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Terrorism Financing Modus Operandi in Indonesia

Ali Masyhar Mursyid^a, Muhammad Haidar Ghoni^a,
Indah Sri Utari^a, Aprila Niravita^a, Muhammad Azzam^b

^aFaculty of Law, Universitas Negeri Semarang, Indonesia

^bFaculty of Islamic Sciences, Al-Iraqia University, Iraq

✉ Corresponding Email: ali_masyhar@mail.unnes.ac.id

Abstract

The dynamics of radicalism and terrorism in Indonesia never cease. Even at the end of 2024, Densus 88 Antiterror arrested a number of perpetrators involved in various terrorist activities. This shows that radicalism and terrorism continue to develop through small cells that spread radical ideology. And, if we let our guard down, they will certainly carry out acts of terrorism using various schemes. To support these radical-terrorist activities, significant funding is required. There are at least two main channels: legal and illegal. Legal fund-raising by radical terrorist groups is carried out through certain disguised methods, such as donations, charity boxes, and some legal businesses. On the other hand, the illegal channel is known as "fai'," where they justify using methods such as robbery, theft, fraud, and others. Law Number 9 of 2013 on the Eradication and Prevention of Terrorism Financing Crimes serves as the legal basis for prosecuting terrorism financing activities. This study successfully uncovered various financing terrorism schemes. It was found in the field



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that radical groups still rely on legitimate businesses to fund their radical activities. In addition to conventional businesses, they utilise social media and virtual platforms to collect and transfer funds. They are more likely to use cryptocurrency, specifically Bitcoin, due to its anonymity and the difficulty in tracking it. Non-conventional methods such as cyber fraud in the form of investment scams, as well as cybercrimes like hacking websites and conducting other cyberattacks, can generate funds.

Keywords

Financing Terrorism; Modus; National Security, Illicit Financial Flows.

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Introduction

Radicalism and terrorism have become one of the greatest threats to Indonesia's stability and security. The dynamics of this movement continue to show complex and worrying patterns of development¹. By the end of 2024, several perpetrators linked to radicalism and terrorism had been arrested by Densus 88 Antiterror. These arrests revealed organised terrorist networks operating in various regions of Indonesia.² This phenomenon underscores that the radicalism-terrorism movement has never truly ceased to exist but continues to thrive and evolve through hidden, small cells. These cells consistently spread radical ideology to recruit new members and maintain the movement's continuity. If not anticipated with strategic measures, these groups have the potential to carry out terrorist acts that could undermine social, political, and national security stability³.

One of the key elements enabling this radical-terrorism movement to survive and grow is access to funding sources. Funding plays a crucial role in sustaining all activities of radical-terrorist groups, ranging from ideological propaganda, member training, to the planning and execution of terrorist acts. Based on research and available data, these groups use two

¹ Muhammad Fernando Tondy Kusuma and Eka Yopa Sarda, "Metode Penanggulangan Radikalisme Dan Terorisme Di Media Sosial." Vol. 2021. 2021., " *Seminar Nasional Sistem Informasi (SENASIF)* 5 (2021): 2852–59; Imran Tahir and Irwan Tahir, "Perkembangan Pemahaman Radikalisme Di Indonesia," *Jurnal Ilmiah Administrasi Pemerintahan Daerah* 12, no. 2 (2020): 74–83, <https://doi.org/https://doi.org/10.33701/jiapd.v12i2.1360>; Aldrigo Rusli, "Tanggung Jawab Kepolisian Dalam Penanggulangan Tindakan Radikalisme Terorisme" (Diss. Universitas Bhayangkara Surabaya, 2023).

² Sholihul Huda, *JALAN BARU NAPI TERORIS* (Samudra Biru, 2024).

