

Legal Aspects In Handling Money Laundering Cases In Indonesia

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KEYWORDS	ABSTRACT
law; cases; money laundering offences	This research aims to analyse the legal aspects of handling money laundering cases in Indonesia, focusing on the effectiveness of existing regulations and the challenges faced by law enforcement. Money laundering poses a serious threat to the integrity of the financial system and the stability of society, prompting the need for effective handling from all parties involved. This research discusses the legal aspects of handling money laundering cases in Indonesia. Using a descriptive-analytical qualitative approach, this study analyses the existing legal framework, its implementation in law enforcement practice, and the challenges faced by law enforcement officials in handling money laundering cases. Data was collected through literature study and analysis of money laundering cases that have been decided by the court. The results show that although Law No. 8/2010 has provided a strong legal foundation, there are still challenges in its implementation including limited resources, inter-agency coordination, and the development of increasingly sophisticated money laundering methods. Based on these findings, this research presents policy recommendations to strengthen law enforcement in handling money laundering offences in Indonesia.

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Introduction

Money laundering is a criminal offence that has the potential to threaten the stability and integrity of the financial system and the economy of a country. In Indonesia, money laundering activities not only harm the state financially, but can also strengthen other criminal activities, such as corruption, narcotics, and terrorism. Therefore, handling money laundering cases is an important issue that requires serious attention from the government, law enforcement, and the community (Supriyo & Suwardi, 2020).

Transparency International reports that Indonesia's Corruption Perceptions Index (CPI) has decreased by four points, from 38 in 2021 to 34 in 2022. This drop in GPA points also has an impact on Indonesia's global ranking. According to the data, in 2022 Indonesia was ranked 110th, down 14 places from 96th in 2021 (N, 2023).

Concern about the number of money laundering offences in Indonesia is increasing as the methods used by perpetrators to hide the proceeds of their crimes become more complex. Money laundering not only undermines the integrity of the financial system, but is also often closely linked to other crimes such as corruption, narcotics and terrorism (Bayuaji, 2019).

Recognising this danger, the Indonesian government has taken various legal measures to address it including by passing Law No. 8/2010 on the Prevention and Eradication of Money Laundering. In addition, the government has also established the Financial Transaction Reports and Analysis Centre (PPATK) as an institution tasked with monitoring and analysing suspicious financial transactions and enhancing international cooperation to combat money laundering more effectively (Anandiasyah, 2020).

Law No. 8/2010 on the Prevention and Eradication of the Crime of Money Laundering is the main legal basis for efforts to combat this crime in Indonesia. However, the implementation of the law faces various challenges, such as limited resources, inter-agency coordination, and the development of increasingly sophisticated money laundering methods. This research aims to analyse the legal aspects of handling money laundering cases in Indonesia, focusing on the effectiveness of existing regulations and the challenges faced by law enforcement.

Research Methods

This research uses a qualitative method with a descriptive-analytical approach to analyse the legal aspects of handling money laundering cases in Indonesia. The qualitative approach was chosen because it allows for in-depth exploration of data and provides a comprehensive picture of the phenomenon under study (Achjar et al., 2023). The descriptive-analytical method was used to describe and analyse legal facts and phenomena related to the handling of money laundering cases (Ketaren & Harahap, 2024).

Data was collected through literature study and case analysis. The literature study involved collecting secondary data from various sources such as books, journals, laws, regulations, and other documents related to the subject matter. Case analysis was conducted by reviewing court decisions to understand the application of the law in the practice of handling ML cases. Document analysis was conducted by reviewing various legal documents to understand the existing legal framework. This research is expected to provide an in-depth understanding of the legal aspects of handling money laundering offences in Indonesia and provide recommendations to improve the effectiveness of law enforcement in this area.

Results and Discussions

Law No. 8/2010 on the Prevention and Eradication of Money Laundering is the main legal foundation in Indonesia to address financial crime. The law includes important provisions including the definition of money laundering, suspicious transaction reporting procedures, obligations of financial institutions, and sanctions for violations (Tumiwa, 2018). In its implementation, the law strengthens the law enforcement framework through collaboration between law enforcement agencies, supervisory authorities, and financial institutions. At the international level, Law No. 8/2010 is aligned with the standards set by the Financial Action Task Force (FATF), which emphasises the importance of transparency, accountability and international cooperation to combat money laundering.

