



The Effectiveness of Criminal Sanctions as an Instrument of Prevention and Enforcement in the Legal Framework of Money Laundering Crimes

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Abstract. Money laundering is a serious crime that has a significant impact on economic and social stability, as well as the integrity of the financial system. This crime is often associated with serious crimes such as corruption, narcotics, and terrorism. Money laundering poses a major threat to national security, conceals the origin of illicit funds, and undermines a healthy economic system. To combat this crime, Indonesia has imposed criminal sanctions based on Law Number 8 of 2010, which aims to provide a deterrent effect on perpetrators and prevent similar crimes from occurring in the future. However, the effectiveness of these criminal sanctions remains a critical challenge, given the various difficulties in their enforcement, such as the complexity of tracking the flow of funds, limited law enforcement resources, and the increasingly sophisticated modus operandi of perpetrators who often work together with international networks. This study seeks to examine the effectiveness of criminal sanctions in combating money laundering and identify obstacles in their implementation. The research method used is juridical-normative research with a legal regulatory framework. Primary data was obtained through literature review and examination of legal documents, while secondary data came from relevant literature, reports, and academic studies. The urgency of this research stems from the importance of evaluating and strengthening the application of criminal sanctions to protect the national financial system from the risk of money laundering. Without concrete steps to increase the effectiveness of sanctions, money laundering crimes will continue to proliferate and pose a threat to the national economy, weaken the legal system, and erode public trust in efforts to combat economic crime.

Keywords: Criminal Sanctions, Money Laundering, Legal Enforcement, Crime Prevention, Legal Framework.

1. INTRODUCTION

Money laundering (TPPU) is a process or act that aims to hide or disguise the origin of money or assets obtained from criminal acts which are then converted into assets that appear to come from legitimate acts (Sutedi, 2008). According to Welling, "Money laundering is the process by which one conceives the existence, illegal source, or illegal application of income, and then disguises that income to make it appear legitimate" (Welling, 1989). The impact of this crime is very broad, including financial losses to the state, disruption to economic stability, and the potential to weaken existing financial and banking institutions.

Furthermore, money laundering can exacerbate political instability by providing a way for certain groups to finance illicit activities such as narcotics and even terrorism (Apriliansah, 2024). From a legal and political perspective, money laundering damages the integrity of state institutions. The proceeds of money laundering crimes are often used to influence political processes, support illicit activities, and even fund terrorism. This erosion of the rule of law poses a direct threat to the security and stability of the state. The perception that perpetrators can avoid sanctions through inadequate law enforcement against money laundering crimes

undermines public trust in the criminal justice system (Adiansyah, 2024). If not addressed effectively, money laundering practices will have a domino effect that is detrimental to the state and society.

Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes is the legal basis for Indonesia which aims to eradicate and prosecute money laundering practices. This regulatory framework is carefully designed to maintain the stability of the country's economy and finances from dangerous threats posed by criminal acts that exploit illicit funds. (Iqbal, 2024) This law provides a comprehensive explanation of the definition of money laundering, explains the essential elements of the crime, and outlines the various sanctions that can be imposed on perpetrators. (Donnia, 2023)

It should be noted that in addition to criminal penalties, including imprisonment and financial fines, this law also empowers the authorities to confiscate assets that are derived from criminal activities. One of the main strategies used by law enforcement in this framework is the principle of "following the money", which includes tracing the flow of funds to determine its main source, which often comes from corruption, drug trafficking, or other transnational crimes (Putra, 2019). By emphasizing the pursuit and interruption of the flow of funds, this regulation is expected to effectively break the cycle of crime that often links various serious violations. (Jahja, 2012)

Although there are clear positive laws regulating money laundering, law enforcement agencies in Indonesia face various obstacles in combating money laundering. The lack of trained personnel and lack of technical expertise hinders their ability to identify and capture sophisticated techniques. Coordinating institutions such as PPATK, the National Police, and the Attorney General's Office are challenged by different procedures. Money laundering is becoming increasingly complex, as it utilizes sophisticated technology and international networks. Money launderers often operate in secret, using methods such as cryptocurrency transactions, fictitious companies, and non-transparent trade routes. These things become obstacles to the effectiveness of imposing criminal sanctions on perpetrators.

