ISSN: 2621-119x (Print)
ISSN: 2598-4934 (Online)

THE URGENCY OF REGULATING BULLION BUSINESS OPERATORS AS REPORTING PARTIES IN THE ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING REGIME

Dandi Riskia Putra

Universitas Indonesia, Indonesia

*Corresponding Author:
dandirputraa@gmail.com

Abstract

Bullion trading, particularly in precious metals such as gold and silver, is a strategic sector in national financial and investment systems. However, due to its high-value, easily transferable nature and prevalence of cash-based transactions, it is highly vulnerable to abuse for money laundering and terrorism financing purposes. Currently, the Indonesian legal framework, especially Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering, does not explicitly list bullion business operators as reporting parties. This paper aims to examine the urgency of regulating bullion traders within the national AML/CTF regime. Using a normative juridical method with statutory and conceptual approaches, this study reveals that the absence of legal obligations for bullion operators creates significant oversight gaps and impedes the effectiveness of Indonesia's financial surveillance system. Therefore, it is essential to include this sector as a reporting entity to strengthen financial system integrity and deter illicit financial flows.

Keywords: bullion; money laundering; reporting entity; AML/CTF

INTRODUCTION

Bullion trading—specifically involving precious metals such as gold and silver—plays an increasingly significant role in national financial ecosystems, especially as an alternative investment during periods of economic uncertainty. Due to its perceived stability, physical form, and global liquidity, bullion is often favored by investors seeking asset protection and diversification. In Indonesia, the volume of physical gold transactions has continued to increase, driven by rising public interest in tangible, high-value assets.[1]

Despite its strategic importance, bullion trading poses inherent vulnerabilities to abuse, particularly for money laundering and terrorism financing. Transactions in the bullion sector are often conducted in large volumes, in cash, and sometimes without sufficient customer identification protocols. The portability, high value, and international acceptability of precious metals make them a common vehicle for criminal actors seeking to disguise or transfer illicit proceeds.[2] These characteristics align with typologies of financial crime identified by the Financial Action Task Force (FATF), which has classified bullion dealers under Designated Non-Financial Businesses and Professions (DNFBPs) due to their exposure to illicit financial flows.[3]

[1] PPATK, *Indonesia's National Risk Assessment on Money Laundering and Terrorism Financing*, 2022, https://www.ppatk.go.id/backend/assets/uploads/20220412135927.pdf
[2] Financial Action Task Force (FATF), *Money Laundering and Terrorist Financing Risks and Vulnerabilities Associated with Gold*, 2015
[3] FATF, *Guidance for a Risk-Based Approach for Dealers in Precious Metals and Stones*, 2023, p. 7

ISSN: 2621-119x (Print)
ISSN: 2598-4934 (Online)

Indonesia's anti-money laundering and counter-terrorism financing (AML/CTF) legal framework, particularly Law No. 8 of 2010, provides obligations for a number of reporting entities, including financial institutions and specific professions such as notaries, accountants, and property agents.[4] However, bullion business operators are not explicitly included among the entities required to report suspicious or large cash transactions to the Financial Transaction Reports and Analysis Center (PPATK).[5] This omission represents a critical regulatory gap in Indonesia's efforts to combat financial crime.

As criminal organizations increasingly exploit weakly regulated sectors, the absence of clear reporting obligations for bullion traders presents a serious systemic risk. It enables the circumvention of compliance mechanisms applied to other sectors, such as banking or real estate. Therefore, the integration of bullion business operators into the AML/CTF regime is an urgent and necessary step toward closing legal loopholes, enhancing transparency, and reinforcing the overall integrity of the financial system.

METHODS

This research is normative juridical in nature, focusing on the analysis of legal norms and the existing legal framework governing anti-money laundering and terrorism financing prevention in Indonesia. A normative legal approach is appropriate for examining the necessity of regulating bullion business operators as reporting parties, as it emphasizes the coherence, adequacy, and enforceability of existing legislation.[6]

FINDINGS AND DISCUSSION

The Nature of Bullion Business and Its Vulnerability to Financial Crimes

Bullion trading involves the exchange of physical precious metals—typically gold and silver—in bar or coin form for investment or wealth preservation purposes. While bullion itself is a legitimate financial instrument, its physical and liquid nature makes it highly susceptible to abuse in money laundering (ML) and terrorism financing (TF) schemes.[7] Bullion transactions are frequently conducted in cash and without the involvement of formal financial institutions, which weakens transaction traceability.[8]

