



PUSAT PELAPORAN DAN ANALISIS TRANSAKSI KEUANGAN
SECTORAL RISK ASSESSMENT
Perencana Keuangan



FPB INDONESIA
Lembaga Sertifikasi Profesi
Financial Planning Standards Board Indonesia

fpai

*“Risk Assessment
On Financial Planner”*

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SECTORAL RISK ASSESSMENT
ON MONEY LAUNDERING AND TERRORISM FINANCING

FINANCIAL PLANNING PROFESSION

**PUSAT PELAPORAN DAN ANALISIS TRANSAKSI KEUANGAN
NOVEMBER 2019**

HEAD'S FOREWORD

Assalamu'alaikum Warahmatullahi Wabarakatuh.

All praise be to Allah SWT for His blessings and guidance bestowed upon PPATK to accomplish this Sectoral Risk Assessment on Money Laundering and Terrorism Financing for Financial Planning Profession in 2019.

PPATK has a very strong commitment to preventing and eradicating money laundering in Indonesia. Various steps in order to strengthen this commitment have been carried out, including through the implementation of compliance monitoring of the reporting party. As a supervisory and regulatory agency for the financial planning profession, PPATK needs to conduct a risk assessment of the financial planning profession against money laundering crimes. This effort aims to ensure that compliance with the profession can be carried out effectively and efficiently.

I warmly welcome the preparation of this SRA document because it is very important in the effort to prevent and eradicate money laundering. With the formulation of an effective and efficient monitoring strategy based on this risk-based approach, it is hoped that it will protect Indonesia from the risk of money laundering offenses whose typology is growing and becoming more complex.

Finally, I would like to express my gratitude and appreciation to the PPATK SRA Drafting Team for contributing to the publication of this SRA document. May our deeds be blessed by Allah SWT. *Aamiin Ya Rabbal 'Alamin.*

Wassalamu'alaikum Warahmatullahi Wabarakatuh.

Jakarta, November 2019

Head of PPATK
Kiagus Ahmad Badaruddin

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CHAPTER I INTRODUCTION

A. BACKGROUND

In accordance with the first recommendation of the Financial Action Task Force (FATF), each country is required identify, analyse and evaluate the money laundering (ML) and terrorism financing (TF) risks that they are exposed to, and expected to take action, determine which authorities will coordinate the risk assessment and utilise data sources to ensure that the risks are effectively mitigated.

In line with that, the anti-money laundering and the prevention of the financing of terrorism regime is increasingly developing. This has been proven by the existence of a National Risk Assessment (hereinafter referred to as NRA) which was issued by Indonesia in 2015 and was updated in June 2019. This NRA is a risk assessment from Indonesia for the occurrence of Money Laundering and Terrorism Financing Crimes. In the process of making the NRA, it has involved all relevant stakeholders consisting of ministries/institutions that are members of the ML Committee, law enforcement agencies in Indonesia, as well as supervisory and regulatory agencies (LPP) of the Financial Services Industry and Reporting Parties (Financial Services Industry and Designated Non-Financial Businesses and Professions in Indonesia).

The NRA is a structured and comprehensive evaluation and ongoing recording of Indonesia's risks to money laundering, which includes elements of threats, vulnerabilities, and impacts that will be caused. After the various risks have been identified, analyzed and evaluated, then through the Sectoral Risk Assessment (SRA) it is expected to be able to conduct an assessment of each sector of the reporting party.

Referring to Article 3 of the Republic of Indonesia Government Regulation No. 43 of 2015 concerning the Reporting Parties in the Prevention and Eradication of Money Laundering stated that the financial planning profession as the reporting party which is the embodiment of Article 17 paragraph (2) of Law No. 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering. Referring to article 31 paragraph (2) of Law No. 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering, states that in the event that the Supervisory and Regulatory Agency (LPP) towards reporting obligations for the reporting party has not been established, then the compliance supervision towards the report obligation shall be implemented by PPATK. Thus, PPATK is an LPP for the financial planning profession which currently does not have a regulator. A risk assessment must be carried out to assess the threats,

vulnerabilities and impacts of the financial planning profession on money laundering offenses.

Furthermore, based on the results of the SRA, each risk can be mitigated so that the impact of each risk can be minimized if the risk occurs.

B. OBJECTIVES

As one of the action plans in the National Strategy related to the follow-up to the NRA, it is mandatory for the Supervisory and Regulatory Agency (LPP) to prepare a sectoral risk assessment document for money laundering (SRA). The objective is to assess the risk of the vulnerabilities of the Reporting Party being used as a means of money laundering (ML) and/or terrorism financing (TF) crimes. Therefore, PPATK as LPP of financial planning profession prepares a risk assessment document for the financial planning profession sector (SRA). The objectives of the risk assessment in the financial planning profession sector are as follows:

- a. Identify and analyze various sources of threats, vulnerabilities and impacts of money laundering that have been carried out and have the potential to be carried out by ML perpetrators through professions, particularly Financial Planning Profession.
- b. Analyzing the risk level of the Financial Planning Profession based on the profile of service users, regions, service products, types of services, and financial sources of service users that have the potential to be used by ML perpetrators.
- c. Provide guidelines regarding the relevant ML offenses risks as well as information in preparing the Individual Risk Assessment.

C. OUTPUT

Through a comprehensive SRA report, it is expected to produce outputs that help in the following matters:

- a. Knowing the level of threat, level of vulnerability, and level of impact on the Financial Planning Profession sector on the threat of ML offenses.
- b. This risk mapping can assist in the allocation of resources (such as: human resources, sources of funds, information technology) in an effective and efficient manner, especially in the aspect of compliance. Furthermore, the evaluation of risk mapping for the Financial Planning Profession is expected to be able to protect the industry from the risk of ML offenses.
- c. Knowing trends in service users, regions, service products, types of services, and financial sources of service users that have the potential to be used by

money laundering perpetrators through the Financial Planning Profession sector. By knowing these trends, preventive and repressive steps can be drawn up to reduce the threat to money laundering offenses in the Financial Planning Profession sector.

- d. Through this SRA Report, it can also be seen whether the monitoring method applied by PPATK is currently good enough. Mapping of the Reporting Party related to this risk can assist in the basis for allocating resources (such as: human resources, funding sources, information technology) that is effective and efficient in the implementation of the AML/CFT regime, especially in the compliance aspect.

