

# Habitus of Money Laundering Practices in Indonesia: Triangle Symbiotic Mutualism of Politicians-Professionals-Entrepreneur

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**Keywords:** Money Laundering in Indonesia, Corruption Practice, Political Transaction.

**Abstract:** Money laundering is an umbrella term that deals with three different people simultaneously, namely politicians, professionals, and entrepreneurs. The three people are closely intertwined in their practice of money laundering. An act of money laundering is part of strategies by politicians who want to secure their financial assets which are stolen from state properties to avoid detection by existing legal instruments. In reality, law enforcement is weak in preventing and punishing the crime. This is due to the effect of symbiotic triangle mutualism among politicians, professionals, and entrepreneurs. This study focuses on how money laundering practice has become a new habit in Indonesian bureaucratic administration. Based on the focus on the three aspects mentioned above and on the qualitative data analysis, the results of the study were: 1) To find the questionable financial transaction. 2) To analyze the development of money laundering practice in Indonesia. 3) To provide data in the form of the spectrum of money laundering practice among politicians, professionals, and entrepreneurs.

## 1 INTRODUCTION

Money laundering simply is an attempt to cover up or disguise money or funds that are obtained through a criminal act such as illegal funds in terms of corruption with the purpose of making stolen assets as if they were legal assets owned by an individual or organization. As stipulated in Article 2 of Laws Number 8, 2010 about Prevention and Elimination of Criminal Acts related to money laundering, there are 26 known categories of the original criminal acts.

The practices of money laundering were initially started collecting money in the trade transactions of alcohol, drugs, and other similar stuff. Further, this crime was extended to accumulate money from different sources of an illegal transaction, such as in the obvious example of corruption. Corruption has destroyed national development plans which include aspects of the economy, social, and political conditions and culture. In fact, the negative impacts of the act of money laundering are not less severe than those of other serious criminal cases.

It is known that trends and patterns in money laundering by criminal actors have increased in number following the development of modernization. In Indonesia, this action has widely spread. However,

it can only be done by elites. Money laundering has often been used by politicians, professionals, and entrepreneurs as a way to secure their wealth without going through transactions in Indonesian currency.

Money laundering is a form of injustice and stupidity of the elites who pursue wealth without showing concern about the prosperity of the state. Based on the survey by the Financial Crimes Transaction and Analysis Center (PPATK), it was discovered that since the period of 2005 until December 2016 there have been 189 cases of money laundering that have received court decisions. The most dominant case was corruption with 52 decisions (29%), followed drugs with 32 decisions (19%), and fraud with 30 decisions (17%). The following flow chart shows the percentage of the cases.

The role and responsibility of Indonesia in preventing and eliminating the criminal act of money laundering contribute real effects over international relations. This case is a big issue and concern among international communities. For that purpose, various international and regional organizations have been established to fight against it. According to the estimation of several international agencies, as reported in websites of PPATK accessed on 1 December 2018, it stated that “money laundering has

globally reached 1 trillion to 2.5 trillion US dollars per year. This amount is considered very large in comparison with money for the Gross domestic product (GDP) in Indonesia, which only reached 435 billion US dollars in 2007 (PPATK, 2018).”

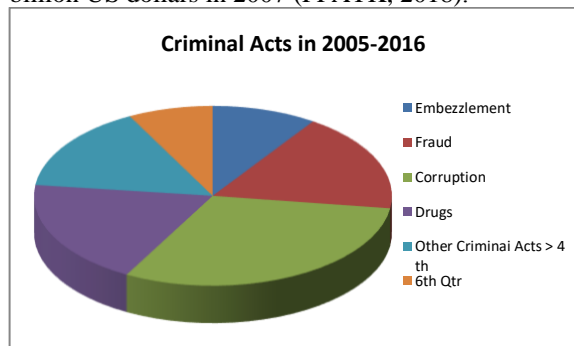


Figure 1: The chart shows the criminal acts of corruption as the highest percentage among other criminal cases that occurred in 2015-2016 (PPATK, 2017).

