

The Legal Status of Cryptocurrency and Its Implications for Money Laundering in Indonesia

Abdurrahman Alhakim*, Tantimin**

DOI: <https://doi.org/10.22304/pjih.v11n2.a4>

Submitted: August 8, 2023 | Accepted: April 29, 2024

Abstract

Decentralized technologies such as blockchain facilitate secure and anonymous transactions, heralding a new era of financial innovation. However, the advent of cryptocurrencies has also posed significant challenges, especially in the realm of preventing money laundering practices. In Indonesia, individuals have exploited these systems for illicit money laundering from fraudulent schemes. Therefore, this study aimed to critically analyze the effectiveness of current regulatory frameworks and propose improved approaches to mitigate money laundering risks associated with cryptocurrency. Indonesia expects to shift its legal perspective due to the substantial threats posed by attempting to regulate a volatile financial system. This study employed normative legal research methods. The findings suggest that recognizing cryptocurrency as a legal tender could advance the agenda of addressing money laundering as a critical threat to financial stability and national security. This would significantly enhance the regulatory framework and ensure the financial system's integrity amidst evolving threats.

Keywords: cryptocurrency, legal development, money laundering.

A. Introduction

Cryptocurrency represents an alternative form of currency that offers more freedom and control, bypassing government and central bank intervention to create a decentralized economic environment. However, its decentralized nature complicates the legal status, with no unified stance on its definition and acceptance. This ambiguity complicates efforts by law enforcement agencies to combat money laundering practices.¹ As a highly populated country with significant international financial flows, Indonesia urgently needs to address financial crimes resulting in

PADJADJARAN Journal of Law Volume 11 Number 2 Year 2024 [ISSN 2460-1543] [e-ISSN 2442-9325]

* Assistant Professor of Law at the Faculty of Law, Internasional Batam University, Jl. Gajah Mada, Tiban Indah, Kec. Sekupang, Kota Batam, Kepulauan Riau, 29426, Indonesia, S.H. (Diponegoro University), M.H. (Diponegoro University), and a Doctoral Student of the Pelita Harapan University, Indonesia, alhakim@uib.ac.id.

** Assistant Professor of Law at the Faculty of Law, Internasional Batam University, Jl. Gajah Mada, Tiban Indah, Kec. Sekupang, Kota Batam, Kepulauan Riau, 29426, Indonesia, S.H. (Lancang Kuning University), and M.H. (Batam University), and a Doctoral Student of the Pelita Harapan University, Indonesia, tantimin@uib.edu.

¹ Valeriia Dyntu and Oleh Dykyi, "Cryptocurrency in The System of Money Laundering," *Baltic Journal of Economic Studies* 4, no. 5 (2019): 78, <https://doi.org/10.30525/2256-0742/2018-4-5-75-81>.

substantial economic losses. Moreover, the globalization of the financial system has increased the risk of money laundering through criminal activities.²

Denying cryptocurrency legal tender status can have negative impacts, primarily due to potential gaps created by the lack of normative support despite its widespread use in society. Investigating financial crimes facilitated by cryptocurrency in Indonesia proves challenging due to these gaps. Although many jurisdictions have attempted to illegalize this alternative currency, the high volume of trading and market activities have rendered these efforts largely ineffective.³ Therefore, examining the experiences of various nations in implementing and regulating cryptocurrency is crucial for understanding its benefits and drawbacks.⁴ By comparing these international experiences, Indonesia can develop a robust legal framework to monitor and secure the flow of transactions through blockchain technology.

From the legal positivist perspective, as articulated by thinkers such as Hobbes and Bentham, the fundamental philosophical question of scientific analysis shifts from “What is a law to what enables the content in its various forms—obligation, authority, normativity—to exist.”⁵ This perspective is crucial in analyzing the potential and threats posed by cryptocurrency, particularly the impact on legal developments. It also underscores the urgency for legal systems to adapt in response to the challenges presented by cryptocurrencies, including integrating these concepts within legal frameworks and understanding the principles that confer legitimacy on legal norms in rapidly evolving social and technological landscapes.

A study highlights the extensive use of cryptocurrencies for illegal activities, specifically money laundering.⁶ The data was collected through detection-controlled estimation. It reveals a significant amount of cryptocurrency transactions related to unlawful activities, such as illicit drugs, forgeries, and weapons, through darknet marketplaces, particularly on platforms like Silk Road. Furthermore, the study emphasizes the inadequacies within Indonesia’s legal framework and legislative structures, leading to many loopholes that criminals easily exploit to launder money

² Anastasia Suhartati Lukito, “Financial Intelligent Investigations in Combating Money Laundering Crime,” *Journal of Money Laundering Control* 19, no. 1 (2016): 93, <https://doi.org/10.1108/JMLC-09-2014-0029>.

³ Immaculate Dadiso Motsi-Omoijiade, *Cryptocurrency Regulation: A Reflexive Law Approach 1st Edition* (Oxon: Routledge, 2022), 61-62.

⁴ Olena Bondarenko, Oksana Kichuk, and Andrii Antonov, “The Possibilities of Using Investment Tools Based on Cryptocurrency in the Development of the National Economy,” *Baltic Journal of Economic Studies* 5, no. 2 (2019): 11, <https://doi.org/10.30525/2256-0742/2019-5-2-10-17>.

⁵ Dan Priel, “Toward Classical Legal Positivism,” *Virginia Law Review* 101, no. 4 (2015): 31, <https://virginialawreview.org/articles/toward-classical-legal-positivism/>.

⁶ Sean Foley, Jonathan R Karlsen, and Tālis J Putniņš, “Sex, Drugs, and Bitcoin: How Much Illegal Activity Is Financed Through Cryptocurrencies?” *The Review of Financial Studies* 32, no. 5 (2019): 1817, <https://doi.org/10.1093/rfs/hhz015>.

using cryptocurrency.⁷ The real-life cases cited include affiliation fraud on an app and corruption, where the perpetrators used cryptocurrency to hide the money earned from crimes as a form of investment. The study also indicates deficiencies in conducting risk assessments and in the registration framework for cryptocurrency institutions, leading to challenges in tracking the laundered money. However, the relationship between cryptocurrencies and illegal activities is not always straightforward. Contrary to the common perception, the blockchain technology underpinning many cryptocurrencies is not inherently secretive; rather, its inherent transparency provides an immutable record of all transactions. Governments have begun employing cyber-surveillance and digital forensic analysis methods to exploit this transparency for tracking and tracing illicit transactions, including money laundering.⁸

A study by Singh highlights the critical importance of establishing a legislative, regulatory framework for conducting transactions. The findings indicate that the absence of legal recognition can create loopholes within the regulatory framework, thereby complicating the effective regulation of cryptocurrency-related financial crimes.⁹ This is corroborated by a study by Dupuis and Gleason that examines the illicit use of cryptocurrency for money laundering purposes. Additionally, Kane's regulatory dialectic paradigm is employed to identify channels for crypto-to-fiat exchanges that are exploited for laundering activities. Another study proposes regulatory modifications for crypto-related markets to deter potential criminals.¹⁰ It also reviews the significant challenges regulators face, emphasizing the need for effective regulatory measures to combat money laundering.

The utilization of cryptocurrency intersects significantly with fields such as criminology, victimology, social science, and internet network science, as Wardani (et.al) highlighted.¹¹ The analysis of utilization cases reveals that the same group of people commit crimes in both physical and digital spaces. Conversely, individuals with criminal intent, when restricted in physical spaces, often migrate to digital spaces to conduct illicit activities. The findings suggest that the appeal of

⁷ Reda Manthovani, "A Comparative Analysis of Money Laundering Crimes in Indonesia Through Cryptocurrency," *International Journal of Cyber Criminology* 17, no. 1 (2023): 206, <https://cybercrimejournal.com/menuscript/index.php/cybercrimejournal/article/view/168>.

