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JURIDICAL ANALYSIS OF THE USE OF CRYPTOCURRENCY (CRYPTO ASSETS) AS A MEANS OF MONEY LAUNDERING AND ITS HANDLING BASED ON BAPPEBTI LAW NO.5 AND NO.6 OF 2019

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ABSTRACT

The development of financial technology has given rise to Cryptocurrency as a popular form of digital asset in various parts of the world, including Indonesia. Its decentralized nature, high anonymity, and ease of cross-border transactions make Cryptocurrency an instrument vulnerable to misuse, including as a means of money laundering (TPPU). This study aims to: (1) analyze the legal provisions governing the prohibition of Cryptocurrency as a means of money laundering; (2) assess the extent to which Indonesian positive law, specifically BAPPEBTI Regulation No. 5 of 2019 and BAPPEBTI Regulation No. 6 of 2019, is adequate in preventing crypto misuse; and (3) identify strategies for prevention, supervision, and enforcement against crypto-based money laundering practices in Indonesia. The research method used is normative legal research with a juridical-descriptive approach. The research data was obtained from primary legal materials in the form of laws and court decisions, as well as secondary legal materials in the form of legal literature, scientific journals, official agency reports, and actual case studies. The analysis was conducted qualitatively by interpreting and examining the alignment between legal norms and field practices. The results show that although BAPPEBTI Regulations No. 5 and No. 6 of 2019 provide a legal basis for regulating the trading of crypto assets as digital commodities, these regulations still focus more on the technical aspects of trading and asset registration, rather than on preventing money laundering. This indicates that national legal instruments still have weaknesses in terms of enforcement, inter-agency coordination, human resource capacity, and international cooperation.

Keyword: BAPPEBTI, Cryptocurrency, Juridical Analysis, Law Enforcement, Money Laundering, Regulation.

ABSTRAK

Perkembangan teknologi finansial telah melahirkan Cryptocurrency sebagai salah satu bentuk aset digital yang populer di berbagai belahan dunia, termasuk Indonesia. Sifatnya yang terdesentralisasi, anonimitas tinggi, serta kemudahan transaksi lintas negara menjadikan Cryptocurrency sebagai instrumen yang rawan disalahgunakan, salah satunya sebagai sarana tindak pidana pencucian uang (TPPU). Penelitian ini bertujuan untuk: (1) menganalisis ketentuan hukum yang mengatur pelarangan Cryptocurrency sebagai media pencucian uang, (2) menilai sejauh mana hukum positif Indonesia, khususnya Peraturan BAPPEBTI No. 5 Tahun 2019 dan Peraturan BAPPEBTI No. 6 Tahun 2019, telah memadai dalam mencegah penyalahgunaan kripto, serta (3) mengidentifikasi strategi pencegahan, pengawasan, dan penindakan terhadap praktik pencucian uang berbasis kripto di Indonesia. Metode penelitian yang digunakan adalah penelitian hukum normatif dengan pendekatan yuridis-deskriptif. Data penelitian diperoleh dari bahan hukum primer berupa peraturan perundang-undangan dan putusan pengadilan, serta bahan hukum sekunder berupa literatur hukum, jurnal ilmiah, laporan lembaga resmi, dan studi kasus aktual.



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Analisis dilakukan secara kualitatif dengan menafsirkan dan mengkaji kesesuaian antara norma hukum dan praktik di lapangan. Hasil penelitian menunjukkan bahwa meskipun Peraturan BAPPEBTI No. 5 dan No. 6 Tahun 2019 telah memberikan dasar hukum untuk mengatur perdagangan aset kripto sebagai komoditas digital, regulasi tersebut masih lebih berfokus pada aspek teknis perdagangan dan pendaftaran aset, bukan pada pencegahan pencucian uang. Hal ini menandakan bahwa instrumen hukum nasional masih memiliki kelemahan dari aspek penegakan, koordinasi antar lembaga, kapasitas sumber daya manusia, dan kerja sama internasional.

Kata Kunci: Analisis Yuridis, BAPPEBTI, Cryptocurrency, Pencucian Uang, Penegakan Hukum, Regulasi.