In its development, the modes of money laundering have turned out to be more complex following the more various facilities and instruments for transaction offered by the financial service provider. This practice has become very popular in manipulating financial agencies beyond the financial system. The report by the Asia Pacific Group (APG) in *Yearly Typologies Report: Method and Trends of Money Laundering and Terrorism Financing* elaborated that “there are some typologies of money laundering based on the APG studies, among others is Foreign Currency Changing/Cash Conversion” (APG, 2018). This matter has often been overlooked by law enforcement agents in which a money changer or a place for changing local currency into foreign currency is manipulated by the actors to conduct money laundering.

There is no tough security system in controlling financial transaction done by a money changer that can minimize the amount of money to be exchanged. In other words, there is no limitation on the amount of money in the transaction. Without the controlling system, the money changer becomes an easy target for the actors to accumulate wealth without fears by politicians, professionals, and entrepreneurs to conduct their criminal acts. Eventually, the act of money laundering by them can go on successfully.

Continuous research is needed to improve the study and give the solution to the reason why elites practice the money laundering successfully. Some of the solutions are to provide control over the financial system by agencies beyond the state financial system. The legal sanction should be passed to the criminal actors of money laundering, and justice enforcement

should be given to legal authorities who are tempted to conduct corruption and business transactions by individuals who conduct money laundering should be stopped. If all these aspects can be performed, the triangle of politicians-professionals-entrepreneurs should come into a stop. Such an effect can influence anyone who is tempted to conduct money laundering. The practice of money laundering will gradually diminish in Indonesia.

The motive of the actors of money laundering as by the triangle symbiotic mutualism is to transfer and get free from the proceeds of crime, separate proceeds of crime from criminal acts enjoying the results of crime without any suspicion of the criminal actors, and reinvest the assets as if it were a legal business. Consequently, they are free to carry out their crime without suspicion of other people.

## 2 METHODOLOGY

In this research, the object is the politicians-professionals-entrepreneurs based on the reports from the Financial Crimes Transaction and Analysis Center (PPATK), which is located at 35, Ir. H. Juanda Street, Jakarta Pusat. PPATK is an independent agency as regulated in Laws No. 8, 2010 concerning Prevention and Eradication of Money Laundering and is directly responsible to the President.

The research method also applies to an interview. Riduwan explains that: “interview is a way of collecting data that is used to obtain information directly from the source” (Riduwan, 2012, p. 29). The form of an interview that was conducted by the researcher is in the unstructured form where the author asked questions related to research topics, and further, the next questions were developed according to the answers obtained from the informants to produce a comprehensive understanding of the various problems of the study. In order to get more data sources for the research, the author used theoretical information or data from references, journals, books, and other articles that are related to the problem of the study.

The data obtained from the PPATK reports were analyzed and supported by legal materials derived from regulations in the illegal acts of money laundering. The results of the study were then classified and interpreted according to the data produced through qualitative studies. Then the classification of the data would produce various answers to the problems discussed in the study. Further, the data analyzed qualitatively were presented in a systematic description. All data were

selected, described in analysis so that it can provide conclusions and suggestions on the subject matter which are examined as realized solutions to prevent money laundering crimes committed by Politicians-Professionals- Entrepreneurs.

The stages of money laundering, according to Sjahdeini are: (1) Placement, the first stage of money laundering, is to place (deposit) the illicit money into the financial system. 2.) Layering, in this stage actors of money laundering, try to separate the illicit money from its source. 3.) Integration, at this stage, money that is stolen is returned back into circulation in the form of net income, even tax-able (Sjahdeini, 2007, pp. 33–37).

