



Money Laundering in Terrorism Financing: Transnational Crime Context

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Abstract

Even though currently many have set various policies to prevent and eradicate money laundering and terrorism, in reality these two criminal acts still occur frequently. This research wants to take a deeper look at the crime of money laundering in terrorism financing based on a review of transnational crime. The aims of this research, namely to analyze money laundering and terrorism financing involved in transnational crime and to identify money laundering law enforced in terrorism financing. This research is normative legal research that uses a statutory approach. The purpose of this research is to find intersection between money laundering and terrorism financing involved in transnational crime and to analyses money laundering law enforced in terrorism financing. The result of this research is the intersection between money laundering and terrorism lies in their mutual violation of law and potential to cause widespread harm is an act that violates the law and harms many people. Terrorism and other criminal acts related to terrorism are a form of transnational organized crime, because they involve complex international networks. Various efforts to eradicate money laundering, especially at the international level related to terrorism, were carried out by member countries of the Organization for Economic Co-operation and Development (OECD).

Keywords:

Terorisme; Pencucian Uang;
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Abstrak

Meskipun saat ini banyak yang telah menetapkan berbagai kebijakan untuk mencegah dan memberantas pencucian uang dan terorisme, pada kenyataannya kedua tindakan kriminal ini masih sering terjadi. Penelitian ini ingin menelaah lebih dalam kejahatan pencucian uang dalam pendanaan terorisme berdasarkan tinjauan kejahatan transnasional. Tujuan penelitian ini adalah untuk menganalisis pencucian uang dan pendanaan terorisme yang terlibat dalam kejahatan transnasional dan untuk mengidentifikasi hukum pencucian uang yang diterapkan dalam pendanaan terorisme. Penelitian ini merupakan penelitian hukum normatif yang menggunakan pendekatan hukum perundang-undangan. Tujuan penelitian ini adalah untuk menemukan titik temu antara pencucian uang dan pendanaan terorisme yang terlibat dalam kejahatan transnasional dan untuk menganalisis hukum pencucian uang yang diterapkan dalam pendanaan terorisme. Hasil penelitian ini menunjukkan bahwa titik temu antara pencucian uang dan terorisme terletak pada pelanggaran hukum timbal balik dan potensi untuk menimbulkan kerugian yang meluas, yaitu suatu tindakan yang melanggar hukum dan merugikan banyak orang. Terorisme dan tindakan kriminal lainnya yang terkait dengan terorisme merupakan bentuk kejahatan terorganisir transnasional, karena melibatkan jaringan internasional yang kompleks. Berbagai upaya untuk memberantas pencucian uang, terutama di tingkat internasional yang terkait dengan terorisme, telah dilakukan oleh negara-negara anggota Organisasi untuk Kerja Sama Ekonomi dan Pembangunan (OECD).

1. Introduction

The progression of technology and science has facilitated societal improvement while simultaneously permitting more intricate criminal endeavors, such as money laundering.¹ The basic goal of money laundering is to make assets obtained through illegal means seem legitimate by hiding their illegal origins. As a derivative and continuing crime, money laundering cannot occur independently; it always involves proceeds generated from underlying criminal conduct. Usually, the laundering process consists of a sequence of

¹ Winda Nur Azizah, & Dinie, and Anggraeni Dewi, "Perkembangan Ilmu Pengetahuan Dan Teknologi Dapat Mempengaruhi Gaya Anak Muda Dan Etika Pancasila Pada Masyarakat Indonesia," *Jurnal Kewarganegaraan* 6, no. 1 (2022): 1426–31.

financial transactions intended to conceal the illicit funds' initial source and make it easier for them to be incorporated into the legitimate financial system.² Money laundering is closely related to other crimes. According to the Indonesia National Risk Assessment on Money Laundering 2021 study, which PPATK released in early 2023, there are several kinds of businesses that are likely to engage in money laundering. In Indonesia, four corporate activities—car dealers, real estate companies, commercial banks, and foreign exchange (forex) trading—have a significant risk of money laundering, according to research findings.³

Law number 8 of 2010 concerning Prevention and Eradication of the Crime of Money Laundering, along with other statutory laws, serve as the legal foundation for money laundering.⁴ According to these rules, those who commit money laundering typically attempt to hide their assets so that it is challenging to determine which ones are the result of illegal activity. The procedure that money laundering activities often go through is undoubtedly difficult and expensive. The practice of money laundering is increasingly difficult to carry out due to developments in technology and finance, but the forms and patterns of money laundering carried out by perpetrators are also increasingly developing.⁵

According to one idea, money laundering cannot occur in the absence of a fundamental criminal or predicate offense.⁶ With the existence of a predicate crime, disclosure money laundering is also disclosure of a predicate crime. Of the many criminal acts that can be used as a predicate offense, terrorism is one of them that is closely related to money laundering, especially on an international scale. Law Number 15 of 2003 concerning Stipulation of Government Regulations in lieu of Law Number 1 of 2002 concerning Eradication of Criminal Acts of Terrorism governs terrorism in Indonesia.⁷ Based on this regulation, activities that are included in terrorism include acts that include the procurement of funds/property with the aim of being used to commit a criminal act of

² Joni Emirzon, "Bentuk Praktik Dan Modus Tindak Pidana Pencucian Uang," Jurnal KPK, 2017, https://jurnal.kpk.go.id/Dokumen/SEMINAR_ROADSHOW/Bentuk-praktik-dan-modus-tpu-Joni-Emirzon.pdf.

³ Adi Ahdiat, "Jumlah Vonis Hukuman Mati Di Indonesia Berdasarkan Jenis Kejahatan (2021)," <https://databoks.katadata.co.id/datapublish/2023/02/13/berapa-banyak-orang-yang-divonis-hukuman-mati-di-indonesia>, 2023.

⁴ Romli Atmasasmita, "Artikel Kehormatan: Analisis Hukum Undang-Undang Nomor 8 Tahun 2010 Tentang Pencegahan Dan Pemberantasan Tindak Pidana Pencucian Uang," *PADJADJARAN Jurnal Ilmu Hukum (Journal of Law)* 3, no. 1 (2016): 1–23, <https://doi.org/10.22304/pjih.v3n1.a1>.

⁵ Pusat Pelaporan dan Analisis Transaksi Keuangan, "Tipologi Pencucian Uang Berdasarkan Putusan Pengadilan Perkara Pencucian Uang Tahun 2016" *Laporan Hasil Riset Tim Riset PPATK* (Jakarta: Pusat Pelaporan dan Analisis Transaksi Keuangan, 2016).

⁶ Yenti Garnasih, "Tindak Pidana Pencucian Uang: Dalam Teori Dan Praktik," in *Seminar Dalam Rangka Musyawarah Nasional Dan Seminar Mahupiki, Prosiding Munasena Mahupiki*, 2013.

