



The Countermeasure Of Criminal Act Of Terrorism Financing Through Money Laundering

M. Arief Amrullah

Faculty of Law, University of Jember, Jember, Indonesia
arief.fh@unej.ac.id

***Abstract:** The changes in the global economy have given a benefit to the criminals. They are taking advantage by increasing the flow of goods, money, and people across the world. This reality develops into various threats to national and global interests. One of them is related to terrorism financing and money laundering, which become immortal issues that are needed prevention by cutting the chain of terrorism financing loop through money laundering. In this regard, the FATF has issued the IX Special Recommendations related to funding for terrorism and has been incorporated in the FATF Forty Recommendations on money laundering as a basic framework to find, prevent and eradicate terrorism financing and terrorist acts in general.*

These particular recommendations have been implemented in the Law of the Republic of Indonesia Number 8 the Year 2010 Regarding Countermeasures and Eradication of Money Laundering. Furthermore, specifically regarding terrorism funding is regulated in Law Number 9 of 2013, which is the right step for Indonesia in participating in fighting terrorist groups and their financing.

Therefore, bank and non-bank financial institutions must be aware of the possibility of these institutions being used as a place of money laundering to finance terrorist activities by applying the principles of Know your customer and the regulations of knowing the users.

Keywords: *the countermeasure of the criminal act; terrorism financing; money laundering*

INTRODUCTION

As stated in the United Nations publication on The Globalization of Crime (UNODC, The Globalization of Crime, a Transnational Organized Crime Threat Assessment, Vienna, 2010, p. Ii), since the end of the Cold War, world governments have failed to equalize themselves with the development of globalization. The economy. Because the unprecedented openness in the fields of trade, finance, travel, and communication, has created economic growth. However, on the other hand, it has

contributed to growing opportunities for organized criminals to make their business even better.

The organized criminals have entered and reached macroeconomic areas, among which illicit goods obtained from one continent are trafficked across another continent and marketed in the third world. It has been recognized that today's mafia is a genuinely global problem. Changes in the worldwide economy have benefited world-class criminals. By taking advantage of the increasing cross-border flow of goods, money, and people, international criminal organizations have expanded their territorial reach and relationship with local government powers. This development has created various threats, both directly and indirectly, to the national interest because the scope and dimensions are so broad that its activities carry the characteristics of organized crime, white-collar crime, corporate crime, and transnational crime. In fact, with advances in information technology, money laundering can be a form of cybercrime.

From these characteristics, the Financial Action Task Force on Money Laundering (FATF) was established, an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognized as the international anti-money laundering (AML) and counter-terrorist financing (CFT) standard) by countries that are members of the G-7 group in Paris in 1989 consisting of Canada, France, Germany, Italy, Japan, England, and the United States. As an intergovernmental body, FATF aims to build international cooperation in dealing with these types of crimes. One of the FATF tasks is to make recommendations that can help countries' governments implement adequate anti-money laundering programs. The need to cover all relevant aspects to combat money laundering is embodied in the Forty FATF Recommendations scope.

In October 2001, the FATF developed steps in dealing with funding for acts committed by terrorists and terrorist organizations. FATF has resulted in an essential decision for forming the Eight (later evolved into Nine) Special Recommendations (SR) on Terrorist Financing. The implementation of the FATF Plenary Meeting in February 2012, a revision was made to the FATF 40 + 9 Recommendations to be simplified into 40 Recommendations, in which there are also additional recommendations regarding proliferation financing (<http://www.ppatk.go.id>). These recommendations are recognized

as international standards for anti-money laundering and the fight against terrorism financing.

The correlation between terrorist financing crimes and money laundering is an important issue today and in the future to be addressed to prevent it by cutting the chain that leads to the development of terrorism financing through money laundering. Given that the FATF has more specifically recommended IX Special Recommendations' existence related to Terrorism Funding as a basic framework in finding, preventing, and eradicating terrorism financing and terrorist acts. It has also been implemented in the Law of the Republic of Indonesia Number 8 the Year 2010 Regarding Countermeasures and Eradication of Money Laundering (State Gazette of 2010 Number 122). As the General Explanation of Law No. 8 of 2010, "In its development, the Crime of Money Laundering is increasingly complex, crosses jurisdictional boundaries, and uses increasingly varied modes, utilizing institutions outside the financial system, and has even penetrated various sectors."

