

FATF



Anti-money laundering and counter-terrorist financing measures

Indonesia

2nd Enhanced Follow-up Report &
Technical Compliance Re-Rating

May 2025

Follow-up report





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

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the FATF Secretariat, 2 rue André Pascal 75775 Paris Cedex 16, France

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Indonesia's 2nd Enhanced Follow-up Report

Introduction

The 4th round mutual evaluation report (MER) of Indonesia was adopted in February 2023. Indonesia was placed in enhanced follow-up based on its effectiveness results. FATF also adopted Indonesia's first enhanced FUR without TC re-ratings in June 2024¹. This is Indonesia's second follow-up report (FUR) in which it is seeking re-rating on Recommendation 7.

Overall, the expectation is that countries will have addressed most, if not all, technical compliance deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Indonesia has made to improve its effectiveness.

Mr. Petros Fasilis, Tax Official, Independent Authority for Public Revenue from Greece, supported by Ms Ravneet Kaur, Policy Analyst from the FATF Secretariat, assessed Indonesia's request for technical compliance re-rating.

The 2nd section of this report summarises Indonesia's progress in improving technical compliance. The 3rd section sets out the conclusion and includes a table showing Indonesia's MER ratings and updated ratings based on this follow-up report.

Progress to improve Technical Compliance

This section summarises Indonesia's progress to improve its technical compliance by addressing some of the technical compliance deficiencies for R.7 identified in the MER.

Progress to address technical compliance deficiencies identified in the MER

Recommendation 7

	Year	Rating
MER	2023	PC
FUR2	2025	↑ LC

a) Criterion 7.1 (Met)

As noted in its 4th round MER, Indonesia issued the Joint Regulation on Listing of the Identification of Persons and Corporations in the List of Proliferation of Financing of Weapons of Mass Destruction (PF Joint Regulation 2017) to implement TFS with respect to WMD proliferation and financing without delay. This establishes coordination among the relevant agencies in entering the

¹ [INDONESIA: 1st ENHANCED FOLLOW-UP REPORT](#)

identity of persons and corporations in a WMD list, and freeze funds owned by them, within a matter of hours, at most in one day. This criterion remains met.

b) Criterion 7.2 (*Met*)

Indonesia issued amendments to the PF Joint PF Regulation which added a protection for bona fide third parties acting in good faith when implementing the PF TFS obligation. Indonesia issued a second amendment to the PF Joint Regulation in September 2023 which prohibits the provision of funds to or for the benefit of designated persons or corporations (art. 6A(2) of the PF Joint Regulation) and clarifies reporting requirements where reporting entities act to block or prohibit funds from being made available (art. 8A (1) and (1A) of the PF Joint Regulation). Reporting of these instances are filed in two separate reports, a suspicious transaction report and a suspicious activity report, to PPATK. Indonesia has indicated that they have the ability to receive such reports under the authority of the Anti-Money Laundering Law Number 8 Year 2010 Article 1 paragraph 5 points (c) and (d).

(a) (*met*) FIs and DNFBPs were required to freeze without delay, funds owned or controlled by persons on the WMD list under the PF Joint Regulation 2017. As noted in its 4th round MER, there was no general obligation for all natural and legal persons to freeze such funds or other assets, and no explicit legal provision that these measures should be carried out without prior notice. Amendments to the PF Joint Regulation 2017 instituted in May and September 2023 sets up a comprehensive legal framework that institute these obligations (art. 6A of the PF Joint Regulation). The amendment requires PPATK to submit WMD lists to individuals (natural persons) and corporations (legal persons) via its website and imposes the obligation to freeze without delay and without the need for prior notification to designated persons or entities. Regulations specific to PPATK (art. 9A of Regulation 15 of 2023) and COFTRA (art. 21A of Regulation 8 of 2023) also institute the same obligation.

(b) (*met*) Freezing obligations extend to all circumstances listed in c.7.2(b) under the PF Joint Regulation 2017. This sub-criterion remains met.

(c) (*met*) In relation to entities within their respective scope, the PF Joint Regulation 2017, OJK regulations and BI regulations explicitly prohibit funds and assets from being made available for the benefit of a person and entities on the WMD List. This has now been extended to futures brokers and prospective physical crypto asset traders as entities within the scope of COFTRA (art. 21A of Regulation 8 of 2023 COFTRA that amends Regulation 5 of 2023 COFTRA). The updated regulation prohibits all Indonesian nationals and any person or entities within Indonesia from providing funds to or for the benefit of natural and legal persons listed on the WMD List issued by PPATK, including funds derived from assets owned or controlled by such listed persons or entities. In addition, the September 2023 update to the PF Joint Regulation 2017 also extends the prohibition to all Indonesian nationals and any person or entities within Indonesia (art.6A of the PF Joint Regulation 2017).