Law enforcement agencies need better collaboration and advanced technology to detect suspicious transactions. Law enforcement against money laundering (TPPU) crimes faces various complex challenges, especially in the investigation, evidence, and prosecution stages of the case. One of the main challenges is the transnational nature of TPPU which involves various organized crime networks. TPPU perpetrators often use sophisticated technology and complex financial schemes to disguise the proceeds of crime, making it difficult for law

enforcement officers to trace the flow of funds related to illegal activities. In addition, the process of investigating TPPU cases requires coordination between various institutions, both at the national and international levels, such as the Financial Transaction Reports and Analysis Center (PPATK), the Police, the Prosecutor's Office, and banking and financial institutions. The lack of synergy and gaps in the exchange of information between these institutions can hinder the effectiveness of investigations and law enforcement.

In addition to the technical challenges in investigations, evidence in TPPU cases is also a significant obstacle. Unlike Conventional money laundering which usually has clear physical evidence and witnesses, TPPU relies more on evidence of financial transactions that are often hidden in the banking system or outside the jurisdiction of the state. This causes law enforcement officers to have to work harder to collect sufficient evidence to meet the standard of proof in the trial process. In addition, there are still differences in understanding among law enforcers regarding how a financial transaction can be categorized as part of money laundering, especially if the transaction involves a third party or uses a legitimate financial instrument. Another obstacle that is often faced is the difficulty in obtaining cooperation from financial institutions or other countries in order to obtain the data and financial documents needed for evidence in court. The effectiveness of criminal sanctions in dealing with TPPU is also influenced by various factors, including weak law enforcement, corruption among officials, and limited regulations.

In many cases, the sentences imposed on TPPU perpetrators tend to be light compared to the major impact caused by the crime on the economy and the country's financial system. Some perpetrators can even avoid severe penalties in various ways, such as using lawyers who have strong influence or taking advantage of existing legal loopholes. In addition, corruption in law enforcement institutions is also one of the main factors that hinder the effectiveness of criminal sanctions in TPPU cases. Officers who should take firm action against perpetrators are often involved in bribery and abuse of authority so the legal process does not run as it should. There is a significant gap between theory and practice in the application of criminal sanctions against TPPU perpetrators. Normatively, laws and regulations in Indonesia have regulated the criminal threat for TPPU perpetrators, both in the form of imprisonment, fines, and confiscation of assets.

However, in practice, the enforcement of these sanctions is often ineffective. Many cases show that TPPU perpetrators are only given light sentences or even acquitted due to the weak evidence process and lack of commitment to implementing the maximum sentence. In addition,

the process of confiscating assets from crime also still faces technical and administrative obstacles, which causes assets that should be returned to the state to still be controlled by the perpetrators. As a result, the deterrent effect of criminal sanctions against TPPU perpetrators is weak, and money laundering practices continue with increasingly sophisticated modes. Therefore, legal reform and increased capacity of law enforcement officers are needed so that the application of criminal sanctions against perpetrators of TPPU can be truly effective in preventing and prosecuting this crime.

2. METHOD

The research method used is normative legal research with a statutory approach and a conceptual approach. This journal focuses on the study of laws and regulations governing money laundering. The conceptual approach is used to analyze relevant legal concepts. This approach aims to analyze how effective criminal sanctions are in overcoming money laundering, by existing positive law. With this approach, this study will explore obstacles and also things that need to be done to maintain the effectiveness of law enforcement and criminal sanctions for perpetrators of money laundering.

3. RESULT AND DISCUSSION

A. Criminal Sanction in Money Laundry

In Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering (TPPU), various forms of criminal sanctions are carefully designed to provide a deterrent effect for perpetrators of criminal acts while protecting the financial system from illegal activities. Articles 3, 4, and 5 provide a comprehensive description of the main criminal sanctions, which include imprisonment and fines imposed on people who commit crimes related to TPPU. Article 3 specifically regulates sanctions for people who intentionally place, transfer, pay, grant, deposit, take abroad, or carry out other acts intended to hide the source of Assets that are known or reasonably suspected to originate from criminal acts. Violations of this article are subject to a maximum imprisonment of 20 years and a maximum fine of IDR 10 billion.

Article 4 provides sanctions for perpetrators who intentionally hide or disguise the origin, source, location, destination, or actual ownership of assets suspected to result crimes. Meanwhile, Article 5 regulates criminal sanctions for people who receive, control, or utilize assets known to be the proceeds of crime. The sanctions imposed in this regulation are

equivalent to those stated in Article 3, namely a maximum imprisonment of 20 years and a maximum fine of IDR 10 billion. This regulation emphasizes that each stage of the money laundering process, which includes placement (placement of funds), layering (transfer of funds in layers), and integration (utilization of funds in legitimate activities), can be subject to severe sanctions if proven to have violated the law.