As part of the international community, Indonesia is also responsible for money laundering and terrorism financing. On March 13, 2013, has enacted Law Number 9 of 2013 concerning the Prevention and Eradication of Terrorism Financing Crimes (State Gazette of 2013 Number 50), as a consequence of the ratification of the International Convention on the Eradication of the Financing of Terrorism, through Law No. 6 of 2006 concerning Ratification of the International Convention for the Suppression of the Financing of Terrorism, 1999 (State Gazette of 2006 Number 29).

The issuance of Law Number 9 of 2013 is a step forward for Indonesia in participating in fighting terrorist groups and their funding. Because, as stated in the UNODC (United Nations Office on Drugs and Crime) (Accessed January 1, 2021), the point is that in today's global society, no country is immune to terrorism, and no government can effectively tackle terrorism on its own. -self, because the terrorists will deceive the vulnerable nations in tackling terrorism. For this reason, success or failure in overcoming these problems depends on the capacity of the country's criminal justice system to carry out fair and effective trials for the perpetrators of terrorist crimes and to take adequate preventive measures under statutory regulations.

Terrorism as one type of Activities of Transnational criminal organizations is a crime that is very feared. Considering the threats and consequences it causes are quite

broad, including threats to sovereignty; Public; individual; national stability; democratic values and public institutions; national economy; financial institutions; and development. United Nations Economic and Social Council state that the problems and dangers Posed by Organized Transnational Crime in the Various Regions of the World (World Ministerial Conference on Organized Transnational Crime, Naples, 21-23 November 1994). It is difficult not to remember the activities of terrorists, mostly supported by coverage in various mass media featuring images of violence perpetrated by terrorists and fallen victims. (Leonard Weinberg & William L. Eubank, *What Is Terrorism*, University of Nevada, Reno, Chelsea House Publishers, pp. vi.)

The terror carried out by terrorist groups shows how vulnerable the world community is to various anxieties, fears, and feelings of insecurity. Therefore, efforts are needed to cut the chain of funding sources used to finance terrorist group activities in carrying out their actions in various parts of the world to free themselves from fear, anxiety, and anxiety.

METHOD

This study used the method of normative. It is called juridical-normative because this paper was aimed to explore the principles of law to solve the problems that would be studied in this paper. The data used was secondary data, in the form of an inventory of positive legal norms in force in Indonesia governing the civil rights of illegitimate children and children's rights. The data was analyzed using qualitative analysis.

ANALYSIS AND DISSCUSSION

1. Response of The Society of Nations

United Nations in the World Ministerial Conference on Organized Transnational Crime, held in Naples, 21-23 November 1994. with the theme Problems and Dangers Posed by Organized Transnational Crime in the Various Regions of the World, among others, argued that terrorism is a type of activity. Transnational criminal organizations is a crime that is very feared because the threat and its consequences are quite extensive. Therefore, it is not surprising that the word terrorism is so interesting to discuss and debate, especially after the September 11, 2001 tragedy in the United States and Bali's tragedy on October

12, 2002, which killed 202 innocent people, 164 of whom were foreign nationals. Of 24 countries, 38 others were Indonesian citizens, and 209 people were injured¹

In various conferences or UN Resolutions on financial for terrorism activities, in essence, it is stated that efforts to combat terrorism need to cut off the financial network used to commit crimes. In this regard, the FATF, at its meeting on 29-30 October 2001, agreed to develop specific guidelines for financial institutions in helping financial institutions detect the mechanisms used in the financing of terrorism. Such efforts are made because the dangers posed by terrorist activities are terrible, as on September 11, 2001, in the United States and October 12, 2002, in Bali. After the September 11 tragedy, an international campaign led by the United States took the form of UN Security Council Resolution No. 1373, dated September 28, 2001. Which calls for fighting against international terrorism activities, each member state is required to report the steps taken to implement the resolution, including to Indonesia. Besides, the IMF submitted a letter on September 26, 2001, to the Governor of Bank Indonesia and the Minister of Finance regarding an order to freeze assets related to international terrorism. In fact, in the Special Recommendations on Terrorist Financing issued by the FATF, it has been stated that countries should also immediately implement the UN resolution regarding the prevention and eradication of the funding of terrorist activities, in particular, the United Nations Security Council Resolution 1373. UN Security Council Resolution 1373 has shown a clear link between the threat of terrorism to world peace and security by means and networks created by transnational organized crime. The UN pays special attention to countering the financing of terrorism (CFT). Also, UN Security Council Resolution 1373 requires member states to take preventive measures against the funding of terrorism and provide one of the other significant efforts in the form of assistance concerning terrorism investigations.

