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Building anti-corruption compliance through national integrity system in Indonesia

A way to fight against corruption

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Abstract

Purpose – The significant role of anti-corruption compliance should be encouraged to create good business and investment climate. Especially, in the circumstances of higher number of bribery and corruption cases, whilst preparing for Asian Economic Community, the necessary actions to reduce the financial crime and economic crime should be fostered into all aspects of business activities. To reduce bribery and corruption cases in Indonesia, National Integrity System as part of National Strategy on Corruption Prevention and Eradication is urged to be conducted. With the implementation of National Integrity System among all public or governmental institutions and private institutions, the institutions itself will be strengthened. National Integrity System should be implemented through all the people, process and technology in the organizations. So, at the end, the purpose of this paper is to prevent any financial crime, particularly in the Indonesian anti-corruption regime.

Design/methodology/approach – This paper explores and analyzes anti-bribery regulations and the important role of National Integrity System as the prevention approach to build anti-corruption compliance in Indonesia.

Findings – The National Integrity System and Anti-Corruption Compliance can be viewed as important elements for preventing any financial crime. The new perspective is needed for all of the public institutions and private institutions to build and implement National Integrity System in all business activities. Furthermore, all of business society has a significant role of developing the sustainable good business environment in Indonesia. Encouraging National Integrity System in every business sector is also a way to achieve the last purpose, which is to strengthen economic competitiveness.

Practical implications – The paper can be a source to explore about the National Integrity System and Anti-Corruption Compliance based on Indonesia perspectives.

Originality/value – This paper gives contributions by encouraging the public and private institutions to build anti-corruption compliance by implementing National Integrity System within their organizational culture to prevent financial crime and lead to sustainable economic growth.

Keywords Financial crime, Anti-Corruption compliance, Bribery cases, National integrity system

Paper type Viewpoint

Indonesia as one of the developing countries is very potential for investment, especially for companies seeking for new opportunities. Nowadays, Indonesia is preparing for Asean Economic Community, and according to International Bar Association Conference, Mexico, Indonesia, Nigeria and Turkey (MINT) are new emerging global economic giants. MINT GDP growth forecasts are tremendous, indicating that MINT most likely will be changing the global economic landscape in the next few years



(International Bar Association Conferences, 2015). But, apparently, the investment and economic development in Indonesia was affected by numerous criminal acts, particularly on corruption and bribery cases. Indonesian Law Number 31 Year 1999 concerning on Corruption Eradication, as the amended by Indonesian Law Number 20 Year 2001, stated that the corruption cases in Indonesia which are committed systematically have been spreading so that they have not only inflicted state financial losses but also have violated the social and economic rights.

Based on the Transparency International report, the score for Indonesia Corruption Perception Index on 2014 is 34 (Transparency International, 2015a), which is slightly increased compared with 2013 (the score was 32). Indonesia's position is in 107 out of 175 countries being evaluated. Although the score showed some progress, the score is considerably low as compared to any other Asian Countries such as Singapore, Malaysia and Thailand. Therefore, corruption is still the major problem that Indonesia faces as one of the developing countries. Corruption case is still a national issues and concern in Indonesia, and corruption eradication efforts must be made in an extraordinary way and a very systematic way to maintain sustainable economic growth. As mentioned by Stephen Platt that corruption's evil flows not just from the fact that some individuals are able to become very rich by dishonest means; it causes untold damage to the state itself from the diminution of public funds, the barriers to business and fair competition, the wastage of international development aid and from the pillage of natural resource wealth (Platt, 2015, p. 86).

Indonesian Corruption Eradication Commission through the Annual Report 2014 declared that during 2014, there were 58 corruption cases. Most of the corruption cases were bribery, followed by goods and service procurement (Corruption Eradication Commission, 2015). From the undeniable fact, one of the obstacles to strengthen the public institutions and private institutions is due to the high percentage of bribery cases and procurement of goods and/or services cases. These two cases are the majority cases in corruption acts. From year to year, the bribery cases were still hold its position as the higher corruption cases. Bribery cases and procurements of goods and/or services could easily weaken the economic life and economic order in Indonesia.

