

# Authority of Financial Service Providers to Prevent Money Laundering Crimes Based on Unfair Financial Transaction Values

Megawati Barthos<sup>1</sup>, Berry Ballen Saputra<sup>2</sup>  
[megawati\\_barthos@borobudur.ac.id](mailto:megawati_barthos@borobudur.ac.id), [berrybsaputra.eksus.bareskrim@gmail.com](mailto:berrybsaputra.eksus.bareskrim@gmail.com)<sup>2</sup>

Universitas Borobudur<sup>1,2</sup>

**Abstract.** The wrongdoing of tax evasion is a cycle or act that means to stow away or mask the beginning of cash and resources got from criminal demonstrations which are then changed over into resources that seem to start from genuine exercises. The wrongdoing of tax evasion not just undermines monetary dependability and the honesty of the monetary framework yet can risk the underpinnings of social, public, and state life in light of Pancasila and the 1945 Constitution of the Republic of Indonesia. This examination expects to depict the guideline of power. monetary specialist co-ops in forestalling criminal demonstrations of illegal tax avoidance in view of claims of out of line monetary exchange values. The creator utilizes a regulating juridical methodology, using primary and secondary data. Data analysis uses qualitative analysis. The research results show that the authority of financial service providers is regulated in Articles 23, 24, 25, and 26 of Law Number 8 of 2010 concerning the Crime of Money Laundering. Apart from that, to anticipate the occurrence of money laundering criminal attempts in Indonesia, namely by postponing transactions with assets suspected to originate from criminal acts. Blocking of acquisitions known to originate from criminal acts, and Temporary suspension of transactions related to money laundering crimes.

**Keywords:** Authority; Financial service providers; Financial transactions; Money Laundering Crime.

## 1 Introduction

The wrongdoing of tax evasion not just compromises monetary dependability and the trustworthiness of the monetary framework yet can likewise imperil the underpinnings of social, public, and state life in light of Pancasila and the 1945 Constitution of the Republic of Indonesia. Counteraction and destruction of the wrongdoing of tax evasion requires a groundwork of strong regulations to ensure legitimate conviction, compelling policing, well as following and returning resources coming about because of criminal demonstrations. The power to examine asserted criminal demonstrations of tax evasion is created by the Middle for Monetary Exchange Reports and Investigation, hereinafter curtailed to PPATK, which is a free foundation shaped to forestall and destroy criminal demonstrations of Illegal tax avoidance.

Recently, the Indonesian people have felt angry with the findings from BNN regarding the crime of money laundering worth 15 billion Rupiah, originating from narcotics crimes and carried out by former narcotics convicts.[1] Not to mention other assets that were not reported

to the state, as well as deposit boxes found in other people's names, allegedly to avoid government suspicion, with truly fantastic values, such as the case of Rafael Alun, and other criminal acts of money laundering such as those committed by the former Head of the Agency. National Land Agency (BPN) which often flexes a luxurious lifestyle in the city of Makassar.

There are various formulations related to the meaning of money laundering or the crime of money laundering the formulation involves a process of laundering money obtained from crime and laundered through a financial institution (bank) or financial service provider so that in the end the illicit money gets an appearance as legitimate or halal money.[2] The Financial Transaction Reports and Analysis Center (PPATK) as the Financial Intelligence Unit (FIU) in Indonesia has an important role in tracing assets resulting from crime using a follow-the-money approach. The important and strategic role of PPATK in the assets recovery program, especially in terms of providing intelligence information in the financial sector for asset tracing purposes, both during the financial transaction analysis process and during the investigation, prosecution, and examination of defendants in court. Tracing assets resulting from criminal acts can be carried out by PPATK both at home and abroad through cooperation and coordination. Domestic asset tracing is carried out in collaboration with financial service providers (bank and non-bank PJK) as well as other service/goods providers.

