

POLICY AND PROCEDURE OF TRANSPARENCY OF BENEFICIAL OWNER IN INDONESIA

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HEAD OF PPATK



**INTERNATIONAL BUSINESS
INTEGRITY CONFERENCE (IBIC) 2018**

Take Action to Build Business Integrity

Jakarta, 4-5 December 2018

THE URGENCY OF TRANSPARENCY OF BENEFICIAL OWNER



TO PROTECT LEGAL
PERSON AND
BENEFICIAL OWNER
THAT HAVE A GOOD
WILL



TO HAVE A LEGAL
CERTAINTY OF
CRIMINAL LIABILITY



TO OPTIMALIZATION
OF ASSET RECOVERY



GLOBAL COMMON DEFICIENCIES



THE LACK OF **ADEQUATE**, **ACCURATE**, AND **TIMELY** BENEFICIAL OWNERSHIP INFORMATION FACILITATES ML/TF BY DISGUIISING:

1

the **identity** of known or suspected criminals

2

the **true purpose** of an account or property held by a corporate vehicle

3

the **source or use of funds** or property associated with a corporate vehicle



THERE ARE **10 OF 39 COUNTRIES** OF FATF MEMBERS THAT HAVE LARGELY COMPLY (LC) RATING OF REC 24 FATF REC



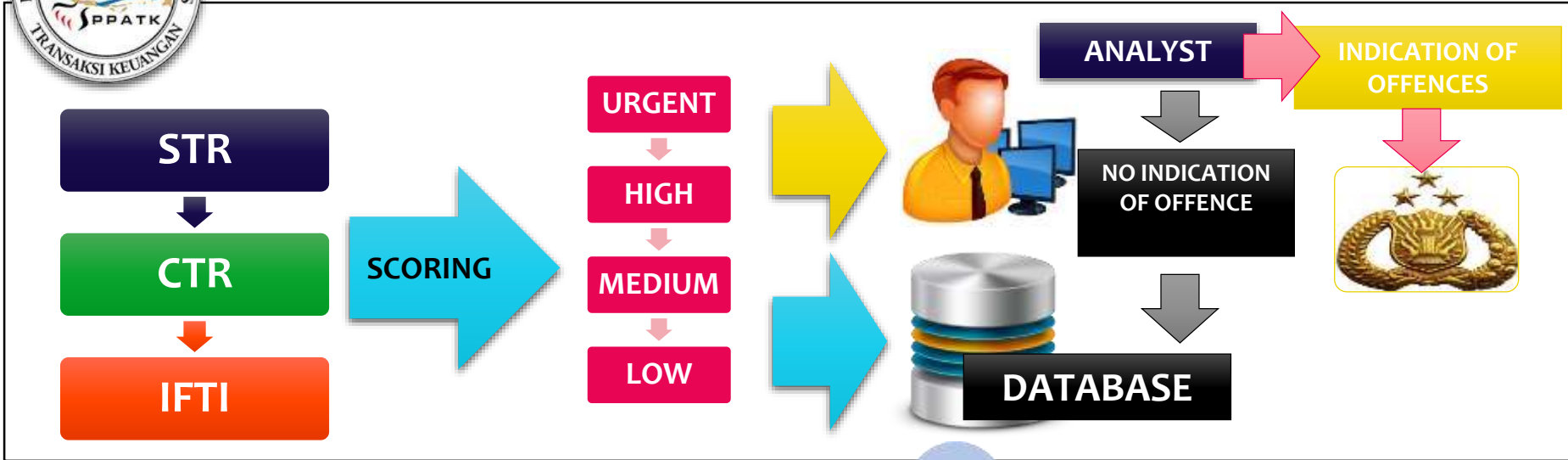
THERE ARE **10 OF 39 COUNTRIES** OF FATF MEMBERS THAT HAVE COMPLY (C) / LARGELY COMPLY (LC) RATING OF REC 25 FATF REC



