Adressing Legal Problems Of Handling Cryptocurrency Money Laundering Crimes In Indonesia: The Dualism Regime Between Law No. 8 of 2010 And Bappebti Regulation No.8 Of 2021

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Abstract

The rapid growth of cryptocurrency adoption in Indonesia has created significant challenges for the national Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) regime. The dualism of regulation between Law No. 8 of 2010 and Bappebti Regulation No. 8 of 2021 has generated legal uncertainty, particularly regarding the legal status of crypto assets, supervision of Virtual Asset Service Providers (VASPs), digital evidence, and asset tracing mechanisms. This study aims to analyze the Indonesian legal framework governing cryptocurrency-based money laundering and examine how regulatory dualism affects the effectiveness of law enforcement and harmonization with Financial Action Task Force (FATF) standards. This research employs a normative juridical method using statutory and conceptual approaches. Primary legal materials consist of laws and regulations related to anti-money laundering and cryptocurrency governance, while secondary legal materials include institutional reports, statistical data, and scholarly literature concerning digital financial crimes. The study finds that Indonesia's cryptocurrency regulatory framework remains fragmented due to overlapping authority between Bank Indonesia, Bappebti, and the Financial Services Authority (OJK). Such fragmentation weakens AML/CFT implementation, particularly in identifying beneficial ownership, tracing cross-border transactions, and enforcing compliance standards. The transition toward OJK supervision through the P2SK Law represents an important step toward integrated regulation, although institutional and technological challenges remain significant in addressing increasingly sophisticated crypto-based money laundering schemes.
Keywords: Crypto Assets; Law Enforcement; Money Laundering.

Abstrak

Perkembangan pesat penggunaan cryptocurrency di Indonesia menimbulkan tantangan serius bagi rezim Anti Pencucian Uang dan Pencegahan Pendanaan Terorisme (APU PPT) nasional. Dualisme pengaturan antara Undang-Undang Nomor 8 Tahun 2010 dan Peraturan Bappebti Nomor 8 Tahun 2021 menciptakan ketidakpastian hukum, khususnya terkait status hukum aset kripto yang berimplikasi pada pengawasan terhadap Virtual Asset Service Providers (VASP), mekanisme pembuktian digital, dan pelacakan aset. Penelitian ini bertujuan untuk menganalisis kerangka hukum Indonesia dalam mengatur tindak pidana pencucian uang berbasis cryptocurrency serta mengkaji bagaimana dualisme regulasi memengaruhi efektivitas penegakan hukum dan harmonisasi dengan standar Financial Action Task Force (FATF).Penelitian ini menggunakan metode yuridis normatif dengan pendekatan perundang-undangan dan pendekatan konseptual. Bahan hukum primer terdiri atas peraturan perundang-undangan yang berkaitan dengan tindak pidana pencucian uang dan pengaturan aset kripto, sedangkan bahan hukum sekunder diperoleh dari laporan institusi, data statistik, dan literatur ilmiah terkait kejahatan keuangan digital. Hasil penelitian menunjukkan bahwa kerangka regulasi cryptocurrency di Indonesia masih bersifat terfragmentasi akibat tumpang tindih kewenangan antara Bank Indonesia, Bappebti, dan Otoritas Jasa Keuangan (OJK). Fragmentasi tersebut melemahkan implementasi rezim APU PPT, terutama dalam identifikasi beneficial ownership, pelacakan transaksi lintas negara, dan penerapan standar kepatuhan. Transisi pengawasan menuju OJK melalui Undang-Undang P2SK menjadi langkah penting menuju integrasi regulasi, meskipun tantangan kelembagaan dan teknologi masih menjadi hambatan dalam menghadapi skema pencucian uang berbasis aset kripto yang semakin kompleks.
Kata Kunci: Kata Kunci: Anti Pencucian Uang; Aset Kripto; Penegakan Hukum.

A. Introduction

The development of crypto assets has brought major changes to the digital financial system; however, at the same time, it has also created serious challenges in law enforcement, particularly in relation to money laundering offenscs. In Indonesia, the decentralized, pseudonymous, and easily transferable nature of cryptocurrencies across borders provides opportunities for criminals to disguise the origins of illicit proceeds. This condition makes cryptocurrency not only a technological and economic issue but also an urgent matter of criminal law and financial regulation that requires more effective governance.[1] Money laundering refers to the process of concealing or disguising the origin of proceeds of crime by making such proceeds appear to derive from a legitimate source, cf. Article 1(3) of the Directive.[2]

From the perspective of Indonesian law, the issue of money laundering through crypto assets must be understood within the framework of Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering Crimes. Although the trading of crypto assets has been subject to administrative regulation as a commodity, such regulation has not fully addressed issues related to asset tracing, freezing, seizure, and evidentiary standards in money laundering cases. [3] Money laundering is the process of concealing or disguising the original ownership and control of the proceeds of crime by making such proceeds appear to have derived from a legitimate source, cf. Article 1(3) of the Directive. This gap highlights the need for stronger legal norms, improved inter-agency coordination, and harmonization with international standards such as the FATF Recommendations.[4]

Most studies still focus on technological aspects, investment, and the digital economy. In contrast, discussions on anti–money laundering regimes, digital evidentiary mechanisms, legal liability, and the effectiveness of coordination among law enforcement agencies remain limited. In fact, a comprehensive legal analysis is urgently needed and highly important given the increasing risks of the use of crypto assets in money laundering, terrorist financing, and transnational financial crimes.