³ Ahmad Muhammad Mustain Nasoha et al., "Telaah Kritis Terhadap Penerapan Pancasila Dalam Penanganan Tindak Pidana Terorisme : Tinjauan Kritis Penerapan Pancasila Dalam Penanganan Tindak Pidana Terorisme,," *LITERA: Jurnal Ilmiah Mutidisiplin* 1, no. 1 (2024): 58–72; Tiara Firdaus Jafar, Arfin Sudirman, and Affabile Rifawan, "Ketahanan Nasional Menghadapi Ancaman Lone Wolf Terrorism Di Jawa Barat," *Jurnal Ketahanan Nasional* 25, no. 1 (April 2019): 73, <https://doi.org/10.22146/jkn.41244>.

main channels to raise funds: legal and illegal channels.⁴ Legal channels often involve camouflaging activities that appear legitimate in society, such as collecting donations, using charity boxes both directly and online, and managing legal businesses⁵. These methods are designed to obscure the group's identity and conceal the ultimate purpose of the funding. On the other hand, illegal channels include criminal activities such as robbery, theft, fraud, money laundering, and the use of cryptocurrency to hide transaction traces⁶. The complexity of these fundraising methods demonstrates that radical-terrorist groups are capable of adapting to technological advancements and global financial systems, thereby increasing the challenges in prevention and eradication efforts⁷.

Terrorism financing not only disrupts economic systems but also directly threatens **national security** by enabling groups to sustain violent agendas. Left unchecked, these financial networks can destabilize communities and undermine long-term efforts to build **peace**. For Indonesia, addressing terrorism financing is therefore inseparable from the broader goal of safeguarding sovereignty and protecting its citizens from recurring cycles of violence.

Law No. 9 of 2013 on the Eradication and Prevention of Terrorism Financing Crimes has become a solid legal foundation for prosecuting

⁴ Ardken Fisabillah, Pujiyono, and Umi Rozah, "KEBIJAKAN PEMBERANTASAN TINDAK PIDANA PENDANAAN TERORISME SEBAGAI TRANSNATIONAL ORGANIZED CRIME DALAM PERSPEKTIF HUKUM PIDANA Di INDONESIA," *Diponegoro Law Journal* 8, no. 4 (2019): 2462–74, <https://doi.org/https://doi.org/10.14710/dlj.2019.25506>.

⁵ Muktarudin, "Penyitaan Dana Kotak Amal Sebagai Barang Bukti Tindak Pidana Pendanaan Terorisme Dan Peruntukannya Pasca Putusan Pengadilan (Analisis Putusan Pengadilan Negeri Jakarta Timur Nomor 981/Pid Sus/2031/PN Jkt Tim) (." (Doctoral dissertation Universitas Malikussaleh, 2024).

⁶ Adhitya Yuda Prasetya, Athor Subroto, and Amanah Nurish, "MODEL PENDANAAN TERORISME MELALUI MEDIA CRYPTOCURRENCY," *Journal of Terrorism Studies* 3, no. 1 (May 2021), <https://doi.org/10.7454/jts.v3i1.1030>.

⁷ Eska Nia Sarinastiti and Nabilla Kusuma Vardhani, "Internet Dan Terorisme : Menguatnya Aksi Global Cyber-Terrorism New Media," *Jurnal Gama Societa* 1, no. 1 (March 2018): 40, <https://doi.org/10.22146/jgs.34048>.

parties involved in terrorism financing. This law regulates various forms of prohibitions and sanctions related to financing activities that support acts of terrorism, including financing through legal and illegal channels. However, as technology advances and terrorist groups' modus operandi becomes more complex, loopholes in regulations still allow terrorist financing to continue. Terrorist groups' approach to exploiting regulatory loopholes, such as the use of untraceable cryptocurrencies, disguise through charitable activities, and fundraising based on legal businesses, poses new challenges that are not yet fully accommodated in existing regulations. Therefore, Indonesia needs to enhance its regulatory framework to make it more adaptive and comprehensive in order to close these loopholes, as well as ensure more effective oversight of suspicious financial activities. These efforts are crucial to strengthening the national system in combating terrorist financing, thereby cutting off the funding streams that serve as the primary support for radical-terrorist movements within the country.