1. Introduction

In general, the definition of money laundering is a series of acts involving assets that are known or reasonably suspected to be the proceeds of criminal acts with the aim of concealing or disguising their origin, source, location, purpose, transfer of rights, or actual ownership. Money laundering is intended to legalize the proceeds of criminal acts that are re-introduced into the financial system. (Adiwarman et al., 2010) Money laundering is a process carried out by perpetrators of criminal acts to conceal or disguise the origin of wealth derived from crime, so that it appears to be the result of legitimate activities. In the context of Indonesian law, money laundering activities are comprehensively regulated in Law No. 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes (TPPU). There are three stages in the money laundering process, namely Placement, Layering, and Integration. In the first stage, illegal funds are placed into the financial system. The second stage is carried out to obscure the trail of funds by creating layers of complex transactions. The final stage is to integrate these funds into legal economic activities so as not to arouse suspicion. This modus operandi is not only carried out through the traditional banking system, but is also increasingly developing through technological media, one of which is cryptocurrency.

Cryptocurrency is a form of digital asset that uses Blockchain technology and cryptography as the basis for verifying transactions and creating units of digital currency. Its decentralized nature, which is not controlled by a single authority such as a central bank, and the potential for anonymity in transactions, make crypto assets very attractive to money launderers. In practice, criminals can purchase cryptocurrency with cash obtained through criminal activities, then distribute it across various digital wallets using services like mixers or tumblers designed to obscure transaction trails (Kusuma, 2021). As for the law pertaining to Indonesia, regulations regarding cryptocurrency as a commodity are governed by the Commodity Futures Trading Regulatory Agency (BAPPEBTI) through two important regulations, namely BAPPEBTI Regulation No. 5 of 2019 and BAPPEBTI Regulation No. 6 of 2019. BAPPEBTI Regulation No. 5 of 2019 regulates the technical provisions for the operation of physical crypto asset markets on futures exchanges. It contains provisions on registration procedures, business licenses, consumer protection, information technology security systems, and the obligation to apply the Know Your Customer (KYC) and Anti-Money Laundering (AML) principles for all crypto trading operators. This regulation emphasizes that although cryptocurrency is permitted to be traded as a commodity, it is not recognized as a legal tender in Indonesia, in accordance with the provisions of Law No. 7 of 2011 on Currency.

From a legal perspective, BAPPEBTI Regulations No. 5 and No. 6 of 2019 have provided an important legal basis for establishing a legal, secure, and supervised cryptocurrency trading system. However, these regulations have not been able to fully accommodate the complexity of cryptocurrency use in cross-border and anonymous money laundering. Therefore, it is necessary to harmonize regulations with international standards such as the recommendations of the Financial Action Task Force (FATF), increase the capacity of law enforcement agencies in the field of digital forensics, and strengthen international cooperation for asset tracking and recovery.

This phenomenon shows the potential for growth in Indonesia's digital asset industry, but on the other hand, it also poses the risk of abuse for criminal purposes, including money laundering, terrorism financing, and tax evasion. A number of cases have reflected this, such as the case of Rafael Alun Trisambodo, who used Bitcoin to disguise the proceeds of bribery and corruption; the case of Heru Hidayat in the PT Asabri scandal, where some of the corrupt funds were transferred to crypto assets; and the case of Indra Kenz, where assets worth Rp 35 billion in the form of crypto were used to disguise the proceeds of illegal investment fraud through the

Binomo platform. Even PPATK noted that from 2022 to 2024, there were suspicious crypto transactions worth Rp 800 billion, indicating the magnitude of potential abuse (Doe, 2023a). At the international level, one of the biggest cases was the Bitfinex case in 2022, in which the U.S. Department of Justice arrested a couple involved in laundering USD 4.5 billion in Bitcoin stolen from the Bitfinex crypto exchange. In this case, the perpetrators used various mixing and asset conversion services to hide the trail of funds. This case shows that even though Blockchain technology is transparent, the technical capabilities of perpetrators are often faster than the ability of legal authorities to detect illegal cash flows.

The condition of human resources in Indonesia in the context of supervision and law enforcement regarding the use of cryptocurrency as a means of money laundering is still inadequate, both in terms of quantity and quality. This is a major challenge in the implementation of regulations that have been drafted by the government, particularly BAPPEBTI Regulation No. 5 of 2019 concerning Technical Provisions for the Operation of Physical Crypto Asset Markets and BAPPEBTI Regulation No. 6 of 2019 concerning the List of Crypto Assets that can be Traded on Futures Exchanges. Both regulations mandate the importance of supervision and legal compliance by business actors engaged in crypto asset trading. To that end, human resources are needed who not only master the technical aspects of Blockchain technology.