CHAPTER II

GENERAL DESCRIPTION

FINANCIAL PLANNING PROFESSION

A. GENERAL DESCRIPTION

1. Definition of Profession

Profession has various definitions. According to the Big Indonesian Dictionary (KBBI), profession is defined as a field of work based on expertise education (skills, vocational, and so on)¹. The meaning of the profession indicates a job that requires training and mastery of a special knowledge. A profession usually has a professional association, a code of ethics, and a certification and licensing process that is specific to that profession. Examples of professions are in the fields of law, medicine, finance, military, engineering and designer.

The term profession has been understood by many people that it is something related to a particular field or type of work (occupation) which is strongly influenced by education and expertise, so that many people work but are not necessarily said to have the appropriate profession. However, the expertise obtained from vocational education alone is not enough to declare a job to be called a profession. But it is necessary to master the systematic theory that underlies the practice of implementation, and mastery of intellectual techniques which are the relationship between theory and application in practice. As for the things that need to be considered by the executor of the profession.

The term profession has been understood by many people that it is something related to a field that is strongly influenced by education and expertise, so that many people work accordingly. But with the expertise obtained from vocational education, it is also not enough to be called a profession.

But it is necessary to master the systematic theory that underlies the practice of implementation, and the relationship between theory and application in practice. We are not only familiar with the term profession for fields of work such as medicine, teachers, military, lawyers, and the like, but extends to include fields such as managers, journalists, painters, singers, artists, secretaries and so on.

¹ <https://kbbi.web.id/profesi>

In general, there are several characteristics or traits that are always attached to the profession, namely:

- a. Having special knowledge;
- b. There are very high moral principles and standards;
- c. Serving the interests of the community;
- d. There is a special permit to run a profession; and
- e. Professionals are usually members of a profession.

A profession is a job, but not all jobs are professions. The profession has its own characteristics that distinguish it from other jobs, including::

1. Skills based on theoretical knowledge
Professionals are assumed to have extensive theoretical knowledge and skills that are based on that knowledge and can be applied in practice.
2. Professional association
Professions usually have bodies organized by their members, which are intended to enhance the status of their members. These professional organizations usually have special requirements to become members.
3. Extensive education
Prestigious professions usually require a long education at the higher education level.
4. Competency test
Before entering a professional organization, there is usually a requirement to pass a test which tests primarily theoretical knowledge
5. Training institutions
In addition to the examinations, it is also usually required to undergo institutional training where aspiring professionals gain practical experience before becoming a full member of the organization. Improved skills through professional development is also required
6. License
The profession establishes the registration requirements and the certification process so that only those who have a license can be considered trustworthy.
7. Autonomy of work
Professionals tend to control their work and theoretical knowledge to avoid external intervention.
8. Code of ethics
Professional organizations usually have a code of ethics for their members and disciplinary procedures for those who violate the rules.

9. Self-regulating

Professional organizations must be able to regulate their own organizations without government intervention. Professionals are managed by those who are more senior, respected practitioners, or those with the highest qualifications.

10. Public service and altruism

Earning income from professional work can be maintained as long as it is related to public needs, such as doctor services contributing to public health.

11. High status and rewards

The most successful professions will achieve high status, prestige, and well-deserved rewards for their members. This can be considered as an acknowledgment of the services they provide to the community

2. Definition of Financial Planner

According to the Financial Planning Standard Board (FPSB) the definition of Financial Planning is a process to achieve one's financial goals through financial management in an integrated and planned manner.

The function of financial planning as stated in the book entitled *The Truth About Money*, Ric Edelman explains eleven reasons why financial planning needs to be done, namely because going through the financial planning process is useful for:

- 1) Protect yourself and your family from the financial impact of the risk of accidents, illness, death, and lawsuits;
- 2) Reduce personal/family debt;
- 3) Financial financing when living no longer within the productive age range – associated with higher levels of average life expectancy in a given country;
- 4) Pay the costs of raising children, allocation of education, and other needs of children;
- 5) Purchase of a vehicle or house;
- 6) Able to determine the lifestyle we want when we retire;
- 7) Paying long term maintenance costs; and
- 8) Inheriting prosperity for the next generation.

Meanwhile, in practice in Indonesia, it is still rare for families to have financial plans, which are caused, among other things, by:

- 1) Does not have clear financial goals and tends to spend money to fulfill short-term desires;
- 2) There is a time constraint;

- 3) Limited knowledge of how to properly manage family finances;
- 4) Couldn't choose a more diverse investment product; and
- 5) Lack of public awareness

That's why a Financial Planner or Financial Planning Profession is needed, namely to help families who still have limited knowledge, so they can still have a financial plan.

The Financial Planning Profession is a profession that helps individuals or families to prepare financial plans to meet short, medium and long term financial goals. Starting from advice on budgeting, saving, investing, retirement planning, insurance and tax planning.

Thus, the benefits of the financial planning profession are:

1. Expert advice related to financial management
2. Provide an objective portrait of financial condition
3. Helping to realize the financial plan
4. Finding suitable financial products

Compared to several other professions that are supporting professions in the financial sector, such as accountants, appraisers, actuaries and tax consultants, the financial planning profession is one that does not have special regulations and is not supervised by the government. This is different from the case with several countries such as Malaysia, Australia and America. In that country, everyone who will provide financial planning services to the public must obtain a license from a certain authority.

So that it is hoped that through the regulation of the financial planning service industry, it will provide protection to the public (protect public interest) from the actions of unprofessional, incompetent, and unethical practitioners. On the other hand, the regulation will also provide protection to practitioners themselves and the general public as service users. The government will provide protection to practitioners as service providers as long as they provide professional services in accordance with applicable standards and codes of ethics

With so many existing financial planners, financial planners are competing to be able to provide maximum service to consumers. As a potential customer, you have to choose which financial planner can be trusted. Some of the criteria for a trustworthy financial planner are as follows:

- 1) Can be trusted, and there is a strong trust;
- 2) Independent;
- 3) Has various services;
- 4) Has been supported by strong research;

5) Has certification as a financial planner (Certified Financial Planner).