In recent years, the ability of radical terrorist groups to adapt to changes in technology and the global financial system has become a major challenge to efforts to eradicate them⁸. These groups have utilised modern technology, such as crowdfunding platforms, cryptocurrency-based transactions, and digital banking systems, to conceal their sources of funding⁹. With these capabilities, radical terrorist groups are becoming

⁸ Muhammad Jasuma Fadholi, Ika Riswanti Putranti, and Sheiffi Puspa Pertiwi, "Analisis Kerjasama Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK) Dalam The Egmont Group Terhadap Penanganan Pendanaan Terorisme Di Indonesia," *Journal of International Relations Diponegoro* 3, no. 4 (2017): 115–22, <https://doi.org/https://doi.org/10.14710/jirud.v3i4.17687>; Weldi Rozika, "Propaganda Dan Penyebaran Ideologi Terorisme Melalui Media Internet (Studi Kasus Pelaku Cyber Terorisme Oleh Bahrin Naim)," *Jurnal Ilmu Kepolisian* 11, no. 2 (April 2019): 13, <https://doi.org/10.35879/jik.v11i2.89>.

⁹ Rusli Safrudin, S.IP., M.Si. (Han), "PENANGGULANGAN TERORISME DI INDONESIA MELALUI PENANGANAN PENDANAAN TERORISME: STUDI KASUS AL-JAMAAH AL-ISLAMIYAH (JI)," *Jurnal Pertahanan & Bela Negara* 3, no. 1 (August 2018), <https://doi.org/10.33172/jpbh.v3i1.378>.

increasingly difficult to track and prosecute¹⁰. Furthermore, in the context of terrorist financing, considering the global threat that has developed and the expansion of terrorist acts with a trend towards the use of weapons of mass destruction (WMD) based on biological, chemical, nuclear, radiological, and other explosive materials, therefore, based on United Nations Security Council Resolution 1540, every country in the world is required to establish and implement national regulations to prevent states that do not possess weapons of mass destruction from acquiring such weapons. This situation highlights the urgency of conducting in-depth research into the modus operandi of fund-raising activities used by radical-terrorist groups in Indonesia. With a better understanding of these patterns, the government can design more effective strategies to cut off the flow of funds that serve as the "lifeblood" for the sustainability of radical-terrorist movements.

Method

This study uses a qualitative approach with a non-doctrinal sociological legal research type that still pays attention to normative aspects. This approach was chosen to understand the patterns of radicalism-terrorism funding through social, legal, and economic analysis, while also generating applicable policy recommendations. Empirical/non-doctrinal research was used to explore social changes and assess the effectiveness of the implementation of laws related to the funding of radical-terrorist groups. In the context of this research, the qualitative approach aims to uncover information about the modus operandi of radical group fundraising and

¹⁰ Aloysius Harry Mukti and Yohanes Febrian, "KESIAPAN MENDETEKSI KEGIATAN PENDANAAN TERORISME DALAM ERA DIGITAL KEUANGAN (FINTECH)," *Hukum Pidana Dan Pembangunan Hukum* 1, no. 1 (October 2018), <https://doi.org/10.25105/hpph.v1i1.3537>.

the relevance of existing policies. This includes analysing weaknesses in the financial surveillance system and identifying the policy reforms needed to cut off the flow of funds to radical-terrorist groups.

This study combines three main techniques in data collection, namely observation, interviews, and literature study, to obtain in-depth and valid data:

a. Observation

Observation was conducted to directly understand the patterns of radical-terrorist groups revealed through cases, reports, and observations of the systems used for fundraising. Researchers also observed activities and discussions involving relevant institutions, such as the Financial Transaction Reports and Analysis Centre (PPATK) and civil society organisations focused on preventing radicalism.

b. Interview

The interview method was used to obtain information that could not be obtained through direct observation. Semi-structured interviews were conducted with:

- 1) Former terrorism convicts and radical groups affiliated with the Persadani Foundation to explore their experiences related to funding methods.
- 2) The Financial Transaction Reports and Analysis Centre (PPATK).

c. Literature Review

The literature review includes an analysis of legal materials, regulations, official reports, books, scientific journals, and other relevant literature.

The validity of the data in this study was determined using triangulation techniques to combine the results of observations, interviews, and literature studies. Qualitative data analysis was carried out using the following steps:

- a. Data Collection: Collecting data from various primary and secondary

sources.

- b. Data Reduction: Filtering relevant data to answer the research questions.
- c. Data Presentation: Organising data in narrative, diagram, or table form.
- d. Conclusion Drawing: Using inductive and legal hermeneutics methods to draw conclusions and recommend policies.