Table 1 presents the classification of these clusters based on the frequency of keyword occurrences, while Figure 1 illustrates publication trends between 2016 and 2024. The data indicate that research on the illicit use of crypto assets has experienced exponential growth since 2020. In contrast, advances in AI-based detection and regulatory measures have developed at a slower pace. This asymmetry suggests that although illicit activities have become an increasingly urgent policy issue, detection and regulatory responses are still lagging behind. This, in turn, raises questions regarding the capacity of institutions, particularly in developing countries such as Indonesia, to respond effectively.[5]

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[1] European Union. *Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 and repealing Directive 2005/60/EC and Commission Directive 2006/70/EC*. Official Journal of the European Union, L 141 (5 June 2015): 73–117. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015L0849

[2] Bjønness, Anne Marthe, and Ivar Kolstad. "Hidden Ownership in Suspicious Transactions: Experimental Evidence on Anti-Money Laundering Reporting Priorities in Norway." *International Review of Law and Economics* 86 (2026): 106334. Elsevier. https://doi.org/10.1016/j.irle.2026.106334

[3] Fathi, Mohamed, Muhammad bin Saud Al-Shammar, and Gamal Sayed Khalifa Mohamed. "Cryptocurrency and Criminal Liability: Investigating Legal Challenges in Addressing Financial Crimes in Decentralized Systems." *Journal of Money Laundering Control* 28, no. 3 (2025): 504–517. https://doi.org/10.1108/JMLC-07-2024-0110

[4] Amadeus Bayu Raditya, *Confiscating Cryptocurrency Assets in Money Laundering Crime (Perampasan Aset Kripto dalam Tindak Pidana Pencucian Uang)* (Undergraduate thesis, Universitas Gadjah Mada, 2024), supervised by Muhammad Fatahillah Akbar, https://etd.repository.ugm.ac.id/penelitian/detail/246126

[5] Dote-Pardo, Jairo Stefano, and María Teresa Espinosa-Jaramillo. "Money Laundering Risks of Cryptocurrencies: Towards Coordinated Regulatory and Technological Strategies." *Latin American Journal of Central Banking* (Elsevier), 2025. https://doi.org/10.1016/j.latcb.2025.100ourceharmonization" "Source194

Table 1. Risk of Cryptocurrencies

No	Cluster	Definition	Keywords	Occurrences
1	Cryptocurrencies & money laundering	Use of cryptocurrencies in illicit financial activities, including money laundering and terrorism financing.	Bitcoin Blockchain Cryptocurrency Money laundering Terrorism financing Virtual assets	22 24 57 30 10 5
2	Detection techniques & AI in AML	Methods leveraging machine learning and anomaly detection to identify suspicious transactions.	Anomaly detection Machine learning	5 6
3	Regulatory & compliance measures	Legal frameworks and enforcement strategies to combat illicit financial flows using virtual currencies.	AML Virtual currency	18 5

Source: Giovanni Guidoara, "Money laundering risks of cryptocurrencies: Towards coordinated regulatory responses," *Forensic Science International: Synergy* 11 (2025): 100323, https://doi.org/10.1016/j.fsisyn.2025.100323 .

Table 1 shows that the research cluster on cryptocurrencies and money laundering dominates publication frequency compared to the clusters on detection techniques & AI in AML and regulatory & compliance measures. The prevalence of keywords such as "cryptocurrency" (57 occurrences), "money laundering" (30 occurrences), "blockchain" (24 occurrences), and "Bitcoin" (22 occurrences) indicates that global academic attention remains primarily focused on the technological dimension and patterns of illicit use of crypto assets. In contrast, studies specifically addressing regulatory approaches, legal harmonization, and law enforcement mechanisms remain relatively limited.[6]

From the perspective of Indonesian law, this asymmetry is relevant to the regulatory framework for crypto assets as governed by Bank Indonesia Regulation (PBI) No. 5/2019 on Amendments to PBI No. 20/2013 concerning Rupiah Currency, which classifies crypto assets as commodities rather than legal tender. However, anti–money laundering (AML) and counter–terrorism financing (CTF) supervision still relies on Government Regulation No. 43/2015 on the Implementation of Donations in the Religious Sector, as amended by Government Regulation No. 2/2023, as well as Law No. 8/2010 on the Prevention and Eradication of Money Laundering Crimes and the legal framework on terrorism financing prevention. In a legal context, the scale of transaction flows carries serious implications for money laundering prevention. The higher the transaction volume, the greater the opportunity for criminals to use crypto assets as a means of placement, layering, and integration of illicit proceeds. This risk is further amplified by the characteristics of crypto assets, which are easily transferable across borders and relatively difficult to trace without adequate analytical technological support.[7]

The delay in regulatory response is evident in the limited implementation of AI-based detection technologies within the monitoring system for virtual assets by the Digital Asset Exchange

[6] Abdurrakhman Alhakim and Tantimin, "The Legal Status of Cryptocurrency and Its Implications for Money Laundering in Indonesia," *Padjadjaran Jurnal Ilmu Hukum (Journal of Law)* (2024), https://lk2fhui.law.ui.ac.id/portfolio/the-legal-status-of-cryptocurrency-and-its-implications-for-money-laundering-in-indonesia/

[7] Diva Yohana Margaretha Marbun et al., "Penerapan Sistem Anti Pencucian Uang dalam Penanganan Perkara Tindak Pidana Pembalakan Liar," *Acta Diurnal Jurnal Ilmu Hukum Kenotariatan* (Universitas Padjadjaran, 2023), https://jurnal.fh.unpad.ac.id/index.php/acta/article/download/2187/928

(Bursa Aset Digital/"BAD"), which has only been regulated under Commodity Futures Trading Regulatory Agency (Bappebti) Regulation No. 11 of 2022.[8] In developing countries such as Indonesia, institutional challenges are further compounded by limitations in human resources and technological infrastructure among anti–money laundering and counter–terrorism financing (AML/CTF) service providers, as identified in the evaluation of Indonesia's AML/CTF regime by the Financial Action Task Force.[9]Indonesia is now one of the fastest-growing cryptocurrency markets in the world, with domestic transaction value reaching IDR 556.53 trillion between January and November 2024, representing an increase of approximately 356.16% compared to the same period in the previous year. At the regional level, Indonesia also recorded an estimated cryptocurrency transaction value of US$157.1 billion, making it the fastest-growing country in the Central and Southern Asia and Oceania (CSAO) region. These figures indicate that Indonesia's crypto market has evolved from a retail-oriented investment space into a highly liquid and high-value digital financial ecosystem.[10]

A fundamental problem in the current Indonesian legal system lies in the dualistic legal status of cryptocurrency, which creates ambiguity for both market participants and law enforcement authorities. On the one hand, the state provides a form of legitimacy by recognizing crypto assets as commodities that may be traded on futures exchanges under the supervision of the Commodity Futures Trading Regulatory Agency (Bappebti). On the other hand, Bank Indonesia strictly prohibits the use of cryptocurrencies as legal tender under Law No. 7/2011 on Currency and Bank Indonesia Regulation (PBI) No. 20/6/PBI/2018. This situation places Indonesia within a model of "partial recognition without full supervisory integration," where state recognition remains limited and has not yet been accompanied by comprehensive regulatory and supervisory integration across the digital asset ecosystem.