2. Implementation of FATF Special Recommendation in Terrorism and Money Laundering Funding

Referring to IX Recommendations (Special Recommendations) issued by the FAFT, especially related to Terrorism Funding as has also been started, including:

¹ Mengenang Tragedi Bom Bali 2002, http://dunia.vivanews.com/news/read/2291-mengenang_tragedi_bom_bali_2002, access on 19 Juli 2011).

1. *Ratification and implementation of UN instruments*

In this recommendation, each country is asked to take steps to ratify immediately and wholly implement the United Nations International Convention for the Suppression of the Financing of Terrorism 1999. These steps are intended to prevent and stop terrorist financing, either directly or indirectly, to identify, freeze, and deprivation of allocated funds for terrorist activities.

The FATF also appealed to States to immediately implement UN resolutions relating to the prevention and eradication of terrorist financing, particularly UN Security Council Resolution 1373. In that resolution, it was decided, among other things, that all States must prevent and eradicate acts of terrorism. Terrorist need various sources to fund the formulation of the elements which deliberate their action either directly or indirectly into criminal law. By blocking funds received and other financial assets or sources of income, and prohibit every entity from all forms of provision of funds, will erase the participation in carrying out terrorist acts, communities, or individuals who act on behalf of the agency.

This provision is a keyword in the effort to curb terrorist activities. Because without funds, terrorists can't move freely in spreading their terror. In this direction, Indonesia has made regulations regarding the implementation of the Anti-Money Laundering and Counter-Terrorism Funding Program in the Financial Services Sector as regulated in the Financial Services Authority Regulation Number 12 / POJK.01 / 2017 (State Gazette of the Republic of Indonesia of 2017 Number 57) dated March 21. 2017. The reasoning is, because along with the growing complexity of financial products and services, including marketing (multi-channel marketing), and the increasing use of information technology in the financial services industry, the higher the risk of Financial Service Providers being used as a means of Money Laundering or Terrorism Funding. Therefore, to prevent this, Article 46 paragraph (1) of the Financial Services Authority Regulation stipulates, "PJK) is required to maintain a list of suspected terrorists and terrorist organizations" (General Explanation of Law No. 9/2013). In paragraph (2), "PJK (The Financial Service Providers) is obliged to identify and periodically ensure the name of the Customer which has the same name and other information on the Customer with the name and information listed in the list of suspected terrorists and terrorist organizations." Even as stated by FATF President 2019-2020, Xiangmin Liu, "One of the ways to strengthen the fight against large scale

money laundering is to improve the supervision of financial institutions and ensure that national supervisors and regulated entities focus on outcomes rather than processes. " (FATF, Annual Report 2019-2020, FATF (2020), Financial Action Task Force-Annual Report 2019-2020, FATF / OECD, Paris, www.fatf-gafi.org/publications/fatfgeneral/documents/annual-report-2019-2020.html)

Law No. 8 Years 2010 regulates PJK, including banks, finance companies, insurance companies, insurance brokerage companies, pension funds financial institutions, securities companies, investment managers, custodians, and trustees. PJK positions as current account providers, foreign exchange traders, providers of payment instruments using cards, e-money or e-wallet operators, cooperatives that carry out savings and loan activities, pawnshops, companies engaged in commodity futures trading, or money transfer business operators. Therefore, there is a report regarding Suspicious Financial Transactions Related to Terrorism Funding, whether it is being drafted or submitted to the PPATK as Indonesian Financial Transaction Reports and Analysis Center / INTRAC), a government agency of Indonesia responsible for financial intelligence. The agency is formed in 2002 to counter suspected money laundering and provide information on terrorist financing. The directors, managers, or employees of the Financial Services Provider as regulated in Article 10 paragraph (1) of Law No. 9 of 2013, it is prohibited to notify PJK (The Financial Service Providers) or other parties directly or indirectly, or in any way. Likewise, officials or employees of the Supervisory and Regulatory Agency (LPP) are prohibited from notifying Suspicious Financial Transaction reports related to Terrorism Funding that has been or will be reported to PPATK. Either directly or indirectly, in any way to Financial Service Users or other parties. Therefore, as stipulated in Article 10 paragraph (4) of Law No. 9 of 2013, these provisions are punishable by imprisonment and fines.

2. Criminalizing the financing of terrorism and associated money laundering

The purpose of the second special recommendation issuance is to ensure that states have the legal power to prosecute and impose criminal sanctions against people who fund terrorism and provide clarity on the relationship between international terrorism and money laundering. Another objective is to emphasize the linkage between international terrorism and money laundering with States' obligation to include criminal acts of terrorist financing as predicate offenses in the crime of money laundering. Therefore, every country must

criminalize the financing of terrorism, terrorist acts, and terrorist organizations. This commitment has been reminded again in the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation, February 2012 (The FATF Recommendations No.5, Terrorist financing offense); criminalization is not limited to funding terrorist acts but also against organizations. - terrorist organizations and individual terrorists, as well as efforts to break the link with terrorist acts. Besides, States must also ensure that the crime is treated as a predicate offense for money laundering.

