Frequently Asked Questions (FAQ)

Bank Indonesia Regulation regarding the Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism by Commercial Banks

1. **What is the background behind and overarching goal of Bank Indonesia Regulation No. 14/27/PBI/2012 concerning the Implementation of Anti-Money Laundering and Combatting the Financing of Terrorism?**
   a. PBI No. 11/28/PBI/2012 was amended in order to create harmony with prevailing regulations as well as international standards.
2. **What changes were made to PBI No. 11/28/PBI/2012 that are contained within PBI 14/24/PBI/2012 on anti-money laundering and combatting the financing of terrorism?**
   a. Provision for fund transfers;
   b. Provision for high-risk areas;
   c. Provision for simplified Customer Due Diligence (CDD), in particular to bolster support for the national and global financial inclusion strategy;
   d. Provision for Cross-Border Correspondent Banking; and
   e. Provision for imposition of sanctions.
3. **When transferring funds domestically or internationally, what requirements must transferring banks adhere to?**

   Transferring banks shall be required to collate information as well as identify and verify the sending customer/WIC and/or receiving customer/WIC, consisting of at least the following items:

   a. Name of the sending customer/WIC;

b. Account number of the sending customer;
c. Address of the sending customer/WIC;
d. Number of the identity card, the identification number or the place and date of birth of the sending customer/WIC;
e. The source of funds of the sending customer/WIC;
f. Name of the receiving customer/WIC;
g. Account number of the receiving customer;
h. Address of the receiving customer/WIC;
i. The amount of money and type of currency; and
j. Transaction date.

4. Who are categorised as high-risk areas and what requirements are in place for high-risk areas?

Customers, WIC and beneficial owners categorised as high risk include those who:

a. are classified as politically exposed persons (PEP);
b. use high-risk banking products as a means to launder money of finance terrorism;
c. perform transactions with parties in high-risk countries;
d. conduct transactions that do not fit their profile; and
e. are related to a politically exposed person.

For customers, WIC and beneficial owners who are categorised as high risk, banks shall be required to:

a. perform regular Enhanced Due Diligence (EDD) consisting of at least analysing information pertaining to the Customer or Beneficial Owner, the source of funds, the destination of the transaction and the business relationships of related parties; and

    b. monitor the Customer or Beneficial Owner more closely.

5. **How does the provision for Customer Due Diligence (CDD) affect global financial inclusion?**

   Prospective customers linked to the global push for financial inclusion are those who:

    a. open a bank account associated with a government program in order to ameliorate social welfare and enhance poverty alleviation; or
    b. place an initial deposit of no more than Rp50,000 (fifty thousand rupiah), have a maximum account balance at the end of the month of Rp1,000,000 (one million rupiah), and do not exceed Rp5,000,000 (five million rupiah) in monthly transactions.

   From Prospective Customers, Banks shall be required to request information regarding the applicant's full name and any aliases, the address printed on the identity card and any other known addresses, the date and place of birth as well as occupation.

6. **If cross-border correspondent banking is available, who is responsible for the business relationships facilitated by the service?**

   A senior bank officer, namely the Executive Officer, pursuant to Bank Indonesia provisions concerning commercial banks and who has prior knowledge and/or experience of anti-money laundering and combatting the financing of terrorism, and holds a high position within the organisation, for example division heads or department heads at the Bank's head office or branch managers, is responsible for the business relationship with prospective recipient banks and/or intermediary banks.

7. **Which sanctions can be imposed on a Bank that fails to implement the policies and procedures stipulated in the implementation guidelines of the APU and PPT program?**

Banks shall be liable for administrative sanctions amounting to no more than Rp100,000,000 (one hundred million rupiah) if they fail to implement policies and procedures as stipulated in the implementation guidelines of the APU and PPT program, and which have a significant detrimental impact on APU and PPT program implementation that manifests as reputational risk for the Bank.

8. **When is the Bank Indonesia Regulation due to become effective?**

This Bank Indonesia Regulation is effective as of 28th December 2012.