This regulatory inconsistency creates a significant regulatory gap, particularly due to the absence of a specific anti–money laundering (AML) regime tailored for Virtual Asset Service Providers (VASP). As a result, complex normative and technical issues arise in law enforcement, such as difficulties in identifying beneficial ownership and tracing cross-blockchain transactions that are inherently pseudonymous or anonymous. In addition, the lack of clear procedural law governing wallet freezing, seizure of private keys, and the standardization of digital asset evidence in criminal proceedings means that the technical limitations of blockchain technology itself often constrain legal effectiveness. Unless this regulatory disharmony is addressed through an integrated legal framework, the potential misuse of digital assets for criminal activities will continue to cast a shadow over the legality of their trading in Indonesia.

For Indonesian regulators, the main challenge is not only to regulate crypto trading as a commodity, but also to ensure that the surge in market capitalization does not create a safe channel for illicit funds. Therefore, strengthening the Anti–Money Laundering and Counter–Terrorism Financing (AML/CFT) regime, improving inter-agency coordination, requiring suspicious transaction reporting, and implementing data-driven detection tools are legally relevant measures.[11]

Based on these developments, the increasing use of cryptocurrency in Indonesia has created new challenges for the national legal system, particularly within the Anti–Money Laundering and Counter–Terrorism Financing (AML/CFT) regime. On the one hand, the state has granted limited recognition to crypto asset trading as a digital commodity. On the other hand, supervisory mechanisms, law enforcement, and regulatory harmonization have not yet fully been able to keep pace with the complexity of blockchain technology, which is cross-border, pseudonymous, and decentralised.

This situation gives rise to various normative and technical issues, ranging from the lack of

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[8] Bank Indonesia Institute. *Ekonomi dan Keuangan Digital: Konsep dan Implementasi di Indonesia*. Jakarta: BI Institute, 2025. https://www.bi.go.id/id/bi-institute/publikasi/Documents/Ekonomi-dan-Keuangan-Digital-Konsep-dan-Implementasi-di-Indonesia.pdf

[9] Arner, Douglas W., et al. "RegTech, FinTech and Limes: Reconceptualizing Financial Regulation in the Digital Era." *University of Hong Kong Faculty of Law Research Paper Series*, 2020.

[10] XBO. "India and Nigeria Lead the World in Crypto Adoption Again, but Indonesia Is Fastest Growing: Chainalysis 2024 Report." 11 September 2024. https://www.xbo.com/en/en-policy/india-and-nigeria-lead-the-world-in-crypto-adoption-again-but-indonesia-is-fastest-growing-chainalysis-2024-09-11

[11] Yanuar, M. A. (2022). *Risiko dan Posibilitas Penyalahgunaan Aset Kripto dalam Kejahatan Pencucian Uang*. Majalah Hukum Nasional, 52(2), 169–188. https://doi.org/10.33331offensesanalyzingdecentralized/mhn.v52i2.17decentralized0

clarity in the regulation of Virtual Asset Service Providers (VASP), limitations in transaction tracing mechanisms and digital asset evidentiary procedures, to weak inter-agency integration in the implementation of the AML/CFT regime. In addition, delays in the implementation of AI-based detection technologies and the suboptimal adoption of international standards such as the Financial Action Task Force Recommendations further highlight a gap between the development of the digital asset market and the readiness of the national regulatory framework.

Therefore, this research is directed at analyzing how the Indonesian legal framework regulates money laundering offenses involving cryptocurrency transactions and identifying various legal, institutional, and technological challenges that affect the effectiveness of law enforcement against cryptocurrency-based money laundering in Indonesia. Based on the issues outlined above, the following research questions are formulated:

1. How does the existing Indonesian legal framework regulate and address money laundering activities conducted through cryptocurrency transactions within the Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) regime?
2. How do dual regime challenges hinder the effectiveness of law enforcement in combating cryptocurrency-based money laundering in Indonesia ?

B. Methods

The research methodology used in this study is normative juridical research, which focuses on the analysis of legal norms as they are formulated in laws and regulations, rather than empirical observation of social phenomena.[12] This approach is complemented by a conceptual approach, which examines legal principles, doctrines, and theoretical frameworks relevant to cryptocurrency regulation, money laundering, and the Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) regime.[13] In addition, a statutory approach is employed by systematically analyzing relevant legal instruments, including Indonesian laws and regulations governing financial crimes, cryptocurrency trading, and digital asset supervision, as well as international standards such as the FATF Recommendations.[14]

The research applies a normative juridical method supported by both primary legal materials and secondary legal materials. The primary legal materials consist of relevant statutes and regulations governing anti-money laundering, financial crime prevention, and cryptocurrency governance in Indonesia, including laws and regulatory instruments issued by competent authorities. These legal sources serve as the main basis for analyzing the normative framework of cryptocurrency-related money laundering within the Indonesian legal system.

Meanwhile, the secondary legal materials are derived from statistical data and various official documents, particularly reports issued by institutions such as PPATK, FATF evaluation reports, regulatory policy papers, and other authoritative publications related to cryptocurrency transactions and anti-money laundering enforcement. These secondary materials are used to support and contextualize the analysis of legal norms by providing empirical illustrations of trends, enforcement practices, and regulatory effectiveness.