Apart from the private sector and government, the education sector and professional certification institutions are also not yet fully prepared to produce graduates or professionals who can meet the demands of the crypto asset industry and related Anti Money Laundering regulations. Not many law and information technology education curricula in Indonesia include material related to crypto-forensics or digital economy law. As a result, available graduates are not yet prepared to deal with the complexities of crypto as a medium for money laundering. Therefore, human resource capacity building must be carried out comprehensively, starting from adding curricula in universities, certified training in training institutions, to inter-agency cooperation such as BAPPEBTI, OJK, PPATK, and other ministries/institutions.

This situation indicates an urgent need to conduct a comprehensive legal analysis of both regulations, particularly in terms of their effectiveness in combating money laundering. Another urgent issue is the lack of academic literature that examines the legal aspects of cryptocurrency use in money laundering in Indonesia. Most research still focuses on the technological, economic, and trading aspects of crypto assets. However, the legal aspect is very important to ensure that Indonesian law is able to keep up with the highly dynamic digital developments. By conducting this research, the author can fill this gap and provide concrete recommendations to regulators, such as BAPPEBTI, PPATK, and OJK, regarding the strengthening of a legal framework that is both preventive and repressive against the misuse of crypto assets for criminal purposes (Tim et al., n.d.).

Furthermore, from a practical standpoint, this research will be very beneficial for the community and crypto industry players in Indonesia. They need to understand that digital assets are not a lawless zone, but rather part of the financial system that must comply with regulations, supervision, and principles of transparency in processing and collecting data from users.

Based on the background description above, the following problems were formulated. The problem formulation is compiled as a reference in conducting research so as not to exceed the scope of the research and analysis.

First, this research aims to find out what are the legal provisions regarding the prohibition of cryptocurrency as a medium for money laundering. By researching the laws and regulations of how Cryptocurrency can be used as a medium for money laundering in Indonesia and internationally, with a focus on the current Indonesian laws about the topic.

Secondly, this research aims to answer the of does Indonesian positive law sufficiently regulate the prohibition of the use of cryptocurrency as a medium for money laundering? Not only does this research focus on existing laws in Indonesia, the research will also try to evaluate and analyse if the existing laws and bodies of law that exist to regulate those laws are in fact sufficient and enough; and if not, what can be done to improve the status quo.

And lastly, this research hopes to understand what are the strategies for preventing cryptocurrency from being used as a medium for money laundering in the scope of the existing laws in Indonesia.s

Furthermore, the author is interested in examining and analysing more deeply the use and application of cryptocurrency as a medium/means of money laundering in Indonesia and the methods of handling it as a legal analysis.

2. Research Methods

This study uses normative legal research, which relates to legal principles, legal systematics, legal synchronization, comparative law, and legal history. Normative legal research is legal research conducted by examining reference materials or secondary data consisting of primary, secondary, and tertiary legal materials. In addition, according to Peter Mahmud Marzuki, normative legal research is a process of discovering legal rules, legal principles, and legal doctrines to answer legal issues that arise. This research is also descriptive in nature, which means that it uses a scientific background with the aim of interpreting in greater depth and detail the phenomena occurring in society and is carried out using various existing methods. The phenomenon discussed in this study is the misuse of cryptocurrency, which is essentially a legal investment method, to commit the crime of money laundering.

The technique used to collect legal materials for this thesis is to use existing laws in Indonesia to draw conclusions on the issue of cryptocurrency use as a means of money laundering in Indonesia. This thesis will attempt to explore existing laws in Indonesia in depth. This research uses secondary data, including official documents, books, research results, and so on.

3. Result and Discussion

Cryptocurrency is a type of virtual currency system that allows users to pay for business activities with digital currency. In cryptography, the term “cryptocurrency” refers to a system used to exchange digital tokens widely and perform secure data release processes. Cryptocurrency is a solution to the problem of third-party-based payment schemes for virtual currency printing and deposit tools. Discovery, like gold mining, is the beginning of cryptocurrency. After that, mined gold can be exchanged for regular money in countries where cryptocurrency is traded. Like stocks and gold, the impact of cryptocurrency mining is often used as a means of capital. In addition, they are used in virtual transactions, such as in virtual games, social media applications, and other applications. Currently, there are over 1,500 types of cryptocurrency. The most well-known ones include Bitcoin, Ethereum, Ripple, Litecoin, Dogecoin, Dascoin, and Mrai. Due to the differences in paper currency types, the rapid growth of digital cryptocurrency has disrupted payment and financial systems worldwide (Antonopoulos, 2014).