Meanwhile, the Guidance Notes for the Special Recommendations on Terrorist Financing and the Self-Assessment Questionnaire, in the Special Recommendations II section regarding Criminalizing the financing of terrorism and associated money laundering, states that in implementing this, countries must formulate specific provisions (specific crimes). offenses) for terrorist financial activities or mention of any criminal requirements that may be directly applicable to the said terrorist act. However, if the law enforces it No. 8 of 2010 Article 2 letter n, then what is used as a predicate crime is a criminal act of terrorism. Meanwhile, the Funding of Terrorism has not yet been regulated as a predicate crime.

Considering that Indonesia has ratified the International Convention on the Eradication of the Financing of Terrorism, 1999, to criminalize it has been drafted in Law No. 9 of 2013. The side to be targeted by Law no. 9 of 2013 is cutting the chain, namely the supply of funding and harmonizing it with other relevant laws and regulations. From the perspective of reforming criminal law in dealing with global crises such as terrorism and its financing, Indonesia needs to adapt to global or international values. However, the transnational values that adjusted the policy of ratifying the convention are under Indonesia's importance as reflected in Pancasila. Pancasila has divine values containing religious morals, and Humanitarian values contain humanistic elements; social values contained in them nationalistic, democratic values , and social justice. All of that must be in a frame of balance between these values. However, what is clear at this time is because Indonesia is part of the international community and is responsible for maintaining international peace and security, and is actively involved in combating the financing of criminal acts of terrorism. Therefore, like it or not, Indonesia must implement it into the national criminal law, namely Law no. 9 of 2013.

In the General Elucidation of Law No. 9 of 2013, this law comprehensively regulates the criminalization of terrorism financing crimes (Article 1, number 1 of Law No.9 of 2013) and other crimes related to terrorism financing crimes. Therefore, applying the principle of identifying financial service users is very important in preventing terrorism financing. Likewise, reporting and monitoring compliance, monitoring money transfer activities through the transfer system or other systems carried out by Financial Service Providers, monitoring carrying cash or other payment instruments into or outside the Indonesian customs area, blocking mechanisms, and inclusion in the list. Suspected terrorists and terrorist organizations, arrangements regarding investigations, prosecution, and examination at court sessions, as well as conducting co-operation, both nationally and internationally, in the context of preventing and eradicating criminal acts of terrorism financing

The scope of terrorism financing in Law No. 9 of 2013 includes actions carried out directly or indirectly in providing, collecting, giving, or lending funds to other parties that they know will be used to commit criminal acts of terrorism. Considering that the criminal act of terrorism is an international crime that poses a danger to world security and peace and humanity, and civilization, its prevention, and eradication requires co-operation between countries. Besides, in Law no. 5 of 2012 concerning Ratification of the ASEAN Convention on Counter-Terrorism, dated April 9, 2012, State Gazette of 2012 Number: 93 and Supplement to the State Gazette Number 5306, stated in its preamble section that acts of terrorism are crimes of nature across national borders and has resulted in the loss of life regardless of the victim, causing widespread fear, loss of independence, and loss of property. Therefore it is necessary to carry out eradication measures through regional co-operation.

It is an excellent thing to note in the ASEAN Convention because there are principles that separate terrorism from religious belief or terrorism and should not be linked to any religion, nationality, civilization, or ethnic group, respecting sovereignty, equality, and integrity. Territorial and national identity, not interfering in domestic affairs, respecting territorial jurisdiction, providing mutual legal assistance, extradition, and promoting peaceful disputes. Besides, in this ASEAN Convention, in particular, there are added value principles that are not shared by similar conventions that contain provisions regarding

rehabilitation programs for terrorism suspects, fair and humane treatment, and respect for human rights in the process of handling them.

Thus, the punishment is no longer for revenge, but protection, including for the perpetrators of criminal acts of terrorism. Considering that the criminal law also contains a preventive aspect, then in Law no. 9/2013, the preventive part follows the law's name, preceded by the word "Prevention" and Eradication of Terrorism Financing Crimes. So, what is prioritized is to prevent the crime of terrorism from occurring. If it is not stopped, it will cause significant casualties, such as in the Twin Tower Case in the United States, the Bali Bombing case, and others. The terrorists will not be able to move or carry out their actions if funds do not support them. In this connection, this is aiming as an act and an effort to cut the funding chain. Legal instruments related to Law No. 9 of 2013 is Law No. 3 of 2011 concerning Fund Transfers, dated March 23, 2011, State Gazette of 2011 Number 39.

