International Journal of Social Science and Human Research

ISSN (print): 2644-0679, ISSN (online): 2644-0695

Volume 08 Issue 08 August 2025

DOI: 10.47191/ijsshr/v8-i8-45, Impact factor- 8.007

Page No: 6130-6137

Reconstruction of Criminal Liability Regulations for Money Laundering Offenders Based on Justice Values

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ABSTRACT: Money laundering crimes pose significant threats to economic stability and financial system integrity, prompting legal systems worldwide to impose severe criminal penalties as deterrents. This study examines the criminal liability regulations for money laundering offenders in Indonesia, which currently lack a justice-based approach. The research aims to: (1) identify and analyze why current criminal liability regulations for money laundering offenders fail to reflect justice values; (2) examine the weaknesses in these regulations; and (3) develop a justice-based reconstruction of criminal liability regulations for money laundering offenders. This research employs a constructivist paradigm with a socio-legal approach, utilizing analytical-descriptive methods. Data collection involved observation, interviews, and literature review, with qualitative analysis of primary and secondary legal materials, including primary legislation, secondary legal materials, and tertiary legal sources. The findings reveal that: (1) Current criminal liability regulations for money laundering offenders lack justice-based values because the Anti-Money Laundering Law (Law No. 8 of 2010) fails to specify time limits for fine payments and allows for disproportionate imprisonment substitutions, creating legal disparities; (2) The regulatory framework suffers from structural weaknesses (poor coordination among enforcement agencies), substantive weaknesses (unclear provisions and jurisdictional conflicts), and cultural weaknesses (societal resistance to financial transparency); (3) A justice-based reconstruction of criminal liability regulations requires amendments to Article 8 of Law No. 8 of 2010, including provisions for asset confiscation to satisfy unpaid fines, mandatory instalment payments when assets are insufficient, court-determined payment periods of up to 16 months, and imprisonment as a substitute penalty for non-payment.

KEYWORDS: criminal liability, regulation, money laundering, justice values

I. INTRODUCTION

Indonesia is constitutionally established as a state governed by the rule of law, as stipulated in Article 1(3) of the 1945 Constitution. This principle represents the fundamental norm of Indonesia's legal system and is reinforced by the fifth principle of Pancasila, which emphasizes "social justice for all Indonesian people." Law, in this context, is defined as a set of rules officially established by the government, enforceable by authorized law enforcement agencies, and applicable to all citizens. Consequently, all aspects of citizens' lives must conform to applicable regulations to ensure justice and protection for all elements of society [1].

Money laundering represents one of the most sophisticated forms of white-collar crime and is categorized as a serious crime with transnational dimensions. Although the historical origins of money laundering practices predate modern times, the term "money laundering" itself was first widely used during the Watergate scandal in 1973, with its first appearance in judicial proceedings occurring in 1982 in the United States before spreading globally. Money laundering constitutes a critical link in criminal enterprises, where perpetrators conceal the proceeds of crime within financial systems or through various other means. This concealment of illicitly obtained wealth aims to obscure the illegal origins of assets [2].

Indonesia only began to recognize money laundering as a criminal offense with the enactment of Law No. 15 of 2002 on Money Laundering (hereinafter referred to as UUPU). However, this initial legislation contained weaknesses in defining acts that constituted money laundering, identifying only fifteen predicate offenses. Subsequently, to align with evolving law enforcement needs, international practices, and standards, Indonesia enacted Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering (hereinafter referred to as UU PP-TPPU).

Countries worldwide employ various approaches to combat money laundering, with enhanced criminal sanctions being a common strategy representing concrete manifestations of criminal policy. In Indonesia, criminal sanctions remain the primary response, with monetary fines frequently used to penalize new criminal offenses outside the Criminal Code (KUHP).