⁸ Foley, Karlsen, and Putniņš, "Sex, Drugs, and Bitcoin: How Much Illegal Activity is Financed Through Cryptocurrencies?"

⁹ Avinash Singh, "The Regulatory Regime for Cryptocurrency in the Present Global Order," *International Journal of Cryptocurrency Research* 2, no. 1 (2022): 9, <https://doi.org/10.51483/ijccr.2.1.2022.7-11>.

¹⁰ Daniel Dupuis and Kimberly Gleason, "Money Laundering with Cryptocurrency: Open Doors and the Regulatory Dialectic," *Journal of Financial Crime* 28, no. 1 (2020): 71, <https://doi.org/10.1108/JFC-06-2020-0113>.

¹¹ Andhira Wardani, Mahrus Ali, and Jaco Barkhuizen, "Money Laundering Through Cryptocurrency and Its Arrangements in Money Laundering Act," *Lex Publica* 9, no. 2 (2022): 56, <https://doi.org/10.58829/lp.9.2.2022.49-66>.

cryptocurrency for those with malicious intentions lies in its anonymity and the ability to conceal identity. These findings receive further support from another qualitative study by Custers (et.al.), which explores the model of money laundering through cybercrimes, notably ransomware, where mastery of internet network science is crucial for success.

Moreover, cryptocurrency offers criminals enhanced flexibility in managing their finances, providing options beyond traditional fiat currencies, such as vouchers. Given these dynamics, regulating cryptocurrency through exchange platforms is increasingly imperative. However, this study stops short of suggesting a specific framework or model for regulatory construction.

Based on the literature review, there appears to be a significant research gap in analyzing the direction the Indonesian government has taken by denying the legality of cryptocurrencies and assessing the impact of such a stance on combating money laundering practices. Additionally, examining the collateral impacts of using cryptocurrency to fund other criminal activities is crucial. This study aims to consider and analyze the normative challenges and the legal consequences these have on Indonesian society.

The study employs a doctrinal legal method to analyze the normative issues of existing positive laws¹² in relation to money laundering through cryptocurrency. To support the analysis, a statutory approach is adopted using secondary data in the form of primary law sources, namely Law Number 8 of 2010 on Prevention and Eradication of Money Laundering Crimes, Law Number 9 of 2013 on Prevention and Eradication of Terrorism Financing Crimes, and Regulation of the Minister of Finance Number 68/PMK.03/2022. The qualitative data analysis method has also been adopted to analyze other countries' Financial Intelligence Units (FIUs) worldwide.

B. The Appeals of Cryptocurrency Despite the Lack of Legal Certainty

Cryptocurrency is a digital decentralized currency gaining popularity worldwide as a form of currency that is not controlled by any central authority, such as a government or financial institution. The currency operates on a decentralized network known as the blockchain, which is a distributed ledger of all transactions.¹³ Additionally, it has led to significant changes in the world of finance, offering a new perspective on personal finance to those seeking more freedom, away from the control of governments. Cryptocurrency has also become a trend among many

¹² Hari Sutra Disemadi, "Lenses of Legal Research: A Descriptive Essay on Legal Research Methodologies," *Journal of Judicial Review* 24, no. 2 (2022): 296, <https://doi.org/10.37253/jjr.v24i2.7280>.

¹³ Dyntu and Dykyi, "Cryptocurrency in the System of Money Laundering."

people around the globe, with data showing a high level of attention and initial offerings to the public.¹⁴

Despite the lack of legal certainty, the concept continues to attract attention and gain popularity among individuals and businesses. Meanwhile, an appeal of this currency is the potential for financial innovation and technological advancement. Cryptocurrencies offer decentralized and peer-to-peer transactions, eliminating the need for intermediaries such as banks. This feature appeals to individuals seeking greater control over financial transactions and the potential for lower transaction costs.¹⁵ This decentralized and peer-to-peer nature provides more control to people conducting the transactions since there is no central authority or intermediary. The transactions are stored in the blockchain as a public ledger, distributed across a computer network. This decentralized network ensures that no single entity has control over the currency or the transactions, giving more control to the individuals participating in the network.¹⁶

The decentralized nature also appeals to those who value privacy and anonymity in financial transactions.¹⁷ Factors such as perceived ease of use, usefulness, and trust contribute to the growing adoption of cryptocurrency among many groups, as supported by the findings of a study.¹⁸ The appeal also lies in the potential for investment and financial gains. Cryptocurrencies have experienced significant price volatility, attracting investors seeking high investment returns.¹⁹ These findings are in line with a study²⁰ that supports a higher level of perceived enjoyment from investing despite the high level of volatility. Similarly, cryptocurrency can be considered a good platform for investment since recent data shows that the profitability is positive on average, making it a safe haven and a good investment.²¹

¹⁴ Christian Masiak (et.al.), "Initial Coin Offerings (ICOs): Market Cycles and Relationship with Bitcoin and Ether," *Small Business Economics* 55, no. 4 (2020): 117, <https://doi.org/10.1007/s11187-019-00176-3>.

¹⁵ Redhwan Al-Amri (et.al.), "Cryptocurrency Adoption: Current Stage, Opportunities, and Open Challenges," *International Journal of Advanced Computer Research* 9, no. 44 (2019): 293, <https://doi.org/10.19101/ijacr.pid43>.

¹⁶ Harald Vranken, "Sustainability of Bitcoin and Blockchains," *Current Opinion in Environmental Sustainability* 28 (2017): 2, <https://doi.org/https://doi.org/10.1016/j.cosust.2017.04.011>.

¹⁷ Craig Jarvis, *Crypto Wars* (Boca Raton: CRC Press, 2020), 30.

¹⁸ Hayder Albayati, Suk Kyoung Kim, and Jae Jeung Rho, "Accepting Financial Transactions Using Blockchain Technology and Cryptocurrency: A Customer Perspective Approach," *Technology in Society* 62 (2020): 4, <https://doi.org/10.1016/j.techsoc.2020.101320>.

¹⁹ Muhammad Abubakr Naeem (et.al.), "Asymmetric Efficiency of Cryptocurrencies During COVID19," *Physica A: Statistical Mechanics and Its Applications* 565 (2021): 2, <https://doi.org/10.1016/j.physa.2020.125562>.

²⁰ Chunling Li (et.al.), "Empirical Research on Intention to Rebuy Cryptocurrencies Such as Bitcoin," *Engineering Economics* 33, no. 5 (2022): 563, <https://doi.org/10.5755/j01.ee.33.5.29895>.

²¹ Haruna Umar Yahaya, John Sunday Oyinloye, and Samuel Olorunfemi Adams, "Modeling and Forecasting Cryptocurrency Returns and Volatility: An Application of GARCH Models," *Universal Journal of Finance and Economics* 2, no. 1 (2022): 18, <https://doi.org/10.31586/ujfe.2022.497>.

The ability of cryptocurrency to be mined is another significant reason for its widespread popularity and the mining has gained attention due to several factors. Firstly, the economic value of trading has been rapidly increasing, which has led to the development of crypto-mining businesses. This trend consumes large amounts of electricity, which has raised concerns about the carbon footprint and environmental impact of mining in Indonesia.²² However, the concept remains a popular trend, captivating the attention of Indonesians of many age groups and social and economic backgrounds.

C. Cryptocurrency's Legal Recognition or the Lack Thereof and How it Affects the Legal Development to Fight Money Laundering

The discourse surrounding the legal status of cryptocurrency is complex and constantly evolving. Changes have occurred worldwide since the government battled with the implications of decentralized digital assets. Countries have adopted varying stances, with some embracing the technology and others imposing strict regulations or outright bans. Predominantly, the legal conversation has gravitated toward the recognition and implications of the framework designed to combat money laundering.