(d) (*met*) The May 2023 update to the PF Joint Regulation 2017 now requires supervisory agencies to electronically communicate to their regulated entities, the listing, freezing, revocation of freezing, and delisting of listed persons (art. 14 of the PF Joint Regulation 2017). Remarks in the procedures illustrated in annex

1.1 on the workflow listing of the identity of persons/corporations in the WMD List, indicate that all the process be conducted immediately within a matter of hours, at maximum one day. The annex forms “an integral part of the Joint Regulation” (art. 10 of the PF Joint Regulation 2017) and the obligations therein are binding by law.

(e) (*met*) The 4th round MER notes that the PF Joint Regulation 2017 was silent on the requirement to report attempted transactions. The September 2023 update to the PF Joint Regulation 2017 clarifies reporting requirements where reporting entities act to block or prohibit funds from being made available (art. 8A (1) and (1A) of the PF Joint Regulation 2017) and specify that these include attempted transactions (art. 8A(2) of the PF Joint Regulation 2017).

(f) (*met*) The PF Joint Regulation 2017 sets out the process for third parties that entered into contracts with listed persons prior to their designation to be able to petition PPATK for access to funds owed to them (art. 13 of the PF Joint Regulation 2017). The May 2023 update to the PF Joint Regulation 2017 (art. 6B(1)) also states that bona fide third parties have a right to receive protection on the funds that are frozen without delay in accordance with the same process (art. 6B(2) of the PF Joint Regulation 2017).

c) Criterion 7.3 (*Mostly met*)

The lack of clarity as to whether the range of sanctions apply to violations of FIs’ freezing obligations has been addressed under the OJK AML/CFT/CPF Regulation in Financial Sector Number 8 of 2023 (art.64(1) read with art.53 of the Regulation), which applies to the obligation of the FI to freeze without delay (art 53(4) of the Regulation). In relation to DNFBPs, PPATK has issued a regulation which provides a range of measures for DNFBPs (art. 13(3) of Regulation No. 14 of 2023) including for violations of the obligation to freeze without delay (art. 8 of Regulation No. 14 of 2023). These include written warnings, public announcements of non-compliance, recommendations to the competent authority to conduct a re-evaluation of fit and proper test and recommendations to the competent authority to suspend, revoke or cancel the business activity or license. It is not entirely clear that failure to comply with counter-proliferation financing obligations is subject to a sufficient range of civil, administrative or criminal sanctions. This is a minor deficiency in view of the significance and exposure of the DNFBP sector to PF.

d) Criterion 7.4 (*Met*)

The framework remains as noted in its 4th round MER that,

(a) (*met*) the PPATK website contained listing and delisting information, including links to the UNSCR 1730 on the Focal Point process, to the UNSC website as well as procedural details. The sub-criterion remains met.

(b) (*met*) art. 8 of the PF Joint Regulation 2017 contained the process to unfreeze assets. The sub-criterion remains met.

(c) (*met*) basic expenses could be excluded from an asset freeze upon request to PPATK (art.13 of the PF Joint Regulation 2017). Extraordinary expenses are now explicitly excluded in the May 2023 update to the PF Joint Regulation 2017 (art.13(2)(a) and (2)(b)) in accordance with art.12(3) to (6) and a “Technical Guidance on the Handling Mechanism for Exemption Requests in Freezing Assets

Without Delay for Basic and Extraordinary Expenses' issued by PPATK Decree 675A of 2024). The sub-criterion is now met.

(d) (*met*) procedures for communicating de-listings and unfreezing to FIs and DNFBPs are set out in art. 9 of the PF Joint Regulation 2017. The criterion remains met.

Criterion 7.5 (*Met*)

(a) (*met*) As noted in the 4th round MER, interest or earnings can be added to funds in frozen accounts that relate to rights arising before the date of listing (art. 7 of the PF Joint Regulation 2017). This sub-criterion remains met.

(b) (*met*) As noted in the 4th round MER, the PF Joint Regulation 2017 covered the requirements under the sub-criteria (art. 13 of the PF Joint Regulation 2017) except that there was no explicit requirement for consultation with the UNSC as required by c.7.5(b). The May 2023 update to the PF Joint Regulation 2017 instituted that requests for freezing exemptions shall be submitted and receive consideration from the United Nations (art. 13(5) PF Joint Regulation 2017). This sub-criterion is met.