The UU PP-TPPU establishes a range of criminal penalties, as illustrated in Table 1.1:

Table 1.1: Criminal Imprisonment and Fine Penalties in UU PP-TPPU

No.	Article	Imprisonment	Fine
1.	Article 3	Maximum 20 years	Maximum Rp 10,000,000,000 (ten billion rupiah)
2.	Article 4	Maximum 20 years	Maximum Rp 5,000,000,000 (five billion rupiah)
3.	Article 5	Maximum 5 years	Maximum Rp 1,000,000,000 (one billion rupiah)
4.	Article 7	-	Maximum Rp 100,000,000,000 (one hundred billion rupiah)
5.	Article 12(5)	Maximum 5 years	Maximum Rp 1,000,000,000 (one billion rupiah)
6.	Article 14	Maximum 2 years	Maximum Rp 500,000,000 (five hundred million rupiah)
7.	Article 15	Maximum 2 years	Maximum Rp 500,000,000 (five hundred million rupiah)

Based on this table, it is evident that the UU PP-TPPU prescribes substantial and varied monetary penalties. Society reasonably expects these penalties to effectively control the proliferation of money laundering offenses and mitigate their impacts. However, the reality of penalty implementation often contradicts these expectations.

For example, in Case No. 169/Pid.Sus/2023/PN Bna, a defendant involved in transactions totaling Rp 25,000,000,000 (twenty-five billion rupiah) was sentenced to only one year imprisonment and a fine of Rp 100,000,000 (one hundred million rupiah), with the provision that non-payment would result in just one month of additional confinement. Similarly, in Case No. 624/Pid.Sus/2020/PN JKT.SEL involving online gambling proceeds, the defendant received only one year imprisonment and a Rp 200,000,000 (two hundred million rupiah) fine, substitutable by one month confinement if unpaid.

These cases illustrate how imposed penalties often deviate significantly from statutory provisions. While the UU PP-TPPU establishes severe sanctions to create deterrent effects, the penalties in these cases were disproportionately lenient compared to the financial gains from the offenses, falling far short of the statutory maximum penalties. Additionally, uncertainties exist regarding the execution of monetary penalties. According to Bakhri (2009), there remain challenges in executing fine sanctions, primarily because their implementation still depends on the general provisions in Articles 30 and 31 of the Criminal Code (KUHP).

Article 30 of the KUHP does not establish definite time limits for fine payments and lacks provisions for compelling convicted persons to pay fines, such as through asset seizure. Under the KUHP system, if a convicted person fails to pay a fine, the only alternative is substituting confinement ranging from six to eight months. This substitute confinement ultimately proves ineffective as punishment for serious offenses like money laundering. Furthermore, Article 31 of the KUHP grants convicted persons the discretion to choose between paying fines or serving substitute confinement, without any mechanism to compel fine payment [3].

The legal issues outlined above represent legal phenomena that require immediate reform through policy reconstruction of criminal liability regulations for money laundering offenders based on justice values. Criminal law regulation reflects a nation's political ideology, where law develops and evolves, with the entire legal structure resting on sound and consistent political perspectives. Based on these considerations, the author is motivated to develop a dissertation entitled "Reconstruction of Criminal Liability Regulations for Money Laundering Offenders Based on Justice Values."

A. Research Questions

1. Why do current criminal liability regulations for money laundering offenders lack justice-based values?
2. What are the weaknesses in the current criminal liability regulations for money laundering offenders?
3. How can criminal liability regulations for money laundering offenders be reconstructed based on justice values?

B. Research Objectives

1. To identify and analyze why current criminal liability regulations for money laundering offenders lack justice-based values.
2. To identify and analyze weaknesses in the current criminal liability regulations for money laundering offenders.
3. To develop and formulate a justice-based reconstruction of criminal liability regulations for money laundering offenders.

II. THEORETICAL FRAMEWORK

1. Grand Theory: Justice Theory

According to John Rawls, an adequate theory of justice must be formed through a contractual approach, where justice principles are genuinely chosen through agreement among free, rational, and equal individuals. Only through this contractual approach can a justice theory ensure the implementation of rights while fairly distributing obligations to all persons.