In addition to the main criminal sanctions, Article 7 regulates additional sanctions, including confiscation of assets resulting from criminal acts, payment of compensation, and revocation of certain rights. Asset confiscation serves to prevent perpetrators of criminal acts from continuing to enjoy the proceeds of criminal acts and to ensure that the assets are returned to the state or the entitled party. If the proceeds of criminal acts are not found because they have been transferred, used, or hidden, the perpetrator of the criminal act is obliged to pay compensation equal to the value of the lost assets. This additional sanction is important because the crime of money laundering not only harms the financial system, but can also finance other serious crimes, such as terrorism, drug trafficking, and corruption.

The main purpose of this criminal sanction is not only limited to punishment alone but also includes prevention and recovery of state losses. In combating money laundering crimes, criminal sanctions serve as a means to eliminate financial incentives for people involved in economic crimes (Wulandari, 2020). With the threat of severe penalties, this law encourages perpetrators of money laundering crimes to be more careful before committing money laundering crimes. In addition, the role of law enforcement agencies and financial supervisory agencies, such as the Financial Transaction Reports and Analysis Center (PPATK), is very important in supporting the implementation of this sanction. PPATK has the responsibility to analyze suspicious financial transactions, which are then forwarded to law enforcement officers, including the Police and the Prosecutor's Office, for further investigation and prosecution (Juniana, 2022).

B. Problems of the Effectiveness of Criminal Sanctions in Combating Money Laundering

Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering has established comprehensive procedures for the prevention and prosecution of money laundering. This law requires financial institutions and certain business entities to report suspicious transactions and authorizes law enforcement officers to conduct further investigations into suspected money laundering. One important innovation introduced by this law is the establishment of the Financial Transaction Reports and Analysis Center (PPATK),

which functions as an institution tasked with analyzing suspicious transaction reports to identify potential criminal acts.

Despite having a clear legal basis, the implementation of this law is often hampered by various factors. Among them is the lack of trained and skilled human resources in conducting investigations and handling money laundering cases. It is not uncommon for the legal process to be hampered by the lack of strong evidence, as well as technical obstacles in tracking financial transactions that are hidden behind a sophisticated global network.

Furthermore, the effectiveness of law enforcement in eradicating money laundering crimes is also influenced by coordination constraints between authorized institutions. Although several institutions have the authority to handle these cases, such as the police, the Corruption Eradication Commission (KPK), and the Financial Services Authority (OJK), there is often overlap or gaps in the division of tasks between these institutions. This division often causes inefficiency in managing money laundering cases (Watkot, 2023). Each institution has its role in preventing and eradicating this crime, but it is not uncommon for there to be unclear division of tasks, resulting in slow or suboptimal handling of money laundering cases. In addition, differences in priorities and perspectives between these institutions often hinder the achievement of the common goal of eradicating money laundering practices that are detrimental to the state.

Furthermore, the lack of public awareness of the importance of reporting suspicious transactions significantly hampers the effectiveness of law enforcement efforts (Afrillo, 2024). Although supervisory agencies can detect suspicious transactions, they often ignore these incidents due to the limited public understanding of money laundering indicators. Additionally, financial institutions mandated to report suspicious transactions face challenges in obtaining adequate training and understanding applicable regulations.

C. Urgency Regarding Improving Law Enforcement and Imposing Sanctions in Combating Money Laundering

Overall, Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering (TPPU) has provided a clear and comprehensive legal framework to prevent and eradicate money laundering, but its effectiveness is still constrained by several challenges, as explained above, which need to be addressed immediately. Evaluation and updating of existing mechanisms are very important to increase the effectiveness of efforts to eradicate money laundering optimally (Pratama, 2022). In particular, increasing the capacity of human resources in authorized institutions and increasing coordination between institutions involved in handling

the case is essential. In addition, the application of more advanced technological devices to detect suspicious transactions can significantly increase the effectiveness of law enforcement in investigating money laundering (Munajat, 2024). Thus, law enforcement agencies in money laundering cases will be better prepared to have a significant impact on the country's economy and build a more transparent financial system free from criminal practices.