Apparently, the condition is not just faced by Indonesia. It was quoted by United Nations Office on Drugs and Crime that a number of governance indicators reveal that corruption remains a significant obstacle to development in several countries of the region. Corruption is encountered throughout the process of harvesting and manufacturing illegal wood-based products, migrant smuggling and working illegally, among other crimes. Therefore, The UN Convention Against Corruption (UNCAC) provides a comprehensive framework to strengthen anti-corruption programmes in the region. By the end of 2013, all countries in the region will have undergone a UNCAC compliance review related to criminal enforcement and international cooperation capacity. Effective anti-corruption efforts require a whole-of-government and society approach, including different sectors and branches of the government, civil society groups and the private sector. Public engagement often makes a real difference (UNODC, 2015).

With regards to corruption eradication in Indonesia, the government build anti-corruption compliance by implementing National Integrity System to support Indonesian Law Number 31 Year 1999, as amended by Indonesian Law Number 20 Year

2001. Thus, all of the public institutions and private institutions should be hand-in hand build compliance, particularly on anti-corruption regulation.

The advance anti-corruption compliance and reform require basis and set of tools such as economic and social progress, the rule of law under good governance, democratic values and strong civil society to building the national integrity system to sustain a fight against corruption in various forms and at various levels. This paper will explore how the National Integrity System works and creates legal framework for anti-corruption compliance particularly to prevent any bribery cases. This article also analyses the relevance of compliance and National Integrity System to create anti-corruption, particularly on anti-bribery regime.

1. Anti-bribery regulation and its function in criminal law

Before exploring the National Integrity System and Indonesia and the correlation with the anti-corruption compliance, it will be necessary to know the anti-bribery regulation in Indonesia.

Indonesia's main bribery regulations are founded under articles 5, 6, 11, 12 and 12B of Indonesian Law Number 31 Year 1999, as amended by Indonesian Law Number 20 Year 2001. Besides that, article 13 of Indonesian Law Number 31 Year 1999, as amended by Indonesian Law Number 20 Year 2001, stipulates the prohibitions to offering gifts or payments to a civil servant.

Article 5 Subsection (1) Indonesian Law Number 20 Year 2001 has clearly stated that anyone (a) gives or promises something to a civil servant or state apparatus with the aim of persuading him/her to do something or not to do anything because of his/her position in violation of his/her obligation; or (b) gives something to a civil servant or state apparatus because of or in relation to something in violation of his/her obligation whether or not it is done because of his/her position shall be sentenced to a minimum of one year imprisonment and a maximum of five years imprisonment and/or be fined a minimum of IDR 50,000,000 (50 million rupiahs)[1] and a maximum of IDR 250,000,000 (250 million rupiahs)[2].

The criminal sanction not only goes to the giver but also the receiver. The receiver shall be punished with the same sanction, as it was mentioned in Article 5 Subsection (2) Indonesian Law Number 20 Year 2001 as follows: "The civil servant or state apparatus who receives the award or promise as referred to in sub section (1) shall be sentenced to the same jail term as that referred to in sub section (1)".

Beside the aforementioned article, bribery acts to judges also regulated under Article 6 Subsection (1) Indonesian Law Number 20 Year 2001 as follows: "Anybody that (a) gives or promises something to a judge with the aim of influencing the decision of the case handed down to him/her for trial; or (b) gives or promises something to an individual who according to the legislation is appointed a lawyer to attend a trial session with the aim of influencing the advice or views on the case referred to the court for trial, shall be sentenced to a minimum of 3 (three) years imprisonment and a maximum of 15 (fifteen) years imprisonment and be fined a minimum of IDR 150,000,000 (one hundred and fifty million rupiahs)[3] and a maximum of IDR 750,000,000 (seven hundred and fifty million rupiahs)"[4]. The judge as the bribe receiver will have the same criminal sanctions as the giver.

Basically, crimes committed in the business sphere mainly refer to thefts committed by employees, frauds, misuse of funds, misuse of power, corporate intelligence leakage

and acts of corruption. The motives usually involve financial gain, revenge or other types of personal gain (Dobovšek and Slak, 2015, p. 308). Bribery as part of grand corruption is one among many that range from an official demanding money to perform a basic and free service to a senior politician contracting deals and pocketing millions as fee (Platt, 2015, p. 85). Bribery has a detrimental impact on the market by driving up prices through price fixing and backroom deals. In both developed and developing countries, a culture of bribery can prevent change and stifle competition (Kochan and Goodyear, 2011, p. 20). Therefore, the anti-bribery regulation should be implied in every business activity. To combating corruption practices, particularly on bribery cases, the crime control should consist of three elements, as mentioned by Michael Kilchling: the tracing of assets, their provisional blocking (freezing and seizing) and their final removal or recovery (forfeiture and confiscation) (Kilchling, 2014, p. 658).

