

The Role of Banking in Preventing the Crime of Money Laundering

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Abstract. The high gamble of banks being utilized for the purpose of tax evasion makes banking specialists expect banks to assume a functioning part in forestalling and killing illegal tax avoidance violations. Banks have been at the forefront of the money laundering battle, even before it was recognized by the government as a crime. Banks together with their employees are at the forefront of efforts to combat concrete steps to identify, minimize, and manage every risk originating from illicit money that threatens individual banks and the banking industry. In carrying out their supervisory duties, Banks in Indonesia have carried out Regulation No. 8 of 2010 concerning TPPU with Bank Indonesia Guideline No. 11/28/PBI/by applying the rule of knowing your client and the stages by Roundabout Letter No. 11/31/DPNP 2009 Standard Rules for Executing Hostile to Tax evasion and Illegal intimidation Supporting Avoidance Projects for Business Banks.

Keywords: Money Laundering; Crime; Prevention; Bank

1 Background

The moving changes that have happened starting around 1997 give desire to changes in all parts of public and state life, specifically legislative issues, financial aspects, and regulation. In the organization of State government, the normal change is towards the organization of State government which is more equitable, straightforward, and has high responsibility as well as the acknowledgment of good administration and opportunity of activity.[1]

The National Development carried out so far is a sustainable development work to make an equitable and prosperous society in view of Pancasila and the 1945 Constitution. The execution of advancement should continuously focus on agreement, amicability, and equilibrium of different improvement factors, particularly in the monetary and monetary fields, to achieve that goal. The efficiency of money flow is a reflection of how actively society works to implement economic progress. Banking institutions should be used to supply financing. Credit is provided by banking institutions to finance production activities. Credit provision is intended to increase exports, domestic production, investment activities, and business ventures by organizations in economically disadvantaged populations. To encourage the implementation of national development, continuous efforts are made to develop banking institutions to ensure services and smooth payments.

In the current era of globalization, banking has also integrated into the global financial and payment system. Banks are an integral aspect of a country's financial and payment system. Keeping this in mind, banks become publicly owned after obtaining permission from the monetary authority of the relevant country to open and operate. Therefore, its existence must be upheld by local, national, and international communities apart from the bank owners themselves. Regulation 23 of 1999 pertaining to Bank Indonesia and Regulation 7 of 1992 pertaining to Banking, as amended by Regulation 10 of 1998, direct national banks and banking separately. Banks are simply allowed to pull out assets from the general population as stores and issue obligation acknowledgment straightforwardly.[2]

The Banking Law was amended, and bank institutions were again organized into a simpler structure, into just two types of banks, namely: Business Banks and Country Banks. This qualification between kinds of banks is stressed in Article 5 of the corrected Financial Regulation. It passed that concurring on to their sort, banks comprise of: Business Banks will be banks that do business exercises customarily and additionally founded on Sharia standards and in their exercises offer types of assistance in installment traffic; Country Credit Banks will be banks that do business exercises routinely or in view of sharia standards whose exercises don't offer types of assistance in installment traffic.[3]

According to Bank Indonesia Law Number 13 of 1968 concerning Central Banks, it is stated, among other things, that the main responsibility of the Central Bank is to regulate, maintain, and maintain the stability of the value of the rupiah, as well as increase the rupiah exchange rate. smooth production and development as well as increasing employment opportunities, to improve the standard of living of the average population. Thus, it is clear that the mission carried out by Bank Indonesia as the Central Bank is quite challenging and requires knowledge and caution in developing the Indonesian economy.[4]

In accordance with mechanical turns of events and globalization in the financial area today, many banks have turned into the principal focuses for tax evasion exercises thinking about that this area offers many instrument administrations in monetary rush hour gridlock that can be utilized to stow away or camouflage the beginning of assets. With the globalization of banking, criminal returns stream or move past state jurisdictional limits by using bank mystery factors which are by and large maintained by banks. Through this mechanism, criminal proceeds move from one country to another that does not yet have a legal system that is strong enough to tackle money laundering activities or even moves to countries that strictly implement banking secrecy provisions.[5]