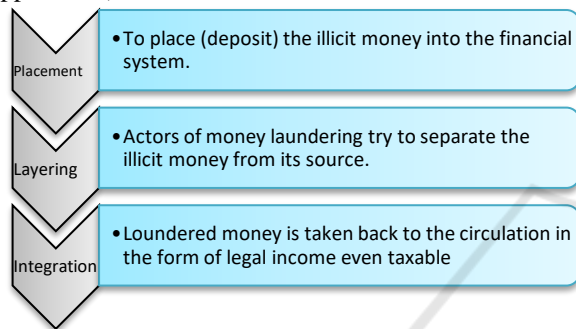


Figure 2. Explanation of stages in money laundering (PPATK, 2017).

The strategy of money laundering continuously increases by using technology and financial engineering that are quite complicated. This happens simultaneously at the stage of placement, layering, and integration, therefore in its handling requires a systematic and continuous improvement of capabilities, consequence the objects such as politicians-professionals-entrepreneurs cannot carry out criminal practices (Hamilton-Hart, 2001).

In [jurnal.kpk.go.id](http://jurnal.kpk.go.id) released that: “The activities which are carried out to find assets of prosperity, by tracking assets owned by the criminals, suspected, convict and other related parties allegedly as the evidence of committing corruption and money laundering” (Basir, 2017).

### 3 RESULT AND DISCUSSION

#### 3.1 Corruption and Future of Indonesia

One of the endless problems which are reported by Indonesian Media is corruption cases. Corruption is always carried out by Indonesian politicians. Natasha

Hamilton in (Anti-Corruption Support Strategies in Indonesia) explained that “Obstacles to reducing corruption in Indonesia include the economic and political constraints facing the current government and the entrenched nature of corruption.”

Stephen Sherlock, in his article *Combating Corruption in Indonesia? The Ombudsman and the Assets Auditing Commission* explained, “Early optimism that post-Suharto governments would lead a systematic campaign against corruption has largely been disappointed. The creation of the ombudsman and the Assets Auditing Commission (KPKPN) were hopeful signs, but both initiatives are symptomatic of the weaknesses besetting Indonesia's anti-corruption efforts. Despite their best endeavors, both organizations have weak powers, are under-resourced, receive only token political support and exist in isolation from other investigative and enforcement agencies” (Sherlock, 2002).

Corruption is the biggest concern in Indonesia than government officials in another country. Corruption has been becoming a hereditary habit for government officials in Indonesia. The difficulty in reducing corruption is an endless problem in Indonesia. Various anti-corruption institutions in Indonesia have various obstacles to resolving corruption cases. The official effort to reduce corruption is only effective as part of the campaign but does not run as expected; the problems of corruption cannot be stopped. Punishment for corruption does not make corrupt officials come into a stop. As a result, the problem of corruption is continued in Indonesia.

As has been proven, the tendency of politicians to have problems in the direction of “scandalization of corruption”. Simon Butt, in his research entitled *Anti-corruption reform in Indonesia: an obituary? Explaining “Indonesia's Anti-Corruption Court had until recently convicted all the defendants brought before it by the Corruption Eradication Commission. Many of these were well-known and politically powerful figures. Yet both the Court and the Commission are under threat. Between February and October 2011, the Anti-Corruption Courts issued more than 20 acquittals, and on 11 October 2011, for the first time, a defendant prosecuted by the KPK itself was acquitted”* (Butt, 2011).

In his view, it was revealed that the KPK had been the target of efforts to discredit and hobble them, apparently orchestrated by people the Commission has investigated. If the current trend continues, the Anti-Corruption Court and the Corruption Eradication Commission may soon join the growing list of Indonesia's failed anti-corruption initiatives, Indonesia can also be threatened with bankruptcy due to corrupt behavior.

Jon ST Quah in his research entitled *Causes and Consequences of Corruption in Southeast Asia: A Comparative Analysis of Indonesia, the Philippines and Thailand*, explained that “Corruption in Indonesia can be attributed to the low salaries of the civil servants and political leaders, the ample opportunities for corruption in many public agencies, and the low probability of detection and punishment of corrupt offenders. Anti-corruption strategies in Indonesia will be more effective if their political leaders demonstrate their commitment to eradicate corruption” (Quah, 2003).