For Rawls, justice is synonymous with fairness. Aristotle divided justice into two types: distributive justice and commutative justice. Distributive justice allocates to each person according to their merits, while commutative justice provides equal treatment regardless of merit.

Notonegoro developed a justice theory based on Pancasila philosophy, dividing justice into three forms: distributive, legal, and commutative justice. Notonegoro explained:

"Distributive justice requires that rights be granted according to one's needs and position in society; legal justice demands citizens' obligations toward the state; while commutative justice requires balance between rights and obligations among citizens."

This conception of justice emphasizes the balance between rights, obligations, and the interests of individuals and society. Thus, state-imposed punishment must consider substantive justice aspects, not merely procedural-formalistic justice. Just distribution may represent distribution according to social value—its value to society. Meanwhile, commutative justice provides equal treatment to all persons without differentiating based on merit.

2. Middle Theory: Legal System Theory

Lawrence M. Friedman argues that the effectiveness and success of law enforcement depend on three elements of the legal system: legal structure, legal substance, and legal culture. Legal structure concerns law enforcement apparatus: legal substance encompasses legislative frameworks; and legal culture represents the living law embraced by society.

3. Applied Theory: Criminal Liability Theory

Criminal liability theory constitutes a fundamental component of criminal law that functions as the basis for determining whether an individual can be held legally accountable for a criminal act. In this context, criminal liability implies that a person can only be subject to punishment if certain conditions are met they have committed an act prohibited by criminal law, with the element of culpability, and the perpetrator is in a condition that enables legal accountability. Therefore, the main elements of criminal liability include the existence of an unlawful act (actus reus), culpability in the form of intent (dolus) or negligence (culpa), the capacity for responsibility defined legally as a condition where the perpetrator possesses mental capacity and legal maturity, and the absence of justification or excuse that might eliminate criminal liability.

Criminal law theory recognizes several approaches regarding the basis of criminal liability. The absolute or retributive theory emphasizes that punishment is imposed solely as retribution for the perpetrator's culpability, without considering social effects or prevention. Conversely, the relative or utilitarian theory holds that punishment aims to prevent crime, either by deterring the perpetrator (special prevention) or warning the broader society (general prevention). Beyond these two theories, there exists a combined theory that integrates both approaches, positioning retribution as the moral basis and prevention as the practical objective of punishment.

Nevertheless, certain circumstances may exempt an individual from criminal liability, even if they have formally committed an act that fulfills the elements of a criminal offense. These circumstances are known as grounds for eliminating punishment, consisting of justifications such as self-defense (noodweer) or necessity (overmacht), and excuses such as mental imbalance (psychosis) or incapacity for responsibility due to insufficient age. Thus, criminal liability theory assesses not only the legality of an act but also considers the moral, psychological, and social aspects of the perpetrator to ensure that punishment truly reflects substantive justice within the criminal justice system.

III. RESEARCH METHODOLOGY

This research employs a constructivist paradigm with a socio-legal approach, utilizing analytical-descriptive methods to examine criminal liability regulations for money laundering offenders in Indonesia. The constructivist paradigm was selected as it views legal reality as a social construct shaped by various factors including cultural, historical, and political contexts, allowing for a comprehensive understanding of how money laundering regulations have developed and are implemented within Indonesia's legal system. Data collection involved three primary techniques: observation of legal proceedings related to money laundering cases with particular focus on the implementation of criminal liability provisions; in-depth interviews with key informants including legal practitioners, judges, prosecutors, investigators from the Financial Transaction Reports and Analysis Center (PPATK), and legal scholars specializing in money laundering and criminal law; and a comprehensive literature review encompassing primary legislation, court decisions, academic publications, and policy documents related to money laundering regulations both in Indonesia and internationally. The research utilized three categories of legal materials: primary legal materials, including the 1945 Constitution, Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering, the Criminal Code (KUHP), court decisions related to money laundering cases, and other relevant legislation; secondary legal materials, including academic journals, textbooks, research reports, and legal commentaries that provide interpretations and analyses of money laundering regulations; and tertiary legal sources, including legal dictionaries, encyclopedias, and bibliographies that support the understanding of primary and secondary materials. The collected data underwent qualitative analysis using a combination of legal interpretation methods, including grammatical, systematic, historical, and teleological interpretations, with analysis focused on identifying inconsistencies, gaps, and weaknesses in the current criminal liability regulations for money laundering offenders, particularly regarding the implementation of fine penalties and their substitution mechanisms. Comparative analysis was also conducted to examine how other jurisdictions, including Malaysia, the United States, and the United Kingdom, regulate criminal liability for money laundering offenses. To ensure the validity and reliability of the research findings, this study employed triangulation techniques by cross-referencing data from multiple sources and methods, while member checking was conducted by presenting preliminary findings to legal experts for verification and feedback