Corruption and bribery as one of white-collar crime are pointing to the money and financial gain. As mentioned by Petter Gottschalk, money and other forms of financial gains were found to be frequent motivators. Criminals pursue desired goals, weigh up likely consequences and make selections from various options (Gottschalk, 2015, p. 55). According to Lianlian Liu, the bribery activities, particularly on transnational bribery regulation, with the OECD Anti-Bribery Convention as the central governing legal instrument, are currently on the top agenda of international governance of public affairs and also one of the most popular topics in anti-corruption analysis (Liu, 2015). Regarding the significant progress in criminalizing bribery, ADB/OECD Anti-Corruption Initiative for Asia and The Pacific gives recommendations for Indonesia to consider addressing some issues such as:

- elements of the active and passive bribery offences;
- bribery of foreign public officials;
- liability of legal persons for bribery;
- jurisdiction for prosecuting bribery;
- sanctions for bribery;
- tools for investigating bribery; and
- maintaining more detailed statistics on the number of bribery investigations, prosecutions, convictions and sanctions (including confiscation) (ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, 2011, pp. 242-245).

As mentioned by Jacqueline Martin and Tony Storey, the main purpose of criminal law is to protect individuals and their property from harm; preserve order in society; and punish those who deserve punishment (Martin and Storey, 2015, pp. 3-4). The main purpose of criminal law is also enforcing moral values and educating people about appropriate conduct and behaviour (Martin and Storey, 2015). Therefore, criminal law involved in anti-bribery regulations also has the purposes to enforce moral values and educate people about appropriate conduct and behaviour.

Although anti-bribery regulations had been promulgated well in the Indonesian Corruption Eradication Law with the heavy criminal sanctions, the reality showed that bribery cases are still the highest category of corruption cases in Indonesia. Bribery cases are even associated with corporate crime which commonly happened in the country. The aim of corporation to gain the highest profit has encouraged it to

take illegal acts such as corruption and bribery. The compliance level was found very low concerning the anti-corruption regulations. Therefore, it is so urged to develop The National Integrity System to prevent any bribery acts and any other corruption crime both individually or corporate actions in public institutions and private institutions.

2. The national integrity system and compliance

Kochan and Goodyear (2011) mentioned that corruption undermines investor confidence across all sectors of business. Moreover, one of the major effects of widespread corruption is its hugely destabilizing impact on a country's social order. A culture of bribery can effectively hold society captive, slow or stop social progress and empower despots (Kochan and Goodyear, 2011, p. 23). It is not just the existence of corruption that is the problem. An essential participant in either the corrupt transaction itself or the retention of the money accrued through bribery or theft is the international financial system. Banks play a fundamental role by providing accounts and corporate structures which enable illegal deals to take place by disguising the origin or destination of the money and permitting the corrupt money to be retained and then accessed when desired by its recipient (Platt, 2015, p. 86). Therefore, Anti-Corruption Compliance and National Integrity System is very urged to be developed. Particularly, a common factor in many of these cases of bribery and corruption is the use of the financial system to harbour the proceeds of the illicitly gained funds (Platt, 2015, p. 93).

Apparently, Indonesia's Corruption Eradication Commission has the duties to prevent corruption and combat the corruption. To prevent the corruption acts, the Indonesian Government built National Integrity System as part of National Strategy on Corruption Prevention and Eradication. National Integrity System is part of the National Strategy Corruption Prevention and Eradication. National Strategy Corruption Prevention and Eradication has both a long-term vision and medium-term vision. The vision for the long term (2012-2025) is: "to create an anti-corruption nation that is supported by a system of cultural values with integrity", whereas for the medium term (2012-2014), the vision is "to create a government that is free from corruption, and having the capacity to prevent and take action against corruption and a system of integrity as a cultural values". The long-term vision and medium-term vision shall both be realized in all the domains, that is, within the government in a broad sense, the civil society and the business society.

The vision is expressed in the following missions:

- to build and establish a system, mechanism, capacity for preventing and taking action against corruption which is integrated on a national scale;
- to reform the national laws and regulations that support Corruption Prevention and Eradication in a consistent, consolidated and systematic manner;
- to build and consolidate a system and mechanism for confiscating the assets gained by corruption through effective national and international cooperation;

- to build and internalize an anti-corruption culture among the government structure and the society; and
- to develop and publicize a system for reporting the performances in implementing National Strategy Corruption Prevention and Eradication.