Money laundering or money laundering is simply defined as a process of making the proceeds of crimes or referred to as dirty money, for example, the proceeds from drugs, corruption, tax evasion, gambling, smuggling, and other things that are converted or converted into a form that appears valid for safe use.[3] The crime of money laundering is an organized crime, which requires special efforts to overcome it, both at the national and international levels.[4] The consequences of the criminal practice of money laundering will damage the country's economic system and even have a negative impact on the country. Efforts to restore the national economy by the government through serious planning may be hampered by perpetrators of money laundering crimes.[5] This implementation can be carried out by mutually strengthening and collaborating between the anti-money laundering regimes that have been established.[6]

In reality, the crime of money laundering is very difficult to eradicate. However, Financial Service Providers as PPATK partners, can collaborate specifically, in dealing with suspected criminal acts of money laundering, by reporting suspected irregular financial transactions. Financial Transactions are Transactions to carry out or receive placements, deposits, withdrawals, transfers, transfers, payments, grants, donations, deposits, and/or exchanges for amounts of money or other actions and/or activities related to money.

Dubious Monetary Exchanges are:

- a. Financial Exchanges that stray from the profile, attributes, or exchange design propensities for the Assistance Client concerned;
- b. Financial Exchanges by Administration Clients which are sensibly thought to have been completed to dodge detailing of the Exchanges being referred to which are expected to be done by the Announcing Party by the arrangements of this Regulation;
- c. Financial exchanges did or dropped utilizing resources thought to be gotten from the returns of criminal demonstrations; or then again
- d. Financial exchanges mentioned by the PPATK to be accounted for by the announcing party since they include resources that are thought to start from the returns of criminal demonstrations.

The problem in this paper is "How is the Authority of Financial Service Providers Regulated in Preventing Money Laundering Crimes Based on Allegations of Unfair Financial Transaction Values?"

## **2 Method and Approach**

### **2.1 Method**

The method used in writing this applied article is an explanatory analytical method, namely by using obvious data that describes problems directly in the field, then analysis is carried out and then conclusions are drawn to solve a problem. The data collection method is through observation and literature study to obtain solutions to problems in preparing this paper.

### **2.2 Approach**

Exact juridical methodology, specifically a methodology that doesn't go against composed positive regulation (regulation) as optional information, however from genuine way of behaving as essential information acquired from field research areas.[7] This examination depicts what is happening of the article under concentrate on zeroing in on managing the power of monetary specialist organizations in forestalling the wrongdoing of illegal tax avoidance in light of the supposed worth of irrational monetary exchanges, which is by Regulation Number 8 of 2010 concerning the Counteraction and Destruction of the Wrongdoing of Tax evasion.

## **3 Discussion**

### **3.1 Implementation of Law Enforcement Against Victims of Money Laundering Crimes**

The crime of money laundering is included in formal legal acts.[8] In the current era of information technology, money transactions and cross-border remittances can be done in a matter of minutes, using banking transactions via the internet (net banking or e-banking). So, this fast circulation of money also becomes an obstacle to completing LKTM. Transaction turnover should be frozen immediately if it is suspected to be an illegal financial transaction. For example, banks in Switzerland are given the authority to postpone for three days the disbursement of a money transfer until clarity is obtained on the flow of incoming and outgoing funds.

The wrongdoing of tax evasion is a wrongdoing that has an unmistakable trademark, to be specific, this wrongdoing is definitely not a solitary wrongdoing yet a numerous wrongdoing. This wrongdoing is described by the type of tax evasion, which is a wrongdoing that is a subsequent wrongdoing or proceeding with wrongdoing, while the primary wrongdoing or unique wrongdoing is known as a predicate offense or center wrongdoing or a few nations form it as an unlawful action, specifically a unique wrongdoing that produces cash which is then completed in the washing system.[9]

In the development of the criminal evidence system, something new was also introduced, namely the system of reversal of the burden of proof (Omkering van het bewijslast). The system of reversing the burden of proof or what is better known to the public as reverse proof is a system that places the burden of proof on the suspect.[10] This means that generally when referring to the Criminal Procedure Code, the person who has the right to prove the defendant's guilt is the public prosecutor, but the defendant's reverse proof system (legal advisor) will prove otherwise that the defendant has not been legally and convincingly proven guilty of committing the crime charged.[11]

Preliminary crime investigators can carry out investigations into money laundering crimes if they find sufficient initial evidence that a money laundering crime has occurred. While doing examinations concerning predicate criminal demonstrations by their position as controlled in the criminal strategy regulation and Regulation Number 8 of 2010 concerning the Avoidance and Destruction of Tax evasion Violations.