IV. RESULTS AND DISCUSSION

Money Laundering Regulations in Several Countries

1. **Money Laundering Policy Formulation in Malaysia**

Malaysia regulates money laundering through the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLA), which came into effect in January 2002. This policy is supported by the National Coordination Committee to Counter Money Laundering (NCC) and the Financial Intelligence Unit (FIU) at Bank Negara Malaysia, which are responsible for identifying and investigating suspicious transactions. The legislation combines money laundering offenses and terrorism crimes, recognizing that perpetrators of terrorism often use proceeds from criminal activities to fund their operations [4].

AMLA consists of three parts: the first part contains the substance of the law itself, while the other two parts are appendices (first schedule and second schedule). AMLA covers 119 types of predicate offenses detailed in the Second Schedule. However, a significant weakness exists because crimes not listed in this schedule cannot be categorized as money laundering offenses, creating a legal loophole [5].

2. **Money Laundering Policy Formulation in the United States**

Following amendments to the Bank Secrecy Act 1988 in the United States, provisions were established requiring the recording and storage of identity data for transactions involving financial instruments valued between US$3,000-US$10,000. This provision, known as the Monetary Instrument Log Regulation, requires financial institutions to identify and store data for every transaction involving cash purchases of bank checks, cashier's checks, traveller's checks, and money orders within this value range.

The 1988 amendment granted extensive authority to the Department of Treasury to develop reporting requirements. Based on this authority, the US Treasury Department issued regulations called Geographic Targeting Regulation, which requires financial institutions in specific geographic locations to complete Form 4789 for any currency transaction below US$10,000, within 60 days of the transaction.

Conceptually, this provision indicates that the US Treasury Department directs financial institutions to report every cash transaction above US$50, or potentially even transactions below this amount. Subsequently, in 1990, the US Treasury Department proposed new regulations requiring additional reporting in the form of aggregation of daily currency transactions at certain financial institutions [6].

3. **Money Laundering Policy Formulation in the United Kingdom**

In the United Kingdom, several laws address money laundering, including the Drug Trafficking Act 1986. On December 10, 1990, a working committee formed by the British Bankers Association (BBA), The Building Society Association (BSA), and law enforcement agencies, under the leadership of the Bank of England, issued guidelines for developing "the basic statement of principles on money laundering," which outlined the role banks can play in combating money laundering.

In addition to the Drug Trafficking Act 1986, money laundering is also regulated under the Proceeds of Crime Act 2002 (POCA). This law serves as the primary foundation governing various aspects related to money laundering offenses, including definitions, sanctions, and asset seizure procedures.

Beyond POCA, the UK has other laws supporting anti-money laundering efforts, such as the Money Laundering Regulations 2017, which regulate preventive measures in the financial sector, and the Terrorism Act 2000, which covers terrorism financing. According to the Money Laundering Regulations 2017, financial institutions, lawyers, accountants, and property agents are required to verify customer identity (Know Your Customer, KYC) and report suspicious activities to the National Crime Agency (NCA). The UK implements a risk-based approach in money laundering regulations, allowing financial institutions to adjust preventive measures according to the customer's risk level [7].

