

Proposed Roadmap Strategy for the Implementation of Anti-Money Laundering, Prevention of Terrorism Funding, and Prevention of Funding the Proliferation of Massacre Weapons Based on Analysis (Case Study at PT Permodalan Nasional Madani)

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ARTICLE INFO

Kata Kunci: AML/CTF, roadmap, strategy, maturity, Financial Integrity Rating on Money Laundering and Financing of Terrorism (FIR on ML/FT)

Received : 4 February

Revised : 20 March

Accepted: 18 April

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ABSTRACT

This study aims to formulate a strategic roadmap for the implementation of the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) programs based on an in-depth analysis of PNM's current conditions. A qualitative approach is employed using a case study method. Data collection techniques include in-depth interviews, document reviews, and observations of existing policies and practices. The effectiveness of the implementation is assessed using the Financial Integrity Rating on Money Laundering and Financing of Terrorism (FIR on ML/FT) as a parameter to evaluate the maturity level of the program execution. The research findings indicate several challenges in implementation, such as the limited number of competent human resources, suboptimal utilization of information technology, and a weak culture of compliance

INTRODUCTION

With the rapid development of technology and innovation in the financial services sector requires the utilization of information technology that meets the standards of security, confidentiality, and risk mitigation in efforts to prevent Money Laundering (ML), Criminal Financing of Terrorism (TPPT), and the Financing of Proliferation of Weapons of Mass Destruction (PPSPM) and efforts to deal with ML, As well as realizing integrity in the financial services sector, the Financial Services Authority (OJK) is committed to supporting regulations that are in line with the development of international principles related to the implementation of Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), programs. In the face of complex and dynamic developments in the financial services sector, the Financial Services Authority (OJK) has issued OJK Regulation Number 12/POJK.01/2017 concerning the Implementation of Anti-Money Laundering and Terrorism Financing Prevention in the Financial Services Sector, which was later amended through OJK Regulation Number 23/POJK.01/2019. Based on POJK Number 8 of 2023, Financial Services Providers (FSPs) are required to implement PPPSPM and establish a Special Working Unit (UKK) as the party responsible for implementing AML CFT programs. FSIs are also required to identify and classify prospective customers, Walk-in Customers (WIC), as well as individual customers, corporations, or other forms of engagement (legal arrangements). In addition, there is an obligation to report on individual risk assessments, including the application of relevant sanctions. Under POJK No. 8 of 2023, FSIs must conduct an assessment to determine whether a prospective customer, customer, WIC or beneficial owner falls into the Politically Exposed Person (PEP) category, whether domestic or foreign. FSIs are also responsible for monitoring Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD), including the implementation of CDD through the use of third parties. The CHD is also responsible for monitoring transactions and customers, transaction analysis, document management, internal control, and the implementation of AML, CFT programs in all office networks and domestic and/or overseas subsidiaries, including monitoring their implementation. In accordance with the explanation of Article 2 paragraph (1) letter r, what is meant by other financial services institutions and/or parties conducting business activities of raising funds, channeling funds, and managing funds in the financial services sector, and which are declared to be supervised by the Financial Services Authority based on statutory regulations includes, among others, PT Permodalan Nasional Madani (OJK, 2023).

PT Permodalan Nasional Madani, hereinafter referred to as PNM, is obliged to implement the Anti-Money Laundering, Prevention of Financing of Terrorism, (AML, CFT) program and if PNM does not implement the program, there are 4 (four) types of risks that can arise, namely compliance risk in the form of sanctions and fines, legal risk, operational risk, and reputation risk. Periodically, the BRI Compliance Working Unit (SKK) monitors and evaluates the implementation of the compliance function at PNM as part of the BRI conglomeration. This evaluation focuses on 5 (five) main aspects, namely compliance culture, compliance risk, conformity of internal and external policies,

commitment to the competent authority, and implementation of AML, CFT programs. The implementation of AML, CFT programs in PNM's business aims to ensure that all business activities, especially in channeling financing to ultra-micro, small, and medium enterprises, are carried out with prudent principles and compliance with applicable regulations. The implementation of AML, CFT programs in PNM includes the process of customer identification and verification, transaction monitoring to detect suspicious financial transactions, and reporting to regulators. With effective implementation, PNM can mitigate legal, compliance, and reputational risks, maintain business integrity, and support the stability of the national financial system. In implementing AML, CFT programs, PNM is guided by 5 (five) main pillars, namely active supervision of the Board of Directors and Board of Commissioners, policies and procedures, internal controls, management information systems, and human resources and training. PNM as a company that is implementing the AML, CFT program for the first time will face challenges in building a mature implementation framework (AML, CFT maturity). Measurement of the effectiveness and maturity of the implementation of AML, CFT programs is through the Financial Integrity Rating on Money Laundering/Financing Terrorism (FIR on ML/FT) assessment. In the measurement process, the maturity level of AML, CFT is evaluated based on various aspects, such as compliance with regulations, effectiveness of internal controls, quality of training for employees, and application of technology in supporting the process of detecting and reporting suspicious financial transactions. The higher the maturity level achieved, the more effective the implementation of AML, CFT programs. In ensuring the effectiveness and maturity level, PNM needs to develop a roadmap for the implementation of AML, CFT programs specifically designed for the implementation of AML, CFT programs at PNM as a non-bank financial services institution with an ultra-micro business segment.

Based on the background previously described, this research aims to develop a framework as a guideline and strategy for the proposed roadmap model for implementing AML, CFT programs in the non-bank financial services sector, based on POJK Number 8 of 2023 at PT Permodalan Nasional Madani.

LITERATURE REVIEW

Strategic Management

According to Chandler, strategy serves as a tool to achieve the company's long-term goals, including follow-up programs and priorities in resource allocation. Meanwhile, according to Stephanie K. Marrus, strategy is the process of determining plans by top leaders that focus on the long-term goals of the organization and include the preparation of steps or efforts to achieve these goals (Widya, 2020). Every organization basically has a strategy to achieve the goals that have been set. The strategy is reflected in a pattern of goals, policies, programs, activities, decisions, and resource allocation. Strategies that have proven effective and contribute to organizational progress need to be maintained. Conversely, strategies that are no longer in line with organizational development and do not provide benefits must be re-evaluated so that they can be adjusted to the needs and challenges faced (Hasanuddin, 2023). Strategic

management focuses on the process of determining organizational goals, preparing and developing policies and plans to achieve these goals, and allocating resources to implement policies and design the achievement of organizational goals (Widya, 2020). Strategic management in organizations has 2 characteristics, namely, first strategic management increases organizational effectiveness by ensuring that every activity is done correctly (doing things right) in accordance with the rules and changes that occur, second strategic management is long-term oriented by considering future organizational issues, including market factors, human resources, performance, and top management decisions.

The strategic management process in achieving the expected performance and goals of the organization consists of 4 (four) main stages

1. Environmental Scanning

Environmental scanning is the process of collecting, researching, and providing information for strategic purposes.

2. Strategy Formulation

At this stage, the organization develops its vision and mission, analyzes its strengths, weaknesses, opportunities, and threats (SWOT), and determines and sets the organization's long-term goals and alternative strategies.

3. Strategy Implementation

At this stage, the organization implements the strategy that has been set with regard to organizational structure, resource distribution, policies, decision-making processes, human resource management, business, and others.

4. Strategy Evaluation

At this stage, strategy evaluation is the final step in the strategic management process that includes assessing internal and external factors, measuring performance, and taking corrective action.