Concerning legal recognition, cryptocurrency occupies an ambiguous territory and many jurisdictions have hesitated to acknowledge the concept as a legal tender. In this context, legal tender refers to the form of payment that law must accept in a particular jurisdiction, which can also be used to settle all public and private debts.²³ According to many jurisdictions, cryptocurrency lacks the quality of being a legal tender for several reasons. From a legal perspective, it does not meet the criteria to be considered a currency²⁴ or issued explicitly by any central authority. Therefore, the currency does not have the legal status of being a recognized form of payment accepted by law²⁵ but this does not necessarily denote illegality. In many jurisdictions, Bitcoin and other cryptocurrencies are legally permissible and are not considered legal tender. Cryptocurrencies are often categorized as property, commodities, or digital assets for legal and tax purposes, granting a certain level of

²² Ika Riswanti Putranti, "Crypto Mining: Indonesia Carbon Tax Challenges and Safeguarding International Commitment on Human Security," *International Journal of Business, Economics, and Social Development* 3, no. 1 (2022): 15-16, <https://doi.org/10.46336/ijbesd.v3i1.206>.

²³ Pedro Franco, *Understanding Bitcoin: Cryptography, Engineering, and Economics* (United States: Wiley Publisher, 2014), 21.

²⁴ Mirza Hedismarlina Yuneline, "Analysis of Cryptocurrency's Characteristics in Four Perspectives," *Journal of Asian Business and Economic Studies* 26, no. 2 (2019): 216-217, <https://doi.org/10.1108/JABES-12-2018-0107>.

²⁵ Dean Armstrong KC, Dan Hyde, and Sam Thomas, *Blockchain and Cryptocurrency: International Legal and Regulatory Challenges* (United Kingdom: Bloomsbury, 2022), 304.

legitimacy.²⁶ This is expected to increase with the popularity of the forms that are integrated into several applications. Due to the rising influence and the growing trend, cryptocurrency will have a bigger impact in the future as technologies incorporated into the blockchain are being developed.

In contrast, Indonesia has denied legal recognition of cryptocurrency by not recognizing the concept as a legal tender. The denial of legal recognition came as a surprise, considering the high volume of trades in the blockchain. This limits the Indonesian government from genuinely understanding the relevant issues surrounding digital transactions and electronic currencies because the existence of cryptocurrencies such as Bitcoin can be used to solve the problems faced by Bank Indonesia in setting standards for electronic currencies.²⁷ Subsequently, the increase in transactions is addressed by officially recognizing cryptocurrencies through Law Number 4 of 2023 on Financial Sector Development and Strengthening. This is achieved by stipulating through Article 6 that the Financial Service Authority (OJK – *Otoritas Jasa Keuangan*) is responsible for regulating and supervising cryptocurrency assets.

The understanding and acceptance vary significantly across different regions and legal jurisdictions, which can be attributed to several key factors. The main challenge is the regulatory conundrum created by the unique characteristics of cryptocurrencies. These digital assets are decentralized and pseudonymous, operating outside the control of traditional financial institutions and users can maintain a degree of anonymity.²⁸ This poses a significant challenge for enforcing conventional regulations on financial transactions and raises concerns about the potential misuse of illegal activities, which requires a rather difficult balance to achieve, with the legal framework to have some degree of control while maintaining user's anonymity as an essential selling point of cryptocurrency.²⁹

Another important factor influencing legal recognition is the perception of digital assets as potential disruptors of monetary policy and financial stability.³⁰ Cryptocurrencies operate independently of central banks and can potentially show

²⁶ Muhammad Al Ikhwan Bintarto, "Cryptocurrency as a Digital Property in Indonesian Law Perspective," *Jurnal Penegakan Hukum Dan Keadilan* 3, no. 2 (2022): 107–108, <https://doi.org/10.18196/jphk.v3i2.15134>.

²⁷ Intan Dwi Astuti, Suryazi Rajab, and Desky Setiyoudji, "Cryptocurrency Blockchain Technology in the Digital Revolution Era," *Aptisi Transactions on Technopreneurship (ATT)* 4, no. 1 (2022): 10, <https://doi.org/10.34306/att.v4i1.216>.

²⁸ Erik Silfversten (et.al.), *Exploring the Use of Zcash Cryptocurrency for Illicit or Criminal Purposes* (United States: RAND, 2020), 5-6.

²⁹ Aditya Ahuja, Vinay J. Ribeiro, and Ranjan Pal, "A Regulatory System for Optimal Legal Transaction Throughput in Cryptocurrency Blockchains," *Computer Science and Game Theory* (2021): 5, <https://doi.org/10.48550/arXiv.2103.16216>.

³⁰ Tadas Limba, Andrius Stankevičius, and Antanas Andrulevičius, "Cryptocurrency as Disruptive Technology: Theoretical Insights," *Entrepreneurship and Sustainability Issues* 6, no. 4 (2019): 2075, [https://doi.org/10.9770/jesi.2019.6.4\(36\)](https://doi.org/10.9770/jesi.2019.6.4(36)).

the traditional financial system. In addition, one of the many forms of financial crimes is money laundering, which as a terminology is still relatively new. The term "money laundering," which informally describes the process of legitimizing illicitly obtained wealth, was developed in the U.S. during the Watergate Scandal in 1973.³¹ However, the United Nations Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances in 1988 also defines money laundering, attached with the responsibility to criminalize such acts for its members, with a primary focusing on drug-related proceeds of crime.³² These developments were supported by the effort to tackle the constant evolution of financial crimes. By developing a legal framework to surround many forms of crimes, governments around the world hoped to obtain a better understanding of technical financial crimes.

Money laundering is usually conducted as part of another crime and the process is used to "launder" money generated from illegal activities.³³ Therefore, the impacts expand beyond taxation, possibly affecting the spread of criminal activities and threatening societal safety and peace. Conceptually, it perverts the sense of fairness and sabotages the pursuit of justice, allowing criminals to benefit from the money earned through criminal activities. Cryptocurrency can enable this ill-intention even more by offering users anonymity and flexibility through many methods that are easily accessed using smartphones today.

In Indonesia, a well-known example of such a dangerous combination is the case of the trading affiliation fraud, which caused financial losses to the victims of up to IDR25.000.000.000 (25 billion Rupiah). The perpetrator laundered the money using cryptocurrency, as seen on social media.³⁴ The Indonesian police force was unable to track all the assets since the cryptocurrencies were stored in unregistered wallets. In addition, the decentralized nature of transactions prevented the intervention of the government and central banks. Even though cryptocurrencies certainly help with protecting users' privacy, the concept can also be abused to launder money. Therefore, ambiguities present significant challenges in the fight against money laundering. Given the inherent attributes of anonymity and lack of centralized

³¹ Muhammad Saleem Korejo, Ramalinggam Rajamanickam, and Muhamad Helmi Md. Said, "The Concept of Money Laundering: A Quest for Legal Definition," *Journal of Money Laundering Control* 24, no. 4 (2021): 727, <https://doi.org/10.1108/JMLC-05-2020-0045>.

³² Ayumiati Ayumiati, "Tindak Pidana Pencucian Uang (Money Laundering) dan Strategi Pemberantasan," *LEGITIMASI: Jurnal Hukum Pidana Dan Politik Hukum* 1, no. 2 (2017): 79-80, <https://doi.org/10.22373/legitimasi.v1i2.1428>.

³³ Kamil Hakan Dogan (ed.), *Corruption, Bribery, and Money Laundering - Global Issues 1st ed* (Rijeka: IntechOpen, 2024), 4.