The vision and mission are then formulated into six strategies as follows:

- (1) *Prevention Corruption is still massive and systematic*: The paradigm for development of a repressive approach is that it provides a punitive effect on the perpetrator of the crime of corruption. Unfortunately, however, the repressive approach has apparently not yet been able to reduce corruptive behaviour and practice systematically and on a massive scale. The success of the prevention strategy is measured by the increase in corruption perception index value and the rate of starting a business.
- (2) *Concerning and improving Law Enforcement*: For this reason, the settlement of corruption cases that have attracted the attention of the public must, absolutely, be accelerated. The rate of success of this strategy is measured by the conviction rate in the courts that handle the cases of crime as a corruption.
- (3) *Harmonizing the Laws and Regulations*: The ratification of UNCAC is evidence of the consistence of the Indonesian Government in its commitment to accelerate the efforts in corruption eradication. As a consequence, the clauses in the UNCAC must be applied and are binding as legal provisions in Indonesia. The degree of success of this strategy is measured by the percentage of compliance between Indonesia's anti-corruption regulation and the UNCAC clauses.
- (4) *International Cooperation and Confiscation of Assets Gained Through Corruption*: With regards to the attempt of returning assets that were gained through the crime of corruption, both in the country and abroad, it is necessary to have an established mechanism for prevention and for the direct return of assets, as provided in UNCAC. The success of this strategy is measured by the percentage of return in assets obtained from the crime of corruption to the state based on a court decision.
- (5) *Anti-Corruption Education and Culture*: The increasingly massive practices of corruption call for collaborative determination on the part of the government and all stakeholders concerned. This can be in the form of prevention through anti-corruption educational activities and internalization of an anticorruption culture among the general public and in private circles. The degree of success of this strategy is measured by the percentage in increase of the national integrity index.
- (6) *Mechanism of Reporting Corruption Eradication Actions*: A mechanism which prioritizes the strengthening of mechanisms within the Ministry/Governmental Agency, private institutions and the community will facilitate the flow of data/information related to the progress in implementing the UNCAC provisions. Success is measured by the percentage of preparing reports and publications as regulated by the government's policy regarding Corruption Prevention and Eradication. It is hoped that all the needs for information and reporting related to

the process of formulating policies and the assessment of progress in CPE can be better fulfilled and made in real time.

National Integrity System as part of National Strategy on Corruption Prevention and Eradication needs to be implemented in all of the institutions, both public and private institutions. The government give full support to Corruption Eradication Commission to use National Integrity System, which is regulated under Presidential Regulation Number 55 Year 2012, concerning on Prevention and Eradication Corruption. Implementation of The National Integrity System can prevent and eradicate corruption both structural and systematic, as well as create good governance. An implementation of The National Integrity System, for instance, is how to make rotation process and job mutation with fair and accountable, not with like and dislike. At the end by the National Integrity System, the Corruption Index should be minimized.

Stephen Platt mentioned that there are two major streams within the anti-corruption framework: the legal and the regulatory, which, whilst distinct, also share characteristics and aims. The legal stream penalises the bribery practices or corrupt payment and includes within its remit individuals, companies and potentially financial organizations which knowingly facilitate corruption. The regulatory stream provides guidance that must be followed by bank and other financial institutions as to what steps should be taken in terms of due diligence to identify politically exposed persons (PEPs), how they should be risk-rated, how their account activity should be monitored and what to do if a suspicious transaction occurs (Platt, 2015, pp. 95-96).

As stated in President Regulation Number 55 Year 2012, bribery and other corrupt practices related to the licensing and execution of businesses are one of the major obstacles in the development of investment and businesses in Indonesia. Regulations that are still open to the possibility of overlapping of licenses and questionable legal certainty are also common problems related to business in Indonesia. In the international business world, there is an index of Ease of Doing Business (EoDB) or ratings for the EoDB in certain countries issued by the World Bank. One indicator is the value of Starting a Business, which concerns the evaluation for starting a business.

Even though honesty is a value upheld high in Indonesia, corrupt practices that are clearly contrary to this value frequently happen. One of the root causes of corruption is suspected to come from the low integrity of the perpetrators and a permissive culture towards corrupt acts. This weak deterrent effect on corruption perpetrators contributes to an increase in corrupt practices.