Strategic management emphasizes and prioritizes the observation and evaluation of opportunities and threats in the company's external environment by taking into account the strengths and weaknesses in the company's internal environment to set long-term goals. SWOT analysis is a systematic process of identifying various factors to formulate company strategy. SWOT analysis also functions as a tool to match important data that helps management in designing various strategies. The purpose of SWOT analysis in a company is to identify and evaluate internal and external factors that have been analyzed.

Definition of Money Laundering and Terrorism Financing

Based on Law No. 8/2010, money laundering, which is internationally known as money laundering, is the act of placing, transferring, paying, spending, granting, donating, entrusting, bringing abroad, exchanging, or taking other actions against assets that are known or reasonably suspected of originating from criminal acts, with the aim of hiding or disguising their origins so that they appear as if they are legitimate assets. In general, money laundering is a series of efforts to hide or disguise money obtained from criminal acts to make it appear as legitimate wealth. Criminals need to deposit funds in legal financial institutions, but in a way that makes it look like they come from legitimate

sources. The money laundering process consists of 3 (three) main stages as follows:

1. Placement

This stage involves introducing cash proceeds of crime into the financial system or converting financial instruments.

2. Layering

At this stage, dirty money that has been placed with Financial Service Providers, especially banks, is diverted to various other financial institutions.

3. Integration

The final stage is the use of proceeds of crime that have entered the financial system to make it appear legitimate (clean money).

Money laundering is also the starting point for terrorism financing, including the financing of terrorist organizations and the spread of weapons of mass destruction. Terrorism financing is an action that includes collecting, providing, or managing funds to support terrorism activities. The funds can come from both legitimate and illegitimate sources and are used to finance training, operations, and other activities related to terrorism. Therefore, terrorism financing is a crucial aspect that must be watched and anticipated in the efforts to prevent and eradicate terrorism at the national and international levels. Based on Law Number 9 Year 2013, terrorism funding is an activity that involves the provision, collection, or distribution of funds or other financial resources to support terrorism activities or terrorist organizations. This funding can include various forms of financial transactions, such as remittances, investments, asset purchases, or other transactions that aim to support acts of terrorism (OJK, 2023). Meanwhile, according to PPATK, terrorism funding is an act or activity that involves the provision, collection, or utilization of funds or other financial resources to support terrorism activities or terrorist groups. This funding includes various forms of financial transactions, such as remittances, asset purchases, investments, or the distribution of funds used to finance or facilitate acts of terrorism or terrorist activities. (PPATK, 2021). Basically, terrorism financing is a different criminal offense from ML, but both have similarities, namely utilizing Financial Service Providers as a means of committing criminal acts. Unlike ML, which aims to disguise the origin of wealth, TPPT aims to support terrorism activities, both through wealth obtained from criminal acts and from legal sources. The community plays an important role as a reporting party in efforts to prevent ML and TPPT through the implementation of risk-based AML, CFT programs and the implementation of reporting obligations to PPATK as the Financial Intelligence Unit (FIU).

AML, CFT Program Pillars

In order to prevent money laundering and terrorism financing, monitoring must be carried out with a risk-based approach in accordance with international standards recommended by the Financial Action Task Force (FATF). 5 (five) main pillars of AML, CFT programs, namely:

1. Active Supervision of the Board of Directors and Board of Commissioners

Financial Service Providers are required to establish both technical and strategic policies and procedures in implementing the program. This policy also

includes adjustments to the organizational structure directly related to the implementation of AML, CFT programs, to support more effective implementation in accordance with the level of risk faced. In order to improve the effectiveness of AML, CFT program implementation, companies are required to establish a Special Working Unit (UKK), UKK or the responsible official must report and be directly responsible to the Director in charge of the compliance function.

2. Policies and Procedures

Financial Services Providers are required to have clear policies and procedures regarding the identification and verification of prospective customers. Financial Service Providers must consider potential risks associated with money laundering and/or terrorism financing. Updating policies and/or guidelines for AML, CFT programs must be carried out annually. This aims to ensure that the policies, procedures and internal control systems implemented remain in line with risk developments, regulatory changes and company business dynamics.

3. Internal Control

Internal control in the implementation of AML, CFT programs is carried out by the Internal Audit Unit (SPI). This oversight includes sample testing of various services, products, and customers with a risk-based approach to assess the effectiveness of policy implementation. In addition, SPI is responsible for designing risk-based audit programs and procedures by prioritizing audits at work units or branch offices that have a high level of business complexity.

4. Management Information System

Financial Services Providers are required to manage data sourced from internal company information and external data obtained from regulators, such as OJK and PPATK. Financial Services Providers must also have and maintain an integrated customer profile, known as a single Customer Information File (CIF). Financial Services Providers are also required to maintain a database of the List of Suspected Terrorists and Terrorist Organizations (DTTOT), obtained from OJK and published by the Indonesian National Police (Polri). The existence of this database is critical to ensure that Financial Services Providers can effectively monitor and identify customers potentially involved in suspicious activities.

5. Human Resources and Training

Financial Services Providers should implement selection procedures for new employees as part of the Know Your Employee (KYE) policy. Monitoring of employee profiles, including behavior and lifestyle also needs to be done to prevent potential abuse. The success of AML, CFT programs is greatly influenced by the integration of training, communication, participants (employees), and training methods used. For front liner employees, training should be provided before they start working, to ensure their readiness to interact with customers. Evaluation of the training also needs to be done to ensure its effectiveness in achieving the expected goals.

Compliance Concept

Compliance comes from the word "obey" According to the Big Indonesian Dictionary (KBBI), "obey" means willing to obey orders, obey the rules, and show

a disciplined attitude. In compliance theory (Milgram 1963), compliance with regulations is influenced by one of the main factors, namely internal norms, which are supported by the level of understanding and awareness of employees. According to Deloitte (2020), the compliance function has an important role in the organization by integrating compliance programs throughout the company to improve efficiency, synergy, and alignment. The focus is increasingly on shaping organizational culture and providing guidance on ethical business practices and principles, with the "Compliance and Ethics" approach as its main characteristic. In implementing AML, CFT programs, there are various reporting obligations that must be submitted by Financial Services Providers to regulators, both periodically (regular) and incidentally. Reporting requires each part of the organization to prepare a report on the state of work to demonstrate the achievement of objectives. Reporting can cover a wide range of areas and purposes, such as business, finance, science, education and law. Compliance with laws and regulations is an obligation that must be fulfilled with the consequences of sanctions if violated, so it can be said that obedience in law tends to be forced (Murlinus, 2023). In the implementation of reporting on the implementation of AML, CFT programs to regulators, OJK applies sanctions or fines to companies that are late in submitting reports in the form of administrative sanctions in the form of fines or administrative sanctions in the form of warnings or written warnings.

Risk Management

Based on POJK Number 42 of 2024, Risk Management is a series of procedures and methodologies used to identify, measure, control, and monitor risks arising from all business activities of financial service providers while risk is the potential loss that cannot be controlled and/or can be controlled due to the occurrence of a certain event (OJK, 2024). In risk assessment, the Risk-Based Approach (RBA) is a method used to recognize, assess, and manage potential risks. Companies need to adjust the level of mitigation and supervision according to the level of risk faced. Based on these risk factors, the high level of risk refers to the results of the 2021 National Risk Assessment (NRA) and/or Sectoral Risk Assessment (SRA) issued by OJK. The company's business model, including the scale of business, number of branches, and number of employees, is an inherent risk factor in the company's internal operations. (PPATK, 2021).