³⁴ Cantika Adinda Putri, "Indra Kenz 'Sembunyikan' Asetnya di Sini? Pak Polisi Coba Cek," accessed on August 8, 2023, <https://www.cnbcindonesia.com/market/20220312161559-17-322230/indra-kenz-semunyikan-asetnya-di-sini-pak-polisi-coba-cek>.

control, criminals can potentially exploit cryptocurrencies to support their fraudulent activities and profiteering.³⁵

Different measures exist within the ecosystem to prevent misuse, such as Know Your Customer (KYC) and Anti-Money Laundering (AML) protocols implemented by cryptocurrency exchanges but often fall short due to the absence of a legal framework.³⁶ The decentralized nature also significantly raises the possibility of disputes relating to having an international dimension.³⁷ Legal differences in understanding the meaning of money laundering normatively on the international level can also cause disparate AML regulatory frameworks, allowing money launderers to take advantage of differences across borders and evade law enforcement.³⁸

D. Intersection of Cryptocurrency Money Laundering and Other Crimes in Indonesia

Cryptocurrency has been identified as a potential tool for money laundering activities in Indonesia.³⁹ This is largely due to the decentralized nature, which allows transactions to occur without the need for a third-party intermediary. The absence of third parties to supervise crypto transactions, high user privacy, and transaction flexibility are some factors contributing to the money laundering function.⁴⁰ These factors can also link the activity to other crimes,⁴¹ posing significant dangers to Indonesian society.

The potential for money laundering is further increased by the lack of clear and comprehensive regulations governing the use of cryptocurrency. Despite the existence of Law Number 8 of 2010 on Prevention and Eradication of Money Laundering Crimes (AML Law) to prosecute money laundering offenders, the law does not adequately address the unique challenges of today's money laundering

³⁵ Ice Ilijevski, Goran Ilik, and Kire Babanoski, "Cryptocurrency Abuse for the Purposes of Money Laundering and Terrorism Financing: Policies and Practical Aspects in the European Union and North Macedonia," *European Scientific Journal* 15 (2023): 25, <http://dx.doi.org/10.19044/esjpreprint.3.2023p23>.

³⁶ Andrew Haynes and Peter Yeoh, *Cryptocurrencies and Cryptoassets: Regulatory and Legal Issues*, Informa Law (United Kingdom: Routledge, 2020), 21.

³⁷ David Fox and Sarah Green (ed.), *Cryptocurrencies in Public and Private Law* (Oxford: Oxford University Press, 2019), 202.

³⁸ Ilijevski, Ilik, and Babanoski, "Cryptocurrency Abuse for the Purposes of Money Laundering and Terrorism Financing: Policies and Practical Aspects in the European Union and North Macedonia."

³⁹ Muttaqim Muttaqim and Desi Apriliani, "Analysis of The Probability of Money Laundering Crimes Toward the Development of Crypto-Currency Regulations in Indonesia," *IJCLS (Indonesian Journal of Criminal Law Studies)* 4, no. 1 (2019): 36-37, <https://doi.org/10.15294/ijcls.v4i1.18714>.

⁴⁰ Andhira Wardani, Mahrus Ali, and Jaco Barkhuizen, "Money Laundering Through Cryptocurrency and Its Arrangements in Money Laundering Act."

⁴¹ Fausto Martin De Sanctis, *Technology-Enhanced Methods of Money Laundering* (Cham: Springer International Publishing, 2019), 25-26.

practices that are done through cryptocurrency, mainly due to the lack of recognition on cryptocurrency by the law itself.⁴² Furthermore, the law is ill-equipped to deal with the complexities and nuances of transactions of regular transactions that can be connected to cryptocurrency. This regulatory gap has created a loophole, making cryptocurrency susceptible to being used as a tool for money laundering.⁴³ The lack of legal clarity and regulatory loopholes have increased the difficulty for law enforcement agencies in monitoring and controlling transactions effectively, creating an environment conducive to money laundering and other illicit activities.

Indonesia centers efforts to tackle money laundering with AML Law, which succeeded Law Number 15 of 2002 on Money Laundering Crime. The passing of the law and the revocation of the predecessor marked the commitment to tackling the practices as a constantly evolving crime. The primary provision is Article 3, which explicitly categorizes money laundering as a crime with criminal punishment. The article stated that:

"Any person who places, transfers, diverts, spends, pays, donates, entrusts, carries abroad, changes the form, exchanges with currency or securities or other acts on Assets which he/she knows or reasonably suspects to be the result of a crime as referred to in Article 2 paragraph (1) to hide or disguise the origin of the Assets shall be punished for the crime of Money Laundering with a maximum imprisonment of 20 (twenty) years and a fine of IDR10.000.000.000.00 (ten billion Rupiah)."

Following the provision of Article 2, AML Law is in line with the common understanding of money laundering as a crime. From the perspective of the money laundering organization, the main objective of the process is to assimilate the funds from illegitimate sources into the mainstream financial system.⁴⁴ To prevent this, Indonesia relies on a government body specifically made to analyze potential transactions to report the criminal act. The government body is also known as the Financial Transaction Reports and Analysis Center (PPATK –*Pusat Pelaporan dan Analisis Transaksi Keuangan*), which according to Article 1 Number 2, is an independent institution established to prevent and eradicate the crime of Money

⁴² Hanif Nur Widhiyanti, Safinaz Mohd Hussein, and Ranitya Ganindha, "Indonesian Cryptocurrencies Legislative Readiness: Lessons from the United States," *Sriwijaya Law Review* 7, no. 1 (2023): 165, <https://doi.org/10.28946/slrev.Vol7.Iss1.2138.pp150-172>. Wardani, Ali, and Barkhuizen, "Money Laundering Through Cryptocurrency and Its Arrangements in Money Laundering Act."

⁴³ Widhiyanti, Hussein, and Ganindha, "Indonesian Cryptocurrencies Legislative Readiness: Lessons from the United States."

⁴⁴ Chad Albrecht (et.al.), "The Use of Cryptocurrencies in the Money Laundering Process," *Journal of Money Laundering Control* 22, no. 2 (2019): 3, <https://doi.org/10.1108/JMLC-12-2017-0074>.

Laundering. The following table compares the PPATK and other government bodies around the world that deal with the practice.

Table 1. Comparison of Government Bodies Responsible for Tackling Money Laundering

	THE PPATK (INDONESIA)	AUSTRAC (AUSTRALIA)	FINTRAC (CANADA)	FIU-IND (INDIA)
ESTABLISHMENT	2002	1989	2000	2004
FUNCTION	Collects, analyzes, and disseminates financial transaction information related to suspicions of money laundering and terrorism financing	Regulates anti-money laundering and counter-terrorism financing, and educates industry and the wider community about these issues	Collects, analyzes, assesses, and discloses information on suspected money laundering, terrorist activity financing, and threats to the security of Canada	Acts as the central national agency responsible for receiving, processing, analyzing, and disseminating information relating to suspect financial transactions
REPORTING ENTITIES	Banks, non-bank financial institutions, and designated non-financial businesses and professions	Reporting entities include financial services, bullion dealers, gambling services, and digital currency exchange providers	Financial entities, life insurance companies, money services businesses, securities dealers, accountants, real estate	Banks, financial institutions, intermediaries, and others
INTERNATIONAL COOPERATION	Member of the Egmont Group and Asia/Pacific Group on Money Laundering	Member of the Egmont Group and Asia/Pacific Group on Money Laundering	Member of the Egmont Group and Financial Action Task Force	Member of the Egmont Group and Asia/Pacific Group on Money Laundering

LEGISLATION	Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering	Anti-Money Laundering and Counter-Terrorism Financing Act 2006	Proceeds of Crime (Money Laundering) and Terrorist Financing Act 2002	Prevention of Money Laundering Act, 2002
--------------------	--	--	---	--

Even though the PPATK's main source of law is AML, Indonesia has other laws tackling financial crimes, particularly money laundering. This includes Law Number 9 of 2013 on Prevention and Eradication of Terrorism Financing Crimes (AML CTF Law), which shows the role of the PPATK and the importance of secrecy of any classified data about CTF cases. However, none of the two laws mentioned cryptocurrency and its use for money laundering practices. A relevant issue to the legal framework supporting the PPATK is its outdated nature, which does not explain the role of a new government agency such as the OJK, specifically regarding the mechanism of actions against financial service providers and the imposition of sanctions.