⁷ M. Zen Abdullah, "Analisis Yuridis Terhadap Undang- Undang Nomor 15 Tahun 2003 Jo Undang- Undang Nomor 5 Tahun 2018 Tentang Pemberantasan Tindak Pidana Terorisme Dalam Hubungan Dengan Hak Azasi Manusia," *Legalitas: Jurnal Hukum* 13, no. 1 (2021): 26, <https://doi.org/10.33087/legalitas.v13i1.246>.

terrorism.⁸ Meanwhile, the crime of financing terrorism is regulated in Law Number 9 of 2013 concerning Terrorism Financing.⁹ Among other things, unlawful acts of receiving, possessing, using, handing over, altering, or disposing of nuclear materials, chemical weapons, biological weapons, radiology, microorganisms, radioactivity, or its components that cause or may cause death, serious injury, or property damage are explained in this law's article 12.¹⁰

Based on data released by PPAATK, there are at least 412 people and 114 units (in the form of bodies or foundations) who are included in the List of Suspected Terrorism and Terrorist Organizations (DTTOT),¹¹ and with numbers that endanger and threaten the nation's security, Indonesia is classified as a country in the circle of terrorism, both terrorism and financing terrorism. Terrorism financing is a financial crime that can threaten not only state security, but also threaten the state's financial stability. Furthermore, because financial institutions offer a wide range of transaction choices for criminals to use in committing their crimes, they are extremely susceptible to potential as a means of money laundering and terrorism financing.¹²

Terrorism and other criminal acts related to terrorism are transnational organized crimes, because these criminal acts involve complex international networks. The view of the terrorism as a transnational criminal act has been expressed in Law Number 5 of 2009 concerning Legalization United Nation Convention Against Transnational Crime.¹³ It is stated that, "terrorist financing is cross-border in nature so prevention and eradication efforts are carried out by involving Financial Service Providers, law enforcement officials, and international cooperation to detect the existence of a flow of funds that is used or suspected of being used for terrorist financing".¹⁴

⁸ Wenda Hartanto, "ANALISIS PENCEGAHAN TINDAKPIDANA PENDANAAN TERORIS PADA ERA MASYARAKAT EKONOMI ASEAN," *Jurnal Legislasi Indonesia* 3, no. 4 (2016): 380-90, <https://doi.org/10.54629/jli.v13i4.90>.

⁹ Wilenda Yudha Pratama Afjan and Hayat Hayat, "Implementasi Peraturan Daerah No 9 Tahun 2013 Tentang Penanganan Anak Jalanan, Gelandangan Dan Pengemis (Studi Pada Dinas Sosial Kota Malang)," *Journal Publicuho* 6, no. 2 (2023): 549-59, <https://doi.org/10.35817/publicuho.v6i2.156>.

¹⁰ Christi H. Marpaung, "Pengaturan Tindak Pidana Pendanaan Terorisme Dalam Undang-Undang Nomor 9 Tahun 2013 Tentang Pencegahan Dan Pemberantasan Tindak Pidana Pendanaan Terorisme," *Lex Crimen* 7, no. 10 (2013): 64-66.

¹¹ Daftar Terduga Terorisme dan Organisasi Teroris Nomor: DTTOT/P-10F/15/III/RES.6.1/2021, ditandatangani oleh Kadensus 88 AT, <https://www.ppatk.go.id/backend/assets/uploads/20220405142638.pdf>, (Accessed on 1 October, 2023)

¹² Bank Indonesia, "Anti Pencucian Uang Dan Pencegahan Pendanaan Terorisme," 2023, <https://www.bi.go.id/id/fungsi-utama/sistem-pembayaran/anti-pencucian-uang-dan-pencegahan-pendanaan-terorisme/default.aspx>.

¹³ Ekho Jamaluddin P Nalole and Iin Karita Sakharina, "Upaya Pemerintah Indonesia Dalam Memberantas Transnasional," *JURNAL ILMIAH PUBLIKA* 4, no. 1 (2023): 196-207.

¹⁴ Raynaldo Sembiring and Wenni Adzkie, "Memberantas Kejahatan Atas Satwa Liar: Refleksitas Penegakan Hukum Undang-Undang Nomor 5 Tahun 1990," *Jurnal Hukum Lingkungan Indonesia* 2, no. 2 (2021): 49-72.

In an effort to overcome money laundering in the financing of terrorism, most countries are increasing international cooperation in terms of exchanging financial information, such as cooperation with international financial institutions, namely the Financial Action Task Force (FATF). In order to eliminate money laundering, terrorist funding, and other risks to the integrity of the global financial system, the FATF, an intergovernmental organization established during the 1989 G7 summit in Paris, seeks to establish guidelines and advance national and international laws. Indonesia is dedicated to combating and eliminating terrorism and money laundering, and it works to implement the 40 international recommendations set forward by the Financial Action Task Force.¹⁵

Money laundering and the financing of terrorism are serious threats to the country, especially in terms of global security. Therefore, efforts are needed to prevent and stop this practice. Money laundering and terrorism are still common crimes, despite the fact that many rules have been put in place to prevent and remove them. According to the Transnational Crime Review, the author wishes to examine the crime of money laundering in terrorist financing in greater detail based on the background information provided above. So, the following is the formulation of the problem that raises, namely how is money laundering and terrorism financing involved in transnational crime? And how is money laundering law enforced in terrorism financing? This research is normative legal research that uses a statutory approach.

This research has just been conducted. As can be seen, this research is different from previous research. As in research conducted by Vidyata Annisa Anafiah¹⁶ their research relates to terrorism funding which originating from wild plants and animals, while in this research relates to terrorism funding originating from money laundering, which money laundering and terrorism are forms of transnational crime. This research is also different from research conducted by Muhammad Ridho Fadli, Budi Bahreisy, Nasrianti N.¹⁷ This is because this research discusses terrorism and money laundering as transnational crimes. While their research by Muhammad Ridho Fadli, Budi Bahreisy, Nasrianti N is related to criminal liability for perpetrators of terrorism financing crimes through anti-money laundering instruments.

Related research was also conducted previously by Imam Subandi dan Adji Samekto.¹⁸ However, what was done by Imam Subandi and Adji Samekto related to terrorism funding from hawala funding. While this research is related to terrorism funding from money

¹⁵ Keuangan, "Tipologi Pencucian Uang Berdasarkan Putusan Pengadilan Perkara Pencucian Uang Tahun 2016" *Laporan Hasil Riset Tim Riset PPAATK*.

¹⁶ Vidyata Annisa Anafiah, "Risiko Pencucian Uang Dan Pendanaan Terorisme Dari Kejahatan Tumbuhan Dan Satwa Liar (TSL)," *AML CFT Journal* 1, no. 1 (2022): 15-32.