B. SUPERVISION AND GUIDANCE OF THE FINANCIAL PLANNING PROFESSION

As mentioned earlier, the current condition is that there is no regulator that supervises and regulates the Financial Planning Profession in Indonesia. The characteristics of the financial planning profession with several financial professions that have been regulated at this time are identical, namely providing professional services to the public (*public interest*). Indirectly means that there is a public interest that must be protected by the government. Pigou, the originator of the public interest theory, stated that regulations were formed as a response to public requests to correct inefficient and uneven market practices. However, a professional financial planner must comply with the code of ethics of the financial planning profession to provide maximum service to customers.

In running their business, Financial Planners must comply with their professional code of ethics. The code of ethics of the financial planning profession is the ethical principles of financial planners in treating their customers. The code of ethics itself is an ethical principle that is generally attached to a profession and is approved by a certain group of people. Thus, professional financial planners must comply with the financial planner's code of ethics.

By complying with ethical standards, financial planning professionals agree to present financial planning in the interests of customers and with the best ethical and professional standards and agree to uphold and promote the interests of the financial planning profession for the welfare of society. As part of their professional commitment, financial planning professionals must provide appropriate disclosure and agree to adhere to ethical standards when presenting financial plans to customers.

In Indonesia, the professional certification of financial planners is issued by FPSB Indonesia, which is an affiliate of FPSB America Ltd. in the United States. This institution has the authority to issue and revoke two kinds of professional certificates, namely Certified Financial Planner (CFP) and Registered Financial Planner (RFP). FPSB Indonesia binds the financial planning profession to a code of ethics. As explained earlier, one of the criteria for a professional Financial Planner is to have a CFP license. The professional code of ethics for financial planners who have a CFP license is regulated by the FPSB..

There are 8 (eight) principles of the code of ethics that CFP licensed Financial Planners must comply with. The principles of the Financial Planner's code of ethics are as follows :

- 1) Client First
- 2) Integrity

- 3) Objectivity
- 4) Fairness
- 5) Professionalism
- 6) Competence
- 7) Confidentiality
- 8) Dilligence

So it can be concluded that the application of the CFP® Independent Financial Planner Code of Ethics is a manifestation of the responsibility of the independent financial planning profession to the community, customers, colleagues, companies and business partners. However, even though there are no regulations related to the Financial Planning profession, these business people are bound by a code of ethics that must be obeyed.

C. SANCTIONS

Financial planners who have CFP and RFP licenses must maintain the code of ethics of the financial planning profession that has been set by the FPSB. So, if the financial planner has legal problems and is judged to be detrimental to the client, the FPSB will form an ethics committee and impose the heaviest penalty, namely revocation or suspension of the CFP license owned by the financial planner.

D. GUIDANCE AND SUPERVISION RELATED TO AML/CFT

The guidance and supervision of the financial planning profession related to the implementation of Anti-Money Laundering and Terrorism Financing is carried out by the Financial Transaction Reports and Analysis Center (PPATK) based on Article 3 of the Republic of Indonesia Government Regulation No. 43 of 2015 concerning the Reporting Parties in the Prevention and Eradication of Money Laundering states that the financial planner as the Reporting Party is obliged to submit a report to the PPATK

Based on Article 30 of Law Number 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering for professions that do not submit reports to the PPATK, they will be subject to sanctions based on the PPATK in the form of²:

- a) Warning
- b) Written warning
- c) Announcements to the public regarding on the actions and/or penalty

² Himpunan Peraturan tentang Tindak Pidana Pencucian Uang dan Pendanaan Terorisme; Undang-Undang Nomor 8 Tahun 2010 tentang Pencegahan dan Pemberantasan Tindak Pidana Pencucian Uang

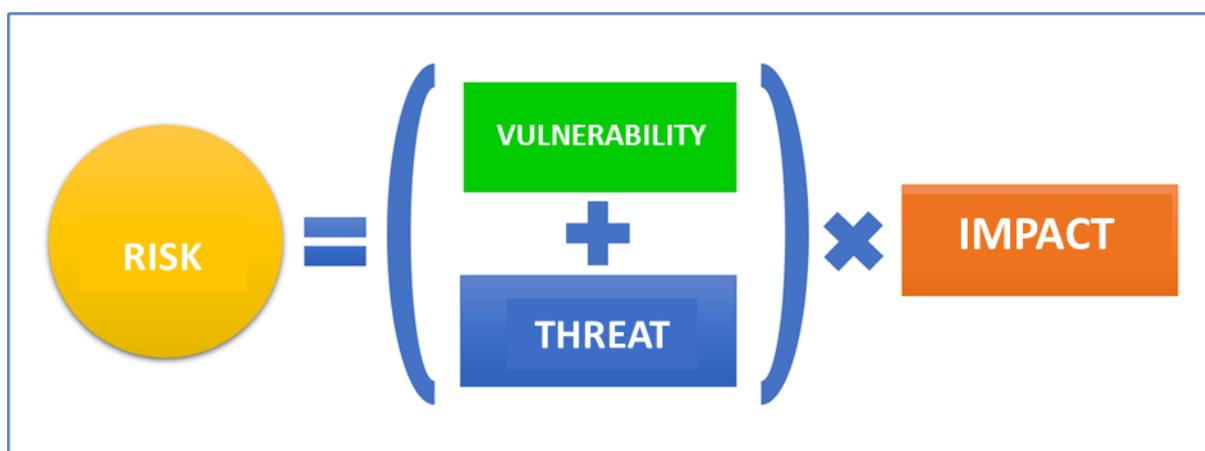
d) Administrative fine

CHAPTER III METHODOLOGY

A. RESEARCH METHOD

Sectoral Risk Assessment activities are carried out using methods and frameworks adopted from international best practices. As a theoretical basis for the preparation of the SRA, the IMF's guideline regarding "*The Fund Staff's Approach to Conducting National Money Laundering or Financing of Terrorism Risk Assessment*" explains that: "risk can be represented as: $R=f[(T),(V)] \times C$, where T represents threat, V represents vulnerability, and C represents consequence". Based on these guidelines, various risk factors for money laundering offenses have been analyzed qualitatively and quantitatively to measure the level of threats, vulnerabilities, and impacts by using the following risk decisions:

Figure 1
Risk Assessment Formulation



The team has developed a methodology for measuring money laundering risk factors to assess the level of threat, the level of vulnerability, and the level of impact and risk. Referring to FATF Guidance it is stated that:

1. Threat

A threat is defined as a person or group of people, objects or activities that have the potential to cause harm. In the context of money laundering, threats include criminal acts, terrorist groups and their funding. Threat level data in this SRA is processed from the updated Indonesia Risk Assessment

of Money Laundering and Terrorism Financing Crimes 2015 (NRA on ML/TF).