The Law No. 3 of 2011, Article 1 number 1, has been given a limitation on what is meant by funds transfer, namely a series of activities starting with an order from the originator aimed at transferring several funds to the Beneficiary stated in the Funds Transfer Order until the Beneficiary receives the Fund. With the enactment of the Law on Funds Transfer, at least it can help prevent the use of funds for terrorist activities.

Besides, Law no. 3 of 2011 regulates Fund Transfer Providers, referred to as Providers, are Banks and non-Bank Indonesian legal entities conducting Fund Transfer activities. Because in the development of fund transfer administration, service providers have also been carried out outside the official channels as stipulated by law. This reality is a challenge for law enforcers in operationalizing the Law on Funds Transfer and the Law on Prevention and Eradication. Terrorism Funding Crime. Therefore, Article 18 of Law no. 9 of 2013 has obliged Financial Service Users. Financial Service Users who carry out money transfer transactions through the transfer system should provide correct identity and information regarding the originator, sender address, delivery recipient, amount of money, type of currency, date of money transfer, source of funds, and other information. Based on the provisions of laws and regulations, The user must give the complete information to the PJK (The Financial Service Providers).

The Law No. 9 of 2013 the formulation of the core offense as stipulated in Articles 4, 5, and 6. Article 4 contains criminal threats, both imprisonment and fines, to any person

who deliberately provides, collects, gives, or lends funds, either directly or indirectly. Now, used wholly or partly to commit Criminal Acts of Terrorism, terrorist organizations, or terrorists. Furthermore, Article 5: regulates criminal conspiracy, attempts, or co-operation to commit criminal acts of financing terrorism. Then, Article 6: contains prohibitions for any person who plans, organizes, or mobilizes other people to commit terrorism financing crimes.

The Law No. 9 of 2013, which is prioritized prevention so that the transferred funds do not fall into the hands of terrorists or terrorist organizations, should be Law No. 9 of 2013 "greet" Law no. 3 of 2011, which had already been promulgated, resulting in synchronization between the two laws. This matter is the negligence of legislators when formulating Law No. 9 of 2013, and it can be seen in the "Remember" section of Law no. 9 of 2013 that does not include Law No. 3 of 2011 concerning Fund Transfers.

Indeed, when viewed from the prevention aspect, the criminal sanctions stated in Article 4 to Article 6 contain a preventive message, meaning that with high criminal sanctions, it is hoped that people or the public are afraid or think about committing criminal acts of financing terrorism. As written by Sudarto (Penal Law and Law, Bandung, Alumni, 1983, p. 32), the punishment is not only unpleasant to feel when served. The consequences are still thought in the form of a "stamp" or "the stigma" given by the community for having done something wrong, committing a crime financing terrorism. Therefore, it is very appropriate that Law no. 9 of 2013 in synergy with Law No. 3 of 2011, including Law No. 9 of 1961 concerning the Collection of Money and Goods (State Gazette of 1961 Number 214). This law is important to implement, given the custom in Indonesian society to often ask for donations, whether they come to the house (door to door), on the streets, or in other places for various purposes. Donors will not know where the funds collected will be used. Therefore, Article 1 of Law no. 9 of 1961 stipulates that "the collection of money or goods in this law is an attempt to obtain money or goods for development in the fields of social welfare, mental/religion, physicality, and culture." However, to organize a collection of money or goods, prior permission is required from the authorized official, except if "The supply of money or goods which is required by religious Law, customary Law, and customs, or which is carried out in a limited environment, does not require a permit. Permits to organize the collection of money or goods are given to associations or social organizations as long as they do not conflict with statutory provisions. Thus, Law

no. 9 of 1961 can be used to curb those who ask for donations not to be misused for financing terrorist activities.

3. Freezing and confiscating terrorist Alternative Remittance assets

The third special recommendation stipulates that every country must make various efforts to block funds or other assets immediately. These funds and assets belong to terrorists who finance terrorism and terrorist organizations. According to different UN resolutions relating to the prevention and eradication of the funding of terrorist activities, States should also adopt and take measures. Including enacting laws enables the authorities to block and confiscate property resulting from criminal acts, or is used in, or is intended or allocated for use in terrorist activity or terrorist organizations.

