



Tracing digital traces of money laundering in order to restore state losses in the perspective of justice

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ABSTRACT

Current media facilities and internet networks, people can receive and disseminate information through digital media. Rapid the development of technology and communication has consequences that have an impact on changes in patterns of production and consumption of information carried out by the general public. So researchers are interested in doing this in order to increase vigilance in conducting transactions and data privacy so that can reduce criminal acts related to data or cybercrime. The results showed that in this digital era, the function of the library as information and knowledge service providers change. Library must change the paradigm to be more technology-based and develop themselves, so that as a source of library learning remains a bone backs of the nation in gaining knowledge and deepening scientific, The dynamics of money laundering is growing rapidly is the reason, so it is appropriate in the search for money laundering must use credible digital technology

INTRODUCTION

Technological developments in the field of Finance and communication not only open the door for innovation and convenience, but also pose new risks related to the security and integrity of financial transactions. Therefore, the role of law addressing these challenges is becoming increasingly important. Journal it will not only discuss the existing regulatory framework, but also examine how laws can continue to evolve to accommodate new dynamics in the digital sphere. Thus, this study is expected to provide substantial insight for Legal Practitioners, Law Enforcement, and policy makers in understanding, anticipating, and responding to follow money laundering in the age of technology.

Weaknesses in Law Number 8 year 2010, which regulates the prevention and eradication of criminal acts money laundering. This weakness allows the perpetrators of crime to disguise the origin of illegal funds through Bitcoin. The perpetrators use a new method that puts security, speed, and Privacy first Bitcoin to cover their tracks in cyberspace. Criminological studies analyze various factors, including internal factors within the individual, factors external learned from the surrounding environment, and technological advances provide convenience and sophistication for the perpetrators of crimes to running its operations untraceable.

Advances in Information Technology have profound implications against social and legal order. The phenomenon of digital footprint, which now joins every online transaction, provides a new dynamic for law enforcement, especially in an effort to track and prevent money laundering. In this framework, this study seeks to provide legal analysis in depth, explore the linkages between technological development and impact on the effectiveness of law enforcement in tackling acts financial crime so that the author is interested in discussing the tracing of digital traces of money laundering with Justice and in order to restore state losses.

METHOD

The research method used in this paper is a type of normative research by using the type of approach to legislation (the Statute Approach), where a problem that exists in this paper can be seen from the example of the case and can be associated with legislation so that we know the rules that govern it.

RESULTS AND DISCUSSION

A. Digital technology development against money laundering

In this digital era, the library functions as information and knowledge service providers change. Library must change the paradigm to be more technology-based and develop self, so that as a source of library learning remains the backbone of the nation in obtaining knowledge and deepening science. Library, according to him, became one of the important pillars for the implementation education in college. Therefore, it should be college high importance for the management and development library, both in terms of availability of books, access to scientific journals international, application of technology, as well as human resources librarians reliable.

CDD (Customer Due Diligence) is regulated in Article 1 of BI Regulation Number 14/27 / PBI / 2012 concerning Money Corruption Eradication and Counter Terrorism Program for commercial banks that are issuers of the standard recommendations of FATF (Financial Action Task Force). In its development, this is the principle Know your customers (know your customer Principles) turn into customers More specific Due Diligence (CDD) and Enhanced Due Diligence (EDD) in the identification, verification, and monitoring activities conducted by the Bank to ensure that the transaction is in accordance with the customer's profile. Mampu detecting potential through CDD can also improve bank performance an incredible award. Customer due diligence is a process performed by financial institutions to collect and evaluate information relevant about the customer or potential customers. This process aims to understand the potential risks to financial institutions that conduct business with specific organizations or individuals by analyzing information from various sources.

Utilizing cryptocurrency and blockchain technology, Blockchain is latest information technology, and is now beginning to be widely applied in daily needs in various applied fields. This technology is developed in order to support the era of information disruption that provides alternative solutions from a centralized technology architecture. Blockchain technology realized with the concept of decentralization of information in data processing. Data in Blockchain is permanently stored in a data record that will communicated peer-to-peer in an internal network and collaborate actively. This is very different from the internet-based concept developed in Information Technology before. Blockchain technology heralded as a technology that will replace

information architecture centralized which is currently dominant developed, namely through the implementation internet - based technology. Opportunities and challenges of the technological shift from internet-based peer-to-peer model began to be widely accommodated by practitioners in industry and business.