Money laundering has been closely related to terrorism financing since a lot of money is used to "clean" criminal activities. Sharing roles with the OJK complicates the PPATK and slows down the actions to handle money laundering practices, specifically those connected with terrorism activities. AUSTRAC and FINTRAC operate based on regulations, including the mechanisms for dealing with terrorism finance. Furthermore, terrorism can be multidimensional and cleaner sources might come in the form of gifts from supporters and stock market investments. The other types of sources include money generated from theft, kidnapping, and the trafficking of illicit drugs.⁴⁵ However, Indonesia does not have a strong legal framework to deal with these activities.

A well-known human trafficking case includes a United Kingdom (UK) citizen who went to ISIS at fifteen years old and then asked the government to take her back, claiming that she was groomed to come to ISIS.⁴⁶ The case complicates national security concerns for the UK since the government could not fully assess the risk of taking such a person back to the country after voluntarily joining ISIS. This is among cases where people are tempted, or forced to visit areas controlled by terrorist groups, only to end up being exploited. Exploitations are commonly associated with

⁴⁵ Fabian Maximilian Teichmann, "Recent Trends in Money Laundering and Terrorism Financing," *Journal of Financial Regulation and Compliance* 27, no. 1 (2019): 3, <https://doi.org/10.1108/JFRC-03-2018-0042>.

⁴⁶ Jayne Huckerby, "When Human Trafficking and Terrorism Connect: Dangers and Dilemmas - Just Security," accessed on August 8, 2023, <https://www.justsecurity.org/62658/human-trafficking-terrorism-connect-dangers-dilemmas/>.

terrorism financing, particularly trafficking for sexual and labor exploitation.⁴⁷ In Indonesia, the National Counter Terrorism Agency (BNPT-*Badan Nasional Penanggulangan Terorisme*) has identified a drug trafficking case related to the concept, with the arrest of a narcotics recidivist in Surabaya by Counterterrorism Special Detachment 88 (Densus 88) in 2016 and a known trafficker in Boyolali by Polres Boyolali in 2021.⁴⁸

Indonesia is the biggest Muslim-majority country in the world, constantly dealing with issues such as radicalism and intolerance.⁴⁹ These issues are a significant precursor to terrorism and have led to actual violent attacks on innocent people.⁵⁰ The close relationship between money laundering and terrorism financing is recognized by the Indonesian legal system, which revolves around AML and AML CTF Law. This relationship also affects the money laundering problems since cryptocurrency provides easy access for terrorist organizations and keeps identity and location hidden, with evidence showing a high volume of trades. Identifying the party in many crimes related to terrorism financing poses a challenge due to the concealment of initial identity in the blockchain, escalating significant security risks. The notion of a legitimate cryptocurrency transaction is largely illusory, given the obscurity surrounding the source and intent, and how easy it is for criminals to camouflage their illicit sources of income.⁵¹

The use of cryptocurrency for money laundering can also be connected to the crime of tax avoidance. Moreover, tax avoidance is another significant issue identified with cryptocurrency transactions and the lack of clear regulations has created opportunities for evasion.⁵² Despite the obligation for investors to report cryptocurrency profits for tax purposes, the self-assessment nature of the system increases the easiness for individuals. This lack of transparency and accountability in taxation transactions has led to significant revenue losses for the government. The

⁴⁷ Julia Muraszkievicz, Toby Fenton, and Hayley Watson (ed.), *Human Trafficking in Conflict: Context, Causes and the Military* (Cham: Springer International Publishing, 2020), 73-74.

⁴⁸ Wahyu Sudoyo, "BNPT Waspadai Kejahatan Terorisme Terafiliasi Jaringan Narkoba," accessed on August 8, 2023, <https://infopublik.id/kategori/nasional-sosial-budaya/718335/bnpt-waspadai-kejahatan-terorisme-terafiliasi-jaringan-narkoba>.

⁴⁹ Marcus Mietzner and Burhanuddin Muhtadi, "Explaining the 2016 Islamist Mobilisation in Indonesia: Religious Intolerance, Militant Groups and the Politics of Accommodation," *Asian Studies Review* 42, no. 3 (2018): 5, <https://doi.org/10.1080/10357823.2018.1473335>.

⁵⁰ Ridwan Arifin, Ali Masyhar, and Btari Amira, "The Invisible Big Waves: How Indonesia Combat with Radicalism and Terrorism in Global Perspective," *HIKMATUNA: Journal for Integrative Islamic Studies* 6, no. 1 (2020): 106, <https://doi.org/10.28918/hikmatuna.v6i1.2365>.

⁵¹ Amit Majumder, Megnath Routh, and Dipayan Singha, "A Conceptual Study on the Emergence of Cryptocurrency Economy and Its Nexus with Terrorism Financing," in *The Impact of Global Terrorism on Economic and Political Development* in Ramesh Chandra Das (ed.) (United Kingdom: Emerald Publishing Limited, 2019), 132.

⁵² Ayu and Nurlaela Wati, "Cryptocurrency, Tax Imposition and Sharia Finance in Indonesia: A Systematic Literature Review."

absence of a strong regulatory framework affects the tax system's integrity and promotes illicit activities such as tax evasion and money laundering. Additionally, the lack of clear and comprehensive tax regulations has created a conducive environment for tax evasion, thereby showing the tax system's integrity and leading to significant revenue losses for the government. This has increased the difficulty for the government to effectively monitor and control the transactions, creating an environment conducive to tax evasion and other illicit activities.

The Indonesian government does not recognize cryptocurrency as a legal tender but imposes income tax on the trading. This can be seen as hypocritical since the government is willing to benefit from the profits. The Indonesian government has imposed a tax on a form of income through Regulation of the Minister of Finance Number 68/PMK.03/2022 on Value Added Tax and Income Tax on Crypto Asset Trading Transactions. This regulation defines cryptocurrency through Article 1 Number 14 where: "Crypto Assets are intangible commodities in the form of digital assets, using cryptography, peer-to-peer networks, and distributed ledgers, to manage the creation of new units, verify transactions without the interference of other parties." This applies to all forms of cryptocurrency, also called virtual currency, as previously stated regarding the prohibition in PBI Number 22/23/PBI/2020. In contrast, the Indonesian government is careful about the possibility of regulating a highly volatile ecosystem of digital transactions such as cryptocurrency. This is the same stance the Canadian government took, which does not recognize cryptocurrency as a legal tender but considers crypto-trading a tax event.⁵³

The approach is supported by Law Number 4 of 2023 on Financial Sector Development and Strengthening (Financial Sector Development Law). Through Article 6 paragraph (1) letter e, the Law stipulates that the OJK regulates and supervises activities in the Financial Sector Technology Innovation (ITSK) sector as well as digital financial assets and crypto assets. In regulating cryptocurrency, the OJK is also supported by Article 5 paragraph (1) letter a, which includes the concept as one of the activities in financial services. The explanation of the provision states that activities in the financial services sector include issuing and trading financial derivative instruments such as stock indices, foreign currencies, single stocks, and digital financial assets.

The provisions in Financial Sector Development Law manifest in Financial Services Authority Regulation (POJK) Number 22 of 2023 on Consumer and Community Protection in the Financial Services Sector (POJK Number 22/2023). Cryptocurrency transactions are considered one of the many technological

⁵³ Hvidson Kamala Khas, "The Influence of Cryptocurrency on International Relations and Sanctions," *Journal of Global Economy, Business and Finance* 4, no. 2 (2022): 69, [https://doi.org/10.53469/jgebfi.2022.04\(02\).10](https://doi.org/10.53469/jgebfi.2022.04(02).10).

innovations in the financial sector that normatively bind the provider of cryptocurrency services, as described in the explanation of Article 2 letter c. However, the regulation only covers one aspect of cryptocurrency: advertising. Article 36, paragraph (2) shows that crypto asset trading companies are prohibited from offering products to the public through advertisements other than those in the official media.