The crook sanctions against culprits of the wrongdoing of tax evasion are likely to sanctions under Articles 3, 4, 5 section (1) of Regulation Number 8 of 2010 concerning the Counteraction and Destruction of the Wrongdoing of Tax evasion, with a greatest danger of detainment of 20 years and a fine of Rp. 10 Billion.

Fair and humane law enforcement can be interpreted as meaning that the law does not move in a vacuum, or only looks at one side, on the contrary, the law always moves dynamically following the changes and developments of the times in the concept of criminal law reform, so that legal reform requires policies that according to conditions or needs at that time. Several efforts or innovations in law enforcement can be expressed in the form of policies that deal with law enforcement for money laundering crimes.

### **3.2 Regulation of the Authority of Financial Service Providers to Prevent Money Laundering Crimes Based on Allegations of Unfair Financial Transaction Values**

Sometimes, to carry out their actions, money laundering perpetrators often conspire with other parties such as financial institution officials, bank officials/employees, lawyers, accountants, or other professionals. The involvement of these parties can facilitate the perpetrator's efforts to "whiten the money", without being detected by law enforcement officials. This other party is generally assigned as an intermediary to create accounts both at home and abroad to hide or obscure the origin of the perpetrator's assets.

To deal with the methods used by these criminals and their assistants through various unclear transactions to justify large amounts of their money, here are some policies that must be adopted by the government, if the government and policymakers want to thwart this, and eradicate the dirty practice of laundering illicit money, namely, among other things: by perfecting all bank confidentiality arrangements, establishing and regulating financial reporting obligations for both personal and corporate and monitoring all transactions over certain amounts.[12] Thus, the role of Financial Services Providers becomes crucial, as the primary control to prevent and prosecute suspected money laundering crimes.

The following describes the legal regulations regarding Financial Service Providers, which are regulated in Articles 23, and 24, 25 and 26 of Law Number 8 of 2010 regarding the Prevention and Eradication of the Crime of Money Laundering.

#### Article 23

- (1) Financial service providers as intended in Article 17 paragraph (1) letter a are required to submit a report to PPATK which includes:
  - a. Suspicious Financial Transactions;
  - b. Cash Financial Transactions in an amount of at least IDR 500,000,000.00 (five hundred million rupiah) or in foreign currency of equivalent value, carried out either in one transaction or several transactions within 1 (one) working day; and/or
  - c. Financial Transactions transfer funds to and from abroad.
- (2) Changes in the amount of Cash Financial Transactions as referred to in paragraph (1) letter b are determined by the Decree of the Head of PPATK.
- (3) The amount of financial transactions transferring funds from and to foreign countries that must be reported as intended in paragraph (1) letter c is regulated by the Head of PPATK Regulation.
- (4) The obligation to report on Cash Financial Transactions as intended in paragraph (1) letter b is excluded for:
  - a. Transactions carried out by financial service providers with the government and central bank;
  - b. Transactions for salary or pension payments; And
  - c. Other transactions determined by the Head of PPATK or at the request of financial service providers approved by PPATK.
- (5) The reporting obligation as intended in Paragraph (1) letter b does not apply to excluded Transactions.

#### Article 24

- (1) Financial service providers are required to create and maintain a list of excluded transactions as intended in Article 23 Paragraph (4).
- (2) Financial service providers who do not create and maintain a list of excluded transactions as intended in paragraph (1) are subject to administrative sanctions.