Legal implementation in handling money laundering cases in Indonesia involves a series of systematic steps by law enforcement officials. The law enforcement process begins with initial detection through suspicious transaction reporting by financial institutions to the Financial Transaction Reports and Analysis Centre (PPATK). PPATK then analyses the report and, if strong indications of money laundering are found, forwards it to the Police or Prosecutor's Office for further investigation. Investigators conduct asset seizure, witness examination, and collection of relevant evidence to strengthen the case. Subsequently, the case is submitted to the court for judicial proceedings, where the judge decides based on the available evidence. The implementation of this law also often involves international cooperation, especially in tracing assets hidden abroad, in accordance with Financial Action Task Force (FATF) standards and recommendations adopted in national regulations (Hono, 2018).

Several significant money laundering cases in Indonesia have surfaced, demonstrating the complexity and challenges of law enforcement. One prominent case is the Century Bank scandal, where bailout funds that should have been used to save the bank were instead diverted through various suspicious transactions, involving a number of high-ranking officials (Wasesa et al., 2018). Another case is money laundering involving corruption in the e-KTP project where large project funds were diverted and disguised through investments and asset purchases by the perpetrators (Ekawati, 2017). In addition, international drug cases are also often accompanied by money laundering, as seen in the drug trafficking network involving Freddy Budiman (Rizon & Agustini, 2022). These cases not only demonstrate sophisticated modus operandi, but also underline the importance of inter-agency coordination and ongoing efforts to strengthen anti-money laundering mechanisms in Indonesia.

In handling these cases, in addition to using Law No. 8 of 2010 on Prevention and Eradication of Money Laundering, law enforcement also applies Law No. 31 of 1999 on Eradication of Corruption which was later amended by Law No. 20 of 2001, as well as Law No. 35 of 2009 on Narcotics. Cases involving suspicious fund transfers are often also subject to Law Number 3 Year 2011 on Fund Transfers, and in cases related to financial institutions, Law Number 7 Year 1992 on Banking as amended by Law Number 10 Year 1998 is also applied.

The use of several different laws allows law enforcement to add broader and more specific layers of punishment according to the type of crime committed by the perpetrator. For example, if the money laundering case is related to corruption, the use of Law No. 31/1999 on the Eradication of Corruption can strengthen the case by adding corruption charges, resulting in additional penalties for the perpetrator. The use of appropriate laws also allows law enforcement to obtain stronger and more convincing evidence in court, as the laws provide a clear and specific legal basis for the actions that are considered illegal. In addition, by using relevant laws, judges can be more flexible in determining the appropriate punishment according to the level of crime committed by the offender. Thus, the use of diverse laws in handling money laundering cases can increase the effectiveness of law enforcement and provide better justice for victims and society as a whole.

Gathering evidence and prosecuting money laundering cases in Indonesia faces a number of significant challenges. One of the main challenges is the complexity of the financial transaction flows used to disguise the origins of illicit funds, often involving multiple accounts and financial institutions both domestic and international. Limited

resources and technical expertise of law enforcement officials in tracing and analysing complex financial transactions are also an obstacle (Musa et al., 2022).

In addition, bank secrecy and lack of co-operation from relevant parties often slow down the evidence gathering process. Another challenge arises in the judicial stage, where the evidence collected must be transformed into strong and convincing legal arguments before the judge. This process is complicated by the possibility of political intervention and corruption that may affect the integrity of the judiciary. Therefore, handling money laundering cases requires closer coordination between agencies, increased technical capacity, and the application of advanced technology to monitor and analyse financial transactions.

Law enforcement against money laundering cases in Indonesia is faced with the challenge of limited resources, both in terms of human resources and technology. The lack of experts with specialised expertise in financial forensic analysis makes case handling less effective, as investigators are often ill-equipped to trace complex and disguised funds flows. In addition, the lack of sophisticated technology to detect and analyse suspicious transactions hampers the authorities' ability to identify and collect evidence quickly and accurately. As a result, many money laundering cases go undiscovered or poorly resolved, reducing the deterrent effect for criminals and undermining overall money laundering prevention efforts. These limitations also result in delays in the investigation and judicial process, so that justice cannot be served effectively and efficiently (Waluyo, 2022).

