

# Implementation of Reporting Obligations for Financial Service Providers in Preventing Money Laundering Crimes at PPATK Institutions

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**Abstract.** The crime of money laundering is a process or act that aims to hide or disguise the origin of money and assets obtained from criminal acts are then converted into assets that appear to originate from legitimate activities. Providers of goods and/or other services as intended in Article 17 paragraph (1) letter b are required to submit reports of transactions carried out by Service Users in rupiah and/or foreign currency whose value is at least or equivalent to IDR 500,000,000.00 (five hundred million rupiah) to PPATK. This research desires to describe the arrangements for implementing reporting obligations for financial service providers in preventing criminal acts of money laundering at the PPATK Institution. The author uses a normative juridical approach, 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 27, 28, 29, and 30 of Law Number 8 of 2010 concerning the Crime of Money Laundering. The Transaction Report as intended in Article 27 paragraph (1) is submitted no later than 14 (fourteen) working days from the date the Transaction is carried out to PPATK.

**Keywords:** Reporting obligations; Financial service providers; Money Laundering Crime; PPATK.

## 1 Introduction

The crime of money laundering not only threatens economic stability and the integrity of the financial system but endangers the foundations of social, national, and state life based on Pancasila and the 1945 Constitution of the Republic of Indonesia. Prevention and eradication of the crime of money laundering requires a foundation of strong laws to guarantee legal certainty, effective law enforcement, as well as tracking and returning assets resulting from criminal acts. The authority to investigate alleged criminal acts of money laundering was developed by the Center for Financial Transaction Reports and Analysis, hereinafter abbreviated to PPATK, which is an independent institution formed to prevent and eradicate criminal acts of Money Laundering.[1]

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.[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]

Financial Service Providers as PPATK partners, can collaborate specifically, in dealing with suspected money laundering crimes, 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.

Providers of goods and/or other services as intended in Article 17 paragraph (1) letter b are required to submit reports of transactions carried out by Service Users in rupiah and/or foreign currency whose value is at least or equivalent to IDR 500,000,000.00 ( five hundred million rupiah) to PPATK. The Transaction Report as intended in paragraph (1) is submitted no later than 14 (fourteen) working days from the date the Transaction is made to PPATK by the Financial Services Provider. Sanctions against providers of goods and/or other services who do not submit reports to PPATK as intended in paragraph (1) and paragraph (2) may be subject to administrative sanctions.

Financial Services Providers (PJK) have a very important role in reporting financial transactions to the Financial Transaction Reports and Analysis Center (PPATK) or similar authorities to prevent money laundering (TPPU) and terrorism financing. PJK is the party closest to financial transactions that can be suspicious. They have robust monitoring systems that can detect unusual transaction patterns, such as large fund transfers, significant cash withdrawals, or a series of small transactions combined into large amounts. PJK can identify these transactions and report them to PPATK.

PJKs are subject to laws and regulations that require them to report suspicious transactions and transactions that reach certain thresholds to PPATK. It is a legal obligation that all PJKs must comply with. By reporting transactions to PPATK, PJK helps prevent perpetrators of money laundering crimes from trying to avoid reporting by breaking down their transactions into smaller sizes. PPATK has the authority to thoroughly analyze transactions and identify suspicious patterns.

Reporting suspicious transactions by PJK is an important step in maintaining the integrity of the financial system. By reporting suspicious transactions, PJK helps prevent abuse of the financial system by perpetrators of money laundering and terrorism financing.

Through reporting suspicious transactions, PJK assists law enforcement authorities and PPATK in preventing criminal acts of money laundering and terrorism financing. This is part of global efforts to combat cross-border crime and maintain national security. Many countries follow international standards in preventing money laundering and the financing of terrorism. Reporting financial transactions to PPATK is an important step in achieving and complying

with this standard, which can have major implications for international economic and financial relations.

Information reported by PJK can be a valuable resource in the investigation and prosecution of money laundering crimes. This data can assist law enforcement authorities in tracking and dismantling money laundering networks. By involving PJK in the process of reporting suspicious financial transactions, PPATK has access to more comprehensive and useful data in a struggle to prevent TPPU. PJK is the main eyes and ears in maintaining the integrity of the financial system and helping to run a fairer and more effective criminal justice system.