Result and Discussion

A. Terrorism and Radicalism

Referring to Law Number 5 of 2018 concerning Amendments to Law Number 15 of 2003 concerning the Stipulation of Government Regulation in Lieu of Law Number 1 of 2002 concerning the Eradication of Criminal Acts of Terrorism into Law, Article 1 paragraph (2) defines terrorism as an act that uses violence or the threat of violence to create a climate of terror or widespread fear, which can cause mass casualties and/or damage or destruction to strategic vital objects, the environment, public facilities, or international facilities with ideological, political, or security disturbance motives.

The word "terror" in Arabic is known as *Irhab*. The *Al-Munawwir Dictionary* defines it as "*Rahiba-Ruhbatan, Wa Ruhbanan, Wa rohabban, Ruhbanan*" meaning "fear." The term "*Irhab*" carries the meaning of intimidation. The *Oxford Advanced Learner's Dictionary of Current English* defines "terror" as "great fear"; "terrorism" as "the use of violence and intimidation"; and "terrorist" as "a supporter of terrorism, a participant in terrorism."¹¹ It can also be interpreted that terrorism is the sudden implementation of threats of violence, but it is carefully and thoroughly

¹¹ Adian Husaini, *Jihad Osama Versus Amerika* (Jakarta: Gema Insani Pers, 2001).

planned and prepared in advance to create widespread fear and have an impact on material or economic destruction, with political objectives that are far greater than the direct targets (victims)¹².

Radicalism, etymologically, comes from the word *radix*, meaning to act radically or to go to the root of the matter¹³. In Arabic, radicalism has various terms that define it, including *at-tatarruf* and *al-unf*. *Al-tatarruf*, linguistically, comes from the word *al-tarf*, which means edge or border¹⁴. Meanwhile, *al-unf* refers to acts of violence involving the illegal use of force to impose personal will. Its meaning lies at the edge or margin, whether on the right or left. Therefore, this word carries the meaning of extremism and excessiveness¹⁵. According to Yusuf Qardhawy, radicalism is based on a person's excessive attitude towards their beliefs, with wrong actions, between religious teachings and politics, with laws established by Allah SWT and the work of human beings themselves¹⁶. Ahmad Rubaidi, in his book titled "Islamic Radicalism, Nahdlatul Ulama, and the Future of Islamic Moderateism in Indonesia," states that radicalism is often interpreted differently among interest groups. From a religious perspective, radicalism is understood as a religious manoeuvre aimed at altering the existing social and political order through violence.¹⁷ Radicalism and terrorism are interrelated. Radicalism can be seen as the initial step or foundation for the emergence of terrorist movements. Terrorism can be described as the manifestation of radicalism in the form of violent actions.

¹² Ali Masyhar, *Gaya Indonesia Menghadang Terorisme* (Bandung: CV. Mandar Maju, 2009).

¹³ John M. Echols and Hassan Shadily, *Kamus Inggris Indonesia* (Jakarta: Gramedia, 1995).

¹⁴ Lajnah Pentashihan Mushaf al-Qur'an Kementerian Agama, *Tafsir Al-Qur'an Tematik, Jilid I* (Jakarta: Kamil Pustaka, 2014).

¹⁵ Muchlis M. Hanafi, "Konsep Al-Wasathiyah Dalam Islam," *Harmoni: Jurnal Multikultural Dan Multireligius Jurnal Multikultural Dan Multireligius Puslitbang Kebidupan Keagamaan Badan Litbang Dan Diklat Departemen Agama RI* 8, no. 32 (2009): 39.

¹⁶ Yusuf Qardhawi, *Islam Radikal: Analisis Terhadap Radikalisme Dalam Berislam Dan Upaya Pemecahannya*. (H. Murtadho, Trans.). (Solo: Era Intermedia, 2014).

¹⁷ Ahmad Rubaidi, *Radikalisme Islam: Nahdlatul Ulama Masa Depan Moderatisme Islam Di Indonesia* (Yogyakarta: Logung Pusaka, 2007).

Terrorist groups often have radical ideologies and use violence to achieve their goals, such as creating a climate of fear and intimidation in society.