C. Discussion

1. Mechanisms of Blockchain-Based Assets in Money Laundering Offenses

To understand the urgency of regulation, we need to deconstruct the operational mechanism of blockchain-based assets. Blockchain is defined as a distributed ledger that allows multiple parties to maintain a shared record of information without the need for a central authority. Its main characteristics include immutability (where records cannot be altered once added to the chain), cryptographic security, and transparency that is public in nature but pseudonymous. Although users' real identities are not directly visible, every transaction is permanently recorded within the chain of blocks, creating a digital trail that is theoretically traceable if authorities possess adequate forensic

[12] Marzuki, Peter Mahmud. *Penelitian Hukum*. Jakarta: Prenada Media Group, 2017.
[13] Ibid , 87.
[14] Ibid , 87.contextualisewe need

tools. [15]

Digital assets have evolved into various classes of financial instruments. Bitcoin and Ethereum represent the primary categories, functioning as digital stores of value or mediums of exchange. On the other hand, Non-Fungible Tokens (NFTs) have emerged as unique representations of ownership of digital or physical assets, such as artwork and virtual property in the metaverse. The emergence of NFTs introduces a new dimension of risk in money laundering (TPPU), where perpetrators may engage in fraudulent transactions (wash trading) to artificially inflate asset values and disguise illicit financial flows as legitimate profits from art sales.[16]

The process of money laundering through digital assets still follows the classic three-stage model, but with significantly more sophisticated mechanisms. The placement stage occurs when illicit funds derived from predicate offences, such as corruption or narcotics-related crimes, are converted into crypto assets through exchanges or intermediary platforms.[17]The layering stage involves transferring crypto assets across thousands of different wallet addresses, using mixing services (mixers), or utilizing Decentralized Finance (DeFi) platforms to obscure transaction trails. Finally, the integration stage involves withdrawing funds back into the formal financial system or using the assets in legitimate commercial activities, thereby making them appear as lawful wealth.[18]

Table 2: Risk Dimensions, Threat Mechanisms, and Legal Implications of Blockchain-Based Money Laundering

Risk Dimension	Threat	Legal Consequences
Anonymity	Use of pseudonymous addresses and enhanced privacy coins (AEC)	Difficulty in identifying the Beneficial Owner
Cross-Border Speed	Funds can be transferred across continents within seconds without banking intermediaries	Weakening of national jurisdictional enforcement effectiveness
Regulatory Fragmentation	Perpetrators exploit differences in AML standards across countries (regulatory arbitrage)	Necessity for international harmonization and adherence to FATF standards
DeFi Innovation	Transactions are conducted via smart contracts without a central accountable entity.	Challenges in establishing criminal liability and identifying responsible legal subjects

Source : Ahmad, Naveed, and Fatima Zahid. "NFT Market Trends and Digital Asset Trading: Navigating Blockchain Regulation and Fintech Investment Strategies in China and the USA." *ResearchGate*, November 2024.

Analysis of the anonymity dimension in crypto assets reveals a normative conflict between the principle of technological confidentiality inherent in blockchain systems and the principle of transparency that forms a core pillar of Law No. 8/2010 on the Prevention and Eradication of Money Laundering Crimes. The use of pseudonymous addresses and privacy-enhancing coins (AEC)

[15] Hermanto, Halim. "Pengaturan Penyitaan Aset Kripto sebagai Hasil Tindak Pidana Pencucian Uang di Indonesia." *Rewang Rencang: Jurnal Hukum Lex Generalis*, Vol. 6, No. 7 (2025). https://ojs.rewangrencang.com/index.php/JHLG/article/download/2335/1094/10448

[16] PPATK. "PPATK Perkuat Kemitraan Publik–Privat dalamoffenses Penyoffensesusunan Operational Alert Penyalahgunaan Aset Kripto." 2025. https://www.ppatk.go.id/news/read/1562/ppatk-perkuat-kemitraan-publikprivat-dalam-penyusunan-operational-alert-penyalahgunaan-aset-kripto.html.

[17] Rahman, Junaid, Hafizur Rahman, Naimul Islam, Tipon TancDecentralisedhangya, Mohammad Ridwan, and Mostafa Ali. "Regulatory Landscape of Blockchain Assets: Analyzing the Drivers of NFT and Cryptocurrency Regulation." *BenchCouncil Transactions on Benchmarks, Standards and Evaluations* 5, no. 1 (March 2025): 100214. https://doi.org/10.1016/j.tbench.2025.100214

[18] Ahmad, Naveed, and Fatima Zahid. "NFT Market Trends and Digital Asset Trading: Navigating Blockchain Regulation and Fintech Investment Strategies in China and the USA." *ResearchGate*, November 2024. https://www.researchgate.net/publication/385893354_NFT_Market_Trends_and_Digital_Asset_Trading_Navigating_Blockchain_Regulation_and_Fintech_Investment_Strategies_in_China_and_the_USA.

normatively obscures the identification criteria of the Beneficial Owner, which constitutes a crucial legal subject within Customer Due Diligence (CDD) obligations. This condition creates an effectiveness gap in the "follow the money" paradigm[19]; when digital transaction trails cannot be attributed to a specific legal subject, the fulfillment of the criminal element of "concealing or disguising the origin of assets" becomes difficult to prove, both formally and materially, in court proceedings.[20]

Furthermore, the borderless speed dimension of digital assets creates challenges to the territorial principle of Indonesian criminal law. Normatively, the Mutual Legal Assistance (MLA) mechanism regulated under Law No. 1/2006 is often bureaucratic and static, making it incompatible with the real-time nature of blockchain transactions. This leads to ambiguity in the execution of seizure measures over digital assets located outside national jurisdiction. Without normative synchronization that provides adaptive extraterritorial authority, law enforcement against transnational crimes risks becoming merely a "paper tiger," constrained by the boundaries of physical sovereignty.[21]

From a comparative law perspective, the regulatory fragmentation dimension gives rise to the phenomenon of regulatory arbitrage, whereby offenders exploit gaps arising from differences in legal standards across jurisdictions. Normatively, Indonesia, as a member of the Financial Action Task Force (FATF), is obliged to harmonize its national legal framework with FATF Recommendation 15 on New Technologies. Failure to achieve convergence of AML standards will result in legal disorder, where national regulations lose their binding force when confronted with a global and decentralized digital ecosystem.

Furthermore, the emergence of Decentralized Finance (DeFi) based on smart contracts challenges the traditional doctrine of criminal liability, which requires a clearly identifiable legal subject, whether a natural person (*natuurlijke persoon)* or a legal entity (*rechtspersoon*). The absence of intermediaries in DeFi creates a legal vacuum in terms of identifying subjects who can be held responsible for systemic failures or the facilitation of money laundering offenses (TPPU). Therefore, a normative reconstruction is required, shifting the concept of liability from individual responsibility toward functional or technical responsibility, in order to ensure that the law continues to have a tangible object of control within the autonomous structure of the digital economy.