Based on the existing legal norms within the Indonesian legal system, cryptocurrency is only accepted legally as an asset, but not as a currency or legal tender, which restricts the capability for making payment. The legal framework does not provide any normative structure to address the potential of using cryptocurrency to launder money. Furthermore, these legal norms do not necessarily affect transactions outside taxation since people can still purchase through the Internet, provided the marketplace accepts the payment method.

E. The Need for Integrated Cryptocurrency Legal Recognition to Tackle Money Laundering

The development of cryptocurrencies has revolutionized the financial landscape, offering a decentralized, efficient, and potentially anonymous medium of exchange. The urgency of developing integrated legal recognition is crucial due to the increasing use of it in money laundering activities.⁵⁴ Cryptocurrencies have become fully integrated into the conventional money-laundering procedure, providing a method to conceal traditional criminal proceeds and facilitate illicit transactions. The increase in transactions increases the threat and makes it even more dangerous to the financial system with the effort to tackle crimes.

Furthermore, the urgency is also due to the fact that cryptocurrency is not recognized as a legal tender. This approach is in line with the suggestion of the IMF, citing the possible adverse effects on monetary policies' effectiveness.⁵⁵ According to Bank Indonesia, cryptocurrency cannot be considered legal tender in Indonesia. This statement was made based on a provision in Article 1 Paragraph (1) of Law Number 7 of 2011 on Currency (Currency Law), where a currency is money issued by the Unitary State of the Republic of Indonesia, referred to as the Rupiah. Bank Indonesia Regulation Number 22/23/PBI/2020 on Payment System through Article

⁵⁴ Fabian Maximilian Teichmann, "Recent Trends in Money Laundering and Terrorism Financing."

⁵⁵ Grace El Dora, "IMF: Aset Kripto Tak Boleh Dapat Status Mata Uang Atau Legal Tender," accessed on August 8, 2023, <https://investor.id/international/323118/imf-aset-kripto-tak-boleh-dapat-status-mata-uang-atau-legal-tender>.

73 prohibits the use of virtual currency. The anonymous nature of cryptocurrency is an opportunity for criminals to exploit it, facilitating illicit activities with ease.⁵⁶

Bitcoin continues to be the most commonly used cryptocurrency for legal and illegal transactions.⁵⁷ Despite experiencing volatility, the metrics continue to show a downward trend to increase stability.⁵⁸ This is supported by a qualitative study, where most compliance officers believe cryptocurrencies are well-suited for money laundering due to the comparatively low detection risks through digital currencies. Furthermore, compliance officers rarely encounter instances of money laundering through cryptocurrencies⁵⁹ due to the difficulty of detecting the activity in the ecosystem. This difficulty is shown by a previously cited case, where law enforcement authorities failed to track down the perpetrator openly boasting of a crypto-wallet.

The government must fully recognize cryptocurrency due to the technical complexities and the vulnerability of using the system for money laundering. Even though it is important to regulate technologies that impact society, a broader framework must be adopted to recognize the potential threat to the country's financial stability and national security. In this context, the risks associated with cryptocurrency and the interconnectedness with various forms of criminal activity significantly outweigh any rationale for withholding legal recognition. Therefore, the system must be integrated into legal politics for future legal framework development and to tackle the exploitation of money laundering. However, the government must not fully provide a comprehensive legal framework surrounding the system. Different steps should be carried out to regulate all the areas affected in the right direction.

The process can be initiated by granting legal recognition to establish a more comprehensive framework for the definition and operation. In this context, the definition of money laundering can be formulated by combining the provision in Article 1 Number 7 of AML CTF Law *jo*. Article 1 Number 14 of Regulation of the Minister of Finance Number 68/PMK.03/2022. According to Article 1 Number 7 of AML CTF Law:

“Funds are all movable or immovable assets or objects, both tangible and intangible, obtained in any way and form, including digital or

⁵⁶ Bacelius Ruru (et.al.), “The Impact of Crypto-Asset Utilization as Payment Instrument Toward Rupiah as Legal Tender in Indonesia,” *Journal of Central Banking Law and Institutions* 1, no. 1 (2021): 151, <https://doi.org/10.21098/jcli.v1i1.6>.

⁵⁷ Fabian Maximilian Teichmann.

⁵⁸ Jake Ryan, *Crypto Asset Investing in the Age of Autonomy* (New Jersey: Wiley, 2021), 93.

⁵⁹ Fabian Teichmann and Marie-Christin Falker, “Money Laundering Through Cryptocurrencies,” in *Artificial Intelligence: Anthropogenic Nature vs. Social Origin*, Elena G Popkova and Bruno S Sergi (ed.) (Cham: Springer International Publishing, 2020), 500–511.

electronic formats, proof of ownership, or connection with all of these assets or objects. including but not limited to bank credit, traveler's checks, bank-issued checks, money transfer orders, stocks, securities, bonds, bank drafts, and promissory notes."

This definition fundamentally covers digital currency but lacks the characteristics to define the virtual nature of cryptocurrency. The digital currency has a physical form, and this is covered by Article 1 Number 14 of PMK Number 68/PMK.03/2022, where:

"Crypto Assets are intangible commodities in the form of digital assets, using cryptography, peer-to-peer networks, and distributed ledgers, to manage the creation of new units, verify transactions, and secure transactions without the interference of other parties."

The definition of the fund should be used as provided by Article 1 Number 7 of the AML CTF Law to consider cryptocurrency as a fund and legal ledger in Indonesia. A solid legal foundation can be formed to address the issue of cryptocurrency-related money laundering through recognition. This also pushed the central bank to recognize the threat of money laundering through crypto, as stated by the European Banking Authority (EBA).⁶⁰

The government can enhance the PPATK's role in analyzing financial information and detecting suspicious activities. The capability to trace the flow of funds in the traditional financial system is crucial despite blockchain technology's privacy protections and the PPATK's failure to analyze trading volume. To analyze the process behind the transfer from blockchain to mainstream channels, a system for detecting suspicious transactions on the blockchain should be developed through technical development, utilizing some of the latest technologies, such as machine and deep learning, to create a suitable algorithm for detection.⁶¹

F. Conclusion

In conclusion, this study conducted a conceptual analysis to report the significant and imminent threats posed by using cryptocurrency in facilitating money laundering practices, which have had fatal consequences for many Indonesians. Cryptocurrency has notably impacted financial stability and national security, significantly altering

⁶⁰ Eric Pettersson Ruiz and Jannis Angelis, "Combating Money Laundering with Machine Learning – Applicability of Supervised-Learning Algorithms at Cryptocurrency Exchanges," *Journal of Money Laundering Control* 25, no. 4 (2022): 767, <https://doi.org/10.1108/JMLC-09-2021-0106>.

⁶¹ Johrha Alotibi (et.al.), "Money Laundering Detection Using Machine Learning and Deep Learning," *International Journal of Advanced Computer Science and Applications* 13, no. 10 (2022): 737, <https://doi.org/10.14569/IJACSA.2022.0131087>.

public perceptions of financial transactions. The denial of legal recognition, as analyzed, was also viewed as a misstep that provided opportunities for potential crimes spurred by the rapid development of cryptocurrency.

Technically, the PPATK, as a government agency, was also empowered to tackle money laundering and its effects on other crimes. However, this empowerment could not be possible without the recognition as a legal tender, pushing an agenda, and formally identifying the urgency. Regarding constraints, this study highlighted the necessity for establishing a robust legal framework to address challenges associated with money laundering effectively. Additionally, it is essential to undertake further research to create algorithms that can identify suspicious transactions within conventional financial systems.