¹⁷ M Ridho Fadli and Budi Bahreisy, "Jurnal Ilmiah Mahasiswa Fakultas Hukum (JIM FH) PERTANGGUNG JAWABAN PIDANA TERHADAP PELAKU TINDAK PIDANA PENDANAAN TERORISME MELALUI INSTRUMEN ANTI MONEY LAUNDERING," *Jurnal Ilmiah Mahasiswa Fakultas Hukum (JIM FH)* 5, no. 2 (2022): 175-86, <http://www.fatfgafi.org/publications/highriskandnoncooperativejurisdictions/documents/fatfstatement->

¹⁸ Imam Subandi and Adji Samekto, "Pengaruh Transaksi Hawala Terhadap Tindak Pidana Terorisme Di Indonesia," *Masalah-Masalah Hukum* 47, no. 3 (2018): 268, <https://doi.org/10.14710/mmh.47.3.2018.268-281>.

laundering. In addition, research related to terrorism funding from money laundering was conducted by Luthfiyah Trini Hastuti. However, this research is different from research by Imam Subandi and Adji Samekto, because their research discussed aspects of preventing terrorism funding from money laundering. While this research discusses transnational aspects. Articles related to preventing money laundering crimes were also conducted by Fransiscus X Watkat et al,¹⁹ but the research is not associated with terrorism. So of course, their research is different from our research which discusses money laundering as terrorism financing. The article related to the crime of money laundering was also done by Rizki Dwi Putra et al.²⁰ However, the research by Rizki Dwi Putra was not associated with terrorism. So of course, the research by Rizki Dwi Putradifferent from this research which discusses money laundering as terrorism funding.

Research related to terrorism funding was also conducted by Ilmi Vediani. However, this research is different from the research conducted by Ilmi Vediani.²¹ This is because our research discusses terrorism funding from money laundering crimes. While the research of Ilmi Vediani discusses terrorism funding from the implementation of Customer Due Diligence (CDD) through banking. In addition, this study is also different from the research conducted by Ali Imron and Sella Yulianti.²² This is because their research only discussed money laundering, while this research discusses not only money laundering but also terrorism financing.

This research is also different from previous research conducted by Ali Geno Berutu.²³ This is because the research discusses the financing of terrorism from money laundering crimes. While their research discusses the crime of money laundering in the perspective of the Criminal Code and Islamic criminal law. In addition, this research is also different from the study conducted by Luthfi Hafidz Rafsanjani.²⁴ This is because their research discusses the concept of reversed proof as a strategy for preventing and eradicating money laundering in the capital market sector for financing terrorism. While this research discusses not only

¹⁹ Fransiscus X Watkat, Muhammad Toha Ingratubun, and Muhammad Hafiz Ingsaputro, "Pencegahan Tindak Pidana Pencucian Uang Melalui Penerapan Prinsip Customers Due Diligence Oleh Lembaga Perbankan Di Indonesia," *Jurnal Hukum Ius Publicum* 4, no. 2 (2023): 134-62, <https://doi.org/10.55551/jip.v4i2.76>.

²⁰ Rizki Dwi Putra et al., "Pencegahan Dan Pemberantasan Tindak Pidana Pencucian Uang Dalam Perbankan," *Al-Zayn: Jurnal Ilmu Sosial & Hukum* 2, no. 1 (2024): 70-80, <https://doi.org/10.61104/alz.v2i1.205>.

²¹ Ilmi Vedian, "Penerapan Costumer Due Dilligence (CDD) Dalam Pencegahan Pendanaan Terorisme Melalui Perbankan," *Dialogia Iuridica: Jurnal Hukum Bisnis Dan Investasi* 7, no. 2 (2017): 74, <https://doi.org/10.28932/di.v7i2.717>.

²² Ali Imron and Sella Yuliat, "PENEGAKAN, PENCEGAHAN DAN PEMBERANTASAN TINDAK PIDANA PENCUCIAN UANG ATAS NATIONAL RISK ASSESSMENT," *Jurnal Surya Kencana Dua : Dinamika Masalah Hukum Dan Keadilan* 6, no. 1 (2019): 682-711.

²³ Ali Geno, "Tindak Pidana Kejahatan Pencucian Uang (Money Laundering) Dalam Pandangan KUHP Dan Hukum Pidana Islam," *TAWAZUN : Journal of Sharia Economic Law* 2, no. 1 (2019): 1-18, <https://doi.org/10.21043/tawazun.v2i1.5223>.

²⁴ Luthfi Hafidz Rafsanjani, "Konsep Pembuktian Terbalik Sebagai Strategi Pencegahan Dan Pemberantasan Tindak Pidana Pencucian Uang Pada Sektor Pasar Modal Untuk Sarana Pendanaan Terorisme," *Ikatan Penulis Mahasiswa Hukum Indonesia Law Journal* 1, no. 2 (2021): 130-41, <https://doi.org/10.15294/ipmhi.v1i2.53264>.

the reversed proof of money laundering but also the issue of terrorism financing as a transnational crime.

So it can be concluded from various research on the theme of money laundering, there has been no research that discusses the funding of money laundering for terrorism in the perspective of transnational crime. Thus, the gap in this research is on transnational crime, which is the form of transnational crime, namely money laundering and terrorism.

2. Research Methods

This study adopts a normative legal research method with a transnational crime perspective to examine money laundering as a core mechanism in terrorism financing. The research primarily employs a statutory and conceptual approach by analyzing international legal instruments. The study relies on primary legal materials, including international conventions, national legislation, and judicial decisions, as well as secondary sources such as scholarly books, peer-reviewed journal articles, and reports from international organizations, which are examined through systematic document analysis. The collected legal materials are analyzed using qualitative legal analysis.

3. Discussion

3.1 Elements of Money Laundering and Terrorism Financing

According to Sultan Remy, money laundering is the action of a person or organization that hides the origin of illicit money that originated from a criminal conduct and is transformed into legal money by being inserted into the financial system.²⁵ Money laundering is defined as any activity that satisfies the requirements of a criminal conduct in line with the terms of Law Number 8 of 2010 concerning Prevention and Eradication of Money Laundering, Article 1, Paragraph 1.²⁶ In order to prevent law enforcement from discovering the proceeds of crime and to allow the gains to be used for personal expenses as well as for services like funding, a person who conceals assets acquired from the proceeds of crime is engaging in money laundering.²⁷

The nation's economic stability, the credibility of the financial system, and, of course, national security are all at risk due to the crime of money laundering, which is linked to other crimes like financing terrorism. These two criminal acts also involve financial service providers. Technology advancements and the range of services offered by financial institutions have made it simpler for money launderers to carry out their operations. They

²⁵ Sutan Remy Sjahdeni, *Pertanggungjawaban Pidana Korporasi* (Jakarta: Grafiti Press, 2006).

²⁶ Emirzon, "Bentuk Praktik Dan Modus Tindak Pidana Pencucian Uang."

²⁷ Alfa N et al., "Pola Kejahatan Dalam Pendanaan Terorisme," 2023, n.d., https://www.ppatk.go.id/siaran_pers/read/952/*.

can even conceal assets acquired through criminal activity and transfer them to another nation's jurisdiction.²⁸ In money laundering there are 3 stages, namely:²⁹

1. Replacement, namely efforts to deposit assets originating from crime into the financial system. This stage is the first step to separate the proceeds of criminal acts from their sources.
2. Layering, which is the process of moving money from many accounts to different locations in a convoluted arrangement in an effort to remove evidence of the funds' origin, is an attempt to conceal or mask the origin of assets acquired from the profits of a crime from the source of the crime.
3. Integration, which is the process of creating legitimate assets by layering and reusing the revenues of criminal activity. This stage is the final stage of the money laundering process and because it reuses the proceeds of criminal acts into legal economic activities. The perpetrator used the income from his crime without being suspected and subject to scrutiny.