Cryptocurrency has a significant positive impact on the development of the global financial system. On the positive side, cryptocurrency provides more inclusive financial access to people who do not have bank accounts, as they only need a smartphone and an internet connection to make transactions. Transfer fees also tend to be lower than traditional banking systems, especially for cross-border transactions, which are usually expensive and time-consuming. Additionally, the underlying blockchain technology offers transparency, security, and high efficiency, leading more companies to adopt it for both payments and digital contracts (smart contracts). From an investment perspective, cryptocurrency also presents substantial profit opportunities with significant value growth, making it an alternative asset to gold and stocks. However, cryptocurrency also has negative impacts that need to be considered. One of the main problems is extremely high price volatility, which poses a risk of significant losses for inexperienced investors. Anonymity in crypto transactions also opens up opportunities for abuse, such as money laundering, illegal financing, or fraud. Additionally, mining activities require a substantial amount of electricity, raising environmental concerns. The lack of uniform regulations across different countries also creates legal uncertainty, causing some governments to remain hesitant about legalizing its use. Therefore, while cryptocurrency brings significant innovation to the financial world, the challenges it presents must still be addressed to ensure it can be utilized in a safer and more sustainable manner. Essentially, in many developing countries such as Indonesia, many people are currently investing in cryptocurrency because it is created using mathematical formulas based on decentralized cryptography, which makes it much more secure. Considering that cryptocurrency is a gold standard system that is largely unaffected by local and international political practices, the government has the power to impose fair taxes on data users rather than simply using it for investment purposes (Nurcahyo & Prasetyo, 2020).

An important starting point for the development of cryptocurrency in Indonesia was the establishment of

Bitcoin.co.id in 2014, which later changed its name to Indodax (Indonesia Digital Asset Exchange). This platform became the first local crypto exchange to bring together sellers and buyers of digital assets in a legal and structured manner. Since then, there has been an acceleration in the adoption of crypto assets by the public. The main drivers of this development include the ease of digital transactions, the high profit prospects from cryptocurrency price fluctuations, and open access via mobile devices. Moreover, many young people and novice investors have begun to see cryptocurrency as an investment alternative to conventional instruments such as stocks or gold. The role of social media and digital communities has also accelerated the dissemination of information and education regarding the use and potential profits of cryptocurrency (Yuliana & Handayani, 2020).

As public interest in cryptocurrency increases, the volume of crypto transactions in Indonesia has also risen dramatically. According to data from the Commodity Futures Trading Regulatory Agency (BAPPEBTI), the number of crypto asset investors in Indonesia has surpassed the number of traditional capital market investors. However, the legal position of cryptocurrency in Indonesia is quite unique and complex. On the one hand, the Indonesian government strictly prohibits the use of cryptocurrency as a means of payment. This is stipulated in Law Number 7 of 2011 concerning Currency, which states that the only legal means of payment in the territory of the Republic of Indonesia is the Rupiah. This rule is reinforced by provisions from Bank Indonesia that prohibit financial institutions and payment systems in Indonesia from facilitating transactions using digital currencies. Violations of these provisions are subject to administrative and criminal penalties. Therefore, although people can buy and store crypto assets, using crypto to pay for goods or services in Indonesia remains an illegal act.

Cryptocurrency as a form of digital asset has a number of characteristics that distinguish it from conventional financial instruments, while also making it vulnerable to abuse in criminal acts, particularly money laundering. The first characteristic is anonymity and pseudonymity. In the blockchain system, user identities are not displayed in the form of names or verifiable personal data, but only as digital wallet addresses consisting of a series of numbers and letters. Thus, even though all transactions are publicly recorded in a distributed ledger, the actual owner of the wallet is difficult to identify without complex technical cooperation. This provides ample opportunity for criminals to transfer the proceeds of crime by concealing their identities (Muhammad Asnul Husadi & Nur Isdah Idris, 2025). The second characteristic is decentralization, meaning that there is no central authority that controls or supervises transactions. Furthermore, the borderless nature of cryptocurrency also increases its vulnerability. Crypto assets can be sent anywhere in the world in a matter of minutes without having to go through the cross-jurisdictional mechanisms that usually apply to international financial transfers (Alamsyah, 2021).