Weighting and conclusion: Indonesia has enacted amendments to the PF Joint Regulation 2017 as well as other regulations to address the gaps identified in the MER. The only remaining deficiency is that it is not entirely clear that failure to comply with counter-proliferation financing obligations by DNFBPs is subject to a sufficient range of civil, administrative or criminal sanctions, which is a minor deficiency in view of the significance and exposure of the DNFBP sector to PF. Recommendation 7 is re-rated as **Largely Compliant**.

Conclusion

Overall, Indonesia has made progress in addressing most of the technical compliance deficiencies identified in its MER and has been upgraded on R.7 from PC to LC.

Table 1. Technical compliance ratings, [June 2025]

R.1	R.2	R.3	R.4	R.5
LC	LC	C	LC	LC
R.6	R.7	R.8	R.9	R.10
PC	LC	PC	LC	LC
R.11	R.12	R.13	R.14	R.15
LC	LC	LC	C	LC
R.16	R.17	R.18	R.19	R.20
LC	LC	C	LC	C
R.21	R.22	R.23	R.24	R.25
LC	LC	LC	LC	PC
R.26	R.27	R.28	R.29	R.30
LC	LC	PC	C	C
R.31	R.32	R.33	R.34	R.35
LC	LC	LC	LC	LC
R.36	R.37	R.38	R.39	R.40
LC	LC	LC	LC	LC

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

Indonesia has four Recommendations rated PC. Indonesia will remain in enhanced follow up and will report back to the FATF on progress achieved in improving the implementation of its AML/CFT measures in June 2026.

Annex to the FUR

Summary of Technical Compliance –Deficiencies underlying the ratings

Recommendations	Rating	Factor(s) underlying the rating ²
1. Assessing risks & applying a risk-based approach	LC	Absence of formal risk assessment for SDD measures. MCS regulations for cooperatives do not cover requirements of c.1.10.
2. National cooperation and coordination	LC	NCC functions do not explicitly include CFT, though in practice it is covered.
3. Money laundering offence	C	The Recommendation is fully met.
4. Confiscation and provisional measures	LC	Indonesia can only confiscate corresponding value in relation to corruption cases, where there is a State loss or in relation to tax debts including where such debts may be a result of a criminal offence. There is no explicit legal provision that these measures should be carried out <i>ex-parte</i> or without prior notice. Prejudice action is criminalised under the criminal code with a maximum sentence of 9 months imprisonment or a maximum fine of IDR 300 (EUR 0.02). Aside from the fact that, the sanctions do not appear proportionate and dissuasive, the provision sets an exception whenever these prejudiced actions are undertaken by the defendant's blood relatives, spouse or ex-spouse. Taxpayers are prohibited from transferring the right over confiscated property or transferring, leasing, lending, or damaging confiscated property. However, it is not clear whether this would cover all individuals entrusted with managing confiscated property.
5. Terrorist financing offence	LC	As the terms "terrorist" and "terrorist organisation" are not defined in the TF Law, it is not clear that it covers the acts described in the Art(1)(b) and the acts in the Annex of the TF Convention.
6. Targeted financial sanctions related to terrorism & TF	PC	The maximum period of 3 days to give effect to UN designations exceeds the FATF Glossary's definition of "without delay". The obligation to freeze applies to reporting entities only and does not extend to all natural and legal persons. There is no general requirement that prohibits natural and legal persons from making available funds or other assets to designated persons and this requirement do not apply to DNFBPs or other actors. Some expenses are excluded from asset-freezing requirements.
7. Targeted financial sanctions related to proliferation	PC (MER) LC (FUR 2025)	It is not entirely clear that failure to comply with counter-proliferation financing obligations by DNFBPs is subject to a sufficient range of civil, administrative or criminal sanctions.

² Deficiencies listed are those identified in the MER unless marked as having been identified in a subsequent FUR.