The following components make up the crime of money laundering, according to the definition given in Law Number 8 of 2010 about the Prevention and Eradication of Money Laundering: Each individual; acts (financial transactions) that are intended to conceal or disguise the source of assets in their illicit form by passing them off as lawful assets; made up of money obtained through criminal activity.³⁰ More precisely, the Republic of Indonesia Law Number 8 of 2010 about the Prevention and Eradication of the Crime of Money Laundering mentions additional elements in paragraph (1) of Articles 3, 4, and 5:³¹

- a. Element of placing;
- b. Element of transferring;
- c. Element of spending;
- d. Element of paying;
- e. Element of hiding or disguising the origin of the source;
- f. Element of allocation, location, transfer of rights, or actual ownership of the assets;
- g. Elements of using assets that are known or reasonably suspected to be the result of a crime;
- h. Element of transferring;
- i. Element of donating;

²⁸ Perdana Novin Afiatno, "Analisis Yuridis Penerapan Anti Pencucian Uang Pencegahan Pendanaan Terorisme Dalam Peraturan Bank Indonesia Nomor 19/10/PBI/2017 (Studi Kasus Pada PT BNI SKayariah Cabang Bumi Serpong Damai, Tangerang Selatan)," *Rechtsregel Jurnal Ilmu Hukum* 2, no. 2 (2019): 601–15.

²⁹ Bank Indonesia, "Kajian Tipologi Tindak Pidana Pencucian Uang, Tindak Pidana Pendanaan Terorisme Dan Pendanaan Proliferasi Senjata Pemusnah Massal," 2021, <https://www.bi.go.id/id/publikasi/kajian/Documents/Kajian-Tipologi-Kasus-TPPU-TPPT-PPSPM-Tahun-2021.pdf>.

³⁰ Chyntia R. Hutagalung, "Kajian Yuridis Terhadap Korporasi Yang Melakukan Tindak Pidana Pencucian Uang Menurut Undang-Undang Nomor 8 Tahun 2010," *Lex Crimen IX*, no. 1 (2020): 1–23, <https://ejournal.unsrat.ac.id/index.php/lexcrimen/article/download/28531/27883>.

³¹ Kusnedi, "PENERAPAN UNSUR TINDAK PIDANA PENCUCIAN UANG YANG BERASAL DARI HASIL TINDAK PIDANA NARKOTIKA PADA TINGKAT PENYIDIKAN (Studi Pada BNNP Dan Ditresnarkoba Polda Sumbar)," *UNES Law Review* 2, no. 4 (2020): 1–23.

- j. Element of receiving or controlling the placement;
- k. Element of grant or donation;
- l. Element of exchange;
- m. Element of deposit;
- n. Element of taking abroad;
- o. Element of changing the form, exchanging with currency or securities or other actions on assets that are known or reasonably suspected to be the result of a crime.

Article 1 paragraph (2) of Law No. 5 of 2018 about the Eradication of Criminal Acts of Terrorism, on the other hand, lists acts that utilize violence or threats to instill fear or terror and result in large numbers of victims as elements of terrorism. If the attack targets public facilities, the environment, or important and strategic locations, it can be considered a criminal act of terrorism. According to this rule, violence can only be considered a terrorist act if it is committed with the intent to cause political, ideological, or security disruption.³² The following interpretation can be applied to the definition of the components of Law Number 15 of 2003's formulation:³³

- a. Violence or the fear of violence. According to Article 1 Number 4, "violence" refers to any criminal act of abusing physical force, with or without the use of weapons, that endangers a person's life, freedom, or body, including rendering them unconscious or powerless. In contrast, Article 1 Number 5 defines "threat of violence" as any deliberate conduct intended to serve as a warning or indicator of a situation that has the potential to instill fear in individuals or society as a whole.
- b. Additional components. generating mass casualties or fostering a generalized environment of fear or terror against people. The elements in question are defined as:
 - 1) Terror. The definition of terror is not provided by Law Number 15 of 2003. According to one interpretation of the language, specifically the Great Dictionary of the Indonesian Language, terror is defined as an individual or group's attempts to instill fear, horror, and cruelty.
 - 2) Important strategic items. Places, sites, or structures with extremely high economic, political, social, cultural, defense, and security values—including international facilities—are considered strategic important items under Article 1 Point 10.
 - 3) Public infrastructure. Public infrastructure are defined as locations that are utilized for the general public's advantage under Article 1 Number 11.
 - 4) Environmental harm or devastation. According to Article 6's explanation, environmental damage or destruction is defined as the contamination or destruction of the unity of space with all objects, power, conditions, and living things, including humans, and their behavior, which has an impact on the continuation of life and the well-being of both humans and other creatures. Intentionally releasing or disposing of materials, energy, and/or other hazardous or poisonous elements into the earth,

³² Miski Miski, "Tindak Pidana Terorisme Dalam Perspektif Hukum Pidana Islam Dan Hukum Positif," *Al-Mazaahib: Jurnal Perbandingan Hukum* 9, no. 1 (2021): 83, <https://doi.org/10.14421/al-mazaahib.v9i1.2367>.

³³ Agus Suparmono, "TINJAUAN YURIDIS TINDAK PIDANA TERORISME DI INDONESIA," *Journal of Law (Jurnal Ilmu Hukum)* 6, no. 1 (March 24, 2021): 189-105, <http://ejournal.untag-smd.ac.id/index.php/DD/article/view/5369>.

air, or surface water that endanger people or property is considered damage or destruction.

It is evident from the ingredients of terrorism and money laundering that the combination of these two crimes results in an act that is illegal and causes harm to a large number of individuals. After the money laundering process, the proceeds can also be used to refinance criminal activities, such as in the crime of financing terrorism. This proves that the elements of a crime can be interrelated. In addition, it shows that a crime can be the root of other crimes, such as money laundering which is the root of various other crimes such as terrorism. So that seriousness is needed from every aspect of law enforcement in dealing with all crimes that occur until they reach the root of the crime.

3.2 Transnational Dimension of Money Laundering and Terrorism

The money collected seems to be clean money and is used to finance terrorists through money laundering from the proceeds of crime. Member nations of the Organization for Economic Co-operation and Development (OECD) have undertaken a number of initiatives to combat money laundering, particularly at the global level in relation to terrorism. One such initiative was the creation of the Financial Action Task Force on Money Laundering (FATF) in 1989.³⁴

As a transnational crime, terrorism can result in jurisdictional disputes that impede international relations between nations when it comes to resolving cross-border criminal cases.³⁵ The UN general assembly has taken the initiative in holding an international conference discussing Transnational Organized Crime which was held in Palermo, Italy. The results of the day of negotiations agreed on the United Nations Convention Against Transnational Organized Crime (UNTOC). In a conference with the participation of more than 100 member countries, the fact emerged that these countries agreed that organized crime is everyone's problem and of course international cooperation is needed to solve.³⁶ As an effort to combat transnational crime, this convention requires countries to take action against money laundering and the financing of terrorism.

