p>Electronic Money and Electronic Wallets Other Than Banks, include the following high risks:</p> <ol style="list-style-type: none"> <li>1. Region: DKI Jakarta.</li> <li>2. Individual Profile: Private Employees, PEPs.</li> <li>3. Products: Top up in cash, Offline Merchants.</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			<p>4. Unregistered Electronic Money is a low risk. Payment Instruments Using Non-Bank Cards include the following high risks:</p> <ol style="list-style-type: none"> <li>1. Region: DKI Jakarta, Banten, West Java.</li> <li>2. Individual Profile: Private Employees and PEPs.</li> <li>3. Product: Shopping Transaction Channel: Offline Merchant.</li> </ol>
28.	Indonesian National Police, 2020	 Sector Risk Assessment on Money Laundering of Banking Crime Results	<ol style="list-style-type: none"> <li>1. Based on the type of banking criminal offense, it is known that Crime related to Bank Business Activities are High Risk, Crime related to Licensing have a medium risk and Crime related to Bank Secrecy and Crime related to Bank Supervision have a low level of risk.</li> <li>2. Based on the profile of the perpetrators of the crime, it is known that Entrepreneurs or Entrepreneurs and Bank Employees have a High Risk.</li> <li>3. Based on regional distribution, it is known that DKI Jakarta and West Java have a high level of risk of</li> </ol>

No	SRB/LEAs	Reports	Key Findings
			money laundering resulting from banking Crime.
29.	Indonesian National Police, 2020  	Sector Risk Assessment on Money Laundering of Capital Market Crime Results	<p>1. Based on the type of capital market criminal offense, it is known that Market Manipulation is a high risk. Then, Without Permission, Approval and Registration has medium risk. Next. Misleading, Fraud or Fraud Information and Inside Information has a low risk.</p> <p>2. Based on the profile of the perpetrators of the crime, it is known that private employees have a high risk. Furthermore, the profile of Entrepreneurs and Business Entities (PT) has a medium risk.</p> <p>3. Based on the distribution of regions, it is known that DKI Jakarta has a high level of risk of money laundering resulting from capital market Crime.</p>
30.	Indonesian National Police, 2020	Sectoral Risk Assessment on Money Laundering of Forestry Crime Results	1. Based on the type of forestry criminal offense, it was found that transporting, controlling, or possessing timber forest products which are not accompanied by a legal certificate of forest products (Article 12 letter e),

No	SRB/LEAs	Reports	Key Findings
			<p>Conducting plantation activities without the Minister's permission in a forest area (Article 17 paragraph e) 2 letter b), Conducting mining activities in forest areas without a permit from the Minister (Article 17 Paragraph 1 letter b), Circulating timber resulting from illegal logging by land, water or air (Article 12 letter I), Receiving, buying, selling, receiving exchange, receive a deposit, and/or possess timber forest products known to have originated from illegal logging (Article 12 letter k).</p> <p>2. Based on the profile of the perpetrators of the crime, it is known that Entrepreneurs or Entrepreneurs of PEP and Non-Individuals-PT, PD/UD have a High Risk.</p> <p>3. Based on the area distribution of money laundering proceeds from forestry Crime, it is known that Papua, Riau, West Papua, West Kalimantan, Central Kalimantan, Jambi and South</p>

No	SRB/LEAs	Reports	Key Findings
			Sumatra are included in the category of high risk areas.

## CHAPTER IV KEY RISK ANALYSIS ON MONEY LAUNDERING IN INDONESIA

### 4.1 Risk Analysis of Domestic Money Laundering in Indonesia

Domestic Risk Assessment on Money laundering will result in several main risks based on the type of predicate crime, the profile of the perpetrator, the industrial sector, geographical area, and typology of money laundering. The results of this risk identification are obtained based on the threat, vulnerability, and consequence factors, both real and potential.

#### 4.1.1 Types of Predicate Crime

Based on the results of the identification and analysis of the risk-forming factors of money laundering (threats, vulnerabilities, and consequence of money laundering) in Indonesia based on categories of predicate Crime, the following details are obtained.

Table 32 Results of ML Risk Factor Analysis by Type of Predicate Crime

NO	TYPES OF PREDICATE CRIME	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML LIKELIHOOD LEVEL	RISK LEVEL	ML RISK CATEGORY
1	Corruption	9,00	9,00	9,00	9,00	9,00	High
2	Narcotics	7,80	5,88	8,02	7,65	7,24	High
3	In Taxation Sector	6,92	3,90	8,28	6,73	6,74	Medium
4	In Banking Sector	6,25	6,00	7,16	6,90	6,18	Medium
5	In Forestry Sector	4,29	7,50	6,11	6,28	5,19	Medium
6	Fraud	6,37	5,59	5,51	6,86	5,14	Medium
7	In Environment Sector	4,46	7,03	6,01	6,26	5,12	Medium
8	Bribery	5,51	6,58	5,11	6,68	4,81	Low
9	Embezzlement	5,41	3,73	5,29	5,93	4,57	Low
10	Gambling	4,86	3,10	5,20	5,51	4,32	Low
11	Psychotropic	4,61	5,90	4,71	6,06	4,31	Low

NO	TYPES OF PREDICATE CRIME	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML LIKELIHOOD LEVEL	RISK LEVEL	ML RISK CATEGORY
12	In Insurance Sector	3,75	4,85	4,94	5,37	4,13	Low
13	In Maritime and Fishery Sector	3,87	5,74	4,60	5,65	4,08	Low
14	Customs	4,43	3,52	4,70	5,39	4,03	Low
15	In Capital Market Sector	4,59	3,00	4,72	5,35	4,02	Low
16	Other 4 Years Crime- ETI	3,72	5,13	4,56	5,43	3,97	Low
17	Illegal Arms Trafficking	3,86	4,44	4,63	5,33	3,96	Low
18	Human Trafficking	4,36	5,08	4,21	5,73	3,92	Low
19	Other 4 Years Crime	4,06	3,34	4,50	5,17	3,84	Low
20	theft	4,24	3,58	4,16	5,31	3,74	Low
21	Other 4 Years Crime - Fund Transfer	3,74	4,99	4,06	5,40	3,72	Low
22	Other 4 Years Crime – Wild animal	3,30	4,20	4,13	4,99	3,60	Low
23	Immigrant Smuggling	3,54	4,93	3,79	5,29	3,55	Low
24	Worker Smuggling	3,30	4,86	3,68	5,15	3,46	Low
25	Money Counterfeit	3,51	3,37	3,70	4,90	3,38	Low
26	Prostitution	3,43	4,41	3,48	5,11	3,35	Low
27	Excise	3,93	5,74	4,63	3,00	3,00	Low
28	Kidnapping	3,00	3,29	3,00	4,62	3,00	Low

Based on the results of identification and analysis of ML risk factors as in the table above, a ML hitmap can be drawn up according to the type of predicate offense as follows.

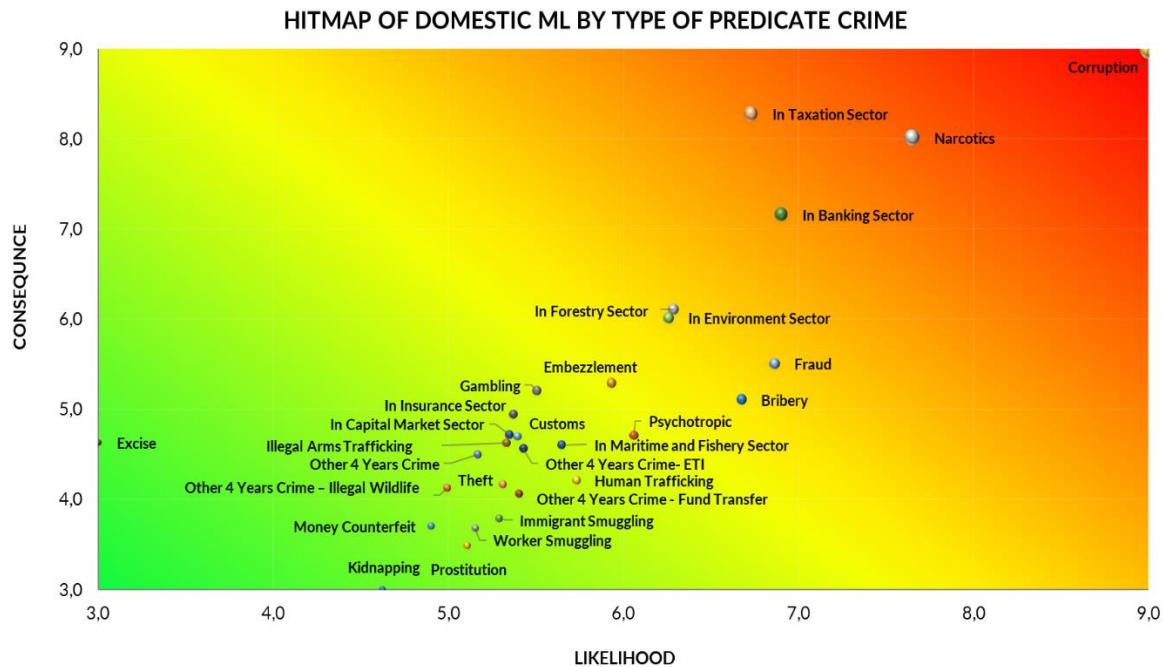


Figure 12 Hitmap by Type of Predicate Crime of Domestic Money Laundering

Based on hitmap, it is known that **the highest risk of Domestic Money Laundering by Type of Predicate Crime comes from the proceeds of criminal acts of corruption and narcotics.**

Furthermore, there are criminal acts in taxation sector, criminal acts in the banking sector, Crime in the forestry sector, fraud and Crime in the environmental sector identified as the risk of money laundering in the medium category. If it is observed that there are several changes in the fundamental increase in risk when compared to the NRA2019, which occurs in the crime of fraud. This is due to the increasing number of fraudulent Crime that are economically motivated and have large economic losses. Judging based on the aspect of the proceeds of crime obtained from predicate Crime, it is known that during period 2016-2020 there were 336 decisions on money laundering cases that have permanent legal force and have been identified in the 2021 NRA study showing that the estimated accumulated value of the proceeds of crime reaches IDR44.2 trillion. From this amount, the largest crime value was narcotics crime of IDR

21.5 trillion (48.67%), fraud was IDR 14.2 trillion (32.08%), and corruption was IDR 5.05 trillion (11.4%).

#### **4.1.2 Perpetrators of Money Laundering**

As regulated in Money Laundering Law, legal subjects include individuals or corporations. In practice, Implementation of activities or transactions is not only carried out by individuals or corporations but also carried out by other legal engagements or legal arrangements where this legal arrangement can be carried out by individuals or corporations, usually known as trust companies service providers who act for and in the name of the property owner (settlor). However, based on the provisions of laws and regulations, other legal engagements cannot be formed in Indonesia but there is no prohibition for other legal engagements originating from abroad operating in Indonesia so that other legal engagements that are possible can operate in Indonesia and become part of the risk analysis process in Indonesia. Judging from characteristics of legal arrangements in Indonesia, specific attention is required in terms of law and economics. With the legal status in Indonesia as a civil law country, what is meant in this risk assessment process concerning legal engagements is more specifically on Foreign Trusts, namely trusts created under the laws of one country but managed in a different country.<sup>12</sup>

Based on the results of analysis of money laundering, according to the perpetrators, it is known that corporations and individuals are a high-risk category for domestic money laundering. Corporate actors have a likelihood to be used as a money laundering medium. This condition is a challenge for the ease of forming a corporation that has not been followed by an adequate verification and supervision process from the authorities.

Besides that, there is also the convenience of using virtual offices which are usually only used to fulfill the completeness of the domicile of the corporation. The majority of those

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<sup>12</sup> FATF Guidance on Transparency and Beneficial Ownership (French: FATF, 2014).

who are misused are the identities of corporations for account opening for which mining and trade-based money laundering (Trade Based Money Laundering/TBML) efforts will be carried out with the aim of making transactions originating from the proceeds of criminal acts normal and the use of accounts in the name of corporations is usually used to avoid reporting. Meanwhile, based on the perpetrators of Crime from individuals who have a high risk due to individuals as intellectual actors and professional Money Laundering perpetrator in carrying out money laundering activities.

Table 33 Results of ML Risk Factor Analysis by Domestic Money Laundering Perpetrator

NO	MONEY LAUNDERING PERPETRATOR CATEGORY	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML LIKELIHOOD LEVEL	RISK LEVEL	ML RISK CATEGORY
1	Corporate	4,17	9,00	9,00	9,00	9,00	High
2	Individuals	9,00	3,00	8,03	7,79	7,47	High
3	(Legal Arrangements)- Foreign Trust	3,00	4,36	3,00	3,00	3,00	Low

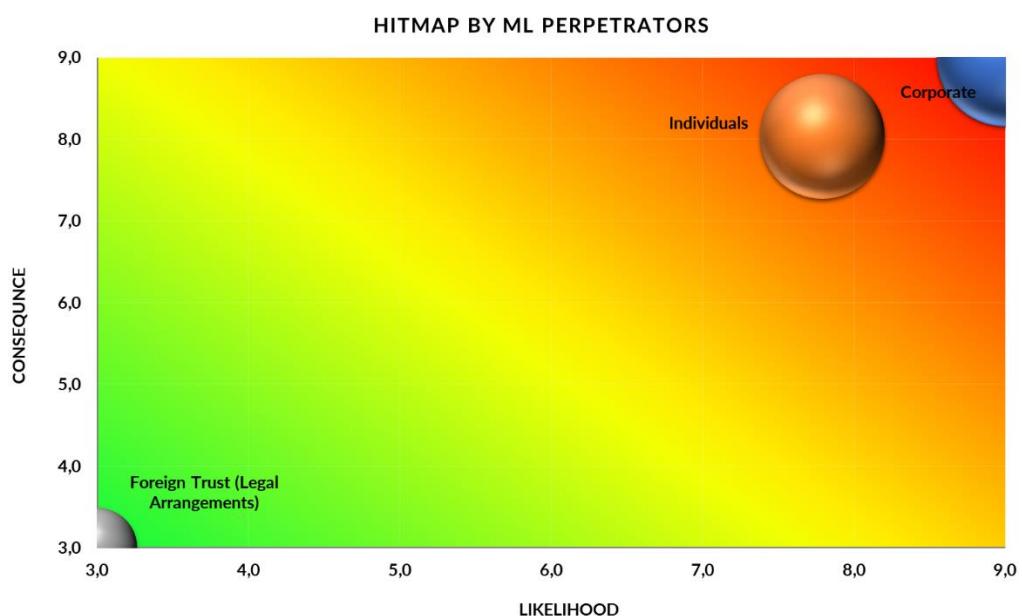


Figure 13 Hitmap According to Money Laundering Perpetrators

During the 2016-2021 period, it was discovered that there were several handlings of money laundering cases by Corruption Eradication Commission, the Indonesian Police, and the Indonesian Attorney General's Office involving the perpetrators of money laundering in the form of corporations.



Figure 14 Media Information Related to the Handling of Money Laundering Cases Involving Corporate Actors

Furthermore, based on the results of self-assessment from Law enforcement Agencies, the industrial sector as well as self-regulatory bodies concerning the risk of money laundering in corporations or business entities. Based on the results of ML risk assessment according to the type of business entity, it is known that the Company in the form of a Limited Liability

Company (PT) is a high-risk category for ML. Furthermore, there are Government Agencies which are meant in this case are SOEs /Regional SOEs .



Figure 15 Level of Money Laundering Risk by Type of Business Entity

Meanwhile, according to individual job profiles, the Legislative and Government Officials as well as SOEs / REGIONAL SOEs employees (including retirees) are included in the high-risk category for money laundering. Meanwhile, those included in the medium category include Entrepreneurs, Private Employees, Civil Servants (including retirees), Professionals and Consultants, Indonesian Army/Indonesian National Police (including retirees) and Bank Employees. Details can be seen in the table below.

Table 34 Results of Money Laundering Risk Analysis by Occupation Profile

NO	TYPE OF OCCUPATION PROFILE	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML LIKELIHOOD LEVEL	RISK LEVEL	ML RISK CATEGORY
1	Legislative and Government Officials *	9,00	9,00	9,00	9,00	9,00	High
2	SOE's/Regional SOE's employee (including retirees) *	6,16	8,01	8,67	6,86	7,20	High

NO	TYPE OF OCCUPATION PROFILE	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML LIKELIHOOD LEVEL	RISK LEVEL	ML RISK CATEGORY
3	Businessperson/entrepreneur	8,24	7,55	6,96	7,77	6,76	Medium
4	Private Employee	7,73	5,94	7,90	6,58	6,58	Medium
5	Civil Servants (including retirees)*	6,36	5,97	7,39	5,83	5,84	Medium
6	Professional and Consultant	5,45	8,45	5,86	6,70	5,52	Medium
7	Indonesian Army/Police (including retirees)*	5,25	7,51	6,30	6,07	5,44	Medium
8	Bank Employee	4,74	7,07	6,25	5,54	5,14	Medium
9	Political party management*	4,72	8,49	4,66	6,32	4,71	Low
10	Teacher and Lecturer*	4,37	5,99	5,49	4,73	4,41	Low
11	Trader	5,00	5,77	4,58	4,96	4,14	Low
12	Money Changer Employee	4,12	6,11	4,23	4,65	3,89	Low
13	Housewife	4,65	4,20	5,06	3,88	3,89	Low
14	Management/ Employees of NGOs/other non-legal entities	3,80	6,66	4,00	4,78	3,84	Low
15	Management and employees of foundations/other legal entities	4,33	6,27	3,90	4,86	3,83	Low
16	Others	4,79	3,00	5,37	3,29	3,72	Low
17	Ulema/ Pastor/ Leaders of religious	3,63	5,98	3,81	4,31	3,62	Low

NO	TYPE OF OCCUPATION PROFILE	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML LIKELIHOOD LEVEL	RISK LEVEL	ML RISK CATEGORY
	organizations and groups						
18	Student	4,20	4,47	4,08	3,78	3,54	Low
19	Workers, Domestic Helpers, and Security Workers	3,66	4,17	4,40	3,31	3,47	Low
20	Farmers and Fishermen	3,54	4,06	4,32	3,18	3,39	Low
21	Craftsman	3,00	4,28	3,00	3,00	3,00	Low

Note: \*Occupation Profile category can be included in the Domestic PEP category.

Based on the laws and regulations in the field of eradicating corruption (Law Number 28 of 1999 on Implementation of a Clean and Free State from Corruption, Collusion, and Nepotism, and the Circular Letter of the Minister of Empowerment of State Apparatus and Bureaucratic Reform Number SE/03/ M.PAN/01/2005 concerning LHKPN), as well as international standards and conventions in the field of prevention and eradication of Money Launderings (FAFT Guidance of PEP) state that Politically Exposed Persons (PEP) include state officials who have or have had public authority or an important function is the profile of high-risk service users. In the context of the classification of individual job profiles in the table above, it is known that Legislative and Government Officials and SOEs / Regional SOEs Employees (including retirees), Civil Servants (including retirees), Indonesian Army/Indonesian National Police (including retirees), Lecturers and Lecturers who are leaders of State Universities namely Chancellor of State Universities, Political Party Management can be included in the Domestic PEP category.

Although Political Party Management has a low level of risk of money laundering, the vulnerability of money laundering has a significantly high level of vulnerability. In this regard,

stakeholders are expected to pay high attention to the profile category of political party administrators, in particular, political party administrators who have or have had an important role, including the General Chairperson, Deputy Chairperson, Secretary General and General Treasurer both at the central level and regional as well as political party administrators who have or have had public authority or important functions as members of the Legislature and Government, Regional Heads and Deputy Regional Heads, and Heads of State.

In terms of differences in Occupation Profile classifications between traders and entrepreneurs, it can be clearly identified in the provisions of Law Number 40 of 2007 on Limited Liability Companies (UUPT) which mentions the term Board of Directors. Furthermore, in the provisions of Law Number 13 of 2003 on Manpower (UUK), Directors cannot be categorized as private workers or employees, but are included as entrepreneurs. In Article 1 point five of the UUK it is stated that an entrepreneur is an entrepreneur who is:

- a. an individual, partnership, or legal entity that operates a self-owned company;
- b. an individual, partnership, or legal entity that independently operates a company that is not his own; and
- c. individual, partnership, or legal entity residing in Indonesia representing the company as referred to in letters a and b domiciled outside the territory of Indonesia.

Meanwhile, the meaning of traders in this Occupation Profile classification is people who trade, trade goods that are not produced by themselves to gain a profit, such as wholesalers, retailers, shop owners or stalls with small and medium scale businesses. In addition, the profiles of individual Money Laundering perpetrator who are most vulnerable as perpetrators of money laundering include Legislative and Government Officials, Political Party Management, Professionals and Consultants, SOEs / Regional SOEs Employees (including retirees), and entrepreneurs/entrepreneurs.

## HITMAP OF ML RISK BY INDIVIDUAL OCCUPATION PROFILE

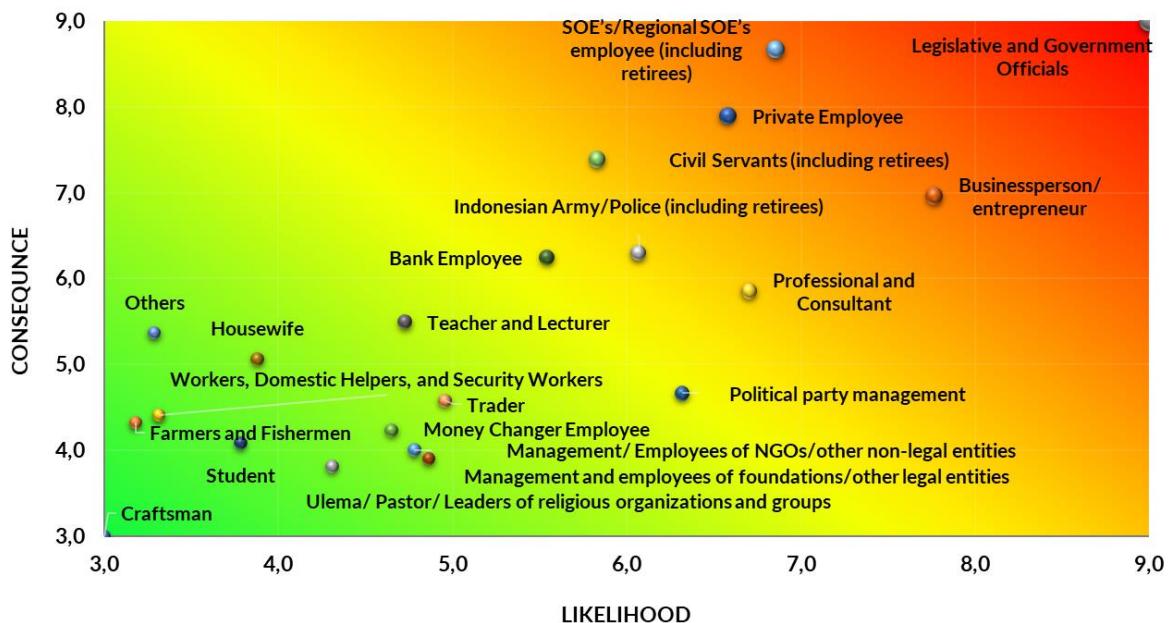


Figure 16 Hitmap by Individual Occupation Profile

### 4.1.3 Industrial Sector

ML risk assessment according to the industrial sector referred to in the 2021 NRA is the industrial sector as a means of money laundering by criminals. That the scope of ML risk assessment according to the industrial sector is only limited to the industrial sector which has been regulated in the provisions of Article 17 of Money Laundering Law and Government Regulation Number 43 of 2015 on Reporting Parties in Prevention and Eradication of Money Laundering. The scope of other reporting parties as stipulated in Government Regulation Number 61 of 2021 on Amendments to Government Regulation Number 43 of 2015 is limited to only measuring the level of vulnerability.

Based on the identification and analysis of money laundering risk factors by industry sector, it has been shown that Motor Vehicle Dealers, Property Companies or Property Agents, Commercial Banks and Foreign Exchange Traders are included in the High-Risk Category as Money Laundering Means.

Table 35 Results of Money Laundering Risk Analysis by Industrial Sector

NO	REPORTING PARTY	ML TOTAL THREAT LEVEL	ML TOTAL VULNERABILITY LEVEL	LIKELIHOOD LEVEL	ML CONSEQUENCE LEVEL	ML RISK LEVEL	RISK CATEGORY
1	Motor Vehicle Dealer	6,67	9,00	8,87	9,00	9,00	High
2	Property Company/ Property Agent	6,71	8,09	8,31	8,90	8,50	High
3	Commercial Bank	9,00	6,87	9,00	7,82	8,19	High
4	Foreign Exchange Trader	8,10	7,44	8,79	7,43	7,76	High
5	Fund Transfer Operator	7,28	6,21	7,46	7,21	6,78	Medium
6	Rural Bank (BPR)	6,92	6,83	7,63	7,04	6,77	Medium
7	Commodity Futures Trading Company	5,40	6,77	6,61	6,60	5,91	Medium
8	Life insurance	6,34	5,08	6,12	6,94	5,81	Medium
9	Cooperatives Conducting Savings and Loans	4,87	7,53	6,75	6,21	5,76	Medium
10	Auction Center	4,38	6,67	5,88	6,75	5,58	Medium
11	Consumer Financing Company	6,02	4,76	5,70	6,71	5,45	Medium
12	Gems and Jewelry/Precious Metals Traders	4,10	6,24	5,42	6,63	5,26	Medium
13	Loss Insurance	5,45	5,08	5,54	6,43	5,23	Medium
14	Pawnshop	5,29	4,49	5,05	6,62	5,04	Medium
15	E-Money operator	4,75	7,73	6,81	4,74	4,95	Low
16	Broker-Dealer	5,65	4,84	5,52	5,55	4,80	Low
17	Investment Manager	4,98	6,00	5,83	5,15	4,75	Low
18	E-Wallet operator	3,74	7,73	6,15	4,78	4,70	Low
19	Custodian Bank	5,40	4,69	5,26	5,08	4,47	Low
20	Underwriter	4,30	4,84	4,64	5,09	4,21	Low
21	Financial Institution Pension Fund	4,31	4,69	4,56	5,09	4,17	Low

NO	REPORTING PARTY	ML TOTAL THREAT LEVEL	ML TOTAL VULNERABILITY LEVEL	LIKELIHOOD LEVEL	ML CONSEQUENCE LEVEL	ML RISK LEVEL	RISK CATEGORY
22	Export Financing Agency	3,34	5,73	4,60	4,86	4,10	Low
23	Postal Services as a Current Account Service Provider	3,43	5,34	4,40	4,49	3,87	Low
24	Broker Insurance	3,60	5,08	4,34	4,19	3,74	Low
25	Public Accountant	3,00	8,32	6,05	3,00	3,74	Low
26	Lease Company	3,89	3,00	3,19	4,85	3,51	Low
27	Venture Capital Company	3,00	6,21	4,69	3,00	3,39	Low
28	Factoring Company	3,60	3,00	3,00	4,19	3,26	Low
29	Financial Planner	3,00	3,85	3,16	3,00	3,00	Low

Overall, it is known that the total vulnerability of money laundering is known that motor vehicle traders, property companies or property agents, foreign exchange traders, cooperatives conducting savings and loans activities, e-money and e-wallet operators and public accountants have a high level of money laundering. Meanwhile, other industrial sectors that have Medium Category Money Laundering Vulnerability include Commercial Banks, Rural Banks, Commodity Futures Trading Companies, Fund Transfer Operators, Auction Centers, Jewelry/Precious Metals Traders, Venture Capital Companies, Insurance Investment Managers,

The overall hitmap for money laundering by industry sector can be seen in detail in the following figure.

## HITMAP OF ML RISK BY INDUSTRIAL SECTORS

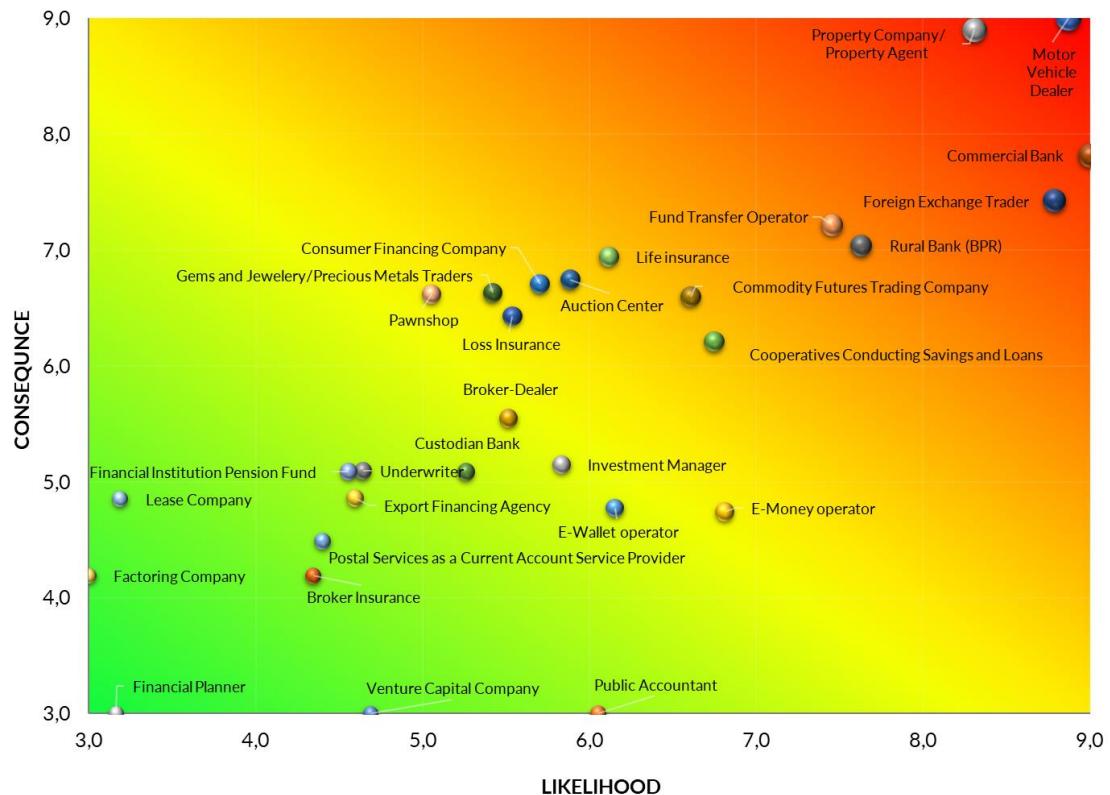


Figure 17 Hitmap of ML Risk by Industrial Sector

In mitigating the risk of money laundering including threats, vulnerabilities and consequence that occur in the industrial sector during the 2021 NRA period, the following forms of strengthening have been carried out by supervisory and Regulatory Institutions including:

1. Strategic policy of the AML-CFT Program is a top priority institutionally.
2. Strengthening the organizational structure through the establishment of a specific AML-CFT work unit in the internal Self-regulatory bodies.
3. Issuance of Regulations related to AML-CFT that improve the previous AML-CFT program regulations concerning KYC and Risk-Based Supervision.
4. Implementation of the updated sectoral risk assessment (SRA) in the Industrial Sector which is the authority for the regulation and supervision of the AML-CFT program.

5. Strengthening the Internal Control System for Units that regulate and supervise AML-CFT.
6. Increased dissemination and training for Supervisors in the internal Self-regulatory bodies.
7. Expanding the involvement of Self-regulatory bodies as well as involving representatives of associations and industry in the AML-CFT Task Force.
8. Improved Cooperation or Memorandum of Understanding between Self-regulatory bodies with other Ministries/Institutions as well as representatives of associations and industries.
9. Improved Domestic Coordination with related Ministries/Institutions in controlling illegal or unauthorized Peer to Peer Lending, Investment and Financial Technology industrial activities KUPVA BB.<sup>13</sup>
10. Strengthening supervision through consistent application of risk-based supervision as well as follow-up supervision in the form of more dissuasive sanctions.

The following are suppressive actions that have been carried out by self-regulatory bodies in maintaining the integrity of the financial system from Money Launderings, including:

<b>(1) Suppressive Measures by Bank Indonesia (BI)</b>
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Based on the results of off-site supervision, supervisor identified a PJP that facilitated the purchase of virtual currency. Based on these findings, supervisor concluded that activity had violated the applicable provisions, namely BI Regulation No.18/40/PBI/2016 concerning Payment Transaction Processing.
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<sup>13</sup> FSA. List of Illegal Investment Entities Handled by the Investment Alert Task Force. <https://www.FSA.go.id/berita-dan-kegiatan/siaran-pers/Documents/Pages/Siaran-Pers-Satgas-Temukan-123-Teknologi-finansial-Lending-Ilegal%2C-30-Gadai-Swas- ta-dan-49-Entitas-Penawaran-Investasi-Tanpa-Izin/Lampiran%2049%20entitas%20dan%20123%20P2P%20Illegal.pdf> dan <https://infobanknews.com/topnews/bi-jaring-184-kupva-illegal/2/?amp>

Furthermore, supervisor immediately acted by holding a meeting with management to explain the case and ordered the PJP to stop the virtual currency trading facility. Management acknowledged the violation and expressed a strong written commitment to stop facilitating virtual currency trading transactions. This action is also accompanied by a supervisory letter that prohibits the PJP from processing transactions using virtual currency. The PJP has fulfilled all mandatory orders by supervisor within ten days as stated in the letter and has also submitted the necessary documents to support completion of all commitments.

### **(2) Suppressive Measures by Bank Indonesia (BI)**

From March 2017 to September 2019, Bank Indonesia has identified and followed up 1,090 KUPVA Non-Bank and 79 PTD Non-Bank that are not licensed in Indonesia. Non-Bank KUPVA and Non-Bank PTD have violated the applicable provisions, namely Law Number 3 of 2011 on Fund Transfer, BI Regulation No. 14/23/PBI/2012 concerning Fund Transfers, as well as BI Regulation No. 18/20/PBI/2016 concerning Non-Bank Foreign Exchange Business Activities which require Fund Transfer Operators and Non-Bank KUPVA to first obtain permission from Bank Indonesia before conducting business activities. Based on these findings, Bank Indonesia then closed or directed Non-Bank KUPVA and non-licensed Non-Bank PTD to obtain permits.

### **(3) Suppressive Measures by the Financial Services Authority (FSA)**

FSA has taken firm steps related to the alleged money laundering in the Capital Market sector in Indonesia whose funds came from the proceeds of Crime abroad, namely Alleged Money Laundering Case of PT RIS Shareholders (name withheld). The things that FSA has done are as follows:

1. Ordering restrictions on the rights and powers of IDS Forex HK Limited (a company domiciled in Hong Kong) and Mr. KS (North Korean citizen), for allegedly committing a crime in their home country.

2. Limiting business activities to PT RIS—whose ultimate controlling shareholder is Mr. KS—in the form of a ban on corporate actions and/or issuing company funds in any form, except for the payment of staffing expenses and routine operational expenses, especially related to the settlement of sales transactions and/or buy customer.