Reconstruction of Criminal Liability Regulations for Money Laundering Offenders Based on Justice Values

1. **Reconstruction of Criminal Law Policy on Fine Substitution in the Anti-Money Laundering Law**

The policy construction in Article 8 and Article 9(2) of Law No. 8 of 2010 still lacks value-based considerations. The policy construction in these articles should encompass social policy, consisting of social welfare policy and social defence policy. A more appropriate reconstruction of fine substitution penalties in the Anti-Money Laundering Law would involve the seizure of assets or income from the convicted person, making the implementation of fines more effective. The seized assets could subsequently be auctioned to cover unpaid fines. This approach is preferable to financing the imprisonment of convicted persons who fail to pay their fines.

This approach is also regulated in Article 81(1) and (3) of Law No. 1 of 2023 concerning the Criminal Code, which stipulates that fines must be paid within a certain period as specified in the court's decision, and if not paid, the convicted person's assets or income may be seized and auctioned by the prosecutor to settle the unpaid penalty [8].

If the convicted person has no assets or income whatsoever, a more appropriate method would be to allow payment of the fine through instalments over a period determined by the court's final and binding decision. If the sale of all the convicted person's assets and income is still insufficient to pay the imposed fine, and the convicted person fails to pay instalments within the period specified in the court's final and binding decision, an alternative substitution for the unpaid fine would be imprisonment.

The imprisonment imposed as a substitute for unpaid fines would naturally be more severe than the detention substitute currently regulated in the Anti-Money Laundering Law, considering that in the criminal system hierarchy established in Article 10 of the Criminal Code, imprisonment ranks higher than detention. The order of penalties in Article 10 of the Criminal Code is arranged according to severity, with the most severe mentioned first; therefore, imprisonment is more appropriate as a substitute for fines in the Anti-Money Laundering Law [9].

Based on these considerations, the author proposes a new construction that would be more appropriate as a substitute penalty in the Anti-Money Laundering Law. This construction is formulated in several paragraphs as follows:

(1) If a convicted person does not pay the imposed fine, their assets or income shall be seized in accordance with the imposed fine.
(2) If the seizure of the convicted person's assets or income is insufficient to pay the fine, the convicted person must pay the fine in instalments within a specified period.
(3) The court decision as referred to in paragraph (2) shall specify a period of no less than 1 (one) month and no more than 6 (six) months.
(4) The court decision shall determine the period as referred to in paragraph (3) by considering the convicted person's ability to pay.
(5) If the convicted person does not pay the fine in instalments as referred to in paragraphs (2) and (3), then the unpaid fine shall be substituted with imprisonment for a minimum of 1 (one) year.

2. Reconstruction of Criminal Liability Regulations for Money Laundering by Corporations

Corporate criminal liability for money laundering is explicitly stipulated in Articles 6 through 9 of Law No. 8 of 2010. However, there are several deficiencies in these regulations that weaken law enforcement against corporate perpetrators in Indonesia. These regulatory weaknesses are marked by discrepancies between the provisions in the law and the execution of law enforcement in the field, where in several money laundering cases involving corporations, only the corporate controllers are held accountable and processed by law [10].

Several obstacles hindering the eradication of money laundering in Indonesia include difficulties in proving the flow of laundered funds. The parties or personnel controlling corporations must also be carefully identified to determine their roles and involvement in corporate money laundering. Weaknesses in the provisions of several articles in Law No. 8 of 2010 also contribute to the weak sanctions imposed on corporations, causing corporations to avoid full accountability and potentially allowing laundered funds to still be used by the corporation [11].

Regarding the extent to which corporations can be held accountable for money laundering, it is first necessary to prove the element of fault and its form. The issue is that criminal law is used to indicate that the element of fault is the most important factor. This serves as a reference for whether a criminal offender can be punished. Regarding the elements and forms of fault, these include:

a. The legal subject who committed the crime.
b. Above a certain age and capable of being held responsible.
c. With intent or negligence.
d. No excuse for forgiveness.

