

THE ROLE OF ASSET TRACING IN COMBATING CORRUPTION IN INDONESIA: CHALLENGES AND LEGAL FRAMEWORK

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ABSTRACT

This article examines the role of investigators in tracing assets to recover state losses resulting from corruption in Indonesia. Recognizing corruption as a severe crime that undermines societal and national well-being, the study employs a normative juridical and empirical approach to identify asset forfeiture mechanisms under existing laws, including seizure and blocking. The research highlights that the success of asset tracing is influenced by legal substance, legal structure, and legal culture. It also discusses the legislative framework supporting the recovery of state losses, such as the Anti-Corruption Law and the Anti-Money Laundering Law. The study underscores the challenges in asset tracing, including low public sector salaries, cultural factors, poor management, and the impact of modernization. To address these obstacles, alignment within the three components of the legal system is essential. The conclusion emphasizes the authority of the Indonesian National Police (POLRI) to seize assets as evidence in corruption cases and the importance of legal system coherence to facilitate effective investigations.

Keywords: Asset Tracing; Corruption; Legal Framework; Indonesia; Asset Forfeiture

Introduction

Corruption remains a pervasive issue in Indonesia, undermining the integrity of public institutions and causing significant financial losses to the state (Harahap et al., 2021; Purnaweni et al., 2022; Timonor, 2014). The objective of this study is to explore the role of asset tracing in the investigation of corruption cases and the recovery of state losses (Bawono, 2020; Karianga, 2020; Saputri, 2023). While previous research has extensively covered the legal frameworks and challenges in combating corruption, there is a notable gap in understanding the specific mechanisms and effectiveness of asset tracing in this context (Ekayana, 2020). This study aims to fill this gap by examining the legal, structural, and cultural factors that influence the success of asset tracing efforts in Indonesia (Qisa'i, 2020).

Asset tracing is a critical component of corruption investigations, as it involves identifying, locating, and recovering assets acquired through corrupt practices (A. R. P. Barusman, 2019; Ermaida & Lukman, 2021; Latif, 2020). The significance of this research lies in its potential to enhance the effectiveness of corruption investigations and contribute to the broader goal of reducing corruption in Indonesia (A. R. P. Barusman & Habiburrahman, 2022; Dick & Mulholland, 2016; Hutahaean & Indarti, 2020). By focusing on the practical aspects of asset tracing, this study seeks to provide insights into the challenges faced by investigators and propose solutions to improve the recovery of state assets (Gunarto et al., 2022; Mansar, 2021; Triana & Defrizal, 2024).

Methodology

This study employs a mixed-methods approach, combining normative juridical analysis with empirical research. The normative juridical analysis involves a comprehensive review of relevant laws and regulations, including the Anti-Corruption Law and the Anti-Money Laundering Law, to understand the legal framework governing asset tracing in Indonesia (Fauzia & Hamdani, 2022; Habiburrahman et al., 2019; Karianga, 2020). This analysis provides a foundation for identifying the legal mechanisms available for asset seizure and forfeiture (Burhan & Gunadi, 2022; Haq et al., 2023; Rakhmat, 2020).

The empirical component of the study involves interviews with key stakeholders, including law enforcement officials, legal experts, and policymakers, to gain insights into the practical challenges and opportunities in asset tracing. The selection of interviewees was based on their expertise and experience in handling corruption cases, ensuring a diverse range of perspectives. The interviews were conducted using semi-structured questionnaires, allowing for in-depth exploration of specific issues while maintaining consistency across interviews.

Data analysis involved thematic coding of interview transcripts to identify recurring themes and patterns (M. Y. S. Barusman, 2018; Rzewuska et al., 2021; Spencer et al., 2016; Young et al., 2018). This qualitative approach allows for a nuanced understanding of the factors influencing asset tracing efforts and the identification

of potential areas for improvement. The combination of normative and empirical methods ensures a comprehensive analysis of the research problem, enhancing the validity and reliability of the study's findings.

Result and Discussion

Results

The legal framework for asset tracing in Indonesia is primarily governed by the Anti-Corruption Law and the Anti-Money Laundering Law. These laws provide the basis for asset seizure and forfeiture, emphasizing the need for a conviction-based approach. Under this framework, assets can only be confiscated if they are proven to be derived from corrupt activities. This requirement poses significant challenges, as it necessitates a high standard of proof and often prolongs the investigation process. Despite the existence of legal mechanisms for asset tracing, the study reveals several gaps and inconsistencies in their implementation. One major issue is the lack of coordination between different law enforcement agencies, which often leads to duplication of efforts and inefficiencies. Additionally, the legal framework does not adequately address the complexities of modern financial transactions, making it difficult to trace assets that have been laundered or hidden through sophisticated means.

The effectiveness of asset tracing is also influenced by structural and cultural factors within the law enforcement system. One significant challenge is the limited resources and capacity of law enforcement agencies, which hampers their ability to conduct thorough investigations. The study highlights the need for specialized training and resources to equip investigators with the skills and tools necessary for effective asset tracing. Cultural factors, such as low public sector salaries and entrenched corruption, further complicate asset tracing efforts. The study finds that these factors contribute to a lack of motivation and accountability among law enforcement officials, undermining the overall effectiveness of corruption investigations. Addressing these cultural challenges requires a comprehensive approach that includes improving remuneration and fostering a culture of integrity within public institutions.

Discussion

The findings of this study offer valuable insights into the intricacies of asset tracing in corruption cases. A central revelation is the necessity of a multi-faceted approach that integrates legal, structural, and cultural reforms to enhance asset tracing effectiveness. Strengthening the legal framework is crucial to addressing contemporary financial crimes (Ekayana, 2020). This includes not only refining legal statutes but also improving inter-agency coordination and investing in capacity-building for law enforcement officials to better tackle the complexities of asset tracing (Bawono, 2020; Karianga, 2020; Saputri, 2023).

Moreover, the study underscores the significant role of technology and international cooperation in asset tracing. Advanced data analytics and forensic accounting tools can significantly improve the ability of investigators to track intricate financial transactions and recover concealed assets (Gunarto et al., 2022). Additionally, international cooperation is vital for handling cases involving cross-border asset transfers, as it facilitates information exchange and mutual legal assistance (Triana & Defrizal, 2024). By adopting these technological advancements and fostering international partnerships, Indonesia can enhance its asset tracing capabilities and make substantial progress in its fight against corruption (A. R. P. Barusman & Habiburrahman, 2022; Dick & Mulholland, 2016; Hutahaean & Indarti, 2020).

Conclusion

This study underscores the critical role of asset tracing in combating corruption and recovering state losses in Indonesia. By examining the legal, structural, and cultural factors influencing asset tracing efforts, the study provides valuable insights into the challenges and opportunities in this area. The findings highlight the need for a comprehensive approach that addresses legal gaps, enhances institutional capacity, and fosters a culture of integrity within law enforcement agencies. The significance of this research lies in its potential to inform policy and practice, contributing to more effective corruption investigations and asset recovery efforts. By addressing the identified challenges and implementing the proposed recommendations, Indonesia can enhance its ability to combat corruption and promote transparency and accountability in public institutions. Future research should explore the impact of specific reforms and initiatives on asset tracing outcomes, providing further evidence to guide policy decisions. Additionally, comparative studies with other countries can offer valuable lessons and best practices that can be adapted to the Indonesian context. Ultimately, this research contributes to the broader goal of reducing corruption and promoting good governance in Indonesia.

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