In a modern organizational culture, a universal value system must be enforced, both within the government and private sectors. A public with a culture that encourages a social structure with corruptive behaviour must change its thought patterns to be free from corrupt values, moreover, to uphold its integrity. The public's active participation in preventing corruptive behaviour in their environment is absolutely necessary. Individuals who can influence and take action in preventing corruptive behaviour are also needed, not only passively preventing corruption from his/her own self.

Good behaviour inside the corporation could prevent any bribery or corruption cases. Every corporate scandal, from bribery to price-fixing, inevitably involves at least a few insiders who were aware, or had suspicious, that something was amiss. Prosecutors and regulators across the world receive information from employees within companies who detect wrongdoing, but not every case features a whistleblower. Given that many more

incidents may go undetected by the authorities, it is obvious that they have every reason to encourage whistleblowers to come forward (Webster, 2015, p. 65). The important role of persons in the company to take a step reporting any bribery or corruption act has encouraged Indonesian Government to regulate specific act on witness and victim protection under Indonesian Law Number 13 Year 2006. Moreover, Alexandra Webster mentioned that getting internal whistleblowing mechanisms right already has major advantages for businesses. A problem identified in the early stages may prevent greater damage being done and may not require the involvement of external authorities, with all the expense and reputational damage that entails (Webster, 2015, pp. 74-75). This is the part to awakening the compliance. Similar to this, Edward Greene stated that it is important for enforcement agencies to better communicate the vital role played by the financial industry and to restore public confidence by proving that the sector can and will be better regulated (Greene and Odorski, 2015, p. 19).

According to Felix Lessambo, the corporate governance discussion in public has now departed from how to best organize accountability and responsibility at the helm of the company. It has moved on to a more fundamental debate about corporate roles in society, basic attitudes and behaviour in businesses, which are perceived as more powerful than governments. Empirical evidence suggests that good corporate governance increases the efficiency of capital allocation within and across firms, reduces the cost of capital for issuers, helps broaden access to capital, reduces vulnerability to crises and makes corrupt practices more difficult to take root (Lessambo, 2013, p. 223).

An internal control is a plan and method that a company puts in place to help improve efficiency to reach its goals, to safeguard assets and to ensure adherence to company rules. Generally, internal controls are systematic measures with specific aims. Often, they deal with accounting and are designed to ensure accuracy and efficiency in accounting procedures. This was where the term originated, although now it applies to actions taken throughout a company. For example, a recruitment process that is designed to ensure the company hires people who have strong ethical values is a preventive internal control with the aim of reducing corruption. Companies need to introduce further business and accounting internal controls to prevent, deter and catch corruption and bribery. The exact details of these controls will depend on a number of factors, such as the precise nature of the business and the personnel involved (Kochan and Goodyear, 2011, p. 167). Therefore, the internal controls relating with National Integrity System are implemented in every organizational culture.

Large bribes are paid to border or internal law enforcement official, to judicial officers or to those who control them so that they do not proceed against criminals or their goods (Levi, 2014, p. 432). Therefore development of value systems and anti-corruption attitudes need to be done through various campaigns that provide space for public participation as an effort to combat corruption. One primary channel is through education and internalization of an anti-corruption culture in the government, the private sector, the public and other stakeholders. Anti-corruption education networks and universities or anti-corruption assessment centre should be developed in line with the strengthening of social sanctions.

An anti-corruption social movement needs to be integrated with the anti-corruption values in the system of the local culture. In addition to creating an understanding of corruptive behaviour, the development of national character with

integrity and anti-corruption can also be expected to strengthen an anti-corruption movement and its social sanctions.

Strengthening each individual in making ethical decisions with integrity, as well as to create a culture of zero tolerance towards corruption, has become the objective. The public is expected to play its active role in preventing and eradicating corruption, thereby enabling themselves to affect ethical decisions with integrity in their surroundings, greater than his/herself. As this is not an easy task to do, the challenges are:

- *The persistence of permissive attitudes in society towards perpetrators of corruption:* Social sanctions for the offender need to be strengthened to produce a deterrent effect. This permissive attitude is often shown by a passive individual in confronting a corrupt act by another person in his/her surroundings.
- *Absence of a communication strategy in the education of an anti-corruption culture:* This is indicated by the lack of effective material or the way of delivering the anticorruption education and campaigns to the public.
- *Anti-corruption education:* This has not been integrated into the school curriculum and universities[5].