A process or action known as "money laundering" attempts to cover up or disguise the source of wealth obtained through the proceeds of illicit activities and then convert it into wealth that appears to come from legitimate sources. As per Article 2 of Regulation, Number 15 of 2002 which manages the crook demonstration of illegal tax avoidance (as revised by Regulation Number 25 of 2003), criminal demonstrations that outcome in tax evasion incorporate defilement, pay off, pirating of merchandise, individuals, or weapons, unlawful demonstrations. exercises including ladies, youngsters, or weapons, seizing, psychological warfare, washing, misappropriation, and misrepresentation. Tax evasion as per Regulation Number 8 of 2010 is any demonstration that meets the necessities of a criminal offense by the arrangements of this Regulation.[6]

As a rule, tax evasion is a concealing cycle, moving and utilizing the returns of a crook act, exercises of criminal associations, financial wrongdoings, defilement, narcotics managing, and various activities that contain wrongdoing.[7] Illegal tax avoidance exercises include exceptionally complex tax evasion exercises. This action comprises of three stages, every one

of which remains solitary yet is frequently done together, specifically arrangement, layering, and joining.

Tax evasion or what we typically know as tax evasion, has now turned into a typical event in associations and even at the public authority level. While examining Cash Clothing, the word Defilement can't be isolated from it. Defilement is a crime by controlling the funds of a gathering, association, or mass association to help an individual or the culprits of the debasement. With Tax evasion, the culprit's monetary history can be protected on the grounds that the cash from stole supports has been snuck into different viewpoints, for example, gifts to social establishments, corporate securities, property buys, etc. So it doesn't look dubious.

This dirty money cleaning can be done in one of the following ways:[8]

- a. Hiding and masking its starting point.
- b. Saving and blending in with unadulterated cash, like through banks, second hand stores, or monetary enterprises.
- c. Moving to or from another person or place.
- d. Paid as part of a purchase
- e. Given to a person
- f. Delegated to someone else
- g. Changed structure to another sort (for instance, rupiah to dollars)

In Illegal tax avoidance, numerous crook acts keep on creating right up to the present day, so the lawbreaker acts contained in the Tax evasion process have become far reaching, for example, Defilement, Pay off, Opiates, Psychotropics, Work Sneaking, taking others' freedoms (taking), cheating, eating abundance through misleading means, lying, storing riches, capturing and even homicide.

Because the problem of money laundering in banking transactions is growing rapidly and causing harm to the nation's economy, the government and DPR have enacted a number of laws to prevent and/or eradicate TPPU. These guidelines integrate Guideline Number 7 of 1992 concerning Banking and Guideline Number 23 of 1999 concerning Bank Indonesia, the two of which have been amended by Guideline Number 10 of 1998. Regulation No. 8 of 2010 on the Prevention and Destruction of Cash Wrongdoings is one of many additional regulations. illegal tax evasion and Bank Indonesia's violation of Regulation 23 of 2003. However, this does not eliminate the possibility of many other laws that could help eradicate money laundering.

The high gamble of banks being utilized for of illegal tax avoidance makes banking specialists expect banks to assume a functioning part in forestalling and destroying tax evasion wrongdoings. Banks were utilized as the lead of the counter tax evasion system, even before illegal tax avoidance exercises were assigned by the public authority as a wrongdoing. Banks along with their workers are at the very front of endeavors to battle substantial moves toward recognize, minimize, and manage every risk originating from illicit money that threatens individual banks and the banking industry.

2 Method

This investigation is associated with normalizing research, [9] regularizing research systems, explicitly research used in genuine assessment which is finished by taking a gander at existing library materials or what is written in legitimate rules (Guideline in the book). In normalizing genuine assessment, research on the principles and rules of real guideline is used

as a gadget to separate the guidelines and rules right currently in force, for this present circumstance, Guideline No. 8 of 2010 regarding tax evasion violations.

Guideline interfacing with the contravention and obliteration of the bad behavior of tax avoidance, including Guideline Number 8 of 2010 concerning the Expectation and Destruction of the Wrongdoing of Illegal tax avoidance, and other lawful materials are instances of essential legitimate materials that are restricting and connected with the subject talked about. What is implied by "optional legitimate material" is lawful material that makes sense of essential lawful material. Essential lawful materials incorporate books, class papers or other logical gatherings, magazines, logical diaries, articles, free web-based articles, papers, magazines, and, surprisingly, individual records connected with the subject of examination review. Tertiary legitimate materials that give additional data with respect to essential lawful materials and optional legitimate materials incorporate the Large Indonesian Word reference, an Indonesian Reference book, and Different lawful issues connected with illegal tax avoidance violations.