The problem in this paper is: What are the arrangements for implementing reporting obligations for financial service providers in preventing money laundering at PPATK institutions?

## **2 Method and Approach**

### **2.1 Method**

The method used in writing this applied paper is a descriptive-analytical method, namely by using data that clearly 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**

Empirical juridical approach, namely an approach that does not contradict written positive law (legislation) as secondary data, but from real behavior as primary data obtained from field research locations.[7] This research describes the situation of the object under study, namely focusing on the Regulations for the Implementation of Reporting Obligations for Financial Service Providers in Preventing Money Laundering Crimes at PPATK Institutions, which is by Law Number 8 of 2010 concerning Prevention and Eradication of Money Laundering Crimes.

## **3 Analysis**

### **3.1 The Important Role of Financial Service Providers in Preventing Money Laundering at PPATK Institutions**

The crime of money laundering is included in formal legal acts.[8] The crime of money laundering is a crime that has a distinctive characteristic, namely, this crime is not a single crime but a multiple crime. This crime is characterized by the form of money laundering, which is a crime that is a follow-up crime or continuing crime, while the main crime or original crime is called a predicate offense or core crime or some countries formulate it as an unlawful activity, namely an original crime that produces money which is then carried out in the laundering process. .[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]

Financial Services Providers (PJK) have a very important role in reporting financial transactions to the Financial Transaction Reports and Analysis Center (PPATK) or similar authorities to prevent money laundering (TPPU) and terrorism financing. The following are several reasons why the PJK's role in reporting financial transactions to PPATK is very noteworthy: The Important Role of Financial Service Providers in Preventing Money Laundering at PPATK Institutions

1. Suspicious Transaction Detection.  
PJK is the party closest to financial transactions that can be suspicious. They have robust monitoring systems that can detect unusual transaction patterns, such as large fund transfers, significant cash withdrawals, or a series of small transactions combined into large amounts. PJK can identify these transactions and report them to PPATK.
2. Legal Obligations.  
PJKs are subject to laws and regulations that require them to report suspicious transactions and transactions that reach certain thresholds to PPATK. This is a legal obligation that all PJKs must comply with.
3. Prevent Reporting Avoidance.  
By reporting transactions to PPATK, PJK helps prevent perpetrators of money laundering crimes from trying to avoid reporting by breaking down their transactions into smaller sizes. PPATK has the authority to thoroughly analyze transactions and identify suspicious patterns.
4. Maintaining the Integrity of the Financial System.  
Reporting suspicious transactions by PJK is an important step in maintaining the integrity of the financial system. By reporting suspicious transactions, PJK helps prevent abuse of the financial system by perpetrators of money laundering and terrorism financing.
5. Prevention of Money Laundering and Terrorism.  
Through reporting suspicious transactions, PJK assists law enforcement authorities and PPATK in preventing criminal acts of money laundering and terrorism financing. It is part of global efforts to combat cross-border crime and maintain national security.
6. Compliance with International Standards.  
Many countries follow international standards in preventing money laundering and the financing of terrorism. Reporting financial transactions to PPATK is an important step in achieving and complying with this standard, which can have major implications for international economic and financial relations.
7. Support Investigation and Prosecution.

Information reported by PJK can be a valuable resource in the investigation and prosecution of money laundering crimes. This data can assist law enforcement authorities in tracking and dismantling money laundering networks.

By involving PJK in the process of reporting suspicious financial transactions, PPATK has access to more comprehensive and useful data to prevent TPPU. PJK is the main eyes and ears in maintaining the integrity of the financial system and helping run a fairer and more effective criminal justice system.

### **3.2 Arrangements for Implementing Reporting Obligations for Financial Service Providers in Preventing Money Laundering Crimes at PPATK Institutions**

Based on previous analysis regarding the important role of Financial Service Providers. Thus, the role of Financial Services Providers becomes very important, as the main control to prevent and prosecute suspected money laundering crimes.