#### **(5) Suppressive Measures by Directorate General of General Law Administration**

Notary Central Supervisory Council has honorably dismissed a Notary who was proven guilty of money laundering. Based on decision of the Yogyakarta District Court Number 41/Pid.B/2015/PN.Yyk Notary Carlina Liestyani has been proven involved in cases of fraud and money laundering and has been sentenced to imprisonment for 4 (four) years and 6 (six) months and a fine of IDR 150,000,000.

#### **4.1.4 Geographical Area**

Based on the results of the risk analysis of money laundering by geographical area, it is known that DKI Jakarta is a high-risk area for domestic money laundering. Furthermore, there are areas of East Java, West Java, Central Java, North Sumatra, and Bali which are in the Medium Risk category.

Table 36 Results of Money Laundering Risk Analysis by Geographical Area

NO	AREA	TOTAL ML THREAT LEVEL	TOTAL ML VULNERABILITY LEVEL	LIKELIHOOD LEVEL	ML CONSEQUENCE LEVEL	ML RISK LEVEL	RISK CATEGORY
1	DKI Jakarta	9,00	9,00	9,00	9,00	9,00	High
2	East Java	5,65	8,17	8,15	6,84	6,85	Medium
3	West Java	5,67	7,98	7,83	6,75	6,60	Medium
4	Central Java	5,13	7,46	7,20	6,20	5,90	Medium
5	North Sumatra	5,22	7,47	6,78	6,25	5,71	Medium
6	Bali	4,58	6,83	6,25	5,59	5,08	Medium
7	Riau islands	4,72	6,12	5,93	5,30	4,78	Low

NO	AREA	TOTAL ML THREAT LEVEL	TOTAL ML VULNERABILITY LEVEL	LIKELIHOOD LEVEL	ML CONSEQUENCE LEVEL	ML RISK LEVEL	RISK CATEGORY
8	South Sumatra	4,36	6,31	5,93	5,21	4,73	Low
9	Banten	4,43	6,99	5,44	5,59	4,69	Low
10	Riau	4,38	6,84	5,53	5,49	4,68	Low
11	East Kalimantan	4,38	6,80	5,54	5,47	4,68	Low
12	South Kalimantan	4,03	6,69	5,68	5,24	4,63	Low
13	West Kalimantan	4,06	6,22	5,62	5,01	4,50	Low
14	Papua	4,20	6,52	5,33	5,23	4,48	Low
15	DI Yogyakarta	3,79	5,94	5,24	4,72	4,21	Low
16	Aceh	3,85	5,98	4,90	4,77	4,09	Low
17	Central Kalimantan	3,66	6,15	4,71	4,76	4,01	Low
18	South Sulawesi	4,26	6,14	4,34	5,07	3,97	Low
19	Lampung	3,55	5,46	4,81	4,35	3,88	Low
20	Bengkulu	3,74	5,11	4,66	4,27	3,79	Low
21	West Nusa Tenggara	3,47	5,36	4,50	4,25	3,73	Low
22	Maluku	3,37	5,27	4,53	4,16	3,70	Low
23	North Kalimantan	3,35	6,20	3,93	4,63	3,65	Low
24	Jambi	3,46	5,36	4,02	4,25	3,56	Low
25	Southeast Sulawesi	3,42	5,42	3,97	4,26	3,54	Low
26	Bangka Islands	3,37	5,29	3,95	4,17	3,50	Low
27	West Papua	3,46	5,82	3,59	4,49	3,47	Low
28	Central Sulawesi	3,40	5,36	3,78	4,22	3,46	Low
29	East Nusa Tenggara	3,13	5,17	4,00	3,98	3,46	Low

NO	AREA	TOTAL ML THREAT LEVEL	TOTAL ML VULNERABILITY LEVEL	LIKELIHOOD LEVEL	ML CONSEQUENCE LEVEL	ML RISK LEVEL	RISK CATEGORY
30	North Sulawesi	3,55	5,83	3,50	4,54	3,45	Low
31	Gorontalo	3,15	5,16	3,80	3,99	3,39	Low
32	North Maluku	3,18	5,16	3,19	4,00	3,19	Low
33	West Sulawesi	3,00	5,24	3,00	3,95	3,11	Low
34	West Sumatra	3,40	3,00	3,53	3,00	3,00	Low

Overall, the hitmapping of Domestic Money Laundering by geographical area can be seen in the image below. There are several reinforcements carried out by Law enforcement Agencies in the regions through the following:

- a. Establishment of a National Task Force on Investigators of Money Laundering in the Regions as carried out by Directorate General of Customs and Excise.
- b. Risk-Based Mentoring Program with Self-regulatory bodies, INTRAC, Law enforcement Agencies and Regional Cooperatives Service in 11 Risk Areas (DKI Jakarta, Bali, West Java, Banten, Bengkulu, Central Java, East Java, North Sumatra, South Sulawesi, West Kalimantan, Papua) with more than 1,293 participants.
- c. Strengthening the INTRAC Expert's testimony assistance program to several Law enforcement agencies in the region. During the 2019-2020 period, there were 260 times the fulfillment of INTRAC expert' testimony.

### HITMAP OF ML RISK BY AREA GEOGRAPHICAL AREA

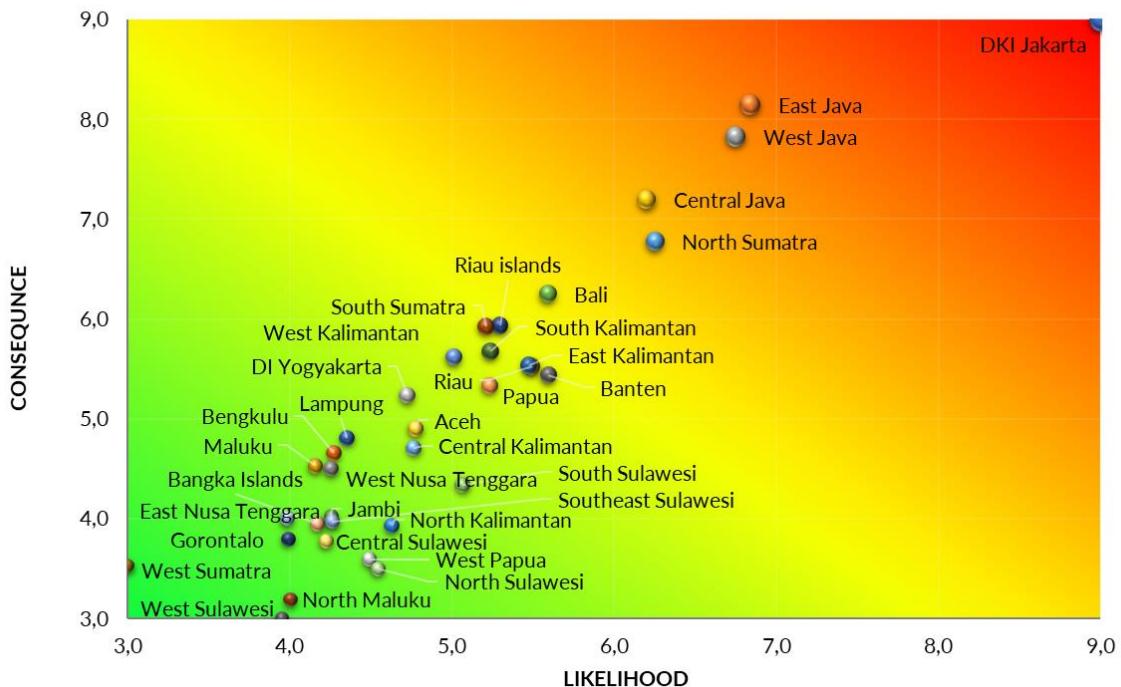


Figure 18 Hitmap of ML Risk by Geographical Area

#### 4.1.5 Money Laundering Typology

In terminology, the definition of the term Typology is the study of grouping based on type or types. While the definition of typology in relation to the AML-CFT regime is defined by Asia Pacific Group as a "study of methods, techniques and trends of money laundering and terrorist financing" which is a study of the methods, techniques and trends of money laundering and terrorism financing.

Based on several results of international literature studies including the Council of Europe Anti-Money Laundering Group (MONEYVAL), EGMONT and Asia/Pacific Group on Money Laundering (APG), there are several identifications of typologies that have occurred, and development of typologies based on best practices in handling money laundering cases internationally. The following are some typologies of money laundering based on a study of international literature.

## **A. MONEYVAL Typologies Wor<sup>14</sup>**

1. Unregulated Sector Utilization.
2. Development of transnational infrastructure for money laundering.
3. Utilization of corporations (legal persons) to conceal the proceeds of criminal acts.
4. Use of Professional Services.
5. Use of New Technology.
6. The use of the Non-Financial Sector is vulnerable to being used to launder the proceeds of criminal acts.

## **B. EGMONT Typologies**

1. Concealment within business structures.
2. Misuse of legitimate business.
3. Use of false identities, documents, or straw men.
4. Exploiting international authority issues.
5. Use of anonymMoU asset types.

## **C. APG Typologies<sup>15</sup>**

1. Use of offshore banks, international business companies and offshore trusts.
2. Use of Virtual Currency.
3. Use of Professional Services (lawyer, notary public, accountant).
4. Trade-based money laundering and transfer pricing.
5. Illegal bank/alternative fund transfer service/hawala.
6. Internet usage (encryption, access to identity, international banking, etc.).
7. Use of new payment methods/systems.

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<sup>14</sup> MONEYVAL. Typologies Report on Laundering the Proceeds of Organised Crime. 2015. Ad-opted by MONEYVAL at its 47th plenary meeting (14-17 April 2015)

<sup>15</sup> <http://www.apgml.org/methods-and-trends/page.aspx?p=a4a11dca-75f2-4dae-9c25-6215103e56da>

8. Money laundering proceeds from criminal acts in the field of taxation.
9. Property/real estate, including the role of a property agent.
10. Relations with human trafficking and smuggling.
11. Use of nominees (borrowed names), trusts, family members or third parties.
12. Gambling activities (casino, horse racing, internet gambling, etc.).
13. Mingling (union of illicit money in legal business).
14. Use of shell companies/corporations.
15. Foreign currency exchange.
16. Use of credit cards, checks, debt agreements.
17. Structuring (split up transactions).
18. Smurfing (many people make transactions to one destination with the aim of breaking up transactions).
19. International transfer/use of foreign bank accounts.
20. Commodity exchange (barter, e.g., reinvestment in illegal drugs).
21. Use of a false identity.
22. Jewelry and precious metals.
23. Purchase of valuable assets (art, antiques, racehorses, etc.).
24. Investment in the capital market, use of intermediaries.
25. Environmental Crime.
26. Related to illegal drugs.

According to the results of analysis of money laundering typology group in NRA 2021 study, it is known that the typology of high risk of Money Laundering includes: the use of false identities, the use of nominees (loan names), foreign trusts, family members or third parties, property/real estate including the role of property agents, smurfing, Structuring, Misuse of professional services, Use of new payment methods/systems, Misuse of corporate use (legal

persons), Utilization of sectors that are not well regulated, for example the company does not have a good information system or does not even implement AML-CFT procedures where there is a requirement in identifying and verifying service users through KYC in the form of CDD or EDD, monitoring and reporting of financial transactions to the competent authorities. While other typologies such as the use of the non-financial sector, foreign currency exchange, Mingling (union of proceeds of crime into legal business), use of credit cards, checks, debt agreements, trade-based money laundering and transfer pricing, jewelery and precious metals trading, bank illegal/alternative fund transfer services/ hawala, Use of Virtual Currency, Purchase of valuable assets (arts, antiques, etc.), Use of offshore banks, international business companies and offshore trusts, Use of shell companies for proceeds of Acts criminal law in the field of taxation, as well as online gambling activities are a category of medium-risk money laundering typology.

Several strengthening steps in overcoming risks in money laundering typologies during the 2021 NRA period, including:

- a. Strengthening the Guidelines and Regulations on Know Your Customer (KYC) for the Industrial Sector.
- b. Expansion of the Reporting Party as regulated in Government Regulation No. 61 of 2021 on Amendments to Government Regulation Number 43 of 2015 on Reporting Parties in Prevention and Eradication of Money Laundering.
- c. AML-CFT governance and program arrangements for the use of new payment methods or systems (new technology), including Peer to Peer Lending Financial Technology, Equity-Based Crowdfunding, Electronic Money and Electronic Wallets Other Than Banks.

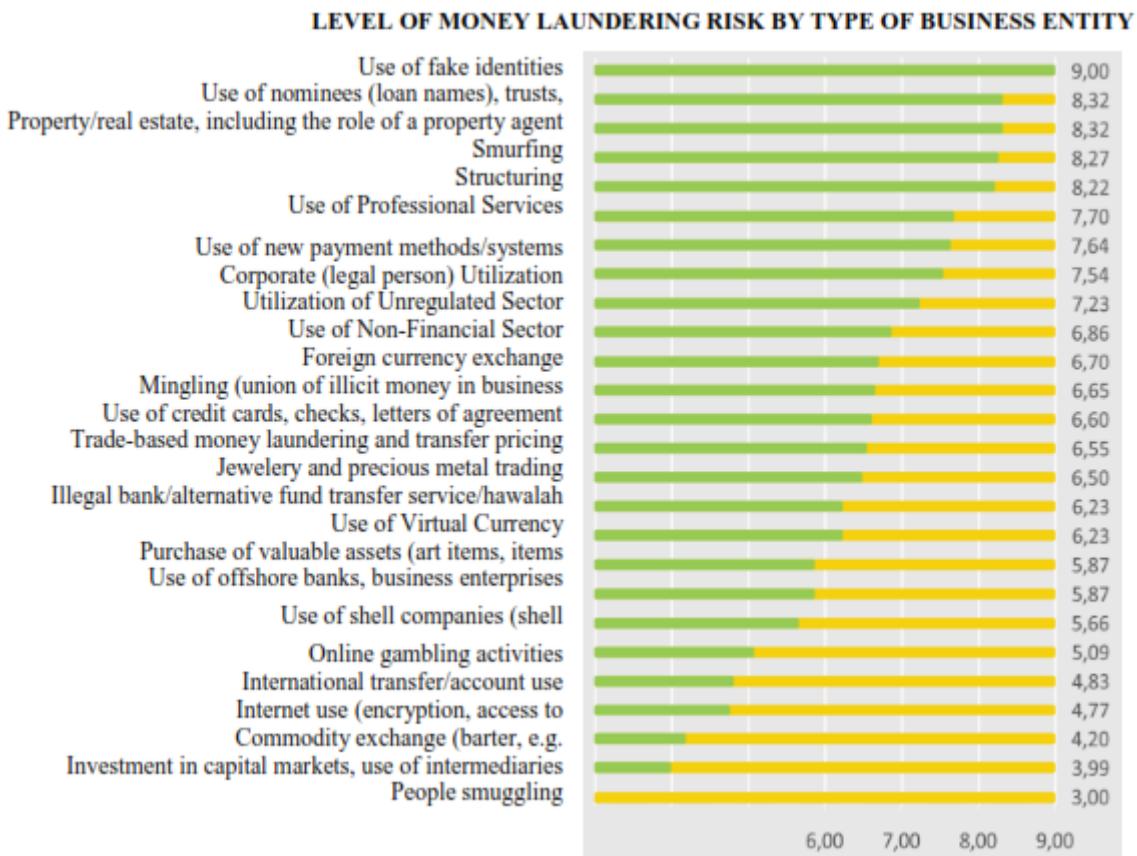


Figure 19 Level of Money Laundering Risk by Typology

#### 4.1.6 Case Study of Money Laundering

The following are some case studies that occurred based on court decisions that have permanent legal force or *inkracht* during the 2016-2020 period based on the risk of domestic money laundering and other criminal acts. The case studies presented are based on the key risks of domestic money laundering and the characteristics of the authority of Law enforcement Agencies in conducting investigation of money laundering based on the type of predicate crime.

## A. Cases of Money Laundering Proceeds from Corruption Crime

### **(1) Convict Case in the Name of ES**

DKI Jakarta High Court Number: 19/Pid.Sus-TPK/2020/PT.DKI

Former President Director of PT Garuda Indonesia (Persero), Emirsyah Satar (ES) was proven guilty of corruption in the form of bribes for the procurement of aircraft and aircraft engines at PT Garuda Indonesia (Persero) worth IDR 49.3 billion and money laundering of IDR 87.46 billion. ES commits Money Launderings in the form of placing, transferring, transferring, spending, paying, granting, entrusting, bringing abroad, changing forms, exchanging with currency, or securities or other actions on assets. Some of Money laundering committed were:

1. transferring money using an account in the name of Woodlake International Limited to an account in the name of Mia Badilla Suhodo, to then be transferred to the account of the family.
2. doing back-to-back loan or bank credit, pay the cost of house renovation.
3. disguising it as an apartment sale and purchase activity in Australia between ES and IHH Ltd. which belonged to SS (the bribe giver) worth SGD1,181,763,00 which was paid by SS through IHH, Ltd. to the MGL account as the developer.
4. paying for the purchase of an apartment in Melbourne Australia.
5. depositing US\$1.458 million in Woodlake International's account into SS's account.
6. transferring ownership of one apartment unit in Singapore through a lawyer in Indonesia to Innospace Investment Holding.
7. making a payment for the settlement of one housing unit along with tax costs from third parties in the amount of IDR 5.7 billion.
8. making payment for private jet charter of USD 4,200.
9. making a villa payment of IDR 69 million.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	DKI Jakarta High Court Number: 19/Pid.Sus-TPK/2020/PT.DKI	Corruption and Money Laundering	Article 12 letter b of Law Number 31 of 1999 on Eradication of Criminal Acts of Corruption and Article 3 of Law 8 of 2010 on Money Laundering	12 (twelve) years	IDR10.000.000.000 (Ten billion rupiah)

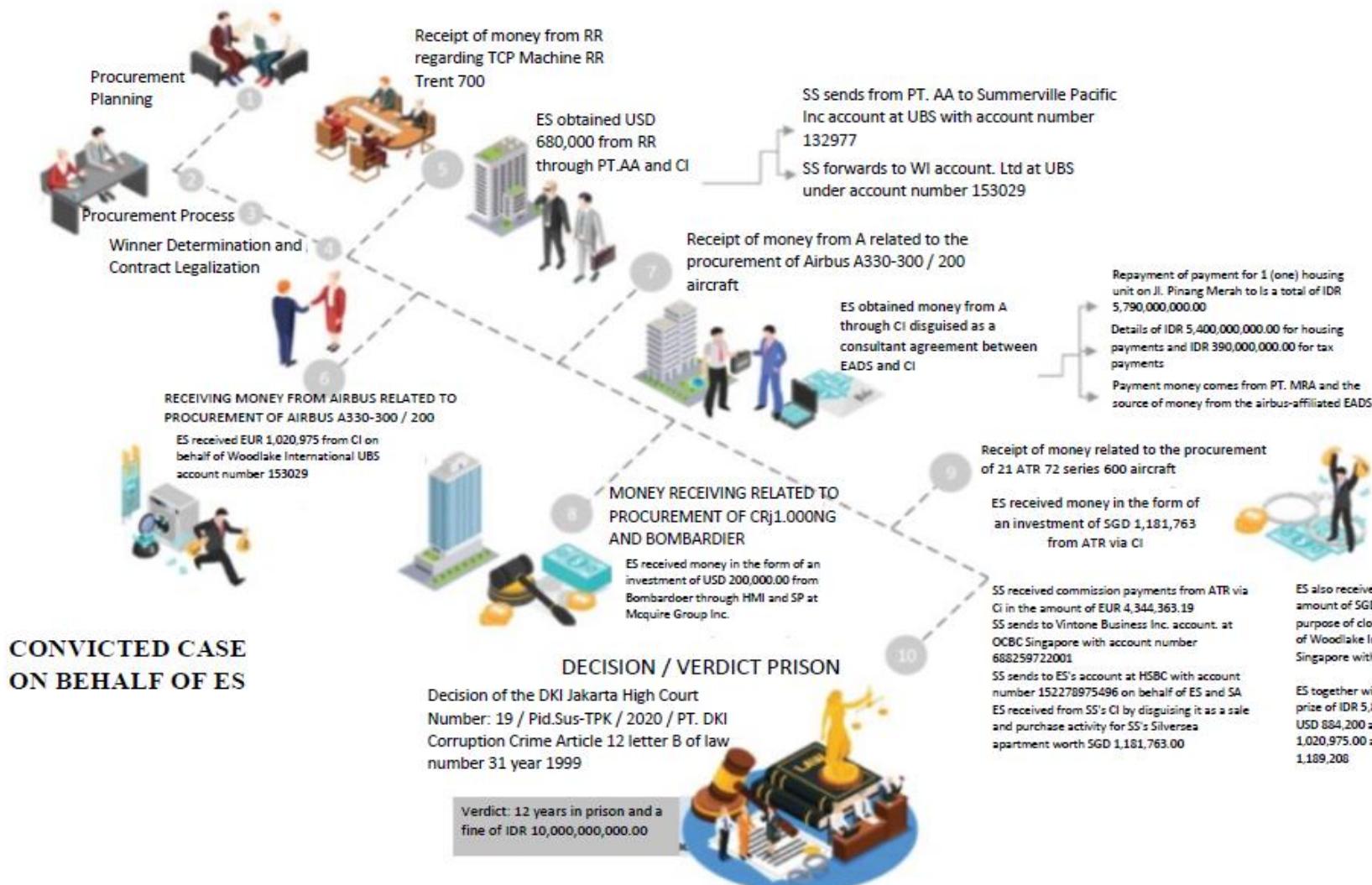


Figure 20 Scheme of Convict Case in the Name of ES

## **(2) Convict Case in the name of NA**

Central Jakarta District Court Number: 123/Pid.Sus TPK/2017/PNJkt.Pst

NA, an inactive governor of Southeast Sulawesi, was proven to have received gratuities worth US\$4.49 million or equivalent to IDR40.26 billion from PT RI Ltd. Gratification is received from the sale of nickel to PT RI Ltd through an investment in AM. Money was then used to make an insurance policy with a periodic premium of IDR 20,000,000,000, per year. In the prosecution's case, NA has caused environmental damage in the Malapulu Block, Kabaena Island, Bombana District and Buton District. In addition, NA is also considered not to provide an example for the community by committing a criminal act of corruption. The Public Prosecutor stated that the actions of the non-active Southeast Sulawesi Governor NA related to the approval of the Exploration Mining Business Permit (IUP) to PT BI who borrowed the name of PT AHB including a corruption crime. According to the Prosecutor, the IUP approval was given because NA had malicious intentions to benefit himself, others, and the corporation. The permit approval from NA was carried out in cooperation without going through an auction process and was carried out jointly with ESDM Sultra BR officials and Director of PT B WA by writing a letter in the name of PT AHB. The letter was then followed up with a Governor's Decree on the approval of the mining area, which was issued in 2008, so that it seems as if PT AHB had applied for and received an area reserve. This irresponsible exploration caused losses amounting to:

1. cost of ecological loss is IDR 1,451,171,630,000.
2. cost of economic loss is IDR1,246,535,128,000.
3. Environmental restoration costs amounting to IDR31,038,378,000.

Money Launderings committed by NA from 2009-2014 include:

- Opening an insurance policy investment using 3 (three) distinct types of identities with premium payers from foreign corporations abroad amounting to IDR40.26 billion.
- Payment of insurance policy premiums from third parties exceeds the policy opening value limit.
- Disbursement of insurance policies expedited before maturity.
- During process or after the issuance of these permits, along with the management of the AMDAL PT. AHB, on January 22, 2010 the Accused received money from PT. BI amounting to IDR1,000,000,000 via transfer from CV. FB to the account in the name of PT. TM for payment of the purchase of 1 (one) unit of a car previously ordered by the Accused through RI and sometime after the issuance of the Decree of the Governor of Southeast Sulawesi Province number 600 of 2010 dated 20 September 2010 concerning Amendment of Production Operation Mining Business License to PT. AHB.
- On November 29, 2010, NA again received money from ESL in the amount of IDR1,315,471,000.00 to Bank M account Number 119-00-0592249-5 in the name of RI which was used to pay off the purchase of a house purchased by NA at the Premiere Housing Complex. Estate Block I/9 for IDR1,781,000,000.00 (one billion seven hundred eighty-one million rupiah) from PT. PQI.
- On the basis of the issuance of permits to PT. AHB by the Accused by abusing the authority, then PT. AHB through PT. BI to carry out mining at the site of the former contract of work of PT. IN is so profitable for PT. BI in the amount of IDR 1,596,385,454,137.00 (one trillion five hundred ninety-six billion three hundred eighty-five million four hundred fifty-four thousand one hundred and thirty-seven rupiah).

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	DKI Jakarta High Court Number: 123/Pid.Sus-TPK/2017/PT.DKI	Corruption	Article 2 paragraph (2) Jo Article 18 of Law Number 31 of 1999 on Eradication of Criminal Acts of Corruption	12 (twelve) years	IDR1.000.000.000 (One billion rupiah)

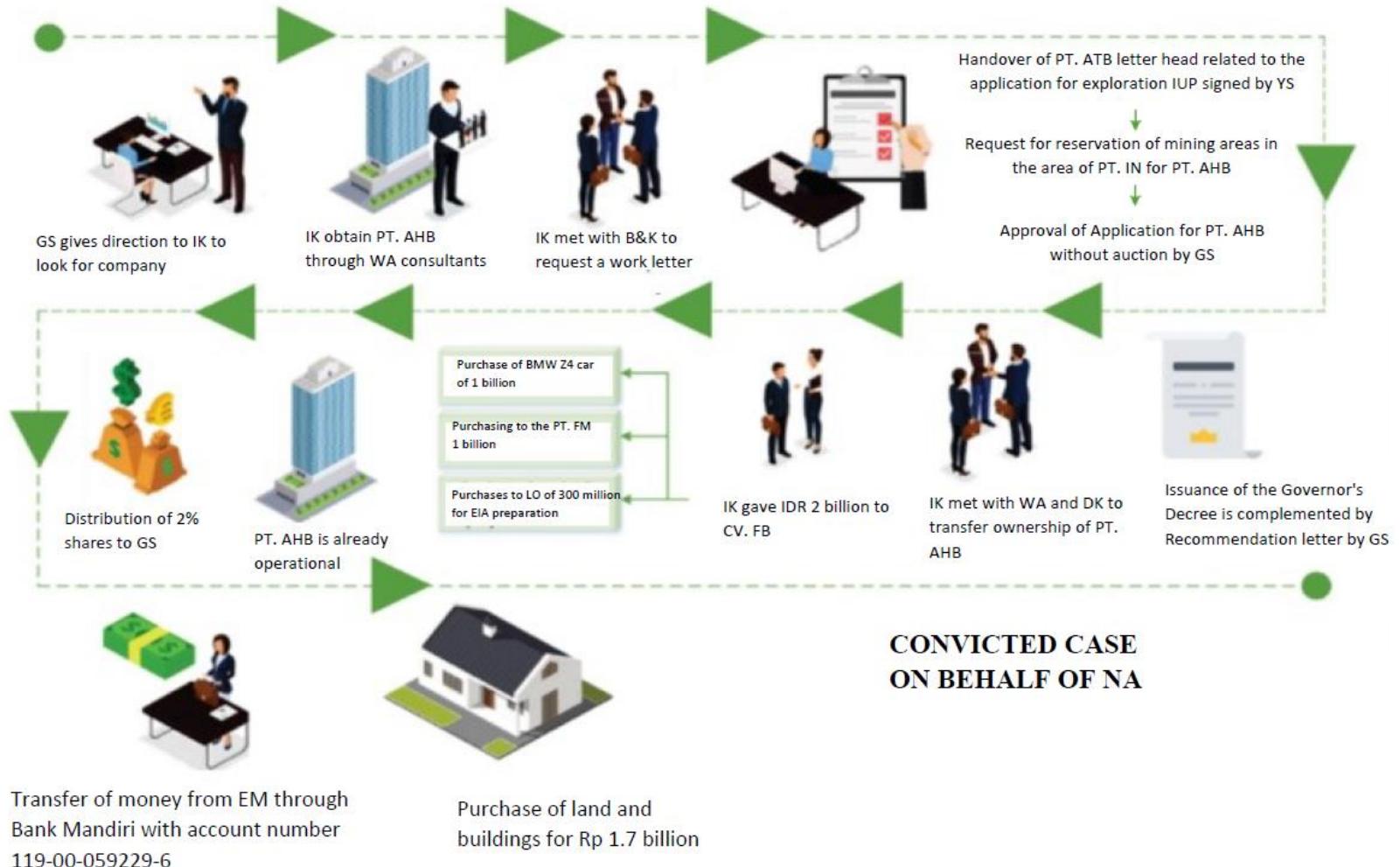


Figure 21 Scheme of Convict Case in the Name of NA

### **(3) THE CASE OF THE CONTENT IN THE NAME OF ZH**

Court Decision Number 4/Pid.Sus-TPK/2019/PT.TJK

The Accused ZH as the South Lampung Regent for the 2016-2021 term of office has received a total of IDR72,742,792,145 through HH who is Head of South Lampung District Public Works and Spatial Planning Office April 2016 – September 2017, AA as Head of Public Works and Spatial Planning Department December 2017 – July 2018, ABN and S as Head of Finance Subdivision of the PUPR Service from 2015 – January 2017 sourced from partners who will receive project activities at the PUPR Office.

After the Accused ZH was inaugurated as the Regent of South Lampung, the Accused plotted 299 work packages at the PUPR Office of South Lampung in 2016 along with the names of partners who were appointed as winners with a total budget ceiling value of IDR 194,333,721,000 to HH. The Accused ZH then asked HH to ask for a commitment fee of 13.5% of the project value which was submitted to him through ABN. The Accused ZH received a commitment fee from a partner who won the work of the PUPR Service through ABN in 2016 amounting to IDR26,073,771,210 from S and from AB amounting to IDR9,600,000,000.

In 2017, the Accused again plotted 258 work packages with a total budget ceiling value of IDR266,076,081,000 and ordered HH to ask for a commitment fee of 15% - 17% of the project value submitted through ABN. The Accused ZH received a commitment fee from a partner who won the PUPR Service job auction through ABN from S amounting to IDR23,669,020,935 and from RE amounting to IDR5,000,000,000.

In December 2017, the Accused appointed AA to replace HH. Then the Accused gave directions to AA to coordinate with ABN concerning project arrangements and conveyed to interested partners that they must provide a commitment fee of 21% of the project value. Meanwhile, 15%-17% is submitted through ABN, and the rest is for operational costs of PUPR Office for Procurement Committee. The Accused ZH received a commitment fee from a

partner who won the PUPR Service job auction through ABN from AA in the amount of IDR 8,400,000,000.

Prior to the procurement, S had formed a coordinating team that was responsible for making bid documents for the companies that would be won along with their accompanying companies, inputting and uploading them into the procurement application system.

Some of Money laundering committed are as follows:

1. From the receipt of the commitment fee for 2016 – 2018, the Accused ZH asked ABN to make several expenses for the benefit of the Accused ZH, namely:

- At the beginning year 2016 he paid for land area of 1585 m<sup>2</sup> to MHD.SUFI'Y who is a Lecturer to be owned by ZH which was submitted through RE amounting to IDR475.500.000.
- In February 2016 he paid the construction work of The Accused ZH's house and mosque to AB as the contractor who did the work amounting to IDR 3,826,687,936.
- In mid-2016 he gave BZ money to pay for the purchase of eighty hectares of land in Sukatani Village belonging to The Accused ZH amounting to IDR 8,000,000,000.
- At the end year 2016 he gave money to BZ , who is a close person to The Accused ZH, amounting to IDR 600,000,000 to buy land in Sidomulyo District which will be used for the Asphalt Mixed Plant (AMP) business managed by BZ .
- At the beginning year 2017 he paid for the construction of a house and mosque belonging to the Accused ZH on Jalan Bani Hasan No.1 Kalianda, South Lampung District to PIPIN as the architect who worked on the construction of the house and mosque in the amount of IDR3,000,000,000
- At the beginning year 2017 he bought a carpet for the equipment of the Bani Hasan Mosque belonging to the Accused ZH worth IDR 1,500,000,000.

- At the beginning year 2017 he paid for the repair or reconditioning of the Jhonlin 38 engined ship (Princess Liana) belonging to the Accused ZH to BHM , the owner of the ship repair shop in Muara Cisadane Tangerang, amounting to IDR 550,000,000.
- At the beginning year 2017 he paid the share ownership of The Accused ZH in AIRAN Hospital by depositing IDR 1,000,000,000 in the account number of AIRAN Hospital at Bank X with the name of the depositor RZ, who is ZH's first child.
- At the beginning year 2017 he paid for the purchase of land in Marga Catur Village near Pondok Gontor Kalianda, South Lampung for an area of 83 hectares in the amount of IDR 8,000,000,000 to THAMRIN as the Transmigration Community Intermediary to be owned by The Accused ZH.
- In January 2017 he paid IDR 1,100,000,000 to BZ as a replacement for money used to pay the tax amnesty of The Accused ZH.
- On January 30, 2017, he gave IDR15,000,000 in cash to NE (Vice Regent of South Lampung) at the Way Halim Permai Command Post to help with the consolidation and thanksgiving event for the victory in South Lampung District.
- On February 08, 2017, he gave IDR50,000,000 in money to NE (Vice Regent of South Lampung) at the Way Halim Permai Command Post for NE operational activities.
- In mid-2017, MAD paid the purchase of a land area of three hectares in the amount of IDR1,500,000,000, which is located in Ketapang Village near the beach for The Accused ZH.
- In the medium year 2017 he paid the purchase of land in Munjuk Sampurna Kalianda South Lampung to BW AKA AWI through AB amounting to IDR600,000,000 for The Accused ZH.
- In mid-2017, he paid for the ownership of the rice factory in Sidomulyo from the former owner by AI to The Accused ZH in the amount of IDR1,000,000,000.

- In mid-2017, he paid the purchase of land in Canggu Village, Kalianda, South Lampung, amounting to IDR 1,100,000,000 to KOMAR, accompanied by RUDI TOPAN, to be owned by ZH.
- In mid-2017, ZH paid the equity participation of the Joint Venture Building Shop in Palas which was managed by ASEP in the amount of IDR500,000,000.
- In the medium year 2017 he paid for the purchase of land in the Way Lubuk Kalianda area, South Lampung to JHN in the amount of IDR2,500,000,000 to be owned by The Accused ZH.
- In mid-2017, MAD paid the purchase of land amounting to IDR3,000,000,000.00 to MAD located in Munjuk Sampurna Village for ZH to own.
- In mid-2017, he gave IDR2,000,000,000 in money to HENDRI ROSYADI (Chairman of the South Lampung DPRD) at the official residence of the South Lampung DPRD Chairman for the benefit of all South Lampung DPRD Members.
- In mid-2017, BZ gave IDR2,000,000,000 to renovate the rice factory.
- On 27 July 2017 he paid IDR16,405,000 to the Hotel in Lampung for Party X events.
- On September 17, 2017, in the amount of IDR29,999,999.00 to the Hotel in Lampung for Party X events.
- In November 2017 he paid IDR700,000,000 to the Lampung Hotel for meeting room activities, room packages and for participants in the inauguration of the new DPW Party X Lampung board chaired by The Accused ZH.
- At the end year 2017 he gave money of IDR 500,000,000 to HR (Chairman of the South Lampung DPRD) at the private house of The Accused ZH for the benefit of HF.
- At the end year 2017 he paid 1.8 hectares of land to HARIRI the landowner located near the bridge beside the hotel “56” in Kedaton Kalianda Village, South Lampung through

RE, amounting to IDR1,999,000,000 from the purchase price of IDR2,500,000. 000 for The Accused ZH.

