

Ronald Waas: Handling alleged payment system and currency exchange crime

Speech by Mr Ronald Waas, Deputy Governor of Bank Indonesia, at the signing of the working guidelines between Bank Indonesia and the National Police, as a follow-up action to the Memorandum of Understanding (MOU) "Cooperation to support task implementation and the authority of Bank Indonesia and the National Police of the Republic of Indonesia", Jakarta, 24 September 2014.

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Honourable,

Chief of the Criminal Investigation Agency, Commissioner General Suhardi Alius, M.H.;

Leaders of MABES POLRI: KADIVKUM, KADIVHUMAS, DIRTIPIDEKUS, DIRTIPIKOR;

Leaders of Bank Indonesia as well as all other attendees and invitees.

Assalamu'alaikum warahmatullahi wabarakatuh, good morning to you all.

- First, let us praise God Almighty that we may gather here today to witness the signing of working guidelines between Bank Indonesia the National Police, in this case the Criminal Investigation Agency, concerning "**The Handling of Alleged Payment System and Currency Exchange Crime.**"
- The signing of the working guidelines represents a follow-up action to the Memorandum of Understanding (MoU) signed between Bank Indonesia and the National Police on 1st September 2014 regarding "Cooperation to Support Task Implementation and Institutional Authority."
- Pursuant to the Memorandum of Understanding (MoU) signed by the Governor of Bank Indonesia and Police Chief, the following tasks will be spotlighted for synergised implementation:
 - Data and/or information exchange;
 - Security and escorts;
 - Supervision;
 - Law enforcement;
 - Enhanced human resources;
 - Socialisation.

Concerning law enforcement, one aspect that will be synergised through cooperation between Bank Indonesia and the National Police is the handling of alleged payment system and currency exchange crime, otherwise known as money changers.

- Law enforcement in the area of currency exchange is essential considering its susceptibility to abuse by unauthorised parties, including money laundering and terrorism funding, the narcotics trade as well as trafficking disguised as currency exchange activity.
- In order to prevent various forms of criminality in the currency exchange business, Bank Indonesia recently promulgated Bank Indonesia Regulation (PBI) Number 16/15/PBI/2014, dated 11th September 2014, concerning Non-Bank Currency Exchange Activity. The regulation fosters stronger and more refined non-bank currency exchange activity that must be licensed by Bank Indonesia. The recent

regulation will help mitigate potential risk in the form of misuse and crime linked to currency exchange.

Ladies and Gentlemen:

- In accordance with its mandate, Bank Indonesia is the monetary and payment system authority. As the monetary authority, the mission of Bank Indonesia is to maintain rupiah stability and preserve effective monetary policy transmission. Currency exchange, as a supporting sector of the financial industry, plays a strategic role in terms of achieving rupiah stability.
- Meanwhile, the mission of Bank Indonesia as the payment system authority is to create secure, effective and uninterrupted cash and non-cash payment systems.
- One vision of Bank Indonesia regarding the non-cash payment system is to advocate and promote a less cash society through greater public utilisation of non-cash payment instruments. The realisation of a less cash society is important to nurture a more efficient economy, in addition to fostering good governance in terms of financial management by the public, business players as well as government institutions.
- A crucial stepping-stone towards the realisation of a less cash society is that all parties feel secure when performing non-cash transactions, namely feeling protected from the threat of criminal activity by unauthorised parties. A survey conducted by Bank Indonesia confirmed that security when performing non-cash transactions is the overarching concern of the public, followed by convenience and interoperability amongst the providers of financial transaction services.
- In order to combat potential criminality in the payment system and currency exchange industry, more intensive handling of alleged payment system and currency exchange crime is required. Furthermore, the imposition of strict sanctions pursuant to prevailing regulations should act as a deterrent to potential criminals.
- It is necessary to include tight coordination and cooperation in a clear and transparent mechanism, in accordance with the tasks and authority of Bank Indonesia and the National Police, referring to prevailing laws and regulations with due consideration paid to the principles of justice, utility and legal assurance.
- We warmly welcome the signing of these working guidelines concerning the handling of payment system and currency exchange crime, which also represent a part of the Memorandum of Understanding (MoU) signed previously. Implementation of the working guidelines will be complemented through cooperation between Bank Indonesia Representative Offices and local police departments.

Ladies and Gentlemen:

- Through the working guidelines, we are confident that efforts to handle payment system and currency exchange crime will be more effective moving forward, hence realising the common objective of protecting the public through the creation of a sound and secure payment system and currency exchange industry.
- The working guidelines are expected to become a form of good communication, intensive coordination and synergetic collaboration between Bank Indonesia and the National Police, related ministries, law enforcement officers and other stakeholders.
- That concludes my opening remarks with the belief that God Almighty will always bless us and light out way towards a better future.

Wassalamu'alaikum wR. wB.

Thank you.