

## Legal Analysis of Banking Crimes and Money Laundering in Indonesia

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<b>Article History</b> Received: 2024-07-01 Revised: 2024-07-12 Published: 2024-07-31	Crimes in the banking sector related to money laundering show a level of complexity that continues to increase along with the development of the financial system and technology in Indonesia. This study aims to examine the various forms of banking crimes and their relationship to money laundering practices, while assessing the effectiveness of existing regulations. The method used is normative legal research with a statutory and conceptual approach, supported by a qualitative analysis of primary, secondary, and tertiary legal materials. The results of the study indicate that banking crimes often serve as predicate crimes in money laundering, such as fraud, embezzlement, and abuse of authority. While their implementation still faces obstacles such as weak supervision, suboptimal coordination between institutions, and limited law enforcement. Therefore, strengthening the supervisory system, increasing the capacity of officers, and more synergistic cooperation are needed to increase the effectiveness of prevention and prosecution of these crimes in Indonesia.
<b>Keywords:</b> <i>Banking Crimes, Money Laundering, Legal Analysis, Financial Crimes.</i>	

### I. INTRODUCTION

The rapid development of the banking sector in Indonesia, coupled with advances in information technology, has provided various conveniences in financial transactions. However, on the other hand, it has also increased the potential for banking crime. Various forms of crime, such as fraud, embezzlement, and abuse of authority, are common and, in many cases, are closely linked to money laundering. Money laundering practices attempt to disguise the origins of criminal proceeds to make them appear legitimate through the financial system, particularly the banking sector. This situation not only causes losses for financial institutions but also has a broad impact on economic stability and public trust in the banking system. Although various regulations governing banking and money laundering exist, their effective implementation still faces several challenges, both in terms of supervision, law enforcement, and coordination between relevant institutions.

Based on these conditions, it is important to conduct an in-depth study of the legal regulations governing banking crimes and money laundering in Indonesia and how they relate to each other in practice. Issues that can be identified include the forms of banking crimes that have the potential to

constitute predicate crimes, the effectiveness of existing regulations, and the obstacles faced in preventing and eradicating them. Accordingly, this paper aims to provide a legal analysis of this phenomenon to provide a comprehensive understanding and contribute to the development of law in the banking and money laundering sectors.

In examining these issues, this study employs a normative legal approach, emphasizing the analysis of relevant laws and legal concepts. Data collection was conducted through a literature review, examining primary, secondary, and tertiary legal materials, which were then analyzed qualitatively. This approach aims to obtain a systematic and in-depth overview of the legal aspects of banking crimes and money laundering in Indonesia.

### II. RESEARCH METHODS

This research uses a normative legal method with a statute approach and a conceptual approach to examine banking crimes and money laundering in Indonesia. The research stages begin with the formulation of legal issues, then continue with the collection of legal materials consisting of primary, secondary, and tertiary sources, which are then analyzed qualitatively to draw conclusions. The scope of the research

includes laws and regulations, doctrines, and court decisions relevant to the study topic, with the material selection technique being carried out purposively based on the research needs. In addition, this research is also supported by literature studies through the review of various sources such as books, scientific journals, and other legal references.

### III. RESULTS AND DISCUSSION

#### A. Research result

Based on the results of the legal analysis, it was found that banking crimes in Indonesia take quite a variety of forms, including fraud, embezzlement of customer funds, abuse of authority by internal bank personnel, and manipulation of financial transactions. In practice, these crimes often serve as predicate crimes, which are then closely linked to money laundering.

Criminals generally exploit the banking system as a means to conceal or disguise the origins of illegally obtained funds. These methods include layering transactions, using accounts in other people's names, and transferring funds overseas to avoid detection by law enforcement. This demonstrates the close relationship between banking crime and money laundering in the modern financial system.

Furthermore, research findings also show that advances in information technology have influenced the patterns and methods of crime. While the digitalization of banking services has made transactions easier, it has also opened up opportunities for perpetrators to commit crimes in more complex and difficult-to-detect ways.

From a law enforcement perspective, various obstacles remain, such as limited authorities' ability to trace cross-border financial flows, weak internal oversight systems, and suboptimal coordination between relevant institutions. These conditions have resulted in suboptimal efforts to address banking crime and money laundering.

Furthermore, this study also found that current approaches tend to focus on repressive measures after a crime occurs, while prevention

efforts have not received optimal attention. Therefore, a more balanced strategy between prevention and enforcement is needed to effectively minimize banking crime and money laundering.