The dangerousness of bribery and corruption as financial crimes become undetected because of particular reasons. As explained by Peter Joyce, as crimes are not condemned by the general public, many serious criminal activities (especially those involving violence) are viewed as wrong by most members of society who approve punitive measures against the perpetrators, many forms of white-collar crimes; however, they fail to excite such prejudices, and the public may be tolerant towards some who carry out such activities and even be envious of them. Additionally, the media tends to focus on sensational crimes involving violence and in general is less interested in white-collar and corporate crime or in demonizing those who carry out such acts. This may influence the public's perception of the relative importance of crime of this nature (Joyce, 2013, p. 63).

To overcome the people's perception on corruption cases as extraordinary crimes, the Indonesian Government developed the Integrity Pact, a formal pact that contains commitments to carry out duties, functions, responsibilities, authorities, and role in line with prevailing laws and regulations, as well as the capability not to carry out corruption, collusion and nepotism. Integrity Pacts can also be implemented in the process of procurement of goods and services with contractors and other relevant parties. Hence, the Integrity Pact is part of anti-corruption tools that can be adopted by ministries/agencies and regional governments to implement the National Strategy on Corruption Prevention and Eradication. All of the tools do not limit any other anti-corruption tools that are suitable with the situation and condition of the ministries/agencies and regional governments in an effort to expedite corruption prevention and eradication, such as:

- *Profile assessments:* These include implementation of recruitment, transfer and promotion based on competence and integrity in the framework of improving the quality of human resources.

- *Citizen's charter*: This is the will to establish commitment for public services provided by relevant institution by responding to the responses and input from the public.
- *Code of ethics*: These are guidelines containing provisions that demonstrate the commitment of relevant institution in eradicating corruption.
- *Mechanisms of social control*: With such mechanisms and with a mechanism that promotes public participation, the government can be encouraged to work more efficiently in relation to both time and cost.
- *Information disclosure implementation mechanism*: This provides access to documents, except for classified documents, so that the public can participate in supervising the work and performance of the government.
- *Transparent mechanism for handling public complaints*: This is aimed at improving the accountability of relevant agencies in public services or law enforcement.
- *Mobilization of civil society through education and increased public awareness*: This can be done by disseminating the behaviour expected from government (in general) or officials (in particular) to improve accountability of public service providers.
- *Integrity Pact*: It is a formal pact that contains commitments to carry out duties, functions, responsibilities, authorities and role in line with prevailing laws and regulations, as well as the capability not to carry out corruption, collusion and nepotism. Integrity Pacts can also be implemented in the process of procurement of goods and services with contractors and other relevant parties.
- *Managing conflicts of interest*: This can be done where officials are not only obliged to disclose his/her personal interest when conflict of interest arises but also ensure that the measures taken are to abolish such conflict. The absence of conflict of interest can also be a prerequisite for filling up certain positions.
- *The use of positive incentives to improve the culture and motivation of employees*: This can be reached, among others, by increasing remuneration/compensation. Aside from that, it can also be done by improving professional status, job security and working conditions. In general, positive incentives can prevent and eradicate corruption.
- *Strengthening judicial institutions by improving competence, professionalism and integrity of judges*: This is very important to combat corruption. This can be done through, among others, training of judges, enforcing the judicial codes of ethics, transparency of trial process, transparency of the wealth and income of judges and managing judges' appointment in corruption cases in such a way that it is difficult for outsiders to predict or influence which judges are to be assigned for a certain case.
- *Strengthening local government, several elements of the anti-corruption strategy*: This is planned at the central level; however, to be effective, implementation in regions is required. There are also anti-corruption elements, which, both its planning and implementation, are fully conducted in

the regions. This tool is important to assist the planning and decision-making that match the needs of the relevant region and is also important to facilitate the integration of tools used at the regional level vertically (with national program) and horizontally (with other regional programs). This tool can also be used to improve public participation in the regions.