In an effort to reduce high risks in the implementation of AML, CFT programs, after conducting Customer Due Diligence (CDD), it is necessary to conduct Enhanced Due Diligence (EDD). Financial Service Providers are required to store all transaction data or documents obtained through CDD procedures for a minimum of 5 (five) years. This policy applies to prospective customers, customers, Indonesian citizens (WNI) domiciled abroad (Walk In Customer), and/or beneficial owners who are classified as high risk categories. If the EDD results do not find a clear basis or reason, the transaction must be reported in the Suspicious Financial Transaction Report (LTKM) and monitored more closely. In accordance with POJK 8 of 2023, customer data updates are mandatory for customers who have been customers for at least 12 (twelve) months. Financial Service Providers must report and block customer funds after

receiving a request or order from an authorized institution if the customer's identity matches the name on the List of Suspected Terrorists and Terrorist Organizations (DTTOT).

Maturity of AML, CFT Implementation

According to Nurrisa and Hermina (2025), the maturity model is a documented method used as a tool to monitor continuous program improvement and development within a certain period of time. The purpose of measuring the maturity level is to assess the effectiveness of a program's implementation based on documentary evidence and structured evaluation procedures. In the implementation of AML, CFT programs, the maturity level is carried out through self-assessment based on the rules or regulations set by the regulator. The purpose of measuring the level of maturity in the implementation of AML, CFT programs is to:

1. Ensure that the implementation of AML, CFT programs is in accordance with the provisions set by the regulator.
2. Strengthen the company's risk management system related to ML, TPPT and PPSPM activities.
3. Protect the company from potential sanctions, fines, reputational damage, compliance risk and legal risk resulting from regulatory violations.

The implementation of the AML, CFT regime in Indonesia refers to the standards set by The Financial Action Task Force (FATF). According to PPATK (2021), the maturity level of the implementation of AML, CFT programs using the Financial Integrity Rating on Money Laundering/Terrorist Financing (FIR on ML/FT) parameter. With FIR on ML/FT, PPATK can assess the extent to which an institution has optimally implemented AML, CFT policies and provide recommendations to improve the quality of their implementation. The indicators used to measure and calculate the maturity level of AML, CFT program implementation based on the FIR on ML/FT assessment are generally classified into 3 (three) dimensions, namely Commitment, Governance, and Reporting Compliance.

Roadmap

According to Anam (2023), a roadmap is a document that contains strategies to realize the vision and mission of an institution and an integrated research plan. According to OJK (2024), in general, a roadmap is designed to provide a specific and clear framework to guide decision making, goal setting, identification of relevant stakeholders, optimization of resources, and facilitate the implementation of work plans. The preparation of a roadmap needs to be done by involving management, stakeholders and regulators with the main objectives, among others:

1. Assist all stakeholders, including regulators and the company, in setting the direction of the company's future development. The company roadmap provides clear guidance and key work programs for stakeholders to achieve these goals;
2. Support stakeholders in formulating specific achievement targets and determining priority work programs based on resource availability. Limited resources require making informed decisions on resource allocation for crucial and impactful work programs;

3. Provide a visual and narrative communication tool that enables various stakeholders to understand the company's future direction and development plans;
4. Facilitate the planning and allocation of available resources in accordance with the schedule and sequence of strategic work programs that have been established;
5. Provide a framework for measuring and monitoring the progress of achieving each planned work program.

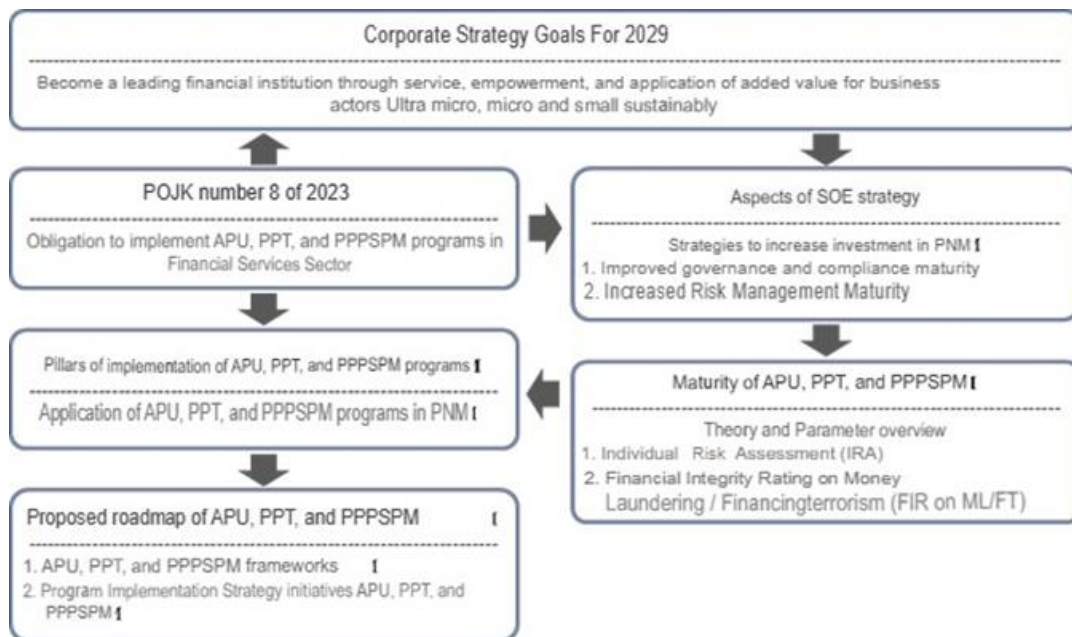


Figure 1. Conceptual Framework

METHODOLOGY

This research uses an exploratory approach that interprets the object under study with the aim of identifying problems, conducting tests, analyzing factors that cause the achievement of goals, formulating and proposing improvement or development strategies in accordance with the program objectives expected by the company by applying SWOT analysis in the context of activity planning. This research will be conducted at PT Permodalan Nasional Madani at the Head Office located at Menara PNM, Jalan Kuningan Mulia, South Jakarta, consisting of 28 Divisions or work units. Structurally, PNM has a Compliance Division that is responsible for the Compliance and AML CFT Section, which is under the Directorate of Compliance and Risk Management. The unit of analysis in this research is the company's organizational structure. The selected resource persons consist of employees who occupy positions as policy makers and policy implementers in the company. The interviewees in this study came from work units related to the 5 (five) pillars of AML, CFT programs including business work units, because the company's main activities focus on financing business activities, which act as policy implementers in the field. The compliance work unit through the AML, CFT unit acts as a resource person responsible for analyzing gaps in AML, CFT management functions at PNM,

while resource persons from work units other than business carry out and coordinate according to their functions.