The ease of conversion also exacerbates the risk of abuse. Crypto assets can be quickly exchanged for fiat money through exchanges or markets, both licensed and illegal. In addition, new innovations such as stablecoins and NFTs also open up opportunities for criminals to change the form of assets to make them more difficult to track. This pattern corresponds to the stages of money laundering, namely placement, layering, and integration. Proceeds from crime are first placed into the crypto system (placement), then moved and obscured through various wallets, mixers, and cross-border transactions (layering), until finally returning to the formal financial system through local or international exchanges (integration) (Amrullah, 2024).

Although cryptocurrency has many characteristics that are inherently prone to abuse, the existence of BAPPEBTI Regulations No. 5 and No. 6 of 2019 are important instruments in creating a stricter supervisory system. These regulations not only aim to prevent potential money laundering, but also provide legal certainty for crypto asset industry players in Indonesia. However, challenges remain, given that crypto technology is developing very rapidly, while regulatory adaptation requires time and inter-agency coordination. Therefore, the effectiveness of regulations will be largely determined by the commitment to law enforcement, international cooperation, and the readiness of technological infrastructure to monitor and combat illegal practices that exploit the characteristics of cryptocurrency.

Money laundering through cryptocurrency generally follows three classic stages: placement, layering, and integration. In the placement stage, perpetrators place the proceeds of crime into the crypto asset system by purchasing digital coins on an exchange market or conducting direct transactions on a peer-to-peer market. In Indonesia, BAPPEBTI requires official exchanges to implement identity verification, but loopholes often occur because perpetrators can take advantage of overseas platforms or even use third-party accounts (strawman

accounts). This process allows cash from criminal activities to enter the digital financial system more covertly.

The layering stage is central to the modus operandi of money laundering with cryptocurrency. In this stage, perpetrators attempt to sever the link between cryptocurrency assets and the original crime. This is done by sending coins to various different wallets, conducting hundreds of small transactions (smurfing), using mixers or tumblers that mix coins from various sources, and utilizing privacy coins such as Monero, Dash, or Zcash, which have higher anonymity features (Doe, 2025a).

The practical act of layering through anonymous exchanges is usually carried out by converting criminal proceeds into cryptocurrency, then distributing them to various wallets with smaller values. This process is followed by repeated transfers of assets between exchanges, both licensed and unlicensed. For example, funds that have been converted into Bitcoin are transferred to Ethereum, then to other altcoins, and even to stablecoins such as USDT, to obscure the transaction pattern. The more transfers and asset variations used, the more difficult it is for law enforcement to track the transaction trail. Perpetrators also take advantage of decentralized exchanges (DEXs), which have no central authority and do not require identity verification, allowing transactions to be conducted pseudonymously or even completely anonymously.

In addition, crypto assets with high privacy features such as Monero, Zcash, and Dash further strengthen the layering strategy (Doe, 2025b). These types of crypto use special technologies such as ring signatures or stealth addresses that make it nearly impossible to track the sender, recipient, and transaction amount on the public blockchain. This is different from Bitcoin or Ethereum, which, although pseudonymous, still allow transaction flows to be tracked because all records are transparent. As such, privacy coins have become a popular tool for perpetrators to deepen the layers of illegal transactions.

The final stage is integration, which is when funds that have gone through multiple layers of processing finally re-enter the legal economic system. Integration can be done in various ways, such as exchanging crypto assets for fiat currency on a licensed exchange, purchasing high-value assets such as gold, property, or vehicles, or investing in legal companies. At this stage, the proceeds of crime appear to be legally legitimate because they have gone through a series of complex transactions. For law enforcement agencies, integration is the most dangerous stage because illegal funds have been mixed with the formal economy.

The main advantage of cryptocurrency as a means of money laundering lies in its ability to conceal the identity of perpetrators through a pseudonymous system. In public blockchain networks such as Bitcoin, Ethereum, or Litecoin, every transaction is permanently and transparently recorded in the system, but the wallet addresses used do not include user names or personal data that can be directly linked to real-world identities. Wallet addresses are simply a series of numbers and letters that can be easily created without any identity verification process. This is very different from conventional financial systems such as banking, which require verification of ID cards, tax identification numbers, or other legal documents.