3 Results and Discussion

3.1 1. Regulation of Money Laundering Crimes in Indonesia

The term Tax avoidance in Indonesia, translated as unlawful duty evasion, has been named a bad behavior, whether did by individuals or by legal substances or associations. Money laundering is defined as follows in Henry Campbell Black's (1990) Black's Law Dictionary:[10]

"A term used to portray the venture or other exchange of cash moving from coercion, drug exchanges, and other unlawful sources into lawful channels with the goal that the source can't be followed."

This term portrays tax avoidance as the store or adventure of money or various sorts of move or redirection of money beginning from pressure, sedatives trades, and other unlawful sources through genuine channels with the objective that the wellspring of the money can't be known. then again followed.[11]

Welling stated that " tax evasion is a cycle wherein an individual covers the presence, unlawful source, or unlawful use of pay and afterward masks that pay to cause it to seem real ". Meanwhile, Frazer stated that "Money laundering is a fairly simple process where "dirty" money (the proceeds of crime), is laundered through "clean" or legitimate sources and companies so that "bad people" can more safely enjoy their disease. make a profit.[12]

In the Unified Countries Show Against Unlawful Traffic in Opiates, Medications, and Psychotropic Substances of 1988 which has been confirmed with Regulation no. 7 of 1997, the term illegal tax avoidance is characterized in Article 3 passage (1) as follows: " Change or move of assets, understanding that the assets start from a serious encroachment or encroachment (which can be prosecuted), or from the demonstration of partaking in the infringement or encroachment, to cover or camouflage unlawful resources or aiding any individual drew in with completing such hooligan act or bad behavior to avoid the genuine consequences of their exercises; then again disguise or veil of the genuine embodiment, source, region, mentality, advancement, opportunities concerning or obligation regarding; understanding that the property starts from a serious

(prosecutable) encroachment or encroachment or from participating in such encroachment or encroachment.[13]

The improvement of the wrongdoing of illegal tax avoidance has raised global worries since it is expected that it could disturb the monetary steadiness of the business world because of the quick dissemination of a lot of assets starting with one spot then onto the next and even from at least one nations to at least one different nations. The majority of the world's population is of the opinion that criminal activities like money laundering are extremely harmful to society.

Illegal tax avoidance is normally completed in light of multiple factors, for example, on the grounds that the assets claimed are taken/undermined, continues of wrongdoing (for instance, in criminal organizations), deals of maryjane, prostitution, tax avoidance, etc. Because of this, the cash should be "washed" or executed to an outsider, through a lawful element, or an underdeveloped nation. With the goal that the cash can be gotten back by the first proprietor of the cash as though it came from lawful business results. Hence, it is important to fix oversight in regards to the progression of assets, both the beginning of the source and the reason for which the assets are utilized. The point is, as a matter of fact, to break and forestall the chain of hazy progression of assets which will be "washed" by the proprietor.[14]

Laundering money involves extremely intricate procedures. This action comprises of three stages, every one of which remains solitary yet is frequently done together, specifically arrangement, layering, and joining.

a. Placements

Circumstance is described as an undertaking to put saves delivered from a wrongdoing. In this scenario, there is the actual development of money either by sneaking money from one country to another, combining money from illegal activities with money from legitimate activities' returns, or by putting expectation stores into the financial system. For example, bank stores, checks, or through land, or offers, or in like manner changing over into various financial principles, or moving money into new cash.

b. Layering

Layering is described as confining the profits of bad behavior from its source, to be explicit wrongdoing related through a couple of periods of financial trades. For this present circumstance, there is a course of moving resources from a couple of records or certain regions as a result of position to various spots through a movement of convoluted trades planned to disguise or dupe the wellspring of unlawful resources. Layering ought to moreover be conceivable by opening anything that number records as could be anticipated considering the present situation for fanciful associations by taking advantage of bank secret plans.

c. Integration

Blend is a work to spread out a reason as a "certifiable explanation" for the profits of bad behavior. For this present circumstance, the money lit up through position or layering is diverted to genuine activities so it appears, apparently, to be absolutely unimportant to the past wrongdoing that was the wellspring of the lit up cash. At this stage, the money that has been blurred is gotten back to spread in a design that is as per legal rules.