- At the end year 2017 he paid the purchase of land in Kedaton Kalianda Village, South Lampung amounting to IDR360,000,000 to JKN to be owned by The Accused ZH.
- At the beginning year 2018 he paid the purchase of a plot of land and a 3-storey shop house with the address at Jalan Arif Rahman Hakim (near RM Kayu) or Jalan Urip Sumoharjo Bandar Lampung in the amount of IDR2,500,000,000 to MAD for the possession of The Accused ZH.
- In June 2018 he gave IDR50,000,000 in money to NE (Vice Regent of South Lampung District) at the Way Halim Permai Command Post for NE operational activities.
- In July 2018 he gave IDR100,000,000 in money to NE (Vice Regent of South Lampung District) to assist in the inauguration of the Indonesian Young Bull.
- In July 2018 he gave money in the amount of IDR 50,000,000 to NE (Vice Regent of South Lampung District) to deposit condolence money from The Accused ZH.
- The Accused ZH's company, PT Krakatau Karya Indonesia, which is managed with BZ, obtained a plot to work on a project financed by the Specific Allocation Fund of IDR 38,936,912,000 in 2017 and IDR 77,373,390,000 in 2018. From this project, PT KKI earned a profit of IDR 9,000,000,000 in 2017 and IDR 18,000,000,000 in 2018.
- The Accused placed money in an account belonging to Gatoet SOEs eno in 2016–2018 which was a gratuity originating from PT BCM and from PT JB to disguise it as a commissioner's salary, so that the Accused ZH received a total of IDR3,162,500,000 which was then gradually transferred to the account of Sudarman who is an employee of the Accused. Meanwhile, Gatoet SOEs eno is a Commissioner of PT BCM who was appointed by the Accused ZH as one of the company's shareholders. Gatoet SOEs eno's ATM card is controlled by SDM (ZH employee).

- Using SDM account to receive money from PT CLP in the amount of IDR4,000,000,000.
- Through Sudarman, the Accused spent one unit of motorbike, 4 units of car, and made an advance payment for leasing a car.
- Purchase of one car unit in the name of Sudarman by making payment in cash of USD100,000 and IDR400,000,000.
- Developing the Airan Hospital business by investing in shares in the name of RZ (son of the Accused ZH) of IDR1,000,000,000 on the first deposit and USD200,000 or after being exchanged through a money changer for IDR2,789,000,000 on the second deposit.
- The Accused paid the repair of the Johnlin 38 ship which changed its name to Krakatau at the Paific Marine Marathon Shipyard through ABN to BHM in the amount of IDR 550,000,000.
- The Accused paid for the maintenance of the Krakatau ship to SEP through AA in the amount of IDR362,000,000 from July 2017 – July 2018.
- The Accused as the beneficiary owner of PT KKI ordered by BZ to buy a new AMP, on the Accused's orders then using money from the 2017 DAK project profit, BZ bought AMP for IDR6,500,000,000 and for land preparation and installation of IDR1,000,000,000 and the rest is recorded as profit for PT KKI.
- Renovating ZH's private house and mosque in the amount of IDR6,972,867,000 in cash in stages through the intermediary of other parties in making payments.
- Purchasing a rice factory, CV SKA, owned by Antoni Imam who is the Accused's success team through the provision of working capital of IDR4,721,997,505 through PT BMB. As much as IDR1,300,000,000 was paid in cash while the rest was done in stages. Then CV SKA changed its name to PT Putra Asli Lampung Selatan Indonesia (Palasindo). The Accused then renovated the factory by asking AB to be the contractor. The renovation

cost is IDR 2,200,000,000 in cash. The beneficial owner of Palasindo is the Accused ZH with the nominee BZ.

- Purchasing a Villa in Tegal Mas to TAR for IDR1,450,000,000 in cash through ABN, TA, and SJN.
- Purchasing land and property owned by MAD in the amount of IDR1,000,000,000 in cash paid through ABN. Process of the Sale and Purchase Deed was carried out in the name of RZ (the Accused's son).
- Purchasing three parcels of land adjacent to MAD in the amount of IDR2,500,000,000 in cash paid through ABN. Process of the Sale and Purchase Deed was carried out in the name of ZAZ (the Accused's underage child).
- Purchasing land owned by MAD in the amount of IDR500,000,000 in cash paid through ABN. Process of the Sale and Purchase Deed was carried out in the name of ZAZ Zain (the Accused's underage child).
- Purchasing a shophouse owned by MAD for IDR2,500,000,000 in cash paid through ABN. Process of the Sale and Purchase Deed was carried out in the name of RZ (the Accused's son).
- Purchasing land owned by Thamrin for IDR8,000,000,000 which was paid through ABN from money that came from AA in stages. Process of the Sale and Purchase Deed is carried out in the name of BZ.
- Purchasing land owned by HL and JHN for IDR2,500,000,000, but the Accused offered the land to be IDR2,400,000,000 plus a Kijang Innova car. ABN makes the payment. Process of the Sale and Purchase Deed was carried out in the name of RZ (the Accused's son).
- Purchasing Hariri's cross-Sumatra land for IDR 2,800,000,000 which was paid in cash through RE by ABN.

- Purchasing land owned by GKH for IDR300,000,000 which was paid in cash by RE by ABN.
- Purchasing land owned by Jamilah MY and Siti Kholijah for IDR500,000,000 and IDR700,000,000, respectively, which was made by cash deposit through RE by ABN.
- Purchasing land owned by HTH, SD and LK for IDR 550,000,000, IDR 400,000,000, and IDR 550,000,000, respectively. Process of the Sale and Purchase Deed was carried out in the name of Rendy Zenata (the Accused's son).
- Purchasing land owned by KMD for IDR1,300,000,000 which was paid by ABN through RT and SDM.
- BZ paid the tax amnesty for the Accused ZH amounting to IDR1,100,000,000.

#### **(4) THE CASE OF THE CONTENT IN THE NAME OF SA**

Supreme Court Number: 866 K/Pid.Sus/2016

1. Suroso Atmomartoyo (SA) as Processing Director of PT Pertamina (P) made the procurement of Tetra Ethyl Lead (TEL) PT. P which is carried out by making a purchase to The Associated Octel Company Limited (Octel) through P. Soegih Interjaya (SI) which is Octel's sole agent in Indonesia, as stated in the MoU. The last MoU related to the TEL Purchase ended in September with an agreed TEL price of USD 9,975/MT.
2. Around September 2004 prior to the expiration of the Agreement, The Accused SA had several meetings with WILLY SEBASTIAN LIM (WSL) and MUHAMMAD SYAKIR (MS) as Director of PT SI discussed efforts to extend the use of TEL in Indonesia, even though the Indonesian government has scheduled the Blue Sky program, namely the Lead Free Indonesia program which will begin in early 2005.
3. Subsequently, in November 2004, The Accused SA held another meeting with WSL and MS at PT P, in the meeting, MS conveyed the change in TEL price, which was USD

11,000/MT. Upon the submission of the MS, The Accused SA agreed by asking for a fee of USD500/MT for himself.

4. On November 30, 2004, MS notified the Accused's fee request via email to DAVID PETER TURNER (DPT) as Regional Manager of Octel. On the same day and date, DPT replied to the email to MS, agreeing to pay a fee of USD500/MT to the Accused with the condition that the TEL order received until the end year 2004 is a maximum of 450 MT and the TEL Purchase cooperation is extended until 2005, the total fee received by The Accused SA a maximum of 225,000 (two hundred and twenty five thousand United States dollars) which was taken from the commission paid by Octel to PT. SI.
5. Furthermore, The Accused SA made a Memorandum of Directors of PT. P in which the Accused SA stated that the TEL needed was 455.20 MT and sought the same price as the price on the last TEL Purchase Order (PO), which was USD 9,975/MT, then the Accused asked for approval from Board of Directors of PT. P to carry out the TEL Procurement process by appointing PT. SI.
6. Making a Memorandum dated December 17, 2004 to Board of Directors of PT. P, which stated that the required TEL requirement was 455.20 MT and sought the same price as the last TEL Purchase Order (PO), which was USD 9,975/MT, then the Accused sought approval from Board of Directors of PT. P to carry out the TEL Procurement process with PT. SI.
7. Based on the Memorandum from the Accused, on the same day and date, Board of Directors of PT. P including the Accused as a member of Board of Directors gave approval for the TEL Procurement process for the PT. P to PT. SI by issuing a Memorandum dated December 17, 2004, addressed to the Accused.
8. After obtaining approval, the Accused carried out the procurement process by signing several POs for the purchase of TEL to PT. SI.

9. Receiving a fee from the purchase of TEL taken from the commission paid by Octel to PT. SI.

10. Receiving a stay at the Radisson Edwardian May Fair London on 23-26 April 2005 for £749.66 and on 27 April 2005 for £149.50.

Some of Money laundering committed:

1. Opening a checking account at Bank U in Singapore (US) in the name of SA through WSL which is used as a repository for funds resulting from corruption.
2. Overbooking USD 190,000 to a Wealth Deposit Series account in the name of SA at Bank U in Singapore and having received interest in the amount of USD 17,664.30.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	Supreme Court Number: 866 K/Pid.Sus/2016	Corruption and Money Laundering	Article 12 letter b of Law Number 31 of 1999 as amended by Law Number 20 of 2001 and Article 3 of Law Number 8 of 2010	5 (five) years	IDR 200,000,000 (Two hundred million rupiah)

## **(5) THE CASE OF THE CONTENT IN THE NAME OF NZ**

Based on the Central Jakarta District Court Decision Number: 159/Pid.Sus/TPK/2015 which has permanent legal force on 15 June 2016

1. In 2009, Muhammad Nazarudin (NZ) (the Accused) apart from being the owner of a business group that was originally Anugrah Group to Permai Group, the Accused is also a Member of the DPR-RI (PEP) from a Political Party for the 2009 – 2014 term of office.

Permai Group oversees thirty-three domestic companies. After serving as a Member of the DPR-RI, the name Muhammad Nazarudin (NZ) is no longer listed as the owner of the Permai Group business group, but Muhammad Nazarudin (NZ) still plays the role of controlling the business group by managing the parties who play a role as Director of Finance and financial controller of the Permai Group business group.

2. In period of October 2010-April 2011, Nazaruddin received a sum of money from other parties which was a fee for pursuing government projects in 2010 namely: 19 checks from PT Duta Graha Indah (DGI) worth a total of IDR23,119 billion; from PT Nindya Karya IDR17.250 billion; PT DKI related to the construction of the Athlete's House in Jakabaring Palembang in the form of 5 checks worth IDR 4.575 billion; from PT Waskita Karya amounting to IDR13.250 billion; from PT Adhi Karya amounting to IDR3.762 billion; from other parties in the amount of IDR47,306 billion; and from PT Pandu Persada Consultant amounting to IDR1.7 billion, bringing the total value to IDR110.962 billion. Apart from receiving compensation, the source of Permai Group's revenue also comes from the profits of the companies that are members of the Permai Group in carrying out various projects financed from the government budget in 2010, which was obtained by bringing the budget to the DPR and arranging the auction process so that the companies that are members of the Permai Group were appointed as partners in providing goods and services with a total profit of IDR 580.39 billion from the total project value of IDR 1.851 trillion.

#### **a. Money Laundering**

1. Muhammad Nazarudin (NZ) has placed or transferred money from procurement corruption using the accounts of companies belonging to the Permai Group and accounts in the names of other people amounting to IDR 70.018 billion and 1,034 Singapore dollars (around IDR 9.3 million); ownership was transferred in the form of shares of

companies under control of the Permai Group, namely PT Exartech Technologi Utama and PT Panahatan totaling IDR50,425 billion.

2. Furthermore, Muhammad Nazarudin (NZ) transferred ownership of land and buildings worth IDR 18.447 billion; spend or pay for the purchase of land and buildings IDR111.117 billion; spend or pay for the purchase of motorized vehicles in the amount of IDR1.007 billion; spend or pay an insurance policy of IDR2,092 billion.
3. Muhammad Nazarudin (NZ) also spent or paid for the purchase of shares which were then re-sold using companies belonging to the Permai Group or other people's names on the Indonesia Stock Exchange using PEP's wife, PT Permai Raya Wisata, PT Cakrawaja Abadi, PT Darmakusumah, PT Exartech Technologi Utama and PT Pacific Putra Metropolitan and purchased sukuk bonds worth a total of IDR 374.747 billion, bringing the total value to IDR 627.86 billion.
4. To hide or disguise the origin of the proceeds of the crime, the proceeds from the sale of X Shares were transferred by Muhammad Nazarudin (NZ) through Finance Director of PT Permai Group to transfer money from the Singapore Dollar Current Account at Bank X in the name of PT Pasific Putra Metropolitan amounting to 6,139,772 Singapore dollars to LKS (foreigners in Singapore) account as if to pay for the purchase of a Tug Boat in Singapore.
5. Furthermore, through the instructions of Garred Liem as President Director of Talent Center Limited in Singapore to cross X shares in the negotiation market from four companies PT Permai Raya Wisata, PT Cakrawaja Abadi, PT Darmakusumah and PT Exartech Technologi Utama to PT Talent Center Limited in the amount of IDR163 Billion. Then there are the proceeds from the sale of Berau Coal Energy Shares which were transferred by Neneng Sri Wahyuni (PEP's wife) to Singapore in the amount of IDR26 billion to the account of Worldwide International Investment Pte Ltd.

6. Based on the court's decision, it is known that there are parties who act as gatekeepers or as money laundering professionals including Neneng Sri Wahyuni (PEP's wife), GL and LKS (foreigners in Singapore). Garred Liem's role is as the President Director of PT Talent Center Limited which is domiciled in Singapore. Then, open an STD account at a securities company in Indonesia, which is a type of securities account for foreign companies that open securities accounts in Indonesia. It is known that GL took part in helping the escape of Muhammad Nazarudin (NZ) abroad to avoid legal proceedings in Indonesia.

## **(6) Indonesia's Support in Recovery of Money Laundering Assets**

### **Results of Transnational Corruption Crime**

Based on Court Decision Number 38/PID.PRA/2018/PN.JKT.SEL

The Equanimity cruise ship worth USD 250 million or IDR 3.5 trillion at the port of Benoa, Bali, Indonesia was confiscated by the Indonesian Police at the request of MLA to Ministry of Law and Human Rights. This ship has been wanted by the FBI for four years. Meanwhile, this ship is suspected to be the result of embezzlement of money from National investment agency 1MDB project founded by the Prime Minister of Malaysia, PM Najib Razak, worth USD 4.5 billion or around IDR 62.1 trillion. Meanwhile, Malaysia also submitted an MLA to Ministry of Law and Human Rights because the cruise ship was one of the assets resulting from Money laundering in the 1MDB case.

#### **In exception:**

- Rejecting the exception filed by the Respondent (Indonesian National Police);

#### **In the subject matter:**

- partially granted the Pretrial Application filed by the Petitioner;
- To declare the confiscation of the Equanimity Cruise Ship carried out by the Respondent (Indonesian National Police) based on the Seizure Order Number:

SP.Sita/41/II/RES.2.3/2018/Dit Tipideksus dated February 26, 2018 is invalid and has no legal basis;

- Canceled the Confiscation Order Number: SP.Sita/41/II/RES.2.3/2018/Dit Tipideksus dated 26 February 2018;
- Sentencing the Respondent to return the Equanimity Cruise Ship to the Petitioner (Equanimity Cayman);
- Charged the court costs incurred to the Respondent in the amount of IDR nil;
- Reject the applicant's application for the rest.

Based on a high-level decision from the Indonesian Central Authority, the cruise ship was handed over to Malaysia but MLA that was established was not perfect. This decision considered several reasons such as political conditions and elections in Malaysia. The handover is scheduled on Batam Island on August 7, 2018, to Malaysia, attended by Representatives of Criminal Investigation Unit of Indonesian National Police and the Malaysian Police.

## **(7) Corporate Cases as Money Laundering perpetrator**

Bengkulu District Court Number 64/PID.Sus.TPK/2016/PN.BGL, with the corporate convict  
in the name of PT Banyan Build Main

The Accused PT. BBU is designated as a provider of goods/services for Bengkulu City Flood Control Work for Fiscal Year 2014 with a contract value of IDR 9,026,616,200 with an implementation period of 240 calendar days from April 01, 2014, to December 01, 2014. The Accused PT. BBU through its management COD as the President Director as a provider of goods/services or as the contractor implementing Bengkulu Air Flood Control Development Work, Bengkulu City FY 2014.

Based on the Audit Result Report in the Context of Calculation of State Financial Losses on the Bengkulu City Bengkulu City Flood Control Development work at Ministry of Public

Works Directorate General of Water Resources SNVT PJSA Sumatra VII Bengkulu Province River and Coastal Activities II Fiscal Year dated November 9, 2015 from BPKP Provincial Representative Bengkulu, the Accused **PT BBU as the provider of these goods/services has enriched the Accused as a corporation and harmed the state's finances in the amount of IDR3,760,170,883.36**. The proceeds from the criminal act of corruption from Implementation of Bengkulu Flood Control Development project for FY 2014 have been transferred/entered by the Goods/Services User into the account of the Accused PT BBU in Bank J Account Number 0011248xxx, so that it is mixed with money that already exists in the account with the aim of hiding and disguising the origin of the assets originating from the crime of corruption in question.

The existence of the act of transferring, transferring money that entered the account number 0011248xxx belonging to the Accused PT BBU at PT The East Java BPD has been mixed and combined with money from other sources, so that it cannot be separated which money comes from the proceeds of corruption in Implementation of Bengkulu Flood Control Development project in Bengkulu City for the FY 2014 amounting to **IDR 3,760,170,883.36** or from other sources.

- That in January 2014, the Accused PT BBU, submits bid documents addressed to the Procurement Working Group through the Website [www.pu.go.id](http://www.pu.go.id), where some of the bid documents submitted are in the form of qualification documents made incorrectly (false).
- After going through the auction process, PT BBU as the executor of Bengkulu Air Flood Control Work in Bengkulu City for Fiscal Year 2014 and was announced as the winner of the auction.
- Subsequently, the signing of a Work Agreement (Contract) for the Construction of Bengkulu Air Flood Control in Bengkulu City FY 2014 with contract value of

IDR9,026,616,200 with implementation period of 240 (two hundred and forty) calendar days starting from April 01, 2014, to December 01, 2014.

- PT BBU through its management, COD as the President Director, submitted an advance disbursement of IDR1,805,323,240 dated April 7, 2014.
- It turned out that the results of the work carried out by the Accused PT BBU based on the results of the Civil Technical Expert Examination Implementation is not in accordance with the contract, but still receives payments as if the work has been carried out to reach 100% and has received a payment of IDR 7,396,056,291.
- The actions of the Accused PT BBU as the provider of these goods/services, has enriched the Accused as a corporation and harmed the state finances in the amount of IDR 3,760,170,883.36.

Money Launderings committed by PT BBU include:

- The amount of funds from Bengkulu City Flood Control Development Project for FY 2014 which has been paid to PT BBU is IDR 7,396,056,291 after deducting VAT and PPh, by transferring to an account belonging to PT BBU at Bank J Main Branch Office Surabaya, account number: 0011248xxx and has been disbursed and received in full by COD as the President Director of PT BBU as the Implementing Contractor. That based on the State Audit Report, the loss amounted to IDR3,760,170,883.36.
- Work on Bengkulu City Flood Control Development Project 3,635,885,407,664
- RN came to the teller to make a transaction from Current Account Number: 0011248xxx belonging to PT BBU is carried out on an RTGS basis by bringing a Bilyet Giro signed by COD.
- Payment of credit loans by direct deduction from account number: 0011248xxx belonging to PT BBU totaled IDR13,293,469,297.85.
- Transfer by RTGS to PT KMA IDR10.050.000.000

- Transfer by RTGS to PT KCS IDR8.240.000.000
- Transfer by RTGS to NH (Blitar) IDR42.500.000
- Transfer by RTGS to PT WKB IDR700.000.000
- Transfer by RTGS to PT RP IDR1.500.000.000
- PT KCS and PT KMA has nothing to do with the work of PT BBU.

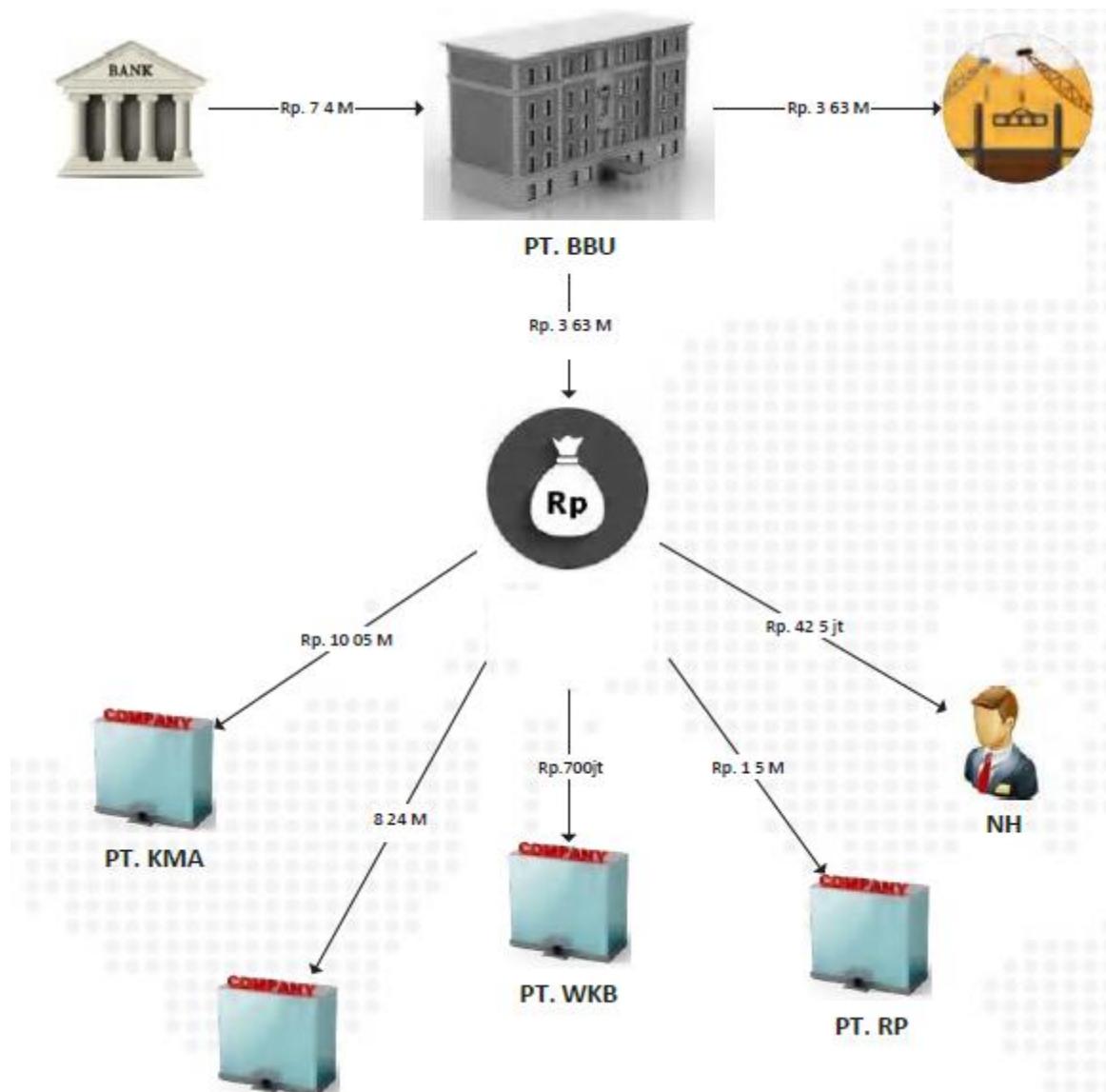


Figure 22 Scheme of Money Laundering Cases Using Corporations

## **B. The Case of Money Laundering from Narcotics Crime**

### **(1) The Convict Case in the name of DY**

DKI Jakarta High Court Number: 57/PID.SUS/2019/PT.DKI

Currently, narcotics cartels are increasingly evolving, starting from producing, distributing, to disguising money from selling drugs. One of them is Fredi Budiman's network narcotics syndicate through DY to launder money from drug sales up to IDR6, four trillion. DY has been proven to have violated Article 137 of Law 35 of 2009 concerning narcotics and Article 3 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. The mode in Money Laundering case is to take advantage of companies engaged in trading and suppliers as importers of a number of goods abroad who then falsify or fictitious invoices to make payments abroad. In addition, DY also operates six fictitious companies, namely PT PSS, PT UJS, PT DJ, PT GU, PT HK, and DV. DY falsified invoices to be able to transact to a number of countries including China, India, Japan, Germany, to Australia. In addition, there are also indications of a link between this money laundering case and online gambling activities involving DY and money changer business. DY used three fictitious companies in online gambling cases in 2016. The three companies were reused by DY in conducting money laundering. The three are PT PS, PT UJ Sejahtera, and PT HCI.

In another mode, DY in conducting Money Changer business does not have a permit and uses several accounts in the names of other people, namely his employees, which are then used to receive money transfers from narcotics ring perpetrators. The employees are asked to go on vacation abroad and open an account, which is then controlled and used for the benefit of DY as a repository for the proceeds of crime.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	DKI Jakarta High Court with number: 57/PID. SUS/2019/PT.DKI	Narcotics	Article 137 letter a RI Law No.35 of 2009 on Narcotics and Article 3 of Money Laundering Law	18 (eighteen) years	IDR1,000,000,000.00 (One billion rupiah)

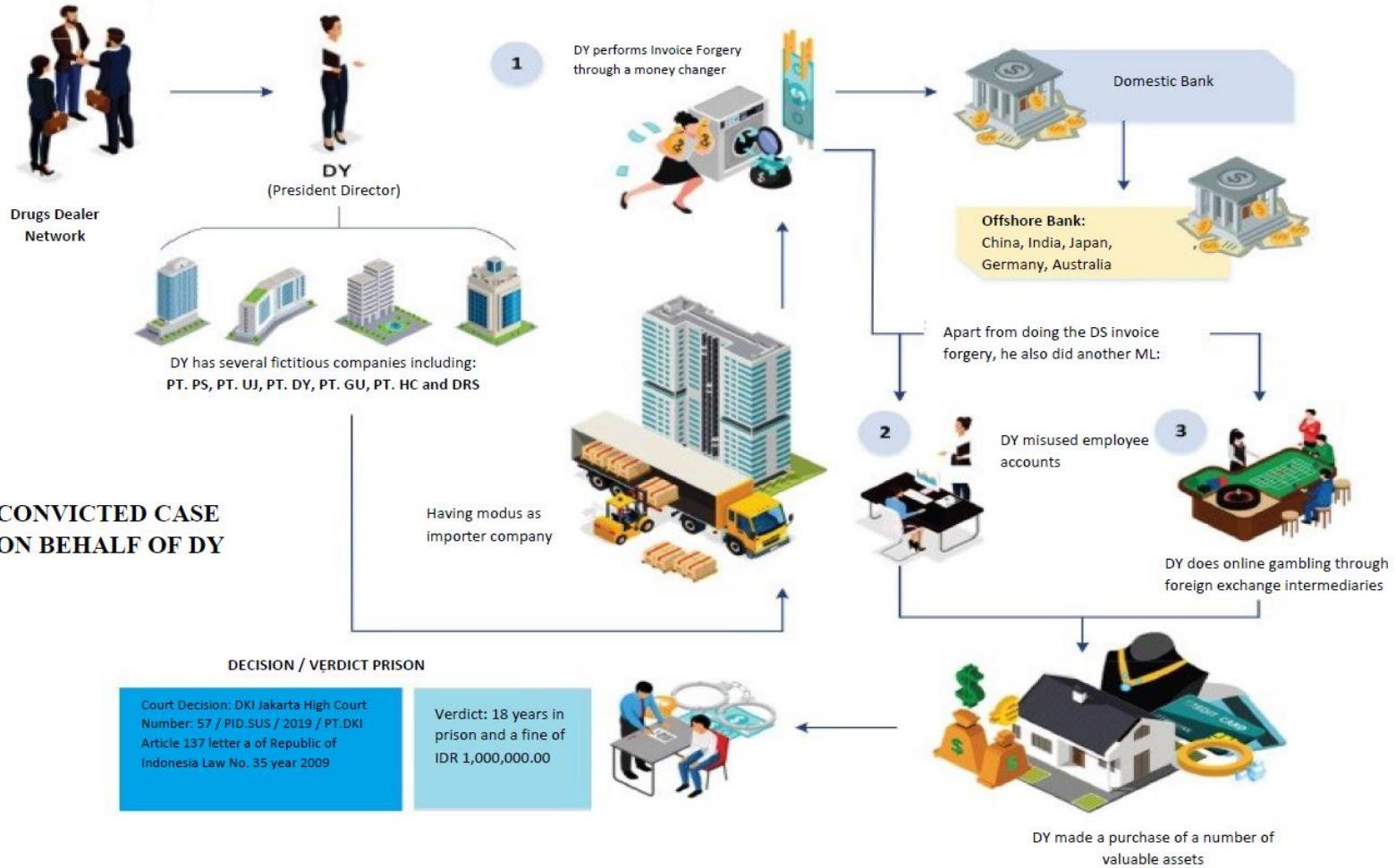


Figure 23 Scheme of the Convict Case in the Name of DY

## **(2) Convict Cases in the name of AA**

Aceh Bireuen District Court Number 62/Pid.Sus/2018/PN Bir

AA is a convict of an international network of narcotics cases. AA was caught by law enforcement authorities related to the problem of circulating 30 kg of methamphetamine weighing 30 kg on Wednesday, March 1, 2017, in Medan, who came from Malaysia and entered the State of Indonesia through Aceh Province to be brought to Medan City, North Sumatra Province.

The case began in February 2017, AA contacted DI to find someone who could bring Narcotics back from Malaysia to Medan and was promised a fee of IDR 35,000,000 per pack to be paid after the goods arrived in Medan. Then DI contacted AA and informed him that there were already parties who could bring Narcotics goods from Malaysia to Medan, namely SL.

DI promises SL will provide a fee of IDR 20,000,000 per pack. Then SL contacted DI and informed him that 30 (thirty) packs of methamphetamine with a gross weight of 30 (thirty) kilograms had arrived in Medan. After that, DI contacted AM and asked to see SL to collect 30 (thirty) packs of methamphetamine with a gross weight of 30 (thirty) kilograms by car. Before it was circulated, AA and his friends were secured by National Narcotics Agency's Law enforcements.

AA conducted narcotics transactions using an account in his own name and uses an account in the name of another person, namely:

1. Account in the name of SN (only mastering ATM)
2. Account in the name of IS (Account Book and ATM Card controlled by AA)
3. Account in the name of AA.

AA conducted narcotics business transactions with Bank A Account Number: 78750xxxxx in the name of AA with the following details:

1. On February 15, 2017, AA received a transfer from witness AM in the amount of IDR10,000,000.00.
2. On February 01, 2017, until March 02, 2017 AA received a transfer from AM in the amount of IDR277,000,000.00.
3. On August 30, 2016, until September 19, 2016 there was money coming in from Bank A account Number: 04303xxxxx in the name of DI IDR175,000,000.00.
4. On January 30, 2017, until May 23, 2017 AA transferred money to Bank A account Number: 78600xxxxx in the name of HT in the amount of IDR2,915,262,000.00 for narcotics business.
5. On October 31, 2016, until December 20, 2016 AA transferred money to Bank A's account Number: 17503xxxxx in the name of MR amounting to IDR1,357,600,000.00 for narcotics business.
6. On August 25, 2016, until October 18, 2016 AA transferred money to Bank A's account Number: 04814xxxxx in the name of FW in the amount of IDR 660,700,000.00 for narcotics business.

AA conducted narcotics business transactions with Bank A Number: 7875xxxxx in the name of IS with the following details:

1. On June 23, 2014, until May 02, 2015 there was a mutation of an account in the form of a cash deposit Via ATM amounting to IDR245,940,000.00 which was the result of the narcotics business.
2. On October 08, 2012 until February 7, 2013 there was a transfer from IS account to Bank A account Number: 78750xxxxx in the name of KI (AA's wife) amounting to IDR48,900,000.00 which was the result of the narcotics business used for daily needs.

3. On October 7, 2013, until January 23, 2017 received a money transfer of IDR 1,411,000,000.00 from Bank A's account Number: 78750xxxx in the name of SN which is the result of the narcotics business.
4. On December 10, 2015, until November 03, 2016 has received a money transfer from Bank A account Number: 78750xxxxx in the name of JN amounting to IDR365,000,000.00.
5. On January 26, 2017, until March 03, 2017 has received a money transfer from Bank A account Number: 78750xxxxx in the name of AM in the amount of IDR150,000,000.00 which is money from the narcotics business.
6. On September 13, 2016, until May 10, 2017 has transferred money to Bank A's account Number: 78750xxxxx in the name of AA amounting to IDR208,670,008,000.00 which is money from the narcotics business.

AA conducted narcotics business transactions using Bank A's account Number: 78750xxxxx in the name of SN and on August 23, 2016, until February 23, 2017 sent/transferred money to Bank A's account Number: 78750xxxxx in the name of AA in the amount of IDR 533,000,000.00.

The benefits that AA gets from the proceeds of the shabu-type narcotics transaction are:

1. The land on which was built is a warehouse of 1,637.10 M2 in the name of Sunardi.
2. Land built for a rented house of 5 (five) doors with an area of 943.10 M2 in the name of AH.
3. A plot of land on which stands the Juang Farma Pharmacy Ruko building in the name of an elementary school with an area of 103 M2
4. A plot of land on which a building is built in the form of a warehouse with a land area of 643.30 M2 in the name of NM.

5. A plot of land on which a residential building stands with a land area of 878.80 M2 in the name of AH;
6. 1 (one) car in the name of AN;
7. 1 (one) car in the name of NM;
8. 1 (one) car in the name of the Republic of Indonesia;
9. Business ventures in Medan and Malaysia.