2. Vulnerability

Vulnerabilities are things that can be exploited or supported by threats or can also be referred to as factors that describe the weakness of the anti-money laundering/terrorism financing system in the form of attractive financial products or services for money laundering purposes.

3. Impact

Impact is the result or loss caused by the crime of money laundering and/or terrorism financing to institutions, the economy and society, more broadly including losses from criminal acts and money laundering activities themselves.

4. Risk

Risk is a function of threats, vulnerabilities and impacts. Risk assessment is an outcome or process based on a methodology agreed by the relevant parties to identify the risk of money laundering offences.

B. RISK ASSESSMENT STAGES

The stages in determining the risk of money laundering and terrorism financing in the financial planning profession go through several stages, including the process of identification, analysis and evaluation.

Figure 2
Risk Assessment Stages



1. Identification

This stage is carried out to identify the risk factors to be analyzed. In this regard, 5 (five) aspects (Point of Concern/PoC) need to be assessed for risk levels, namely: Service User Profile, Region, Service Product, Type of Service, and Financial Source of Service User.

In the process of identifying the risk factors for money laundering offenses, the SRA Team has collected data/information from both internal and external PPATK. The process of collecting data was carried out both with primary data in the form of internal and external PPATK databases and secondary data in the form of distributing questionnaires. The scope of data used in the preparation of this SRA is 2018-2019.

2. Analysis

The analysis stage is a continuation of the risk identification stage using the agreed threat, vulnerability and impact variables. Each risk factor that has been analyzed can be displayed on a scale of 1-9 as follows:

Figure 3
Scale of Threats: Vulnerabilities, and Impacts

1	2	3	4	5	6	7	8	9
LOW			MEDIUM			HIGH		

For each risk-forming factor, the data for each PoC (Point of Concern) aspect is transformed into a scale of 1-9 where the data with the smallest value automatically becomes a scale of 1, while the data with the largest value automatically becomes a scale of 9. With the risk assessment framework, after obtaining the value of threats and vulnerabilities, both are then summed to obtain the likelihood value and then multiplied by the impact scale to obtain the risk value.

For each factor forming the risk value of each PoC which has a range between 1-9 is then divided into three levels, namely as follows:

Table 1
Risk Level

Range of Risk Value	Risk Level
$1 \leq x < 3,67$	Low
$3,67 \leq x < 6,33$	Medium
$6,33 \leq x \leq 9$	High

The SRA team has developed a methodology for measuring ML and TF risk factors to measure the level of threat, level of vulnerability, level of impact, and level of risk. The level of threats, vulnerabilities and impacts is obtained through

quantitative and qualitative (potential) data. The SRA team uses a hierarchical (tiered) method. In this method, the team has compiled a mathematical formulation of each risk factor which has several variables and sub-variables forming, with the following details:

a. Threat

- 1) The Number of Suspicious Transaction Reports (STR) in the Financial Planning profession;
- 2) The Number of STR in Financial Services Providers (FI) related to the Financial Planning Profession;
- 3) The Number of court decisions related to the Financial Planning profession; and
- 4) Potential Threats based on the number of PPATK Analysis Results or Examination Results (HA/HP).

b. Vulnerability

- 1) Provisions and Regulations;
- 2) Number of STR in the Financial Planning profession;
- 3) Supervision Results; and
- 4) Research Results.

c. Impact

- 1) Asset value on the STR of the Financial Planning Profession;
- 2) Asset value on STR for Financial Service Providers related to the Financial Planning Profession;
- 3) Asset value in Court Decisions related to the Financial Planning Profession; and
- 4) Potential impact based on the assessment of the Financial Planning profession.

3. Evaluation

This evaluation stage is a decision/priority-making process in overcoming risks based on an analysis of threats, vulnerabilities, trends and impacts. This stage also contributes to the development of strategies to mitigate the risk of any Point of Concern (PoC) that has the potential to be related to the Crime of Money Laundering and the Financing of Terrorism.