On January 12, 2009, Law Number 5 of 2009 concerning Ratification of the United Nations Convention Against Transnational Organized Crime was ratified and made a national law in Indonesia (State Gazette of the Republic Indonesia Number 5 of 2009, Supplement to the State Gazette of the Republic of Indonesia Number 4960). UNTOC has officially become Indonesian national legislation once it was legalized.³⁷ UNTOC mandates that member nations establish jurisdiction over crimes; in Indonesia, this is governed by the Criminal Code, including articles 2 through 9, which embody widely recognized concepts.

³⁴ Adjie Suradjie, *Terorisme* (Jakarta: Pustaka Sinar Harapan, 2005).

³⁵ Romli Atmasasmita, *Pengantar Hukum Pidana Internasional* (Bandung: Rafika Aditama, 2000).

³⁶ FY Hakim, "International Law Making," *Indonesian Journal of International Law* 4, no. 1 (2006): 143-45.

³⁷ I Wayan P, Ramelan, and Surastini F, *Kajian Tentang Kesenjangan Antara United Nations Convention Against Transnational Organized Crime Dengan Peraturan Perundang-Undangan Indonesia* (Jakarta: Dirjen Peratuan Perundang-undangan Kemenkumham, 2010).

Law Number 15 of 2003 for the Eradication of Criminal Acts of Terrorism is applied by laws other than the Criminal Code.³⁸

Although terrorists still typically employ cash for their various operations, the Indonesian Terrorist Financing Risk Assessment team has discovered multiple instances where terrorists have utilized banking services to finance their various operations. In 2016, Indonesia's financial services industry established the Financial Services Sector Coordination and Cooperation Forum (FKKSJK) for the Prevention of Money Laundering Crimes and/or Terrorism Financing Crimes in an effort to prevent and eradicate money laundering. membership in the financial services industry's FKKSJK Prevention of TPPU/TPPT. Through OJK Board of Commissioners Decree Number KEP-06/D.01/2016, the Chairman of the OJK Board of Commissioners has formally determined it.³⁹ There is a Financial Intelligence Unit group because money laundering and terrorism are transnational crimes that require international cooperation to eradicate. As a party to receive reports of suspected financial transactions linked to the financing of terrorism, the FIU plays a crucial role. The FIU is also involved in conducting analysis and sending data to the appropriate authorities so that the criminality phases of the investigation can proceed.⁴⁰

The Financial Transaction Reports and Analysis Center (PPATK), established in 2002 in accordance with Law Number 2 of 2002 concerning the Crime of Money Laundering, is the function of FIU in Indonesia. This mandate is stated in article 2 which states that PPATK is ordered to carry out function in dealing with terrorist financing and given the authority to carry out international cooperation.⁴¹ The most important role for terrorism to take action is through funding. The funds needed for terrorism are certainly not small, starting from mobility from one place to another, purchasing weapons and explosives, even to war training.⁴²

Various cases of terrorism occurred in Indonesia, especially at that time Indonesia had not yet joined The Egmont Group, which is an organization that facilitates collaboration with FIU throughout the world.⁴³ Starting from the ethnic and religious conflict in Ambon and Poso, Sulawesi which turned out to be involved with the terrorist group Jemaah Islamiyah (JI), then the Christmas bomb attack in 2001 where a number of bombs exploded in several churches in Indonesia, then the Bali Bombing 1 which occurred in 2001 and the Bali Bombing 2 in 2005 were the most dangerous terrorist attacks, including Jemaah Islamiyah (JI) and the bomb at the JW Marriot hotel in Jakarta in 2003 which also involved JI. Funding for the terrorism comes from various sources, such as robbery, arms trafficking,

³⁸ P, Ramelan, and F.

³⁹ Otoritas Jasa Keuangan, "Anti Pencucian Uang Dan Pencegahan Pendanaan Terorisme (APU PPT)," 2023, <https://ojk.go.id/id/pages/apu-ppt.aspx>.

⁴⁰ Muhammad Jasuma Fadholi, "Analisis Kerjasama Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK) Dalam The Egmont Group Terhadap Penanganan Pendanaan Terorisme Di Indonesia," *Journal of International Relations* 3, no. 4 (2017): 92-105.

⁴¹ Fadholi.

⁴² N et al., "Pola Kejahatan Dalam Pendanaan Terorisme."

⁴³ Fadholi, "Analisis Kerjasama Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK) Dalam The Egmont Group Terhadap Penanganan Pendanaan Terorisme Di Indonesia."

overseas support networks, including cross-border financial transactions. Jemaah Islamiyah has an alliance with Al-Qaeda and ISIS.⁴⁴

In addition, in January 2017 there was also a terrorist funding transaction involving an Indonesian citizen with a Filipino citizen. Through a telegram, the initials M asked the initials AP to receive cash from an unknown person. The transaction was carried out in a city in East Java. Then the funds amounting to Rp130,000,000 received by the initials AP were transferred to several recipients in the Philippines. The transfer was made through a non-bank licensed by FTS. Furthermore, in February 2017 there was another transfer to a Filipino citizen with an amount of Rp333,000,000 through the same transfer media. This time the money received came from an unknown person in Bogor, West Java. It did not stop there, in March 2017 another transaction was carried out where AP received funds in Bekasi, West Java which would be sent to several parties in the Philippines.⁴⁵

3.3 Regulatory & Institutional Response

Because terrorist acts indiscriminately claim victims, they fall under the category of crimes against humanity as well as extraordinary crimes. With increasing incidents of terrorism, it is necessary to intensify prevention and enforcement measures. Success in countering terrorism now increasingly depends on efforts to combat terrorist financing, which has become increasingly understood as a key element in dealing with increasingly widespread acts of terrorism throughout the world. Relying only on military power to overcome terrorism will not provide adequate results. Therefore, emphasizing reducing funding sources is a top priority in order to overcome the threat of terrorism. Terrorism funding come from various sources, starting from adequate individuals. It also can be through social activities that generate funds from community donations, and even sources of terrorism funding come from illegal funds such as from money laundering.⁴⁶

A precise definition of terrorism financing can be found in Article 1 Number (1) of Law Number 9 of 2013 concerning Prevention and Eradication of Criminal Acts and Terrorist Financing. Any activity that aims to provide, collect, give, or borrow money – directly or indirectly – is included in this description. Regarding the Prevention and Eradication of Criminal Acts of Terrorism Funding, Law Number 9 of 2013's letter b is being examined in the meantime. One of the primary contributing reasons to any act of terrorism is said to be the finance component. According to the law's explanation, money for terrorism is cross-border in this instance since it can originate both domestically and internationally. In order to determine whether the crime is an organized transnational crime, the authorities must take into account whether the funding originates elsewhere. The House of Representatives

⁴⁴ Kementerian Pertahanan Republik Indonesia, *Pencegahan Dan Penanggulangan Terorisme Dalam Gerakan Nasional Bela Negara* (Jakarta: Kementerian Pertahanan Republik Indonesia, 2019).

⁴⁵ Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK), *Laporan Tahun 2019* (Jakarta: Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK), 2019).