- *Reduction of procedural complexity*: This is the rearrangement of administration, which aims at cutting administrative procedures and clarification of authority. In addition to narrowing the opportunities for corruption, it also aims to increase transparency, integrity and service and reduce costs.
- *Protection for whistle blowers and justice collaborator*: This is essential for encouraging disclosure of corruption.
- *The process of public services and procurement of goods and services based on IT*: This will reduce human interaction, which results in narrowing the chances of corruption.
- *The implementation of transparency and disclosure of assets and income*: This shall be carried out effectively to become an entry point for the application of rules regarding public officials' improper acquisition of wealth.
- *Integrity test*: It should be carried out unexpectedly by conditioning a particular situation where the relevant employee has the opportunity to corrupt. This will make it easier to find out whether a civil servant or a government unit is involved in a corrupt practice. Integrity test is also aimed at increasing the ratio of capturing an offender to cause a deterrent effect[6].

Although no organization is immune to bribery, corruption or fraud, a strong reactive element must be in place to execute an internal investigation and cooperate with the appropriate regulatory authorities. Anti-corruption compliance programs vary widely from company to company, but main goals for the anti-corruption compliance include person, system, monitoring and evaluating. Similar to this, anti-corruption compliance goals are accomplished through a structure that includes people, processes and technology:

- People focus on the individuals tasked with developing, implementing and monitoring a company's anti-corruption compliance program.
- Processes are the elements of the anti-corruption compliance program and include conducting risk assessments; the adoption of policies and enhanced financial controls; anti-corruption training, audits and monitoring mechanisms; and continuous review and improvement.
- Technology includes the tools used to assist in carrying out the overall compliance mandate and can include the accounting system, the company's website, the company's online training system, online travel and entertainment and vendor payment and approval controls (EY, 2015).

As mentioned by Transparency International, strengthening the National Integrity System promotes better governance across all aspects of a society and contributes to a more just society overall (Transparency International, 2015b).

Furthermore, anti-corruption compliance and National Integrity System as a preventive approach should be emerged in all aspects of business activities in the public and private institutions, particularly on banking industry as financial intermediary institutions. David S. Kidwell and Richard L. Peterson mentioned that similar to any privately operated business, the commercial bank has as its aim the maximization of long-term profits. Bank profits are primarily derived from interest income on loans and investment securities. Maximizing the long-term profits is an appropriate goal, because it considers the current year's profits and the magnitude and timing of expected annual profits (Kidwell and Peterson, 1990, p. 163). All financial institutions such as banking have the goal of maximizing the profit. Therefore, the awareness of the company to not do illegal things such as corruption or bribery is a very important thing to be observed.

Generally, The National Integrity System evaluates key "pillars" in a country's governance system, both in terms of their internal corruption risks and their contribution to fighting corruption in society at large. When all the pillars in a National Integrity System are functioning well, corruption remains in check. If some or all of the pillars wobble, these weaknesses can allow corruption to thrive and damage a society (Transparency International, 2015b).

To ensure that there is an enabling environment that is supportive of private sector and public sector contributions to sustainable development, a National Integrity System needs to be built with mutually supportive pillars. The "pillars of integrity" in a society include actors outside the executive and outside government itself. The collection of stakeholder groups is referred to as "pillars of integrity", because it is incumbent on them to support and uphold practices that promote public integrity. A National Integrity System is based on eight pillars of integrity: executive, parliament, judiciary, watchdog agencies, media, private sector (Chambers of Commerce, etc.), civil society and law enforcement agencies. The pillars are interdependent; a weakening of one pillar results in an increased load being shifted on the others. When several pillars weaken, the system can no longer support sustainable development and effectively collapses. Examining a National Integrity System requires identifying gaps and opportunities for corruption within each of the pillars and then coordinating the work of the government, civil society and donors into a coherent framework of institutional strengthening. The reasons for building an integrity system may differ from country to country.

Particularly, Indonesia's business environment suffers from widespread political corruption and weak enforcement of anti-corruption legislation. The efficiency of business operations is restricted by a corrupt judiciary, complicating the process of dispute settlement and weakening property rights protections. Extensive bribery in Indonesia's public service is a reason for concern for foreign investors. Corruption at the borders is cited by companies as a problem, and public officials often exploit ambiguous legislation to extort informal payments and bribes from companies in the process of registering a business, filing tax reports or obtaining permits and licences (Business-Anti-Corruption, 2015).

The process of building national integrity systems is as important as the content. The following are six final thoughts about the process:

- (1) Successful reform requires a country to integrate and harmonize all reforms in to a National Reform Program, including sector reforms, financial reforms, economic reforms, constitutional reforms, civil-service reform, decentralization, army demobilization, privatization and legal reforms.