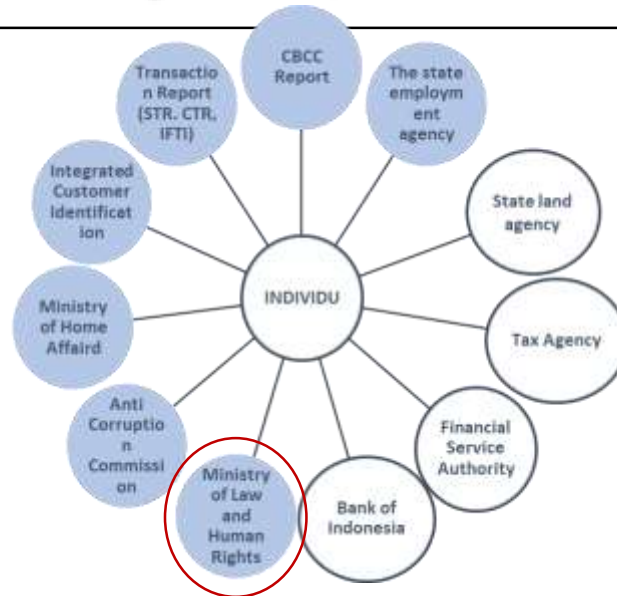
MONEY LAUNDERING THROUGH LEGAL PERSON AND LEGAL ARRANGEMENTS

Trade-based money laundering and terrorist financing	Usually involves invoice manipulation and uses trade finance routes and commodities to avoid financial transparency laws and regulations
Mingling (business investment)	A key step in money laundering involves combining proceeds of crime with legitimate business monies to obscure the source of funds
Use of shell companies/corporations	A technique to obscure the identity of persons controlling funds and exploit relatively low reporting requirements
Abuse of non-profit organizations (NPOs)	May be used to raise terrorist funds, obscure the source and nature of funds and to distribute terrorist finances
Investment in capital markets	To obscure the source of proceeds of crime to purchase negotiable instruments, often exploiting relatively low reporting requirements.

WORKFLOW OF PPAATK'S ANALYSIS



PPATK'S SOURCE OF INFORMATION





STATISTICS OF STRs

Jenis Kategori Terlapor	Jumlah LTKM						% Distribusi Kumulatif s.d. Sep-2018	Perkembangan Sep-2018 (dalam Persen)		
	Sep-2017	Kumulatif s.d. Sep-2017	Jan-2017 s.d. Des-2017	Agt-2018	Sep-2018	Kumulatif s.d. Sep-2018		m-to-m	y-on-y	c-to-c
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Perorangan	4,331	37,734	50,435	6,215	4,893	43,433	87.3	-21.3	13.0	15.1
Ø Laki-Laki	2,812	23,789	31,829	3,138	3,015	26,336	60.6	-3.9	7.2	10.7
Ø Perempuan	1,519	13,945	18,606	3,077	1,878	17,097	39.4	-39.0	23.6	22.6
Perusahaan/Korporasi	450	4,254	5,701	2,152	1,098	6,343	12.7	-49.0	144.0	49.1
Total LTKM	4,781	41,988	56,136	8,367	5,991	49,776	100.0	-28.4	25.3	18.5



TRANSPARANCY OF BENEFICIAL OWNER

METHOD 1

- CDD REQUIREMENT – OBTAIN INFORMATION OF LEGAL OWNER AND ULTIMATE BENEFICIAL OWNER OF LEGAL PERSON
- CDD REGULATIONS – ARTICLE 19 & ARTICLE 20 AML LAW