Regulation No. 1 currently oversees the illegal tax avoidance offense. 8 of 2010 regarding the Stopping and Eliminating of Tax Evasion. Ahead of time, the bad behavior of unlawful assessment evasion was overseen in Guideline No. 15 of 2002 concerning the Bad behavior of Tax avoidance and Guideline No. 25 of 2003 concerning the Bad behavior of Unlawful duty aversion.

The rule of unlawful duty evasion infringement in Indonesia should be visible from Guideline No. 8 of 2010 on the Anticipation and Destruction of Illegal Tax Avoidance, which aims to prevent and eliminate violations as tax evasion continues to practice in Indonesia. This is planned to limit the power of wrongdoings that produce a lot of assets, maintaining financial stability and state security.

The presence of Guideline No. 8 of 2010 concerning the Balance and Obliteration of Tax avoidance gives an open door to policing complete examinations on scholarly entertainers to decide the progression of cash produced. Aside from that, it can likewise be utilized as a reason for entrapping scholarly entertainers who asset and plan wrongdoings, including predicate violations, via completing requests and examinations concerning the progression of cash from wrongdoing.

Predicate bad behavior is the predicate bad behavior of tax avoidance. Predicat bad behavior is controlled in Article 2 entry (1) of Guideline no. 8 of 2010 on Tax Evasion Countermeasures and Annihilation.

In Guideline No. Regarding efforts to combat illegal tax avoidance, there has been a shift in perspective in accordance with Section 8 of 2010 regarding the Counteraction and Destruction of the Wrongdoing of Tax Evasion. In the past plan, the standard of "follow the suspect" was utilized, to be specific following the suspect. At present, the worldview for destroying the wrongdoing of tax evasion utilizes the rule of "follow the cash", in particular following the abundance coming about because of wrongdoing. This is viewed as more compelling on the grounds that it can obliterate the inspiration of hoodlums, the returns of wrongdoing "as the blood of the wrongdoing" are the most fragile point in the chain of wrongdoing, the trouble of demonstrating criminal demonstrations, and the responsibility of criminal scholarly entertainers is overwhelmed by following the resources coming about because of wrongdoing and is more pleasant and more far off of its range.

3.2 Position and Role of Banking in Efforts to Prevent Money Laundering

The job of banks in supporting the Indonesian economy turned out to be progressively key with the development of drives to serve all degrees of society from Sabang to Merauke during the 1960s by presenting different financial administrations like Drifting Bank, Portable Bank, Bocah Bank, and Sarinah Bank.

The development and progress of science and innovation, particularly in correspondences, has brought about the mix of monetary frameworks, including the financial framework, which gives a strategy to rapidly moving cash between nations. This present circumstance, including the ascent of criminal demonstrations at both public and global levels by utilizing the financial framework to stow away or dark the wellspring of assets got through criminal demonstrations (tax evasion), adversely affects individuals' lives. In such manner, Indonesia has a regulation Number 15 of 2002 concerning the Wrongdoing of Tax evasion which means to forestall and kill the wrongdoing of illegal tax avoidance. Be that as it may, the arrangements of the law are accepted to miss the

mark concerning worldwide standards and a productive equity framework could be created to distinguish and destroy violations including illegal tax avoidance.

Suspicious transactions at banks occur if they fulfill one of the contents of Article 1 Point 5 of Law No. 8 of 2010. If a suspicious transaction occurs, when a customer makes a transaction, the Bank usually checks the customer's profile. If the transaction carried out does not match the profile and characteristics, the transaction can be said to be a suspicious transaction. Usually, these suspicious transactions are carried out when prospective customers fill in their identity, sometimes customers provide fake identities. Sometimes suspicious transactions often occur, if the Bank receives a suspicious transaction, the Bank will immediately take further action on the transaction so that the bank does not become a place for money laundering crimes. The reporting system implemented by the Bank in carrying out its role as a reporter is that the Bank will carry out a reporting system if there is a suspicious financial transaction report, the Bank will report it to PPATK using the Online System. The bank will immediately send suspicious transaction data to PPATK.