The following describes the legal regulations regarding the Implementation of Reporting Obligations for Financial Service Providers in Preventing Money Laundering Crimes at PPATK Institutions, which are regulated in Articles 27, 28, 29, and 30 of Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes.

#### *Article 27*

- (1) Providers of goods and/or other services as intended in Article 17 paragraph (1) letter b are required to submit reports of transactions carried out by Service Users in rupiah and/or foreign currency whose value is at least or equivalent to IDR 500,000,000 .00 (five hundred million rupiah) to PPATK.
- (2) The Transaction Report as intended in paragraph (1) is submitted no later than 14 (fourteen) working days from the date the Transaction is carried out.
- (3) Providers of other goods and/or services who do not submit reports to PPATK as intended in paragraph (1) and paragraph (2) are subject to administrative sanctions.

#### **Implementation of Reporting Obligations**

#### *Article 28*

The implementation of reporting obligations by the Reporting Party is excluded from the confidentiality provisions that apply to the Reporting Party concerned.

#### *Article 29*

Unless there is an element of abuse of authority, the Reporting Party, its officers, and employees cannot be prosecuted, either civilly or criminally, for implementing reporting obligations under this Law.

#### *Article 30*

- (1) The imposition of administrative sanctions as intended in Article 25 paragraph (4) and Article 27 paragraph (3) is carried out by the Supervisory and Regulatory Institution by the provisions of statutory regulations.
- (2) If the Supervisory and Regulatory Institution as intended in paragraph (1) has not been established, the imposition of administrative sanctions on the Reporting Party shall be carried out by PPATK.
- (3) Administrative sanctions imposed by PPATK as intended in paragraph (2) may be in the form of:
  - a. warning;

- b. written warning;
  - c. announcement to the public regarding actions or sanctions; and/or
  - d. administrative fines.
- (4) Receipt of administrative fines as intended in paragraph (3) letter d is declared as Non-Tax State Revenue by the provisions of statutory regulations.
- (5) Further provisions regarding the procedures for imposing administrative sanctions as intended in paragraph (3) are regulated by the Head of PPATK Regulation.

So that the implementation of financial reporting by financial service providers at the Financial Transaction Reports and Analysis Center (PPATK) runs smoothly and easily, there are several steps that financial service providers can take:

1. Deep Understanding of Legal Provisions.

Financial service providers must fully understand the legal provisions governing financial reporting obligations. This includes knowing the types of transactions that must be reported, transaction thresholds, reporting procedures, and reporting times.

2. Providing Training to Staff.

Financial service providers need to provide training to their staff on the importance of financial reporting and how to carry it out. Staff involved in transaction monitoring and reporting must be trained in detecting suspicious transactions and in filling out reporting reports correctly.

3. Efficient Implementation of Information Systems.

Financial service providers need to have efficient and reliable information systems to monitor customer transactions and identify suspicious transactions. This system must allow filling out reporting reports quickly and accurately.

4. Collaboration with PPATK.

It is crucial to establish close cooperation with PPATK. Financial service providers can communicate with PPATK to obtain further guidance on reporting and understand regulatory changes that may occur.

5. Regular Monitoring of Transactions.

Financial service providers must carry out regular transaction monitoring to identify suspicious transactions. This allows them to report the transaction as soon as possible.

6. Automated Reporting Process.

Financial services providers can automate the reporting process as much as possible. With an automated system, they can ensure that reporting is done on schedule and with high accuracy.

7. Strict Internal Supervision.

Financial services providers need to have strict internal controls to ensure that reporting procedures are followed correctly. This involves verification and validation of reporting reports before they are sent to PPATK.

8. Development of Internal Guidelines.

Financial services providers may develop internal guidelines that detail reporting steps and related staff responsibilities. This guidance can assist in ensuring that all parties understand the reporting procedures.

9. Monitoring Regulatory Changes.

Financial service providers must always monitor changes in regulations related to financial reporting. These changes may affect reporting procedures and need to be understood and followed immediately.

