

## Money Laundering Crime

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Info Articles	Abstract
<b>Article History</b> Received : 2020-07-06 Revised: 2020-07-14 Published: 2020-07-30	Money laundering is a complex crime that exploits the financial system to disguise the origins of criminal assets. This study aims to analyze the law enforcement mechanisms for money laundering in Indonesia based on Law Number 8 of 2010. The main focus of the study is to review the strategic roles of the Financial Transaction Reports and Analysis Center (PPATK), the Police, and the Prosecutor's Office in the law enforcement chain. Using normative legal research methods, the study results indicate that the effectiveness of money laundering eradication depends on a follow-the-money approach. The PPATK functions as financial intelligence, the Police as the primary investigator, and the Prosecutor's Office as both prosecutor and asset executor. Synergy between these three institutions is crucial to ensuring maximum state asset recovery.
<b>Keywords:</b> <i>Money Laundering, PPATK, Police, Prosecutor's Office, Follow the Money.</i>	

### I. INTRODUCTION

Globalization and the development of information technology have had a positive impact on economic progress, but they have also presented serious challenges in the form of new crimes. One form of transnational crime that has attracted global attention is money laundering. This crime essentially aims to disguise the origins of illegally obtained assets to make them appear legitimate and reusable in legitimate economic activities. In Indonesia, money laundering is often associated with predicate crimes such as corruption, drug trafficking, human trafficking, terrorism, smuggling, and banking crimes. These crimes are difficult to uncover without inter-agency cooperation because money laundering is systematic and structured, exploiting loopholes in the financial system. The Indonesian government has responded to this phenomenon by enacting a legal framework, namely Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering, and establishing an independent institution, the Financial Transaction Reports and Analysis Center (PPATK). In practice, the PPATK does not operate alone but must collaborate with the police and the prosecutor's office. These three institutions play a crucial role in every stage of law enforcement, from reporting and analysis,

through investigation and prosecution, to prosecution.

### II. RESEARCH METHODS

This research uses a normative juridical legal research method, namely legal research conducted by examining library materials or secondary data as basic material for research by conducting searches of regulations and literature related to the problems discussed.

The approach used is a statutory approach by examining Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes, as well as a conceptual approach to understand the roles of the PPATK, the Police, and the Prosecutor's Office. Data sources are obtained from secondary data, including primary legal materials (statutory regulations), secondary legal materials (books, scientific journals, and research results), and tertiary legal materials (legal dictionaries and official websites of related institutions). Data analysis techniques are carried out qualitatively by systematically describing and interpreting legal facts.

### III. RESULTS AND DISCUSSION

#### A. Research result

## 2.1. Theoretical Basis and Legal Framework

### A. The Concept of Money Laundering Crime

Money laundering is an effort made by a person or corporation to disguise or hide the origin of assets obtained from criminal acts so that they appear to be legitimate assets. Money laundering is simply defined as an attempt to hide or disguise the origin of money/funds or assets resulting from criminal acts through various financial transactions, so that the money or assets appear as if they originated from legitimate/legal activities. According to Law Number 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering, Money Laundering is any act that fulfills the elements of a crime in accordance with the provisions of this Law. (Article 1 number 1 of Law 8 of 2010). The elements in question are, Every Person/Corporation that places, transfers, diverts, spends, pays, grants, deposits, takes abroad, changes the form, exchanges with currency or securities or other acts on Assets that are known or reasonably suspected to be the result of a crime as referred to in Article 2 paragraph (1) with the aim of hiding or disguising the origin of the Assets (Article 3 in conjunction with Article 6) The proceeds of crime are assets obtained from criminal acts: a. corruption; b. bribery; c. narcotics; d. psychotropics; e. labor smuggling; f. migrant smuggling; g. in the banking sector; h. in the capital market sector; i. in the insurance sector; j. customs; k. excise; l. human trafficking; m. illegal arms trade; n. terrorism; o. kidnapping; p. theft; q. embezzlement; r. fraud; s. counterfeiting; t. gambling; u. prostitution; v. in the field

of taxation; w. in the field of forestry; x. in the field of environment; y. in the field of maritime affairs and fisheries; or z. other criminal acts that are punishable by imprisonment of 4 (four) years or more, which are committed in the territory of the Unitary State of the Republic of Indonesia or outside the territory of the Unitary State of the Republic of Indonesia and such criminal acts are also criminal acts according to Indonesian law. Assets that are known or reasonably suspected of being used and/or used directly or indirectly for terrorist activities, terrorist organizations, or individual terrorists are considered the proceeds of criminal acts as referred to in paragraph (1) letter n. According to Black's Law Dictionary, money laundering is defined as: The act of transferring illegally obtained money through legitimate people or accounts so that its original source cannot be traced.