#### Article 25

- (1) Submission of the Suspicious Financial Transaction report as intended in Article 23 paragraph (1) letter a is carried out as soon as possible, no later than 3 (three) working days after the financial service provider becomes aware of the existence of elements of a Suspicious Financial Transaction.
- (2) Submission of the Cash Financial Transaction report as intended in Article 23 paragraph (1) letter b shall be carried out no later than 14 (fourteen) working days from the date the Transaction is carried out.
- (3) Submission of Financial Transaction reports on fund transfers from and to foreign countries as intended in Article 23 paragraph (1) letter c is carried out no later than 14 (fourteen) working days from the date the Transaction is carried out.
- (4) Financial service providers who do not submit reports to PPATK as intended in paragraph (1), paragraph (2), and paragraph (3), will be subject to administrative sanctions.
- (5) Further provisions regarding the form, type, and procedures for submitting reports as intended in paragraph (1), paragraph (2), and paragraph (3) are regulated by the Regulation of the Head of PPATK.

#### Article 26

- (1) Financial service providers can postpone Transactions for a maximum of 5 (five) working days from the time the Transaction postponement is carried out.
- (2) Postponement of Transactions as referred to in Paragraph (1) is carried out if the Service User:
  - a. carry out transactions that are reasonably suspected of using assets originating from the proceeds of criminal acts as intended in Article 2 paragraph (1);
  - b. have an account to accommodate assets originating from the proceeds of criminal acts as intended in Article 2 paragraph (1); or
  - c. known and/or reasonably suspected of using fake documents.
- (3) The implementation of the Transaction postponement as intended in paragraph (1) is recorded in the Transaction postponement minutes.
- (4) The financial service provider provides a copy of the transaction postponement report to the Service User.
- (5) Financial service providers are required to report Transaction delays to PPATK by attaching an official report of Transaction delays within a maximum period of 24 (twenty-four) hours from the time the Transaction postponement is carried out.
- (6) After receiving the Transaction postponement report as intended in paragraph (5) PPATK is obliged to ensure that the implementation of the Transaction postponement is carried out under this Law.
- (7) If the Transaction has been postponed until the fifth working day, the financial services provider must decide whether to carry out the Transaction or reject the Transaction.

Financial Services Providers (PJK) have an important role in preventing money laundering crimes (TPPU). PJK involves various financial institutions such as banks, non-bank financial institutions, insurance companies, securities traders, and other financial institutions that provide financial services. They have certain authorities and responsibilities in detecting and reporting suspicious financial transactions as a first step in preventing TPPU.

The following is a further explanation regarding the PJK's authority to prevent money laundering crimes

1. Transaction Monitoring:  
PJK must monitor all transactions carried out through the financial services they provide. This includes observing banking transactions, money transfers, payments, securities purchases, and other financial transactions that pass through their systems
2. Identify Suspicious Transactions:  
PJK must be equipped with a system capable of identifying suspicious financial transactions. This involves monitoring unusual or unusual transaction patterns, such as large fund transfers, significant cash withdrawals, or a series of small transactions combined to add up to a large amount.
3. Suspicious Transaction Reporting:  
If PJK detects suspicious transactions, they must report the findings to the competent authorities, such as financial supervisory agencies or law enforcement. The report usually includes detailed information about suspicious transactions.

4. **Anti-Money Laundering (APU) Policies and Procedures:**  
PJK is expected to have strong policies and procedures related to preventing money laundering. This includes verifying customer identity, regular transaction monitoring, staff training, and reporting suspicious transactions.
5. **Verify Customer Identity (Know Your Customer - KYC):**  
PJK has the responsibility to verify the identity of its customers. This is done to ensure that customers are actually who they claim to be and to identify high-risk customers.
6. **Prevention of Prohibited Transactions (Know Your Transaction - KYT):**  
Apart from KYC, PJK also needs to carry out KYT, which means monitoring customer transactions to identify changes in behavior or suspicious activity.
7. **Staff Training:**  
PJKs must provide sufficient training to their staff to increase their understanding of money laundering crimes and how to detect and report suspicious transactions.
8. **Collaboration with Monitoring Authorities and Law Enforcement:**  
PJK needs to collaborate with the competent authorities and law enforcement in investigating money laundering crimes. They must provide assistance and information necessary in the investigation process.
9. **Application of Internal Sanctions:**  
If violations are found in the money laundering prevention process, PJK also has the authority to apply internal sanctions against violators, including terminating business relationships with customers involved in suspicious activities.