- (2) Reform is a long-term process where attitudes and conduct must be examined and re-evaluated for effectiveness at all levels.
- (3) Successful reformers will have to manage both expectations and change while introducing realistic incentive structures and sanctions.
- (4) Initially, reform should only tackle areas: that can show credible impact on issues important to key stakeholders; where the return on investment is greatest; that are discrete and where reformers can control implementation; that are within the budget; and that can have some short-term positive impact.
- (5) Reform is a process of instituting building blocks that must be put in place over a number of years.
- (6) The process of and commitment to reform must be visibly supported from the top (Langseth, 1999, p. 36).

Financial institutions must be aware that they can play a very important role in preventing bribery, not only by detecting and stopping possible transactions which may represent the actual bribe payment itself but also by cutting off access to retentive banking structures which enable the corrupt person to benefit (Platt, 2015, p. 97).

The main target of the National Strategy on Corruption Prevention and Eradication is to reduce corruption and to build a prosperous Indonesian society free from corruptive acts. The success indicators used here are:

- raising the Corruption Perception Index;
- increased compliance between the anticorruption regulations in Indonesia and the clauses in UNCAC, including the settlement of recommendations produced by the review on implementation of Chapter III and IV; and
- raising the Annual National Integrity Index, which is a system being developed in an effort eradicate corruption in Indonesia in a holistic manner by elaborating on all pillars (legislative, executive, judiciary, political parties, oversight bodies, media, civil society and the private sector).

The success indicators of each strategy are as follows:

- raising the Corruption Prevention Index, in which the number is obtained from the sub-indicator of the Control of Corruption Index and the rating of EoDB;
- raising the Anticorruption Law Enforcement Index, in which the number is obtained from accounting the percentage of the law enforcement process of a corruption case, starting from the settlement of corruption complaints up to the settlement of execution of anticorruption court verdicts;
- percentage of settlement of the recommendations from the UNCAC review that results in relation to rules and regulations (results of implementation review of Chapters III and IV);
- percentage of corruption assets recovered and success rate of international cooperation, which is viewed from the percentage of success in the implementation of mutual legal assistance in criminal matters and extradition in relation to corruption, both requested to or received from other countries;
- raising the Anticorruption Behaviour Index; and

-
- raising the satisfaction index of stakeholders towards corruption prevention and eradication reports.
- Anti-corruption
compliance

Whilst achieving the aforementioned success indicators, the Indonesian Government has become more aware for anti-corruption compliance to be successfully implemented; it needs to have the public support and the existence of good public governance.

3. Conclusion

National integrity system is part of National Strategy on Corruption Prevention and Eradication. Fostering the anti-corruption compliance is relating with the national integrity system that is being developed and evaluated among public institutions and private institutions. The dangerousness of bribery and corruption practices as financial crimes should be well informed to both governmental organizations and private organizations. Therefore, Anti-Corruption Compliance and National Integrity System is very urged to be developed. Particularly, a common factor in many of these cases of bribery and corruption is the use of the financial system to harbour the proceeds of the illicitly gained funds.

National Integrity System needs to be implemented in all of the institutions, both public and private institutions. The government gives a full support to Corruption Eradication Commission to use National Integrity System which is regulated under Presidential Regulation Number 55 Year 2012, concerning on Prevention and Eradication Corruption. Implementation of The National Integrity System can prevent and eradicate corruption, both structural and systematic, as well as create good governance. An implementation of The National Integrity System, for instance, is how to make rotation process and job mutation with fair and accountable, not with like and dislike. At the end by the National Integrity System, the Corruption Index should be minimized.

A National Integrity System is based on eight pillars of integrity: executive, parliament, judiciary, watchdog agencies, media, private sector (Chambers of Commerce, etc.), civil society and law enforcement agencies. The pillars are interdependent; a weakening of one pillar results in an increased load being shifted on the others. When several pillars weaken, the system can no longer support sustainable development and effectively collapses. Therefore, strengthening all the pillars should be the main target to achieve the anti-corruption compliance and national integrity system.

Notes

1. Equivalent with £2,212.
2. Equivalent with £11,061.
3. Equivalent with £6,637.
4. Equivalent with £33,185.
5. Government of Indonesia – Presidential Decree Number 55 Year 2012; Annex National Strategy on Corruption Prevention and Eradication 2012-2014 and 2012-2025.
6. Government of Indonesia – Presidential Decree Number 55 Year 2012; Annex National Strategy on Corruption Prevention and Eradication 2012-2014 and 2012-2025.

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