References

Books

- Armstrong KC, Dean, Dan Hyde, and Sam Thomas. *Blockchain and Cryptocurrency: International Legal and Regulatory Challenges*. United Kingdom: Bloomsbury, 2022.
- De Sanctis, Fausto Martin. *Technology-Enhanced Methods of Money Laundering*. United States: Springer International Publishing, 2019.
- Dogan, Kamil Hakan. *Corruption, Bribery, and Money Laundering - Global Issues 1st Ed*. Rijeka: IntechOpen, 2024.
- Fox, David and Sarah Green. *Cryptocurrencies in Public and Private Law*. United Kingdom: Oxford University Press, 2019.
- Franco, Pedro. *Understanding Bitcoin: Cryptography, Engineering, and Economics*. United States: Wiley Publisher, 2014.
- Haynes, Andrew and Peter Yeoh. *Cryptocurrencies and Crypto Assets: Regulatory and Legal Issues*. Informa Law. United Kingdom: Routledge, 2020.
- Jarvis, Craig. *Crypto Wars*. Boca Raton: CRC Press, 2020.
- Majumder, Amit, Megnath Routh, and Dipayan Singha. "A Conceptual Study on the Emergence of Cryptocurrency Economy and Its Nexus with Terrorism Financing." in Ramesh Chandra Das (ed.) *The Impact of Global Terrorism on Economic and Political Development*. United Kingdom: Emerald Publishing Limited, 2019.
- Motsi-Omoijiade, Immaculate Dadiso. *Cryptocurrency Regulation: A Reflexive Law Approach 1st Edition*. Oxon: Routledge, 2022.
- Muraszkiewicz, Julia, Toby Fenton, and Hayley Watson (ed.) *Human Trafficking in Conflict: Context, Causes and the Military*. United States: Springer International Publishing, 2020.
- Ryan, Jake. *Crypto Asset Investing in the Age of Autonomy*. United States: Wiley, 2021.

Silfversten, Erik (et.al.) *Exploring the Use of ZCash Cryptocurrency for Illicit or Criminal Purposes*. United States: RAND, 2020.

Teichmann, Fabian and Marie-Christin Falker. "Money Laundering Through Cryptocurrencies," in *Artificial Intelligence: Anthropogenic Nature vs. Social Origin*. Elena G Popkova and Bruno S Sergi (ed.) United States: Springer International Publishing, 2020.

Other Documents

Ahuja, Aditya, Vinay J. Ribeiro, and Ranjan Pal. "A Regulatory System for Optimal Legal Transaction Throughput in Cryptocurrency Blockchains." *Computer Science and Game Theory* (2021): 1–15. <https://doi.org/10.48550/arXiv.2103.16216>.

Al-Amri, Redhwan (et.al.) "Cryptocurrency Adoption: Current Stage, Opportunities, and Open Challenges." *International Journal of Advanced Computer Research* 9, no. 44 (2019): 293–307. <https://doi.org/10.19101/ijacr.pid43>.

Albayati, Hayder, Suk Kyoung Kim, and Jae Jeung Rho. "Accepting Financial Transactions Using Blockchain Technology and Cryptocurrency: A Customer Perspective Approach." *Technology in Society* 62 (2020): 1–20. <https://doi.org/10.1016/j.techsoc.2020.101320>.

Albrecht, Chad (et.al.) "The Use of Cryptocurrencies in the Money Laundering Process." *Journal of Money Laundering Control* 22, no. 2 (2019): 210–216. <https://doi.org/10.1108/JMLC-12-2017-0074>.

Al Ikhwan Bintarto, Muhammad. "Cryptocurrency as a Digital Property in Indonesian Law Perspective." *Jurnal Penegakan Hukum Dan Keadilan* 3, no. 2 (2022): 104–113, <https://doi.org/10.18196/jphk.v3i2.15134>.

Alotibi, Johrha (et.al.) "Money Laundering Detection Using Machine Learning and Deep Learning." *International Journal of Advanced Computer Science and Applications* 13, no. 10 (2022): 732–738. <https://doi.org/10.14569/IJACSA.2022.0131087>.

Arifin, Ridwan, Ali Masyhar, and Btari Amira. "The Invisible Big Waves: How Indonesia Combat with Radicalism and Terrorism in Global Perspective." *HIKMATUNA: Journal for Integrative Islamic Studies* 6, no. 1 (2020): 105–121. <https://doi.org/10.28918/hikmatuna.v6i1.2365>.

Astuti, Intan Dwi, Suryazi Rajab, and Desky Setiyouji. "Cryptocurrency Blockchain Technology in the Digital Revolution Era." *Aptisi Transactions on Technopreneurship (ATT)* 4, no. 1 (2022): 9–15. <https://doi.org/10.34306/att.v4i1.216>.

Ayu, Shilfa, and Lela Nurlaela Wati. "Cryptocurrency, Tax Imposition and Sharia Finance in Indonesia: A Systematic Literature Review." *Devotion Journal of Community Service* 3, no. 13 (2022): 2297–2309.

<https://doi.org/10.36418/dev.v3i13.285>.

- Ayumiati, Ayumiati. "Tindak Pidana Pencucian Uang (Money Laundering) dan Strategi Pemberantasan." *LEGITIMASI: Jurnal Hukum Pidana dan Politik Hukum* 1, no. 2 (2017): 76–87. <https://doi.org/10.22373/legitimasi.v1i2.1428>.
- Bondarenko, Olena, Oksana Kichuk, and Andrii Antonov. "The Possibilities of Using Investment Tools Based on Cryptocurrency in the Development of The National Economy." *Baltic Journal of Economic Studies* 5, no. 2 (2019): 10–17. <https://doi.org/10.30525/2256-0742/2019-5-2-10-17>.
- Disemadi, Hari Sutra. "Lenses of Legal Research: A Descriptive Essay on Legal Research Methodologies." *Journal of Judicial Review* 24, no. 2 (2022): 289–304. <https://doi.org/10.37253/jjr.v24i2.7280>.
- Dupuis, Daniel and Kimberly Gleason. "Money Laundering with Cryptocurrency: Open Doors and the Regulatory Dialectic." *Journal of Financial Crime* 28, no. 1 (2020): 60–74. <https://doi.org/10.1108/JFC-06-2020-0113>.
- Dyntu, Valeriia and Oleh Dykyi. "Cryptocurrency in the System of Money Laundering." *Baltic Journal of Economic Studies* 4, no. 5 (2019): 75–81. <https://doi.org/10.30525/2256-0742/2018-4-5-75-81>.
- El Dora, Grace. "IMF: Aset Kripto Tak Boleh Dapat Status Mata Uang Atau Legal Tender." Accessed on August 8, 2023. <https://investor.id/international/323118/imf-aset-kripto-tak-boleh-dapat-status-mata-uang-atau-legal-tender>.
- Foley, Sean, Jonathan R Karlsen, and Tālis J Putniņš. "Sex, Drugs, and Bitcoin: How Much Illegal Activity is Financed through Cryptocurrencies?" *The Review of Financial Studies* 32, no. 5 (2019): 1798–1853. <https://doi.org/10.1093/rfs/hhz015>.
- Huckerby, Jayne. "When Human Trafficking and Terrorism Connect: Dangers and Dilemmas - Just Security." Accessed on August 8, 2023, <https://www.justsecurity.org/62658/human-trafficking-terrorism-connect-dangers-dilemmas/>.
- Ilievski, Ice, Goran Ilik, and Kire Babanoski. "Cryptocurrency Abuse for the Purposes of Money Laundering and Terrorism Financing: Policies and Practical Aspects in the European Union and North Macedonia." *European Scientific Journal* 15 (2023): 23–33. <http://dx.doi.org/10.19044/esipreprint.3.2023p23>.
- Khas, Hvidson Kamala. "The Influence of Cryptocurrency on International Relations and Sanctions." *Journal of Global Economy, Business and Finance* 4, no. 2 (2022): 67–72. [https://doi.org/10.53469/jgeb.2022.04\(02\).10](https://doi.org/10.53469/jgeb.2022.04(02).10).
- Korejo, Muhammad Saleem, Ramalinggam Rajamanickam, and Muhamad Helmi Md. Said. "The Concept of Money Laundering: A Quest for Legal Definition." *Journal of Money Laundering Control* 24, no. 4 (2021): 725–736.