#### A. Elements of the Crime of Money Laundering

Based on Articles 3, 4, and 5 of Law No. 8 of 2010, the elements of the crime of money laundering are:

1. The existence of assets that are known or reasonably suspected to be the result of a criminal act.
2. Perpetrator do actions certain (hide, transfer, divert, or use).
3. The goal is to disguise the origins of the wealth.

#### B. Money Laundering Stages

In practice, money laundering is carried out in three stages: Placement, The placement of criminal proceeds into the financial system. At this stage, the perpetrator deposits the ill-gotten funds into a legitimate financial institution, often in the form of a bank deposit. This is the most horrific stage of

the process. laundering because it involves large amounts of cash that are quite conspicuous and banks are required to report high-value transactions. Layering, the movement of funds through multiple transactions to make their origin difficult to trace. This stage involves sending money through various financial transactions to alter its form and make it difficult to trace. Layering can include multiple bank transfers, wire transfers between different accounts under different names in different countries, making deposits and withdrawals to continuously change the amount of money in an account, changing the currency of the money, and purchasing high-value items such as boats, houses, cars, or diamonds to alter the form of the money. This is the most complex step in a money laundering scheme and all of these efforts make it difficult to trace the origin and destination of the proceeds of crime. Integration, the reuse of "laundered" funds into legitimate economic activities. This is the stage of reintegrating the dirty money after going through the placement or layering stages above, which is then used in various legal activities. In this way, it will appear that the current activities are unrelated to previous illegal activities, and it is at this stage that the dirty money is laundered. At this stage, the money re-enters the mainstream economy in a form that appears legitimate, appearing to originate from legal transactions.

**B. Legal Basis**

Law enforcement against money laundering crimes is regulated in several laws and regulations, including:

1. Law No. 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes.
2. Law No. 8 of 2002 concerning

Money Laundering (has been revoked).

3. Criminal Procedure Code (Law No. 8 of 1981).
4. Law No. 2 of 2002 concerning the Indonesian Police.

Law No. 16 of 2004 in conjunction with Law No. 11 of 2021 concerning the Indonesian Attorney General's Office.

## **2.2. The Role of PPATK in the Prevention and Eradication of Money Laundering**

The Financial Transaction Reports and Analysis Center (PPATK) is the central institution (focal point) that coordinates the implementation of efforts to prevent and eradicate money laundering in Indonesia. Internationally, PPATK is a Financial Intelligence Unit (FIU) tasked with receiving financial transaction reports, analyzing them, and forwarding the results to law enforcement agencies. The PPATK institution was first recognized in Indonesia in Law Number 15 of 2002 concerning the Crime of Money Laundering which was enacted on April 17, 2002. On October 13, 2003, the Law was amended by Law No. 25 of 2003 concerning Amendments to Law No. 15 of 2002 concerning the Crime of Money Laundering. In order to provide a stronger legal basis for preventing and eradicating the crime of money laundering, on October 22, 2010, Law No. 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering was enacted, replacing the previous Law. The existence of Law No. 8 of 2010 strengthens the existence of The PPATK is an independent institution and free from interference and influence from any authority. Therefore, any person is prohibited from interfering in any way

with the implementation of the PPATK's duties and authorities. and tracing and returning assets resulting from criminal acts. Money laundering is an effort to hide or disguise the origin of assets obtained from criminal acts committed in the territory of the Republic of Indonesia or outside the territory of the Republic of Indonesia. In order to prevent and eradicate the crime of money laundering in Indonesia, there are two (2) methods that can be used, namely:

1. Establishment of PPATK (Financial Transaction Reports and Analysis Center).
2. Implementation of the Know Your Customer Principle

The establishment of this body, namely PPATK, is important, because the problems of money laundering crimes are quite serious, complex and transnational in scale, namely crossing the boundaries of agencies or institutions, organizations, and the boundaries of state jurisdiction or are transnational and international. This institution has an independent institution, which is free from political interference such as State Institutions, State Administrators and other parties, and in carrying out its duties is obliged to reject such interference from any party. This principle can be interpreted from the provisions of Article 37 which states that what is meant by 'independent' is free from intervention from any party. To be more convincing, this Law also emphasizes in the next paragraph that this institution is represented by the head and deputy head to reject interference from other parties.