8. Non-profit organizations	PC	The methodology to identify the subset of CSOs that fall within the FATF definition that fall within the FATF definition and at-risk NPOs is ambiguous. Limited evidence exists on educating the donor community about the potential vulnerabilities of NPOs to TF abuse; working with the NPO community to put measures, practices, and policies in place to protect them; putting risk-based/targeted measures and supervision in place. It has not been demonstrated that there are mechanisms for prompt action where there is suspicion of TF abuse by an NPO.
9. Financial institution secrecy laws	LC	No express provisions covering PPATK for TF issues.
10. Customer due diligence	LC	No specific requirements for cooperatives, non-bank payment and money changing service providers, and postal providers regarding specific CDD measures required for legal persons and legal arrangements Lack of consistent definition of beneficial owner, and therefore of requirements to identify beneficial owners and verify identities, including for customers that are legal persons
11. Record keeping	LC	No requirements for cooperatives to maintain other CDD and account files, or the results of analysis undertaken.
12. Politically exposed persons	LC	BI supervised entities and service and postal providers are not required to obtain senior management approval before establishing business relationship with foreign PEPs. For savings and loan cooperatives, requirements are restricted to foreign PEPs and do not cover domestic PEPs.
13. Correspondent banking	LC	Relationships similar to cross-border correspondent banking are not covered. No explicit requirement to gather information on whether the respondent institution has been subject to a ML/TF investigation or regulatory action. Banks are not explicitly required to obtain approval from the senior management before establishing new correspondent relationship
14. Money or value transfer services	C	The Recommendation is fully met.
15. New technologies	LC	Financial penalties' level for VASPs is not indicated in law/regulation for broader compliance failures. Sanction applicable to directors and senior management of VASPs is limited to only written warning. No legal basis for CoFTRA for exchanging information.
16. Wire transfers	LC	Not all FIs are covered and requirement for payment service provider to verify the information pertaining to its customer where there is suspicion of ML/TF is unclear. Gaps regarding requirements to allow ordering financial institutions to execute wire transfer. Not clear if MVTS providers are required to comply with the requirements when they operate through their agents.
17. Reliance on third parties	LC	Lack of specific obligation for non-bank payment and money changing service providers to ensure that the third party that is part of the same financial group applies record-keeping requirements and has an AML/CFT programme.
18. Internal controls and foreign branches and subsidiaries	C	The Recommendation is fully met.
19. Higher-risk countries	LC	Gaps regarding the requirements relating to the application of EDD and countermeasures, which do not cover all financial institutions.

20. Reporting of suspicious transaction	C	The Recommendation is fully met.
21. Tipping-off and confidentiality	LC	There is no exception to the tipping-off provision for situations of exchange of information between entities of the same financial group.
22. DNFBPs: Customer due diligence	LC	Regulations for notaries do not include records of analysis results for low and medium risk customers. For accountants, requirements do not cover record keeping in relation to the completion of transaction, analysis of customer risk rating and transaction record reconstruction. Management approval of a relationship with a PEP is not required.
23. DNFBPs: Other measures	LC	Notaries and accountants' legislative framework do not fully address internal controls. DNFBPs are not advised of AML/CFT system concerns relating to other countries.
24. Transparency and beneficial ownership of legal persons	LC	No requirements to maintain all information pertaining to the company as well as a list of their shareholders at the head office of the company were identified in relation to associations. For associations, there is no requirement related maximum period to submit the updated information to the Ministry. There is no specific obligation that the appointed company official or employee to implement the principle of knowing the beneficial owner of a corporation and provide information on the corporation and beneficial owner of the corporation upon the request of the authorised institutions and law enforcement agencies, should be resident in the country. There are no specific criminal sanctions for the breach of obligation of LLCs to provide accurate/updated BO information. There are doubts on the timeliness on the information exchange when Indonesian authorities have to use their domestic investigative powers to satisfy a request from a foreign competent authority. Information on mechanisms of monitoring the quality of assistance received by other agencies is not available.
25. Transparency and beneficial ownership of legal arrangements	PC	Indonesian entities providing trustee services to foreign trusts that are not covered institutions under the AML Law or to foreign trustees operating in Indonesia, there are no requirements to collect, maintain accurate and up-to-date CDD information on the relevant parties of the trust. There are no requirements in the AML Law or any other statute or regulation in Indonesian law requiring trustees to disclose their status to FIs and DNFBPs when forming business relationships or carrying out occasional transactions. Minor shortcomings relating to international cooperation on beneficial ownership information on trusts and other legal arrangements exist in Indonesia's compliance to Rec.40. Indonesian entities providing trustee services to foreign trusts that are not covered institutions under the AML Law or to foreign trustees operating in Indonesia, there are no sanctions available for failure to perform their obligations. There are no sanctions available for breach of obligations under c.25.1(c) regarding trusts for foreign trustees operating in Indonesia or for other Indonesian entities providing trustee