CHAPTER IV

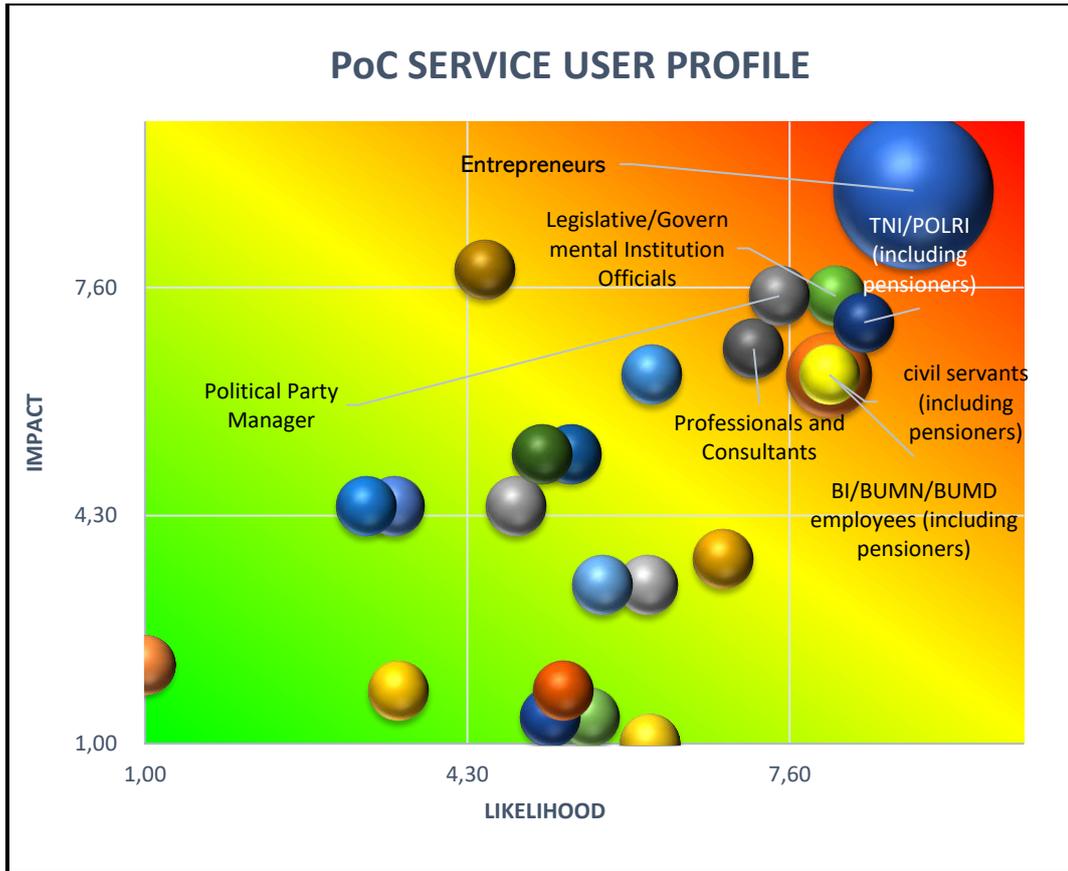
RISK ASSESSMENT RESULTS

In the Financial Planning Profession sector, there are 5 (five) Points Of Concern (POC), namely the profile of service users, region, service products, types of services, and financial sources of service users. The five POCs were assessed based on threat, vulnerability and impact. The results of the risk assessment of the 5 (five) POCs are as follows:

A. Service User Profile

As regulated in Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering Money, criminalization of money laundering offenses can be imposed on perpetrators who are individuals or corporations. Based on the results of the risk analysis on the potential for money laundering offenses in Indonesia based on the types of perpetrators in the Financial Planning professional sector, it is known that the service users of Entrepreneurs have the highest risk of being perpetrators of money laundering offenses, followed by Legislative/Governmental Institution Officials, TNI/POLRI (including pensioners), BI/BUMN/BUMD employees (including pensioners) and civil servants (including pensioners). This can be seen in the following image:

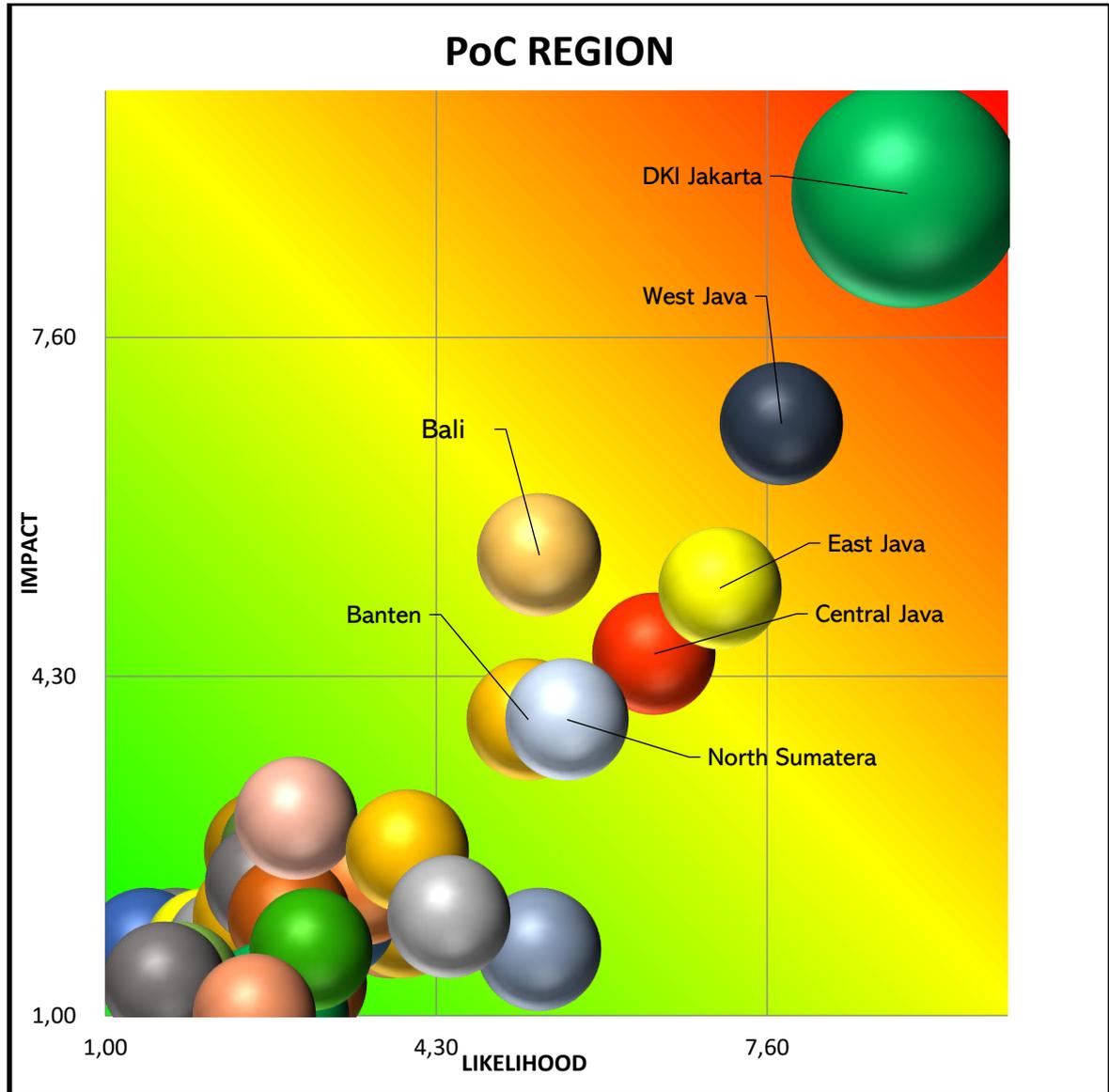
Figure 4
Risk on Service User Profile



B. Region

According to the risk assessment of the Financial Planning profession sector by region, it is known that DKI Jakarta Province has the highest risk of money laundering offenses, followed by West Java, East Java, Central Java and Bali. The five provinces are in “High” and “Medium” risk areas for money laundering offenses. This can be seen in the following image:

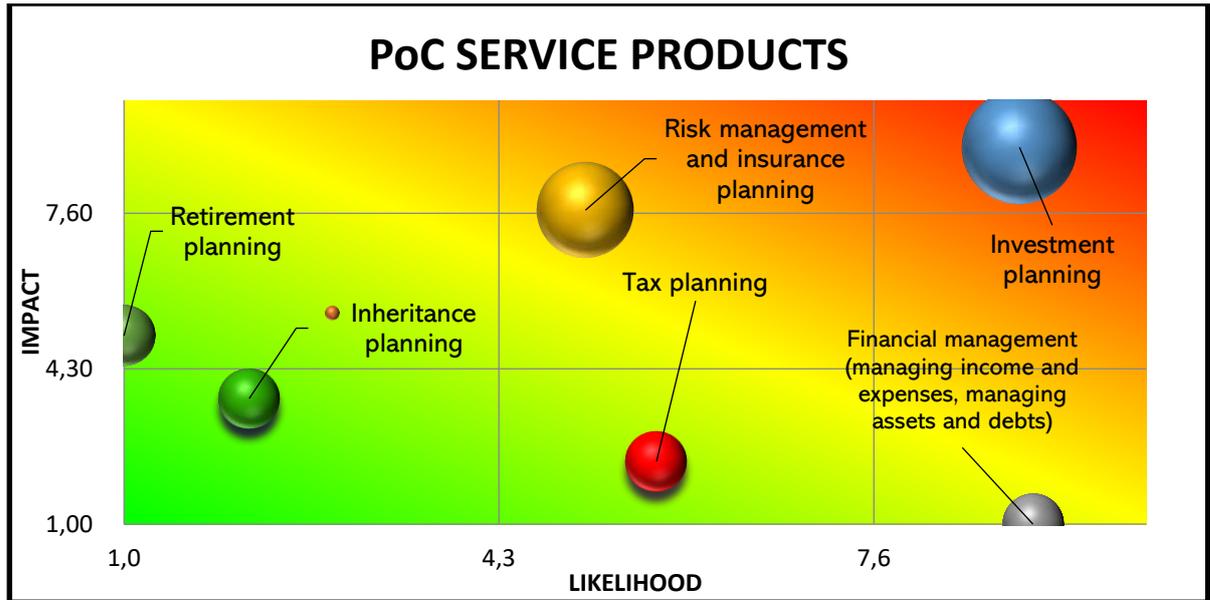
Figure 5
Risk On Region



C. Service Products

From the assessment of service products in the Financial Planning profession sector, it can be seen that service products in the form of investment planners are considered the most risky, then followed by risk management and insurance planning service products, tax planning, financial management (managing income and expenses, managing assets and debts), and inheritance planning. This can be seen in the following image:

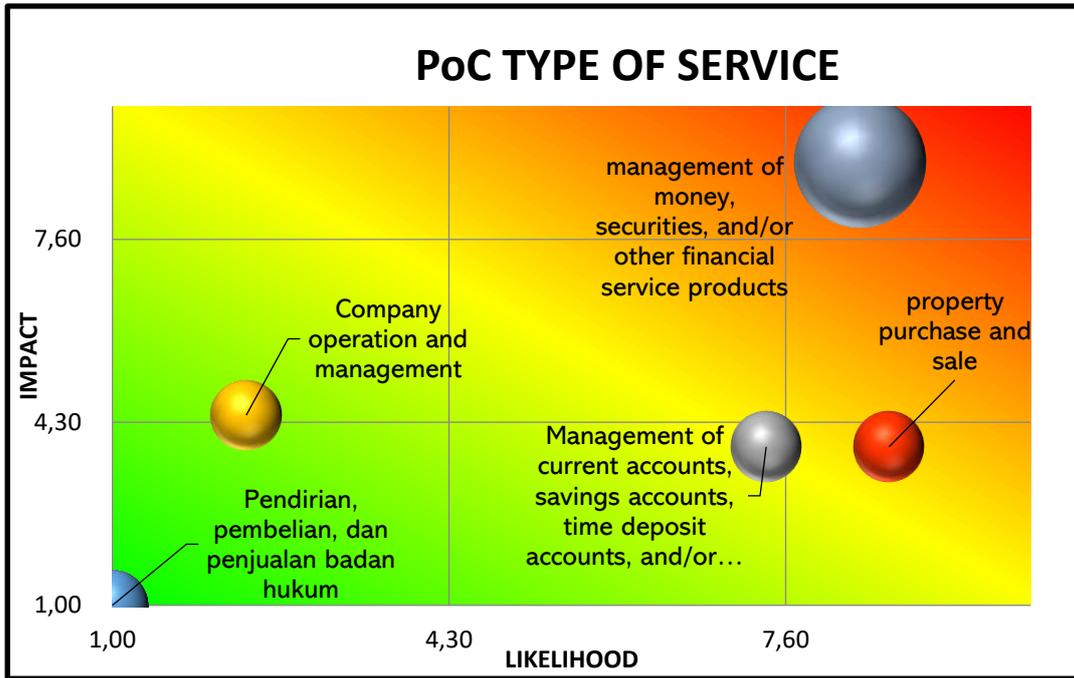
Figure 6
Risk On Service Products



D. Type of Service

From an assessment of the types of services offered in the financial planning profession sector, it is known that the management of money, securities, and/or other financial service products is the highest risk of being used or used as the final result of money laundering offences, which is followed by the property purchase and sale, Management of current accounts, savings accounts, time deposit accounts, and/or securities accounts, Company operation and management, and Establishment, purchase and sale of legal entities. This can be seen in the following image:

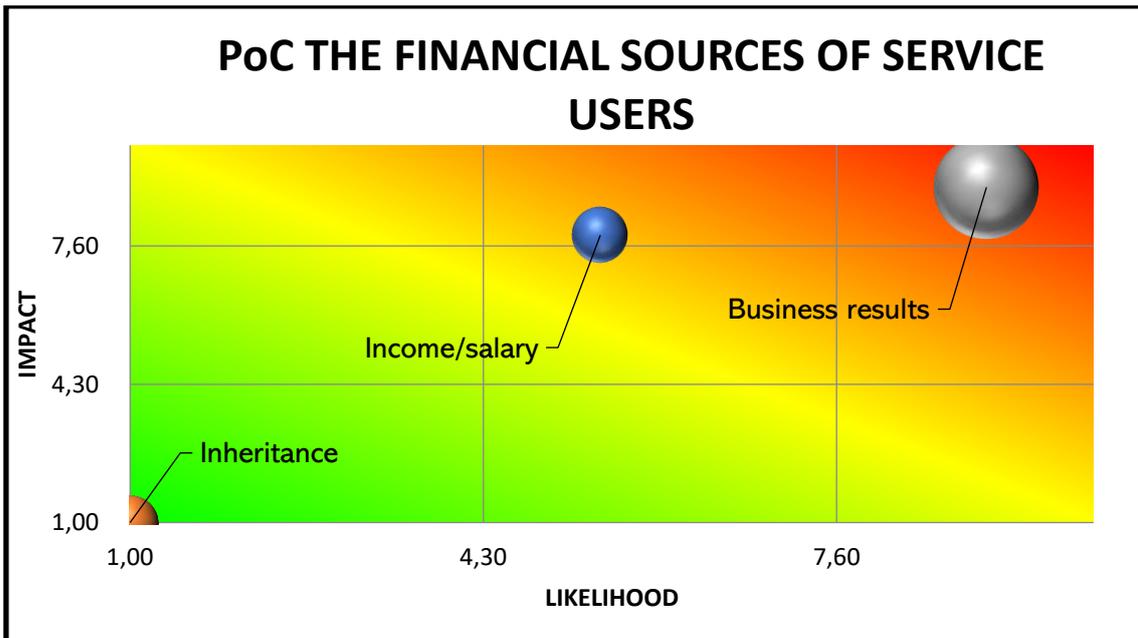
Figure 7
Risk on Type of Service



E. The Financial Sources Of Service Users

In the Financial Planning Profession sector, the financial sources of service users using business results are considered the most risky, followed by income/salary and inheritance. This can be seen in the following image:

Figure 8
Risk on The Financial Sources Of Service Users



CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

A. ML RISK LEVEL

1. In order to identify and analyze the level of sectoral risk in the financial planning profession sector, PPATK as the Supervisory and Regulatory Institution of financial planners has prepared a Sectoral Risk Assessment Document for the Financial Planning Profession. The sectoral risk assessment is prepared by involving stakeholders, such as law enforcement officers, as well as associations and business entities of the financial planning profession.
2. The results of the identification and analysis of sectoral risk assessment of financial planners that focus on 5 (five) points of concern are as follows:
 - a) The entrepreneur profile is identified as a high risk profile. The high level of risk of the entrepreneur's profile is influenced by the high level of threat, as well as the level of vulnerability in the financial planning profession. This is followed by the high level of vulnerability of legislative and government officials, TNI/Polri (including pensioners), civil servants, and private employees.
 - b) The DKI Jakarta area is identified as a high risk area. The high level of risk in the DKI Jakarta area is influenced by the high level of threat, as well as the level of vulnerability in the financial planning profession, which is followed by the high level of vulnerability in the areas of West Java, East Java, Central Java and Bali.
 - c) Investment planning service products are identified as high-risk products, followed by risk management and insurance planning service products. The high level of risk of investment planning products is influenced by the high level of threat, as well as the level of vulnerability in the financial planning profession.
 - d) Management of money, securities, and/or other financial service products is the type of service with the most risk of money laundering offences. The high type of management services for money, securities, and/or other financial service products is influenced by the high level of threat, as well as the level of vulnerability of the financial planning profession.
 - e) The financial sources of service users originating from business results are identified as high-risk financial sources, followed by income/salary and inheritance. The high level of financial resources using business results is influenced by the high level of threat, as well as the level of vulnerability in the financial planning profession.

B. RISK MITIGATION

To mitigate risks to money laundering and money laundering offenses in the Financial Planning profession, the Indonesian Financial Transaction Reports and Analysis Centre (PPATK) has increased compliance monitoring of these professions through regulatory and supervisory aspects by conducting, among other things,

1. Regulation

PPATK has published:

- a. The Republic of Indonesia Government Regulation No. 43 of 2015 concerning the Reporting Parties in the Prevention and Eradication of Money Laundering states that the financial planner as the Reporting Party is obliged to submit a report to the PPATK; and
- b. Regulation of the Head of PPATK Number 6 of 2017 concerning the Implementation of the Principle of Recognizing Service Users for Financial Planners.

2. Supervision

Through Regulation of the Head of PPATK Number 13 of 2016 concerning Procedures for Implementation of Compliance Audits, Special Audits and Follow-Up Monitoring of Audit Results, PPATK has carried out risk-based supervision with off-site and on-site supervision methods.

3. Implementation of Sanctions

Based on Article 30 of Law Number 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering for professions that do not report to the PPATK, the PPATK will be subject to administrative sanctions in the form of warnings, written warnings, announcements to the public regarding on the actions and/or penalty, and administrative fines.

C. RECOMMENDATIONS

Based on the results of the identification and analysis of the risk assessment of money laundering in financial planners, several recommendations are made as follows:

1. The financial planning profession needs to prepare or update internal policies regarding the implementation of a risk based approach in the context of implementing the Principles of Recognizing Service Users by taking into account the Sectoral Risk Assessment Documents in the profession.
2. In the context of mitigating the risk of money laundering in the profession, PPATK as the Supervisory and Regulatory Agency needs to conduct outreach, among others in the form of training, discussions, and technical guidance to financial planners in high-risk areas.

3. In addition, PPATK needs to carry out thematic supervision on compliance with the application of the principle of recognizing service users, in particular compliance with the obligations of Customer Due Diligence (CDD) and Enhance Due Diligence (EDD) on profiles, service products, types of services, and financial sources of high-risk service users in each of these professions.