In this connection, Article 22 of Law no. 9 of 2013 has regulated it, namely by stating: Blocking is carried out on Funds which are directly or indirectly or which are known or reasonably suspected to be used or will be used, in whole or in part, for the Criminal Act of Terrorism. Thus, the message that requested in the Special Recommendations on Terrorist Financing has been regulated in Law No. 9 of 2013.

4. Reporting suspicious transactions related to terrorism

This Fourth Special Recommendation regulates the obligations of financial institutions, or business entities, or other companies. The fourth special recommendation is subjected to anti-money laundering obligations if they have strong reasons to suspect that the funds are linked to or connected to or used for terrorism, terrorist activities, or terrorist organizations, for reporting the allegations immediately to the authorities.

The FATF recommendation has been implemented in Article 13 of Law No. 9 of 2013, including the obligation of PJK to submit reports on Suspicious Financial Transactions Related to Terrorism Funding to PPATK, violations of these obligations result in administrative fines. However, according to the provisions of Article 16 of Law no. 9 of 2013, that the implementation of the obligation to report Suspicious Financial Transactions related to Terrorism Funding by PJK is exempted from the confidentiality provisions that apply to the PJK concerned. Unless there is an element of abuse of authority, the PJK, officials, and employees cannot be prosecuted, either civil or criminal, to implement the obligation to report Suspicious Financial Transactions Related to Terrorism Financing according to Law No. 9 of 2013 (Article 17).

5. *International Co-operation*

Each country must support other countries based on an agreement, agreement, or other mechanisms in terms of mutual legal assistance or information exchange, various additional possible assistance related to the handling of criminal acts, civil law enforcement, and administrative investigations, requests, and trials related to the financing of terrorism. Terrorist activities and terrorist organizations. States should also take all measures to ensure that they do not provide safe havens to individuals accused of financing terrorism, terrorist activity, and terrorist organizations, and must have procedures for extraditing such persons, if possible.

Law No. 8 of 2010 has been regulated regarding International Cooperation in Chapter X Cooperation in the Prevention and Eradication of the Criminal Act of Money Laundering Articles 89-91. Even beforehand, with Law no. 15 of 2008, Indonesia has ratified the Agreement on Reciprocal Assistance in Criminal Matters, dated April 30, 2008, the State Gazette of 2008 Number: 62. In the weighing section of Law no. 15 of 2008 was stated, among other things, that the development of international criminal acts was increasing, which resulted in the emergence of legal problems from one country to another, thus requiring bilateral, regional, and multilateral co-operation in overcoming them. Therefore, the governments of countries in the ASEAN region (Association of Southeast Asian Nations), namely Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, and Vietnam, agreed to increase the effectiveness of law enforcement agencies of these countries in prevention, investigations, prosecutions, and those related to the handling of criminal cases through co-operation and mutual assistance in criminal matters, by signing the Treaty on Mutual Legal Assistance in Criminal Matters (Agreement on Mutual Assistance in Criminal Matters) on November 29, 2004, in Kuala Lumpur, Malaysia, as well as with the Financial Intelligence Units (FIU) of other countries.

6. *Alternative Remittance*

Each State should take measures to ensure that any person or business entity, including agents, are licensed or registered and complies with all FATF Recommendations. They should do these requirements while applying to banks and financial institutions non-bank to provide money or money transfer services, including transfers via informal systems

or networks. Each country must ensure that any person or business entity that provides these services illegally is subject to administrative, civil, or criminal sanctions.

As for what is meant by Alternative Remittance, according to PPATK (PPATK, Overview of Provisions on the Prevention and Eradication of Money Laundering, Jakarta, The Indonesia Netherlands National Legal Reform Program (NLRP), 2010, pp. 78-79) is a money transfer service.) conducted outside official financial services such as banks. In principle, it is acknowledged that Alternative Remittance can assist interstate money transfers by people who have difficulty gaining access to official financial services such as banks. According to PPATK, the alternative remittance was chosen as an alternative in remittances due to several factors, including the relatively low cost of delivery and the somewhat faster delivery time of money to recipients than transfer services provided officially by the financial industry.

Thus, the initial problem is access to official financial services such as banks and options for lower delivery costs than if made through such official financial services. The delivery of the delivery at the destination is the same or even faster through this alternative delivery service. Such conditions certainly create a criminological factor because some people can misuse alternative Remittance services for money laundering or terrorist financing activities.

PPATK admitted that in Indonesia today, there are quite some individuals or non-financial business entities that provide money transfer services, such as courier services, which provide money transfer services as well. Besides, the delivery service business is sometimes not equipped with the complete identity of the sender or recipient of funds (Article 9 in conjunction with Article 8 of Law No.3 of 2011 requires complete identification). Alternative Remittance services are not detected in the financial system.