### 3.2 Habitus in Money Laundering Practices

The concept of Habitus is not self-created by Bourdieu, but it is a traditional philosophical idea that he makes a comeback (Ritzer & Goodman, 2004). Adib in journal *Bio-Kultur* said, “in the tradition of philosophy, habitus is defined as a habit that is often referred to as habitual namely appearance; traits related to the typical conditions of the body such as the way we eat, walk, talk, and even in the way we get rid of our snot. According to Aristotle, habits are interpreted as categories that complement the subject as substance. There is no category, nor does it change the substance. What categories are inherent in substance and inseparable? According to Aristotle is the quality of rationality and ideality” (Adib, 2012).

Basir explains that: “Money Laundering as a crime has a characteristic that is a double crime, not a single crime. The form of MONEY LAUNDERING ACTIVITIES is characterized by a form of money laundering. As a crime that is follow-up crime, while the original crime is referred to as predicate offense/core crime or as an unlawful activity, namely the original crime that generates money which is then carried out by the washing process” (Basir, 2017).

Habitus has the form of “arena” in it. Bourdieu provides an overview of the arena, namely in the form of special spaces for the community. There are various arenas, such as the educational arena, the business arena, the arena of artists, and the political

arena. If people want to succeed in an arena, then they need to have habitus and capital. Politicians-Professionals-Entrepreneurs are highly educated people, and they are master “arena” that Bourdieu. Hoarding wealth by conducting money laundering, and they do it repeatedly.

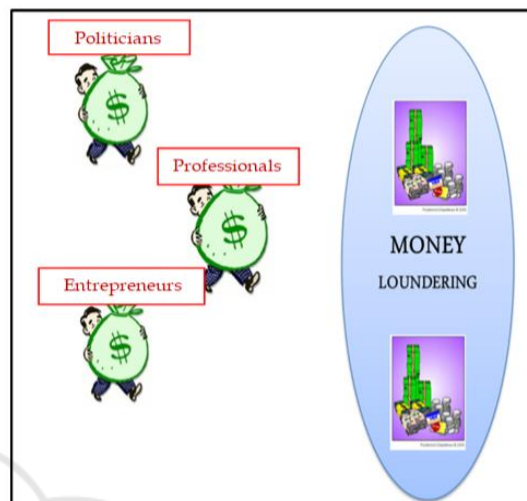


Figure 3. Describes that politicians, professionals, and entrepreneur people each compete to practice money laundering.

PPATK stated, “Understanding of Criminal Acts of Fund Source TPPU, the public considered that there are 5 Criminal Acts of Fund Source TPPU namely, Criminal Act of Corruption, Criminal Act of Bribery, Criminal Act of Narcotics, Criminal Act of Taxation, and Criminal Act of Psychotropic. In terms of Understanding of TPPU's Main Actors, the public considered that 5 Profiles The main Actors of TPPU were Legislative Officials, Executives, Judiciaries, Members of Political Parties, and Entrepreneurs” (PPATK, 2017, 2018).

In the world of politics and business (money laundering) or attempts to conceal and disguise the source of money/funds or assets are commonplace. The result of crime through various financial transactions in order to appear as legitimate activities. The essence of money laundering is to obtain money in a dirty way so that the money looks legal and belongs to them by conducting illegal activities such as stealing, robbing, cheating, corruption, illegal business, etc.



### 3.3 Triangle Symbiotic Mutualism of Politicians-Professionals-Entrepreneurs

It should be noted that it is related to the public understanding of the characteristics of TPPU's actions. Based on the survey results it is known that the three characteristics TPPU which are best understood by the public namely, using funds/assets from crime to buy property assets, saving funds/assets of crime in an unknown place, and using funds/assets of crime to buy a motorized vehicle. While the three characteristics of TPPU actions accessed through the PPATK explained that the public tends not to be well understood is about leaving/empowering fund/illicit assets to professional services such as consultant, notaries, etc. Using funds/result of crime to purchase insurance policies, and using funds/result of crime to buy auction products" (PPATK, 2017, 2018).