Banks are required to select special officers tasked with looking for customers who are considered to have high risk, for example, government officials, and/or transactions that are considered suspicious (suspicious transactions). So that bank officers can detect suspicious transactions, banks design monitoring systems that can be run manually or automatically. Bank officers should be alert for suspicious activity while carrying out daily operational duties and report it for further investigation. The following topics should at least be included in monitoring activities:

- a. Account Monitoring, Includes periodic monitoring of account mutations to identify possible mutations that do not match the customer's profile. Especially for customer accounts that have high risk, more intensive monitoring is required.
- b. Transaction Monitoring includes monitoring the transaction system, both cash, and non-cash, when the transaction is carried out to identify transactions that do not match the customer profile.
- c. Transaction Monitoring for Walk-in Customers includes monitoring transactions carried out by walk-in customers with a value of more than Rp. 100,000,000.00 (one hundred million rupiah) or the equivalent to identify possible suspicious transactions.

To find out whether there are suspicious transactions that cannot be explained persuasively by consumers, banks are required to monitor customer accounts and transactions, evaluate the results, and then submit their findings to Bank Indonesia. Suspicious customer transactions must be reported individually no later than 7 (seven) days after the transaction deemed suspicious is carried out as part of the follow-up monitoring of bank customer accounts and transactions. Management of customer account and transaction results, whether reported to Bank Indonesia or not reported to Bank Indonesia, must contain documentation of the results of monitoring and evaluation of these accounts and transactions. Monitoring and evaluation results do not need to be reported to Bank Indonesia if the bank cannot be sure that the transaction is suspicious.

These unusual transactions can be classified as suspicious financial transactions, which must be reported, if they meet the criteria outlined in Article 1 number 5. Meanwhile, for transactions or activities outside of customary and reasonable conditions as mentioned above, monetary specialist organizations are approached to really focus on

all complicated, surprising exchanges in huge sums and all strange exchange designs that have not an obvious explanation and no genuine reason. The foundation and motivation behind the exchange must, beyond what many would consider possible, be checked for findings to assist the authorities or editors (UU, 2010: no 8, Prevention and eradication of TPPU). Unusual large cash deposits by individuals or companies that have certain business activities and these deposits are usually made using instruments in the form of checks or other non-cash instruments.

A marked increase in cash deposits to personal or business accounts without good reason, especially if such deposits are made directly to a location unrelated to the person or business. Depositing cash into several deposit slips little by little results in a very large overall deposit. Send a large amount of money with instructions to make a cash payment to or from another country. To avoid direct contact with bank officials, make large deposits through deposit accounts after cash hours. The following pattern of suspicious use of bank accounts is an example of suspicious transactions involving bank accounts: Maintaining several accounts in the names of other parties that are not by the customer's type of business activities.

- a. Cash stores in limited quantities into a few records held by clients at the bank so the complete stores have an exceptionally huge sum.
- b. Large stores as well as withdrawals from individual or organization accounts that are improper or inconsequential to the client's business.
- c. Large withdrawals from client accounts that were beforehand dormant or accounts that got huge stores from abroad.
- d. The customer refuses to provide additional documents or important information which, if provided, would enable the customer to become eligible to obtain credit facilities

Suspicious transactions through investment transactions into suspicious transaction types with investment transaction use patterns including the following activity models:

- a. Securities purchased to be kept in a bank as a custodian should not be appropriate considering the customer's reputation or financial capabilities.
- b. Bank loans with blocked funds (back-to-back deposits/loan transactions) between banks and subsidiaries, affiliated companies, or banking institutions in other countries known as countries where narcotics traffic flows.
- c. Customers request investment management services with investment funds whose source is unclear or inconsistent with the customer's reputation or financial capabilities.
- d. Transactions with unknown counterparties or unusual nature, amount, and frequency of transactions.
- e. Introduced to investors by banks in other countries, affiliated companies, or other investors from countries that are publicly known as places of production or trafficking of narcotics.

4 Closing

Execution of announcing dubious monetary exchanges in banking should be by Regulation No. 8 of 2010 concerning TPPU with Bank Indonesia Guideline No. 11/28/PBI/by

applying the rule of knowing your client and the stages by Roundabout Letter No. 11/31/DPNP 2009 Standard Rules for the Execution of Hostile to Tax evasion and Counteraction of Psychological oppression Funding Projects for Business Banks are the base standard reference that should be met by Business Banks in getting ready Rules for the Execution of Against Illegal tax avoidance and Anticipation of Illegal intimidation Supporting Projects.

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