By implementing these practices, PJK has a significant role in preventing money laundering crimes and ensuring that the financial system operates with high integrity and compliance with the law. Their efforts are an integral part of global efforts to reduce money laundering and maintain financial system stability.

Cooperation between the government and financial service providers is important in preventing money laundering crimes (TPPU) based on unfair financial transaction values. This collaboration aims to identify, track, and stop money laundering activities and maintain the integrity of the financial system. The following are several forms of collaboration that can occur between the government and financial service providers in this effort:

1. **Suspicious Transaction Reporting.**  
Financial service providers must report suspicious transactions to financial supervisory and law enforcement authorities. Government authorities can guide how suspicious transactions should be reported and identified.
2. **Strict Anti-Money Laundering (APU) Policy.**  
Governments can regulate and enforce strict AML policies, and financial service providers are expected to comply. This includes customer identity verification (KYC) procedures, careful monitoring of transactions, and reporting of suspicious transactions.
3. **Joint Education and Training.**  
Governments and financial service providers can jointly provide training and education to their staff. It strives to increase understanding of money laundering crimes, signs of suspicious transactions, and how to identify them.

4. **Regular Monitoring and Auditing.**  
The government can carry out regular monitoring and audits of financial service providers to ensure their compliance with AML regulations. It can also help in detecting potential problems or vulnerabilities in preventing TPPU.
5. **Providing Financial Intelligence Information.**  
Financial services providers can provide financial intelligence information to governments and law enforcement. This involves data sharing and analysis of suspicious transactions.
6. **Collaboration in Investigation.**  
The government and financial services providers can collaborate in investigating suspicious money laundering crimes. Financial service providers can provide the necessary information and assist in tracing the origins of suspicious transactions.
7. **Supervision of Illegal Accounts and Transactions:**  
The government may provide financial service providers with a list of prohibited accounts or transactions associated with money laundering activities. This allows financial service providers to avoid getting involved in illegal transactions.
8. **Strict Regulations and Sanctions.**  
The government must establish strict regulations and sanctions related to APU violations. It includes administrative and criminal sanctions for AML violations.
9. **Forums and Joint Working Groups.**  
Governments and financial service providers can establish joint forums and working groups to share experiences, regulatory updates, and best practices in preventing money laundering.

Close and effective cooperation between governments and financial service providers is essential to achieve the goal of preventing money laundering. This will help identify suspicious transactions, stop money laundering crimes, and maintain trust in the financial system. With joint efforts, governments and financial service providers can be an integral part of fighting money laundering and preventing it in the future.

## **4 Conclusion**

Money laundering is a method or process of changing money originating from illegal (haram) sources into money that appears to be halal. Recent developments show that money laundering or bleaching also comes from the proceeds of various crimes. The form of regulation of the authority of Financial Service Providers in preventing the crime of money laundering is regulated in Articles 23-25 of Regulation Number 8 of 2010 concerning the Avoidance and Destruction of Tax evasion. Several forms of collaboration can occur between the government and financial service providers in efforts such as Reporting Suspicious Transactions, Strict Anti-Money Laundering (APU) Policies, Joint Education and Training, Routine Monitoring and Audits, Providing Financial Intelligence Information, Collaboration in Investigations, Supervision of Illicit Accounts and Transactions, Strict Regulations and Sanctions, and establishing intense collaboration through Forums and Joint Working Groups.



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