

PRESS RELEASE
OJK ISSUES NEW REGULATION ON AML-CFT AND CPF PROGRAM

Jakarta, 16 June 2023. The Indonesian Financial Services Authority (OJK) continues to strengthen the integrity of the financial services sector by issuing OJK Regulation (POJK) No. 8 of 2023 on the Implementation of Anti-Money Laundering (AML), Counter-Terrorist Financing (CFT), and Counter-Proliferation Financing of Weapons of Mass Destruction (CPF) Program in the Financial Services Sector.

This new regulation and replaces OJK Regulation (POJK) No. 12/POJK.01/2017 on the Implementation of the Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT) Program in the Financial Services Sector, as amended by POJK No. 23/POJK.01/2019.

Chairman of the Board of Commissioners of the OJK, Mahendra Siregar, highlighted that this new regulation is aimed at mitigating the emerging risks of money laundering (ML), terrorist financing (TF), and/or weapons mass destruction proliferation financing (PF), which present severe threats to the country.

The regulation is aligned with international principles such as those issued by the Financial Action Task Force on Money Laundering (FATF), laws and regulations in Indonesia, and developments in technology and innovations that must come with security and confidentiality.

The regulation also demonstrates OJK's commitment to supporting Indonesia's aspiration to become a full member of the FATF, as the financial sector represents significant size and materiality in the process.

The substantive provisions in the regulation include, among others:

1. The requirement for implementing AML-CFT and CPF program is extended to the following Financial Institutions (FIs): Trusts, Securities Crowdfunding, Financial Technology (FinTech) or Digital Financial Innovation Firms, and other types of FIs that are required by law and fall under the jurisdiction of OJK.
2. Regulatory provisions on Proliferation Financing, as follows: (a) mandatory assessment, policies and procedures, and risk mitigation on PF; (b) Suspicious Financial Transaction Reports (LTKM) and attempted transaction related to PF; (c) reaffirmation of freezing without delay and without prior notice; (d) reaffirmation of the authority to impose sanctions on any PF violation; and (e) risk mitigation related to sanction evasion.
3. The requirement for FIs to ensure that the supporting professionals that have been engaged to provide services have already implemented the AML, CFT, and CPF program and are registered in GoAML – the information system for reporting managed by PPAIK (the Indonesian Financial Intelligence Unit).
4. FIs must to prepare and submit Individual Risk Assessments (IRA).
5. Additional examples of countermeasures that FIs can take against high-risk jurisdictions are designated in FATF publications.
6. Reaffirmation of the requirement to conduct Customer Due Diligence (CDD), among others: (a) CDD shall apply to the Beneficial Owners (BO) of any type of customer, including public companies/listed companies, and state institutions; (b) simplified CDD shall be applicable only for low-risk areas based on the assessment of the FI; (c) the use of passports and Indonesian Diaspora Identity Card (KMILN) as supporting documents for Indonesians living overseas, as well as the use of Single Identity Number (NIT) and Digital Resident-ID (IKD).

7. Revised requirements and procedures for engagement between FIs and Third Party on face-to-face and non-face-to-face verifications through electronic means, including electronic means owned by the third party (E-KYC provider).
8. Revised provisions on the compliance management function, independent internal audits, and pre-employee screening procedures.
9. Revised provisions on administrative sanctions that are more effective, proportional, and dissuasive, i.e., increased maximum ceiling of fines for FIs for AML-CFT and CPF on violations other than reporting violations; and arrangements of reporting-related violations.
10. Alignment with the Law on Job Creation, which stipulates a new entity, i.e., a Single Partner Limited Company (*Perusahaan Perseorangan*).
11. Arrangements regarding the postponement or suspension of transactions known or suspected to be related to ML, TF, and/or PF.
12. The requirements to submit data through the OJK reporting system for supervision purposes.

OJK provides a maximum transition period of 6 (six) months from the issuance of the said regulation for FIs to immediately make the necessary adjustments.