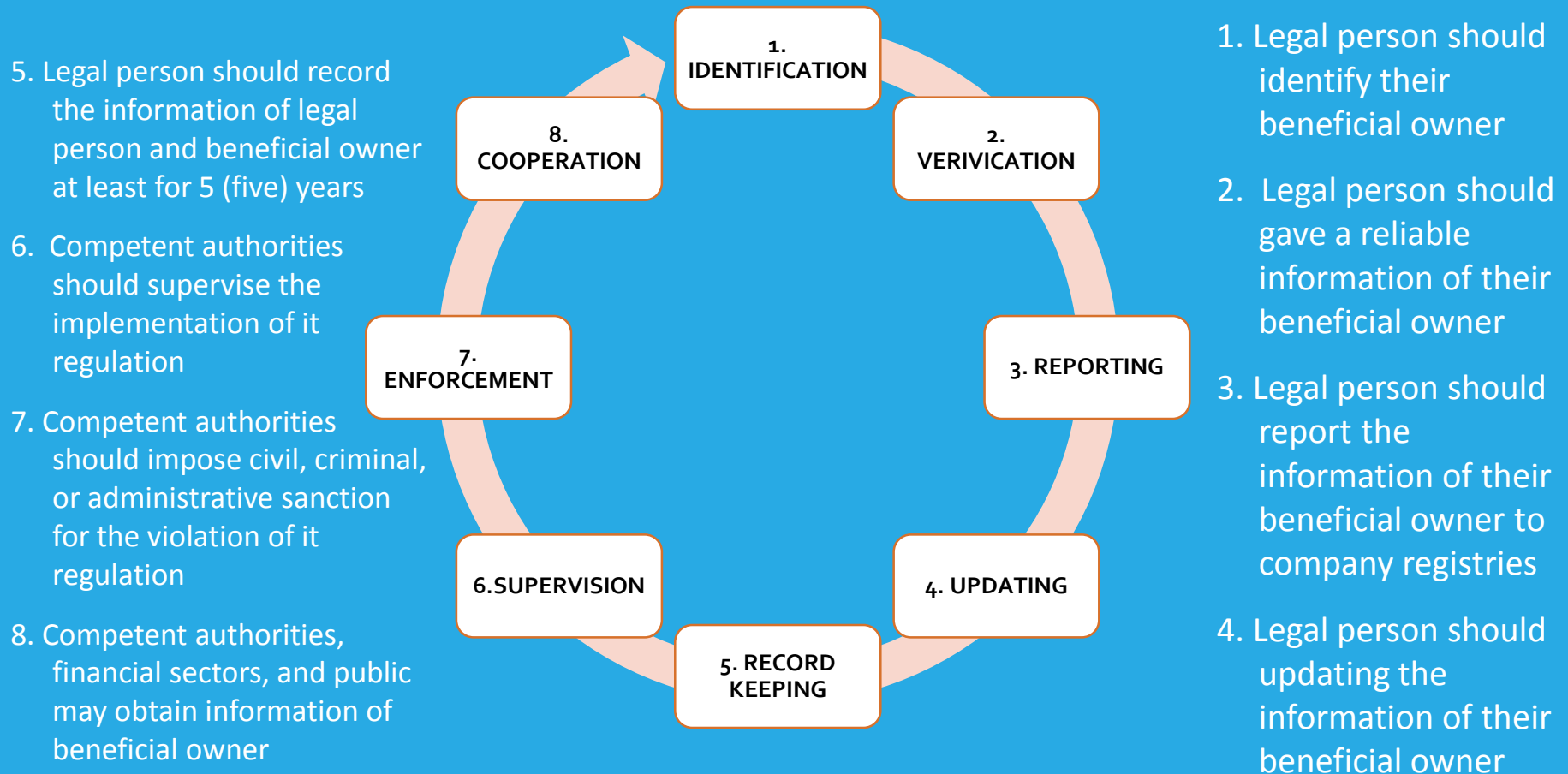
METHOD 2

- DISCLOSE INFORMATION OF BENEFICIAL OWNER AND REPORT IT TO COMPANIES HOUSE, INCLUDING UPDATING INFORMATION
- REGULATE UNDER PRESIDENT REGULATION NUMBER 13 OF 2018 ON KNOW YOUR BENEFICIAL OWNER OF LEGAL PERSON

METHOD 3

- KEEPING THE BENEFICIAL OWNER INFORMATION RECORD BY LEGAL PERSON
- REGULATE UNDER PRESIDENT REGULATION NUMBER 13 OF 2018 ON KNOW YOUR BENEFICIAL OWNER OF LEGAL PERSON

THE REGIME OF BENEFICIAL OWNER IN INDONESIA BASED ON PRESIDENTIAL REGULATION



CHALLENGES OF TRANSPARANCY OF BENEFICIAL OWNER



OBTAIN ACCURATE AND UP-TO-DATE INFORMATION

OBTAIN INFORMATION OF BENEFICIAL OWNER THAT LOCATED OVERSEAS

OBTAIN INFORMATION OF BENEFICIAL OWNER OF LEGAL PERSON WITH COMPLEX STRUCTURE

MONITORING UNCOMPLY LEGAL PERSON OF BENEFICIAL OWNER REGULATIONS



INTERNATIONAL BUSINESS
INTEGRITY CONFERENCE (IBIC) 2018

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September 4-7, 2018

INTERNATIONAL STANDARD - TRANSPARANCY OF BENEFICIAL OWNER

FATF REC

DEFINISI BO → LEGAL PERSON
& LEGAL ARRANGEMENT

OBTAIN BO INFORMATION

ACCURATE & UP-TO-DATE

RECORD KEEPING

PUBLICLY AVAILABLE

G20 PRINCIPLE

DEFINISI BO → LEGAL PESON
& TRUST

IDENTIFYING & MITIGATING
RISK

ACCURATE BO INFORMATION

ACCESS TO BO

DUTIES OF BUSINESS
PROFESSIONS

EITI

DISCLOSURE BO


DISCLOSE LEGAL OWNERS &
SHARE OF OWNERSHIP



MUTUAL EVALUATION REPORT (MER) OF INDONESIA – SEPTEMBER 2018 (1)




Recommendation Actions of Immediate Outcome 5 – Legal Person & Legal Arrangements


- 
- Indonesia should conduct outreach to notaries on their AML/CFT CDD and BO obligations and ensure that, through effective risk-based AML/CFT supervision, notaries' comply with AML/CFT preventive measures.
 - Indonesia should implement the Presidential Regulation on BO information (enacted after the onsite visit).
 - Indonesia should consider reviewing the role of the MLHR concerning the verification of information subject to registration and consider granting the MLHR a more proactive role in that verification process.