Research activities are scheduled to take place from December 2024 to March 2025. This research uses the case study method as a research approach that focuses on the assessment of a particular event, situation, or event (known as a social phenomenon) with the aim of revealing the distinctive characteristics inherent in the case under study. The data used in this research comes from company documents, interviews with respondents (if needed), supporting theories, and other secondary data relevant to the research objectives. Researchers used purposive sampling method, which is a sample selection technique that is not done randomly, but based on the relevance of the sample to the research objectives. Various data collection techniques are applied in qualitative methods, including in-depth interviews, participatory observation, and document analysis. The methods used in this research are descriptive and verification methods, the subjects of this research are respondents related to the AML, PPT work units

RESULTS

Analysis of AML, CFT Implementation

Based on the results of the Internal Audit conducted by the Internal Audit Division (SPI) on the implementation of AML, CFT programs at the end of 2023, it was found that out of 62 (sixty-two) Branch Managers, there were 12 (twelve) Branch Managers (19.35%) who did not know the application of the program. This shows that the understanding of Branch Managers as the first line in the customer financing screening process is still not optimal. Therefore, more in-depth socialization is needed, especially to employees at branch offices and service unit offices (front liner), so that employees have a better understanding of the implementation of AML, CFT programs. Low employee understanding of this program can be a gap for suspicious financial transactions that cannot be detected properly by AO and AOM. In an effort to optimize understanding of policies, compliance functions, and risk management, PNM has selected employees who serve as PIC for Innovation, Transformation, Adaptive, and Risk Management (PIC PINTAR) in each work unit, both in the head office division and in branch offices. Based on the results of the questionnaire given to 77 (seventy seven) PINTAR PICs at the head office and branch offices, the following data was obtained:

1. A total of 75 PINTAR PICs (97.4%) stated that they knew that PNM is required to implement AML, CFT programs, while 2 PINTAR PICs (2.6%) stated that they did not know this.
2. A total of 54 PINTAR PICs (70.10%) understand the implementation of AML, CFT while 23 PINTAR PICs (29.90%) do not.

Based on the results of the questionnaire above, it can be conveyed that there is still a need to increase understanding of the implementation of AML, CFT programs, especially for PINTAR PICs who do not fully understand the policies and implementation of these programs. Meanwhile, the results of the 2024 Internal Audit on the implementation of the AML, CFT program show that the main focus lies on managing risk assessment data, digitizing reporting, and

managing customer profile data. Based on these findings, it can be concluded that throughout 2024, data management is still done manually and has not been supported by an application system for data processing and risk assessment. Considering the large number of PNM customers, an integrated data management and reporting system is needed to facilitate the process of data consolidation and verification. However, until now PNM has not accommodated the development of an integrated application system, which aims to minimize the potential for data errors submitted to regulators, which in turn can lead to sanctions or fines. Based on the identification results of an in-depth study of POJK Number 8 of 2023 by considering the pillars of AML, CFT program implementation with the realization that has been carried out by PNM until 2024, the researchers submit a number of findings and evaluations as follows.

Table 1. Findings and Evaluation of AML, CFT Pillars

Pillar 1 Active Supervision of the Board of Directors and Board of Commissioners	
Parameters as per AML, CFT Pillars	Implementation Realization Findings
Article 8 Ensure there is a discussion related to the implementation of AML, CFT programs in the Board of Directors meeting	There is no specific discussion related to AML, CFT in the Board of Directors meeting.
Article 9 Evaluate policies and procedures for the implementation of AML, CFT programs.	There is no evaluation of policies and procedures for implementing AML, CFT programs.
Article 9 Supervise the implementation of the Board of Directors' responsibilities for the implementation of AML, CFT programs.	The Compliance Division has sent a quarterly AML, CFT Implementation Report to the Board of Commissioners, but there has been no response to the implementation of AML, CFT
Pillar 2 Policies and Procedures	
Parameters as per AML, CFT Pillars	Implementation Realization Findings
Article 17 (5) In the event that the CHD needs to make changes to the existing policies and procedures based on the review that has been carried out as referred to in paragraph (3), the CHD shall be obliged to prepare changes to the policies and procedures no later than 6 (six) months after the results of the review.	There is no update of the First <i>Addendum</i> to the Guidelines for the Implementation of AML, CFT Programs
Pillar 4 Management Information System	
Parameters as per AML, CFT Pillars	Implementation Realization Findings
Article 69 (1) FSIs must have a management information system that can effectively identify, analyze, monitor and provide reports on the characteristics or habitual patterns of transactions carried out by Customers.	There is no Suspicious Financial Transaction (TKM) <i>alert</i> on the application system yet
Pillar 5 Human Resources and Training	
Parameters as per AML, CFT Pillars	Implementation Realization Findings
Article 71 Introduction and monitoring of employee profiles (<i>know your employee</i>), both permanent and non-permanent employees, including experts, from the lowest level to the Board of Directors and Board of Commissioners.	HRIS application for <i>screening</i> existing employees (KYE) is still under development.

Some things that need to be considered in optimizing the implementation of AML, CFT programs are as follows:

1. Conformity of Regulation and Implementation

The implementation of AML, CFT programs has referred to the main provisions stipulated in POJK Number 8 of 2023. However, there are still a number of technical aspects that are not fully in line with regulatory provisions, particularly in terms of process documentation, customer data updates, and periodic reporting.

2. Risk Management and Customer Due Diligence (CDD)

Customer risk assessment (CDD) has not been conducted thoroughly and systematically, especially for high-risk customers. In addition, the identification and identity verification process is still manual, increasing the potential for errors and delays in making risk mitigation decisions.

3. Digitization and Integration of Information Systems

One of the main challenges is the non-optimal use of integrated information systems to support the implementation of AML, CFT. Currently, most of the data management, risk analysis, and reporting processes are still carried out manually, which has an impact on the effectiveness, efficiency, and reliability of program implementation.

4. Compliance with Reporting Obligations

In terms of reporting to regulators, there are no delays but there are potential data mismatches due to the unavailability of an automation system. This could lead to compliance risks, including sanctions and fines from regulators.

5. Resource Strengthening Needs and HR Competencies

The implementation of AML, CFT programs requires the support of competent human resources who deeply understand the principles set out in the POJK. Therefore, capacity building and continuous training for the team involved is very important.

Pnm Financing Data Analysis

In implementing the AML, CFT program, it starts from the operational level, namely during marketing, financing initiation, disbursement, transaction monitoring, and financing repayment. The implementation involves several stages of the process, namely: Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), Suspicious Financial Transactions (TKM) and Risk-Based Approach risk assessment. The implementation of AML, CFT programs at PNM based on POJK Number 8 of 2023 requires continuous planning considering that non-compliance in the implementation of AML, CFT programs has an impact on sanctions, both administrative sanctions and fines, the level of compliance and has a risk to PNM's reputation. In the CDD and EDD process, PNM applies these procedures when the Account Officer (AO) or Micro Account Officer (AOM) initiates financing through the application system. When screening there are indications that prospective customers or customers are in the high risk category, it is necessary to conduct EDD by completing data on other jobs (other than the main job), other sources of income, and the amount of ownership of other assets owned. The customer screening process also identifies against DTTOT and

DPPSPM. Based on the matching results, if there is customer data in accordance with the DTTOT, DPPSPM and Politically Exposed Person (PEP) watchlists, the system in the application will automatically block, so that the financing process cannot be continued. Therefore, one of the important aspects that must be carried out by AO and AOM during customer initiation is to ensure that the customer data inputted into the application system is complete and in accordance with applicable regulations. Considering PNM is not categorized as a bank, the MFI detection process must be adjusted to the mechanism and transaction conditions applicable at PNM. TKM detection can be done by matching transaction data with the watchlist received from OJK or through identification of PNM transactions.

Individual Risk Assessment (IRA)

The implementation of AML, CFT programs based on POJK Number 8 of 2023 requires CHDs to carry out an Individual Risk Assessment (IRA) every year. This risk assessment is conducted using a Risk-Based Approach (RBA). Based on the PPATK decision, PNM is still categorized as a Financing Company, which is different from the OJK decision which classifies PNM as another financial service institution. This category difference will affect the determination of calculation parameters in customer risk assessment. FSIs are required to conduct risk assessments related to TPPU and TPPT based on 4 (four) basic parameters, namely customer profile, country or geographic area, products and services, transactions and delivery channels.