The development of the crypto asset ecosystem in recent years shows that money laundering is no longer a local issue, but has evolved into a global phenomenon interconnected through cross-jurisdictional digital transaction networks.[22] The increasing adoption of cryptocurrencies, both for investment purposes and digital economic activities, has generated extremely large transaction volumes that are difficult to monitor using conventional regulatory approaches. In this context, global and national statistical data are essential to illustrate the scale of risk faced by regulatory authorities, particularly in understanding how the growth of the crypto market has implications for the potential misuse of assets for financial crimes.

[19] University of the Philippines College of Law. *World Bulletin*, Vol. 24, No. 12 (December 2020). Manila: UP Law Center, 2020. https://law.upd.edu.ph/wp-content/uploads/2021/01/World_Bulletin_Vol.24-12.Dec_.2020-v.1-revised-16Dec2020.pdf

[20] Rahman, Naimul, and others. "Blockchain Anonymity and the Challenges of Detecting Illicit Financial Flows." *ResearchGate*, 2025. https://www.researchgate.net/publication/394471539_Blockchain_Anonymity_and_the_Challenges_of_Detecting_Illicit_Financial_Flows

[21] Sitompul, Ariman. "Cryptocurrency Based Money Laundering in Indonesia." *International Asia of Law and Money Laundering (IAML)* 4, no. 1 (2025): 7–12. https://doi.org/10.59712/iaml.v4i1.113

[22] Wanggai, Fabrizio Richardo Marvil, Made Sugi Hartono, dan Ni Putu Ega Parwati. "Analisis Normatif terhadap Penyebaran Deepfake sebagai Bentuk Kejahatan Siber di Indonesia." *Majelis: Jurnal Hukum Indonesia*. https://doi.org/10.62383/majelis.v3i1.1509.

Table 3 The increase in global and Indonesian cryptocurrency transaction

Global Crime Metric	2023 Estimate	2024/2025 Estimate	Macro-Market Implication for Regulators
Global Crypto Transaction Volume	$6.8 Trillion	$10.6 Trillion	Massive liquidity expansion complicates broad, untargeted [23]surveillance efforts.
Indonesian Specific Value Received	$60 Billion	$157.1 Billion	Positions Indonesia as a critical, high-volume node in Asian crypto liquidity.[24]
Global Illicit Volume (Percentage)	0.9%	0.14% - 0.4%	Percentage drop is a function of legitimate volume growth; absolute illicit values remain high.[25]
Value Laundered via Cross-Chain	N/A	$21.8 Billion	Indicates a strategic shift toward sophisticated obfuscation via bridges and DEXs.[26]

Source: compiled by the author from various sources

The table shows that the increase in global and Indonesian cryptocurrency transaction volumes indicates a significant escalation in the digital financial ecosystem and has serious implications for the effectiveness of supervision and law enforcement. The global surge in crypto transaction volume from approximately USD 6.8 trillion in 2023 to more than USD 10.6 trillion in 2024/2025 reflects a substantial expansion of liquidity, making it increasingly difficult to apply general supervisory approaches that are not supported by advanced technological tools.

In the Indonesian context, the increase in transaction value to USD 157.1 billion positions the country as one of the major crypto liquidity hubs in Asia, thereby directly increasing exposure to money laundering risks and transnational financial crimes. Although the global proportion of illicit volume appears to be declining, this decrease is primarily driven by the expansion of legal transactions, while the absolute value of illicit activity remains high. This includes a shift in money laundering methods toward more complex cross-chain laundering mechanisms through the use of bridges and decentralized exchanges (DEXs). These conditions indicate that financial technology development not only expands the scale of the digital economy but also increases anonymity and the complexity of money laundering schemes, thereby underscoring the urgency of strengthening a more adaptive and integrated technology-based legal and supervisory regime.

2. Structural Evolution of Cryptocurrency Regulation in Indonesia and the Protection Against Money Laundering Crimes

In the Indonesian legal context, the period between 2025 and 2026 represents a crucial transitional phase in the supervision of digital financial assets. Based on Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK), regulatory and supervisory authority over crypto assets is being transferred from the Commodity Futures Trading Regulatory Agency (Bappebti) to the Financial Services Authority (OJK). [27] This transition is not merely an administrative shift, but a legal repositioning of crypto assets from the status of "commodities" to "Digital Financial Assets" (Aset Keuangan Digital), which are subject to stricter financial sector

[23] Chainalysis. *Global Crypto Adoption and Crime Trends Report 2024*. New York: Chainalysis, 2024.

[24] Chainalysis. *Global Crypto Adoption Index 2023*. New York: Chainalysis Inc., 2023.

[25] Abugre, Charles, Alexander Cobham, Rezha Etter-Phoya, Alex Lépissier, Markus Meinzer, and Nino Monkam, et al. "Vulnerability and Exposure to Illicit Financial Flows Risk in Africa." *SSRN Electronic Journal* (2019). https://doi.org/10.2139/ssrn.3440066

[26]` Elliptic. *The State of Cross-Chain Crime soasourcandesndurces2025* don: Elliptic, 2025. https://www.elliptic.co/resources/the-state-of-cross-chain-crime-2025 showsTheshowsThe

[27] Bank Indonesia, Financial Services Authority (OJK), dan Commodity Futures Trading Regulatory Agency (Bappebti). *Transfer of Regulatory and Supervisory Duties on Digital Financial Assets, Crypto Assets, and Derivatives to OJK and Bank Indonesia*. Jakarta: OJK, 2025.

compliance standards. This transformation aims to close existing regulatory gaps that have been exploited by economic criminals to obscure the origin of assets through cross-jurisdictional digital asset transactions. [28]

Bank Indonesia, acting in its capacity as the central bank, maintained a rigid, highly defensive stance: cryptocurrency was entirely prohibited from being used as a means of payment. Under the stipulations of Law No. 7 of 2011 concerning Currency, and subsequent reinforcing regulations such as Bank Indonesia Regulation Number 18/40/PBI/2016 and the 2023 Payment Systems Law, the Indonesian Rupiah is the sole, exclusive legal tender recognized within the sovereign borders of the state.[29] The use of any digital asset for transaction settlements is considered a violation of monetary sovereignty.[30] Merchants, service providers, and individuals who allow or facilitate cryptocurrency as a payment method are subject to severe regulatory actions, which include administrative fines, immediate license revocation, and comprehensive operational suspension. Furthermore, because the object of a crypto-payment transaction is legally prohibited, entities cannot claim legal protection in the event of contractual disputes.[31]

