

Application of International Law in Tackling Money Laundering

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ABSTRACT

Money laundering has become a complex and challenging global issue, this complexity is compounded by its cross-border nature, which demands effective international cooperation in its handling and the application of international law is key to comprehensively combating ML and preventing the proliferation of criminal proceeds. International law related to ML has developed rapidly in recent decades. Starting with the 1988 Vienna Convention on Psychotropic Drugs and Psychotropic Substances, various international legal instruments have been formulated to define ML, criminalize the perpetrators, and strengthen cooperation between countries. For example, the UN Convention Against Transnational Organized Crime (Palermo Convention) in 2000 and FATF Recommendation 40, in 2022 the Financial Transaction Reports and Analysis Center (PPATK) fully disclosed the amount of Money Laundering Crime (TPPU) which reached Rp 183.88 trillion. Indonesia has ratified various international legal instruments related to ML and implemented them in national regulations. Law Number 23 Year 2003 on Money Laundering and Terrorism Financing is the main legal basis in Indonesia. PPATK, as a UIF (Financial Intelligence Unit), plays an important role in collecting, analyzing and disseminating information related to ML to relevant authorities.

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1. INTRODUCTION

Money laundering has become a complex and challenging global issue, this complexity is compounded by its cross-border nature, which demands effective international cooperation in its handling and the application of international law to be key to comprehensively combating trafficking and preventing the proliferation of proceeds of crime. Money laundering is a criminal act that involves concealment, enforcement, and use of proceeds from a criminal act, the activities of criminal organizations, narcotics

trafficking, and other activities that constitute criminal activities. The money laundering process can be divided into three stages: deployment, efforts to channel proceeds of crime into the financial system, especially the banking system; integration, connecting funds that have been channeled to the financial system with other funds; and conversion, converting financial assets channeled into the financial system into financial assets that appear to come from legitimate / legal sources.

The application of international law in tackling money laundering is carried out through various international standards and recommendations, such as the Financial Action Task Force (FATF). The FATF is an intergovernmental body established at the G7 Meeting in 1989 in Paris by Ministers in its member jurisdictions aimed at setting standards and promoting national and international policies to combat money laundering, terrorist financing, and other threats to the integrity of the international financial system. The application of international law in tackling money laundering is a step forward in a crime prevention and eradication strategy that is not only focused on perpetrators but also regulates the financial system to remove money from its source illegitim. The international anti-money laundering legal regime is arguably a step forward, as laid out in the Convention of International Organizations to Help Kill Money Laundering and Financial Violence.

At present, the international community is increasingly intensifying efforts to combat money laundering practices, both through bilateral cooperation and through international recommendations and standards. The application of international law in handling money laundering has several important principles, such as the Knowing Your Customer Principle, criminal law policy as a repressive approach, and the application of banking regulations. The application of international law in tackling money laundering has several advantages, such as helping to reduce money laundering and financial violence, helping to reduce the negative impact of money laundering on the economy, human rights, and national security. However, the application of international law in tackling money laundering also has some shortcomings, such as it cannot be regulated by national law, financial law, human rights protection law, and national security law.

Basically, money laundering is a crime that can harm the country, and should be avoided and prevented. In managing

finances, it should be noted that money laundering activities include three steps that form the basis of money laundering operations, namely placement, layering, and integration. Application of law international money laundering needs to be done well to reduce the negative impact of money laundering on society and the state. In this case, law enforcement officials, such as the Police and the Prosecutor's Office, should use anti-money laundering laws as a source for anti-money laundering laws, not with other laws or inappropriate legal regulations.

2. METHODS

In this study, international law research on the application of Financial Action Task Force (FATF) on Money Laundering recommendations in the anti-money laundering regime in Indonesia will be used as the main basis. The research method used in this study is a normative juridical approach. The normative juridical approach is one that uses legislation as the main basis for analysis. In this study, we will analyze the laws and regulations related to money laundering in Indonesia, as well as international provisions governing money laundering.

3. RESULTS AND DISCUSSION



Problem Statement

1. How effective is the application of international law in tackling money laundering?
2. What are the obstacles faced in applying international law related to money laundering?