APPENDIX

Appendix I. Risk on Service User Profile

POINT OF CONCERN		Threat	Vulnerability	Likelihood	Impact	Risk	Level
SERVICE USER PROFILE							
1	Entrepreneur	9.00	8.74	8.87	9.00	8.88	high
2	Civil Servants (including Pensioners)	7.36	8.65	8.01	6.33	5.97	medium
3	Housewife	4.09	5.52	4.81	4.43	3.03	low
4	Student	2.64	4.57	3.60	1.76	1.53	low
5	Private employees	5.73	6.65	6.19	6.33	4.82	medium
6	Legislative and Government Officials	8.27	7.87	8.07	7.48	6.93	high
7	TNI/POLRI (including pensioners)	7.73	9.00	8.36	7.10	6.83	high
8	BI/BUMN/BUMD employees (including pensioners)	7.73	8.30	8.02	6.33	5.98	medium
9	Professionals and Consultants	7.73	6.74	7.23	6.71	5.76	medium
10	Dealer	5.36	3.61	4.49	7.86	4.42	medium
11	Bank employees	6.09	4.65	5.37	5.19	3.69	medium
12	Money Changer employees	6.09	4.04	5.07	5.19	3.53	medium
13	Lecturers	4.64	2.48	3.56	4.43	2.48	low
14	Farmer	1.00	1.00	1.00	2.14	1.11	low
15	Limited company	7.73	4.57	6.15	3.29	2.92	low
16	Union	6.82	5.52	6.17	1.00	1.52	low
17	Foundation	6.64	4.74	5.69	3.29	2.77	low
18	CV, Firm and Maatschap	6.64	4.48	5.56	1.38	1.67	low
19	Legal Entity Association	6.09	4.22	5.15	1.38	1.61	low
20	Non-Legal Entity Association	6.27	4.30	5.29	1.76	1.83	low
21	Political Party Manager	7.73	7.26	7.49	7.48	6.50	medium
22	Act on Power	7.36	6.48	6.92	3.67	3.44	medium
23	Others	3.18	3.35	3.26	4.43	2.35	low

Apendix II. Risk on Region

POINT OF CONCERN		Threat	Vulnerability	Likelihood	Impact	Risk	Level
REGION							
1	Aceh	2.29	2.68	2.48	1.00	1.15	low
2	Bali	5.90	4.75	5.33	5.48	3.82	medium
3	Bangka Belitung	1.00	1.59	1.30	1.64	1.11	low
4	Banten	5.39	5.05	5.22	3.88	2.92	low
5	Bengkulu	3.06	2.28	2.67	1.00	1.17	low
6	D.I Yogyakarta	3.32	2.48	2.90	2.92	1.75	low
7	DKI Jakarta	9.00	9.00	9.00	9.00	9.00	high
8	Gorontalo	2.29	1.20	1.74	1.32	1.13	low
9	Jambi	1.77	1.40	1.58	1.32	1.11	low
10	West Java	7.97	7.52	7.74	6.76	6.13	medium
11	Central Java	6.42	6.53	6.48	4.52	3.83	medium
12	East Java	6.94	7.32	7.13	5.16	4.58	medium
13	West Kalimantan	4.35	3.67	4.01	2.60	1.94	low
14	South Kalimantan	3.32	2.78	3.05	1.64	1.40	low
15	Central Kalimantan	3.32	2.38	2.85	1.64	1.37	low
16	East Kalimantan	4.61	3.07	3.84	1.96	1.65	low
17	North Kalimantan	1.52	1.89	1.70	1.64	1.18	low
18	Riau Islands	3.32	1.89	2.61	2.60	1.58	low
19	Lampung	2.03	1.59	1.81	1.32	1.14	low
20	Maluku	2.81	1.00	1.90	1.32	1.15	low
21	North Maluku	1.52	1.30	1.41	1.64	1.13	low
22	West Nusa Tenggara	4.10	1.89	2.99	1.32	1.30	low
23	East Nusa Tenggara	3.58	1.49	2.54	1.96	1.40	low
24	Papua	4.87	3.07	3.97	1.96	1.68	low
25	West Papua	4.10	2.48	3.29	1.96	1.54	low

POINT OF CONCERN		Threat	Vulnerability	Likelihood	Impact	Risk	Level
REGION							
26	Riau	2.55	2.98	2.76	2.60	1.62	low
27	West Sulawesi	2.03	1.99	2.01	1.64	1.23	low
28	South Sulawesi	4.35	2.78	3.57	2.28	1.71	low
29	Central Sulawesi	2.55	1.89	2.22	1.64	1.26	low
30	Southeast Sulawesi	2.29	2.68	2.48	1.96	1.39	low
31	North Sulawesi	2.55	2.68	2.61	2.28	1.50	low
32	West Sumatra	3.58	2.09	2.83	1.96	1.46	low
33	South Sumatra	5.39	3.47	4.43	1.96	1.77	low
34	North Sumatra	6.16	5.05	5.61	3.88	3.07	low

Appendix III. Risk on Service Product

POINT OF CONCERN		Threat	Vulnerability	Likelihood	Impact	Risk	Level
SERVICE PRODUCT							
1	Financial management (managing income and expenses, managing assets and debts)	9.00	9.00	9.00	1.00	1.80	low
2	Risk management and insurance planning	3.95	6.18	5.06	7.67	4.78	medium
3	Investment planning	9.00	8.76	8.88	9.00	8.89	high
4	Retirement planning	1.00	1.00	1.00	5.00	1.40	low
5	Tax planning	7.32	4.06	5.69	2.33	2.23	low
6	Inheritance planning	2.26	1.94	2.10	3.67	1.67	low

Appendix IV. Risk on The Type of Service

POINT OF CONCERN		Threat	Vulnerability	Likelihood	Impact	Risk	Level
THE TYPE OF SERVICE							
1	The property purchase and sale	9.00	8.23	8.61	3.86	4.22	medium
2	The management of money, securities, and/or other financial service products	7.67	9.00	8.33	9.00	8.40	high
3	Management of current accounts, savings accounts, time deposit accounts, and/or securities accounts	6.33	8.48	7.41	3.86	3.76	medium
4	Company operation and management	2.33	2.29	2.31	4.43	1.92	low
5	Establishment, purchase and sale of legal entities	1.00	1.00	1.00	1.00	1.00	low

Appendix V. Risk on The Financial Sources Of Service Users

POINT OF CONCERN		Threat	Vulnerability	Likelihood	Impact	Risk	Level
THE FINANCIAL SOURCES OF SERVICE USERS							
1	Income/salary	3.50	7.29	5.39	7.86	5.14	medium
2	Inheritance	1.00	1.00	1.00	1.00	1.00	low
3	Business results	9.00	9.00	9.00	9.00	9.00	high