B. Tracing Digital traces of money laundering

Legal purpose conventional consists of Justice, expediency, and legal certainty. Ethical flow who wants the law to create Justice divides justice into two type, namely retributive justice (provide justice by looking at the portion), and cumulative justice (equal justice without looking at the portion). Then flow utilitarianism, where Jeremy Bentham as one of the leaders of this flow.

The potential of technological solutions to detect money laundering patterns. Big data analytics allows to process and analyze nonlinear data in large volumes and identify specific patterns that are hidden and connecting data that seem unrelated. "Big data analytics not only used for the disclosure of a crime but also can predict an event through the processing of large volumes of data either linear and nonlinear data from different sources so that it can detect anomalies quickly. For PPATK and law enforcement, big data tools can be used to perform mapping and visualization so as to provide a fuller picture of the flow of illegal funds and identify geographic areas, industries, channels and suspected parties involved in a crime 18. "The use of big data analytics to combat money laundering in line with the FATF Report on Opportunities and Challenges of New Technologies for AML / CFT," concluded the head of PPATK. PPATK at the moment it can not work simply. In the era of technology 4.0 and the era 5.0 Money Laundering, it is no longer the time to work based on textbooks, must be able to get out of the box.

Crime that continues to grow rapidly is the reason, and Big Data is also one of the tools they run the action. For this reason, it is necessary to have the same goals and commitments of all stakeholders interest in the APUPPT regime to collaborate and synergy, creating a database that is strung into valuable information in order to dispel various economic crimes . Innovations in the financial system to fight money laundering . Bank Indonesia conducts a risk assessment of the criminal financing of proliferation of weapons of mass destruction (PPSPM) in the provider sector Payment services (PJP) institutions other than banks and Exchange business activities Foreign currency (KUPVA) is not a

Bank. Money laundering (TPPU), criminal financing of terrorism(TPPT), and endanaan proliferation of weapons of mass destruction (PPSPM) in the provider sector Payment services (PJP) institutions other than banks and Exchange business activities Foreign currency (KUPVA) is not a Bank.

Risk assessment is outlined in Sectoral Risk Assessment (SRA) which refers to the National Risk Assessment (NRA) TPPU, TPPT, and PPSPM aims to:

1. Identify and analyze threat factors, vulnerabilities and impact of money laundering, terrorism financing and proliferation financing weapons of mass destruction;
2. Identify, analyze, and evaluate various risks money laundering, terrorism financing and weapons proliferation financing mass destruction includes risk mapping based on user profiles services (individuals and business entities), region, products and services, and transaction path or network (delivery channel);
3. Identify and analyze threats of money laundering, financing terrorism and financing the proliferation of new weapons of mass destruction emerging and / or developing "emerging threat";
4. Formulate money laundering risk mitigation strategy steps, financing of terrorism and financing the proliferation of weapons of mass destruction.

Artificial intelligence technology in the identification of suspicious transactions. The growth of technology has diversified money transfer options, including wire transfer, currency exchange, anonymous online payment, currency crypto, and peer-to-peer transfers. Electronic money transfers have added traditional money laundering methods. Therefore, AML needs to integrate technology to pursue cybercrime as used by the money launderers. Researchers have explored the feasibility of various AI and machine learning techniques in dealing with money laundering.

In the process of cleaning up illegal money and return the money clean to the launderer, money laundering creates a path and a cycle. These paths are sometimes simple and sometimes complex, but they all form network that can be followed with software. Customer transactions and users can be monitored by AI, which can help identify unusual or suspicious activity. Financial institutions provide consolidation of operations, which tracks all parties involved in a transactions. When a transaction / user violates certain rules and parameters, machine learning techniques are used to generate alarms. To identify money laundering behavior, machine learning approach involves training a sample of raw

data, which is then modeled, tested, and evaluated before applying. When the client meets or violates one or more provisions, alerts will be generated. Before being able to effectively combating money laundering on a global scale, this kind of approach requires extensive training and evaluation.

Comparison of global regulations related to money laundering. Follow Settings Money laundering (TPPU) through Cryptocurrency in Indonesia: study Comparison of the United States, Canada, and Australia this study aims to assess the readiness of Indonesian regulations to accommodate the development of cryptocurrencies (or crypto-assets) that have implications for prevention and eradication of use as a criminal offense money laundering (TPPU). Measure of availability is assessed by comparing with a country that is friendly to cryptocurrency, namely America United States, Canada, and Australia. These three countries in addition to regulating the wider use of cryptocurrency, but also have added elements cryptocurrency into the tppu Prevention Act. With compare, then it can be studied the potential absorbed in the settings in Indonesia. Type of research in this writing is normative approach laws and comparisons.