NO	<b>COURT DECISION</b>	<b>CRIME</b>	<b>ARTICLE</b>	<b>PENAL</b>	
				<b>PRISON</b>	<b>PENALTY</b>
1	Bireun Aceh District Court Number 62/Pid.Sus/2018/ PN Bir	Narcotics and Money Laundering	Article 114 paragraph 1 Jo Article 132 paragraph (1) of Law No. 35 of 2009 and Article 3 Jo. article 3 Jo article 10 of RI Law No. 8 of 2010 on Prevention and Eradication of Money Laundering	5 and 20 years	IDR 3,000,000,000 (three billion rupiah) and IDR 1,000,000,000 (one billion rupiah)

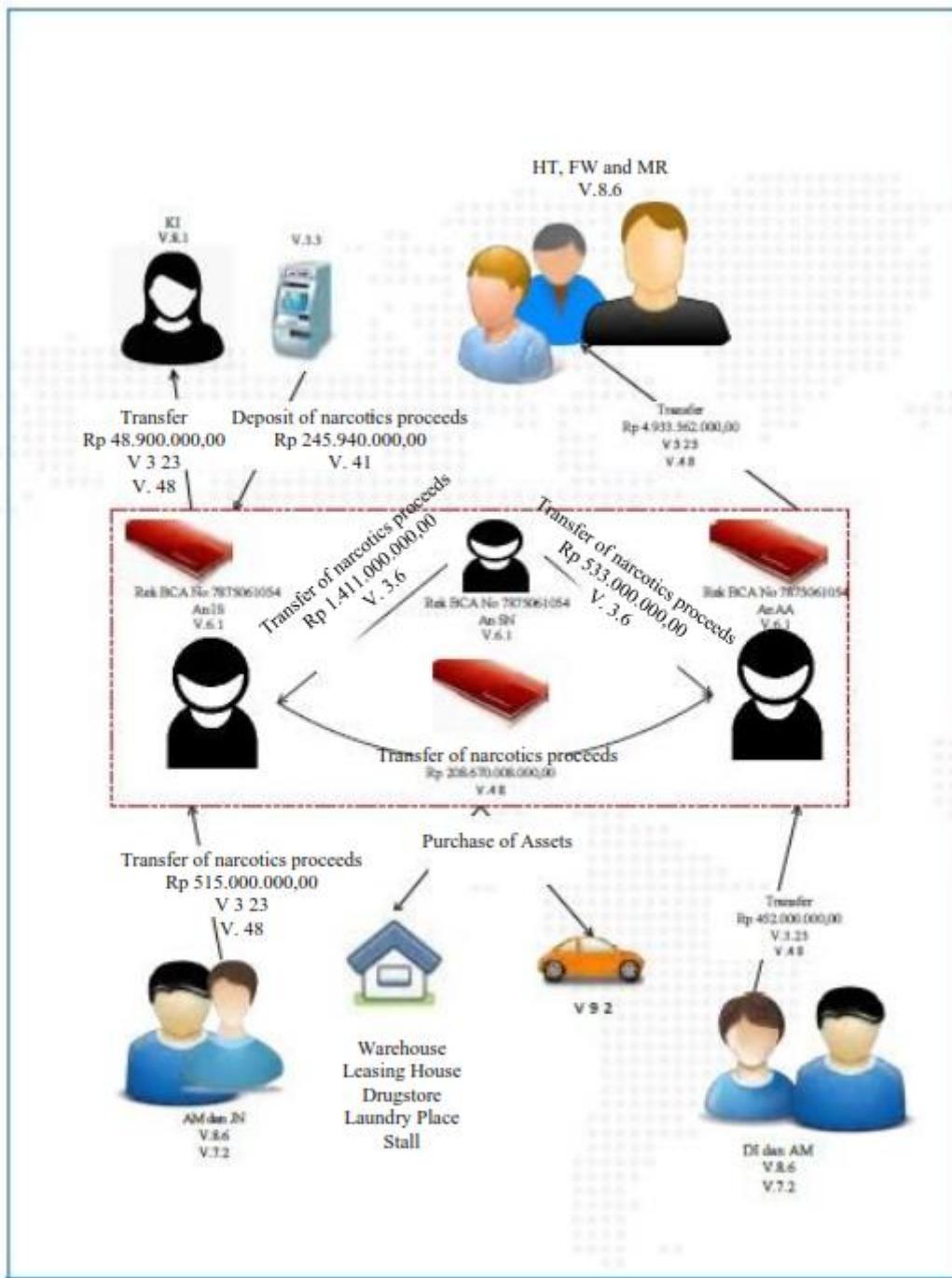


Figure 24 Scheme of Convict Cases in the Name of AA

### (3) Convict Cases in the name of LB

West Jakarta District Court Number 1745/Pid.B/2018/PN Jkt.Brt

In 2015 to 2017, located at PT. GSA West Jakarta, LB together with TTA, AAS and AY committed, ordered to do, participated in unlawfully and unlawfully, placed, paid or spent,

deposited, exchanged, concealed or disguised, invested, kept, granted, bequeathed, and/or transfer money, property and objects or assets in the form of movable or immovable objects, tangible or intangible originating from Narcotics crime and or Narcotics precursor crime.

LB as the owner uses several corporations (public company/PT), including;

1. PT PE (LB as President Director from 2006 to 2018).
2. PT GSA (a company engaged in the export and import trading of copper and mining products, and LB served as President Director from 2011 to 2018).
3. PT PCM from 2011 to 2015 (a company engaged in the export and import of precious metals).

LB is also a shareholder in the company, among others:

1. PT ALP (20% shareholder).
2. PT ASP (60% shareholder).

The accounts owned/controlled by LB in these companies include:

1. Bank A's account in the name of PT GSA.
2. Bank A's account in the name of PT PCM.
3. Bank A's account in the name of PT PE.

Where the accounts that are under the control of the LB above have received transfers of money from the TTA account, this TTA account is controlled by AAS (Iranian citizen who is a Narcotics case convict in Tangerang Prison). Where money that goes into the account in the name of the company mentioned above by LB is bought by Vallas. The proceeds obtained by LB from receiving money transfers from the narcotics business proceeds are hidden or disguised by investing in property or assets, whether in the form of movable or immovable objects, tangible, or intangible.

### **a. Predicate Crime**

INNA members arrested LB, namely RE, RT and the team on Friday, May 25, 2018, at around 12.00 WIB at the PT PE in West Jakarta because around 2015 to 2017, it was located at PT GSA, PT PE and PT PCM has received money transfers from the proceeds of narcotics Crime.

### **b. Money Laundering**

Using an account in the name of the company to accommodate or place assets resulting from narcotics Crime with the aim of hiding or disguising the origin of assets resulting from criminal acts.

1. Money received by LB from the TTA account to the account in the name of the company (PT) which is the proceeds from the narcotics business is as follows:
2. To the account of PT PCM total money that came in was approximately IDR 11,050,000,000 (Eleven Billion and Fifty Million Rupiah).
  - To the account of PT GSA total money that came in was approximately IDR 3,375,000,000.00 (Three billion three hundred and seventy-five million rupiah).
  - To the account of PT PE total money that comes in is approximately IDR 1,800,000,000.00 (One Billion Eight Hundred Million Rupiah).

Money that goes into the account in the name of the company mentioned above by LB is then bought in foreign currency.

3. LB also transferred money that came into PT PCM with a total amount of IDR28,265,183,759 to an account in the name of LB in 2015.
4. LB also transfers or transfers back money in the company account of PT PCM, PT GSA, and PT PE to AY's account in 2017 amounted to IDR93,582,186,538.

The proceeds obtained by LB from receiving money transfers from the narcotics business are hidden or disguised by investing in the form of property or assets, either in the form of movable or immovable objects, tangible, or intangible, among others as follows:

- A house in West Jakarta which LB bought in 2017 for IDR2,600,000,000 in the name of NT;
- Shophouse in West Jakarta which was purchased in 2014 at a price of IDR 8,000,000,000.00 in the name of the KK;
- 1 car unit was purchased in 2017 for IDR650,000,000.00;
- One unit of white car was purchased in 2018 for IDR 170,000,000.00 in the name of PT. GSA
- One car unit was purchased in 2018 for IDR 50,000,000.00.
- One car unit was purchased in 2017 for IDR 135,000,000.00 in the name of PT. GSA.
- One car unit was purchased in 2016 for IDR 297,000,000.00 in the name of PT. GSA
- One car unit was purchased in 2012 for IDR 230,000,000.00 an PT. PE.
- One car unit was purchased in 2017 for IDR200,000,000 in the name of PT.GSA
- One unit of motorcycle was purchased in 2015 for IDR35,000,000 in the name of LB.
- Cash in the safe with a total amount of IDR 3,923,836,164.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	West Jakarta District Court Number 1745/Pid.B/2018/ PN Jkt.Brt	Narcotics and Money Laundering	Article 137 letter b of RI Law No. 35 of 2009 on Narcotics and Article 5 of RI Law No. 8 of 2010 on Prevention and Eradication of Money Laundering	2 years 6 months	IDR 50,000,000

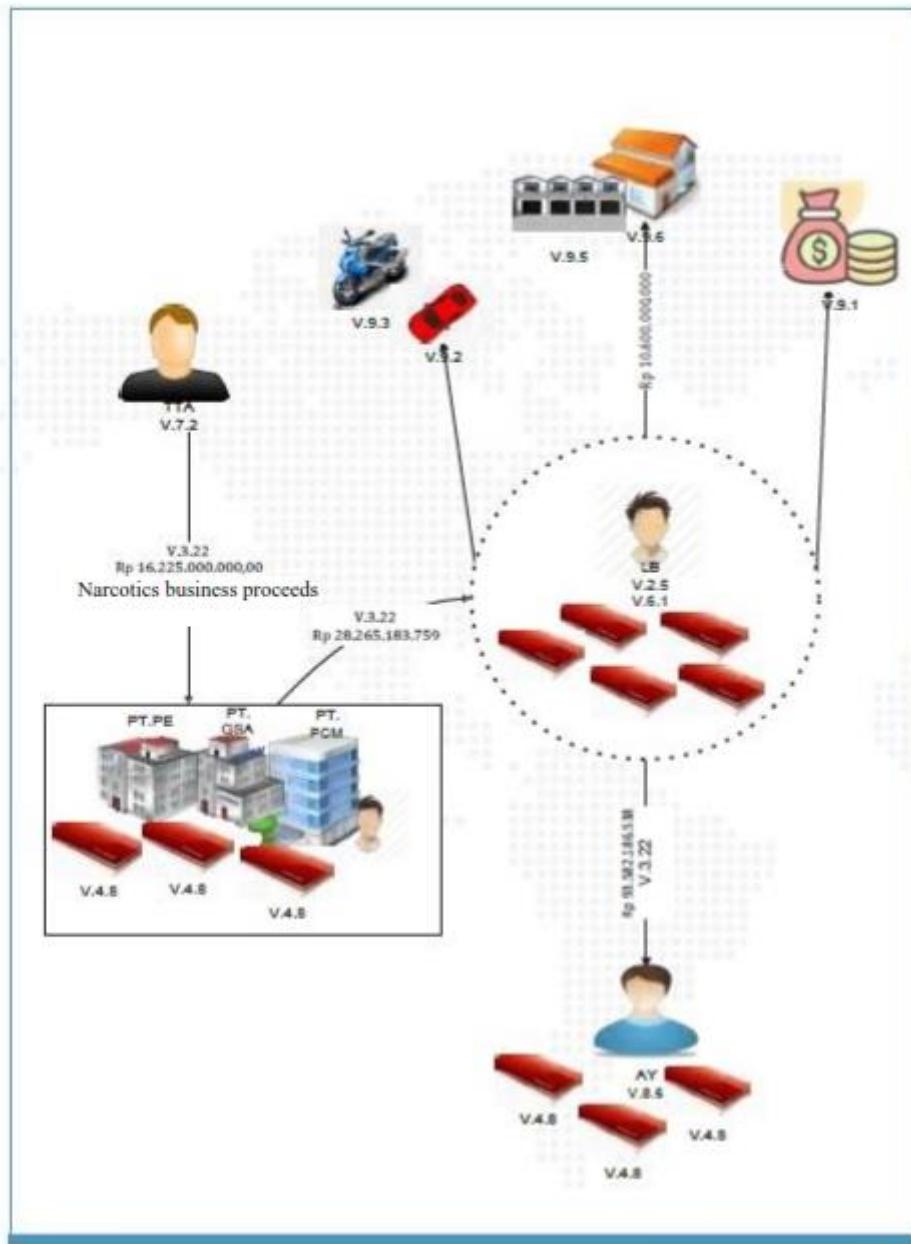


Figure 25 Scheme of Convict Cases in the name of LB

#### (4) Convict Cases in the name of TGM

Central Jakarta District Court Decision Number: 798/Pid.Sus/2016/PN Jkt.Ps

The Accused TGM is a Managing Director of PT Haniya Khan Shaza Haji and Umrah (HK), a company engaged in the tour and travel sector, which was founded with his colleague Muhamad Mueen Chisti (MMC). Although PT HK was established as a company in the field of tour and travel, since PT HK was established in 2014 PT HK has never had any Hajj and

Umrah departure activities or other activities in the field of tour and travel as referred to in the Deed of Establishment of the Company Number: 99 dated 27 August 2014 Together with another partner, namely Kamran Muzaffar Malik (KMM), TGM and MMC then established a company engaged in money transfers which was located in the same location as PT HK. The company does not have the status as a legal entity so that it does not obtain a permit from Bank Indonesia.

TGM account was continually active in receiving and transferring funds from several people. It is known that these accounts are controlled by the Accused together with MMC and KMM. Meanwhile, after receiving the transfer of funds, the Accused withdrew the cash and then exchanged it into US dollars. When the amount of USD100,000 - USD300,000 had been collected, money was taken abroad through a money transfer company managed by the Accused.

#### **a. Predicate Crime**

The Accused participated in the distribution of narcotics by accepting the transfer of money as payment for narcotics.

#### **b. Money Laundering**

1. In running the remittance service that the Accused managed together with MMC and KMM, the Accused received a transfer of funds from several other parties, which was then withdrawn in cash and exchanged in US Dollars and taken abroad through the Accused's company and his partner.
2. The Accused together with his partner controlled several internet banking accounts and passwords, both in personal names and in other people's names, namely:

- Account in the name of ERNAWATI (E)
- Account in the name of DWI OETAMI KAMHAR (DOK)
- Account in the name of MUHAMMAD ABU FATHI ASIDIQ (AFA)

- Account in the name of PT ALFAN KAROMAH UTAMA (AFU)
- Account in the name of RIFATUN NUR KHAIRANI (RFK)
- Account in the name of MUEEN MOHAMMAD CHISTHI (MMC)

3. Transactions on the account in the name of E:

- Received IDR20,344,000 from a.n MMC account

4. Transactions on accounts in the name of AFA:

- Receiving IDR 3,000,000 from an account in the name of E
- Receiving and transfer funds from TGM account amounting to IDR2,055,214,960
- Receiving a fund transfer from TGM in the amount of IDR 570,000,000
- Receiving a transfer from AJ amounting to IDR4,815,565,000
- Receiving a transfer of funds from DK controlled by AJ amounting to IDR3,376,020,000; IDR 57,600,000; IDR13,475,000
- Receiving a fund transfer from an IR controlled by AJ in the amount of IDR151,041,000
- Receiving a fund transfer from LR which was controlled by MD in the amount of IDR35,000,000
- Receiving a transfer of funds from the SD controlled by AJ amounting to IDR252,627,000
- Receiving and transfer funds from/to TGM in the amount of IDR2,055,214,960
- Receiving a fund transfer from RH which was controlled by MD in the amount of IDR 20,000,000
- Transferring between AFA accounts amounting to IDR240,098,000
- Transferring to MMC amounting to IDR116,000,000
- Receiving and transferring funds from/to an account in the name of RNK in the amount of IDR2,267,636,666

5. Transactions on accounts in the name of DOK:

- Receiving IDR75,000,000 from an account in the name of E
- Receiving a fund transfer of IDR 8,486,789,930; IDR 37,600,000 from AJ bank account
- Receiving a transfer of IDR267,517,000 from an SD account controlled by AJ
- Receiving a fund transfer of IDR112,095,000 from an IR account controlled by AJ
- Receiving a transfer of IDR 3,362,118,000 and IDR 802,294,000 from the account DK controlled by AJ
- Receiving and transferring funds from/to AKU's account worth IDR 3,383,000,000
- Receiving and transferring funds from/to account Y in the amount of IDR 336,220,000
- Receiving and transferring funds from/to the AK account in the amount of IDR 105,000,000; IDR 139,950,000; IDR 349,900,000

6. Transactions on accounts in the name of TGM:

- Receiving IDR 5,200,000 from an account in the name of E
- Receiving a fund transfer from a DOK account in the amount of IDR21,690,000; IDR 100,000,000
- Receiving and transferring funds to AFA's account in the amount of IDR 1,499,900,000; IDR713.705.300
- Receiving a fund transfer from RNK's account worth IDR26,806,300
- Transferring and receiving funds between the accounts of MMC and the Accused TGM amounting to IDR1,842,448,000; IDR1,662,448,000
- Transferring funds to CV (money changer) and VAM (money changer) accounts in the amount of IDR 5,841,606,250,000 and IDR 327,400,000

7. Transactions on PT AGV accounts

- Withdrawing cash in the amount of IDR 8,000,000
- Cash deposit amounting to IDR600,000,000
- Cash deposit amounting to USD50,100
- Cash withdrawal amounting to USD34,050

8. Transactions on PT AKU accounts

- Receiving a fund transfer from AJ's account worth IDR 1,460,520,000
- Receiving a transfer of funds from RH accounts worth IDR4.950.000
- Transferring to account Y worth IDR41,800,000

9. Transactions on RNK accounts

- Receiving funds from an account in the name of AJ in the amount of IDR 816,340,000
- Receiving a fund transfer from account Y amounting to IDR757,700

10. Transactions on MMC accounts

- Transferring funds to an MS account in the amount of IDR 94,000,000
- Receiving and transferring funds from/to AW accounts in the amount of IDR 100,000,000
- Receiving a fund transferring from Y in the amount of IDR52,500,000
- Transfer funds to AK's account amounting to IDR15,000,000
- Receiving a fund transfer from HR in the amount of IDR40,000,000
- Receiving a fund transfer from NL amounting to IDR40,000,000

11. Money that has been entered into the account of the Accused TGM is withdrawn in cash

and then exchanged into US dollars or transferred to a money changer account to be

exchanged for US dollars and after that it is collected up to USD100,000 to USD300,000, then taken abroad by TGM , E, AW, and FA

12. From money transfer business proceeds, the Accused TGM bought:

- One car unit
- One unit of motorcycle
- Laptop and HP

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	798/ Pid.Sus/2016/ PN.Jkt.Pst.	Money Laundering	Article 5 of Law Number 8 of 2010	3 (three) years 6 (six) months	-

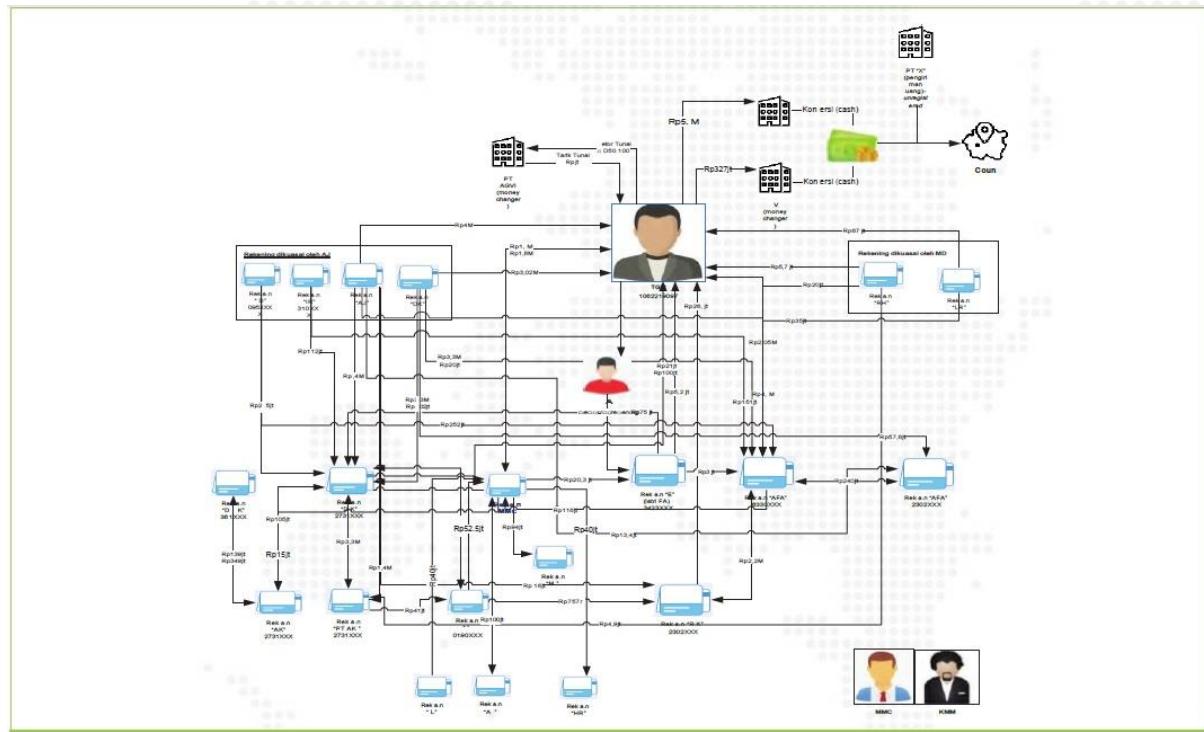


Figure 26 Scheme of Convict Cases in the Name of TGM

## **C. Money Laundering Cases from Narcotics Crime and Suspicious CBCC Implementation**

### **Convict Cases in the name of NL**

Tangerang District Court Number: 318/Pid.Sus/2019/Pn.Tng

That Nina Liando (NL) while working at PT Miki Intervalas and PT Totalindo Inti Valas which was engaged in Money Changer belonging to the Accused's brother named Mr. Achad Hakim which was used as a means of receiving and making transfers originating from narcotics crime, where the Accused had received a transfer in the form of money through an account both in the name of NL and in the name of another person controlled by NL from November 2010 to July 2018. That the Accused received money through the BCA account Number 5885085536 in the name of Nina Liando which was controlled by himself and had received money from the following parties:

1. Ferry Siswanto (account controlled by Chan Sze Ngai) a convict of money laundering proceeds from narcotics network Chandra Halim alias Akiong amounting to IDR645,961,975.
2. Piter Chandra, a convict of money laundering proceeds from narcotics network Chandra Halim alias Akiong, amounting to IDR 2,174,680,000.
3. Lisan Bahar, a convict of money laundering proceeds from narcotics, amounting to IDR4,296,722,000.
4. Marissa Navratilova, CV Cajya Mulia (account controlled by Pieter Chandra), a convict of money laundering proceeds from narcotics network Chandra Halim alias Akiong, amounting to IDR7,843,250,000.
5. PT Surya Indo Jaya (account is controlled by Chandra Halim alias Akiong), a Convict narcotics case with a death penalty of IDR629,600,000.

6. Hasan Basri (account controlled by Haryanto Chandra alias Gombak), a narcotics convict in the amount of IDR197,500,000.
7. Ferry Siswanto (account controlled by Chan Sze Ngai alias Calvin) a convict of money laundering proceeds from narcotics amounting to IDR3,251,291,458.

## **Money Laundering**

1. Starting from the arrest of Nina Liando on Friday, July 27, 2018, at the Customs Office of Soekarno Hatta Airport, where NL had just returned from Singapore with the aim of getting medical treatment, but the person in question was proven to have brought money into Indonesia in cash in Singapore Dollar denominations in SGD 1000 denominations. as many as 2,166 pieces hidden in the suitcase and did not make a declaration of carrying cash on the grounds that the contents of the suitcase were in the form of books.
  2. Mr. Achad Hakim and Nina Liando are known to have legal Money Changer businesses under the names PT Miki Intervalas and PT Totalindo Inti Valas which are used as a means to receive and make transfers related to narcotics business activities and use accounts, both in their own names and those of others and companies in several bank accounts, namely Bank Central Asia, Bank Mandiri, Bank OCBC, Maybank, Mayapada and Bank Negara Indonesia.
  3. The accounts controlled by NINA LIANDO and the Accused were not only used to receive money transfers from people involved in the narcotics trafficking network but were also used to transfer money from one account to another. Which is then sent abroad through the bank. In addition, NINA LIANDO and the Accused often transferred their money from one account to another account under their control as well as to other people's accounts with the excuse (camouflage) of exchanging money.
1. So far, NINA LIANDO and the Accused have done the act as described above, they have benefited, namely money that is still in the bank account.

2. s NINA LIANDO and Achad Hakim in concealing the origin of their assets in addition to using and controlling accounts in the name of other people, they also intentionally act in the name of others for their assets.
3. In addition, NINA LIANDO and the Accused also established several companies that did not have any activities but were only used as a cover and the company's accounts were used as a medium for transferring money.
4. Money resulting from narcotics crime is stored in accounts in the name of money Changer company, in the suspect's personal name and in the name of another person and then used for the business of buying and selling foreign currency and mixed with money from the proceeds of the sale and purchase of foreign currency that has been running and assets purchased using the proceeds of narcotics can be categorized as proceeds of crime.
5. The actions of s NINA LIANDO and Achad Hakim in the form of using money Changer company as a means to receive and make transfers related to the sale and purchase of narcotics and using company accounts or other people's names to accommodate assets resulting from narcotics Crime, using assets resulting from narcotics Crime to buy a vehicle or asset in someone else's name and to mix a legal forex company with narcotics trading activities so that the business activity of buying and selling foreign exchange is seen and generates profits that seem to come from legitimate activities including in the modes or typology of acts Money laundering (mingling) is the mixing of assets resulting from criminal acts with legitimate businesses or activities.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	Tangerang District Court Number: 318/Pid.Sus/2019/Pn.Tng	Narcotics and Money Laundering	Article 137 letter a of Law Number 35 of 2009 on Narcotics Jo. Article 55	1 (one) years and 6 (six) months	IDR 100,000,000

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
			paragraph 1 of Indonesian Penal Code and Article 5 Law Number 8 of 2010		

#### a. NL Penalty Sanctions

Based on the results of the prosecution in the form of a fine by Directorate General of Customs and Excise against Nina Liando for carrying cash in the amount of SGD 2,195,000 and reported to INTRAC as a Suspicious CBCC report for violating Article 34 paragraph 1 of Law No. 8 of 2010 on ML.

#### D. Money Laundering Cases from Tax Crime

##### (1) Convict Cases in the name of IRW

West Jakarta District Court, Case No. 337/Pid.Sus/2020/PN.Jkt.Sel

The Accused IRW as Director of Finance and Operations of PT. DC (construction service provider and as a sub-contractor). In carrying out its activities PT. DC bought goods that had no Value Added Tax (VAT), no tax invoice so that the VAT paid was large, IRW then ordered YN as a consultant to PT. DC to find a tax invoice that can be used to reduce the VAT that should be paid. Upon this request, YN ordered tax invoices to HRW, GS, and HDW.

IRW uses tax invoices that are not based on actual transactions with a purchase price of 25% of the value of VAT that should be paid to the State. That the mechanism for paying the tax invoice which is not based on the actual transaction is that the Accused ordered BM to open two checks, the first check was to pay the purchase of VAT which was not based on actual transaction, the value of which was 25% of the value of VAT that had to be/underpaid to be

handed over to YN, and the second check whose value is 75% of VAT value that must be/underpaid is held by the Accused;

That the Accused to disguise as if there was an actual purchase transaction in activity of using this illegal tax invoice, the Accused made a proof of payment voucher (as if to pay for the purchase of goods) accompanied by a check and bilyet giro (BG) of PT. Dutasari Citralaras.

The check and BG are equal to DPP (Basic for Imposition of Taxes) plus VAT.

That during period from January 2010 to December 2011, PT. DC credits input tax invoices that are not based on actual transactions (no purchases of goods and/or services) in the Tax Return (SPT) Period of Added Tax (VAT), namely tax invoices in the name of several companies.

That as a result of the actions of the Accused who bought and used the tax invoice, which was not based on the actual transaction, it resulted in a loss of state revenue of IDR 10,254,308,910 (ten billion two hundred fifty four million three hundred eight thousand nine hundred and ten rupiah);

That money obtained by the Accused from the proceeds of a criminal act in the field of taxation by using a tax invoice that is not based on actual transactions in 2010-2011. Used by the Accused to purchase assets in the form of property is an attempt to disguise the origin of wealth.

#### **a. Predicate Crime**

- PT. DC in carrying out its activities as a provider of construction services and subcontractors buys goods for which there is no Value Added Tax (VAT), there is no tax invoice so that the VAT must be paid up.
- The Accused IRW then ordered YN as a consultant to PT. DC to find a tax invoice that can be used to reduce the VAT that should be paid. YN gets a monthly honorarium, one of which is a check/money of IDR 125,000,000

- The tax invoice that was not based on the actual transaction was purchased by IRW for 25% of VAT with the payment mechanism being that the Accused ordered BM to open two checks/underpayment is submitted to YN, and the second check whose value is 75% of the value of VAT that must be/underpaid is held by the Accused
- That the Accused credited the input Tax Invoice which was not based on the actual transaction which had never issued and reported the output Tax in the name of PT. DC;
- That the Accused to disguise as if there was a real purchase made a fictitious proof of payment related to the tax invoice which was not based on the actual transaction, the proof of payment was approved by MS. Most of the fictitious payment receipts have disbursement of money, but they are not paid to the supplier.
- That the South Jakarta Pratama Tax Service Office once submitted an appeal letter to correct the VAT period SPT in the name of PT. DC to correct the 2013 VAT Period SPT for crediting the input tax invoice indicated as an invalid tax invoice issuer.
- That the Accused's actions intentionally issued and/or used tax invoices, evidence of tax collection, evidence of tax deductions and/or evidence of tax payment which are not based on actual transactions, constitute a tax crime.

## **b. Money Laundering**

- That the Accused IRW as Director of Finance and Operations of PT. DC and shareholders credited invalid tax invoices obtained from the issuer of tax invoices that were not based on actual transactions which were used to reduce the VAT that should have been paid by PT. DC for the purchase of goods for which there is no Value Added Tax (VAT).
- That the purchase price of the tax which is not based on the actual transaction is 25% of the value of VAT that should be paid to the State. The payment mechanism is to open two checks, the first check to pay for the purchase of VAT which is not based on the

actual transaction, and the second check whose value is 75% of the value of VAT that must be/underpaid by the Accused.

- That the Accused to disguise as if there was an actual purchase transaction in activity of using this illegal tax invoice, the Accused made a proof of payment voucher (as if to pay for the purchase of goods) accompanied by a check and bilyet giro (BG) of PT. Dutasari Citralaras. The check and BG are equal to DPP (Basic for Imposition of Taxes) plus VAT
- That the checks and BG were never received and disbursed for companies issuing tax invoices which were not based on the actual transaction but were disbursed into the account of another company owned by the Accused, namely PT. DKJ, cash disbursed and disbursed to the Accused's personal account
- That during period of the crime in taxation, the person concerned purchased assets in the form of property, namely the Sunter Park View Apartment (14 apartment units and 1 kiosk unit), Centerpoint Bekasi Apartment (15 apartment units and 1 kiosk unit) and 1 kiosk unit, Sudirman Suite Apartment (1 unit) by means of payment in cash and also by transfer using the Accused's personal account and the account of PT. DKJ
- That some of the apartments purchased by the Accused have been resold and/or returned by the Accused to the developer/manager. The Accused received a refund from the developer (unpaid status) through the Accused's account and partly in cash with a total received of IDR4,648,5562,776.
- That the Accused's actions in placing, transferring and spending money which he knows or reasonably suspect is the proceeds of a tax crime by using/crediting tax invoices which are not based on actual transactions are with the intention of disguising, concealing and obscuring the origin of money he obtained from the proceeds criminal acts in the field of taxation, namely the proceeds from the sale of fictitious tax invoices or tax invoices that are not based on actual transactions constitute a Money Laundering.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	West Jakarta District Court, Case No. 337/Pid.Sus/2020/PN.Jkt.Sel.	Taxation and Money Laundering	Article 39 A letter a Jo Article 43 Law Number 28 of 2007 and Article 3 Law Number 8 of 2010	5 years 6 months	IDR20,5 billion

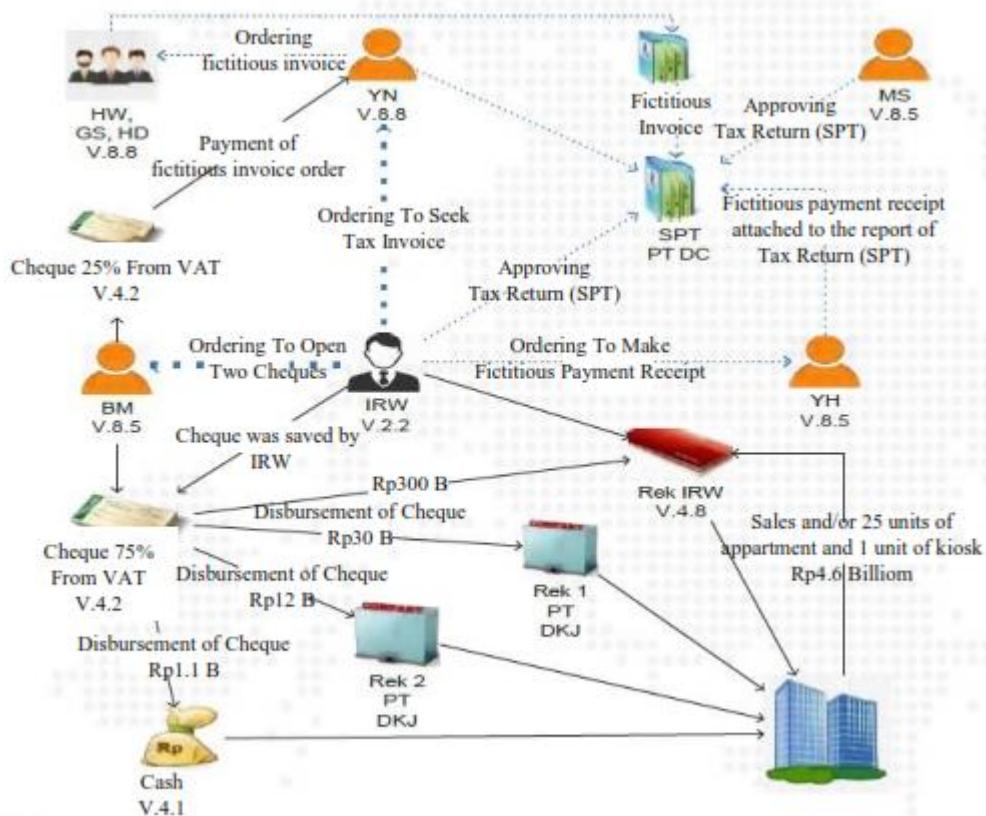


Figure 27 Scheme of Convict Case in the name of IRW

## (2) Convict Cases in the Name of LH

West Jakarta District Court, Case No. 337/Pid.Sus/2020/PN.Jkt.Sel

In 2011-2013 and 2016-2018, LH became an intermediary for the issuance of tax invoices that were not based on actual transactions (TBTS) from Issuing Company to the User Company, or

also known as Fictitious Invoice, due to the absence of real goods delivery transactions on the goods written in invoice.