DISCUSSION

3.1 *The effectiveness of the application of international law in tackling money laundering*

The effective application of international law in tackling money laundering is one of the main focuses in helping to reduce crimes that threaten economic stability and human rights. The application of international law in tackling money laundering has several advantages, such as helping to reduce money laundering and financial violence, helping to reduce the negative impact of money laundering on the economy, human rights, and national security. The application of international law in handling money laundering has several advantages, such as:

- 1) Help reduce money laundering and financial violence.
- 2) Help reduce the negative impact of money laundering on the economy.
- 3) Help reduce the negative impact of money laundering on human rights.
- 4) Help reduce the negative impact of money laundering on national security.

However, the application of international law in tackling money laundering also has some shortcomings, such as it cannot be regulated by national law, financial law, human rights protection law, and national security law. The application of international law in handling money laundering needs to be done properly to reduce the negative impact of money laundering on society and the state. In this case, law enforcement officials, such as the Police and the Prosecutor's Office, should use anti-money laundering laws as anti-money laundering resources, not with other laws or inappropriate legal regulations. The application of international law in tackling

money laundering has an important role, as stated in the Convention of International Organizations to Help Kill Money Laundering and Financial Violence. The Center for Financial Transaction Reporting and Analysis (PPATK) in analytical activities also has an important role in effective law enforcement.

Basically, the effectiveness of the application of international law in tackling money laundering is essential to reduce the negative impact of money laundering on society and the state. In this regard, it is necessary to prevent and eradicate money laundering with a strong legal foundation to ensure legal certainty, effectiveness, and integrity of the financial system. For the effective application of international law in handling money laundering, there are several efforts that can be made, such as:

- **International Cooperation:** International cooperation between countries to help reduce money laundering and financial violence. For example, PPATK must always be present at the APG Annual Meeting for Indonesia can affect the determination of the amount of each member's dues.
- **Implementation of Extradition Treaty:** Implementation of extradition treaty according to Law Number 1 of 1979 against perpetrators of money laundering crimes.
- **CTF Summit Idea:** Indonesia as the founder has CTF Summit I, II, III, and IV Meetings held in Sydney, Bali, Kuala Lumpur, and Bangkok, which are co-hosted by three countries, namely Indonesia, Australia, and Malaysia.
- **Improving PPATK's Modus Operandi:** Improving PPATK's modus operandi to make money laundering more effective, such as including the Single Identity Number (SIN) issue as one of the National Strategies in Efforts to Prevent and Eradicate TPPU.

- Improving Law Enforcement Performance and Professionalism: Improving law enforcement performance and professionalism to make tracing easier and result in investigations into money laundering crimes.
- Increasing the Human Resources Capacity of Law Enforcement Officers: Making MoUs with various agencies, institutions, and educational institutions in the context of preventing and eradicating money laundering, so as to create informal cooperation networks between law enforcement officials and have a standard platform in understanding TPPU.
- Socialization of Anti-Money Laundering Regime: Socialization of anti-money laundering regime to CHDs, law enforcement officials, academics, professions, journalists, and the public to help reduce money laundering.
- Improving Money Laundering Provisions: Improving money laundering law provisions to strengthen the effectiveness of money laundering eradication.
- Improving National Interest: Paying attention to the direct impact of OI policies on the national interest, such as Voluntary Tax Compliance, and participating in obtaining concrete benefits obtained compared to contributions to be paid.
- Improving International Interests: Paying attention to international interests, such as Indonesia as the lead country for ASEAN countries and deciding on a number of decision/policy proposals submitted in the forum by consensus both on external issues and Indonesia has been a country that conducts Mutual Evaluation Review (MER) to FATF Recommendations.

With these efforts, the effectiveness of the application of international law in tackling

money laundering can be improved, thereby reducing the negative impact of money laundering on the economy, human rights, and national security.

3.2 Obstacles faced in applying international law related to money laundering

In applying international law related to money laundering, there are several obstacles faced, such as:

3.2.1 Regulatory Non-Uniformity:

- Countries have different definitions and sanctions for money laundering.
- This can complicate law enforcement and international cooperation.
- For example, in some countries, bribery is considered a crime of origin, while in others it is not.