The classification of parameter details is based on the risk level assessment in accordance with the provisions of the 2021 National Risk Assessment (NRA) and the 2021 Sectoral Risk Assessment (SRA). To make it easier to assess the risk level of prospective customers and customers when conducting and continuing business relationships, FSIs can categorize the weighting of each risk level in multiples of 10 (ten), such as the following table of risk parameters for prospective customers and PNM customers:

Table 2. Source of Customer Financing Risk Level Assessment

No.	Parameters	Risk Level		
		Low	Medium	High
1	Customer Type	10	20	30
2	Type of Work	10	20	30
3	Line of Business	10	20	30
4	Job Location	10	20	30
5	Home Ownership Status	10	20	30
6	Length of Occupancy	10	20	30
7	Source of Income	10	20	30
8	Beneficial Owner	10	20	30
9	Financing Objectives	10	20	30
10	Customer Relationship with Beneficial Owner	10	20	30
11	Financing Channel	10	20	30
12	Product/Service/Service	10	20	30
13	Geographic Area (Region) Business Relationship	10	20	30
14	ID card domicile	10	20	30
15	Transaction Method	10	20	30
Total		150	300	450

It can be concluded that the higher the risk level value, the greater the risk attached to prospective customers and customers. Conversely, the lower the risk level value, the smaller the risk owned by prospective customers and customers. The following data is the result of the calculation of the risk level of customer financing at PNM during 2024 with a total of 14,113,866 customers as follows:

Table 3. Calculation of TPPU Risk Assessment

Factor <i>Inherent Risk</i>	Risk Level Weighting				
	Low	Medium	High	LTKM	Other Relevant Risks
	x10	x20	x30	x30	x30
Customer Profile	6.773.290	268.730.740	0	30.450	0
Products/Services	141.138.660	0	0	0	0
Geographic Area	108.938.560	58.791.080	8.413.680	0	0
Distribution Network	140.418.750	1.439.820	0	0	0
Total	397.269.260	328.961.640	8.413.680	30.450	0
Grand Total	734.675.030				

Table 4. Calculation of TPPT Risk Assessment

Factor <i>Inherent Risk</i>	Weighting by Risk Level				
	Low	Medium	High	DTTOT	Other Relevant Risks
	x10	x20	x30	x30	x30
Customer Profile	6.773.290	268.730.740	0	0	0
Products/Services	141.138.660	0	0	0	0
Geographic Area	108.938.560	58.791.080	8.413.680	0	0
Distribution Network	140.418.750	1.439.820	0	0	0
Total	397.269.260	328.961.640	8.413.680	0	0
Grand Total	734.644.580				

Table 5. Calculation of PPSPM Risk Assessment

Factor <i>Inherent Risk</i>	Weighting by Risk Level				
	Low	Medium	High	DPPSPM	Other Relevant Risks
	x10	x20	x30	x30	x30
Customer Profile	6.773.290	268.730.740	0	0	0
Products/Services	141.138.660	0	0	0	0
Geographic Area	108.938.560	58.791.080	8.413.680	0	0
Distribution Network	140.418.750	1.439.820	0	0	0
Total	397.269.260	328.961.640	8.413.680	0	0
Grand Total	734.644.580				

Table 6. Risk Assessment Calculation

Risk Level (TPPU/TPPT/DPPSPM)	Risk Value Weighting Range	Audit Frequency Regulator
Low	397.269.260 - 794.538.520	Once every 3 years
Medium	794.538.521 - 1.191.807.780	Once every 2 years
High	1.191.807.781 - 1.589.077.040	Once a year

By considering the results of the risk assessment calculation above, it can be conveyed that PNM's financing risk level is still relatively low so that the obligation to conduct an audit by the regulator (OJK) will be carried out every 3 (three) years.

Financial Integrity Rating (FIR)

Based on PPATK, the implementation of AML, CFT programs is a strategic step to detect and prevent ML, TPPT,. The FIR on ML/FT review and rating journey aims to evaluate the financial transaction system of a financial service institution implementing effective measures in preventing and combating TPPU and TPPT. PNM has not implemented the FIR on ML/FT by considering that PNM is still in the early stages of implementing the AML, CFT program which only started in June 2023. This shows that the implementation process is still in the adjustment and development stage to be in accordance with applicable regulations and policies. Throughout 2024, PNM focuses its efforts on the governance of AML, CFT program implementation and compliance with reporting obligations to regulators to avoid potential sanctions and fines. Thus, the effectiveness of the implementation of AML, CFT programs that have been implemented cannot be known thoroughly.

Implementation of FIR on ML/FT at PNM

Table 7. Measurement Indicators and Dimension Assessment Variables

Dimension 1 (25%) Commitment	Dimension 2 (60%) Governance	Dimension 3 (15%) Reporting Compliance
Measuring the level of commitment of the Reporting Party in supporting PPATK and Law Enforcement in tracing financial transactions related to indications of TPPU/TPPT/ PPSPM	Measuring the level of AML, CFT Reporting Governance carried out by the Reporting Party in accordance with PPATK reporting provisions and guidelines	Measuring the level of compliance of the Reporting Party with its AML, CFT reporting obligations to PPATK as well as the formal and material quality of all reports that have been submitted in accordance with PPATK regulations.
Measured indicators include: 1. Proactive Reporting commitment 2. Reactive Reporting Commitment 3. Management Commitment Mitigating the flow of funds indicating TPPU, TPPT, and PPSPM	Measured indicators include: 1. implementation of AML, CFT reporting policies and procedures 2. implementation of transaction monitoring system 3. implementation of customer monitoring system 4. implementation of AML, CFT and other PPSPM reporting systems 5. provision of competent AML, CFT reporting human resources 6. Implementation of internal control of AML, CFT reporting	Measured indicators include: 1. compliance rate of AML, CFT reporting 2. Report quality level
Assessment by Supervisory and Regulatory Institutions (LPPs) and Whistleblowers	Assessment by the Reporting Party	Assessment by the Supervisory and Regulatory Agency (LPP)

There are some notes in the FIR on ML/FT assessment as follows:

1. The FIR on ML/FT assessment is currently only conducted on a helicopter view of the implementation of AML CFT programs as evidenced by written documents.
2. The maturity level of AML, CFT implementation needs to be measured, both for reporting parties that have been invited and those that have not been invited by PPATK.
3. Ensuring the implementation of AML, CFT programs in accordance with applicable laws and regulations is an important form of risk mitigation.
4. Good implementation of AML, CFT programs can protect companies from potential sanctions, fines, and legal risks that can adversely affect the company's reputation.
5. For reporting parties who have not been invited by PPATK, it is advisable to make preparations as early as possible to face the assessment process that will be carried out.

Based on discussions with the Consultant, the strategies to improve the effectiveness of AML, CFT program implementation are as follows:

1. Consistency in compliance with the provisions of the Law. Comply with the provisions of laws and regulations related to AML, CFT, in particular:
 - a) Law No. 8/2010 on the Prevention and Eradication of Money Laundering (TPPU).
 - b) Law No. 9/2013 on the Prevention and Eradication of the Crime of Financing Terrorism (TPPT).
 - c) Financial Services Authority Regulation (POJK) Number 8 of 2023 as an improvement to POJK Number 23 of 2019.
 - d) Regulation of the Head of the Financial Transaction Reports and Analysis Center (PPATK).
2. Improving and Strengthening the Effectiveness of Support
 - Policies and Procedures
 - a) Implement clear policies and procedures in the process of opening business relationships, including Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD).
 - b) Strengthen transaction and customer monitoring mechanisms.
 - c) Analyzing suspicious financial transactions and reporting Suspicious Financial Transaction Reports (LTKM), Cash Financial Transaction Reports (LTKT), and Other Financial Transaction Reports (LTKL).
 - d) Use a regularly updated watchlist, including DTTOT, DPPSPM, Politically Exposed Persons (PEP), and negative news.
 - e) Carry out delays and termination of transactions, account blocking, and termination of business relations in accordance with the provisions.
 - Human Resources (HR)
 - a) Enhance the role of the Board of Directors and Board of Commissioners in the supervisory function.
 - b) Strengthen AML, CFT work units or designated officials.
 - c) Improve HR competencies through training that focuses on suspicious financial transaction analysis and LTKM report preparation that is

qualified, systematic, informative, accurate, and supported by factual documents and submitted on time.