Coordination between agencies involved in the law enforcement of money laundering cases in Indonesia, such as PPATK, the Police, the Prosecutor's Office and the Courts, often faces difficulties that hamper the effectiveness of case handling (Membalik, 2022). Key challenges include complex bureaucracy, lack of efficient communication, and different priorities and approaches between agencies. There is often an overlap of authority and slow exchange of important information that can slow down the investigation and judicial process. To address these issues, efforts have been made to improve inter-agency coordination and synergy, such as the establishment of an integrated task force team, increased frequency of coordination meetings, and the use of an integrated information technology system for real-time data and information sharing. In addition, joint training and the establishment of collaboration protocols were also implemented to ensure all parties have the same understanding and can work harmoniously in the effort to combat money laundering.

Criminals continue to develop new methods to launder money by utilising technology and legal loopholes to disguise the origin of illicit funds. Recent methods include the use of cryptocurrencies, complex cross-border transactions, shell companies, and investments in luxury assets such as art and property. Perpetrators are also utilising fintech services and digital payment platforms to move funds quickly and untraceably (Utami, 2021).

The challenge for law enforcement in dealing with these methods is immense, as it requires a deep understanding of the latest financial technologies as well as the ability to trace transactions hidden behind layers of anonymity and different jurisdictions. Law enforcement must constantly improve its technical capabilities, adopt advanced data analysis technologies and co-operate internationally to monitor and tackle increasingly sophisticated and innovative money laundering tactics.

The effectiveness of Law No. 8/2010 in preventing and combating money laundering offences in Indonesia has shown mixed results. On the one hand, the law has

strengthened the legal framework by establishing stricter reporting procedures and clear sanctions for violators. However, its effectiveness is still hampered by several factors. One supporting factor is the increased awareness and engagement of financial institutions in reporting suspicious transactions, which helps detect criminal offences earlier. Conversely, hindering factors include limited human resources and technology, lack of coordination between law enforcement agencies, and challenges in adapting regulations to evolving money laundering methods. In addition, corruption and political interference can undermine law enforcement efforts. Therefore, while Law No. 8/2010 has provided a strong framework, its successful implementation relies heavily on continuous improvements in inter-agency coordination, technical capacity building, and consistent enforcement.

In order to improve the effectiveness of handling money laundering cases in Indonesia, a number of policy recommendations can be considered. First, there is a need to strengthen regulations through revision or strengthening of existing laws and regulations, with a focus on improving harmonisation with international standards such as those set by the Financial Action Task Force (FATF). Second, the need to increase the capacity of law enforcement through training and human resource development, as well as the use of modern technology and tools in investigation and prosecution to deal with increasingly sophisticated money laundering methods. Third, the importance of international cooperation in combating money laundering so that concrete steps need to be taken to strengthen this cooperation including information exchange, collaboration in cross-border investigations, and harmonisation of rules that enable more effective cooperation between countries. By implementing these recommendations, Indonesia is expected to be more effective in preventing and combating money laundering.

Conclusion

In the face of the complexity and dynamics in law enforcement against money laundering, the conclusion that can be drawn is the need for a comprehensive and adaptive approach. In addition to strengthening regulations, increasing the capacity of law enforcement, and international cooperation, it is also necessary to emphasise the importance of public awareness and the private sector in supporting efforts to prevent and combat money laundering. Cross-sector collaboration and active participation from all elements of society will be key in building a resilient and effective system in countering the threat of money laundering. Although Law No. 8/2010 has provided a strong foundation, there are still challenges to overcome, such as limited resources and adaptation to increasingly sophisticated money laundering methods. However, by implementing appropriate policy recommendations and drawing lessons from best practices in other countries, Indonesia can strengthen its law enforcement mechanisms to more effectively prevent and combat money laundering offences and maintain the integrity of the national financial system.

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