The phenomenon of radicalism within the context of Islam is not a sudden occurrence. According to K.H. Abdurrahman Wahid, the emergence of radical or hardline movements is closely related to two main causes¹⁸, first, the followers of these hardline Islamic movements feel disappointed and alienated due to the backwardness of the Muslim community compared to the rapid development of Western civilisation and its culture, which has penetrated excessively. Due to their inability to match the success of Western culture, radical movements resort to violence to prevent the influence of Western culture. The second cause is inseparable from the superficiality of religion among Muslims themselves. This erosion occurs as a result of exposure to or involvement in radical Islamic movements, which are content with interpreting religion literally or textually. Acts of radicalism and terrorism are always carried out in the name of jihad. This is clearly a fundamental error. This is where actions arise that justify religious teachings that actually contradict the true teachings of religion. Therefore, radicalism and terrorism occur because of misguided understanding of religion in the context of jihad, as well as the influence of education, politics, and the surrounding environment on an individual's religious understanding.

Radicalism and Terrorism in Iraq: A Socio-Political Context

In Iraq, radicalism and terrorism have deep roots in the country's socio-political fabric, exacerbated by years of conflict, sectarian divisions, and foreign intervention. The fall of Saddam Hussein's regime in 2003 led to a power vacuum, leaving the Sunni population feeling marginalized by the Shia-led government. This alienation created fertile ground for

¹⁸ Abdurrahman Wahid, *Islamku, Islam Anda, Islam Kita: Agama Masyarakat Negara Demokrasi* (Jakarta: Wahid Institute, 2006).

extremist ideologies, particularly the rise of groups like ISIS, who justified their violent actions under the guise of jihad. Like in Indonesia, radical movements in Iraq exploit religious interpretations to promote violence, presenting it as a form of resistance against perceived injustice and foreign influence.¹⁹

While terrorism in Iraq is strongly shaped by sectarian conflict, foreign intervention, and the legacy of armed groups such as ISIS, in Indonesia the roots are more closely linked to localized radical movements and transnational ideological networks. Both contexts illustrate how differing socio-political conditions can nonetheless produce similar patterns of extremist financing.

B. Terrorism Financing

Terrorism financing as referred to in Article 1(1) of Law No. 9 of 2013 on the Prevention and Eradication of Terrorism Financing Crimes, is any act of providing, collecting, giving, or lending funds, either directly or indirectly, with the intention of using them and/or knowing that they will be used to carry out terrorist activities, terrorist organisations, or terrorists. Terrorist financing is a form of financial support aimed at funding terrorist activities, including recruitment, training, planning, and the execution of terrorist attacks. Cutting off this flow of funds is a key element in combating terrorism. The series of activities carried out by terrorist groups to plan their actions are highly structured and complex and have evolved significantly, starting from a series of terrorist financing activities that threaten national security. The three stages of terrorist financing are::

¹⁹ Afolabi, J. A., & Babatunde, M. A. (2025). Trade-based money laundering and domestic resource mobilization in oil-exporting countries. *Journal of Economic Criminology*, 32(1), 1–18. <https://doi.org/10.1016/j.jeconc.2024.100122>

1. Fundraising: Collecting money or assets through various means mentioned above.
2. Moving Funds: Transferring collected funds to parties who need them for terrorist activities, often using complex methods to avoid detection.
3. Using Funds: Funds received are used to support various terrorist activities, ranging from training, purchasing ammunition, explosives, logistics, and propaganda

Funding is the basis of all terrorist group activities. All the resources needed to carry out terrorist acts require financial support to ensure they are carried out in line with the desired objectives. Terrorist financing is a form of economic crime and organised crime aimed at generating large amounts of wealth to fund terrorist activities. These financing activities are not limited to a single region but have expanded across national borders. In obtaining funds, terrorist groups employ a variety of methods that are highly diverse and constantly evolving. Some of these include:

Legal Funding Sources	Illegal Funding Sources
Donations	Crime
Personal Funding	Online Fraud
Legitimate Businesses	Exploitation Of Natural Resources
Misuse of Government Aid	Hacking and Cybercrime

The legal sources of funding used by terrorist groups can be explained as follows:

- a. Donations: Terrorist groups often raise funds through donations from sympathisers, either directly or through fake charities or affiliated businesses. Social media and crowdfunding platforms are also used to raise funds.
- b. Personal Funding: Individuals involved in terrorist activities may use their own personal funds.
- c. Legitimate Businesses: Terrorist groups may use profits from legitimate businesses (e.g., trade, agriculture, or services) to fund their activities. They may also establish non-profit organisations as a cover to deceive the public and law enforcement agencies.
- d. Misuse of Government Aid: In some cases, humanitarian aid funds or other government funds may be misused to finance terrorist activities