⁴⁶ Rizal Firmansyah and Wiend Sakti Myharto, "PENEGAKAN HUKUM TERHADAP KRIMINOLOGI PENDANAAN TERORISME DALAM PERSPEKTIF HUKUM NASIONAL (Studi Kasus Putusan No.7/Pid.Sus/2021/PN.Jkt.Tim)," *Jurnal Ilmiah Publika* 10, no. 2 (2022): 380, <https://doi.org/10.33603/publika.v10i2.7814>.

and the government decided to enact special legislation because it is considered a multinational and unusual crime.⁴⁷

Money laundering and terrorism financing are illegal under Indonesia's stringent laws. Additionally, this statute complies with international legal norms, making it a solid foundation for law enforcement. In order to detect cross-border transactions carried out by terrorists, law enforcement for the crime of money laundering in the funding of terrorism undoubtedly need international collaboration that exchanges financial and intelligence information.⁴⁸ Indonesia has realized that having an anti-money laundering regime is a national need since it was included to the FATF's Second Non-Cooperative Countries and Territories (NCCTs) list in 2001. In order to comply with the 40 FATF recommendations, this is a follow-up. It started with the passage of Law Number 15 of 2002 on the Crime of Money Laundering. But the law is still thought to have a lot of flaws, such as:⁴⁹

- a. Shortcoming in the definition of proceeds of crime (article 2) is that proceeds of crime under IDR 500,000,000.00 are not prosecuted under this law. The threshold is IDR 500,000,000.00. In certain nations, notional limits (thresholds) are not connected to restrictions on criminal proceeds.
- b. In Indonesia, there are only 15 different forms of predicate crimes related to money laundering.
- c. Financial service providers must report suspicious transactions to PPAATK within 14 days of discovery. This is regarded too long, thus there is a potential that suspicious financial transactions will be transferred or withdrawn by the service user in question.
- d. The anti-tipping-off provision prohibits financial service providers from notifying consumers when suspicious financial transaction reports are created or sent to PPAATK.
- e. The phrase "including transactions using assets resulting from crime" is not yet included in the definition of suspicious financial transactions.
- f. Despite the fact that the FATF proposals include at least eight recommendations in the context of confiscation, mutual legal assistance, and extradition, international cooperation has not been thoroughly controlled.

Law Number 25 of 2003 concerning Amendments to Law Number 15 of 2002 concerning the Crime of Money Laundering addressed this law's shortcomings. The drafting procedure has been modified to meet both national and international requirements. Law Number 8 of 2010 concerning Prevention and Eradication of the Crime of Money Laundering was also promulgated in 2010 with the intention of superseding the prior Law in order to improve the legal foundation.⁵⁰ The fear of criminal penalties and fines is implemented using this statute as the foundation for policy. Then, the most recent Criminal Code, also known as Law No. 1 of 2023 (KUHP 2023), also regulates the most recent money laundering. Law Number 9 of 2013 concerning the Prevention and Eradication of Criminal Acts of Terrorism

⁴⁷ Ari Wibowo, *Hukum Pidana Terorisme Kebijakan Formulatif Hukum Pidana Dalam Penanggulangan Tindak Pidana Terorisme Di Indonesia* (Yogyakarta: Graha Ilmu, 2012).

⁴⁸ Pusat Laporan dan Analisa Transaksi Keuangan, "Layanan Informasi Publik PPAATK – Internasional," 2023, https://ppid.ppatk.go.id/?page_id=816.

⁴⁹ Pusat Laporan dan Analisa Transaksi Keuangan, "Penilaian Risiko Indonesia Terhadap Tindak Pidana Pencucian Uang Tahun 2021," 2021, <https://www.ppatk.go.id/backend/assets/uploads/20220412135855.pdf>.

⁵⁰ Keuangan.

is the next attempt. It states that since terrorism financing is worldwide in character, financial service providers must be involved in efforts to prevent and eradicate it. Therefore, this law regulates more than only the offenders.⁵¹

An objective balance between the interests of the community and the suspect has not been taken into account in the practical application of Law Number 8 of 2010 concerning Money Laundering Crimes in Indonesia. There are contradictions even in the way Articles 77 and 78 are applied, with the idea of non-retroactive law, which is expressed in Article 1 paragraph (1) of the Criminal Code, and with legal certainty and protection, as stressed in Article 28 D paragraph (1) of the 1945 Constitution. It has been established through a number of economic crime cases—particularly corruption, which is one of the predicate offenses decided by the court—that they have committed money laundering crimes and have been sentenced to prison, fines, and the confiscation of assets acquired as a result of their crimes. In addition to other challenges stemming from the professionalism of law enforcement personnel and community culture, there are still a number of issues that require attention in the fight against money laundering crimes, particularly with regard to the laws and regulations that serve as the foundation for investigating and prosecuting those who commit these crimes.⁵²

Member nations of the Organization for Economic Cooperation and Development (OECD) established the Financial Action Task Force on Money Laundering (FATF) in 1989 as part of its efforts to tackle money laundering activities on a global scale. Establishing guidelines and procedures required to fight money laundering crimes in the form of suggestions for measures to stop and eliminate them is one of the FATF's responsibilities. The Asia/Pacific Group on Money Laundering (APG), an independent and cooperative multinational organization based in Bangkok, Thailand, is one of the organizations that emerged in 1997. In addition to a number of regional and international observers, it now has 41 members. The Financial Action Task Force on Money Laundering's (FATF) 40 Recommendations and 9 Special Recommendations on Terrorist Financing are among the internationally recognized standards against money laundering and terrorism financing that APG members are dedicated to effectively implementing and enforcing. Eight Special Recommendations were released by the Financial Action Task Force (FATF) to prevent the financing of terrorists, also referred to as counterterrorism finance. In 2000, Indonesia was able to join the Asia Pacific Group on Money Laundering. Then, on June 18, 2001, Bank Indonesia published Bank Indonesia Regulation No. 3/10/PBI/2001 about Know Your Customer, which mandates that financial institutions track transaction profiles, identify clients, and determine the source of funds.⁵³

⁵¹ Firmansyah and Myharto, "PENEGAKAN HUKUM TERHADAP KRIMINOLOGI PENDANAAN TERORISME DALAM PERSPEKTIF HUKUM NASIONAL (Studi Kasus Putusan No.7/Pid.Sus/2021/PN.Jkt.Tim)."

⁵² Muhamad Chaidar and Arief Syahrul Alam, "URGENSI PENERAPAN TINDAK PIDANA PENCUCIAN UANG TERHADAP PELAKU PENCURIAN," *Wijaya Putra Law Review* 2, no. 1 (2023): 61-76.

⁵³ Adhar Adhar, "Analisis Fungsi Ppatk Dalam Pencegahan Dan Pemberantasan Tindak Pidana Pencucian Uang," *JIHAD: Jurnal Ilmu Hukum Dan Administrasi* 2, no. 1 (2020): 32-41, <https://doi.org/10.58258/jihad.v2i1.1107>.