		services to foreign trusts that are not covered entities.
26. Regulation and supervision of financial institutions	LC	Gaps exist relating to coverage of senior management and associates of criminals for BI and OJK. PPATK and MCSME's procedures do not address criteria 26.5 and 26.6.
27. Powers of supervisors	LC	The PPATK and the MCSME regulations do not contain explicit provisions to compel production of information relevant to monitoring compliance with the AML/CFT requirements. Supervisors are authorised to impose sanctions; some deficiencies are identified at R.35.
28. Regulation and supervision of DNFBPs	PC	The frequency of supervision in relation to the risk sensitive nature could not be demonstrated. The barriers to entry by criminal elements are evident in the professions, benefiting from their industry standards, and to a lesser extent the other DNFBPs. DNFBPs that register as an LCC, although not mandatory to do so, are subject to criminal checks.
29. Financial intelligence units	C	The Recommendation is fully met.
30. Responsibilities of law enforcement and investigative authorities	C	The Recommendation is fully met.
31. Powers of law enforcement and investigative authorities	LC	There is no explicit legislation on undercover operations and the ability to access computer systems for KPK and DG Customs. It is not clear whether mechanisms to identify assets can operate without prior notification to the owner.
32. Cash couriers	LC	The maximum threshold amount of IDR 300 million (EUR 20 000) fine for failure to make a declaration or for under-declaration does not provide the possibility for proportionate and dissuasive sanctions to take into account aggravating factors including large amounts of cash or repeat offenders. There is no specific criminal penalty (as in article 3 of the AML law) for carrying into Indonesia assets known or reasonably suspected by the perpetrator as originating from the proceeds of a criminal act that constitutes a predicate offence for the ML offence in Indonesia as defined in article 2 of the AML Law..
33. Statistics	LC	Statistics do not clearly distinguish property that has been seized for evidence and property seized for the purpose of confiscation. The statistics are also not maintained in a consolidated manner. Statistics on ML/TF investigations, prosecutions and convictions as well as property frozen, seized and confiscated are not maintained in a consolidated manner. Not all competent authorities maintain statistics on other international requests for cooperation made and received.
34. Guidance and feedback	LC	There is scope to have increased guidance on TF. No legal provision or policy/procedure on the provision of feedback by competent authorities, supervisors.
35. Sanctions	LC	Maximum financial sanctions are not dissuasive for larger institutions. For DNFBPs, sanctions are not specified for non-compliance with obligations relating to providing, extending, or lending funds to or for the benefits of persons or corporations which identities are listed in the DTTOT.

		Sanctions do not always explicitly apply to all FIs, DNFBPs and NPOs' directors and senior managers.
36. International instruments	LC	There are some shortcomings in Recommendations 4 and 5 that impact the implementation of parts of the convention obligations.
37. Mutual legal assistance	LC	It is not clear whether requirements exist for other competent authorities to maintain confidentiality when dealing with MLA requests. The identified gaps in special investigative powers for some domestic agencies (see R.31) may have some impact here for execution of MLA requests.
38. Mutual legal assistance: freezing and confiscation	LC	Indonesia has provisions to allow foreign countries to request confiscation of seized assets, based on a foreign court ruling requires a certificate of ownership from the foreign government. However, there is no public guidance for foreign governments as to what would be required to satisfy this requirement. There is no legal power to confiscate property of corresponding value outside of corruption cases. There are some shortcomings regarding there not being equivalent legal provisions in relation to related predicate offences and TF in circumstances. There is no overarching law or guidance that requires Indonesia to be able to share confiscated property with other countries.
39. Extradition	LC	It is not entirely clear through case law or guidelines, whether when extradition cannot be executed on account of the request involving an Indonesian national, that the he or she will be prosecuted domestically.
40. Other forms of international cooperation	LC	Not all LEAs and supervisory authorities: a) use appropriate and secure means or mechanisms for the transmission and execution of foreign requests; b) have clear processes for prioritisation and the timely execution of requests and; c) safeguard the information received from foreign parties For some competent authorities, unclear if unreasonable or undue restrictive conditions on information exchange or assistance apply. No information available on other competent authorities to demonstrate maintain the confidentiality of information received The ability of all LEAs to: a) exchange information on the identification and tracing the proceeds and instrumentalities of crime, b) form Joint Investigative Teams and to establish bilateral or multilateral arrangements to enable such joint investigations No information was provided to demonstrate whether all competent authorities have the ability to exchange information indirectly with non-counterparts.

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2nd Follow-up Report & Technical Compliance Re-Rating

As a result of Indonesia's progress in strengthening their measures to fight money laundering and terrorist financing since the assessment of the country's framework, the FATF has re-rated the country on Recommendation 7.

Follow-up report