However, recognizing the immense economic potential of distributed ledger technology and the unstoppable global momentum of the asset class, the government explicitly permitted trading and investment in digital assets. This jurisdiction was granted not to financial regulators, but to the Commodity Futures Trading Regulatory Agency (Bappebti), a body operating directly under the Ministry of Trade. Through a series of foundational regulations beginning with Bappebti Regulation No. 99 of 2018, which officially shifted the definition of crypto from "digital money" to a tradable "commodity," the government established a legal, albeit restricted, market.[32]

This framework was subsequently refined through Bappebti Regulation No. 5 of 2019 and Bappebti Regulation No. 8 of 2021, culminating in Bappebti Regulation No. 13 of 2022. Regulation No. 13 of 2022 significantly enhanced the legal framework by establishing stringent operational and financial benchmarks for market participants.[33] For example, it mandated that entities seeking approval as a futures clearing house for physical crypto market transactions must possess a minimum paid-up capital of Rp 250,000,000,000 (two hundred fifty billion Rupiah). As a result of these regulations, Bappebti authorized over 20 licensed exchanges, including dominant platforms such as Indodax, Tokocrypto, Pintu, and Reku, requiring them to maintain baseline technical and operational compliance.[34]

While Bappebti succeeded in establishing a basic, functional framework for physical market operators, the system was inherently flawed from an advanced Anti-Money Laundering perspective. By treating cryptocurrencies merely as commodities rather than complex financial instruments, the regulatory regime struggled to enforce the stringent, dynamic compliance standards required of traditional banks and other financial institutions. The regulatory dualism created deep disharmony, resulting in legal uncertainty for business actors and overlapping authority among state institutions.

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[30] The Legal 500. "Indonesia: Blockchain & Crypto Assets." *Country Comparative Guides*. London: Legalease Ltd, 2025. https://www.legal500.com/guides/chapter/indonesia-blockchain-crypto-assets/

[31] Mansyur, Muhammad Zainuddin, and Nurul Aini. "Tinjauan Hukum terhadap Tindak Pidana Pencucian Uang Berbasis Aset Kripto di Indonesia." *Al-Manhaj: Jurnal Hukum dan Pranata Sosial Islam*, Vol. 7, No. 2 (2025). https://ejournal.insuriponorogo.ac.id/index.php/almanhaj/article/download/8430/4868/50258

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[33] ABNR Counsellors at Law. "Indonesia Establishes Legal Framework for Futures Trading of Crypto Assets." 2019. https://www.abnrlaw.com/en/news/indonesia-establishes-legal-framework-for-futures-trading-of-crypto-assets

[34] Commodity Futures Trading Regulatory Agency (Bappebti). *Regulation No. 2 of 2020 on the Second Amendment to Regulation No. 5 of 2019 Concerning Technical Provisions for the Implementation of Physical Crypto Asset Markets on Futures Exchanges*. Jakarta: Ministry of Trade of the Republic of Indonesia, 2020. https://pro.hukumonline.com/a/lt5e5f551b159c2/regulation-of-commodities-future-trading-regulatory-agency-bappebti-no-2-of-2020-on-the-second-amendment-to-regulation-of-bappebti-no-5-of-2019-on-technical-provisions-for-the-organization-of-physical-markets-for-crypto-assets-through-the-futures-exchange/ -provisions-for-the-organization-of-physical-markets-for-crypto-assets-through-the-futures-exchange/

It allowed for a form of jurisdictional arbitrage where Virtual Asset Service Providers (VASPs) could theoretically operate with lighter Know Your Customer (KYC) and AML protocols, thereby increasing the vulnerability of the ecosystem to money laundering.[35]

3. The P2SK Omnibus Law and the Transition to OJK Supervision: A Legal and Institutional Transformation in the Regulation of Digital Financial Assets and the Strengthening of Indonesia's Financial Governance Framework

The vulnerability of the commodity-based framework to sophisticated financial crimes, coupled with the rapid, explosive growth of the sector, catalyzed a massive legislative overhaul. The enactment of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (UU P2SK) fundamentally and irrevocably redefined the legal nature of cryptocurrencies in Indonesia.[36]

Under this sweeping omnibus law, specifically mandated in Article 8, number 4 and Article 312 paragraph (1), the supervision, regulation, and enforcement authority over digital financial assets, including crypto assets and financial derivatives, was systematically transferred from Bappebti to the Financial Services Authority (Otoritas Jasa Keuangan / OJK).[37] This transition, formalized through Government Regulation Number 49 of 2024 (GR 49/2024) and the subsequent signing of the Handover Minutes and Memorandum of Understanding on January 10, 2025, effectively rebranded cryptocurrencies from tradable "commodities" to highly regulated "Digital Financial Assets" (DFA).[38]

To implement this broad mandate, the OJK issued Financial Services Authority Regulation Number 27 of 2024 (POJK 27/2024) on the Implementation of Digital Financial Asset Trading. POJK 27/2024 serves as the absolute cornerstone of the modern Indonesian crypto regulatory apparatus. It replaces Bappebti's existing framework while ensuring market continuity by honoring previously issued licenses during the transition period.[39]

POJK 27/2024 introduces unprecedented, strict regulations specifically designed to prevent money laundering, terrorism financing, and the proliferation of weapons of mass destruction. It dictates that digital financial assets must be issued, stored, transferred, and traded using distributed ledger technology, but crucially, they must not originate from or be used in activities that violate applicable laws. The regulation forces crypto traders to adhere fully to Indonesia's national AML frameworks, stating explicitly that depository managers must refuse to store Digital Financial Assets originating from suspicious sources or assets not included in the official OJK Crypto Asset List.[40]

Furthermore, Government Regulation Number 28 of 2025 concerning Risk-Based Business Licensing (effective June 5, 2025) officially integrated blockchain technology firmly into the national administrative framework, categorizing it under the "System Operations and Electronic Transaction Sector." This requires all business actors to obtain a Business Identification Number (NIB) and a Standard Certificate, shifting the industry from a specialized commodity niche into the mainstream electronic corporate sector. To further define this regulatory perimeter, OJK issued Regulation No. 16 of 2025 on Competence and Compliance Assessment, ensuring the executive leadership of these platforms meets rigorous fit-and-proper standards. In a push to capture the primary issuance market,

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[35] Mansyur, Muhammad Zainuddin, and Nurul Aini. "Tinjauan Hukum terhadap Tindak Pidana Pencucian Uang Berbasis Aset Kripto di Indonesia." *Al-Manhaj: Jurnal Hukum dan Pranata Sosial Islam*. INSURI Ponorogo. https://ejournal.insuriponorogo.ac.id/index.php/almanhaj/article/download/8430/4868/50258.