The first weakness is the transparency of blockchain technology, which forms the basis for cryptocurrency operations. Every crypto transaction is permanently recorded in a digital ledger that is accessible to the public. Although the identity of wallet owners is not immediately apparent, transaction patterns, asset transfer frequencies, and connections between wallets can be analyzed using blockchain forensics techniques. A number of international cases show how blockchain analysis agencies have been able to help law enforcement agencies uncover money laundering networks, terrorist financing, and drug trafficking through Bitcoin and other digital assets. This proves that the advantage of crypto in the form of permanent recording can actually become a weakness for money launderers (Sari & Kurniawan, 2020). The next weakness is the high price volatility of crypto assets. The value of Bitcoin, Ethereum, and other altcoins can change drastically in a matter of hours. This condition makes cryptocurrencies at great risk of losing value before they can be successfully integrated into the formal financial system.

In Indonesia, Bappebti Regulations No. 5 of 2019 and No. 6 of 2019 provide clear restrictions on layering practices on official exchanges. Through the mandatory implementation of Know Your Customer (KYC), Anti Money Laundering (AML), and transaction recording, the space for money launderers to operate has become increasingly limited. Users of official exchanges in Indonesia are required to verify their identity before they can conduct transactions. In addition, exchange operators are required to report any suspicious transactions to Bappebti and coordinate with PPATK. These provisions demonstrate legal efforts to reduce the potential for

anonymity, which is the main attraction for criminals. However, significant challenges remain, particularly because perpetrators can easily access foreign exchanges that are not subject to Bappebti regulations. Jurisdictional limitations mean that Indonesia does not have full authority to crack down on layering activities carried out through foreign exchanges.

Therefore, international cooperation, both through the Financial Action Task Force (FATF) and bilaterally with other countries, is key to narrowing the scope of action for perpetrators. With the strengthening of domestic regulations, the use of blockchain analytics technology, and global collaboration, the layering method through anonymous transactions can be further suppressed. Therefore, it can be concluded that the layering method through anonymous transactions is indeed one of the main ways in which TPPU perpetrators utilize cryptocurrency. However, the transparent nature of blockchain, strict regulations through BAPPEBTI No. 5 and 6 of 2019, and modern analytical capabilities mean that this method is not entirely secure. In fact, these weaknesses can be used as a gateway for law enforcement agencies to track and prosecute perpetrators, so existing regulations must continue to be strengthened to keep pace with global dynamics.

The regulation of the legality and governance of crypto asset trading in Indonesia through BAPPEBTI Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of Physical Crypto Asset Markets on Futures Exchanges and BAPPEBTI Regulation Number 6 of 2019 concerning Technical Provisions for the Implementation of Physical Crypto Asset Markets provides a fundamental legal framework for the phenomenon of digital asset trading. The emergence of this regulation is the state's response to the rampant buying and selling of cryptocurrencies, which previously existed in a legal gray area. The legal uncertainty surrounding cryptocurrency prior to 2019 gave rise to numerous problems, ranging from potential fraud and high risks for consumers to significant opportunities for money laundering. With the issuance of these regulations, Bappebti has confirmed the position of cryptocurrency in Indonesia as a legal commodity that can be traded on futures exchanges, although it remains a non-legal tender.

From a legal perspective, this regulation creates legal certainty that protects the public while providing guidelines for business actors. BAPPEBTI stipulates that only certain parties that have met strict requirements can operate as physical crypto asset traders, exchange operators, or custodial institutions. These requirements include minimum capital, technological infrastructure readiness, data security, and corporate governance standards. With these requirements in place, only institutions with adequate financial and technical capacity can enter the crypto industry, thereby minimizing the risk of mass losses due to unreliable operators. Furthermore, BAPPEBTI also regulates the list of legal crypto assets that may be traded. This serves as a filter, considering that not all crypto assets have sufficient economic value or market stability. With this mechanism, the public is protected from potential losses due to speculative assets that lack fundamental value.

One of the most important aspects regulated is the implementation of Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) principles. BAPPEBTI requires businesses to implement Know Your Customer (KYC) procedures, monitor suspicious transactions, and report them to PPATK. This provision is particularly relevant given the pseudonymous nature of cryptocurrencies, their ease of transfer across borders, and their frequent use as a means of money laundering.