If we read the provisions of Article

37 above, it is clear that the PPATK is an autonomous institution. As an autonomous institution, this body has full capacity to represent itself both in and out of court, this is stated in Article 28. In matters related to civil status or the interests of the household budget of its institution, this body has full status to represent itself, both in court and in other matters. As stated at the beginning of the discussion about PPATK, PPATK is an institution that aims to prevent and eradicate the crime of money laundering, so it can be said that PPATK actually plays a key role in the mechanism for eradicating money laundering in Indonesia. Why is it said that the Financial Transaction Reports and Analysis Center (PPATK) plays a key role in the mechanism for eradicating money laundering in Indonesia? This is because if the PPATK does not carry out its functions, meaning it is passive, or does not carry out its functions properly, the effective implementation of this law will not be achieved. The PPATK was established by the Money Laundering Law. The PPATK is an independent institution under the President of the Republic of Indonesia, as authorized by Law No. 8 of 2010. This institution has the following functions:

1. Prevent and eradicate the crime of money laundering.
2. Managing data and information obtained by PPATK.
3. Monitoring the compliance of the reporting party.

PPATK is an 'administrative model' which is an independent institution that is responsible to the President. The establishment of PPATK is stated in Article 18 paragraph (1) of Law No. 15 of 2002 in

conjunction with Law No. 25 of 2003 concerning the Crime of Money Laundering, the full text of which is as follows:

### **2.3.(1). In order to prevent and eradicate the crime**

of money laundering, this Law establishes the Financial Transaction Reports and Analysis Center (PPATK). The main task of PPATK is to 'assist law enforcement in preventing and eradicating the crime of money laundering and other serious crimes by providing intelligence information resulting from analysis of reports submitted to PPATK'. The Authority and Role of the Police in Money Laundering Crimes The Indonesian National Police (Polri) is a law enforcement agency with a central role in the criminal justice system. This is regulated in Articles 2 and 13 of Law Number 2 of 2002 concerning the Indonesian National Police, which affirms that the Polri tasked with maintaining public security and order, enforcing the law, and providing protection and services to the community. In relation to money laundering, Law Number 8 of 2010 serves as the primary legal framework. Article 74 of this law stipulates that money laundering investigations can be conducted by the Indonesian National Police (Polri), the Prosecutor's Office, or investigators of predicate crimes. This means that the Indonesian National Police (Polri) not only handles conventional crimes but is also directly mandated to investigate complex financial crimes, such as money laundering. This is crucial because money laundering is not a standalone crime but is closely related to predicate crimes, such as corruption, narcotics, human trafficking, and terrorism. Therefore, the Indonesian National Police's authority in handling money laundering cannot be separated from its role in investigating these predicate crimes.

The Role of the Police in the Investigation and Prosecution Stages: As the primary investigator, the Indonesian National Police (Polri) has the

authority to conduct investigations, indictments, and even bring cases to the prosecution stage, together with the Prosecutor's Office. Their key roles include:

#### a. Gathering Initial Evidence

The Indonesian National Police (Polri) has the authority to seek preliminary evidence related to the flow of funds suspected of originating from criminal acts. This evidence includes banking documents, financial transactions, PPATK reports, and witness statements.

#### b. Follow the Money Technique

In money laundering cases, the Indonesian National Police uses a "follow the money" approach, which involves tracing the flow of financial transactions to identify perpetrators, intermediaries, and those who benefit from the crime.

#### c. Asset and Account Examination

Indonesian National Police investigators can request banking information or block the perpetrator's accounts with court permission. This is done to prevent the transfer of assets abroad or to third parties. Asset Confiscation The Indonesian National Police (Polri) has the authority to confiscate assets suspected of being the proceeds of crime. This confiscation is not only for evidentiary purposes but also for asset recovery purposes. Apart from its repressive role, the Indonesian National Police also plays a role in the preventive aspect.

Some of the steps taken include:

#### a. Socialization and Education

The police are conducting outreach to the public and financial institutions about the dangers of money laundering, as well as the importance of complying with reporting suspicious transactions to the PPATK.

#### b. Monitoring of Illegal Financial Activities

The Indonesian National Police (PPATK) together with the Financial Transaction Reports and Analysis Center (PPATK)

monitor the activities of banks, cooperatives, and non-bank financial institutions to detect money laundering practices early.

c. International Cooperation

Because money laundering often involves cross-border activities, the Indonesian National Police (Polri) collaborates with Interpol, ASEANAPOL, and the Financial Action Task Force (FATF) to strengthen the mechanisms for preventing and eradicating money laundering.