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OJK also released a Draft Regulation in September 2025 targeting Initial Coin Offerings (ICOs), defining them as "Digital Financial Asset offerings" and bringing tokenized fundraising strictly under their supervisory umbrella to prevent unregulated capital accumulation.[41]

Table 4 : Comparative Overview of Regulatory Authority, Period of Dominance, Legal Classification of Crypto Assets, AML/CFT Focus, and Enforcement Mechanisms in Indonesia's Cryptocurrency Regulatory Framework

Regulatory Authority	Active Era of Dominance	Legal Classification of Crypto Assets	Primary Anti-Money Laundering Focus	Core Enforcement Leverage
Bank Indonesia (BI)	Continuous	Prohibited as Payment	Defending Rupiah sovereignty & macro-stability	Administrative fines, severe operational suspension
Bappebti (Ministry of Trade)	2018 - 2024	Intangible Commodity	Basic KYC implementation, physical exchange licensing	Revocation of exchange operating licenses [1]
OJK (Financial Services Authority)	2025 - Present	Digital Financial Asset	Deep, systemic AML/CFT integration, Travel Rule	Full financial sector penalties, prison terms up to 10 years

Source: Compiled by the author

The volume of reports received by PPATK highlights the massive data-processing requirements of modern AML enforcement. An LTKT is generated for any cash or equivalent transaction exceeding Rp 500,000,000.[42]

Throughout 2025, the volume of these reports exhibited continuous, high-level fluctuations. In June 2025, the PPATK received 271,501 LTKTs (comprising 144,290 incoming cash reports and 127,211 outgoing) submitted by 653 reporting entities, of which 480 were traditional banks, and 173 were non-bank entities (including crypto exchanges and fintech providers).[43] By September 2025, this monthly figure had risen substantially by 26.6% month-over-month to 299,358 LTKTs, with the number of reporting parties expanding to 742 (538 banks, 204 non-banks). In November 2025, the volume slightly contracted by 11.8% from October to 282,509 reports, though the base of reporting entities continued to grow to 789 (567 banks, 222 non-banks).[44] This continuous expansion of reporting parties directly reflects the aggressive compliance onboarding under the new OJK regime.

[41] Assegaf Hamzah & Partners. "Indonesia's Push to Regulate Digital Financial Asset Offerings: A Framework for Crypto and Token Issuers." 2025. https://www.ahp.id/indonesias-push-to-regulate-digital-financial-asset-offerings-a-framework-for-crypto-and-token-issuers/

[42] Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK). *Buletin Juni 2025 (Buletin Statistik APUPPT)*. Jakarta: PPATK, 2025. https://ppid.ppatk.go.id/wp-content/uploads/2025/10/Buletin-Juni.pdf

[43] United Nations Office on Drugs and Crime (UNODC). *Recovering Stolen Assets*. Regional Office for Southeast Asia and the Pacific, 2025. https://www.unodc.org/roseap/en/indonesia/report/2025/recovering-stolen-assets.html

[44] United Nations Office on Drugs and Crime (UNODC). "Responding to Emerging Crimes." Regional Office for Southeast Asia and the Pacific, 2025. https://www.unodc.org/roseap/en/indonesia/report/2025/responding-to-emerging-crimes.html

Table 5. PPATK Reporting Activity on Suspicious Transaction Reports (LTKT), June–November 2025

PPATK Reporting Period (2025)	Total LTKT Received	Incoming Cash Reports	Outgoing Cash Reports	Total Reporting Parties	Bank/ Non-Bank Split
June 2025	271,501	144,290	127,211	653	480 / 173
September 2025	299,358	153,546	145,812	742	538 / 204
November 2025	282,509	145,145	137,364	789	567 / 222

Source: PATK. *Buletin Statistik APUPPT Vol. 13, No. 6 – Edisi Juni 2025*. Jakarta: Pusat Pelaporan dan Analisis Transaksi Keuangan, 2025. https://ppid.ppatk.go.id/wp-content/uploads/2025/10/Buletin-Juni.pdf

Geographically, the distribution of Suspicious Transaction Reports (LTKM) presents a stark, highly concentrated reality. Throughout 2025, DKI Jakarta consistently accounted for an overwhelming 97.9% of all cumulative LTKM receipts.[45] The remaining fractions were distributed among Bali (0.7%), North Sumatra (0.5% - 0.6%), the Riau Islands (0.2% - 0.3%), and West Java (0.1% - 0.2%).[46] This extreme concentration in the capital does not necessarily indicate that 98% of predicate crimes physically occur in Jakarta; rather, it reflects the centralized corporate headquarters of the reporting financial institutions and major cryptocurrency exchanges, whose compliance departments file the reports from their registered domiciles.