Private sector employees are still in the top position in the Report of Suspicious Financial Transactions (LTKM) recorded by the Financial Crimes Transaction and Analysis Center (PPATK). In addition, other professions from housewives to administrators of political parties are recorded in Suspicious Financial Transaction Reports. LTKM is a financial report by PPATK quarterly. The latest data reported by the PPATK is cumulative until September 2018 for this year.

The PPATK will analyze whether there is an indication of a crime in the suspicious transaction. After that, the PPATK will forward the report to law enforcement officials in accordance with the indications of a crime found by PPATK. "From the data, PPATK said only 32.1 percent were identified as criminal acts with fraud (36 percent), corruption (18.3 percent), and narcotics (16.1 percent)" (Irawan, 2018).

Apart from the criminal acts of corruption committed by government officials, another serious problem in handling cases of money laundering by the symbiotic triangle mutualism again led to the form of weak law enforcement in Indonesia, which caused cases of money laundering and various other major crimes to be very difficult to overcome. The legal immunity of some individuals, which is in the circle of Politicians-Professionals-Entrepreneurs is proof that they are able to escape the snares of crime in Indonesia.

Slow legal handling caused by several factors, one of the Legislature of Indonesia, who refused to certify the design of money laundering laws in 1996. There were concerns that the application of laws and regulations regarding money laundering in haste will

raise the risk of escaping investor capital abroad and can threaten the country's economy. This is feared to cause foreign investors not to do business in Indonesia.

The biggest obstacle in law enforcement regarding money laundering crimes is about the evidence that must be carried out by the Prosecutor. This issue is at least according to Raj Bhala Efforts to Combat Money Laundering (Anti-money laundering) explain that there are two principles in each prosecution of money laundering which is the duty of prosecutors, namely: First is understanding complicated elements of money laundering. Second is the wire transfer system implemented in almost all countries internally between banks and financial institutions (Bhala, 2016).

## 4 CONCLUSION

The contribution of the reform's content has not been able to be seen to eradicate the perpetrators of corruption in Indonesia, money laundering, which is also often carried out by elites makes the problem increasingly complex. The KPK which has been established in the reform era, through its various contributions to the persistence of the problem of corruption, also often gets problems, which sometimes leads to threats to investigators. Protection of KPK investigators, as well as internal reform, strict safeguards for investigators so as not to endanger their lives, and the existence of outside intervention are very necessary, as a result, what happens now to improve organizational self-discipline is only lack of attention.

Recently money laundering practices were initially carried out on money obtained from liquor trade, narcotics, etc. However, it was expanded to money obtained from other sources of crime. As a close example is money obtained from corruption. This corruption has damaged national development which includes: economic, social, political, and cultural. This is rampant in Indonesia with the main actors being inseparable from the three links of mutualism symbiosis, namely Politicians-Business-Professionals

Indeed, money laundering is still an interesting issue for the world. The process of transferring illicit funds from one country to another and the process of laundering dirty money through placement in the economic system has raised serious problems both on a national and international scale. The main purpose

of this crime is to make a profit for both the individual and the group that committed the crime.

Politicians-Professionals-Entrepreneurs in Indonesia are able to carry out the practice of money laundering easily, without being caught in serious punishment. Through actions that violate the law, their income or assets that obtains from the proceeds of crime can easily be converted into funds that appear to come from legitimate or legal sources. This mode of criminal acts from time to time is increasingly complex using technology and financial engineering that is quite complicated. Weak power of legal and increasingly rapid technological developments have caused the three symbiotic networks to be able to practice money laundering smoothly. Law seems to be unable to carry out justice to those in the circle of Politicians-Professionals-Entrepreneurs in this country.

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