One key element in handling money laundering (TPPU) is inter-agency cooperation. The Indonesian National Police (Polri) cannot work alone due to the complex nature of this crime. The Indonesian National Police (Polri) actively coordinates with:

a. PPATK (Financial Transaction Reports and Analysis Center)

The Financial Transaction Reports and Analysis Center (PPATK) is the primary source of data on suspicious financial transactions. Reports received by the PPATK are analyzed and submitted to the National Police for investigation.

b. Prosecutor's Office

During the prosecution stage, the National Police must coordinate closely with the Prosecutor's Office to ensure that the evidence and case files are complete.

Financial and Banking Institutions

#### **2.4. The Role of the Prosecutor's Office in Money Laundering Crimes**

The Prosecutor's Office plays a highly strategic role in handling Money Laundering (TPPU) cases, given that it is empowered not only to act as a public prosecutor but also as an investigator. Pursuant to Article 74 of Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering (TPPU), investigations can be conducted by

investigators of predicate crimes, including the Prosecutor's Office. This places the prosecutor in a dual role: investigating suspicious cash flows while ensuring evidence is presented in court. During the prosecution phase, the Prosecutor's Office plays a key role in compiling indictments linking the predicate crime to the perpetrator's attempts to conceal or disguise the origins of their assets. This role requires in-depth financial analysis skills, as TPPU generally involves cross-account transactions, the use of multiple identities, and the transfer of funds overseas.

During the prosecution phase, the Prosecutor's Office plays a role in drafting the indictment and presenting evidence demonstrating a close link between the predicate crime and the perpetrator's efforts to conceal or disguise the origin of the assets. Prosecutors are required to be able to interpret transaction patterns, the use of multiple identities, and the transfer of funds to offshore accounts. The complexity of money laundering cases requires prosecutors to possess financial analysis skills, as these crimes often exploit banking systems and investment instruments. The primary challenge for prosecutors in money laundering cases is proving the case, as "laundered" money typically passes through multiple layers of transactions, making it difficult to trace. Therefore, prosecutors must not only... play a formal role as a prosecutor, but must also be a legal financial analyst.

Furthermore, the prosecutor's office plays a crucial role in the execution of court decisions. Money laundering (TPPU) cases typically result in judgments that confiscate or seize assets for the state. The prosecutor's office, as the executor, ensures

that assets proven to have originated from criminal activity do not return to the perpetrators. The prosecutor's office's success in asset recovery is not only crucial for upholding justice but also for preventing perpetrators from enjoying the proceeds of their crimes and providing a deterrent effect. Furthermore, the execution of money laundering (TPPU) decisions also plays a role in strengthening the country's economic system, as assets obtained from crime can be returned to the state treasury or used for public purposes. The Prosecutor's Office also plays a coordinating role with other institutions, particularly the Financial Transaction Reports and Analysis Center (PPATK), the Police, and the Corruption Eradication Commission (KPK). In practice, prosecutors often require reports of suspicious transaction analysis results from the PPATK as sufficient preliminary evidence. This coordination strengthens the prosecutor's position in court because it demonstrates inter-agency integration in eradicating money laundering. The success of money laundering law enforcement cannot be separated from "synergy among law enforcement officials, particularly in sharing data and financial intelligence analysis." Thus, it can be concluded that the Prosecutor's Office's role in money laundering is comprehensive, ranging from investigations and prosecutions to execution of decisions, all the way to cross-agency coordination. In addition, PPATK is obliged to reject and/or ignore any interference from any party in the implementation of its duties and authorities.

The Financial Transaction Reports and Analysis Center (PPATK) is directly responsible to the President of the Republic of Indonesia. As a form of accountability, the PPATK prepares and submits periodic

reports on the implementation of its duties, functions, and authorities every 6 (six) months to the President and the House of Representatives. Efforts to prevent and eradicate money laundering crimes use a "follow the money" approach to prevent and eradicate crime. This approach involves various parties (known as the Anti-Money Laundering Regime), each of which has a significant role and function, including the Reporting Party, Supervisory and Regulatory Institutions, Law Enforcement Agencies, and other related parties.

In addition, to support the effective implementation of efforts to prevent and eradicate money laundering crimes in Indonesia, through Presidential Regulation No. 6 of 2012 dated January 11, 2012, the establishment of the National Coordination Committee for the Prevention and Eradication of Money Laundering Crimes (TPPU Committee) has been established, chaired by the Coordinating Minister for Political, Legal and Security Affairs with the Deputy Coordinating Minister for Economic Affairs and the Head of PPATK as the Committee's secretary. Other members of the TPPU Committee are the Minister of Foreign Affairs, the Minister of Home Affairs, the Minister of Law and Human Rights, the Minister of Finance, the Chief of the Indonesian National Police, the Attorney General, the Head of BIN, the Governor of Bank Indonesia, the Head of BNPT and the Head of BNN. This committee is tasked with coordinating the handling of prevention and eradication of money laundering crimes.