Issuance of tax invoices is meant by acting as an intermediary in selling the fictitious tax invoices to user companies to be credited by user companies in the VAT Period SPT as input tax invoices with the intention of reducing the VAT payment that should be paid to the State.

Invoices sold by LH were obtained from sixty-five companies by buying from HP, DP, MA, AS and SM for 12.5% of the VAT price which was ordered from agents/sales (PRM, ES, SK, LK, NP, BP, and SGT) to be used by 36 (thirty-six) user companies which LH sells for 17.5% of the value of VAT.

On the sale of the tax invoices, LH obtains a profit or fee of 2.5 to 5% of the difference between the purchase price and the sale, the purchase transaction and the resale of the tax invoice are carried out by LH in cash or by transfer to the Accused's account. LH at Bank ABC account number 70300055815.

That the Accused has caused state revenue losses, namely the amount of VAT that has been issued and used by user companies, which is IDR235,536,504,798 (two hundred thirty-five billion five hundred thirty-six million five hundred four thousand seven hundred ninety-eight rupiah)

For his actions, namely issuing tax invoices that are not based on actual transactions by being an intermediary selling to user companies, is an act of committing a crime in the field of taxation. That in 2011 to 2013 the Accused had placed, transferred, and spent assets in the form of property in the form of houses and plots of land as well as several units of cars with the intention of hiding and obscuring the origin of money he got from the proceeds of criminal acts in the field of taxation, namely the sale of invoices. -Fictitious tax invoices or tax invoices that are not based on actual transactions.

### **a. Predicate Crime**

- That in 2011 to 2018 the Accused did receive money from people who ordered the Accused to issue a Tax Invoice Not Based on an Actual Transaction, or also known as a Fictitious Invoice.
- In carrying out the marketing activities of the TBTS Tax Invoice, the Accused was assisted by a third party who acted as an invoice agent/salesperson
- That some of money the Accused gave to people who helped the Accused in making Tax Invoices, making Periodic VAT SPTs and who were the owners of companies that issued Tax Invoices Not Based on Actual Transactions so that the Accused's property actually belonged to approximately 1, 5% to 3% of the value of VAT on the Tax Invoice Not Based on the Actual Transaction issued;
- That the Accused received money from people for the compensation that the Accused received for submitting a Tax Invoice Not Based on Actual Transactions according to the order by transfer to ABC Bank account number 7030055815 belonging to the Accused
- then the Accused also distributed to the people who helped issue Tax Invoice Not Based on the Actual Transaction by means of the Accused transferring from the Accused's account;
- That in 2011-2013 and 2016-2018, the LH act as an intermediary for the issuance of a tax invoice that was not based on an actual transaction (TBTS) was an act of committing a crime in the field of taxation.

### **b. Money Laundering**

- That in 2011 to 2018, The Accused earned income as a broker at a tour and travel service bureau and sold cloth, besides that the Accused earned income by helping to issue Tax Invoices Not Based on Actual Transactions.

- The Accused has made a transaction using a banking account in his personal name with the aim of being a shelter/placement of funds proceeds from sales of Tax Invoices Not Based on Actual Transactions (TBTS) from agents/sales of TBTS Tax Invoices.
- As a result of committing this crime in taxation sector, the Accused has obtained assets in the form of money which was entered into a bank account in the name of the Accused by agents/sales of the TBTS Tax Invoice;
- In his account, the Accused also deliberately mixed money from marketing the TBTS Tax Invoice with the proceeds from the business of trading cloth and brokering the tour and travel service bureau.
- Account data used as a shelter/placement of funds from the sale of TBTS Tax Invoices from agents/sales is ABC Bank account with Number 7030055815 in the name of Lukmanul Hakim (The Accused);
- The amount of funds that have been placed by agents/sales of the TBTS Tax Invoice on the orders of the Accused into the personal account of the Accused in period January 2011 to December 2018 is at least IDR 24,973,386,751;
- That those who ordered the Accused to issue a Tax Invoice Not Based on Actual Transaction (TBTS) sometimes the Accused received compensation in the form of cash, and some were in the form of giro which the Accused then disbursed.
- Furthermore, the proceeds from the crime of issuing the TBTS Tax Invoice which were already in the Accused's account were then transferred to the accounts of other parties, mostly to be given to the owners of the companies used to issue the TBTS Tax Invoices of at least IDR 13,328,510,600.
- That the Accused's share of money was used by the Accused to buy a car, gold, bag, dollar, etc., but currently the Accused no longer owns a car, gold, bag, dollar, etc., because the Accused has used it to fulfill his daily needs and other family needs. The

other part is spent in the form of property and vehicles with the intention of hiding and sowing the origins of money obtained from the proceeds of criminal acts in the field of taxation, namely:

1. Purchase of several units of cars whose payments were made on credit from the Accused's account or in cash. Of the several cars the Accused bought, the remaining Toyota Kijang Innova with Police Number B 2022 BBE in the name of Deny Selpiani who is the stepdaughter of the Accused who was purchased in cash.
2. Land and building assets Number: 697/SP/DMB-III/X/2013 dated October 30, 2013, located at Jalan Bedugul III Blok NF No. 7, Kalideres, West Jakarta.
3. Land assets Number: 696/SP/DMB-III/X/2013 dated October 30, 2013, which is located at Jalan Bedugul III Blok NF No. 6, Kalideres, West Jakarta.

The purchase of the two properties mentioned above by the Accused has been repaid in stages with the purchase value amounting to IDR 5,710,000,000, and both properties are in the name of the Accused's wife. Most of money to buy assets from Lusiana was the result of the Accused's involvement in issuing Tax Invoices Not Based on Actual Transactions from 2011 to 2013.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	West Jakarta District Court, Case No. 1813/ Pid.Sus/2019/ PN.Jkt.Brt	Taxation and Money Laundering	Article 39 A letter a Jo Article 43 of Law Number 6 of 1981 and Article 3 of Law Number 8 of 2010	6 years	IDR250,000,000

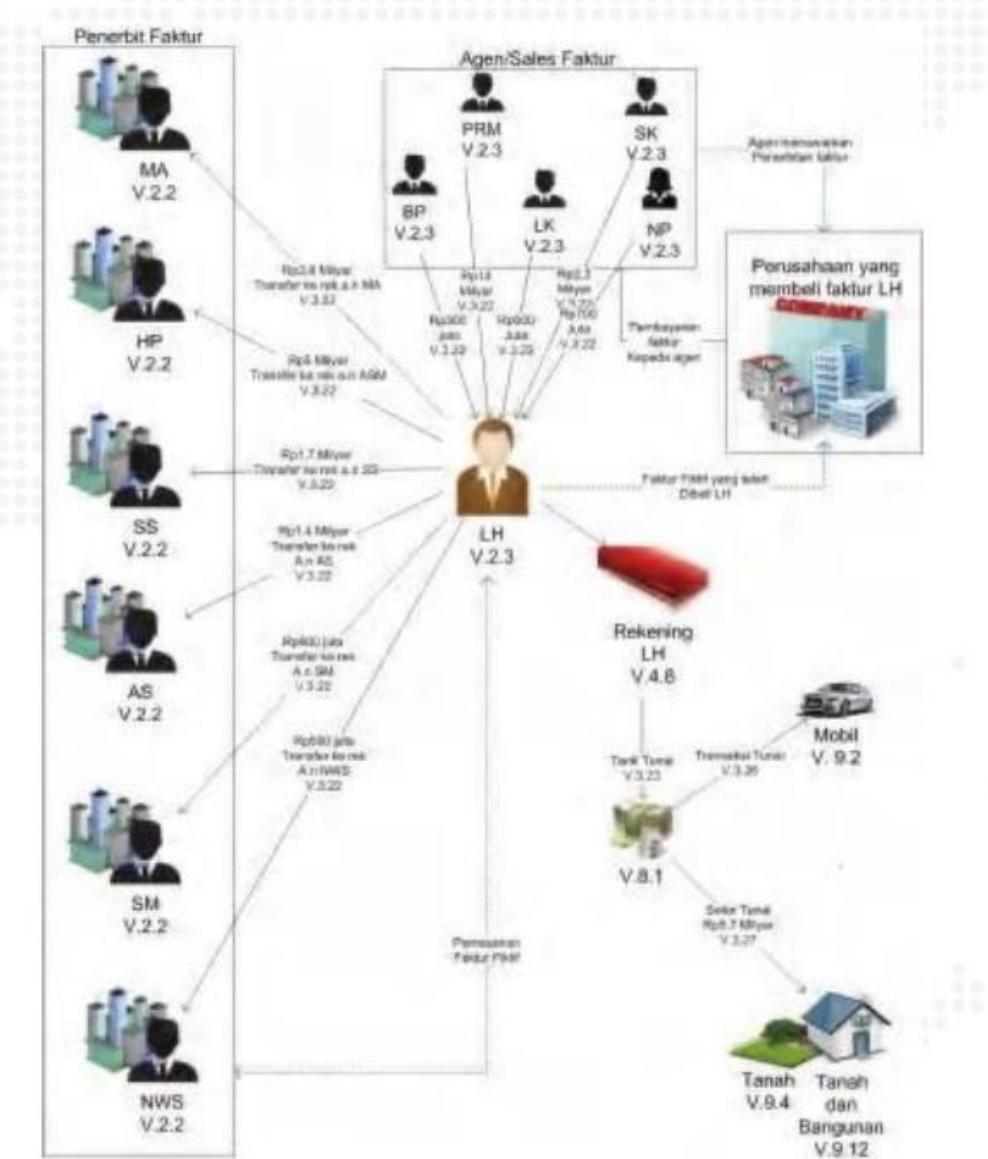


Figure 28 Scheme of Convict Case in the Name of LH

## E. The Case of Money Laundering Proceeds from Crime of Excise

### (1) The Convict Case in the name of JKS

Central Jakarta District Court Number 248/Pid.Sus/2018/PN.Jkt.Pst,

- That the Customs Investigative Team arrested the Accused JOKO Als YOKO Als JOKO KRISSATA (JKS), based on the arrest warrant number: SPP-03/WBC.07/BD.04/2017 dated 21 September 2017, where the Accused JOKO Als YOKO Als JOKO KRISSATA is a criminal who is included in the People's Wanted List from the previous case carried out

by Witness SUGENG RIYANTO, Witness FALDO PERMANA, Witness HERI GUNAWAN alias GIOK and Witness SONNY PRIYANTO.

- That initially witness Faldo Permana around 2013 Witness Faldo Permana met with the Accused JOKO alias YOKO alias JOKO KRISSATA, then had a business discussion and according to Witness Faldo Permana the Accused JOKO alias YOKO alias JOKO KRISSATA was an imported liquor player, then Witness Faldo Permana bought drinks hard imported from the Accused JOKO alias YOKO alias JOKO KRISSATA, at first Witness Faldo Permana asked for samples of drinks per brand. Witness Faldo Permana bought, in the sale and purchase of illegally imported Ethyl Alcohol Drinks (MMEA), not directly to the Accused Joko Alias Yoko Alias Joko Krissata but was directed directly to Witness Heri Gunawan alias Giok as a subordinate of the Accused Joko Alias Yoko Alias Yoko Krissata, who later on On December 10, 2015 Witness Faldo Permana contacted Witness Heri Gunawan alias GIOK to pick up the MMEA import order. Witness Faldo Permana and Witness Faldo Permana agreed to meet beside Pantai Indah Kapuk Hospital at around 16.30 WIB. When moving 8 (eight) cartons @ 12 bottles a total of 96 bottles of imported MMEA of various brands driven by Witness HERI GUNAWAN alias GIOK were put into Witness Faldo Permana's car, then the Customs and Excise officer stopped the loading and unloading process then asked for the protective documents, and examined because there were no protective documents, the Witness Faldo Permana and the Witness. HERI GUNAWAN alias GIOK was taken to the Jakarta Customs and Excise Office for questioning.

#### **a. Money Laundering**

- That after being questioned at the Jakarta Customs and Excise Office, Witness Faldo Permana was brought to show the house and witnessed a search of Witness Faldo Permana's house and found 333 (three hundred and thirty-three) bottles of imported MMEA of various brands attached with fake excise stamps, Witness Faldo Permana.

How to pay for the purchase of illegally imported MMEA from the Accused JOKO alias YOKO alias JOKO KRISSATA by transferring from the account of Witness Faldo Permana to the accounts of OEI FENNI, YOHANA KRISYANTI and FRENGKY TAMSIL.

- That apart from Witness Faldo Permana's account, he also borrowed Bank A's account number in the name of AIRIN ASTRIA (Mr.) to transfer payments forty-seven times for the 2015 period to Bank A's account under the names of OEI FENNI, YOHANA KRISYANTI, and n FRENGKY TAMSIL in the delivery system/ Illegal MMEA shipments are always sent by Witness HERI GUNAWAN Als. GIOK to the house or Witness Faldo Permana met at one place to collect goods;
- That Witness Faldo Permana paid the illegal import MMEA to The Accused JOKO alias YOKO alias JOKO KRISSATA by transferring from Witness Faldo Permana's account number to accounts a.n OEI FENNI and n YOHANA KRISYANTI with a total nominal value of IDR1.7 billion.
- That the transfer (debit) made by Witness Faldo Permana to purchase illegal imported MMEA from the Accused JOKO alias YOKO alias JOKO KRISSATA;
- Likewise, Witness Faldo Permana borrowed a Bank Account belonging to his named Witness Airin, namely in the form of Bank Statement A in the name of AIRIN ASTRIA while being shown the transfer transaction to Bank Account A on behalf of OEI FENNI, YOHANA KRISYANTI and FRENGKY TAMSIL with a total nominal value of IDR790 million.
- That witness Sugeng Riyanto Initially around September 2014. Witness Sugeng Riyanto (the convict has served a sentence of 1 year), was acquainted with Witness HERI GUNAWAN als. GIOK (the convict has served a sentence of 1 year and 3 months) at the Café in the Tanggerang area, in the introduction, the Witness Heri Gunawan Alias Giok

told that the Accused Joko Alias Yoko alias Joko Krissata offered to at least provide imported liquor without an excise stamp or at least sell drinks Imported liquor (MMEA import illegal), then Witness Sugeng Riyanto is interested in buying imported liquor that is not attached with a ribbon from the Accused Joko Alias Yoko alias Joko Krissata which will be resold to consumers who need it, to begin with, witness Sugeng Riyanto ordered 20 cartons indirectly to The Accused Joko Alias Yoko Alias Joko Krissata but was directed directly to Witness Heri Gunawan alias Giok as a subordinate of the Accused Joko Alias Yoko Alias Yoko Krissata, the purchase was made repeatedly from 2014 to December 2015, about 64 transactions, in which the payment was directed to transfer from S .'s Account Sugeng Riyanto's actions to Bank Account A in the name of OEI FENNI, Frengki Tamsil and to YOHANA KRISYANTI K.

The Accused Joko Alias Yoko alias Joko Krissata in handing over the illegal imported MMEA to witness Sugeng Riyadi through witness Heri Gunawan Alias Giok was escorted to the Ruko Witness Sugeng Riyanto or Witness Sugeng Riyanto met at a place to collect the goods in the form of the illegal imported MMEA. On December 5, 2015, Witness Sugeng Riyanto, when he purchased the illegal import MMEA of 5 (five) cartons without excise stamps, which were transported using a car that was intended to be sold, was soon discovered by Customs and Excise officers. Furthermore, Witness Sugeng Riyadi was arrested and then expanded to Witness Shophouse Sugeng found 1,245 bottles of MMEA of various brands that had fake excise stamps attached and no excise documents.

- That Witness Sugeng Riyanto paid MMEA for illegal imports to the Accused JOKO alias YOKO alias JOKO KRISSATA to transfer from the Account Number owned by Witness Sugeng Riyanto to OEI FENNI and YOHANA KRISYANTI with a total nominal amount of IDR 1.2 billion.

- That in 2014 Witness Sonny Prianto met with the Accused Joko Alias Yoko alias Joko Krissata, during the meeting the Accused Joko Alias Yoko alias Joko Krissata offered to at least provide imported liquor without an excise stamp or at least sell imported liquor (MMEA). illegal import), then Witness Sonny Prianto was interested in buying imported liquor that was not attached with a tape and there was no excise tape document from the Accused Joko Alias Yoko alias Joko Krissata. with the intention of reselling it to consumers who need it, to begin with, Witness Sonny Prianto ordered 10 cartons indirectly to the Accused Joko Alias Yoko Alias Joko Krissata but was directed directly to Witness Heri Gunawan alias Giok as an employee of the Accused Joko Alias Yoko Alias Yoko Krissata, this took place repeatedly -return from 2014 to December 2016, during that period there were approximately 300 purchase transactions; In the payment, it was directed to transfer from the account of Witness Sonny Prianto, OEI FENNI, Frengki Tamsil and YOHANA KRISYANTI, the Accused Joko Alias Yoko alias Joko Krissata in handing over illegal MMEA Imports to witness Sonny Prianto through witness Heri Gunawan Alias Giok.
- Subsequently, Witness Sonny Prinato was arrested along with the goods found 271 bottles of MMEA of various brands which had fake excise stamps attached and no excise documents. They were then taken to the Jakarta Customs and Excise Regional Office, Jalan Merpati Kemayoran, Central Jakarta;
- That Witness Sonny Prianto paid MMEA for illegal imports to The Accused JOKO alias YOKO alias JOKO KRISSATA transferred from Witness Sonny Prianto's Account Number to an account number in the name of OEI FENNI and to an account number in the name of YOHANA KRISYANTI KYA with a total nominal amount of IDR6.4 billion.

- That the Accused JOKO Als. YOKO Als. JOKO KRISSATA is an illegal MMEA seller to the Witness SUGENG RIYANTO, the Witness. FALDO PERMANA, and the Witness. SONNY PRIYANTO with the intermediary of Witness HERI GUNAWAN alias GIOK. The Accused JOKO Als. YOKO Als. JOKO KRISSATA has been included in the Wanted List (DPO) of the DJBC Jakarta Regional Office since 2015 and has been included in the targeting data at airports throughout Indonesia; then based on information from Customs and Excise at Soekarno Hatta Airport, the Accused JOKO Als YOKO Als JOKO KRISSATA on September 21, 2017 will land in Indonesia from the Netherlands by plane; Based on this information, the customs officer then planned to arrest the Accused JOKO Als YOKO Als JOKO KRISSATA at Soekarno Hatta Airport Cengkareng, Banten.
- That the customs officers arrested the Accused JOKO Als. YOKO Als. JOKO KRISSATA. For the actions of the Accused JOKO Als YOKO Als JOKO KRISSATA, the assets in the form of 2 (two) units of Cars and 1 (one) unit of Motorcycles under the name of OEI FENNI which he knows, or reasonably suspect is the proceeds of criminal acts resulting from the sale of illegally imported MMEA;

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	Central Jakarta District Court Number 248/Pid.Sus/2018/PN.Jkt.Pst	Excise and ML	Article 54 of the Law Number 39 of 2007 on Amendments to Law Number 11 of 1995 on Excise in Article 55 paragraph (1) the 1st of Indonesian Criminal Code in	5 (five) Years	IDR1,134,447,212

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
			conjunction with Article 64 of Indonesian Criminal Code and Article 3 of Law Number 8 of 2010 on Money Laundering Law in conjunction with Article 64 of Indonesian Criminal Code;		

## F. The Case of Money Laundering from Forestry Actions

### (1) Convict Case in the name of BS

Palembang District Court, Case No. 1010/Pid.B/2019/PN.Plg

The Accused BS is a retired BUMN employee who carried out plantation activities without the Minister's permission in the forest area from 2012 to 2017 in the Production Forest Area since 2001 and brought heavy equipment to carry out plantation activities and transport plantation products without the Minister's permission and committed money laundering from the proceeds of the forestry crime. Therefore, the Accused is alleged to have violated:

1. Article 92 Paragraph (1) letter a Jo. Article 17 Paragraph (2) letter b of Law Number 18 of 2013 on Prevention and Eradication of Forest Enterprises;
2. Article 92 Paragraph (1) letter b Jo. Article 17 Paragraph (2) letter a of Law Number 18 of 2013 on Prevention and Eradication of Forest Enterprises;
3. Article 3 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering;

The Accused BS does not have a permit to plant oil palm and use heavy equipment on land that is recognized as belonging to the Accused. Meanwhile, plantation land that is recognized as belonging to a production forest area and according to applicable regulations, is not allowed to be planted in a production forest with oil palm plantations and the use of heavy equipment without a permit. However, the Accused BS admitted that he had permission from the local village head and sub-district head related to the clearing of this plantation land.

#### **a. Predicate Crime**

1. In 2012 ZM as the Village Head offered land located in Mendis Jaya Village, South Sumatra Province with an area of approximately five hundred hectares with cash compensation of IDR 6.5 billion. However, the Accused BS only made transactions for a land area of approximately two hundred hectares. Then the Accused handed overcompensation amounting to IDR1,202,500,000 to open oil palm plantations in three stages with details:
  - a. On March 7, 2012, handed over money through other parties to ZM amounting to IDR100,000,000;
  - b. On April 2, 2012, BS handed over IDR700,000,000 to ZM;
  - c. On April 9, 2012, BS handed over IDR402,500,000 to ZM;
2. After handing over money in the first stage, BS then makes fifty-two sheets of Business Statement Letter, namely in the name of:
  - d. Five sheets in the name of BS
  - e. Two sheets in the name of TS
  - f. Five sheets in the name of HS
  - g. Five sheets in the name of FS
  - h. Five sheets in the name of LG

- i. Five sheets in the name of YM
  - j. Five sheets in the name of bra
  - k. Five sheets in the name of OS
  - l. Five sheets in the name of DS
  - m. Five sheets in the name of LN
  - n. Five sheets in the name of MS
3. Business Statement contains information on having a plantation business in Mendis Jaya Village and then the letter is registered at the Mendis Jaya Village Head Office on 27 March 2012 and the Mendis Jaya Sub-District Office on 9 April 2012.
4. Business Statement Letter contains information on having a plantation business in Mendis Jaya Village which is then registered at the Mendis Jaya Village Head Office on 27 March 2012 and the Bayung Lencir Sub-District Office on 9 April 2012.
5. Starting from 2012, BS started to carry out plantation activities by seeding oil palms in polybags and using an area of 160 hectares. Then in 2016, BS started to harvest Fresh Fruit Bunches (FFB) of palm fruit but still in the form of sand (small fruit). Until 2017, the Accused started to harvest Palm Fruit Fresh Fruit Bunches (FFB) by dodos every 2 weeks with a yield of ten thousand kilograms to 12 thousand kilograms.
6. In addition, in August 2016, the Accused also purchased a Hitachi ZX 110 MF excavator to repair roads and clear ditches in the oil palm plantation area.
7. Then on February 28, 2019, members of the Forestry Police at the Center for Security and Enforcement of Environmental and Forestry Laws (BPPHLHK) for the South Sumatra Region made an arrest of BS because it was based on the results of the overlay in the map of the South Sumatra Region Forest and Water Conservation Area of South Sumatra Province concerning the Area Forest and Water Conservation in South Sumatra, the oil palm plantation area is located in the Lalan Production Forest Area, Mendis Jaya

Village, South Sumatra Province. The Accused BS does not have permission from Minister to carry out plantation activities in the forest area.

8. After being investigated, it turned out that the Accused BS was using oil palm plantation land whose license was still in the name of PT. BPU. The land itself is included in the production forest area but the permit for management is in the name of PT. The BPU has expired in 2017. Furthermore, the land whose permit has expired then its management status becomes KPH (Forest Management Unit) management. Meanwhile, it is forbidden to burn forests, trade forest products without documents and transport forest products without a permit in forest areas that have become KPH management.
9. Within the Lalan Mendis production forest area itself, there are five companies that have management permits, one of which is PT. BPU, LJM, CBS, BPP and GAL.

#### **b. Money Laundering**

1. Money from plantation activities in the forest area is declared as illegal money because based on the results of the overlay on the Forest and Water Conservation Area Map of South Sumatra Province, the oil palm plantation land is in the Lalan Production Forest Area of Mendil Jaya Village in South Sumatra Province. Meanwhile, the Accused BS does not have a permit from the Minister concerning the use of this forest area. The Accused himself made a transaction by paying cash (currency) by transferring through the XXX Bank account 105-00-00XXXX-X in the name of BS, among others for:

- a) Buying pesticides;
- b) Buying fertilizer;
- c) Buying oil palm seeds;
- d) Purchasing excavators which were paid in 3 installments for a total amount of IDR100,000,000 in August 2016;
- e) Paying workers' salaries;

- f) Paying installments for house payments in Jambi Province amounting to IDR197,005,0000 on September 21, 2016;
- g) Carrying out house renovations in the amount of IDR 250,000,000 to IDR 300,000,000 at the end of year 2016 to the beginning of year 2017 in DKI Jakarta Province;
- h) Carrying out home renovation costs.
- i) Placement of funds of IDR 3,000,000,000 to the Savings and Loans Cooperative.

NO	<b>COURT DECISION</b>	<b>CRIME</b>	<b>ARTICLE</b>	<b>PENAL</b>	
				<b>PRISON</b>	<b>PENALTY</b>
1	Palembang District Court, Case No. 1010/Pid.B/2019/PN.Plg	Forestry and ML	Article 92 paragraph (1) letter a jo. Article 17 paragraph (2) letter b of the Law of the Republic of Indonesia Number 18 of 2013 on Prevention and Eradication of Forest Destruction	5 (five) Years	IDR 2,000,000. 000 (Two Billion Rupiah)

## **G. The Case of Money Laundering Proceeds from Fraud**

### **(1) Convict Case in the name of the US**

Depok District Court Number: 83/Pid/B/2018/PN.Dpk

The company PT First Anugerah Karya Wisata was established on July 22, 2005 with the Company Establishment Deed Number 14 dated October 24, 2011 before Notary Yasman, SH, M.Kn and registered and obtaining the Decree of Minister of Law and Human Rights of Republic of Indonesia, and Deed of Amendment Number 5 dated April 11, 2015 before Notary Kurnia Jaya SH., M.Kn. The deed of amendment concerns changes in the composition of share ownership with the majority owners being AS and ADH as well as the management structure

of First Travel with AS as President Director, ADH as Director, SNH as President Commissioner and Muammar Rizky Fadila as Commissioner.

The First Travel Umrah package offer itself had been started since 2011, in collaboration with Ananta Tour. Until then, First Travel officially obtained permission to become an Umrah Travel Organizer (PPIU) in 2013 in the form of a Decree (SK). AS who served as

The President Director of PT First Anugerah Karya Wisata has the authority to lead and control the entire course of the company including making travel package products and determining costs, ADH as Director who has the duties and responsibilities of establishing communication with the coordinator, SNH as the commissioner and Head of Finance Division has the authority concerning cash the company's financial flows including bookkeeping and activities of directors and commissioners. Concerning the Umrah packages offered by this agency, including:

- 1) Promo package with a price of IDR 14,300,000 which is offered since January 2015 for departures from November 2016 to May 2017
- 2) First Travel's 8th Anniversary Package at a price of IDR 8,888,888
- 3) Regular package with a price of IDR26,613,000
- 4) VIP Package with a price of IDR 54,000,000.
- 5) 2018 promo package with a price of IDR 15,000,000

Prospective pilgrims who have agreed to the terms and conditions offered by the First Travel Agency can make payments to one of 24 PT First Anugerah Karya Wisata accounts, including through Bank X PT First Anugerah Karya Wisata, Virtual Account PT First Anugerah Karya Wisata at the Bank. Y and Bank M Thamrin-Jakarta branch in the name of PT First Anugerah Karya Wisata or by paying cash at the First Travel office for a nominal amount according to the package that has been selected. However, by the perpetrators, the funds were then transferred to the First Travel holding account with Bank Account Number Y.

The agency managed to obtain 93,295 prospective Umrah pilgrims with funds that were successfully deposited amounting to IDR 1,319,535,402,852 which was then transferred to a holding account of IDR 1,250,699,034,362. However, there were 63,310 prospective Umrah pilgrims who had paid for the promo package and were scheduled to depart in period from November 2016 to May 2017, the departure was canceled. This is because the package price of IDR 14,300,000 was not enough to finance the Umrah trip according to the standards offered by First Travel, which if calculated should be IDR 20,020,000. Therefore, everyone is estimated to have a shortfall of IDR 5,720,000. It is also reinforced that there is no study related to the determination of the promo fee. Moreover, during that time, there was no regulation from Ministry of Religion of the Republic of Indonesia concerning the determination of the minimum limit for fair prices. In addition, some of the funds collected from the congregation have been used to cover the lack of pilgrims' departures for promo packages in the previous period as well as to purchase personal assets.

Money that has been deposited by the prospective Umrah pilgrims who failed to leave is around IDR 905,333,000,000 without the permission and knowledge of the prospective pilgrims used by the perpetrators with the following details:

- a. Paying the lack of fees on the departure of the Umrah pilgrims for the 2017 promo package as many as 28,673 people, amounting to IDR 164,009,560,000.
- b. Paying for all office operational costs.
- c. Paying all employee salaries per month of IDR 24,000,000,000 for 30 months
- d. Paying an agent fee of 29,985 pilgrims in the amount of IDR 5,997,000,000.
- e. Paying a Coordinator fee of IDR 1,000,000 per hundred pilgrims who register through Head Office.
- f. Furthermore, it is used to finance the interests of the three actors, including:
  1. Travel around Europe for IDR 8,600,000,000.

2. Payment for the rental of the event booth for the “Hello Indonesia” event for Anniesa Hasibuan's business needs which was held a full day on May 31, 2014, and June 8, 2015 and both were held at Trafalgar Square, London, amounting to IDR2,000,000,000.
3. Purchase of the Golden Day Restaurant business rights belonging to Love Health, Ltd which was later changed to Nusa Dua Restaurant for IDR10,000,000,000.
4. Investment with the establishment of the company PT Anniesa Hasibuan Fashion with accumulated costs from 2015 to 2017 IDR5,000,000,000.
5. Purchase of company PT. Hijrah Bersama Taqwa in 2016 amounted to IDR 1,200,000,000 along with a company logo design of IDR 10,000,000.
6. Purchase of the company PT Interculture Tourindo from Agam Aftari in 2016 amounting to IDR1,200,000,000 which was in the name of Ali Umasugi.
7. Purchase of 60% shares in PT Yamin Duta Makmur from Suhendri for IDR2,500,000,000 in the name of AS.
8. Rent payment for branding or operating license of PT Bintang Balindo as a step for the establishment of a First Travel branch office in Denpasar, Bali with a rental fee of IDR360,000,000 in 2015.
9. Payment of fees for the establishment of a US-owned company, namely PT Anugerah Nusantara Mandiri Prima which is engaged in trading in 2014 amounting to IDR 10,000,000 and PT Anugerah Karya Tehnology in the field of information technology and internet content services in the amount of IDR 10,000,000.
10. Purchase of a plot of land and building located on Jalan Venesia Selatan No. 99 Sentul City Bogor for IDR 10,000,000,000 in 2015.
11. Purchase of a plot of land and a house for the First Travel Building Office located at Jalan Radar Auri No. 1 Cimanggis Depok City for IDR5,000,000,000 in 2014 plus a renovation fee of IDR2,500,000,000.

12. Purchase of land and buildings in Vasa Kebagusan Cluster Jalan Kebagusan Dalam IV No. 55 D Pasar Minggu District, South Jakarta Administration City for IDR1,500,000,000 in 2016.
13. Purchase of a plot of land and buildings in Tugu Village, Cimanggis District, Depok City, West Java Province for IDR 500,000,000 in 2012.
14. Paying Office Rent PT First Anugerah Karya Wisata for First Travel VIP Lounge at Atrium Mulia Suite 101 Building Jalan HR. Rasuna Said Kav. B-10-11 South Jakarta amounting to IDR1,300,000,000 per 4 months.
15. Purchase of land and buildings in Vasa Kebagusan Cluster Jalan Kebagusan Dalam IV No. 55 D Pasar Minggu District, South Jakarta Administration City for IDR1,500,000,000 in 2016.
16. Purchase of a plot of land and buildings in Tugu Village, Cimanggis District, Depok City, West Java Province for IDR 500,000,000 in 2012.
17. Paying Office Rent PT First Anugerah Karya Wisata for First Travel VIP Lounge at Atrium Mulia Suite 101 Building Jalan HR. Rasuna Said Kav. B-10-11 South Jakarta amounting to IDR1,300,000,000 per 4 months.
18. Pay office rent for PT First Anugerah Karya Wisata at GKM Tower 16th floor Jalan TB Simatupang Kav. 896 South Jakarta for 3 years for IDR 8,219,700,000 since August 24, 2016.
19. Payment for rent for Basuki Rahmat Palembang's shophouse is IDR260,070,000 and Balik Papan branch office is IDR170,000,000.
20. Paying the rent of No. Promonade Building. 20 Units F and G Jalan Bangka Raya Kemang, South Jakarta, amounting to IDR800,000,000 per year.
21. Purchase of one plot of land with an area of 100 meters in Lombok in 2016 for IDR100,000,000.

22. Purchase of 2 housing units on Jl. RTM Cimanggis Kodya Depok and Jl. Kebagusan South Jakarta for IDR 1,000,000,000
23. Purchase of one unit of Carl Bucheer branded watch for IDR 200,000,000 in 2015.
24. Purchase of one diamond ring in 2016 for IDR 150,000,000.
25. Purchase of one car unit in 2016 for IDR700,000,000.
26. Purchase of one car unit in 2016 for IDR350,000,000 under the name of Solihin.
27. Purchase of one car unit in 2016 for IDR350,000,000 under the name of Siti Nuraida Hasibuan.
28. Purchase of one unit of gray car in 2015 at a price of IDR 100,000,000.
29. Purchase of one car unit in 2012 at a price of IDR 100,000,000.
30. Purchase of one car unit in 2008 for IDR3,500,000,000 in 2015.
31. Purchase of one car unit in 2016 for IDR1,000,000,000.
32. Purchase of one car unit in 2015 for IDR 500,000,000.
33. Purchase of one car unit in 2015 for IDR1,000,000,000.
34. Purchase of one car unit in 2016 which is around IDR 1,000,000,000.
35. Purchase of two units of cars in 2015 which each unit costs IDR 140,000,000.
36. Purchase of one car unit in 2016 for IDR160,000,000.
37. Purchase of two units of cars in 2015 which each unit costs IDR110,000,000.
38. Purchase of one car unit in 2015 for IDR120,000,000.
39. Purchase of one car unit in 2016 for IDR 140,000,000.
40. Purchase of one car unit in 2015 for IDR 350,000,000.
41. Purchase of one car unit for IDR 165,000,000.
42. Purchase of 1 apartment unit in Kembangan, West Jakarta for IDR 400,000,000.
43. Purchase of several luxury bags for IDR 18,000,000 to IDR 30,000,000.
44. AS salary payment of IDR 1,000,000,000 per month for 3 years.