- Management Information System
 - a) Optimize the automation system in the provision of data and information to be fast, precise, streamline the analysis and reporting process by specialized work units.
 - b) Develop and refine effective parameters for detecting indications of suspicious transactions (red flags) to improve the quality of LTKM that can be followed up by PPATK as case proposals that can be forwarded to Law Enforcement Officials (Apgakum).
 - Internal Control System
 - a) Utilize management information systems and competent resources to detect and prevent possible involvement of employees, the Board of Directors, or the Board of Commissioners in TPPU, TPPT, or PPPSPM.
 - b) Enforcing sanctions (punishment) against violations, including through reporting to the OJK APOLO system.
 - Cooperation and Collaboration
 - a) Build cooperation with Supervisory and Regulatory Institutions (LPP), Law Enforcement Agencies (Apgakum), and related parties in the prevention and eradication of TPPU, TPPT,.
3. Zero Defect Program Implementation
- a) Implement a zero defect program in all branch offices to minimize human errors that may result in administrative sanctions from LPPs/regulators.
 - b) Improve the level of compliance of Financial Services Institutions (FSIs) in order to obtain a favorable compliance assessment from LPP.
 - c) Appointment of Competent Personnel for PPATK's FIR on ML/FT Program
 - d) Ensure PICs can accurately complete the FIR on ML/FT questionnaire, supported by up-to-date data and verified supporting documents.

AML, CFT SWOT Analysis

Some strengths may be important as follows:

1. Active involvement and support from the Board of Directors and the Board of Commissioners (Tone at the Top) enables more focused, clear, and strategic supervision in achieving the objectives of AML, CFT program implementation.
 2. The existence of standardized and clear policies and procedures will facilitate operational implementation and create a strong framework in preventing and detecting TPPU and TPPT.
 3. A strict internal control system enhances security and compliance with AML, CFT program policies and can detect and correct deficiencies in the implementation of AML, CFT programs.
 4. Strong technological infrastructure facilitates accurate data collection and analysis for the prevention of money laundering and terrorism financing.
 5. Integrated system supports fast and accurate reporting and Tipping Off.
 6. Structured training programs enable employees to increase their competence and awareness in understanding the implementation of AML, CFT programs.
- Some weaknesses that are important for further discussion are as follows:

1. Additional responsibilities and varying levels of understanding among the Board of Directors and Board of Commissioners regarding the implementation of AML, CFT programs may slow down the decision-making process.
2. Rigid policies may reduce flexibility in responding to specific cases.
3. Limited resources and auditor competence to implement internal controls thoroughly.
4. Reliance on technology requires ongoing maintenance and upgrades.
5. Potential data and information security risks due to cyber attacks.

Some opportunities that need attention are as follows:

1. Regular training for the Board of Directors and Board of Commissioners to deepen the understanding of AML, CFT programs.
2. Stronger policy implementation in support of an anti-money laundering culture.
3. Implementation of automation procedures to simplify and speed up operational processes.
4. Internal training for audit teams and development of more sophisticated monitoring technology to improve understanding of control procedures and control effectiveness.
5. Utilization of Artificial Intelligence (AI) and machine learning technology to automatically detect suspicious patterns.
6. System and data integration with external agencies to expand detection coverage.
7. Partnership with professional training institutions (consultants) to develop employee skills.
8. Certification program to ensure employees in charge of AML, CFT work units have appropriate competency standards

Threats that may hinder the effectiveness of AML, CFT programs

1. Rapid regulatory changes demand quick and steady adaptation and can make policies irrelevant in a short time.
2. Limited time and attention given by the Board of Directors and Board of Commissioners to the implementation of AML, CFT programs.
3. Potential employee violations or non-compliance with complex procedures and high compliance risk due to human error in internal controls that may result in sanctions and/or fines.
4. The rapid development of technology demands a fast and stable infrastructure upgrade and the existence of crimes that are difficult to detect with existing controls.
5. Risk of data leakage or cyber-attacks that can damage public trust (reputation risk).
6. High employee turn-over can disrupt the consistency and effectiveness of AML, CFT program implementation.

DISCUSSION

Preparation of AML, CFT Program Roadmap

In implementing AML, CFT programs, companies must have a targeted strategic direction so that every step taken is not only in line with applicable regulations, but also able to strengthen the internal control system, improve operational efficiency, and protect the company from various legal and reputational risks that can arise from non-compliance or weaknesses in compliance implementation. The Company must focus on 5 (five) main pillars to ensure compliance and effectiveness with applicable regulations. Based on these pillars, companies can build a strong foundation in detecting, preventing and addressing money laundering and terrorism financing risks, thereby creating a transparent, safe and integrity business environment. The scope of the five main pillars includes:

1. The Board of Directors and Board of Commissioners play a role in conducting active supervision through regular reports related to the implementation of AML, CFT programs and are responsible for approving the policies and procedures applied in the program.
2. The Company must adjust the policies and procedures implemented with the latest regulations to ensure suitability and alignment with applicable provisions.
4. Internal Audit and External Audit conduct periodic monitoring to test the effectiveness of AML, CFT program implementation, in accordance with established regulations.
5. The Company should develop an information system capable of monitoring, identifying, analyzing and presenting reports based on transaction characteristics and customer risk levels with the aim of ensuring effective monitoring of customer profiles and transactions.
6. Training programs for all employees related to AML, CFT need to be carried out on an ongoing basis in order to produce human resources with an adequate level of understanding, knowledge and expertise in carrying out their duties.

AML, CFT Aspirations

Taking into account the various results of the analysis that has been carried out, including internal and external factors, as well as other supporting elements that are adjusted to the gradual achievement in the Business Plan for 2025-2029, the following are the aspirational stages of implementing AML, CFT programs at PNM:

1. Year 2025 - Starting Up Stronger

Optimizing the preparation for the implementation of Prevention and Eradication of TPPU and TPPT is a fundamental step in improving the understanding and readiness of management and organizations in implementing policies and procedures in accordance with regulations.

2. Year 2026 - Reporting Effectiveness

Strengthening the implementation and fulfillment of AML, CFT reporting obligations by improving compliance with regulations and effective supervision. This effort includes policy refinement, improvement of HR competencies,

utilization of technology to support the reporting process, and coordination with regulators to ensure compliance and risk mitigation.

3. Year 2027 - Enhancement Digitalization

The development of AML, CFT digitalization is carried out by adapting technology to existing business processes. This includes automation of transaction monitoring, data integration for risk analysis, and implementation of security technology to ensure compliance to accelerate reporting, improve the accuracy of suspicious financial transaction detection and support more effective decision making.

4. Year 2028 - Process and Data Integration

Strengthening the financial ecosystem and sustainable financing is a strategic effort by emphasizing on the consistency of capacity building in carrying out financial transactions and managing the right customer profile in order to create a financial ecosystem that is inclusive, efficient, and contributes to the economic growth of the community.