4. Law Enforcement and the Existence of Crypto Assets as Evidence in the Indonesian Criminal Justice System

The most challenging aspect in handling crypto-based money laundering (TPPU) is the execution of asset seizure and confiscation. From a legal perspective, Indonesian law has begun to show progress in recognizing digital assets as legitimate objects of criminal offenses. The Semarang High Court Decision No. 97/PID/2023/PT SMG in the *Fitri Crypto* case serves as an important precedent, stating that crypto assets fulfill the element of "property" under Articles 2, 3, and 4 of the Anti–Money Laundering Law. The judge reasoned that although intangible, cryptocurrencies possess economic value and can be controlled, making them valid both as evidence and as assets subject to confiscation by the state. This view is in line with the principles of technology-oriented law, which emphasize the flexibility of the legal system in adapting to technological developments.[47]

Similarly, the Supreme Court in its 2025 decision involving an international crypto investment fraud syndicate demonstrated a firm stance by imposing a sentence significantly heavier than the prosecutor's demand, namely, nine years of imprisonment. The court applied cumulative charges to cover both the predicate offense (fraud) and the subsequent offense (money laundering), in order to ensure a maximum deterrent effect against cybercriminal actors.[48]

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[45] PPATK. *Buletin Statistik APUPPT Vol. 13, No. 6 – Edisi Juni 2centralized025*. Jakarta: Pusat Pelaporan dan Analisis Transaksi Keuangan, 2025. https://ppid.ppatk.go.id/wp-content/uploads/2025/10/Buletin-Juni.pdf

[46] Katadata Databoks. "183 Thousand Suspicious Transactions in Indonesia in 2025, Mainly Related to Gambling." 2025. https://databoks.katadata.co.id/en/finance/statistics/69802f8e6e65e/183-thousand-suspicious-transactions-in-indonesia-in-2025-mainly-related-to-gamblingrecognisingoffencesfulfil

[47] Hidayat, R., and A. S. P. Nugraha. "Perlindungan Hukum terhadap Data Pribadi dalam Transaksi E-Commerce di Indonesia." *Humaniorum: Jurnal Hukum dan Ilmu Sosial*. https://journal.elena.co.id/index.php/humaniorum/article/download/159/123

[48] Dandapala. "Tok! MA Lipatgandakan Vonis Penipu Kblo. Theycklistripto crypto asset service providers implement risk mitigationJadi 9 Tahun Penjara." 2025. https://dandapala.com/article/detail/tok-ma-lipatgandakan-vonis-penipu-kIf annual reports are not submittedripto-jadi-9-tahun-penjara.blocklist.. They

From a legal perspective, the strengthening of Ultimate Beneficial Ownership (UBO) transparency in Indonesia through Minister of Law and Human Rights Regulation No. 49 of 2025 marks a paradigm shift from formalistic supervision to substantive oversight. An analysis of this regulation indicates an expanded definition of "controller," which is no longer limited to majority share ownership but also includes functional control, such as the authority to appoint directors or the receipt of significant economic benefits. The Financial Services Authority (OJK) policy in 2026, which lowers the investor reporting threshold from 5% to above 1%, serves as a preventive legal instrument to mitigate layering in money laundering offenses (TPPU). Doctrinally, the transformation of crypto assets into Digital Financial Assets (Aset Keuangan Digital) provides regulators with a legal basis to apply equivalent compliance standards to those in the banking sector, ensuring that the digital ecosystem does not become a regulatory haven for economic criminals.

The enforcement mechanism of this regulation operates through the integration of the AHU Online system with Supervisory Technology (SupTech)-based monitoring tools. Each Limited Liability Company (Perseroan Terbatas/PT) is procedurally required to attach beneficial ownership supporting documents in every application for establishment or amendment of its articles of association. Technically, the system performs automated detection of concealed corporate networks through Big Data Analytics and machine learning technologies. If annual reports are not submitted, the administrative sanction mechanism is automatically triggered, including the suspension of corporate legal service access and placement on the regulator's blacklist. In addition, crypto asset service providers implement risk mitigation through a Risk-Based Approach (RBA). They are independently required to map customer risk profiles and report anomalous transactions to the Indonesian Financial Transaction Reports and Analysis Center (PPATK) via an integrated electronic reporting system.

D. Conclusion

In this research, both research questions are answered through a normative analysis of the existing Indonesian AML/CFT framework and its interaction with the special regime for crypto assets. The findings confirm that the current legal architecture for addressing cryptocurrency-based money laundering in Indonesia is still fragmented, conceptually inconsistent, and institutionally weak.

First research question First, regarding how the Indonesian legal framework regulates and addresses money laundering activities conducted through cryptocurrency transactions within the AML/CFT regime, this study shows that the regulation remains sectoral and only partially integrated. Law No. 8 of 2010 formally provides the general legal basis for the prevention and eradication of money laundering, including the possibility of covering proceeds of crime that are converted into crypto assets. At the same time, cryptocurrency is normatively positioned as a commodity under Bappebti Regulation No. 8 of 2021 and related implementing rules, while Bank Indonesia prohibits its use as legal tender under Law No. 7 of 2011 and PBI No. 20/6/PBI/2018. This dual construction places crypto assets within a model of "partial recognition" that does not yet incorporate a specific, comprehensive AML/CFT regime for Virtual Asset Service Providers (VASPs). As a result, the application of core AML/CFT obligations such as customer due diligence, beneficial ownership identification, suspicious transaction reporting, and cross-border transaction monitoring to crypto-related actors is still indirect, scattered in several instruments, and not yet supported by clear procedural rules on wallet freezing, seizure of private keys, and standardization of digital evidence.

Second research question Second, in relation to how dual regime challenges hinder the effectiveness of law enforcement in combating cryptocurrency-based money laundering, particularly regarding regulatory harmonization and compliance with FATF standards, this research finds that the dualism between Law No. 8 of 2010 and Bappebti Regulation No. 8 of 2021 produces at least three principal normative consequences. First, the coexistence of a criminal law–oriented AML framework and a commodity-trading administrative framework has created ambiguity over the legal status of crypto assets and the distribution of authority among Bank Indonesia, Bappebti, and the Financial Services Authority (OJK). This ambiguity complicates the qualification of crypto-related activities as money laundering predicate offenses or as money laundering itself, and creates uncertainty regarding which institution bears primary supervisory and enforcement responsibility. Second, the lack of an integrated, crypto-specific AML/CFT regime for VASPs weakens the

implementation of FATF Recommendations, especially those requiring a risk-based approach, licensing and supervision of VASPs, and effective international cooperation in tracing and freezing illicit assets. Third, the absence of detailed procedural law on digital asset seizure, private key management, and the evidentiary value of blockchain analytics in criminal proceedings undermines the capacity of law enforcement agencies to effectively convert technical tracing capabilities into legally valid proof in court.

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