45. ADH salary payment of IDR 500,000,000 per month for 3 years.
46. Payment of car insurance amounting to IDR9,042,700.
47. Tour payments through PT First Anugerah Karya Wisata in 2016 amounted to IDR615,861.10.
48. Payment of payment to produce model clothes in the amount of IDR 19,718,600 to produce ADH's proof model clothes.
49. Payment for legal services of PT First Anugerah Karya Wisata amounting to IDR110,035,000

During Implementation of the Umrah pilgrimage, First Travel itself has a sound financial report and has been audited by a registered public accountant with a minimum opinion of Fair with Exceptions (WDP). In addition, AS has also submitted a security deposit for First Travel agency itself in the form of a intermediary Bank to Bank M in the amount of IDR 150,000,000 which was deposited at Head Office of the Indonesian Ministry of Religion as the underlying asset for licensing and mitigation measures in the event of a default that causes Umrah pilgrims to fail to depart. However, the security deposit has been confiscated by the police in connection with the fraud case. The discovery of this case began with the report of Pramana Syamsul Ikbar as one of the witnesses in the trial to the police concerning the cancellation of the Umrah departure and the absence of a refund from First Travel.

For these actions, AS, ADH and SNH were found guilty in accordance with Article 378 of Indonesian Criminal Code in conjunction with Article 55 paragraph 1 of Indonesian Criminal Code in conjunction with Article 64 paragraph (1) of Indonesian Criminal Code related to the crime of "Fraud together with continuing" and Article 3 of the Law Number 8 of 2010 on Prevention and Eradication of Money Laundering in conjunction with Article 55 paragraph (1) of the 1st Criminal Code in conjunction with Article 64 paragraph (1) of Indonesian Criminal Code. Meanwhile, because of the failure to dispatch prospective Umrah pilgrims, First Travel

had its operational permit revoked as an Umrah Travel Organizing Bureau on August 1, 2017, in accordance with PP No. 79 of 2012.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	Depok District Court Number: 83/ Pid/B/2018/ PN.DPk	Fraud and Money Laundering	Article 378 of Indonesian Criminal Code in conjunction with Article 55 paragraph 1 to 1 Criminal Code in conjunction with Article 64 paragraph (1) of Indonesian Criminal Code and Article 3 of the Law Number 8 of 2010 in conjunction with Article 55 paragraph (1) of the 1st Criminal Code in conjunction with Article 64 paragraph (1) of Indonesian Criminal Code	1. AS for 20 years 2. ADH for 18 years 3. SNH for 15 years	1. US IDR 10 billion rupiah 2. ADH of IDR10 billion rupiah 3. SNH of Rp 5 billion rupiah

#### **H. The Case of Money Laundering Proceeds from the Crime of Fund Transfer**

##### **(1) Convict Case in the name of NA**

West Jakarta District Court Number: 1875/PID.B/2019/PN.JKT.Brt

BAYU ANDRIANA (BA) contacted IRFAN MAULANA (IM) to help set up a company and open a company account because there will be money coming in from abroad, at that time

IRFAN MAULANA (IM) agreed, because in return he will get a commission of 15% of the total funds received. Then a few days later, the first meeting between BA, IM and NURUL AINULIA (NA) was held at the Grand Terace of Taman Mini, at that time BA introduced IM to NA to discuss the work of establishing a company and opening an account. Then in the second meeting at the Grand Teras Taman Mini around February 2019, NA said that IM should immediately open a company and company account while the name of the company would be notified by JAMES EKENE AHODU (DPO) to NA, and the results of the meeting IM conveyed to HENDRIAN BAEHAKI (HB) who is (the father of IM and HB agreed to join in the work of creating the fictitious company.

That then around April 2019 a third meeting was held between BA, IM, HB and NA at the Grand Terace of Taman Mini to discuss the realization of making a company because JAMES EKENE AHODU (DPO) had told NA to create a company with the name CV SEAH M&S, CV NINGBO PIA AUTOMATION and CV OPAP INVESTMENT LIMITED because there will be money coming in, for that it was agreed to create 3 (three) companies with the composition of commissioners and directors namely CV SEAH M&S (Director: IM, Commissioner: SUDIHARWATI (SDH), CV NINGBO PIA AUTOMATION (Director: IM, Commissioner: M. DENI SETIAWAN (DS), and CV OPAP INVESTMENT LIMITED (Director: HB, Commissioner: BA).

That to realize the establishment of the three companies and their company accounts, IM and DS make complete documents including the deed of establishment, SIUP, TDP, Business Domicile Certificate (SKHU) which for the documents are fake documents made using a computer and printed provided by the Accused IM and DS at IM's boarding house. Then, after completing the company documents, IM and HB opened accounts for each company, for CV OPAP INVESTMENT LIMITED, HB and BA opened accounts. As for CV NINGBO PIA AUTOMATION, the ones who opened the account were IM and M. DENI SETIAWAN. That

after CV OPAP INVESTMENT LIMITED opened a BNI Bank account with account number 0823234081 on 16 May 2019 there was money going into CV OPAP INVESTMENT LIMITED account originating from overseas transfers of 4.9 million Euros or IDR79,035,806,380 and 23 May 2019 amounting to two million euros or around IDR 32,244,806,898 That money that entered the CV OPAP INVESTMENT LIMITED account came from OPAP INVESTMENT Ltd. In Athens Greece sent via PPF Bank Czech as if on orders from OPAP Investment Limited even though JAMES EKENE AHODU (DPO) had previously taken over/hacked the z.papaioannou@opap.gr email account belonging to the company OPAP INVESTMENT LIMITED domiciled in Lemesou 128 – 130 1st Floor, 2015 Strovolos – Nicosia which has been used by Br. ZISIMOS PAPAIOANNOU as Financial Treasurer of OPAP SA and OPAP INVESTMENT LIMITED to order transaction for OPAP INVESTMENT LIMITED's company account number 202082005 at Bank PPF Banks. That between CV OPAP INVESTMENT LIMITED and OPAP INVESTMENT Ltd. in Athens Greece is not a subsidiary and there has never been a collaboration between the two companies so that money that goes into the account of CV OPAP INVESTMENT LIMITED is not the right of CV OPAP INVESTMENT LIMITED. That after money entered the CV OPAP INVESTMENT LIMITED account, NA was notified by JAMES EKENE AHODU (DPO) then NA contacted BA and asked to come with HB and IM to Bank A to sign the overbooking transaction, then HB transferred money back to CV's account OPAP INVESTMENT LIMITED to CV. SEAH M&S with account number. 011500022000860 (Bank M) for IDR 30,000,000,000 and to CV NINGBO PIA AUTOMATION account with account number. 09101019371 (Bank G) in the amount of IDR47,000,000,000,000 and then IDR 30,000,000,000 from CV. NINGBAO transferred to the account of PT. Mekarindo with account number 5888xxxxx (Bank A in Indonesia) for the purchase of foreign currency (US dollars and Euros).

Furthermore, at the request of the Accused, NA, money that has been entered into CV's account. SEAH M&S by IM was withdrawn in cash in the amount of IDR 100,000,000 (one hundred million rupiah) and transferred to IM's personal account in the amount of IDR 1,000,000,000 (one billion rupiah), transferred to the account of PT Mekarindo Sentosa in the amount of IDR 10,000,000,000 (ten billion). rupiah) for the purchase of foreign currency (US dollars and euros) and on May 21, 2019 transferred to Mr. KASIM SUKIR (KS) (suspect in separate case file) amounting to IDR 14,900,000,000 (fourteen billion nine hundred million rupiah) with account number 8831120XXX (Bank C) to be exchanged for foreign currencies (dollars and euros) and the results of the exchange submitted to Mr. HENDRIAN BAEHAKI. Meanwhile, money that entered the CV NINGBO PIA AUTOMATION account, by IM, was transferred 2 times to PT Bina Valasindo (money changer) in the amount of IDR 17,000,000,000 (seventeen billion rupiah) and IDR 19,500,000,000 (nineteen billion five hundred million rupiahs) and transferred to KS in the amount of IDR11,200,000,000 (eleven billion two hundred million rupiahs) for currency exchange (dollars and euros) and the proceeds of the exchange are handed over to HB. That after money was successfully withdrawn and exchanged for foreign currency (US\$ and Euro), then all money was ordered by JAMES EKENE AHODU (DPO) so that the Accuseds NA, HB, BA, and IM and also DS handed over to the courier JAMES EKENE AHODU (DPO) after reduced by 15% according to the promise from JAMES EKENE AHODU to NA and colleagues. That, furthermore, The Accused NA received IDR 2,300,000,000, HB received IDR 2,050,000,000 and USD 100,000, BA in the amount of IDR 2,000,000,000, IM in the amount of IDR 2,000,000,000 and USD 100,000 and DS in the amount of IDR 45,000,000.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	PENALTY
1	West Jakarta District Court Number 1875/Pid.B/2019/PN.JKT.BRT	Fund Transfer and Money Laundering	Article 82 of Law Number 3 of 2011 on the transfer of funds in conjunction with Article 55 paragraph (1) of the 1st Criminal Code and Article 3 of Law Number 8 of 2010 in conjunction with Article 55 paragraph (1) of the 1st Criminal Code in conjunction with Article 64 paragraph (1) of Indonesian Criminal Code	2 (two) years and 6 (six) months	Rp1,000,000,000 (one billion rupiah)

## (2) Convict Case in the name of CT, EMK, HS, DS, RW

Serang District Court Number 588/Pid.B/2018/PN.Srg with the convict in the name of CT, 538/Pid.B/2018/PN.Srg, above name EMK, 510/Pid.Sus/2019/PN Srg in the name of HS, 539/Pid.B/2018/PN.Srg in the name of DS and 540/Pid.B/2018/PN.Srg

CT is an entrepreneur who was found guilty of committing a crime of money laundering with the predicate offense of transferring funds. This case began with a meeting between CT and UCN alias EMK who discussed the business of taking money and sharing commissions in withdrawing funds. Then UCN asked CT to open an account for a company called PT Sinar Kawaluyaan (PT SK) so that CT contacted DS to open the account. That, furthermore, UCN

gave CT an identity card named RA with a photo of DS and an ID card named RH with a photo of DJ to CT. The identity card is used by DS to open an account in the name of PT SK.

Furthermore, UCN was contacted by SMALL Body to ask CT to create a company again and open a savings account in the name of PT STI as a place to store funds because some money from abroad would enter Indonesia, so CT contacted HS to establish a company and open a savings account. That HS agreed to CT's request and asked for IDR20,000,000 for the cost of managing the company's establishment. The establishment of the company was carried out through a SU Notary in the Serang Banten area under the company name PT Solar Turbines Internasional (PT SBI) with the composition of the management and shareholders being HS as director and AP as commissioner. After the company was founded, HS opened a bank account in the name of PT STI at Bank M KCP Serang Banten.

On January 4, 2018, there was a transfer of funds amounting to USD3,321,000 or IDR43,953,170,300.00 to a Bank M account in the name of PT. STI. This fund is known to have come from Gasoducto Del Pacifico Argentina SA TTE GRAL Juan D Peron with invoice number 141 10004184 listed. Furthermore, CT asked HS to withdraw money in Bandung so that HS Together with AP made a cash withdrawal from PT STI's account amounting to IDR3.9 billion and directly submitted to CT in Bandung. If HS manages to withdraw all money from Argentina, HS will get a fee of 2% of money. Then HS made a transfer to PT SK with a value of IDR 20 billion with the underlying payment for a land area of nineteen hectares even though there was never any land purchase. That a day later HS intended to withdraw money in PT STI's account but at that time Bank M officers informed HS that the account in the name of PT SK was invalid and indicated using a fake ID card so transfers could not be made and both accounts were blocked. Due to this condition, HS contacted UCN and CT and then UCN introduced CT to RW who is the wife of F and RW was willing to aid in opening the blocking of these accounts.

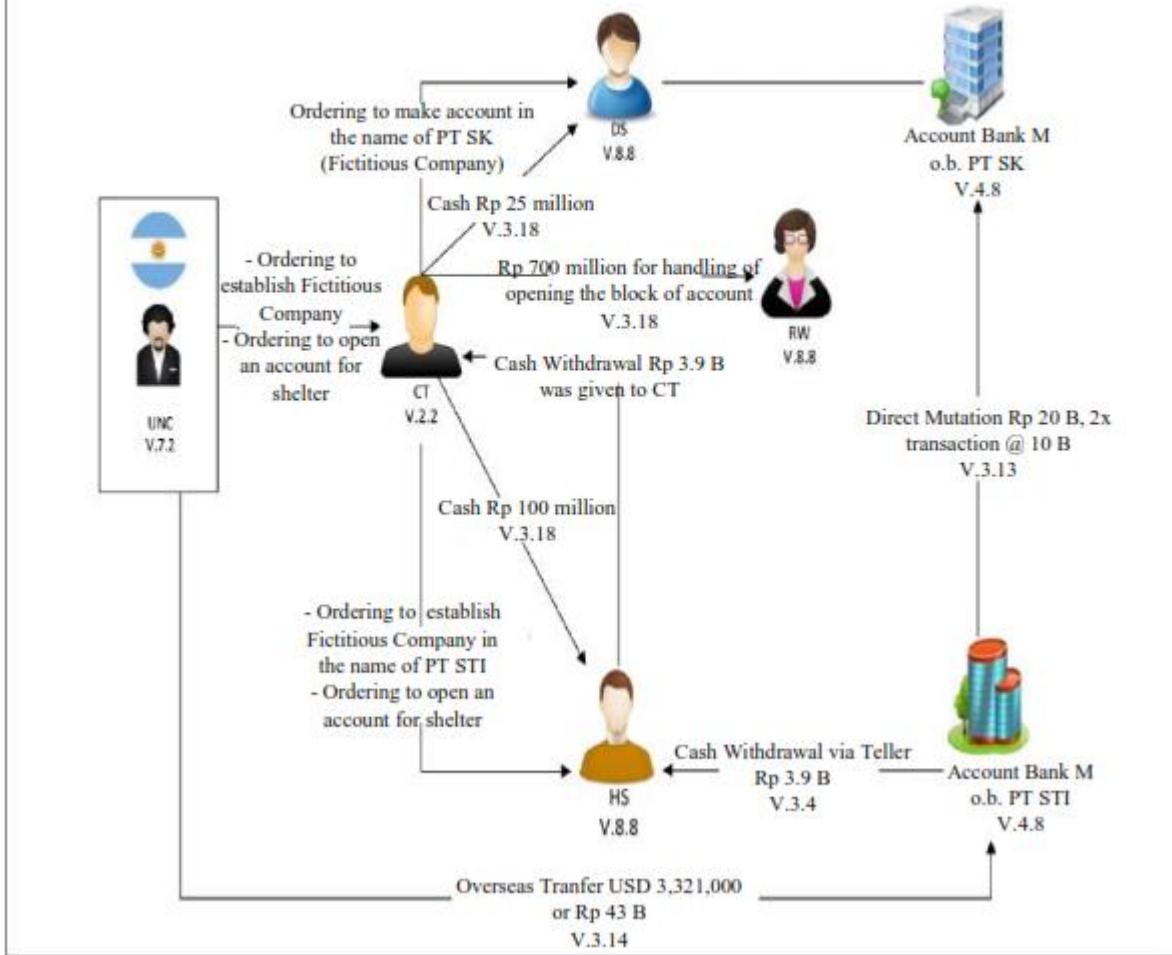
## **Money Laundering**

- CT asked DS to open an account in the name of PT SK (Fiction Company) which will be used to receive funds transfer from PT STI.
- CT asked HS to create another fictitious company in the name of PT STI and open a savings account. This account is used to receive funds from Argentina in the amount of approximately USD3,321,000 or IDR43,953,170,300.00
- HS made cash withdrawals from the account in the name of PT STI of IDR 3.9 billion. Money was then given to CT and CT gave IDR 100 million to HS and IDR 25 million to DS.
- CT ordered that money in the account of PT STI transferred to the account of PT SK with an amount of approximately IDR 20 billion and carried out in two transactions of IDR 10 billion each by including the transfer slip for payment for a land area of 19 hectares in the Cisoka area and payment for a land area of 9 hectares even though there was never a purchase of land.

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	FINE
<b>Convict CT</b>					
1	Serang District Court Number 588/Pid.B/2018/ PN.Srg	Money laundering	Article 85 of Law Number 3 of 2011 on Fund Transfers and Article 5 of Law Number 8 of 2010	3 (three) years	IDR1,000,000,000.00 (one billion rupiah) subsidiary 3 (three) months of confinement
<b>Convict EMK</b>					
2	Serang District Court Number 510/Pid.Sus/2019/ PN Srg	Money laundering	Article 85 of Law Number 3 of 2011 on Fund Transfers and Article 5 of Law Number 8 of 2010	3 (three) years	IDR1,000,000,000.00 (one billion rupiah) subsidiary 3 (three) months of confinement

NO	COURT DECISION	CRIME	ARTICLE	PENAL	
				PRISON	FINE
<b>Convict HS</b>					
2	Serang District Court Number 538/Pid.B/2018/ PN.Srg	Money laundering	Article 85 of Law Number 3 of 2011 on Fund Transfers and Article 5 of Law Number 8 of 2010	3 (three) years	IDR1,000,000,000.00 (one billion rupiah) subsidiary 3 (three) months of confinement
<b>Convict DS</b>					
3	Serang District Court Number 539/Pid.B/2018/ PN.Srg	Money laundering	Article 85 of Law Number 3 of 2011 on Fund Transfers and Article 5 of Law Number 8 of 2010	3 (three) years	IDR1,000,000,000.00 (one billion rupiah) subsidiary 3 (three) months of confinement
<b>Convict RW</b>					
4	Serang District Court Number 540/Pid.B/2018/ PN.Srg	Money laundering	Article 85 of Law Number 3 of 2011 on Fund Transfers and Article 5 of Law Number 8 of 2010	3 (three) years	IDR1,000,000,000.00 (one billion rupiah) subsidiary 3 (three) months of confinement

**Figure 35 Scheme of Convict Case in the name of CT, EMK, HS, DS, RW**



**Figure 29 Scheme of Convict Case in the name of CT, EMK, HS, DS, RW**

#### 4.2 Main Risk Analysis of Money Laundering from/to Overseas in 2021

The Risk Assessment on Money laundering in the international framework is important considering that money laundering is a transnational crime, meaning that money laundering can be carried out across countries or jurisdictions, which are not limited to the domestic scope. Relationship between the state or foreign jurisdiction in money laundering can be in the form of the state as the source of the occurrence of the predicate crime (foreign predicate crime) or (foreign inward) or the state as the purpose of money laundering (offshore laundering) or

(foreign outward). Thus, an assessment of overseas risk factors for money laundering can be made by conducting several key assessments, including the type of predicate crime, the country or jurisdiction, the Occupation Profile of the individual perpetrator and the type of Business Sector.

#### **4.2.1 Foreign Inward Risk or Foreign Predicate Crime**

This section is the result of an analysis of the foreign risk of money laundering against foreign predicate crime or foreign inward, namely money laundering that occurs in the country (Indonesia) where the Predicate Crime originates from abroad. The mapping of foreign money laundering offences in this FPC was carried out to analyze the following contexts:

- o. Threats by type of predicate crime from abroad as a source of money laundering in Indonesia.
- p. Risk by country or foreign jurisdiction as a source of money laundering in Indonesia.
- q. Risk according to individual Occupation Profile as a means of FPC money laundering.
- r. Threats by type of business sector as a means of FPC money laundering.

#### **A. Types of Predicate Crime**

Based on analysis of the foreign money laundering threat factors for FPC by type of predicate crime, it is known that Fraud, Corruption, Fund Transfer, Narcotics, Electronic Transaction Information (ITE) or SIBER are types of predicate Crime of money laundering which are categorized as high for Indonesia. In detail, the mapping of the foreign threats of money laundering on the FPC according to the type of predicate offense can be seen in detail in Figure 30.

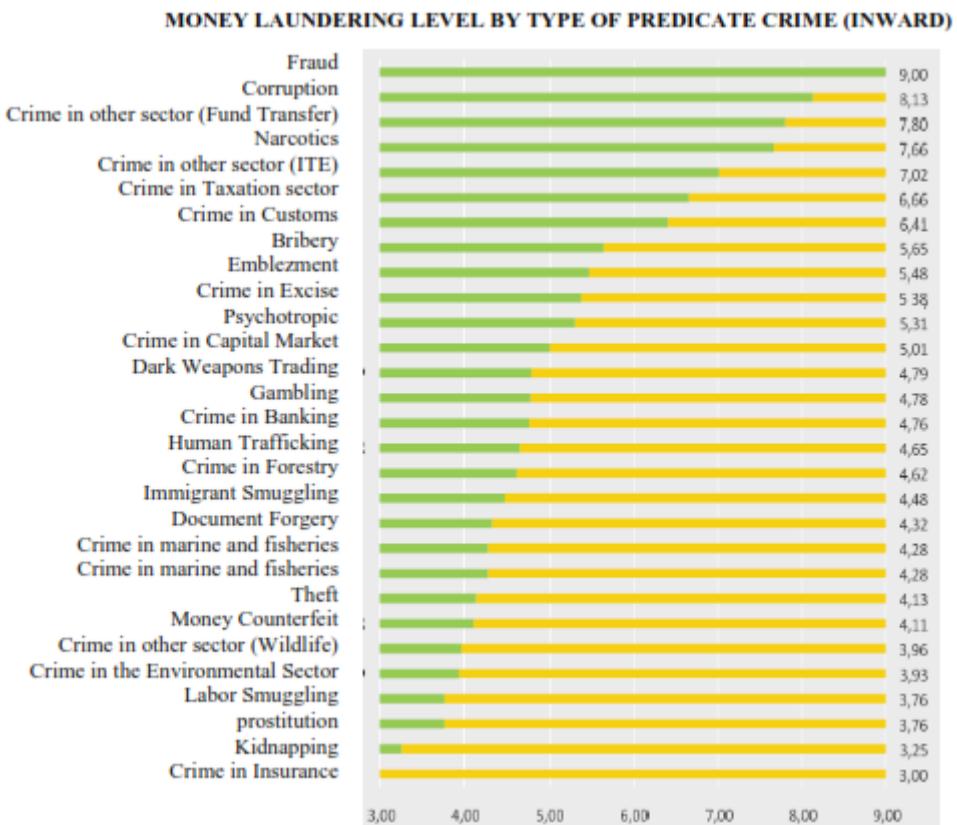


Figure 30 Foreign Predicate Crime or Inward Levels of Money Laundering Threats by Type of Predicate Crime

This shows that the proceeds of Fraud, Corruption, Funds Transfer, Narcotics, Electronic Transaction Information (ITE) or SIBER Crime that occur abroad have a high threat of money laundering in Indonesia with FPC mode for the 5 (five) types of predicate Crime, including:

1. Fraud related to investment fraud, money games, cheating and dishonestly inducing a delivery of property, online frauds.
2. Corruption related to bribery, state losses and management of state assets, pension funds involving PEP and other related parties. In addition, there is a mode related to Domestic PEP which is reported to be related to casino gambling which indicates the proceeds of the source of funds from the proceeds of criminal acts of corruption.
3. Funds Transfer related to the crime of illegally transferring funds, including the transfer of legitimate business transactions or Business Email Compromise.

4. Narcotics that involve transactions through other parties including family members in Indonesia. The placement of the proceeds of the international illicit narcotics trade is carried out by buying property in Indonesia. Based on analysis, there is a link between the crime of illicit narcotics trafficking and other Crime, including gambling.
5. Information on Electronic Transactions or SIBER related to pornography, romance or love schemes, fraud activities and online extortion. Based on analysis, there is a relationship between forms of cybercrime and fraud from abroad.

## **B. Country of Origin for Predicate Offence on ML**

Based on analysis of foreign risk factors for money laundering for FPC according to the country of origin of the predicate offence, it is known that Malaysia, Japan, Singapore, Thailand, Saudi Arabia, and the United Arab Emirates are the countries of origin of the TPA that have a high risk of ML for FPC. In detail, the mapping of overseas risk of money laundering in FPC by country or foreign jurisdiction can be seen in detail in table 37.

Table 37 Levels of Foreign Money Laundering Risk on Foreign Predicate Crime by Country of Origin for Predicate Offence on ML

COUNTRY	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML TREND LEVEL	ML RISK LEVEL	ML RISK CATEGORIES
Malaysia	8,86	6,86	9,00	9,00	9,00	High
Japan	8,13	6,79	8,37	8,40	8,11	High
Singapore	9,00	6,35	8,00	8,72	8,07	High
Thailand	7,57	7,42	8,03	8,45	7,90	High
Saudi Arabia	7,35	6,92	7,73	7,91	7,34	High
United Arab Emirates	7,25	7,33	7,30	8,14	7,21	High
United States	7,52	6,36	7,44	7,62	6,97	Medium
Cambodia	6,33	8,22	6,26	8,12	6,48	Medium
Jordan	6,77	7,38	6,49	7,82	6,48	Medium
Laos	6,16	8,75	6,00	8,39	6,44	Medium

### C. Type of Individual Occupation Profile

Based on the results of analysis of foreign ML risk factors for FPC by type of individual occupation profile, it is known that entrepreneurs or entrepreneurs, private employees, traders, housewives, professionals and consultants, students or students, civil servants (including retirees) and teachers or lecturers are included in the risk category high ML for FPC. The detailed mapping of overseas risk of ML on FPC according to individual occupation profiles can be seen in detail in Figure 31.

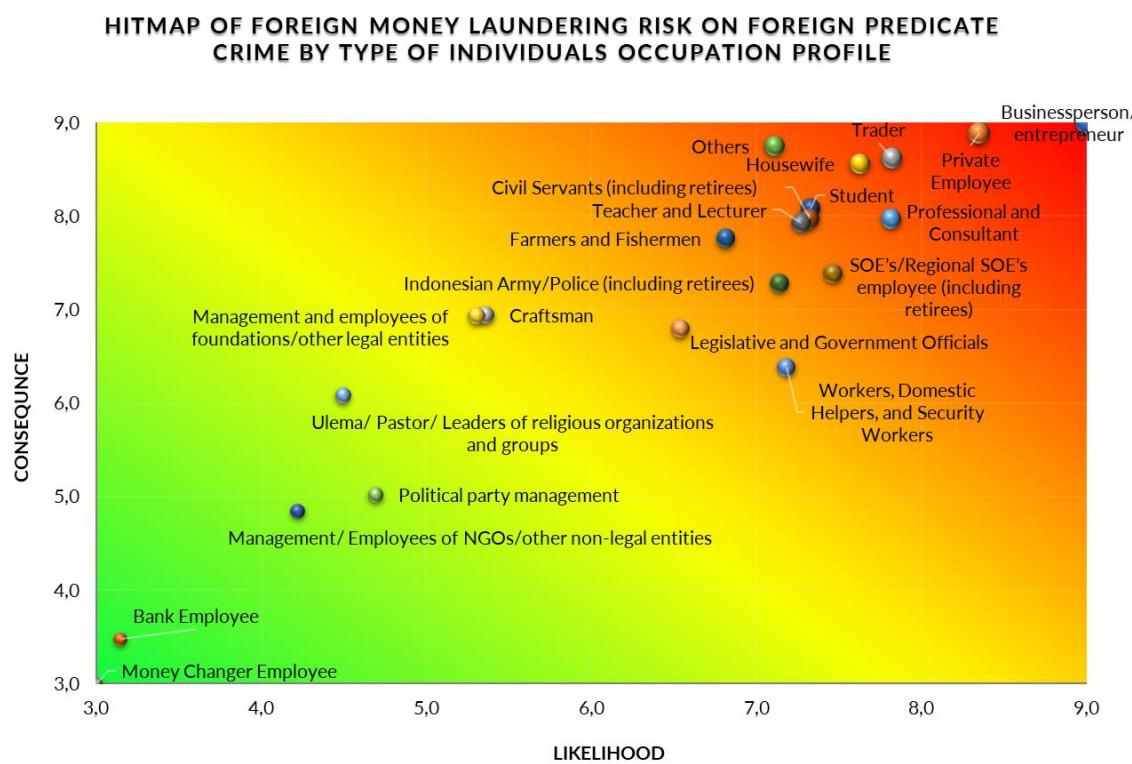


Figure 31 Hitmap of Foreign Money Laundering Risk on Foreign Predicate Crime by Type of Individual Occupation Profile

### D. Type of Business Sector

Based on the results of analysis of the foreign threat factors of money laundering for FPC by type of Business Sector, it is known that industry and distribution are high risk categories of money laundering for FPC. Next are the types of Business Sectors such as Export/Import, Public Transportation, Mining, Retail Trade, Consultants, Agriculture, Real Estate, Electricity,

Travel Bureau, Construction, Forestry and Wood Cutting, Fisheries, Restaurants and Hotels are the medium category. In detail, the mapping of foreign money laundering offences on the FPC by type of business sector can be seen in detail in Figure 32

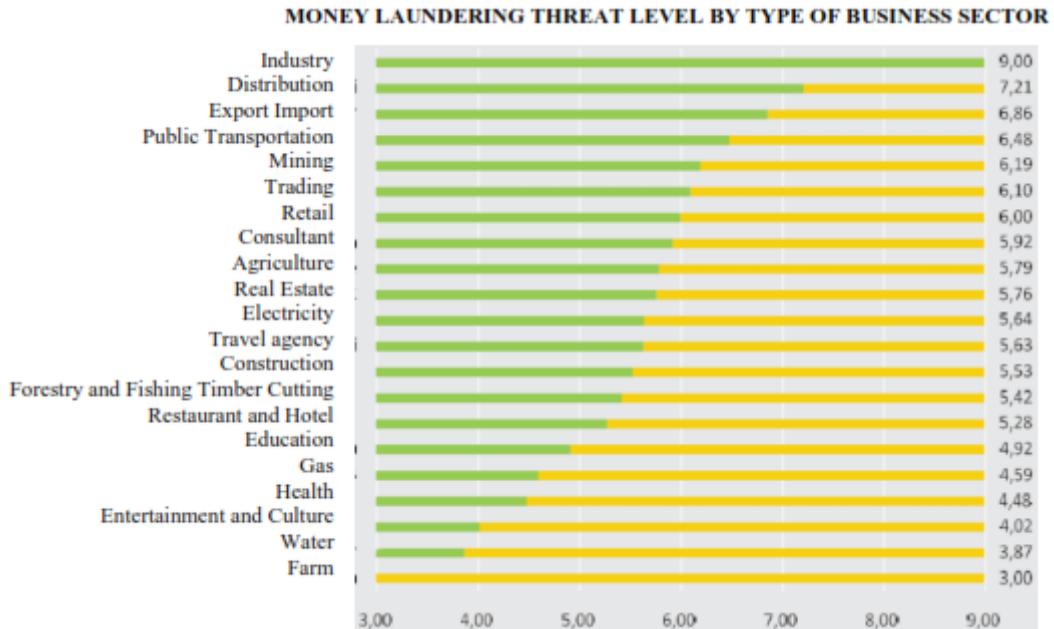


Figure 32 Level of Foreign Money Laundering Threats on Foreign Predicate Crime by Type of Business Sector

#### 4.2.2 Foreign Outward Risk or Offshore Laundering

This section is the result of an analysis of the foreign risk of money laundering in offshore (LO) or foreign outward laundering, namely money laundering carried out abroad where the Predicate Crime occurred in the country (Indonesia). Mapping of foreign money laundering offences in the LO is carried out to analyze the following contexts:

- a) Threats according to the type of predicate crime that occurred in Indonesia as a source of money laundering abroad.
- b) Risk according to foreign countries or jurisdictions as the purpose of money laundering whose predicate crime occurred in Indonesia.
- c) Risk according to individual Occupation Profile as a means of LO money laundering.
- d) Threats by type of business as a means of money laundering LO.

## A. Types of Predicate Crime

Based on the results of analysis of the foreign threat factors of ML for LO by type of predicate crime, it is known that Corruption and Narcotics are types of predicate Crime with a high category of money laundering carried out abroad.

This shows that the proceeds of the crime of Corruption and Narcotics are a high threat category for Indonesia because of Crime committed by money laundering abroad. Based on information exchange data between INTRAC and FIUs of other countries, several LO modes have been identified for the 2 (two) types of predicate Crime, including:

1. Corruption related to bribery and state losses in the natural resources sector, procurement of goods and services. The corruption link involves PEPs, Professionals and Entrepreneurs and Private Employees.
2. Narcotics involving transactions through corporations engaged in trading precious metals, money changer companies and companies in the export-import sector as well as individual profiles involving entrepreneurs, private employees, money changer employees.

In detail, the mapping of foreign threats of money laundering to the LO according to the type of predicate offense can be seen in detail in Figure 33.

**LEVEL OF FOREIGN MONEY LAUNDERING THREAT BY TYPE OF PREDICATE CRIME (OUTWARD)**

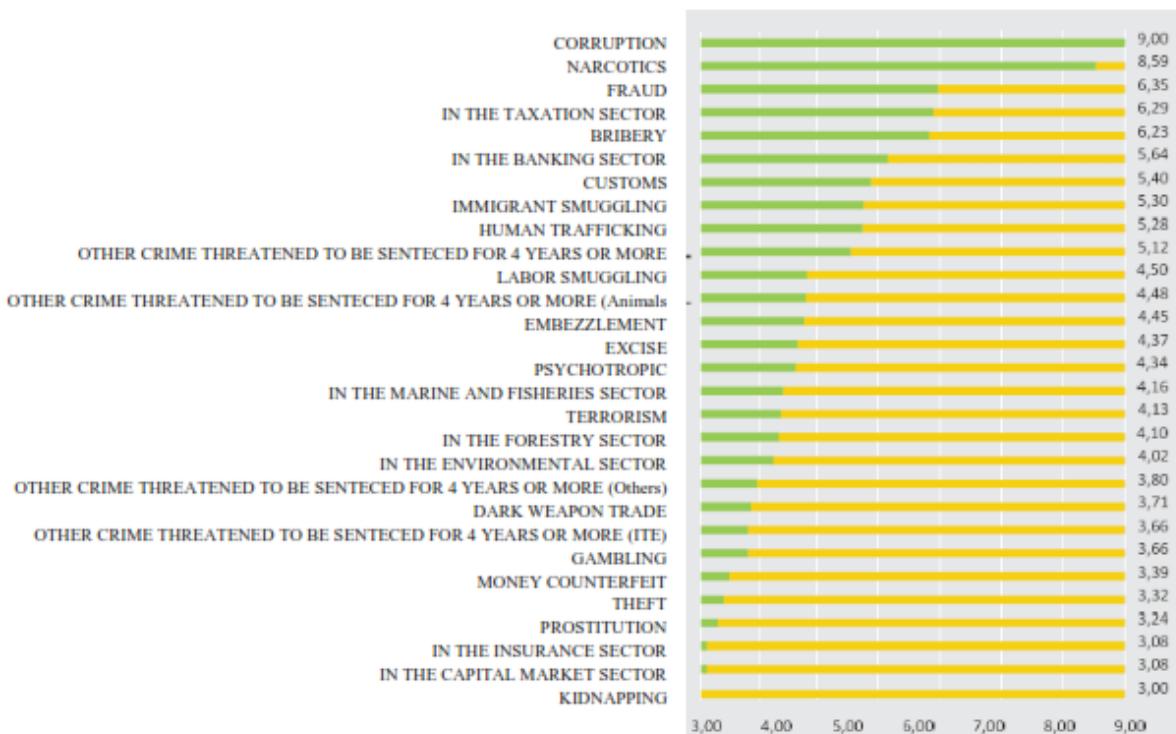


Figure 33 Level of Foreign Money Laundering Threat on Offshore or Outward Laundering by Type of Predicate Crime

## B. ML Destination Countries

Based on analysis of foreign risk factors for money laundering for LO according to foreign countries or jurisdictions, it is known that Singapore, the United States, India, China, Thailand, Malaysia, and Hong Kong are high risk destination countries for ML for LO. In detail, the mapping of foreign money laundering risks in LO by country or foreign jurisdiction can be seen in detail in table 38.