5. Year 2029 - AML/CFT Maturity Achievement

The main focus is on providing quality services, empowering businesses, and creating added value that encourages the sustainability and growth of ultra-micro businesses, by ensuring the fulfillment of minimum standards of FIR on ML/FT.

PNM AML, CFT Framework

The framework was developed by considering 4 (four) main things, namely vision, mission, strategy pillars, and enablers. The strategy pillars are focused on 3 (three) strategy pillars, namely people (human resources), process (business process), and platform (information technology). The three strategic pillars are the core of the indicator parameters used in the implementation of AML, CFT programs.

1. People (Human Resources)

Referring to the role and ability of employees in adopting and implementing digital-based changes, this aspect includes several important things, including providing adequate training, establishing a work culture that is adaptive to change, and strengthening the technical competencies needed to support overall success.

2. Process

Refers to efforts to improve the efficiency and effectiveness of business processes through optimizing the use of digital technology. This optimization includes automation of various operational tasks, simplification of complex work procedures, and increased collaboration between work units to accelerate decision-making and boost organizational productivity.

3. Platform (Information Technology)

It is a technology infrastructure that acts as a foundation in supporting digital transformation, which includes information technology (IT) systems, software, and computing infrastructure. This technology platform must be able to be effectively integrated with the current business processes and human resources involved, in order to create optimal synergy.

PNM AML, CFT Strategy Initiatives

Based on the framework that has been designed, the strategy for implementing AML, CFT programs at PNM is formulated based on 3 (three) main pillars, namely People, Process, and Platform. These three pillars are the basis for implementing the strategy gradually and continuously for the period 2025 to 2029, which can be described as follows

Table 8. Strategy Pillar – People (Pe)

Pillar People	Initiative Strategy	Parameters	Matrix	Timeline	Related Divisions
Risk Management on ML/FT	Pe.1 Supervision of PNM AML/CFT Implementation	<ul style="list-style-type: none"> • PNM AML/CFT Self Assessment Score • PNM FIR Value 	PNM FIR Rating	2027-2029 2028-2029	RSP Division KPH Division PKA Division
	Pe.2 Strengthening of PNM AML/CFT Responsible Work Unit	<ul style="list-style-type: none"> • Fulfillment of AML/CFT HR formation • Alignment of AML/CFT duties and responsibilities between Divisions/Work Units • Quality of AML/CFT Human Resources • AML/CFT Quality Control Function 	PNM FIR Rating	2025-2029 2025-2026 2025-2027 2025-2029	SPR Division RSP Division HCS Division HCD Division KPH Division PKA Division MRO Division
	Pe.3 Supervision on AML/CFT Implementation	<ul style="list-style-type: none"> • Risk Management Culture (RMC) Forum AML/CFT Implementation • Board of Directors or Board of Commissioners Committee Forum (KPMR and KMR) • Division Head Forum • Joint Meeting (BOD and BOC) and BOD Meeting • Progress of Follow-up on Joint Audit results (OJK and PPATK) 	<ul style="list-style-type: none"> • Achievement of PNM FIR Score >6.5 • Follow-up on Joint Audit Results 	2025-2029 2025-2029 2025-2029 2025-2029 2027-2029	SPR Division Setdekom KPH Division MRO Division PKA Division
	Pe. 4 Implement Know Your Employee (KYE)	<ul style="list-style-type: none"> • AML/CFT screening for PNM employee recruitment • Suspicious Financial Transaction (TKM) Screening for all PNM employees 	PNM FIR Rating	2025-2029 2025-2026	HCS Division MIS Division KPH Division OST Division
Talent and Training	Pe.5 PNM Talent Management	<ul style="list-style-type: none"> • Frequency of AML/CFT training • Quality of AML/CFT training • AML/CFT Certification • Data Analitic Certification 	<ul style="list-style-type: none"> • PNM FIR Rating • Achievement of PNM FIR Score >6.5 	2025-2029 2025-2029 2026-2027 2027-2028	HCD Division KPH Division MIS Division OST Division
	Pe.6 AML/CFT Culture Awareness	<ul style="list-style-type: none"> • Customer data quality • Quality of AML/CFT related reports 	• PNM FIR Rating	2025-2029 2025-2029	OPR Division MIS Division OST Division

Pillar People	Initiative Strategy	Parameters	Matrix	Timeline	Related Divisions
		<ul style="list-style-type: none"> Administrative Sanctions and Fines from Regulators AML/CFT Negative News Monitoring Double CIF Data 	<ul style="list-style-type: none"> Achievement of PNM FIR Score >6.5 	2025-2029 2025-2029 2025-2029	KPH Division HCS Division MRO Division HCD Division
	Pe.7 AML/CFT Sharing Session with employees including PAs	Increased AML/CFT Awareness of Employees and Subsidiaries (PA)	PNM FIR Rating	2025-2029	RSP Division KPH Division HCD Division
	Pe.8 Fulfillment of AML/CFT HR Formation including at Branch Offices	<ul style="list-style-type: none"> Formation fulfillment according to PNM manning analysis results Availability of employee formation with IT and Statistics background for IT development 	PNM FIR Rating	2025-2029 2026-2029	HCS Division RSP Division KPH Division

Table 9. Strategy Pillar – Process (Pr)

Pillar Process	Strategy Initiatives	Parameters	Matrix	Timeline	Related Divisions
Policy and Procedure	Pr.1 Review, Update and Adjustment of AML/CFT Policy	<ul style="list-style-type: none"> There are policies and procedures related to Risk Based Approach (RBA) There are policies and procedures related to customer relationship management There are policies and procedures related to CDD and EDD Review of AML/CFT Guidelines (SK) every year There is a policy on the implementation of AML/CFT program related to PNM products and services. 	<ul style="list-style-type: none"> PNM FIR Rating Optimizing the Use of Technology for AML/CFT Reporting 	2025-2026 2025-2026 2025-2026 2025-2029 2025-2026	KPH Division MRO Division UUS Division PBS Division Business Division
Customer Due Diligence (CDD)	Pr.2 Financing Screening Process	<ul style="list-style-type: none"> Rejection / termination of business relations with customers related to DTTOT, DPPSPM and Fraud EDD for customers related to AML/CFT negative list, PEP Customers and High Scoring Customers Implementation of screening across PNM platforms Screening process by AO and AOM PNM partner professions have been registered with OJK Compliance with AML/CFT implementation is a consideration for becoming a PNM partner. 	<ul style="list-style-type: none"> PNM FIR Rating Achievement of PNM FIR Score >6.5 	2025-2029 2025-2029 2026-2029 2025-2029 2026-2029 2026-2029	KPH Division MIS Division OST Division RSP Division OPR Division LGL Division MRO Division MRE Division PPI Division UUS Division PBS Division Business Division