3.2.2 Lack of Information Availability:

- It is difficult to trace the flow of illegal funds due to secrecy in some countries.
- Financial institutions may be reluctant to share information for fear of violating customer privacy.

4.2.3 Limited Capacity:

- Many countries, especially developing countries, lack the resources to effectively enforce anti-money laundering laws.
- This includes shortages of trained personnel, technology, and funding.

3.2.4 Corruption:

- Corruption in law enforcement agencies can hamper efforts to combat money laundering.
- Corrupt officials can help criminals hide their assets and avoid punishment.

4.2.5 Cybercrime:

- Cybercrime, such as cryptocurrencies and the darknet, further complicates enforcement of anti-money laundering laws.
- This new technology allows criminals to hide their identity and conduct transactions anonymously.

3.2.6 Lack of International Coordination:

- Lack of coordination between countries could complicate efforts to investigate and confiscate assets.
- This can allow criminals to move their assets easily from one country to another.

3.2.7 Impact of Barriers

- Ineffectiveness in combating money laundering
- Increased risk of financing terrorism and other crimes
- Losses to the economy and financial stability

3.2.8 Overcoming Obstacles:

- Enhance international cooperation through information exchange and law enforcement coordination.
- Strengthen countries' capacity to combat money laundering.
- Increase public awareness about money laundering and its risks.
- Encourage the adoption of stricter international standards to combat money laundering.

Some aspects of obstacles faced in applying international law related to money laundering, it includes:

1. National Interest: Money laundering threatens national and international security, as described in international conventions. However, the application of international law in this regard is not as easy, since there is a level of national importance that must be observed.
2. International Interests: The application of international law in matters of money laundering must be considered in the context of international interests, as described in international conventions.
3. Economic Interests: Money laundering results in economic losses, as described in international conventions. However, the application of international law in this regard must be considered in the context of economic interests.
4. Legal Interest: The application of international law in matters of money laundering must be considered in the context of law, as described in international conventions.
5. Political Interests: The application of international law in matters of money laundering must be considered in the context of political interests, as described in international conventions.
6. Social Interests: The application of international law in matters of money laundering shall be considered in the context of social interests, as described in international conventions.
7. Environmental Interests: The application of international law in matters of money laundering must be considered in the context of environmental interests, as described in international conventions.
8. Health Interests: The application of international law in matters of money laundering shall be considered in the context of health interests, as described in international conventions.
9. Education Sector Interests: The application of international law in matters of money laundering must be considered in the context of the interests of the education sector, as described in international conventions.
10. Trade Sector Interests: The application of international law in matters of money laundering shall be considered in the context of the interests of the trade sector, as described in international conventions.
11. Interests of the Industrial Sector: The application of international law in matters of money laundering shall be considered in the context of the interests of the industrial sector, as described in international conventions.

4. CONCLUSION

The results of this study show the application of international law in addressing trafficking is an important step towards creating a more secure and stable financial system. With effective international cooperation, strong law enforcement, and adequate regulation, trafficking can be minimized and its impact on society reduced and the implementation of FATF recommendations on Money Laundering in the anti-money laundering regime in Indonesia has an important role in regulating and regulating non-haram money laundering activities. The application of international law in tackling money laundering is an important step to ensure the stability and integrity of the financial system, as well as reduce the negative impacts caused by money laundering. However, the application of international law in tackling money

laundering is also abundant in understanding, strength, and implementation. Obstacles faced in applying international law related to money laundering include legal factors, structure, facilities and infrastructure, legal culture, evidence, and limitations of the application of international law in war. To overcome these obstacles, efforts such as international cooperation, implementation of extradition treaty, CTF Summit are initiated, improving the modus operandi of PPATK, improving provisions in money laundering law, and reducing economic distortion and instability. From the results of this study, it can be suggested that law enforcement officials, such as the Police and the Prosecutor's Office, must use the anti-money laundering law as an anti-money laundering law, not with other laws or inappropriate legal regulations in handling TPPU (Money Laundering Crime).

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