10. Accurate and Timely Reporting.

Most importantly, financial reporting must be done accurately and on time by legal requirements. Errors or delays in reporting can result in sanctions and legal problems.

By taking these steps, the implementation of financial reporting by financial service providers at PPATK can run more smoothly and efficiently, which will help in efforts to prevent criminal acts of money laundering and terrorism financing.

Government support is very important so that reporting obligations by financial service providers at the Financial Transaction Reports and Analysis Center (PPATK) can run smoothly to minimize money laundering crimes. Here are some ways in which the government can provide support:

1. Providing Clear Guidelines and Guidance.

The government can provide clear guidelines and guidance to financial service providers regarding reporting procedures, types of transactions that must be reported, and transaction thresholds. This will help CHS understand their duties and minimize ambiguity.

2. Training and Education.

The government can provide training and education to PJKs about the importance of financial reporting, how to detect suspicious transactions and correct reporting procedures. This will increase their understanding and skills in preventing money laundering.

3. Socialization and Community Awareness.

The government can take a role in socializing the public about the importance of financial reporting by PJK. This will create greater awareness among the public and PJK customers.

4. Collaboration with PPATK.

The government can increase collaboration with PPATK to provide guidance and support efficient financial reporting. This includes regular communication with PPATK to resolve issues or changes to regulations.

5. Supportive Regulations.

The government can issue regulations that support effective financial reporting. These regulations should include provisions related to data protection, confidentiality, and incentives for prompt and accurate reporting.

6. Incentives for Reporting.

The government can provide incentives, such as awards or tax breaks, to PJKs that report suspicious transactions quickly and accurately. These incentives can encourage efficient reporting.

7. Strict Supervision and Law Enforcement.

The government must ensure that there is strict supervision and law enforcement regarding financial reporting. It includes ensuring that PJK complies with legal requirements governing reporting.

8. Development of Supporting Technology Systems.

The government can support in development of technology systems that support efficient financial reporting. It includes the application of artificial intelligence technology and data analytics to detect suspicious transactions.

9. Automated Reporting System.

The government can encourage financial service providers to automate reporting processes as much as possible. This automated system can minimize human error and ensure timely reporting.

10. International Cooperation.

The government can develop international cooperation in exchanging information and financial reporting across borders. This will help in tracking and preventing suspicious movements of funds.

With strong government support, reporting by financial service providers to PPATK can run more efficiently and effectively, which in turn will help in efforts to minimize criminal acts of money laundering and terrorism financing. The government has a key function in creating an environment that supports the prevention of financial crime.

## 4 Conclusion

The obligation to carry out financial reporting by financial service providers at the Financial Transaction Reports and Analysis Center (PPATK) has a crucial role in efforts to prevent money laundering (TPPU) and terrorism financing. Financial service providers are the parties who have direct access to financial transactions and, therefore, are the primary eyes and ears in detecting suspicious transactions. Implementation of reporting obligations is a legal obligation that must be complied with by all financial service providers. This includes reporting suspicious transactions, customer identity verification (KYC), close monitoring of transactions, and timely reporting.

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 Financial Reporting Obligations by Financial Service Providers at the PPATK Institution in preventing the crime of money laundering is regulated in Article 27-30 of Law Number 8 of 2010 concerning the Prevention and Eradication of TPPU.

Government support is very important so that reporting obligations by financial service providers at the Financial Transaction Reports and Analysis Center (PPATK) can run smoothly to minimize money laundering crimes. The following are some ways in which the government can provide support: Providing Clear Guidelines and Guidance, Training and Education, Socialization and Public Awareness, Collaboration with PPATK, Supportive Regulations, Incentives for Reporting, Strict Monitoring and Law Enforcement, Development of Technological Systems that Supports Automated Reporting Systems, and International Cooperation. Close cooperation between financial service providers and PPATK is very important. This includes regular communication, dissemination of guidelines, and effective exchange of information. With efficient and effective reporting obligations, financial service providers, the government and PPATK can work together to minimize criminal acts of money laundering and terrorism financing. It helps maintain the integrity of the financial system, protects national security, and supports financial crime prevention efforts around the world.



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