In Indonesia, various law enforcement agencies, including the Indonesian National Police, the Prosecutor's Office, and the Financial Transaction Reports and Analysis Center (PPATK), play an important role in these efforts. Although many efforts have been made to combat money laundering cases, an evaluation of the effectiveness of these institutions' performance is still needed to assess the extent to which law enforcement operations are running effectively and to identify potential obstacles in their implementation. The success of law enforcement efforts in eradicating money laundering depends on many factors, including the quality of existing regulations and smooth coordination between related institutions (Wahyuningsih, 2016).

The Indonesian National Police, as the main institution responsible for investigating and disclosing money laundering cases, often faces various challenges, especially related to limited resources and technical capabilities in tracing suspicious fund flows (Makauli, 2016). Many money laundering cases involve complex cross-border transactions, thus requiring close international cooperation. Although these challenges are not easy, the Indonesian National Police have still been able to uncover a number of major cases involving international networks. This success can be an important indicator that increasing capacity through rigorous training and the application of more advanced technology in investigations can significantly increase the effectiveness of the Police in handling money laundering cases (Nuryanto, 2019).

The Prosecutor's Office plays an important role in indicting money launderers who are successfully arrested by the Police (Jannah, 2025). Therefore, the Prosecutor's Office needs to increase cooperation with other institutions, especially the PPATK, in collecting and verifying evidence of suspicious financial transactions. With strong evidence, the prosecution process can run more efficiently and become a more effective deterrent against money laundering activities.

As an institution tasked with analyzing and detecting suspicious transactions, the Financial Transaction Reports and Analysis Center (PPATK) plays an important role in eradicating money laundering crimes in Indonesia. PPATK has the authority to analyze suspicious transaction reports and submit its findings to law enforcement agencies for follow-

up (Mawardin, 2022). Although PPATK's contribution is quite significant, the problem of delays in following up on the results of the analysis by law enforcement agencies still needs to be addressed. Several factors causing this delay include inadequate coordination between related institutions. In addition, technical constraints in data processing and restrictions set by laws and regulations are challenges in accelerating the follow-up process based on PPATK findings.

To increase the effectiveness of law enforcement in eradicating money laundering crimes, it is necessary to improve cooperation and synergy between PPATK and other law enforcement agencies. Statistical analysis of money laundering cases in Indonesia shows that although law enforcement agencies have made great efforts to resolve these cases, there are still many challenges that must be overcome (Denniagi, 2021). Improving the ability of law enforcement agencies to handle money laundering cases, both in terms of human resources, technological advances, and coordination between institutions, is absolutely necessary. In addition, improving regulations and stricter law enforcement measures are also important factors in increasing the effectiveness of eradicating money laundering. It will result in an increase in the number of cases resolved with a higher success rate in prosecution and appropriate sanctions for perpetrators. Thus, this will contribute to the establishment of a more effective legal and criminal system in eradicating money laundering crimes in Indonesia.

4. CONCLUSION

Money Laundering (TPPU) is a serious crime that poses significant risks to economic stability, financial integrity, and national security. This crime disguises the illicit origins of funds, often from corruption, drug trafficking, or transnational crime, so that they appear legal. The consequences of money laundering are extensive, including significant state financial losses, compromised integrity of financial institutions, and the potential for rampant illegal activities, including terrorism. In response to these challenges, Law Number 8 of 2010 establishes a comprehensive legal framework for the prevention and eradication of TPPU. The law regulates the definition of the criminal elements and provides criminal sanctions and confiscation of the perpetrators' assets. Despite the strong regulatory framework, several significant challenges still face law enforcement agencies. These challenges include limited human resources, inadequate technical capabilities, and a lack of coordination between institutions involved in addressing cases.

The Police, the Prosecutor's Office, and the District Attorney's Office (PPATK) play an important role in efforts to eradicate TPPU in Indonesia. However, increased cooperation and the application of cutting-edge technological solutions are essential to improve the effectiveness of law enforcement efforts. PPATK, as an institution tasked with analyzing suspicious transactions, must work closely with the Police and the Prosecutor's Office to accelerate and ensure the accuracy of follow-up actions based on the analysis result. The Prosecutor's Office must prioritize the termination of cases with strong evidence, while the Police must improve their ability to trace complex cross-border transactions. In the long term, increased coordination, provision of comprehensive human resource training, and improvement of regulations will contribute to the development of a more resilient law enforcement system. It will increase public trust, maintain economic stability, and safeguard national security from the threat of widespread money laundering.

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