Then, at the national level, PPATK is involved in creating guidelines for financial service providers to identify suspicious financial transactions linked to terrorism funding. Presidential Decree Number 50 of 2011 about Procedures for Implementing the Authority of the Financial Transaction Reporting and Analysis Center contains regulations pertaining to it in Article 5. PPATK functions independently and apart from law enforcement and financial organizations in the performance of its functions. Additionally, PPATK collaborates with global organizations like the FATF and the Egmont Group to stop money laundering and terrorism financing.⁵⁴

By creating the National Committee for the Prevention and Eradication of Money Laundering and Terrorism Financing (TPPU&PT Committee), PPATK improved collaboration and ties both domestically and internationally in 2010. On January 27, 2010, the Coordinating Minister for Political, Legal, and Security Affairs presided over the TPPU Committee Meeting and the Money Laundering and Terrorism Financing Working Team Meeting. The implementation of the National Strategy for the Prevention and Eradication of Money Laundering and Terrorism Financing was discussed during the conference. As of right now, PPATK is working with the Dutch government (NLRP) and the Indonesian Working Group on Forest Finance Regulatory Manual and Eradication of Money Laundering (TPPU) and Terrorism Financing (IWGFF) to draft regulations in the area of prevention. The provisions outlined in laws, government regulations, presidential decrees, ministerial regulations or decisions, chief of police regulations or decisions, attorney general regulations or decisions, court decisions, Bank Indonesia regulations (PBI), Bank Indonesia Circular Letter (SEBI), and regulations and decisions of the head of PPATK are summarized and organized in this compilation.⁵⁵

Through the enforcement of stringent regulations, particularly OJK Regulation No. 12/POJK.01/2017 concerning the Implementation of Anti-Money Laundering and Terrorism Funding Prevention Programs in the Financial Services Sector, the Financial Services Authority (OJK) plays a significant role in preventing money laundering in the banking industry. According to this rule, financial services organizations must track transactions, identify and validate clients, and notify the Financial Transaction Reports and Analysis Center (PPATK) of any suspicious activity. To further enhance efforts to prevent and combat money laundering, OJK also works with a number of organizations, including the Prosecutor's Office, the Police, and PPATK. Information sharing, cooperative investigations, and report processing that can spot signs of money laundering in the banking system are all part of this partnership.⁵⁶

⁵⁴ Al Fath, "Peranan Dan Peningkatan PPATK Dalam Mendukung Upaya Pencegahan Pencucian Uang Oleh Pejabat Di Indonesia (Studi Kasus Rafael Alun) Indonesia Merupakan Sebuah Negara Yang Menempatkan Hukum Sebagai Perangkat Untuk Mengatur Seluruh Orang Yang Berada Didalam," *Jurnal Hukum Saraswati (JHS)* 3, no. 1 (2023): 53–62.

⁵⁵ Toetik Rahayuningsih, "Analisis Peran Ppatk Sebagai Salah Satu Lembaga Dalam Menanggulangi Money Laundering Di Indonesia," *Yuridika* 28, no. 3 (2013): 314–30, <https://doi.org/10.20473/ydk.v28i3.349>.

⁵⁶ Hudi Yusuf, "THE ROLE OF THE FINANCIAL SERVICES AUTHORITY IN PREVENTING BANKING CRIMES AND MONEY LAUNDERING IN," *JIIIC: JURNAL INTELEK INSAN CENDIKIA* 1, no. 9 (2024): 5292–5308.

The goal of law enforcement is to bring about the desired justice. When law enforcement is properly conducted to give the community a sense of legal protection, the effectiveness of the law is realized. Limits can be imposed by law enforcement to gauge how much they contribute to community welfare initiatives. regarding the financing of terrorism and money laundering. Financial service providers are undoubtedly involved, in which case law enforcement has the authority to look into questionable funds that may be directly or indirectly connected to terrorist crimes.⁵⁷ Without various facilities and other supporting tools, terrorists will never be able to successfully carry out their crimes. This is especially true when it comes to funding, since terrorists require a significant amount of money to carry out their activities. Funds can be raised in a number of methods, one of which is by asking supporters and group members to contribute money. However, you can also use a charity foundation or organization's donation mechanism.⁵⁸

As in the case in 2021, the media *Seputar Indonesia* reported that the Densus 88 Anti-terror Police team arrested 53 suspected terrorists in several areas. They are affiliated with the *Jemaah Islamiyah (JI)* and *Jamaah Ansharut Daulah (JAD)* networks. Surprisingly, the Densus team found 1,540 charity boxes, several savings books and cellphones from a search of one of the suspects' houses in the Bandung area, West Java. It turned out that from the results of the investigation, the donations collected had reached IDR 124 billion since 2014. The funds came from donations from the public and several companies collected from a number of Sayap JI foundations, one of which was Syam Organizer.⁵⁹

The challenge in dealing with money laundering and terrorism in transnational crimes by law enforcement officers is the difficulty in obtaining valid and accurate data related to the source of customer funds. Article 22 of Law No. 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes mandates the obligation for financial institutions to coordinate with related institutions, both at the national and international levels, to uncover money laundering practices. However, often ineffective coordination between the OJK, the Police, and other agencies becomes an obstacle in resolving cases involving international networks. Money laundering and terrorism financing practices often involve highly complex transactions that are not easily detected by traditional supervision. Therefore, OJK must continue to innovate in developing supervision methods, including utilizing information technology to detect suspicious transaction patterns. In addition, strengthening cooperation between institutions is also important. OJK collaborates with Bank Indonesia, the Police, the Corruption Eradication Commission, and international institutions to handle banking cases involving transnational crimes. This effort aims to create a more efficient and responsive supervision system to threats that can damage Indonesia's financial system.⁶⁰

⁵⁷ Firmansyah and Myharto, "PENEGAKAN HUKUM TERHADAP KRIMINOLOGI PENDANAAN TERORISME DALAM PERSPEKTIF HUKUM NASIONAL (Studi Kasus Putusan No.7/Pid.Sus/2021/PN.Jkt.Tim)."

⁵⁸ Indonesia, "Anti Pencucian Uang Dan Pencegahan Pendanaan Terorisme."

⁵⁹ *Seputar Indonesia*, "Akal Bulus Di Balik Pendanaan Teroris," 2025, <https://nasional.sindonews.com/read/553776/14/akal-bulus-di-balik-pendanaan-teroris-1632841798>.

⁶⁰ Yusuf, "THE ROLE OF THE FINANCIAL SERVICES AUTHORITY IN PREVENTING BANKING CRIMES AND MONEY LAUNDERING IN."

Law enforcement against transnational crimes that link terrorism and money laundering is fundamentally faced with a series of multidimensional structural challenges, which concern not only legal aspects but also technological, institutional, and even normative legitimacy issues. Recent international journal literature indicates that the main challenge lies in the mismatch between the increasingly transnational, adaptive, and technology-based nature of crime and a law enforcement system that remains fragmented, based on national jurisdictions, and relatively slow to adapt. In this context, law enforcement is no longer simply a matter of implementing norms, but rather a matter of the legal system's capacity to address the ever-evolving complexity of global crime.⁶¹ One of the most fundamental challenges is jurisdictional fragmentation, which creates a gray area in cross-border law enforcement. Recent studies have shown that money launderers actively exploit regulatory differences between countries to divert funds through various financial systems with varying levels of oversight.⁶²

The next challenge lies in the development of financial technology, which has significantly changed the modus operandi of crime. The use of cryptocurrency, blockchain, and decentralized financial systems has created new forms of money laundering that are much more difficult to trace than conventional methods.⁶³ The perpetrators not only take advantage of the anonymity offered by the technology, but also use advanced techniques such as mixing services and chain hopping to break the transaction trail.⁶⁴ In this context, traditional investigative methods that rely on linear tracking of financial flows become ineffective, as transactions no longer follow easily reconstructable patterns. Thus, law enforcement faces an epistemological challenge: limitations in understanding and mapping increasingly complex and opaque crime structures.