In theory, not all these elements of fault must be proven for accountability. This is because the forms of fault by corporations and individuals can differ under certain conditions. As a legal subject without human mental or psychological characteristics, determining the premise of criminal liability for a corporation is not easy. Nevertheless, corporations can still be held criminally liable because of the functional perpetrator theory or identification theory. If a corporation is held accountable, then based on Law No. 8 of 2010, the limitations on principal and additional penalties to be imposed on the corporation are regulated in Article 7 [12].

The author has found weaknesses in the article constructions in Law No. 8 of 2010. Some weaknesses in the construction of Article 6 include:

1. Article 6(2) does not specifically state whether the four points are alternative or cumulative for imposing money laundering criminal sanctions on corporations.

2. Article 6(2) does not precisely define who is entitled to become the controlling personnel of the corporation if the money laundering crime is committed by the Corporation. This will create problems in practice due to legal uncertainty regarding who the Corporate Controlling Personnel will be designated as the person or defendant in corporate criminal liability.

Regarding the imposition of criminal sanctions against corporations and the method of implementing penalties in Articles 8 and 9 of Law No. 8 of 2010, several weaknesses are also found as follows:

1. Article 8 Article 8 stipulates that if the convicted person's assets are insufficient to pay the fine as referred to in Articles 3, 4, and 5, the fine shall be substituted with imprisonment for a maximum of 1 (one) year and 4 (four) months. Considering the formulation of the article above, this provision is not yet comprehensive because it still raises questions about how the mechanism for imposing substitute imprisonment for fines can be implemented and regarding the calculation of corporate assets, which has not been further regulated in the explanation of Law No. 8 of 2010.
2. Article 9 Article 9(2) stipulates that if the sale of the Corporation's Assets that are confiscated as referred to in paragraph (1) is insufficient, substitute imprisonment for the fine shall be imposed on the Corporate Controlling Personnel, considering the fine that has been paid. The above provision potentially results in corporations as perpetrators of money laundering being unable to take full responsibility. Because if referring to Article 9(2), it still regulates the transfer of sanctions to the corporate controlling personnel, so if in the implementation of the penalty it turns out that sanctions are imposed on the corporate controlling personnel and not on the corporation, then the illicit money from money laundering can still be used for corporate operational costs, and the criminal sanction is not sufficient to provide a deterrent effect on the corporation.

Law No. 8 of 2010 does not provide adequate guarantees and certainty regarding corporate liability for money laundering. If a reconstruction is to be carried out, specific limitations are needed regarding crimes committed by corporate controlling personnel and by the corporation itself. Looking at the accountability system adopted by the Netherlands, policies concerning corporate punishment must be clearly separated. Policy makers should provide rules that can directly punish the corporation, not just the corporate controllers. In carrying out court executions, corporations as convicted entities also receive confiscation and several special measures such as closing business activities for a maximum of one year. Corporate sanctions in the Dutch legal system can be used as considerations and references for policy makers in reconstructing articles in Law No. 8 of 2010 so that in the future, corporations can be held accountable in proportion to the crimes they commit [13].

Another alternative sanction that can be used in Indonesia is corporate criminal liability that is fully transferred to the corporation and to the controlling personnel. The responsibility of a leader or corporate controlling personnel is necessary to ensure that decision-makers in the corporation will be responsible for the decisions taken. Additionally, the decision-maker in a corporation is not the corporation itself, but the corporate controlling personnel. The construction of criminal provisions for corporations must be strictly regulated so that corporations do not evade their responsibilities [14].