The relevance of Know Your Customer (KYC) is very important because of the characteristics of crypto assets, which tend to be anonymous or semi-anonymous, and their speed in cross-border transactions. KYC serves as a link between the physical identity of the perpetrator and their digital transactions. Cryptocurrencies (such as Bitcoin) are designed to operate without a central intermediary, where each wallet address is simply a string of letters and numbers, without revealing the identity of the owner (anonymity). In Indonesia, Physical Cryptocurrency Traders are categorized as Reporting Parties. They are required to implement KYC before opening an account for customers. This obligation ensures that the wallet addresses used for transactions can be linked back to the user's real identity (ID card/passport) and biometric data. With KYC, money launderers can no longer hide behind the anonymity of crypto assets to carry out placement or layering through official Indonesian platforms (Doe, 2023b). Crypto-exchange platforms in Indonesia are also reporting parties in this regard, just like banks and payment companies.

Thus, it can be concluded that the regulation of the legality and governance of crypto asset trading by BAPPEBTI is a step forward that provides legal certainty, strengthens consumer protection, closes opportunities for abuse for money laundering, and puts Indonesia in line with international standards. However,

the success of this regulation is not only determined by the content of the regulations, but also by the capacity for supervision, the speed of adaptation to new innovations, and the country's ability to overcome illegal practices that may still occur outside the scope of official exchanges (Amiludin et al., 2023).

The application of Anti-Money Laundering and Counter-Terrorism Financing (AML-CTF) principles in the crypto asset industry is an important element in maintaining the integrity of the financial system in Indonesia. The unique characteristics of cryptocurrency, such as its decentralized, fast, borderless nature, and high level of anonymity, make it vulnerable to being used as a means of money laundering and terrorist financing. Therefore, the APU-PPT principles serve as a preventive mechanism to ensure that digital financial innovation does not become a threat to economic stability and national security. These principles are not merely administrative guidelines, but substantive legal instruments that ensure every cryptocurrency transaction is conducted transparently and accountably.

Normatively, the implementation of APU-PPT in Indonesia has a strong legal basis through Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering Crimes and Law Number 9 of 2013 concerning the Prevention and Eradication of Terrorism Financing Crimes. These two laws regulate the obligation to apply the principle of prudence in financial activities, including in the digital asset sector. This regulation requires crypto asset businesses or service providers to implement KYC (Know Your Customer) principles, continuously monitor transactions, report suspicious transactions to PPATK, and store customer identity data and transaction activity for investigation purposes. With this regulation in place, Indonesia's crypto industry is now operating within a more structured legal framework that complies with international standards.

This regulation demonstrates the country's serious efforts to balance two interests: on the one hand, encouraging innovation and growth in the crypto industry, and on the other hand, closing loopholes for money laundering and terrorist financing. With consistent commitment, inter-agency synergy, and the adoption of blockchain-based transaction analysis technology, the implementation of APU-PPT will be able to serve as a legal shield and a foundation of public trust in the future of the crypto asset industry in Indonesia.

From a prevention perspective, BAPPEBTI regulations impose strict limitations by classifying crypto assets solely as commodities that can be traded on futures exchanges, not as legal tender. This clarification is important to avoid conflicts with the Currency Law and maintain the stability of the national monetary system. Prevention is also carried out through a registration and licensing mechanism: every exchange, trader, and cryptocurrency custodian must obtain official permission from BAPPEBTI. This licensing mechanism is not only administrative, but also ensures that participants have met certain requirements, such as minimum capital, adequate information technology systems, and compliance with good corporate governance principles. In addition, regulations require the implementation of Know Your Customer (KYC) and Anti Money Laundering (AML) principles on every exchange, so that user identities are strictly verified and transactions are recorded transparently. The application of these principles directly limits the level of anonymity that criminals often exploit in crypto-based money laundering activities.

In terms of enforcement, BAPPEBTI regulations include supervisory instruments and sanctions that can be applied in the event of violations or criminal acts. Crypto exchanges and traders are required to report any suspicious transactions to the Financial Transaction Reports and Analysis Center (PPATK) as the authority responsible for analyzing potential money laundering. If administrative violations are found, BAPPEBTI can impose sanctions ranging from written warnings, fines, license suspensions, to revocation of business licenses. However, if the violation is directly related to money laundering practices, criminal sanctions based on the Money Laundering Criminal Act (TPPU Law) can be applied.