On the other hand, the adoption of advanced technologies such as artificial intelligence and machine learning in law enforcement does offer potential solutions, but it also poses new challenges. Recent research shows that using algorithms to detect money laundering patterns can improve analytical accuracy, but also poses transparency and accountability issues, particularly since many systems are black box systems.⁶⁵ In the context of criminal law, this situation is problematic because it is difficult to use algorithmic analysis results as evidence that can be openly tested in court. Thus, the integration of technology in law enforcement actually creates a dilemma between effectiveness and legal certainty. Furthermore, there are normative challenges related to the balance between effective law enforcement and human rights protection. Studies in international law journals highlight that the expansion of state authority in the anti-money laundering regime, such as freezing assets without a court order and extensive transaction monitoring, has the potential to violate the principles of due process and the

⁶¹ Himanshu Thakkar et al., "Mapping the Knowledge Landscape of Money Laundering for Terrorism Financing: A Bibliometric Analysis," *Journal of Risk and Financial Management* 17, no. 10 (2024): 428.

⁶² Abdul Rafay et al., "Global Dynamics of Money Laundering Regulations and Their Impact on Financial Systems," *Journal of Financial Crime* 4, No. 3 (2025): 6–8.

⁶³ Matthew Redhead, "Cryptocurrencies and the Financing of Terrorism," *Journal of Money Laundering Control* 27, no. 1 (2024): 15–18.

⁶⁴ Paul Schulte, "Blockchain and Money Laundering: A Systematic Review," *Financial Innovation* 11, no. 2 (2025): 44–47.

⁶⁵ Lalu Garin Alham, Nadia Tsaibitah, and Yusuf Muhammad Nur Zaman, "Money Laundering Typology Detection Using Graph Analytics and Neural Networks," *Journal of Anti-Money Laundering and Counter Financing of Terrorism* 4, no. 1 (2025): 21–25.

presumption of innocence.⁶⁶ This situation creates what can be called a financial due process deficit, where individuals or entities can be sanctioned without adequate defense mechanisms. Thus, law enforcement in this context faces not only technical challenges but also a legitimacy crisis that can erode trust in the legal system itself.

The transnational nature of money laundering practices, regional cooperation on a global scale is an urgent need. This is necessary to ensure that efforts to prevent and eradicate terrorism can run effectively throughout the region. When a country has an effective legal regime in dealing with money laundering or terrorist financing, but another country does not have an effective anti-money laundering and terrorist financing regime, then there is the potential for "leakage" of dissolved funds between countries. In order to face the challenges of money laundering and terrorism financing involving the banking system, both in the context of activities within the country and abroad, a strong legal foundation is needed. This legal foundation aims to prevent and limit of terrorist financing and money laundering involving banking institutions.⁶⁷

It is important to remember that handling money laundering and terrorism is not just a legal issue, but also requires cooperation and commitment from the entire community, government, private sector, and international institutions. Only with joint efforts can the community minimizing the negative impacts of money laundering and terrorism and creating a safer and more financially secure environment.⁶⁸ In dealing with money laundering and terrorism, Indonesia has taken significant legal steps, but there is still room to strengthen the implementation and enforcement of more effective laws. With awareness and shared commitment, we can build a society and financial system that is more resilient and protected from the threat of money laundering. Recommendation in response to the contents of this article are;

- a. Strengthening the Legal and Regulatory System: Encourage the Indonesian government to continue to improve and strengthen regulations related to money laundering in accordance with technological developments and global trends. This can include expanding the definition of money laundering and increasing sanctions.
- b. Increasing International Cooperation: Advise to strengthen cooperation with other countries in terms of exchanging information and coordinating the handling of cross-border money laundering cases.
- c. Tight Supervision in the Financial Sector: Encourage financial institutions, including banks and non-bank financial institutions, to tighten procedures for identifying and reporting suspicious transactions, and update their financial security technology.
- d. Awareness Raising and Training: Promote training and education for law enforcement officials, financial professionals, and relevant private entities to increase their understanding of the latest money laundering tactics and how to combat them.

⁶⁶ Valsamis Mitsilegas, "Financial Surveillance and the Rule of Law," *New Journal of European Criminal Law* 15, no. 1 (2024): 30–34.

⁶⁷ Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK), "Pengkajian Penilaian Risiko Indonesia Terhadap Tindak Pidana Pendanaan Terorisme 2015," 2015, <https://www.bnpt.go.id/uploads/documents/c9f21ce7fdda0dde3773c04c6759ce18.pdf>.

⁶⁸ Chitto Cumbrandika, "Pencucian Uang Dalam Era Globalisasi Tantangan Dan Penanganannya Di Indonesia," *Journal Humaniora: Jurnal Hukum Dan Ilmu Sosial* 02, no. 01 (2024): 41–46.

4. Conclusions

The intersection between money laundering and terrorism lies in their mutual violation of law and potential to cause widespread harm is an act that violates the law and harms many people. After the money laundering process, the proceeds can also be used to refinance criminal activities, such as in the crime of financing terrorism. Terrorism funding in Indonesia does not pay attention to whether the funds obtained are legitimate funds or illegal funds. Terrorism and other criminal acts related to terrorism are a form of transnational organized crime, because they involve complex international networks. Terrorism financing is a financial crime that can threaten national security and state financial stability. Moreover, the financial sector is very vulnerable to opportunities as a tool for money laundering and terrorism financing, with many transaction options available that can be carried out by perpetrators to carry out their crimes. Terrorism networks require a lot of money. Funds are the main thing that is really needed, especially in terms of purchasing weapons, tools and explosives. Member nations of the Organization for Economic Co-operation and Development (OECD) have undertaken a number of initiatives to end money laundering, particularly at the global level in relation to terrorism. In order to detect cross-border transactions carried out by terrorists, law enforcement for the crime of money laundering in the funding of terrorism undoubtedly entails international collaboration, which collaborates to exchange financial and intelligence information. since the FATF listed Indonesia as one of the Second Non-Cooperative Countries and Territories (NCCTs) in 2001. The requirement of a national anti-money laundering system has come to the attention of the nation. Therefore, it started with the passage of Law Number 15 of 2002 concerning the Crime of Money Laundering as a way to follow up on the 40 FATF recommendations. This study has ramifications for the fact that money laundering has been used to finance terrorists across international borders. This demonstrates how crucial international collaboration is in the fight against money laundering and the funding of terrorism. Tracking and halting the flow of illicit funds across national borders requires cooperation through bilateral or multinational agreements. In order to identify suspicious transactions that may be connected to money laundering and terrorist financing, the study's findings emphasize the necessity of tightening rules and oversight of financial institutions, both banks and non-banks.

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