Even though the FATF has issued the sixth special recommendation in anticipation of the negative impacts, it will cause and encourages countries to impose administrative, civil, or criminal sanctions on the perpetrators. However, that alone is not enough if the cause is not fixed, namely the shipping costs gap between those using official channels and alternative routes. Needs a review of the policy which has been issued by the FATF.

In connection with the FATF's will, the delivery service provider complies with all the provisions that the State has issued and must be guarded with sanctions, both administrative, civil, and criminal sanctions. However, considering that what is intended

to be formulated is included in the realm of criminal law, the three types of sanctions no need to be separated dichotomously. Therefore, all of them are criminal sanctions.

7. Wire transfers

The seventh special recommendation regarding wire transfers stated that every country must make all efforts to oblige financial institutions, including money transfer services, to request accurate and genuine information (name, address, and account number) regarding funds transfers and messages. Report sent, and the data must be the same as the related transfers and notifications through the payment network. Countries should make every effort to ensure that financial institutions, including money transfer services, carry out thorough checks of suspicious fund transfer activities with incomplete information (names, addresses, and account numbers) and monitor them.

Considering that the development of crime today has an extensive scope/dimension, and its activities contain organized crime characteristics; white-collar crime; corporate crime; and transnational crime, even with current technological advances, it can become a form of cybercrime. The development of information technology in almost every country is a global characteristic that results in the loss of national borders (borderless).

Combining information technology, electronics, computers, and telecommunications, has made it possible to form a global telecommunications network that can connect computer networks simultaneously throughout the world. The worldwide network is open to everyone, including terrorists, to access the network to communicate and carry out various activities in cyberspace. Trade transactions via the internet network have played an essential role in international trade and affect a country's economy and balance of payments.

Furthermore, the existence of e-mail, "EFTS" (Electronic Funds Transfer System), and so on, as intended by the FATF (the seventh special recommendation). However, aside from all the advantages and benefits of the internet, global networks can emerge as a form of new crimes because they are misused, like fraud, theft, counterfeiting, then sent and used to finance terrorist activities.

There should be an approach to detect and prevent misuse of money transfers. If it only relies on criminal law, it isn't easy to do so. Criminal law has limitations. Therefore, it must be supported by a technological approach (non-penal), namely what is called

Techno Prevention. Besides, applying the principles of Know your customer principles (KYC) (Bank Indonesia Regulation Number 3/10 / PBI / 2001 concerning Application of Know Your Customer Principles, State Gazette Year 2001 Number 78) is fundamental. In prevention efforts before the occurrence of a crime.

8. *Non-profit organisations*

The Eight Special Recommendations is regarding non-profit organizations (non-profit organizations). States must assess the adequacy of laws and regulations concerning business entities that can be misused for terrorist financing. Considering that non-profit organizations are very vulnerable to being misused by terrorist organizations, the State must guarantee for this purpose and conceal or disguise illegal sending of funds intended for legitimate purposes for the benefit of terrorist organizations.

Furthermore, these non-profit organizations (NPOs) also play a vital role in the world economy and many countries' economic and social systems. The efforts they have made complement the government sector's activities and the business sector in providing essential services, which is very much expected. However, with the international campaign against terrorist financing showing that terrorists and their organizations are utilizing the NPOs sector to raise and transfer funds, provide logistical support, encourage terrorist recruitment, this is a matter of concern.

According to FATF (FATF on Money Laundering, Combating the Abuse of Non-Profit Organizations, International Best Practices, October 11, 2002, page 1), NPOs can appear in various forms, depending on the legal system of a country. In FATF member countries, law and custom recognize associations, foundations, fundraising committees, social organizations, cooperatives, charities, and many other names. Based on the PPATK study, Non-Profit Organizations (NPOs) have many affiliations with foreign NPOs in Indonesia and spread across various sectors within the scope of the authority of several related agencies with the sectors in their field. (Overview of Provisions on the Prevention and Eradication of Money Laundering, Jakarta, The Indonesia Netherlands National Legal Reform Program (NLRP), 2010, pp. 78-79) However, there are indications that the large number of NPOs has not been matched by adequate regulation and supervision from various Indonesian stakeholders. Therefore, as stated by the PPATK (Inadequate Supervision of NPOs, Prone to Money Laundering), it is a loophole for money laundering

in the organization. According to Deputy for PPATK Eradication Wirzal Yanuar, when opening a discussion on the theme of the Implementation of Community Organization Policies in Indonesia in Jakarta, November 4, 2013, said the number of NPOs currently registered is approximately 127,000 NPOs. "The growth in the number of NPOs should be balanced with adequate regulation and supervision," in connection with that, Indonesia has included the handling of the NPO sector comprehensively in the National Strategy for Prevention and Eradication of TPPU and Terrorism Funding.