MUTUAL EVALUATION REPORT (MER) OF INDONESIA – SEPTEMBER 2018 (2)



Recommendation Actions of Immediate Outcome 5 – Legal Person & Legal Arrangements

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- MLHR should impose effective, proportionate and dissuasive sanctions for non-compliance with registration and reporting requirements.

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- Enhance all FI and DNFBP compliance with AML/CFT CDD and BO obligations for legal persons and arrangements, Indonesia should continue to undertake outreach, provide guidance, and conduct risk-based AML/CFT supervision.

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- Indonesia should implement enforceable measures to ensure foreign trusts or trustees disclose their status to FIs and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold.



INDONESIA'S ACTION PLAN (1)

**DEVELOPING THE
ONLINE SUBMISSION
OF BENEFICIAL
OWNER INFORMATION
AND ONLINE ACCESS
TO BENEFICIAL
OWNER INFORMATION**

- **TARGET: DECEMBER 2018**
- **OUTPUT: ONLINE SUBMISSION OF BENEFICIAL OWNER INFORMATION AND ONLINE ACCESS TO BENEFICIAL OWNER INFORMATION**
- **OUTCOME: A SIMPLE MECHANISM TO PROVIDE AND TO OBTAIN BENEFICIAL OWNER INFORMATION, AND SUPPORT THE EASE DOING BUSINESS (EDDB) IMPLEMENTATION**
- **AGENCIES IN CHARGE: MINISTRY OF LAW AND HUMAN RIGHT, MINISTRY OF COOPERATIVE & SME, MINISTRY OF TRADE**

**SOCIALIZING THE
BENEFICIAL OWNER
REGULATION TO
NOTARY, CORPORATE
ASSOCIATION,
GOVERNMENT
INSTITUTION**

- **TARGET: 2018-2019**
- **OUTPUT: THE EVENT OF SOCIALIZATION BASED ON PRIORITY LIST**
- **OUTCOME: INCREASING THE UNDERSTANDING OF LEGAL PERSON OF THEIR OBLIGATION TO PROVIDE THE ACCURATE AND UP-TO-DATE BENEFICIAL OWNER INFORMATION**
- **AGENCIES IN CHARGE: PPAK, MINISTRY OF LAW AND HUMAN RIGHT, MINISTRY OF COOPERATIVE & SME, MINISTRY OF TRADE, AND SUPERVISORY BUSSINESS ACTIVITIES AGENCIES**



INDONESIA'S ACTION PLAN (2)

DEVELOPING INTEGRATED SYSTEM OF BENEFICIAL OWNER. INTEGRATING INFORMATION AMONG COMPANIES REGISTRY AGENCIES, SUPERVISORY BUSSINESS ACTIVITIES AGENCIES, AND FINANCIAL INSTITUTION TO KEEP THE INFORMATION ACCURATE AND UP-TO-DATE

- TARGET: DECEMBER 2019
- OUTPUT: INTEGRATED SYSTEM OF BENEFICIAL OWNER. INTEGRATING INFORMATION AMONG COMPANIES REGISTRY AGENCIES, SUPERVISORY BUSSINESS ACTIVITIES AGENCIES, AND FINANCIAL INSTITUTION
- OUTCOME: PROVIDE ACCURATE AND UP-TO-DATE BENEFICIAL OWNER INFORMATION
- AGENCIS IN CHARGE: PPAK, MINISTRY OF LAW AND HUMAN RIGHT, MINISTRY OF COOPERATIVE & SME, MINISTRY OF TRADE, AND SUPERVISORY BUSSINESS ACTIVITIES AGENCIES

DEVELOPING LEGAL FRAMEWORK AND MECHANISM OF MONITORING AND SUPERVISION OF BENEFICIAL OWNER REGULATION

- TARGET: DECEMBER 2018
- OUTPUT: LEGAL FRAMEWORK AND MECHANISM OF MONITORING AND SUPERVISION OF BENEFICIAL OWNER REGULATION
- OUTCOME: PROVIDE LEGAL CERTAINTY AND CLEAR MECHANISM OF MONITORING AND SUPERVISION OF BENEFICIAL OWNER REGULATION
- AGENCIS IN CHARGE: PPAK, MINISTRY OF LAW AND HUMAN RIGHT, MINISTRY OF COOPERATIVE & SME, MINISTRY OF TRADE, AND SUPERVISORY BUSSINESS ACTIVITIES AGENCIES



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THANK YOU