#### B. Discussion

Based on the research findings presented, it is clear that banking crime in Indonesia continues to evolve along with technological advances and the complexity of the financial system (Budianto, 2021). These crimes are not only committed by external parties but also involve internal parties, such as employees who abuse their authority (Hidayah et al., 2023). Emerging forms of crime, such as fraud, embezzlement, and transaction manipulation, not only result in material losses but also contribute to a decline in public trust in banking institutions (Purnomo et al., 2023). From a legal perspective, banking crime plays a significant role as a predicate crime that forms the basis for money laundering, thus establishing an inextricable link between the two (Rosgita et al., 2024).

This connection is evident in the various modus operandi used by perpetrators to disguise the proceeds of their crimes (Helianny & Gunawan, 2025). Perpetrators typically carry out a series of complex transactions, such as splitting funds into multiple accounts, using the identities of other parties as intermediaries, and transferring funds to various jurisdictions to avoid detection (Aksa et al., 2024). These practices demonstrate that the banking system is not only a target for crime but is also exploited as a primary means of money laundering (Febrianti & Daiman, 2022). Therefore, the application of prudential principles and know-your-customer (KYC) principles is crucial to prevent abuse of the banking system (Pradini et al., 2023). Furthermore, the application of anti-money laundering (AML) and counterterrorism financing principles also needs to be consistently strengthened by every financial institution. (Haryono & Sofwan, 2020).

From a legal perspective, Indonesia has a

relatively comprehensive regulatory framework for governing banking crimes and money laundering (Simamora et al., 2021). However, the effectiveness of these regulations still faces various challenges in their implementation (Lestari et al., 2023). One of the main problems is the weak oversight system, both by supervisory authorities and internally within banking institutions (Pradini et al., 2023). Furthermore, the limited technical capabilities of law enforcement officials in tracing complex financial flows, particularly those involving cross-border transactions, pose a significant obstacle. This is exacerbated by developments in financial technology, which have opened up new opportunities for criminals to carry out their actions using more sophisticated and difficult-to-detect methods (Purnomo et al., 2023).

Coordination between institutions authorized to handle banking crimes and money laundering is also not optimal. Lack of information system integration, limited data exchange, and differences in authority between institutions often hamper law enforcement (Lestari et al., 2023). In some cases, case handling is less effective due to the lack of strong synergy between banking institutions and supervisory authorities. Therefore, coordination is needed to be strengthened through more structured, integrated information technology-based cooperation mechanisms (Aksa et al., 2024).

On the other hand, current mitigation efforts are still predominantly focused on a repressive approach, namely taking action after a crime has occurred. However, a preventative approach plays a crucial role in minimizing the potential for criminal activity. Preventive efforts can be implemented through improving internal oversight systems, implementing technology to detect suspicious transactions early, and increasing legal awareness and compliance among banking industry players. Public education is also a crucial factor in preventing banking crimes, particularly those related to digital-based

fraud (Hidayah et al., 2023).

Furthermore, human resource capacity building, coupled with responsive regulatory reforms, is crucial to keep pace with evolving crime modes and strengthen the effectiveness of law enforcement as a whole. Law enforcement officers are required to possess technical skills and a thorough understanding of modern financial mechanisms and the technology used in criminal activities (Purnomo et al., 2023). International cooperation is also crucial, given that money laundering often involves cross-border activities, necessitating coordination between jurisdictions (Aksa et al., 2024).

Based on this description, it is clear that although Indonesia has a relatively adequate legal framework, comprehensive improvements are still needed. These improvements include aspects of regulation, supervision, law enforcement, and strengthening coordination between relevant institutions. Therefore, an integrated and sustainable strategy is needed to ensure optimal implementation of crime prevention efforts in the banking sector, including money laundering, and adapt to changing times (Heliany & Gunawan, 2025).

#### IV. CONCLUSION AND SUGGESTIONS

##### A. Conclusion

From the discussion above, it can be concluded that banking crimes in Indonesia are closely linked to money laundering. These crimes often serve as the primary source of funds, which are then disguised through various mechanisms within the financial system. Although Indonesia has a comprehensive legal framework, in practice, several obstacles remain, such as weak oversight, limited capacity of law enforcement officers, and suboptimal coordination between relevant institutions. Furthermore, technological developments also influence crime patterns, necessitating adjustments to the oversight and law enforcement systems.

## B. Suggestion

Strengthening efforts are needed to develop legal studies, particularly those related to banking crimes and money laundering. This can be achieved by leveraging technological advances, improving human resource competencies, and developing regulations that are more responsive to evolving crime modes. These steps are expected to enable more effective and comprehensive law enforcement.

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