V. CONCLUSION AND RECOMMENDATIONS

Conclusion

This research has examined the criminal liability regulations for money laundering offenders in Indonesia, revealing several critical findings that necessitate regulatory reform. First, the current criminal liability regulations for money laundering offenders demonstrably lack justice-based values due to significant structural deficiencies. The Anti-Money Laundering Law (Law No. 8 of 2010) fails to establish clear time limits for fine payments imposed on convicted money laundering offenders, creating uncertainty in penalty enforcement. Moreover, Article 8 of this law permits offenders to substitute substantial fine payments with imprisonment for a maximum of only 1 year and 4 months—a provision that creates a disproportionate relationship between the severity of the offense and its punishment, particularly considering the substantial minimum fines established in the legislation. This disparity undermines the deterrent effect intended by the law and fails to reflect the principles of distributive and commutative justice that should underpin criminal sanctions.

Second, the research has identified three categories of weaknesses in the current regulatory framework: structural, substantive, and cultural. Structural weaknesses manifest in poor coordination between the Financial Transaction Reports and Analysis Center (PPATK), Police, Prosecution, and Courts in handling money laundering cases, with unclear regulations regarding investigative authority creating jurisdictional conflicts. The reverse burden of proof mechanism, while theoretically beneficial, hinders prevention efforts as the lengthy process of proving predicate offenses provides perpetrators with opportunities to eliminate evidence. Substantive weaknesses include ambiguities and inconsistencies with the lex certa principle in the Anti-Money Laundering Law, such as Article 40 which inadequately defines PPATK's prevention and eradication functions. Additionally, PPATK's covert investigation authority lacks recognition by the prosecution and the Corruption Eradication Commission (KPK), creating enforcement gaps. The law's adoption of the 'reasonably suspected' element contradicts established criminal doctrine by effectively eliminating the obligation to prove predicate offenses. Cultural weaknesses stem from societal resistance to financial transparency, with many individuals maintaining that financial transactions should remain private, including the source of funds—an attitude that creates significant barriers to implementing the Know Your Customer (KYC) principle essential for preventing money laundering.

Third, based on these findings, this research proposes a justice-based reconstruction of criminal liability regulations for money laundering offenders through amendments to Article 8 of Law No. 8 of 2010. The proposed reconstruction includes provisions for asset confiscation to satisfy unpaid fines, mandatory installment payments when assets are insufficient, court-determined payment periods of up to 16 months based on the offender's ability to pay, and imprisonment as a substitute penalty for non-payment that is proportionate to the severity of the offense. This reconstruction aligns with justice principles by ensuring that penalties are both effective and proportionate, while addressing the identified weaknesses in the current regulatory framework. By implementing these reforms, Indonesia can strengthen its anti-money laundering regime and better protect its financial system from criminal exploitation, ultimately promoting both economic stability and social justice

Recommendations

Based on the research findings, several recommendations are proposed for improving Indonesia's anti-money laundering regulatory framework. First, the government and Parliament should prioritize the immediate reconstruction of Law No. 8 of 2010 concerning Prevention and Eradication of Money Laundering by adding and amending provisions in Article 8 to incorporate the justice-based approach outlined in this study. These amendments should specifically address the mechanisms for fine payment, asset confiscation procedures, installment payment options, and proportionate imprisonment substitutions for unpaid fines.

Second, the government needs to strengthen coordination among law enforcement agencies through clear regulations that delineate jurisdictional boundaries and investigative authorities. This coordination should be formalized through inter-agency agreements and standard operating procedures to prevent overlapping authorities and jurisdictional conflicts. Additionally, the provisions of the Anti-Money Laundering Law should be revised to comply with the lex certa principle, ensuring clarity and legal certainty in the definition of offenses and enforcement procedures. Comprehensive public education initiatives are also needed to foster a culture of financial transparency and overcome societal resistance to anti-money laundering measures, particularly regarding the implementation of the Know Your Customer principle.

Third, society should play an active role in preventing money laundering crimes by increasing awareness of the importance of transparency in financial transactions and developing a more critical approach to reporting suspicious transactions. Financial institutions, professional associations, and civil society organizations should collaborate in promoting ethical financial practices and supporting the implementation of anti-money laundering regulations. Through these coordinated efforts between government institutions and society, Indonesia can develop a more effective and just system for combating money laundering and protecting the integrity of its financial system.

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