Pillar Process	Strategy Initiatives	Parameters	Matrix	Timeline	Related Divisions
		<ul style="list-style-type: none"> In-depth identification and verification of Beneficial Owner (BO) 		2026-2029	
	Pr.3 Flaging Process of Beneficial Owner (BO) and PEP Identification	<ul style="list-style-type: none"> Beneficial Owner Data quality improvement PEP Data quality improvement 	Achievement of PNM FIR Score >6.5	2026-2029. 2026-2029.	KPH Division OST Division MIS Division OPR Division Business Division
	Pr.4 Green Finance Due Diligence	<ul style="list-style-type: none"> Identification of Green Finance Crime (GFC) transactions GFC-related STR reporting GFC mock test 	PNM FIR Rating	2028-2029 2028-2029 2028-2029	KPH Division OST Division MIS Division OPR Division Business Division
Quality Assurance	Pr.5 AML/CFT Self Assessment	There is a Self Assessment result of AML/CFT implementation (PNM and PA)	PNM FIR Rating	2027-2029	RSP Division KPH Division PKA Division Subsidiary Company
	Pr.6 External Assessment (FIR on ML/FT)	FIR Assessment Results	<ul style="list-style-type: none"> Entered the Top 3 FIR Value in the Financing Company category PNM FIR Rating Achievement of PNM FIR Score >6.5 	2028-2029	KPH Division PKA Division MRO Division HCD Division HCS Division OST Division MIS Division SPR Division AOV Division
	Pr.7 Examination	Examination of TPPU, TPPT Typology	Number of STRs generated by the indicator (scenario alert)	2026-2029	KPH Division PKA Division
	Pr.8 Integrated Discussion Forum	AML/CFT Establishment Forum for Subsidiary Companies	Rating FIR Subsidiary Company	2027-2029	RSP Division KPH Division Subsidiary Company
	Pr.9 AML/CFT Rating of Subsidiaries	Availability of AML/CFT Rating in accordance with FIR	Rating FIR Subsidiary Company	2028-2029	RSP Division KPH Division Subsidiary Company
	Pr.10 Integrated AML/CFT Report	Availability of reports related to AML/CFT PA to the Director of Compliance and Risk Management	Rating FIR Subsidiary Company	2028-2029	RSP Division KPH Division Subsidiary Company
Reporting Regulator	Pr.11 Integrated Report with PPATK	<ul style="list-style-type: none"> Host to Host Reporting of LTKT, LTKL, and LTKM Internal audit related to AML/CFT transactions 	Optimizing the Use of Technology for AML/CFT Reporting	2028-2029 2027-2029	MIS Division OST Division PKA Division AOV Division KPH Division MRO Division

Table 10. Strategy Pillar – Platform (PI)

Platform Pillar	Strategy Initiatives	Parameters	Matrix	Timeline	Related Divisions
Database on ML/FT	Pl.1 Integrated AML/CFT Database	Availability of Data Based Watchlist including for Subsidiaries	<ul style="list-style-type: none"> • PNM and PA FIR Rating • Achievement of PNM FIR Score >6.5 • Optimizing the Use of Technology for AML/CFT Reporting 	2027-2029 2027-2029 2027-2029	MIS Division OST Division KPH Division MRO Division OPR Division RSP Division
Technology on ML/FT	Pl.2 Digitalization as a medium for risk-based approaches	Technology digitization through a customer risk-based approach	Optimizing the Use of Technology for AML/CFT Reporting	2027-2029	MIS Division ATI Division KPH Division TFO Division Business Division
	Pl.3 Transaction Monitoring Application System	<ul style="list-style-type: none"> • Improve the appearance of the TK analysis working paper • Automated reporting for Suspicious Financial Transactions (TKM) 	<ul style="list-style-type: none"> • Achievement of PNM FIR Score >6.5 • Optimizing the Use of Technology for AML/CFT Reporting 	2027-2029 2027-2029	MIS Division ATI Division OST Division KPH Division TFO Division MRO Division
Application on ML/FT in PNM	Pl.4 Reporting Tools	<ul style="list-style-type: none"> • Availability of AML/CFT Report • Availability of AML/CFT Report including PA • Availability of current issues related to AML/CFT • Red flag TKM related to Non-Profit Organization (NPO) • Prevention of ML focuses on avoiding sanctions • TKM red flag review 	PNM FIR Rating	2027-2029	KPH Division MIS Division OST Division SPR Division MRO Division Business Division
				2027-2029	
				2028-2029	
				2027-2029	
				2025-2029	
				2026-2029	
	Pl.5 TKT Dashboard	Cash Financial Transaction (TKT) Data and Dashboard Provided	PNM FIR Rating	2027-2029	ATI Division MIS Division KPH Division
	Pl.6 Integrated Risk Based Approach (RBA)	Available RBA AML/CFT data integrated with PNM customer data	PNM FIR Rating	2025-2029	ATI Division MIS Division KPH Division
Join Audit	Pl.9 Enhancement of Integrated AML/CFT System	<ul style="list-style-type: none"> • Harmonize priority scale parameters based on criminal offenses of origin with reference to NRA and SRA. • Adding dynamic risk scoring indicators together with high-risk crime indicators as a 	Achievement of PNM FIR Score >6.5	2028-2029	MRO Division PKA Division AOV Division MIS Division OST Division ATI Division KPH Division
				2028-2029	
				2028-2029	
				2028-2029	

Platform Pillar	Strategy Initiatives	Parameters	Matrix	Timeline	Related Divisions
		weighting parameter for the priority scale. <ul style="list-style-type: none"> • Improve the parameters of other crime indicators • Added a monitoring menu that can be used by checkers to monitor progress/follow-up of TKM analysis. 			
	Pl.10 EDD menu enhancement	Supervision of EDD follow-up or updating high risk customer data in the customer database through the development of EDD monitoring tools.	Achievement of PNM FIR Score >6.5	2028-2029	MIS Division OST Division ATI Division KPH Division PKA Division PBS Division MRO Division Business Division

CONCLUSIONS

The implementation of AML, CFT programs at PT Permodalan Nasional Madani based on POJK Number 8 of 2023 requires more detailed technical parameters so that the effectiveness of the program implementation is in accordance with regulations and can be measured objectively. Assessment of the effectiveness of AML, CFT program implementation can refer to the Financial Integrity Rating on ML/FT (FIR on ML/FT) developed by PPATK with the support of OJK and law enforcement officials since 2020, and has been extended to non-bank financial service providers since 2022. Based on the research results, PNM as a non-bank financial service provider is included in the category of financing companies that are eligible to use FIR on ML/FT as an indicator of maturity level in implementing AML, CFT programs. The FIR on ML/FT parameter consists of 3 (three) main dimensions, namely commitment, governance, and reporting compliance, each of which has constituent indicators. Therefore, the roadmap for the implementation of AML, CFT programs in PNM is prepared with the FIR on ML/FT approach and is supported by a framework based on 3 (three) strategic pillars, namely people, business processes, and technology (platform), each of which is strengthened by the enablers component. With the implementation of these 3 (three) strategic pillars, PNM can gradually establish strategic initiatives within the next 5 (five) years, with the main objective of achieving a level of maturity in the implementation of AML, CFT programs.

RECOMMENDATIONS

The Financial Integrity Rating on ML/FT (FIR on ML/FT) is recommended as one of the basic models for measuring the effectiveness of AML, CFT program implementation. This model can practically be used as a reference in program development and implementation, especially for companies that are relatively new to implementing the program.

This research can be further developed towards quantitative research to measure the effectiveness or quality of AML, CFT program implementation in companies more objectively. The results of these measurements can be used as the basis for the preparation of a roadmap for improving program implementation, with evaluation parameters adjusted based on company category and using FIR on ML/FT as a measuring tool

FURTHER STUDY

For the development of further writing, it can be improved based on the following research limitations, namely First, the data used are mostly sourced from internal company documents which cannot be fully disclosed in this study due to considering aspects of company confidentiality and limited research time. Second, as a relatively new non-bank financial service provider in implementing AML, CFT programs, PNM still has a limited number of internal resource persons who have a deep understanding of the implementation of AML, CFT programs, especially when compared to other more mature financial service institutions. Third, the availability of literature or references regarding the preparation of a roadmap for the implementation of AML, CFT programs that refer to the FIR on ML/FT as a maturity level parameter, especially in ultra-micro and micro finance companies, is also still very limited.

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