According to the FATF, dealers in precious metals are categorized under Designated Non-Financial Businesses and Professions (DNFBPs), a group particularly vulnerable to being used as channels for concealing the origins of illicit funds.[9] Common laundering methods through bullion include placement of cash proceeds into gold purchases, layering through cross-border trades or re-sales, and integration via conversion into legitimate assets.[10]

The absence of strict identification requirements and the ease of cross-border transportation of gold without detection further exacerbate the sector's vulnerabilities. As such, bullion trading presents not only domestic but also transnational risks in relation to the financing of terrorism or laundering proceeds of corruption, tax crimes, and organized crime.

Indonesia's primary legal instrument governing anti-money laundering is Law No. 8 of 2010. The law designates financial institutions and certain non-financial professions—such as

---

[4] Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering, Article 17.
[5] Government Regulation No. 43 of 2015 on Reporting Parties in the Prevention and Eradication of Money Laundering and Terrorism Financing.
[6] Soekanto, Soerjono, and Mamudji, Sri, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*, Jakarta: RajaGrafindo Persada, 2001, p. 13.
[7] OECD, *Money Laundering through the Physical Trade of Gold*, 2018, p. 10.
[8] PPATK, *Indonesia's National Risk Assessment on Money Laundering and Terrorism Financing*, 2022, pp. 21–22
[9] FATF, *Guidance for a Risk-Based Approach for Dealers in Precious Metals and Stones*, 2023, p. 7
[10] FATF, *Money Laundering and Terrorist Financing through Trade in Precious Metals and Stones*, 2015, p. 6

ISSN: 2621-119x (Print)
ISSN: 2598-4934 (Online)

notaries, accountants, property agents, and lawyers—as "reporting parties" obligated to submit reports of suspicious or large cash transactions to the Financial Transaction Reports and Analysis Center (PPATK).[11] However, there is no specific provision within this law or its implementing regulations that explicitly mandates bullion business operators to fulfill such obligations. Government Regulation No. 43 of 2015, which lists the reporting parties in greater detail, also omits the bullion sector.[12]

This legal gap allows a high-value, high-risk economic sector to operate outside the perimeter of financial intelligence monitoring. Such exclusion not only reduces the capacity of the authorities to detect laundering patterns but also creates opportunities for criminals to shift illicit activities from well-regulated sectors (such as banking) to loosely governed alternatives.

Regulatory Ambiguity: Gold under the Supervision of OJK and PPATK

One of the key legal and institutional challenges in regulating the bullion sector in Indonesia is the dual nature of gold in the national legal and financial architecture. Gold (particularly physical gold and bullion) may be treated as both a financial product and a physical commodity, depending on the context and nature of its transaction. On one hand, gold investment products—such as gold savings accounts, gold-based mutual funds, or digital gold platforms—are offered by financial institutions, including banks and fintech companies. These are classified as financial services and fall under the regulatory purview of the Financial Services Authority (OJK).[13] Under OJK regulations, financial service providers are subject to customer due diligence (CDD), transaction monitoring, and suspicious transaction reporting in accordance with AML/CTF requirements.[14]

On the other hand, physical gold traded in the form of bullion, bars, or coins—whether sold by individuals, companies, or retailers—is legally regarded as a tangible commodity. Its trading activities fall outside the traditional financial services sector and are not automatically subject to OJK oversight. Instead, such transactions are monitored only indirectly through the Financial Transaction Reports and Analysis Center (PPATK), which may collect reports from regulated parties if available.[15] This regulatory fragmentation creates ambiguity regarding who should be responsible for reporting, especially for actors who operate in the grey zone between commodity trading and financial investment. For instance, a gold retailer offering installment-based sales may not fall neatly under either regulatory umbrella. As a result, some bullion dealers remain unregulated or insufficiently supervised, despite engaging in high-value, high-risk financial activity.

To address this issue, a clear delineation of roles between OJK and PPATK is needed, including the formal designation of bullion traders—whether operating under financial or commercial arrangements—as obligated reporting entities. Additionally, a unified policy framework should be developed to ensure that regulatory coverage extends across the full gold value chain, from financial instruments to physical commodity transactions. Without such clarity, the current system may lead to regulatory arbitrage, where actors choose less-regulated business models to avoid scrutiny. This undermines the national AML/CTF regime and increases systemic risk.