Beyond the domestic context, the PPATK actively utilizes coordination and collaboration with other FIUs and international forums such as the Egmont Group. These collaborations are undertaken by the PPATK, given that

money laundering is a crime committed using multidisciplinary knowledge, technological advancements, and transcends borders.

The Anti-Money Laundering approach is an approach that complements the conventional approach that has been carried out so far in Combating crime. This approach offers several advantages and breakthroughs in uncovering crimes, pursuing the proceeds of crime, and proving them in court. The PPATK and the Anti-Money Laundering Regime ultimately aim to maintain financial stability and integrity and assist law enforcement efforts to reduce crime rates. We aim to create a PPATK website as a means of accountability for PPATK's performance to the public and stakeholders. We fully understand the importance of this approach: accountability and the public's ability to participate in monitoring PPATK's performance. Second, it serves as a means of outreach, communication, and education for the public and stakeholders to support measures to prevent and eradicate money laundering. Public and stakeholder participation is crucial in supporting the PPATK's efforts to combat crime using a "follow the money" approach, which ultimately aims to maintain financial system stability and reduce crime rates.

The role of PPATK in preventing and eradicating the crime of money laundering is as an effort to prevent and eradicate the crime of money laundering in Indonesia, among other things, by passing laws that prohibit and punish perpetrators of these crimes as stated in the law on the crime of money laundering.

In Law No. 8 of 2010 concerning the Prevention and Eradication of the Crime of Money Laundering in the 'considerations' in the "Considering" section, it is stated that the

consideration for the creation and enactment of this Law is because the crime of money laundering not only threatens the stability of the economy and the integrity of the financial system, but can also endanger the foundations of social, national and state life based on Pancasila and the 1945 Constitution of the Republic of Indonesia. The prevention and eradication of the crime of money laundering, as further stated in the "considering" section, requires a strong legal basis to guarantee legal certainty, the effectiveness of law enforcement,

#### IV. CONCLUSION AND SUGGESTIONS CONCLUSION

Money laundering is a complex crime that exploits the financial system to disguise the origins of criminal assets. This study aims to analyze the law enforcement mechanisms for money laundering in Indonesia based on Law Number 8 of 2010. The main focus of the study is to review the strategic roles of the Financial Transaction Reports and Analysis Center (PPATK), the Police, and the Prosecutor's Office in the law enforcement chain. Using normative legal research methods, the study results indicate that the effectiveness of money laundering eradication depends on a follow-the-money approach. PPATK functions as financial intelligence, the Police as the main investigator, and the Prosecutor's Office as both prosecutor and asset executor. The synergy between these three institutions is crucial to ensure maximum state asset recovery. Conclusion

Money laundering is a form of organized crime that not only harms the national economy but also threatens the stability of the financial system and the very foundations of social life. Based on the discussion, it can be concluded that:

1. Money laundering is carried out to disguise the origins of assets resulting from criminal acts so that they appear legitimate and legal.
2. Efforts to eradicate money laundering (TPPU) in Indonesia have a strong legal basis through Law Number 8 of 2010 and involve special institutions such as the PPAK.
3. The police have significant powers in investigations, inquiries, and asset seizures, using a "follow the money" approach to trace the flow of illegal funds.
4. The Prosecutor's Office not only acts as a public prosecutor, but also as an investigator, and has a role in executing court decisions regarding the confiscation of assets resulting from crime.

#### SUGGESTION

1. The government needs to strengthen regulations and update legal instruments to be able to keep up with the increasingly complex and cross-border developments in money laundering crime modes.
2. The Police and Prosecutors need to increase the capacity of human resources in the field of forensic financial analysis to facilitate the tracing of assets resulting from crime.
3. The Financial Transaction Reports and Analysis Center (PPATK), the Indonesian National Police (Polri), and the Prosecutor's Office (KPK) must strengthen coordination and share financial intelligence data to expedite the investigation process.
4. There is a need for more intensive international cooperation, especially in the context of information exchange and

cross-border asset tracking.

The public needs to be educated about the dangers of money laundering and the importance of reporting suspicious financial transactions. dalam pembentukan hukum nasional.

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