- <https://doi.org/10.1108/JMLC-05-2020-0045>.
- Kud, Aleksandr Aleksandrovich. "Comprehensive Classification of Virtual Assets." *International Journal of Education and Science* 4, no. 1 (2021): 52–75. <https://doi.org/10.26697/ijes.2021.1.6>.
- Li, Chunling (et.al.) "Empirical Research on Intention to Rebuy Cryptocurrencies Such as Bitcoin." *Engineering Economics* 33, no. 5 (2022): 554–569. <https://doi.org/10.5755/j01.ee.33.5.29895>.
- Limba, Tadas, Andrius Stankevičius, and Antanas Andrulevičius. "Cryptocurrency as Disruptive Technology: Theoretical Insights." *Entrepreneurship and Sustainability Issues* 6, no. 4 (2019): 2068–2080. [https://doi.org/10.9770/jesi.2019.6.4\(36\)](https://doi.org/10.9770/jesi.2019.6.4(36)).
- Lukito, Anastasia Suhartati. "Financial Intelligent Investigations in Combating Money Laundering Crime." *Journal of Money Laundering Control* 19, no. 1 (2016): 92–102. <https://doi.org/10.1108/JMLC-09-2014-0029>.
- Manthovani, Reda. "A Comparative Analysis of Money Laundering Crimes in Indonesia through Cryptocurrency." *International Journal of Cyber Criminology* 17, no. 1 (2023): 196–210.
- Masiak, Christian (et.al.) "Initial Coin Offerings (ICOs): Market Cycles and Relationship with Bitcoin and Ether." *Small Business Economics* 55, no. 4 (2020): 1113–1130. <https://doi.org/10.1007/s11187-019-00176-3>.
- Mietzner, Marcus, and Burhanuddin Muhtadi. "Explaining the 2016 Islamist Mobilisation in Indonesia: Religious Intolerance, Militant Groups, and the Politics of Accommodation." *Asian Studies Review* 42, no. 3 (2018): 479–497. <https://doi.org/10.1080/10357823.2018.1473335>.
- Muttaqim, Muttaqim, and Desi Apriliani. "Analysis of The Probability of Money Laundering Crimes toward the Development of Crypto-Currency Regulations in Indonesia." *IJCLS (Indonesian Journal of Criminal Law Studies)* 4, no. 1 (2019): 29–40. <https://doi.org/10.15294/ijcls.v4i1.18714>.
- Naeem, Muhammad Abubakr (et.al.) "Asymmetric Efficiency of Cryptocurrencies During COVID-19." *Physica A: Statistical Mechanics and Its Applications* 565 (2021): 1–12. <https://doi.org/10.1016/j.physa.2020.125562>.
- Pettersson Ruiz, Eric, and Jannis Angelis. "Combating Money Laundering with Machine Learning – Applicability of Supervised-Learning Algorithms at Cryptocurrency Exchanges." *Journal of Money Laundering Control* 25, no. 4 (2022): 766–778. <https://doi.org/10.1108/JMLC-09-2021-0106>.
- Priel, Dan. "Toward Classical Legal Positivism." *Virginia Law Review* 101, no. 4 (2015): 987–1022.
- Putranti, Ika Riswanti. "Crypto Mining : Indonesia Carbon Tax Challenges and Safeguarding International Commitment on Human Security." *International Journal of Business, Economics, and Social Development* 3, no. 1 (2022): 10–18.

- <https://doi.org/10.46336/ijbesd.v3i1.206>.
- Putri, Cantika Adinda. "Indra Kenz 'Sembunyikan' Asetnya di Sini? Pak Polisi Coba Cek." Accessed on August 8, 2023. <https://www.cnbcindonesia.com/market/20220312161559-17-322230/indra-kenz-sem-bunyikan-asetnya-di-sini-pak-polisi-coba-cek>.
- Ruru, Bacelius (et.al.) "The Impact of Crypto-Asset Utilization as Payment Instrument toward Rupiah as Legal Tender in Indonesia." *Journal of Central Banking Law and Institutions* 1, no. 1 (2021): 141–180. <https://doi.org/10.21098/jcli.v1i1.6>.
- Singh, Avinash. "The Regulatory Regime for Cryptocurrency in the Present Global Order." *International Journal of Cryptocurrency Research* 2, no. 1 (2022): 7–11. <https://doi.org/10.51483/ijccr.2.1.2022.7-11>.
- Sudoyo, Wahyu. "BNPT Waspada! Kejahatan Terorisme Terafiliasi Jaringan Narkoba." Accessed on August 8, 2023. <https://infopublik.id/kategori/nasional-sosial-budaya/718335/bnpt-waspada!-kejahatan-terorisme-terafiliasi-jaringan-narkoba>.
- Teichmann, Fabian Maximilian. "Recent Trends in Money Laundering and Terrorism Financing." *Journal of Financial Regulation and Compliance* 27, no. 1 (2019): 2–12. <https://doi.org/10.1108/JFRC-03-2018-0042>.
- Umar Yahaya, Haruna, John Sunday Oyinloye, and Samuel Olorunfemi Adams. "Modeling and Forecasting Cryptocurrency Returns and Volatility: An Application of GARCH Models." *Universal Journal of Finance and Economics* 2, no. 1 (2022): 71–90.
- Vranken, Harald. "Sustainability of Bitcoin and Blockchains." *Current Opinion in Environmental Sustainability* 28 (2017): 1–9. <https://doi.org/https://doi.org/10.1016/j.cosust.2017.04.011>.
- Wardani, Andhira, Mahrus Ali, and Jaco Barkhuizen. "Money Laundering Through Cryptocurrency and Its Arrangements in Money Laundering Act." *Lex Publica* 9, no. 2 (2022): 49–66. <https://doi.org/10.58829/lp.9.2.2022.49-66>.
- Widhiyanti, Hanif Nur, Safinaz Mohd Hussein, and Ranitya Ganindha. "Indonesian Cryptocurrencies Legislative Readiness: Lessons from the United States." *Sriwijaya Law Review* 7, no. 1 (2023): 150–175. <https://doi.org/10.28946/slrev.Vol7.Iss1.2138.pp150-172>.
- Yuneline, Mirza Hedismarlina. "Analysis of Cryptocurrency's Characteristics in Four Perspectives." *Journal of Asian Business and Economic Studies* 26, no. 2 (2019): 206–219. <https://doi.org/10.1108/JABES-12-2018-0107>.

Legal Documents

Law Number 8 of 2010 on Prevention and Eradication of Money Laundering Crimes
[Undang-Undang Nomor 8 Tahun 2010 tentang Pencegahan dan Pemberantasan

Tindak Pidana Pencucian Uang].

Law Number 7 of 2011 on Currency [*Undang-Undang Nomor 7 Tahun 2011 tentang Mata Uang*].

Law Number 9 of 2013 on Prevention and Eradication of Terrorism Financing Crimes [*Undang-Undang Nomor 9 Tahun 2013 tentang Pencegahan dan Pemberantasan Tindak Pidana Pendanaan Terorisme*].

Law Number 4 of 2023 on Financial Sector Development and Strengthening [*Undang-Undang Nomor 4 Tahun 2023 tentang Pengembangan dan Penguatan Sektor Keuangan*].

Bank Indonesia Regulation Number 22/23/PBI/2020 on Payment System [*Peraturan Bank Indonesia Nomor 22/23/PBI/2020 tentang Sistem Pembayaran*].

Regulation of the Minister of Finance Number 68/PMK.03/2022 [*Peraturan Menteri Keuangan Nomor 68/PMK.03/2022*].

Financial Services Authority Regulation (POJK) Number 22 of 2023 on Consumer and Community Protection in the Financial Services Sector [*Peraturan Otoritas Jasa Keuangan Nomor 22 Tahun 2023 tentang Pelindungan Konsumen dan Masyarakat di Sektor Jasa Keuangan*].