9. *Cash Couriers*

Special Recommendation IX regarding Cash Courier Services requires States to attempt to detect physical transfers of currency and payment instruments carried across countries, including systems for making declarations or other reporting obligations. Therefore, States must ensure that the competent authorities have the authority to stop or withhold currency or payment instruments that are carried and are strongly suspected of being linked to terrorist financing or money laundering, or which are reported or declared incorrectly. States should ensure that the sanctions are effective and proportionate to those who make fraudulent declarations or reports. Suppose the currency or means of payment are linked to terrorist financing or money laundering. In that case, countries must also take various actions, including enacting laws under the Third Special Recommendation that make the currency or payment instruments confiscated.

Correlate with that, through Law No. 6 of 2006, Indonesia has ratified the International Convention for the Suppression of the Financing of Terrorism, 1999 (International Convention to Combat the Financing of Terrorism, 1999). For further implementation of the ratification, Indonesia, as stated above, has a Law on the Prevention and Eradication of Terrorism Financing Crimes. In the preamble section of the law (letter c), it said: "that with the ratification of the International Convention on the Combating of the Financing of Terrorism, the Government of Indonesia is obliged to make or harmonize laws and regulations related to the financing of terrorism. So that it is in line with the provisions stipulated in the convention, "In fact, the FATF as an independent intergovernmental institution makes policies to protect the global financial system against money laundering and terrorist financing crimes. The FATF's various Recommendations specify the implementation of criminal justice and regulatory measures to address these

issues. These recommendations also include international co-operation and preventive measures taken by financial institutions and others such as casinos, real estate developers, lawyers, and consultants. These FATF recommendations must be recognized as global anti-money laundering standards and actions against terrorist financing (FATF Guidance Anti-money Laundering and Terrorist Financing Measures and Financial Inclusion, June 2011).

Besides, in the Guidance for Financial Institutions in Detecting Terrorist Financing issued by the FATF on April 24, 2002, a plenary session was held on October 29-30, 2001, agreed to create a special guide for financial institutions to help them discover the technique. -techniques and mechanisms used in the financing of terrorism. After that, the FATF, together with experts from member countries, gathered information and studied terrorist financing issues as part of its annual activities on money laundering practices and trends.

Thus, the problem of preventing funding for terrorism activities is an ongoing issue. In New Delhi, India, the top financial officials from the G-20 group agreed to increase co-operation to cut and block funding sources for terrorist activities, from freezing terrorist assets to modernizing the financial system. G-20 countries are member countries classified as developing economies, such as Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, and Turkey; developed countries belonging to the group of seven industrial nations, such as Canada, France, Germany, Italy, Japan, Britain, and the United States; and the European Union. In the same year, at Nusa Dua, Bali, from December 17 to 18, 2002, an international conference was held with the theme Conference on Combating Money Laundering and Terrorist Financing. The meeting between the Indonesian government and the Australian government. It was attended by senior officials from 31 countries of the Asia Pacific region, 13 regional and international organizations, and private parties and NGOs. The participants agreed to emphasize their commitment to fighting money laundering and terrorist financing. In this regard, the participants also acknowledged that the dimensions of money laundering and terrorist financing are developing on a world scale and with its complexity, including in the Asia Pacific region.

There is a link between money laundering and terrorism activities. Particularly the funds used to finance terrorist activities. It States on The Discussion Guide for the 11th UN Congress in Bangkok, wherein the Substantive item 2, regarding International co-operation

against terrorism, and links between terrorism and other criminal activities. An also states on UN Security Council resolution 1373 (2001), which discusses the United Nations Office's work on Drugs and Crime, especially those discussing links between terrorism and other illegal activities

CLOSING

Terrorist funding and its activities are essential issues both at the national and global levels because the consequences are significant for national and international interests. Various steps have been taken by issuing several laws and regulations to prevent and eradicate them. Action to prevent is better than fight to kill because it is more on cultivating the upstream before it occurs and is more strategic.

Therefore, bank and non-bank financial institutions must be aware of the possibility of these financial institutions being used as a means of money laundering to finance terrorist activities, namely by applying the principles listed in Know your customer principles and the principles of knowing service users.

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