Table 38 Level of Foreign Money Laundering Threats on Offshore or Outward Laundering by ML Destination Country

COUNTRY	ML THREAT LEVEL	ML VULNERABILITY LEVEL	ML CONSEQUENCE LEVEL	ML TREND LEVEL	ML RISK LEVEL	ML RISK CATEGORIES
Singapore	9,00	6,35	8,97	9,00	9,00	High
United States	6,49	6,36	9,00	7,39	7,89	High
India	6,02	6,79	8,70	7,37	7,68	High
China	6,60	7,97	7,50	8,50	7,57	High
Thailand	5,76	7,42	8,01	7,61	7,39	High
Malaysia	7,38	6,86	7,40	8,28	7,38	High
Hong Kong	6,58	6,67	7,44	7,65	7,03	High
Australia	7,67	5,82	7,15	7,81	6,93	Medium
Japan	5,36	6,79	7,23	6,95	6,50	Medium
Taiwan	5,77	6,17	7,31	6,81	6,47	Medium

### C. Type of Individual Occupation Profile

Based on analysis of foreign risk factors for money laundering for LO according to the type of individual occupation profile, it is known that Legislative and Government Officials, Entrepreneurs or Entrepreneurs and Private Employees are included in the high-risk category for ML for LO. In detail, the mapping of overseas risks of money laundering in LO according to individual occupation profiles can be explained in detail in Figure 34.

### HITMAP FOREIGN MONEY LAUNDERING RISK ON OFFSHORE LAUNDERING BY TYPE OF INDIVIDUAL OCCUPATION PROFILE (OUTWARD)

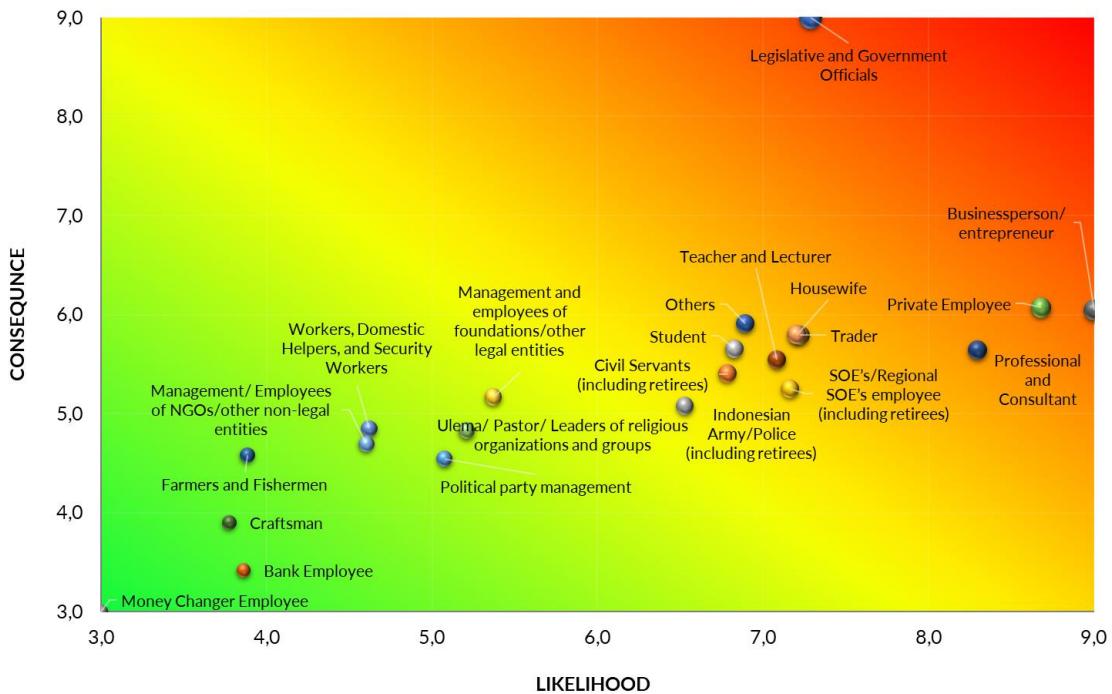


Figure 34 Hitmap of Foreign Money Laundering Risk on Offshore or Outward Laundering by Type of Individual Occupation Profile

#### D. Type of Business Sector

Based on analysis of the foreign money laundering threat factors for LO by type of Business Sector, it is known that Industry is a high-risk category for ML for LOs. The main factors that contribute to the high foreign money laundering risk for LO by type of business sector include the number and nominal of IFTI transactions indicating suspicious financial transactions (TKM) in that type of Business Sector. Next, there are other types of Business Sectors such as Distribution, Retail Trade, Export/Import, Public Transportation, Mining, Construction in the medium category. In detail, the mapping of foreign money laundering offences in the LO by type of business sector can be seen in detail in Figure 35.

**LEVEL OF MONEY LAUNDERING THREAT BY TYPE OF BUSINESS SECTOR(OUTWARD)**

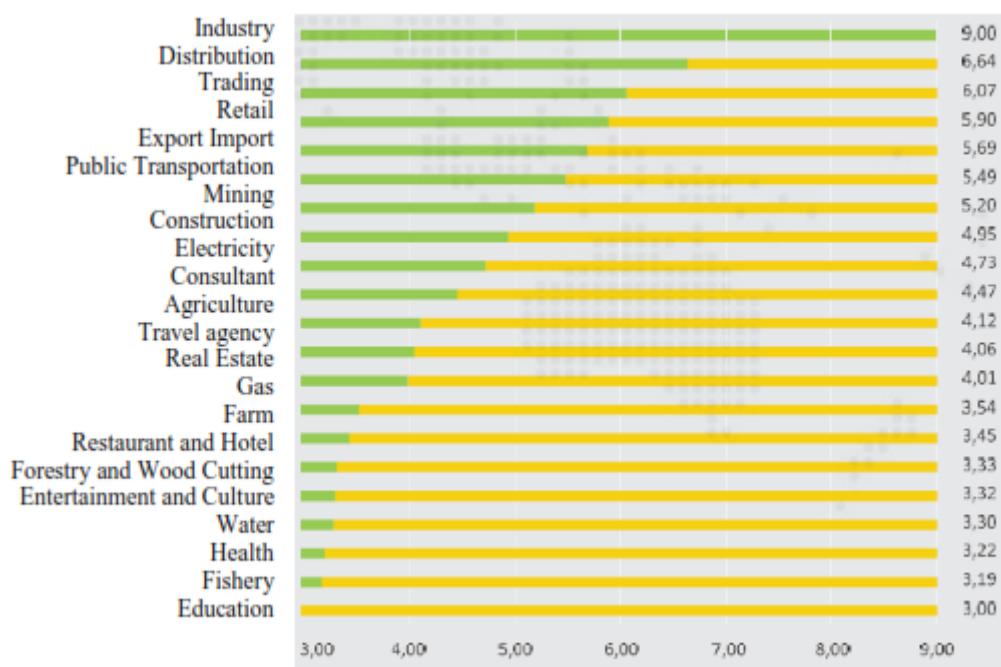


Figure 35 Level of Foreign Money Laundering Threat on Offshore Laundering by Type of Business Sector

#### 4.3 PESTEL Analysis on ML in Indonesia

In analyzing the factors driving the vulnerability of money laundering in Indonesia, the Indonesian NRA Team has conducted an analysis through the PESTEL approach. Macro analysis that includes Political, Economic, Social, Technological, Environmental (environment) and Legislative Aspects (Law). In process of determining the factors driving the vulnerability of money laundering on a macro basis through Expert Fact Findings from several competent experts in each PESTEL field, which are then relevant to PESTEL Risk Factors and NRA Fact Findings in each of the main risk contexts for money laundering.

Based on the results of the relevance analysis of Expert Fact Findings, 21 macro ML vulnerability factors have been identified, including:

## **A. Politic Analysis**

1. Political parties, politicians and state administrators who are politicians and their affiliates are vulnerable to being the main source of Money Launderings resulting from corruption.
2. The low quality of financial transaction reports submitted by the reporting party due to the weak identification of suspicious financial transactions with indications of predicate Crime committed by Politically Exposed Persons (PEP).
3. Handling of money laundering cases involving state officials and political party figures is constrained due to strong resistance and intervention.
4. The existence of INTRAC which has not fully reached all law enforcement areas in Indonesia has resulted in limited outreach in handling money laundering.
5. There are still individuals who practice judiciary corruption in Law enforcement Agencies affecting the effectiveness of law enforcement against money laundering in Indonesia.

## **B. Economic Analysis**

1. The absence of comprehensive handling of the shadow economy can encourage development of the modus and typology of money laundering related to economic motives.

## **C. Social Analysis**

1. Vulnerable Profile of Workers (TKI or Indonesian Immigrant Workers and Professionals) are used in ML mode through transfer of funds and carrying cash across borders.
2. Socio-cultural disorientation that causes various excesses and deviations in people's behavior so that they are vulnerable to being exploited in ML mode.

## **D. Technology Analysis**

1. Infrastructure in Implementation of e-KYC has not been fully able to support the effectiveness of efforts to prevent money laundering.
2. The use of wire transfers between financial institutions is vulnerable to being used as a means of money laundering offences to other jurisdictions to avoid detection and confiscation of assets.
3. Digital Money Network or online Platform transactions on online illegal markets by professional Money Laundering perpetrator using virtual currency.
4. Indonesia is the operational target of organizing cybercrime, including cyber fraud or transfer fraud and/or transfer of funds.
5. Development of unlicensed Peer to Peer Lending Financial Technology.

## **E. Environmental Analysis**

1. Most of the environmental crime are related to the issuance of business permits and misuse of the permits that have been granted.
2. Most criminal acts of money laundering resulting from natural resource Crime occur in the mining, electric power, forestry, marine and fishery sectors.
3. Difficulty in accessing Beneficial Ownership (BO) identification information for Overseas Corporations.
4. Obstacles in establishing cooperation between agencies through MLA related to the confiscation of assets resulting from money laundering of environmental Crime abroad.
5. Oil palm business network (conglomeration) by foreign affiliated business groups supported by the banking sector.

## **F. Legislation Analysis**

1. Criminalization or sanctions applied to Persons or Legal Entities that have not been consequenceive, proportional and dissuasive.
2. The absence of a law on asset confiscation has resulted in the asset recovery efforts not being optimal.
3. The supervision of the capital market industrial sector is not yet optimal as well as the handling of cases related to indications of money laundering in the capital market sector.

### **4.4 Emerging Threat on ML in Indonesia**

In the 2021 NRA study, identification has been made of the emerging threat of money laundering, namely a new threat in the form of a mode that is considered to have the potential to develop as a means of widespread money laundering. Based on the results of the 2015 ML NRA, it is known that virtual currency or crypto currency is an emerging threat in Indonesia. This is because the use of Bitcoin in Indonesia has developed in the form of a crypto currency that is used for alternative payments for property transactions, luxury vehicles and accommodation.<sup>16</sup> Various mitigation measures have been taken against the emerging threat of money laundering concerning virtual currency or crypto currency, including:

1. Law Number 7 of 2011 on Currency which prohibits the use of currencies other than rupiah as transaction currency for payment purposes.
2. Bank Indonesia Regulation Number 19/12/PBI/2017 concerning Implementation of Financial Technology which states that Financial Technology operators are prohibited from conducting payment systems using virtual currency.
3. Regulation of the Minister of Trade Number 99 of 2018 on General Policy for Implementation of Crypto Asset Futures Trading.

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<sup>16</sup> Indonesia's Risk Assessment of Money Laundering in 2015

4. Regulation of Head of CoFTRA No. 6 of 2019 on Implementation of the AML-CFT Program related to Implementation of the Physical Market on the Futures Exchange.
5. Regulation of Head of CoFTRA No. 7 of 2020 on the Establishment of a List of Crypto Assets that can be traded in the Crypto Asset Physical Market. Based on these rules, there are 229 lists of crypto assets that can be traded on the physical crypto asset market in Indonesia.<sup>17</sup>
6. CoFTRA has established 13 Lists of registered Crypto Asset Trading Companies (Prospective Traders).<sup>18</sup>
7. Bank Indonesia, Bali Province, in collaboration with the Police, has taken control of Bitcoin ATMs.

With development of technological advances and the increasingly complex modus operandi of the perpetrators of money laundering, the emergence of an emerging threat of money laundering in Indonesia. Based on the results of analysis in the 2021 NRA, it is known that there are emerging threats of money laundering that have been identified including:

**a) The practice of buying and selling and using accounts in the name of other parties by syndicates**

The form of activity in the practice of buying and selling and using accounts in the name of other parties can be in the form of: (1) the existence of syndicates that work to find other people's accounts and then sell them to criminals who need them, (2) the sale of accounts independently because reasons for economic motives, (3) criminals (syndicates) carry out social engineering activities and utilize money mule networks.

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[http://bappebti.go.id/resources/docs/peraturan/sk\\_kep\\_kepala\\_bappebti/sk\\_kep\\_kepala\\_bappebti\\_2020\\_12\\_01\\_i6tg8tfb\\_id.pdf](http://bappebti.go.id/resources/docs/peraturan/sk_kep_kepala_bappebti/sk_kep_kepala_bappebti_2020_12_01_i6tg8tfb_id.pdf) accessed on 05 August 2021.

<sup>18</sup> <http://bappebti.go.id/aktualita/detail/7016> accessed on 05 August 2021.

**b) Misuse of E-Commerce in transaction proceeds of crime**

The form of potential money laundering activities through e-commerce can occur in the following conditions:

- Use of e-commerce platforms as a medium of bribery through the purchase of luxury or high end goods;
- Purchase of goods or services (travel or lodging) of great value to a merchant but no delivery of goods only for transfer of funds;
- Transactions on trade in goods and services on the e-commerce platform have limitations in the identification process of the originator name (the owner of the e-commerce platform account).

Furthermore, other threats will develop in the practice of illegal cross-border e-commerce or illegal imports on e-commerce platforms that pose a threat of crime and potential state losses.

The bad consequence of illegal cross-border practices on e-commerce platforms to entrepreneurs who hold official import rights and Micro, Small and Medium Enterprises (MSMEs). Illegal products that many complain about are prohibited goods (lartas) such as Chemicals, Drugs, Cosmetics, and others where these products are imported and circulated without permission through e-commerce. This practice will cause many counterfeit and illegal products outside of official merchant accounts with much cheaper prices to circulate through e-commerce due to not taking care of National Agency of Drug and Food Control (NA-DFC) permit and allegedly not paying taxes according to regulations. In this regard, the Government of Indonesia's efforts to protect MSMEs related to products imported from other countries have been carried out with the issuance of Minister of Finance Regulation (PMK) Number 199/PMK/010/2019 concerning Customs, Excise and Tax Provisions on Imported Shipments

and Government Regulation Number 80 of 2019 on Trading Through Electronic Systems which regulates trading activities through digital platforms such as e-commerce.<sup>19</sup>

c) Unlicensed peer to peer lending Financial Technology practices

Financial Technology or Financial Technology is an innovation in the financial services industry that utilizes the use of technology. In the context of the emerging threat of money laundering, this is limited to illegal peer to peer lending Financial Technology which includes financial service innovation in illegal lending and borrowing transactions based on information technology. During period 2018 s.d. In January 2021, Investment Alert Task Force consisting of 13 Ministries and Institutions in its task of preventing public losses has closed as many as 3,056 peer to peer lending Financial Technology that is not licensed. The complete list of companies that do not have permission from the competent authority can be accessed through the Investor Alert Portal at [www.sikapiuangmu.ojk.go.id](http://www.sikapiuangmu.ojk.go.id).

Latent threats concerning illegal peer to peer lending Financial Technology, namely as a source of crime, are as follows:<sup>20</sup>

1. Credibility of the source of funds from creditors;
2. Location of the office is unclear or covered to avoid regulators and law enforcement.
3. Imposition of exceptionally large and non-transparent fees and fines.
4. Not subject to regulatory regulations or other laws and regulations.
5. Collection is carried out not in accordance with ethical billing procedures and tends to pose threats, is inhumane and against the law.
6. Requesting access to all personal data contained in the device including contact numbers, photos, storage which can then be misused when billing.

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<sup>19</sup> The government protects KUMKM from Illegal Cross-Border Practices on E-Commerce Platforms. Press Release on March 15, 2021. Ministry of Cooperatives and SMEs.

<sup>20</sup> FSA. Dangers of unlicensed peer to peer lending financial technology. Accessed in August 2021.<https://www.FSA.go.id/id/kanal/iknb/data-dan-statistik/direktori/teknologi-finansial/Documents/P2PL%20legal%20vs%20illegal.pdf>.

7. Lenders are at risk of loss or misuse of funds, inappropriate loan repayments and/or the potential for shadow banking and ponzi scheme practices.
8. Providers of illegal peer to peer lending Financial Technology do not comply with the rules for placing user data centers and do not have a disaster recovery center in Indonesia.
9. Counterfeiting or imitation of the platform name and/or company logo that has been registered or licensed by the competent authority.

#### **4.5 Potential Risks of Money Laundering During Covid-19 Pandemic**

On March 11, 2020, the World Health Organization (WHO) announced the current outbreak, namely Coronavirus Disease 19 (Covid -19) is a global pandemic. Covid-19 pandemic has had a considerable consequence on the health, social, economic, and financial sectors. Covid-19 pandemic situation has consequence on the resilience of the economic and financial systems throughout the world, including Indonesia. The ability to respond quickly and accurately is the main key in dealing with Covid-19 pandemic. Therefore, the government must be prepared to respond to a series of waves of the current and future Covid-19 pandemic.

Policies that have been issued by the Government to reduce the consequence due to the spread of the Covid-19 virus in Indonesia through the issuance of Government Regulation in Lieu of Law No. 1 of 2020 (PERPPU 1/2020) which was ratified in April 2020 on State Financial Policy and Financial System Stability for Handling Covid-19 pandemic and/or in Facing Threats That Endanger National Economy and/or Financial System Stability. PERPPU 1/2020, among others, regulates the reduction of the Corporate Income Tax (PPh) rate for the 2020 tax year (SPT PPh submitted in April 2021). Then through PMK-30/2020 the Government provided relaxation for delays in excise payments due to logistical delays in the field due to Covid-19. Fiscal and procedural incentives in terms of customs and excise are also carried out by the Government to reduce the consequence of Covid-19 pandemic which consists of a temporary ban on the export of Medical Devices, relaxation of Free Alongside Ship (FAS)

Imports, exemption from alcohol excise in the context of handling Covid-19, relaxation import permits for Medical Devices, relaxation of import PPh for Ease of Import for Export (KITE) companies, acceleration of online services for handling Covid-19, relaxation of excise duty and cigarette production, acceleration of logistics with National Logistics Ecosystems (NLE) system, and relaxation of sales from a Bonded Zone company or Ease of Import for Export Purposes.

The Covid -19 pandemic has also changed the way people of the world live, including Indonesia, one of which is preferring digital payment methods, the trend of online shopping, especially using digital payment methods, is increasing. Based on the results of the INTRAC study specifically concerning the risk of money laundering related to Covid-19 pandemic in 2020, it is known that the reporting parties who run face-to-face services for service users are as follows:



Figure 36 Services run by the Reporting Party during Covid-19 pandemic period

Based on the results of the study, it shows that 56% of the reporting parties open some face-to-face services according to the health protocol, 30% of the reporting parties continue to open all face-to-face services as usual by implementing the health protocol, and 14% of the reporting parties do not open face-to-face services.

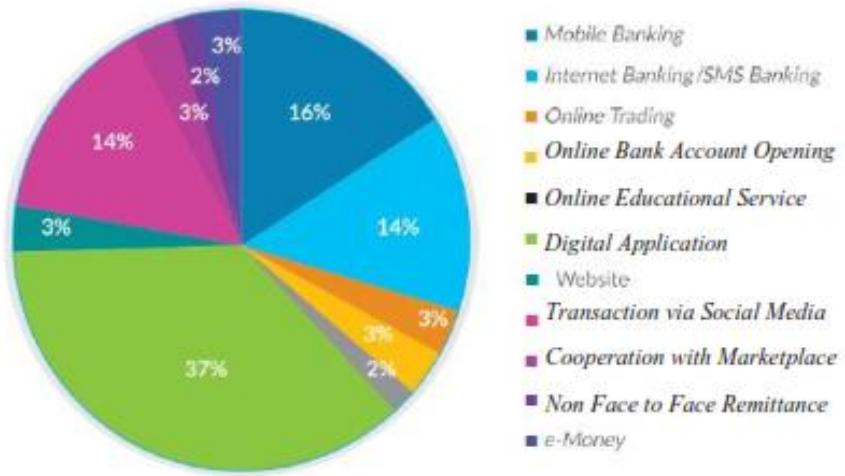


Figure 37 Types of Digital Services for Reporting Parties during Covid-19 pandemic period

The types of digital services owned by the reporting party for service users during Covid-19 pandemic that occurred from March-June 2020 based on the figure above, there are 3 (three) types of digital services with the largest percentage owned by the reporting party, namely digital applications 37%, mobile banking 16%, internet banking/SMS banking and non-face to face money transfer services by 14%. The estimated proportion of transactions made through digital services when compared to all transactions that occurred during Covid-19 pandemic period is 72% (average number of digital transactions) and 61% (average nominal digital transactions). Policies/procedures for implementing CDD/EDD carried out by the reporting party for these digital services during Covid-19 pandemic:

- s. Access verification through checking with Data from Directorate General of Population and Civil Registration of Ministry of Home Affairs, performing Face Recognition at the time of Open Account and if the customer is included in the High-Risk Customer Category (PEP), the account opening process will be directed to open an account at the Main Work Unit closest to potential customers.
- t. Using standard Covid-19 handling protocols.

- u. The use of e-KYC as an effort to identify and verify service users online.
- v. CDD is carried out in accordance with applicable regulations. Face to face is done at branches and through third parties (for customers who already have an account).
- w. The CDD/EDD procedure is carried out by the Bank Call Staff via video call.
- x. CDD is carried out by the customer sending complete documents via social media/email, then identification and verification is carried out by telephone.

During Covid-19 pandemic, Crime of fraud, corruption, narcotics, fund transfer Crime and embezzlement have a high potential risk of money laundering in Indonesia.

Based on the results of analysis, it is known that the proceeds of fraudulent Crime have the greatest potential risk of money laundering, this is due to the large economic need which is the consequence of the government's policy of physically closing business activities, causing the unemployment rate in Indonesia to increase compared to the previous period. Furthermore, Implementation of physical restrictions makes business actors switch to online systems (e-commerce), due to the significant increase in the need for medical supplies which also makes irresponsible criminals take advantage of the situation. This is evidenced by cases of fraud, especially online fraud being the most reports received by the Police during Covid-19 pandemic. Under these conditions, Kominfo (Ministry of Communication and Informatics) has coordinated with e-commerce platforms to be able to carry out strict supervision of the sale of all products that violate policies and take firm action against such violations.

Another type of predicate crime that has a high potential for money laundering during Covid-19 pandemic is corruption. To control the handling of Covid-19 in Indonesia, the CEC has issued Circular Letter (SE) Number 8 of 2020 concerning the Use of Budget for Implementation of the Procurement of Goods/Services in the Context of Accelerating the Handling of Covid-19 related to Prevention of Corruption. Corruption-prone points during the

pandemic include the procurement of goods and services, the allocation of State Budget and Regional Budget, donations from third parties as well as economic and social handling nets.

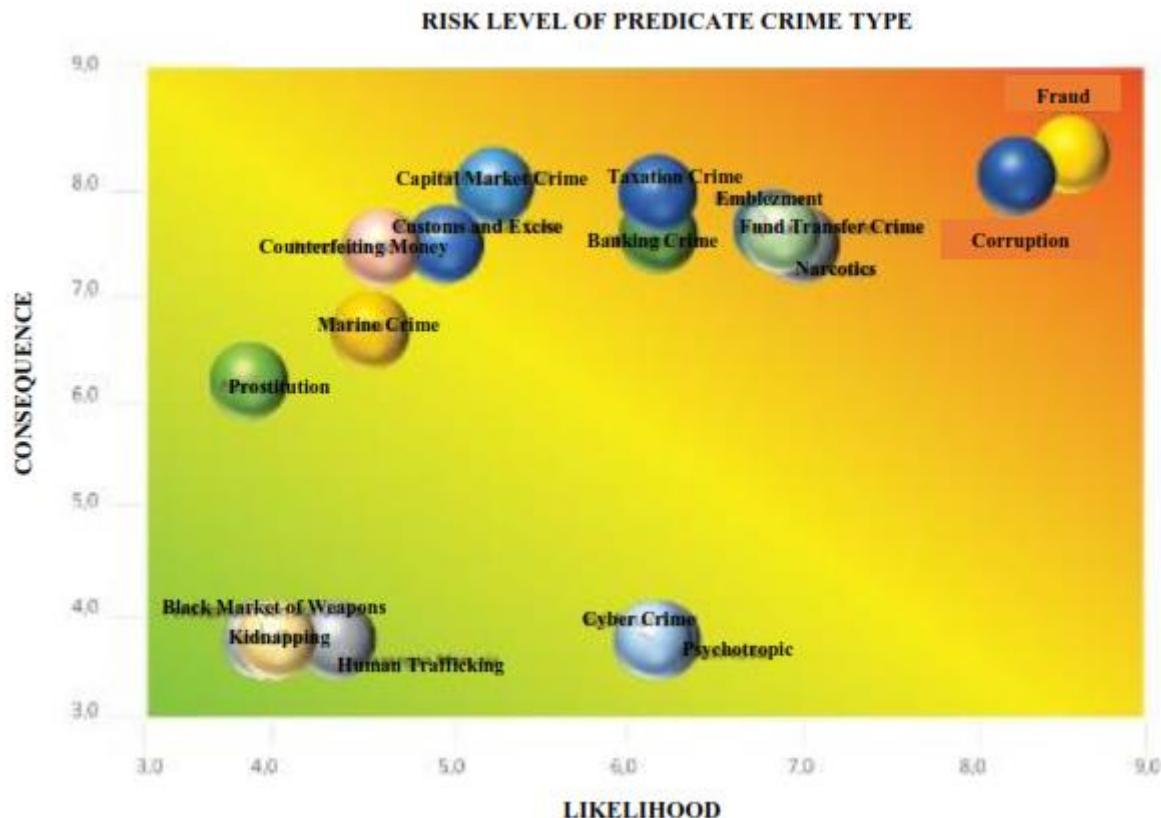


Figure 38 Potential Risks of Money Laundering during Covid-19 pandemic Based on Predicate Crime

Narcotics became the third position with the riskiest crime proceeds, where narcotics cases increased during the Pandemic, both cases of dealers, those in control, and users. Covid-19 pandemic has brought up various new modes for narcotics crime perpetrators to involve technology, but the police can mitigate and thwart and arrest the perpetrators' actions, both in smuggling, distribution, storage, and when transacting. National Narcotics Agency (INNA) continues to coordinate with Directorate General of Customs and Excise in carrying out efforts to eradicate narcotics Crime.

Furthermore, policies during Covid-19 pandemic such as social distancing or physical distancing caused access to banking and other financial services to become a challenge, the use of digital-based transaction services was applied massively to overcome these conditions. With

the existence of digital-based transaction services, criminals take advantage of the situation, one of which is related to the crime of transferring funds related to the Business Email Compromise (BEC). This puts funds transfer Crime at a high risk of money laundering.

#### **4.5.1 Policy Responses to Money Laundering Prevention and Eradication Program during Covid-19 Pandemic**

Several policy responses to risk mitigation carried out by the Government of Indonesia to address the potential risk of money laundering during Covid-19 pandemic, whether carried out by Self-regulatory bodies, Law enforcement Agencies and other Stakeholders.

##### **A. Self-regulatory Bodies**

###### **1. Bank Indonesia**

Bank Indonesia (BI) has issued Bank Indonesia Regulation No. 22/7/PBI/2020 on Adjustments to Implementation of Several Bank Indonesia Provisions because of Covid-19 pandemic and Board of Governors Regulation Number 22/3/PDG/2020 concerning Governance (Governance) Implementation of the Continuity of Bank Indonesia's Duties in the Status of the Pandemic and National Disasters of Covid -19. Furthermore, BI produces 4 (four) relevant outputs, including:

- a. Letter of appeal to Payment System Service Providers (PJSP) Other Than Banks such as Fund Transfer Providers (PTD) and Non-Bank Foreign Exchange Business Activities (KUPVA), to increase vigilance to anticipate potential ML/TF Crime and other financial Crime during the pandemic.
- b. BI issues audit guidelines under certain conditions as a guide for supervisors to continue to realize the audit plan. This guideline allows inspection activities to be carried out on-line/virtual/remote by utilizing the use of information system technology. The scope of

these guidelines applies to ML/TF examinations and other risks to support the optimization of Implementation of supervisory duties.

- c. BI issues a Guide to Know Your Service User/Customer Due Diligence (CDD) Principles which includes electronic CDD (e-CDD) guidelines.
- d. BI issues a policy concerning the use of electronic signatures including for electronic CDD for Card-Based Payment Instrument Activities Operators (APMK Organizers).

## **2. Financial Services Authority**

Financial Services Authority (FSA) has made various efforts to follow up the consequence of Covid-19 pandemic on Implementation of the AML-CFT program in the Financial Services Sector. During Covid-19 pandemic period, FSA carried out intensive coordination both with internal FSA and also INTRAC as follows:

- a. FSA internal coordination (GPUT and the regulatory and supervisory work unit for the financial services sector) on June 4, 2020.
- b. Coordination between FSA and INTRAC on 8 June 2020 (technical level) and 23 June 2020 (strategic level attended by Head of INTRAC).

One of FSA's main policies related to Covid-19 pandemic is that Covid-19 pandemic does not weaken Implementation of the AML-CFT program in the financial services sector. FSA has taken the following steps:

- a. FSA builds a risk-based ML-TF supervision infrastructure (SupTech). The AML-CFT Program Information System (SIGAP) is an integrated media in supporting the risk-based AML-CFT program monitoring cycle, managing statistical data related to Implementation of the AML-CFT program which can also be used to support the effectiveness of implementation (Immediate Outcome).
- b. Optimizing the use of electronic means in communication and coordination.

During the work from home and social distancing policies as a response to Covid-19 pandemic, FSA continues to provide communication services (contact points) and the delivery of information related to Implementation of ML-TF to PJKs in the financial services sector by optimizing electronic means via e-mail appupptFSA@ojk.go.id and the FSA ML-TF minisite.

c. Increasing the application of the risk-based approach (RBA) in the financial services sector

FSA encourages the industry to fully implement the RBA in accordance with the ML-TF provisions, including:

- It is possible to implement a simple CDD in terms of the low risk of money laundering and money laundering;
- It is possible to apply a delay in completion of verification;
- It is possible to implement a non-face-to-face verification process using electronic means and by utilizing population data that meets two-factor authentication.

d. Implementation of Risk-Based AML-CFT Supervision

FSA continues to consistently implement risk-based AML-CFT supervision in the financial services sector. More specifically, supervisors already have a Supervision Protocol in the context of Prevention and Handling the Spread of Covid-19:

- This protocol aims to provide guidance to supervisors in carrying out their main duties and functions amidst the consequence of Covid-19 pandemic on Implementation of supervision, including social/physical distancing and the application of work from home.
- In general, this protocol regulates on-site audit, off-site supervision, Implementation of the Fit and Proper Assessment (PKK), as well as Implementation of panel forums and coordination meetings.
- In on-site audit, supervisors are advised to temporarily stop inspection activities or can continue to run if they are deemed to have high urgency. In the event of suspension,

supervisor shall prepare an Examination Progress Report according to the results of the last inspection. If inspections are carried out, requests and data collection as well as coordination between supervisors and PJK can be done first through FSA-Box (OBOX) application, an application that allows Banks to share transactional data and information within a certain period of time through a repository. The table in the OBOX application is a collection of data submitted by the bank based on risk with certain criteria in the OBOX data structure. In accessing the OBOX application, each Supervisory Team is given a repository or container with a certain quota to download data and information submitted by the Bank. There are two types of data in the OBOX application, namely, structured, and unstructured.

- The PKK implementation protocol includes the possibility of non-face-to-face PKK implementation via video conference, and supervisors are required to pay attention to verifying the identity of prospective shareholders or prospective main parties by authenticating identity (what you know, what you have, what you are).
- Furthermore, Implementation of the Panel Forum and Coordination Meetings of work units can be conducted via video conference.

e. Use of Digital ID in CDD Process

FSA encourages the optimization of the use of responsible digital identity and Implementation of non-face-to-face verification, and coordinates with Directorate General of Population and Civil Registration (Dukcapil) concerning access for FSPs to utilize population data in the CDD process.

f. Submission of Advisory Alerts to PJK concerning Covid-19 pandemic Conditions FSA, both at Head office and regional offices, has delivered advisory alerts in the form of letters to PJK concerning Implementation of Risk-Based AML-CFT Programs in Covid-19 pandemic Conditions. Through the letter, it was conveyed to PJK to continue implementing

the risk-based AML-CFT program during Covid-19 pandemic, and conveyed matters that needed specific attention according to the Financial Action Task Force (FATF) as the intergovernmental body that sets standards and develops ML-TF policy. This is aimed at mitigating the risk of money laundering and terrorism financing during Covid-19 pandemic.

g. Implementation of virtual ML-TF training during Covid-19 pandemic. During Covid-19 pandemic situation which has a consequence on the obligation to maintain physical distancing, FSA continues to hold ML-TF training for PJK or FSA Supervisors with topics according to risks that need attention.