As the use of cryptocurrencies increases, criminals are turning to these digital assets as a means of money laundering. Cryptocurrencies offer a level of anonymity and ease of transfer that makes tracking illicit funds difficult. Criminals use a variety of methods to launder money using cryptocurrencies, such as crypto-mixing, privacy coins, and chain-hopping.

Crypto blending involves merging multiple transactions from different sources to obscure the original source of funds. Privacy coins, which offer enhanced privacy features, make tracking transactions difficult. Chain-hopping refers to the transfer of funds between different cryptocurrencies or blockchain networks to create a dead end in the path of money.

In 2022, approximately \$23.8 billion of digital currency was transferred through illicit addresses, signaling a significant increase in crypto money laundering. Criminals are constantly innovating and adapting their methods to exploit cryptocurrency vulnerabilities in the money laundering process so understanding these money laundering techniques is critical for financial institutions, law enforcement agencies, and regulatory authorities in their efforts to combat money laundering and terrorist financing . By remaining informed and vigilant, stakeholders can work together to develop effective strategies and

technologies to detect and prevent illicit financial activity.

To combat illicit money laundering activities, a comprehensive and coordinated effort is required from a wide range of stakeholders, including governments, law enforcement agencies, financial institutions, and international organizations. This section explores two important aspects of combating money Laundering: Anti-Money Laundering (AML) programs and international efforts and organizations.

Financial institutions play an important role in combating money laundering, as financial institutions are often the main mechanism used by criminals to legitimize their illegal proceeds. To prevent money laundering activities, financial institutions are obliged to implement a strong Anti-money laundering (AML) program (Investopedia). These programs are designed to identify, assess, and mitigate risks associated with money laundering and terrorist financing.

The AML Program involves several key components, including:

1. Risk assessment: financial institutions conduct periodic risk assessments to identify and evaluate the money laundering risks they face. This allows them to develop appropriate measures to mitigate these risks.
2. Customer Due Diligence (CDD): an important aspect of an AML program is the implementation of Know Your Customer (KYC) procedures. Financial institutions are required to verify the identity of their customers, assess their risk profile, and monitor their transactions to detect suspicious activity.
3. Transaction monitoring: financial institutions use advanced monitoring systems to detect and report unusual or suspicious transactions. By monitoring activity patterns, including the number of transactions, frequency, and source of funds, they can identify potential money laundering activities.
4. Reporting suspicious activity: the AML Program requires financial institutions to report suspicious activity to the appropriate authorities. This allows law enforcement agencies to investigate and take the necessary measures to combat money laundering.

By implementing effective AML programs, financial institutions can help prevent and detect money laundering activities, protect their reputation, and comply with relevant anti-money laundering regulations.

Money laundering techniques continue to evolve as criminals adapt to technological and regulatory

advances. This continuous evolution poses great challenges for the authorities that seek to combat money laundering effectively. One of the growing techniques in money laundering is the use of emerging payment methods, such as mobile payments and online wallets. Criminals exploit these platforms to move illicit funds quickly and secretly across national borders. Authorities face the challenge of keeping pace with these new payment methods and developing effective monitoring mechanisms.

Another challenge is the increasing globalization of financial transactions. Money laundering schemes often involve multiple jurisdictions, so coordination between international law enforcement agencies is critical. Information sharing and cooperation between countries is critical in detecting and preventing cross-border money laundering activities. International organizations, such as the Financial Action Task Force (FATF), play an important role in encouraging collaboration and setting global standards to combat money laundering. As criminals continue to adjust their techniques, authorities must remain vigilant and proactive in developing countermeasures. This includes investing in advanced technologies, leveraging data analytics, and fostering collaboration between the public and private sectors. By keeping abreast of growing trends, authorities can effectively stop money laundering networks and protect the integrity of the global financial system.

The emergence of money laundering with digital currencies and the proliferation of techniques used by criminals highlights the need for continued efforts to strengthen anti-money laundering (AML) programs and regulatory frameworks. By staying informed of current trends and challenges in money laundering, professionals working in compliance, risk management, and anti-financial crime can play an important role in protecting the integrity of the financial system and preventing illicit activity from flourishing.

CONCLUSION

In pursuing money laundering crimes with financial searches, it should be mandatory to use 4 criteria, namely Risk Assessment, Customer Due Diligence (CDD), Transaction Monitoring and reporting suspicious activities, these are the basis for tracing money from crimes but from that the policies of the government and the integrity of power are very important in supporting the tracing of money from corruption crimes.

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