---

[11] Law No. 8 of 2010, Article 17.
[12] Government Regulation No. 43 of 2015 on Reporting Parties in the Prevention and Eradication of ML/TF.
[13] Otoritas Jasa Keuangan (OJK), *Peraturan OJK No. 23/POJK.01/2019 tentang Program Anti Pencucian Uang dan Pencegahan Pendanaan Terorisme di Sektor Jasa Keuangan*, Article 3.
[14] Ibid., Articles 5–7 on customer due diligence and beneficial ownership identification.
[15] PPATK, *Guidelines on the Reporting Mechanism for Non-Financial Businesses*, 2022, pp. 9–11.

ISSN: 2621-119x (Print)
ISSN: 2598-4934 (Online)

CONCLUSION

The bullion sector, particularly gold trading, constitutes a critical yet vulnerable segment within Indonesia's financial ecosystem. Its dual nature—as both a financial product under OJK and a physical commodity under general commercial regulation—creates a fragmented regulatory landscape. While gold-related financial products are subject to anti-money laundering (AML) controls through financial institutions regulated by OJK, physical bullion transactions often fall outside these mechanisms, despite involving high-value cash-based exchanges.

This ambiguity results in a legal and institutional gap that exposes the sector to misuse for money laundering and terrorism financing purposes. Current laws, notably Law No. 8 of 2010 and its implementing regulations, do not explicitly include bullion business operators as reporting entities. Consequently, a significant portion of potentially risky financial activity remains underreported and inadequately monitored by national authorities, including the Financial Transaction Reports and Analysis Center (PPATK).

Given these risks, there is an urgent need for a unified regulatory response. This includes formally designating bullion dealers—regardless of whether they operate under financial service or commodity trade frameworks—as reporting parties within Indonesia's AML/CTF regime. Furthermore, a harmonized oversight structure between OJK and PPATK must be established to ensure that both financial and physical gold-related transactions are subject to uniform compliance, due diligence, and reporting obligations. Only through clear legal classification, regulatory coordination, and sectoral compliance can the state effectively mitigate the risks posed by bullion trading and reinforce the integrity of the national financial system.

REFERENCES

Government of Indonesia. Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering. Jakarta: State Secretariat of the Republic of Indonesia, 2010.

———. Government Regulation No. 43 of 2015 on Reporting Parties in the Prevention and Eradication of Money Laundering and Terrorism Financing. Jakarta: State Secretariat, 2015.

Otoritas Jasa Keuangan (OJK). Peraturan OJK No. 23/POJK.01/2019 tentang Program Anti Pencucian Uang dan Pencegahan Pendanaan Terorisme di Sektor Jasa Keuangan. Jakarta: OJK, 2019.

Andini, Dinda. "Analisis Kesiapan DNFBPs dalam Implementasi Program APU PPT." Jurnal Hukum & Regulasi 8, no. 1 (2021): 45–61.

Nugroho, Riant. Hukum dan Strategi Pencegahan Kejahatan Keuangan. Jakarta: Kencana, 2020.

Soekanto, Soerjono, and Sri Mamudji. Penelitian Hukum Normatif: Suatu Tinjauan Singkat. Jakarta: RajaGrafindo Persada, 2001.

Asia/Pacific Group on Money Laundering (APG). Mutual Evaluation Report on Indonesia. Sydney: APG Secretariat, 2022.

Financial Action Task Force (FATF). Guidance for a Risk-Based Approach for Dealers in Precious Metals and Stones. Paris: FATF/OECD, 2023.

———. Money Laundering and Terrorist Financing Risks and Vulnerabilities Associated with Gold. Paris: FATF/OECD, 2015.

———. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations. Paris: FATF/OECD, 2023.

OECD. Money Laundering through the Physical Trade of Gold. Paris: OECD Publishing, 2018.

Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK). Indonesia's National Risk Assessment on Money Laundering and Terrorism Financing. Jakarta: PPATK, 2022.

———. Annual Report. Jakarta: PPATK, 2022.

———. Guidelines on the Reporting Mechanism for Non-Financial Businesses. Jakarta: PPATK, 2022.