1. In 2020 capacity building activities for reporting parties are focused on strategic level (Board of Directors and Commissioners) to increase commitment and tone of the top in Implementation of a risk-based AML-CFT program, as follows:

- Dissemination of Implementation of the AML-CFT program for the Financial Services Sector in the Continuing Education Program (PPL) of Directors and Commissioners of Members of the Indonesian Securities Companies Association on January 22, 2020.
- Dissemination of Implementation of the AML-CFT program for the Financial Services Sector in the Continuing Education Program (PPL) of Directors and Commissioners of Members of the Association of Indonesian Securities Companies on January 26, 2020.
- Webinar activity “Profiling of Crime and Vulnerability of Money Laundering and Terrorism Financing as Consequence of the Covid-19 Crisis” organized by the Communication Forum of Director of Banking Compliance on 19 August 2020).
- Webinar Sharing Session for Directors and Commissioners of all PJKs in IKNB on February 9, 2021, which was also attended by the Chief Executive of the FSA IKNB Supervisor and Head of INTRAC. The next capacity building activity is the holding

of workshops to assist Implementation of the risk-based ML-TF program for the technical level. The mentoring workshop is an ongoing activity since 2017 to achieve the participation target of all PJK.

2. Implementation of the online seminar series, especially related to high-risk predicate offenses (TPA) according to the NRA on October 22, 2.5, and November 12, 2020. The purpose of this activity is to increase PJK's understanding of high-risk TPA to be able to detect transactions early Suspicious Finance (TKM) related to high-risk TPA in this case Crime in Corruption, Crime in Forestry, Crime in Capital Markets, Crime in Banking, Crime in Narcotics. This activity was attended by up to 6,185 participants from Financial Service Providers, where each online seminar series was attended by approximately 1500 participants on average.

3. Implementation of the online seminar on Prevention of Funding for Proliferation of Weapons of Mass Destruction on 22-24 June 2021 through collaboration between FSA and UNODC. Activity was attended by all Financial Service Providers under the supervision of FSA and FSA Supervisors. This activity aims to increase understanding and compliance with Prevention of Funding for Proliferation of Weapons of Mass Destruction in Indonesia's financial services sector.

4. Virtual ML-TF training for FSA Supervisors during Covid-19 pandemic period:

- IHT GoAML Implementation in Supervision of ML-TF Program Implementation on 19-21 April 2021

Participants: 58 Supervisors representing the Supervision Work Units at Head Office and Regional Offices. The purpose of Implementation is to support Implementation of AML-CFT supervision in 2021 considering the need for updates for Supervisors at the FSA concerning the goAML application and the determination of the GoAML

Perka which will have a direct consequence on Implementation of the AML-CFT program supervision.

- IHT Supervision of the AML-CFT Program related to Compliance Aspects with Reporting Obligations on 24-26 August 2021

Participants: ±50 Participants representing the Supervision Work Units at Head Office and Regional Offices as well as other related Work Units Aim to provide an end-to-end understanding and capability that can be applied directly in supervising the ML-TF program on the obligation to report financial transactions to FSPs supervised, through comprehensive materials and data processing practices.

- IHT Supervision of the ML-TF Program for Peer-to-Peer Lending Financial Service Providers and Microfinance Institutions in October 2021 involving ± 45 P2P and MFI Supervisors at Head Office and Regional Offices. The aim is to support Implementation of the AML-CFT program supervision for MFIs and P2P which will be in 2022, through the presentation of material related to the legal basis for risk-based AML-CFT supervision, monitoring compliance with the principle of Know Your Customer and reporting obligations.

5. Coordination with stakeholders related to Covid-19 pandemic conditions During Covid-19 pandemic period, FSA carried out intensive coordination both with FSA internals and also INTRAC to discuss the specific conditions of Covid-19 pandemic, as follows:

- FSA internal coordination (GPUT and the regulatory and supervisory work unit for the financial services sector) on 4 June 2020.
- Coordination between FSA and INTRAC on 8 June 2020 (technical level) and 23 June 2020 (strategic level attended by Head of INTRAC).
- FSA and INTRAC coordination meetings to discuss remote audit mechanisms because of Covid-19 pandemic on 2 and 8 June 2020. FSA also played an active role

in the formation of the Public Private Partnership (PPP) initiated by INTRAC as a forum for cooperation, particularly information exchange, between Representatives of Financial Services Industry and Representatives of public sector (Law enforcement Agencies, FIUs, and Self-regulatory bodies) to optimize efforts to prevent and eradicate money laundering and money laundering. FSA acts as a member of strategic Advisory Board (SAB) whose duties include monitoring and evaluating, as well as providing recommendations on PPP projects implemented by the Tactical Hub Working Group.

### **3. Directorate General of General Law administration, Ministry of Law, and Human Rights**

The policy response carried out during Covid-19 pandemic was through the online Notary Reporting System Application Plan that was integrated through Notary Account, Regional Supervisory Council (MPD), Regional Supervisory Council (MPW), Central Supervisory Council (MPP) and Directorate General of Administration. Common law.

### **4. Financial Professional Development Center (PPPK)**

PPPK continues to carry out online surveillance efforts and has specifically issued:

- a. Circular Letter of Head of PPPK Number SE-2/PPPK/2020, concerning Implementation of Financial Professional Examinations During Covid-19 pandemic; and
- b. Decision of Head of PPPK Number KEP-11/PPPK/2020 concerning Guidelines for Examination of Public Accountants, KAP, KAP Branches, Practicing Accountants, KJA and KJA Branches during Covid-19 pandemic Period.

### **5. Ministry of Cooperatives and SMEs**

Policy responses carried out during Covid-19 pandemic, namely through Cooperative Health Checks, can be carried out through Information Technology.

## **6. Indonesian Financial Transaction Reports and Analysis Center**

INTRAC has made several efforts to mitigate the potential risk of money laundering during Covid-19 pandemic, including:

- i. Based on the Circular Letter of Head of INTRAC Number 03 of 2020 on Adjustment of the Work System in Efforts to Prevent the Spread of Covid-19 in the PPTAK environment, an adjustment to the work from homework system has been formulated by considering the priority scale in Implementation of the tasks carried out by the INTRAC.
- ii. Implementing Prevention and eradication of money laundering and money laundering in Indonesia must be in line with those imposed by various relevant international organizations such as the Egmont Group and those carried out by other state financial intelligence organizations, so the business process of preventing and eradicating money laundering and money laundering continues to be carried out as should be.
- iii. Forming an Emergency Response Team (ERT) which focuses on handling obstacles related to reporting obligations.
- iv. Conducting cyber patrols on social media to identify fundraising donations through foundation and/or individual accounts as well as analyzing foundations conducting transactions to conflict areas.
- v. Implementation of online audit on site via virtual or video conference.
- vi. Optimization of information technology, namely the use of video conference or tele-meeting applications for ML Committee meetings and virtual case handling coordination meetings.

## B. Law Enforcement Agencies

NO	MINISTRY / INSTITUTION	POLICY RESPONSE TO THE ML-TF PROGRAM DURING THE COVID PANDEMIC
1	Criminal Chamber of the Supreme Court of the Republic of Indonesia	<p>a. Supreme Court (MA) has issued Supreme Court Regulation (Perma) No. 4 of 2020 on Administration and Trial of Criminal Cases in Courts Electronically (Perma Online Criminal Session). This regulation regulates the procedures for conducting trials of criminal cases, both criminal cases within the scope of online general court, military, and jinayat. This online criminal trial regulation is a follow-up to the Memorandum of Understanding between the Supreme Court, the Attorney General's Office, the Police, Directorate General of Corrections at Ministry of Law, and Human Rights concerning Trial Implementation via Teleconference in the Context of Preventing Covid-19.</p> <p>b. Carrying out training and certification of judges for corruption Crime using blended learning (online and classical).</p> <p>c. Carry out administrative activities and case trials electronically and various activities/scientific forums online/virtual meetings.</p>
2	CEC	Expanding cooperation for Big Data connection.
3	Indonesian National Police	<p>a. Attempts to carry out ML training for investigators.</p> <p>b. Attempts to apply money laundering to Crime with economic motives.</p>
4	Indonesian National	Cooperating with Provincial INNA investigators in tracking assets to maximize the investigation and confiscation of

<b>NO</b>	<b>MINISTRY / INSTITUTION</b>	<b>POLICY RESPONSE TO THE ML-TF PROGRAM DURING THE COVID PANDEMIC</b>
	Narcotics Agency	assets suspected of being the result of narcotics trafficking in the possession and possession of the suspect.
5	Directorate General of Customs and Excise	Coordinate with other agencies face to face with strict health protocols.
6	Directorate General of Taxes	<p>a. Issuing a Circular Letter of Director General of Taxes (DGT) concerning Technical Guidelines for Implementation of Duties in the Normal Order within the DGT environment, especially the handling of investigation, including the Minutes of Audit (BAP) that can be done via zoom.</p> <p>b. Increased human resource capacity online or online.</p> <p>c. Changing coordination with other parties with new habits (new normal/online) to be more and optimal.</p>
7	Attorney General	Handling corruption is not only in terms of state losses but also in terms of state economic losses.

#### **4.5.2 Case Studies of Handling of Money Laundering and Other Criminal Cases Related to Covid-19**

##### **1. Handling of money laundering against criminal acts of origin, business email compromise (BEC) based business email compromise (BEC) victims of the Dutch MMS B.V related to Covid-19**

(1) Business Email Compromise (BEC) Fraud Cases

Victims of the Dutch MMS B.V related to Covid-19

Criminal perpetrator sent fake emails on October 14, 2020 MMS B.V. (MMS) received an email from cs@sdbiosensor.co containing information on proforma invoices (temporary invoices) and changes to the destination bank for payment to a Bank A account in Indonesia in

the name of CV.SD INC for the fifth stage payment for the purchase of 50,860 packages of rapid test kits and 70 the instrument package for analysis of the results of the covid 19 test with a total bill of USD 3,065,375. Where the original domain of the company email is "@sdbiosensor.com and @mediphos.com". The following is a description of the case:

1. On October 14, 2020, MMS B.V. received an email from c.s@sdbiosensor.co contains information on performance invoices (temporary invoices) and changes to the destination bank for payment to Bank A's account in Indonesia in the name of CV.SD INC for the fifth stage of payment for the purchase of 50,860 packages of rapid test kits and seventy instrument packages. Analysis of covid nineteen test results with total invoices USD 3,065,375. Where the original domain of the company email is "@sdbiosensor.com and @mediphos.com".
2. On October 15, 2020, MMC Company in the Netherlands transferred funds from Bank I overseas in the name of MMS BV to Bank A in the name of CV.SD Inc in the amount of USD 3,065,375.00 or equivalent to Rp 44.738 billion in accordance with Proforma Invoice SHJ201009-6 FIN.
3. On 20 October 2020 MMS Company B.V. (MMS) also made payments for the order of three thousand packages of test kits and 20 packages of test results analysis instruments ordered by LTA with a total of USD 532,500.00 or equivalent to a value of IDR transaction USD 3,597,875.00.
4. Based on the suspicious transaction information, the Sub-Directorate of ML of Dittipideksus coordinates with INTRAC and Bank R in Indonesia so that the bank can postpone account transactions in the name of CV.SD INC (according to Law Number 8 of 2010 on Prevention and eradication of ML article 65 "INTRAC may request financial service provider to temporarily suspend all or part of the transactions as referred to in Article 44). Furthermore, Bank X has succeeded in delaying the transaction amounting

to IDR 27,832,829,812, while the funds that have been released amounted to IDR 24,505,000,000.

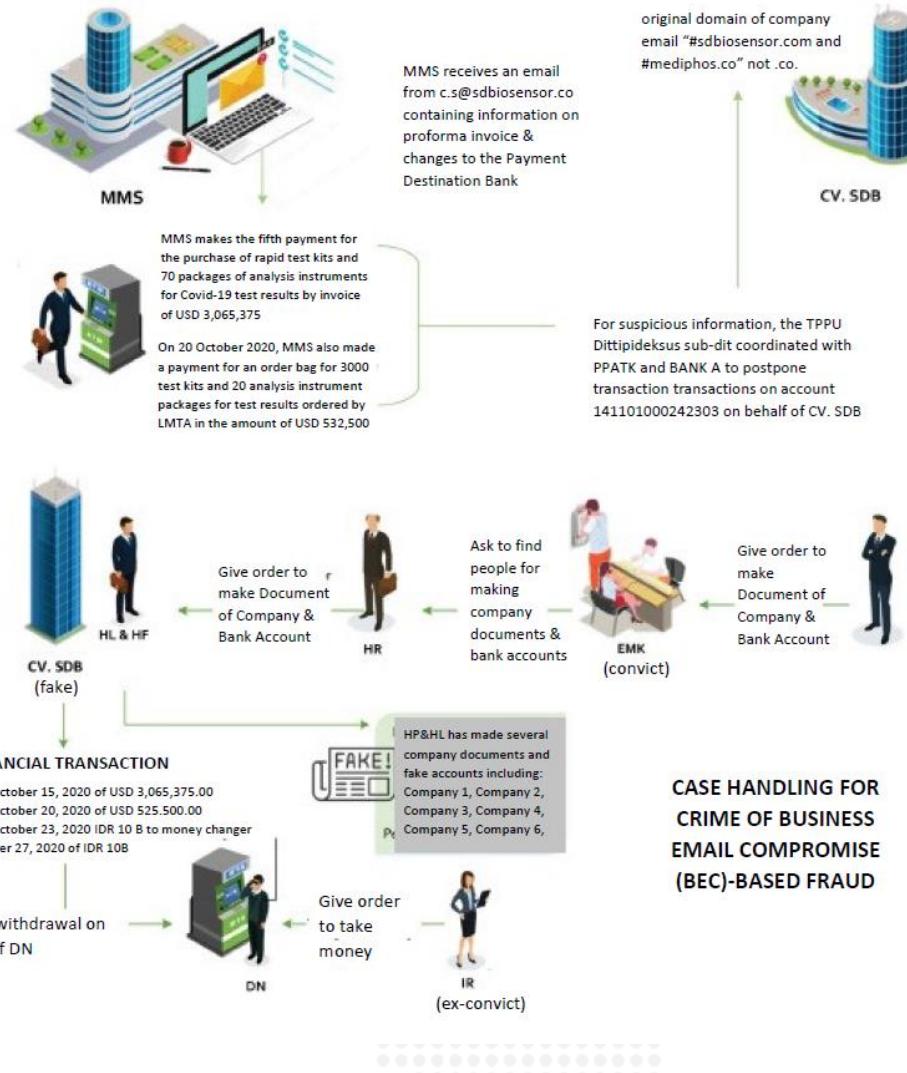


Figure 39 Scheme of ML Case Handling for Predicate Crime of Business Email Compromise (BEC) Fraud

## 2. Business Email Compromise (BEC)-Based Fraud Case by International Crime Syndicate Related to Purchase of Ventilators and COVID-19 Monitors Between Italian and Chinese Companies Worth EUR 3,672,146.91 Equivalent to IDR 58,831,437,451

(2) Business Email Compromise (BEC) Fraud Case by International Crime Syndicate Related to Purchase of Ventilator and COVID-19 Monitor

Cases of alleged Fraud or Counterfeiting or Funds Transfer Crime and or ITE Crime and Money Launderings committed by CV. SMBME. LTD., et al. which occurred from May 6, 2020, to May 22, 2020 with Business Email Compromise mode in the sale and purchase of Ventilator and COVID-19 Monitors between Italian Companies (AI S.p.A) and Chinese Companies (SMBME Co., Ltd.). The suspects claimed to be the seller of medical devices and instructed the victim to send the amount of money according to the agreement to the SM Bank account in Indonesia. The following is a description of the case:

1. On March 31, 2020 an Italian company engaged in the field of medical equipment a.n. AA S.p.a entered into a sale and purchase contract with a Chinese company in the name of SMBME Co., Ltd. for the procurement of medical equipment in the form of ventilators and COVID-19 monitors, with several payments to Bank C accounts abroad in the name of SMBME., Ltd.
2. On May 6, 2020 an unknown party emailed the company a.n. AAS.p.a by introducing himself as General Manager (GM) SMBEM Co., Ltd. in Europe and provide information concerning the change in the payee's account for the purchase of the ordered COVID-19 Ventilator and Monitor medical equipment, the account is an account in the name of CV. SMBME CO. LTD uses banks in Indonesia.
3. NCB Interpol Indonesia received information on alleged criminal acts of fraud from NCB Interpol Italy which was then forwarded to the Sub-Directorate of ML Dittipideksus Bareskrim INDONESIAN NATIONAL POLICE. against a company in the name of AA Spa where the victim has made 3 (three) transfers of funds to the SM Bank Account with a total of EUR 3,672,146.91 (three million six hundred seventy-two thousand one hundred forty six euros and ninety one cents) equivalent with IDR58,831,437,451.00 (fifty-eight billion eight hundred thirty-one million four hundred thirty-seven thousand four hundred and fifty-one rupiah).

4. The Sub-Directorate of ML of the Dittipideksus Bareskrim Indonesian National Police, NCB Interpol Indonesia, and NCB Interpol Italy succeeded in uncovering an international fraud syndicate involving a Nigerian network and 2 (two) perpetrators from Indonesia related to money laundering with the modus operandi of email hacking and fraud. The perpetrators consisting of "SB" (Indonesian) were arrested by a joint team of the Criminal Investigation Police, North Sumatra Police and Simalungun Police in Padang Sidempuan, North Sumatra.
5. The Sub-Directorate of ML Directorate of Specific Economic Crimes of Criminal Investigation Agency of the Indonesian National Police has arrested 3 (three) Indonesian citizens whose task is to prepare company documents and accounts of fictitious SMC companies in Indonesia. The perpetrator "SB" (Indonesian) was arrested by a joint team of the ML Sub-Directorate of the Criminal Investigation Unit of the Police, North Sumatra Police and Simalungun Police in Padang Sidempuan, North Sumatra. From the results of the arrest of "SB" it was revealed the fact that there were other Indonesian citizens involved, namely "R" who was involved in planning and making documents to launch a fraud and was arrested in Bogor, West Java and "TP" who was also involved in planning and making documents to commit fraud has been arrested in Serang, Banten.
6. From a loss of IDR58,831,437,451.00 (fifty-eight billion eight hundred thirty-one million four hundred thirty-seven thousand four hundred and fifty-one rupiah) has been successfully withdrawn and used by the suspect "SB" for personal purposes.
7. The joint Bareskrim team and Interpol Indonesia's NCB are currently still developing to uncover other actors involved, especially those suspected of being foreigners.

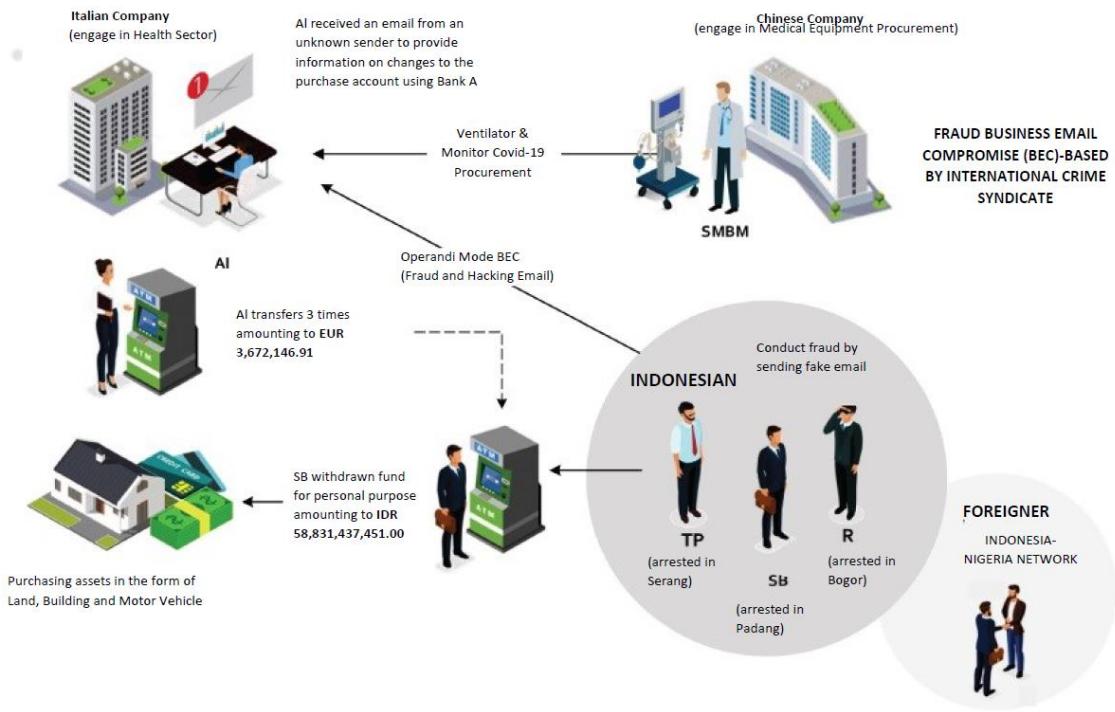


Figure 40 Case Scheme for Handling ML Cases for Predicate Crime of Business Email Compromise (BEC) Fraud by International Crime Syndicates

#### 4.6 Indonesia's Development after 2021 NRA Risk Analysis Process

During process of implementing Indonesian NRA2021, there have been various progressive developments by the Government of Indonesia in the fulfillment of the Anti-Money Laundering program. Indonesia continues to be committed to building a AML-CFT regime in efforts to prevent and eradicate money laundering to maintain the integrity of the financial system and national security. Various developments (progress) that have been successfully carried out by Indonesia, including:

##### 1. Decision of the Constitutional Court Number 15/PUU-XIX/2021 on the results of the Judicial Review of Article 74 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering

- In decision of the case, it was stated that Constitutional Court granted the petition of the Petitioners, namely PPNS of Ministry of Environment and Forestry (PPNS)

- KLHK) and PPNS of Ministry of Maritime Affairs and Fisheries (PPNS KKP) in its entirety.
- b. Stating an explanation of Article 74 Stating an explanation of Article 74 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering (State Gazette of the Republic of Indonesia 2010 Number 122, Supplement to the State Gazette of the Republic of Indonesia Number 5164) as long as the sentence "Definition of "investigators of criminal acts of predicate Crime" are officials from agencies authorized by law to conduct investigation, namely Indonesian National Police, the Attorney General's Office, Corruption Eradication Commission (CEC), National Narcotics Agency (INNA), as well as Directorate General of Taxes and Directorate General of Customs and Excise. Ministry of Finance of the Republic of Indonesia" is contrary to the 1945 Constitution of the Republic of Indonesia and **has no binding legal force if it is not interpreted "What is meant by 'predicate criminal investigators' are officials or agencies that are authorized by laws and regulations to carry out investigation"**

## **2. Expansion of New Reporting Parties Promotes Financial System Integrity**

With development of information technology-based financial services that have the potential to be used as a means by criminals to commit criminal acts and to protect technology-based financial service providers from the risk of money laundering (new technologies for AML), the Government of Indonesia has responded policy through the stipulation of Government Regulation of the Republic of Indonesia Number 61 of 2021 on Amendments to Government Regulation Number 43 of 2015 on Reporting Parties in Prevention and Eradication of Money Laundering.

### **3. Development of Money Laundering Risk Mitigation Implementation during Covid-19 Pandemic**

In responding to the ongoing Covid-19 pandemic situation, the Government of Indonesia has increased its awareness of the potential risks of money laundering that will arise during the pandemic. The form of implementation of ML risk mitigation during Covid-19 pandemic has been determined through preparation of various guidelines and procedures in mitigating ML risk during Covid-19 pandemic and forming an Emergency Response Team (ERT) which focuses on handling obstacles to reporting obligations during Covid-19 pandemic.

## **CHAPTER V CONCLUSION OF MONEY LAUNDERING RISK ASSESSMENT IN INDONESIA**

### **5.1 Conclusion**

Based on the results of the identification and analysis of threat factors, vulnerabilities, consequence, and risks of money laundering nationally as well as the results of PESTEL (Politic, Economic, Social, Technology, Environment, Legislative) analysis on strategic driving factors in the vulnerability aspect of money laundering prevention and eradication in Indonesia, then the following can be concluded:

1. As a form of the Indonesian government's commitment to building a anti-money laundering and prevention of financing terrorism (AML-CFT) regime through updating National Risk Assessment on Money Laundering (ML) in a holistic manner in 2021 with the inter-agency working group NRA Indonesia year 2021.
2. A holistic national Risk Assessment on Money Laundering (ML) in 2021 is an important and relevant step to respond to developments and dynamics at National and international levels concerning efforts to prevent and eradicate money laundering. A shared understanding of the risk of money laundering in a holistic manner by stakeholders in the Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation regime in Indonesia is especially important in determining direction, policies and mitigation strategies and must continue to update national understanding as development and complexity of the mode of money laundering offences.
3. Indonesia's progress in tackling money laundering has been reviewed by the Financial Action Task Force based on the results of Indonesia's Mutual Evaluation Review (MER) through Asia Pacific Group (APG) in 2018. The MER report measures Indonesia's level of compliance with the 40 FATF Recommendations and the effectiveness of the system.

Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation in accordance with the FATF Recommendation and the FATF methodology in 2013.

This is evident from the results of the Basel AML Index assessment since 2018 which recorded that Indonesia's score was 5.73 to 4.62 index points in 2020. This condition experienced a large decline in Indonesia's money laundering risk score was due to significant progress in the assessment of MER APG as FATF regional bodies.

4. The update of National Risk Assessment on Money Laundering (ML) in 2021 is carried out to map authentic knowledge and experience from various elements of the APU regime such as the Reporting Party (PP), Self-regulatory Bodies (SRB), Law Enforcement Agencies, Association Institutions, and other stakeholders in Indonesia. The methodological approach refers to the main concepts, namely threats, vulnerabilities, and consequence in calculating and analyzing the level of risk from various risk contexts for money laundering in Indonesia according to the type of predicate crime, perpetrator profile, geographical area, industrial sector, and typology, both domestically and abroad. (Inward risk or foreign predicate crime) or outward risk or offshore laundering).
5. Based on the results of the risk analysis of domestic money laundering, the following are known:
  - a. Corruption and Narcotics are types of crime originating from money laundering which are categorized as high risk of money laundering. Furthermore, criminal acts in taxation sector, criminal acts in the banking sector, criminal acts in the forestry sector, criminal acts of fraud, and criminal acts in the environmental sector are types of predicate crime of ML which are categorized as medium-sized money laundering.
  - b. Corporations and individuals are perpetrators of money laundering which are included in the high-risk category according to the perpetrators of money laundering.

- c. Officials of Legislative and Government Institutions, and Employees of SOEs/Regional SOEs are types of individual job profiles that are categorized as high risk. Furthermore, for the Occupation Profile of Entrepreneurs/Entrepreneurs, Private Employees, Civil Servants (including retirees), Professionals and Consultants, Indonesian Army/Indonesian National Police (including retirees), and Bank Employees, they are included in the medium risk category for money laundering.
- d. Limited Liability Companies (PT) have a high risk as perpetrators and facilities for money laundering.
- e. Motor Vehicle Traders, Property Companies or Property Agents, Commercial Banks and Foreign Exchange Traders are industrial sectors that are categorized as high risk as a means of money laundering offences.
- f. DKI Jakarta is a high-risk area for money laundering. Furthermore, East Java, West Java, Central Java, North Sumatra, and Bali are areas with a medium risk category for money laundering.
- g. Use of false identities, Use of nominees (loan names), trusts, family members or third parties, Property/real estate including the role of property agents, Smurfing, Structuring, Use of Professional Services, Use of new payment methods/systems, Corporate Utilization (legal person), Sector utilization that is not well regulated is a type of typology that is categorized as high risk of money laundering. While other typologies such as the use of the non-financial sector, foreign exchange, Mingling (union of illicit money in legal business), use of credit cards, checks, debt agreements, trade-based money laundering and transfer pricing, trading in jewelry and precious metals, illegal banks /alternative fund transfer services/hawala, Use of Virtual Currency, Purchase of valuable assets (art, antiques, etc.), Use of offshore banks, international business companies and foreign trusts, Use of shell companies

for proceeds from criminal acts in the field of taxation, as well as online gambling activities are a category of Medium-risk money laundering typology.

5. Based on the results of foreign predicate crime risk analysis in the scope of FPC (foreign predicate crime), the following are known:
  - a. Fraud, Corruption, Funds Transfer, Narcotics, Electronic Transaction Information (ITE) or SIBER are types of predicate Crime of ML which are categorized as high threat of ML.
  - b. Malaysia, Japan, Singapore, Thailand, Saudi Arabia, and the United Arab Emirates are 6 (six) countries categorized as high risk of money laundering.
  - c. Entrepreneurs or entrepreneurs, private employees, traders, housewives, professionals and consultants, students or students, civil servants (including retirees) and teachers or lecturers are individual job profiles categorized as high risk of money laundering.
  - d. Industry and distribution are a type of Business Sector that is categorized as a high threat of money laundering offences. Furthermore, the types of Business Sectors of Export/Import, Public Transportation, Mining, Retail Trade, Consultants, Agriculture, Real Estate, Electricity, Travel Bureau, Construction, Forestry and Wood Cutting, Fisheries, Restaurants and Hotels are the types of business sectors that are categorized as medium threat ML.
6. Based on analysis of the overseas risk of money laundering in offshore laundering (LO) or foreign outward risk, namely money laundering carried out abroad where the Predicate Crime occurred domestically (Indonesia), it is known the following:
  - a. Corruption and Narcotics are types of predicate Crime which are categorized as high threat of money laundering offences.

- b. Singapore, the United States, India, China, Thailand, Malaysia, and Hong Kong are 7 (seven) destination countries for money laundering in the high-risk category.
- c. Legislative and Government Officials, Entrepreneurs or Entrepreneurs and Private Employees are individual job profiles that are categorized as high risk of money laundering offences.
- d. Industry is a type of Business Sector that is categorized as high risk of money laundering. Furthermore, the Distribution, Retail Trade, Export/Import, General Transportation, Mining, Construction Business Sectors are types of business sectors categorized as medium threat ML.
7. Based on the results of analysis in the 2021 NRA, it is known that there are emerging threats of money laundering that have been identified, including:
- a. **The practice of buying and selling and using account accounts in the name of other parties by syndicates**
- The forms of activity in the practice of buying and selling and using account accounts in the name of other parties can be in the form of: (1) syndicates work to find other people's accounts and then sell them to criminals who require, (2) selling account accounts independently for reasons of economic motives, (3) criminals (syndicates) carry out social engineering activities and utilize money mule networks.
- b. **Misuse of E-Commerce Practices as an illegal transaction**
- The form of potential money laundering activities through e-commerce can occur in the following conditions:
- Use of e-commerce platforms as a medium of bribery through the purchase of luxury or high end goods;
  - Purchase of goods or services (travel or lodging) with large value to a merchant but no delivery of goods only for the transfer of funds;

- Transactions on trade in goods and services on the e-commerce platform have limitations in the identification process of the originator name (the owner of the e-commerce platform account). This condition presents challenges for the financial industry and payment system sectors in mitigating the emerging threat of money laundering against development of e-commerce platforms.

**c. Unlicensed peer to peer lending Financial Technology Practices**

In the context of the emerging threat of money laundering, this is limited to unlicensed peer to peer lending Financial Technology which includes financial service innovations in illegal lending and borrowing transactions based on information technology.

8. During Covid-19 pandemic, Crime of fraud, corruption, narcotics, fund transfer Crime and embezzlement have a high potential risk of money laundering in Indonesia. In real terms, there have been several cases during Covid-19 pandemic, including related to the crime of transferring funds for business transactions or Business Email Compromise (BEC) and corruption related to the misuse of social assistance.
9. Based on the results of the relevance analysis of Expert Fact Findings, 21 macro ML vulnerability factors have been identified in each aspect, including:

**A. Politic Analysis**

1. Political parties, politicians and state administrators who are politicians and their affiliates are vulnerable to being the main source of Money Launderings resulting from corruption.
2. The low quality of financial transaction reports submitted by the reporting party due to the weak identification of suspicious financial transactions with indications of predicate Crime committed by Politically Exposed Persons (PEP).

3. Handling of money laundering cases involving state officials and political party figures is constrained due to strong resistance and intervention.
4. The existence of INTRAC which has not fully reached all law enforcement areas in Indonesia has resulted in limited outreach in handling money laundering.
5. There are still individuals who practice judiciary corruption in Law enforcement Agencies affecting the effectiveness of law enforcement against money laundering in Indonesia.

## **B. Economic Analysis**

1. The absence of comprehensive handling of the shadow economy can encourage development of the modus and typology of money laundering related to economic motives.

## **C. Social Analysis**

1. Vulnerable Profile of Migrant Workers (TKI or Indonesian Immigrant Workers and Professionals) are used in ML mode through transfer of funds and carrying cash across borders.
2. Socio-cultural disorientation that causes various excesses and deviations in people's behavior so that they are vulnerable to being exploited in ML mode.

## **D. Technology Analysis**

1. Infrastructure in Implementation of e-KYC has not been fully able to support the effectiveness of efforts to prevent money laundering.
2. The use of wire transfers between financial institutions is vulnerable to being used as a means of money laundering offences to other jurisdictions to avoid detection and confiscation of assets.

3. Digital Money Network or online Platform transactions on online illegal markets by professional Money Laundering perpetrator using virtual currency.
4. Indonesia is the operational target of organizing cybercrime, including cyber fraud or transfer fraud and/or transfer of funds.
5. Development of unlicensed Peer to Peer Lending Financial Technology.

## **E. Environmental Analysis**

1. Most of the environmental Crime are related to the issuance of business permits and misuse of the permits that have been granted.
2. Most criminal acts of money laundering resulting from natural resource Crime occur in the mining, electric power, forestry, marine and fishery sectors.
3. Difficulty in accessing Beneficial Ownership (BO) identification information for Overseas Corporations.
4. Obstacles in establishing cooperation between agencies through MLA related to the confiscation of assets resulting from money laundering of environmental Crime abroad.
5. Oil palm business network (conglomeration) by foreign affiliated business groups supported by the banking sector.

## **F. Legislation Analysis**

1. Criminalization or sanctions applied to Persons or Legal Entities that have not been consequenceive, proportional and dissuasive.
2. The absence of a law on asset confiscation has resulted in the asset recovery efforts not being optimal.

3. The supervision of the capital market industrial sector is not yet optimal as well as the handling of cases related to indications of money laundering in the capital market sector.

## 10. Indonesia's Development After the 2021 NRA Risk Analysis Process

During process of implementing the 2021 Indonesian NRA, there have been various progressive developments by the Government of Indonesia in the fulfillment of the Anti-Money Laundering program. Indonesia continues to be committed to building a AML-CFT regime in efforts to prevent and eradicate money laundering to maintain the integrity of the financial system and national security. Various developments (progress) that have been successfully carried out by Indonesia, including:

- a. Decision of the Constitutional Court Number 15/PUU-XIX/2021 on the results of the Judicial Review of Article 74 of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering;
- b. Expansion of New Reporting Parties Encouraging Financial System Integrity; and
- c. Developments in Implementation of Money Laundering Risk Mitigation during Covid-19 pandemic.

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