However, the implementation of this regulation still faces various challenges. The cross-border nature of crypto makes domestic supervision difficult if transactions are transferred to foreign exchanges that are not subject to Indonesian regulations. In addition, the level of legal and technological literacy in society is still low, so retail investors often do not understand the legal and financial risks inherent in crypto assets. Another challenge arises from the existence of darknet markets and peer-to-peer transactions outside of official exchanges, which are difficult to monitor. Overall, the regulation of crypto asset exchanges through BAPPEBTI Regulations No. 5 and 6 of 2019 shows that the state is attempting to integrate prevention and mitigation aspects into a single legal framework. On the prevention side, the regulation establishes a compliance system based on licensing,

governance, and the implementation of AML-KYC, which limits opportunities for money laundering. In terms of countermeasures, the regulations facilitate transaction monitoring, sanctions, and inter-agency coordination to crack down on violations. Thus, these regulations not only regulate the legitimacy of crypto asset trading but also serve as a crucial legal protection instrument in maintaining financial system stability and preventing economic crime in the digital era.

Integrated supervision also plays a preventive and repressive role. From a preventive perspective, the obligation to apply the Know Your Customer (KYC) and Anti-Money Laundering (AML) principles ensures that the identity of every exchange user can be verified. Exchanges are prohibited from providing services to anonymous users without clear identity verification. Thus, the opportunities for criminals to hide the origin of funds through crypto assets are increasingly limited. From a repressive perspective, integrated supervision enables BAPPEBTI, together with PPATK and law enforcement agencies, to immediately follow up on any indications of money laundering. The data recorded in the system can be used as valid preliminary evidence to open a criminal investigation.

Thus, understanding market activities through an integrated surveillance system does not only mean collecting transaction data, but also creating interconnected legal, technological, and institutional mechanisms to comprehensively map the dynamics of the crypto market. BAPPEBTI Regulations No. 5 and No. 6 of 2019 emphasize the importance of this surveillance system as the foundation for preventing money laundering crimes. Through an integrated system, the state is not only able to maintain order in crypto asset trading, but also protect the national financial system from increasingly complex transnational crime risks. This is why integrated surveillance is key to understanding crypto market activity while ensuring that digital economic development remains in line with legal interests and national stability.

Supervision of crypto assets cannot be left solely to BAPPEBTI, which through Regulations No. 5 and No. 6 of 2019 regulates more about the operation of physical crypto markets, the obligations of exchange operators, and consumer protection. The aspect of preventing money laundering requires the involvement of many other institutions. PPATK has a central role in detecting and analyzing suspicious transactions, OJK is tasked with supervising the financial services sector, Bank Indonesia has authority over the payment system, while the Police, the Attorney General's Office, and the Corruption Eradication Commission (KPK) function in law enforcement. By establishing a strong coordination system, such as integrating crypto transaction data with the PPATK reporting system or a regular inter-agency forum, the stat

4. Conclusion

Crypto assets offer great opportunities in the digital economy and investment sectors, but they also carry a high risk of being used for money laundering. Existing regulations, such as those implemented by BAPPEBTI, are a positive first step in supervising the crypto market, but they still need to be strengthened in terms of technical implementation, inter-agency coordination, and digital forensics capabilities.

Cryptocurrencies are defined as digital commodities that are legal to trade but not legal tender. Their use is regulated through official exchanges with KYC, AML, and suspicious transaction reporting obligations to PPATK. However, regulations still focus more on the technical aspects of trading and are not yet able to fully prevent the misuse of cryptocurrencies for money laundering.

The anonymous, pseudonymous, and decentralized nature of cryptocurrency makes it vulnerable to being used as a means of money laundering. Its advantages lie in the ease of cross-border transactions and the difficulty of tracking identities, while its weaknesses are high volatility, limited use, and the emerging development of blockchain forensic technology. Thus, the effectiveness of cryptocurrency as a medium for money laundering mainly depends on regulatory loopholes and weak supervision.

Indonesia already has a legal basis for crypto trading through Bappebti Regulations No. 5 and 6 of 2019. The regulations govern the legality of crypto as a commodity, exchange governance, KYC, AML, and reporting of suspicious transactions. However, the rules still focus on the technical aspects of trading and do not fully close the money laundering loophole.

Based on research findings, there needs to be increased synergy between institutions, the establishment of

regulations that emphasize crime prevention, improved public literacy, and legal system reforms to accommodate the challenges of the digital age.

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