Furthermore, illegal sources of funding used by terrorist groups can be explained as follows:

- a. Crime: terrorist groups engage in various criminal activities to generate money, such as robbery, extortion, kidnapping for ransom, drug trafficking, human trafficking, and illegal wildlife trade.
- b. Fraud: cyber fraud, investment fraud, and other forms of fraud are also sources of funding.
- c. Exploitation of Natural Resources: in some areas, terrorist groups control and exploit natural resources such as oil, gas, and minerals to obtain funds.
- d. Hacking and Cybercrime: Hacking websites, stealing financial information, and other cyberattacks can generate funds.

Over the past decade, the model of terrorism financing has undergone significant transformation. What was once derived from illegal sources through criminal acts such as robbery and fraud has shifted to methods of fund collection through fundraising schemes labelled as social donations and legitimate businesses²⁰. An example of legal terrorism financing carried out by terrorist groups refers to Decision Number: 980/Pid.Sus/2021/PN Jkt.Tim, with the defendant named Mahfuz alias Abu Hanif alias Abu Yasin alias Abu Afif alias Abu Tsaqif bin Mukhtar (deceased), it can be seen that the funding collection method used was through a legal entity, namely the Abdurrahman bin Auf Foundation branch in North Sumatra, which operated using four methods;

- 1) online donations via the internet, displaying bank account numbers on an online platform,
- 2) offline methods, such as directly approaching the public or distributing donation boxes in office areas or shopping centres across various regions;
- 3) receiving endowments or donations from individuals;
- 4) regular donors who contribute large sums of money.

However, despite these legal, covert efforts to obtain funds being carried out continuously, it cannot be ruled out that criminal activities are also used in fund collection. Terrorist financing is one of the dynamic techniques developed by jihadists worldwide to facilitate their various activities. Due to its dynamic nature, terrorist financing continues to evolve and adapt to on-the-ground situations. In Laksmi²¹, Napoleoni shows that the financing characteristics of each terrorist group are different. This

²⁰ PPATK, "Pengkajian Penilaian Risiko Organisasi Kemasyarakatan Disalahgunakan Sebagai Sarana Tindak Pidana Pendanaan Terorisme" (Jakarta, 2022).

²¹ Sylvia Windya Laksmi, "Dinamika Pendanaan Organisasi Teror: Analisis Perubahan Pola Pendanaan Terorisme Di Indonesia" (Universitas Indonesia, 2012).

diversity of characteristics indicates that terrorist groups will always manage their finances to ensure their resilience. As revealed by Densus 88 Anti-Terrorism in 2019, based on Decision Number 1113/Pid/Sus/2019/PN.Jkt.Tim on behalf of the defendant Salim Salyo. The funds were obtained through a robbery carried out at a bank in East Java, which were used to purchase gunpowder and assemble explosives that were handed over to the Mujahidin Indonesia Timur (MIT) terrorist network.

It is likely that the funding characteristics also utilise electronic payment systems²². The emergence of Financial Technologies (Fintech) within the country has also been blamed for terrorist fund collection. Fintech is used to fund terrorist group activities through social media, which acts as a social charity institution for victims of humanitarian conflicts or natural disasters. However, licensed non-bank money transfer services still exist and are utilised due to their speed and wide reach. These institutions include the Indonesian Mujahidin Council (MMI), Jemaah Islamiyah (JI), the Indonesian Islamic State (NII), Jemaah Ansharut Daulah (JAD), and Jemaah Ansharut Khilafah (JAK)²³. In addition, in carrying out a series of terrorist financing activities, fund transfers can use methods consisting of:

- 1) Cash Transfer: This traditional method is still used, especially for small transactions.
- 2) Banking System: Transfers through banks, although strictly monitored, can still be used by disguising identities or using third-party accounts.

²² Nelin Dias Pratiwi, Ika Riswanti Putranti, and Marten Hanura, "Kerjasama Indonesia-Filipina Dalam Menangani Pendanaan Terorisme Berbasis Money Laundering," *Journal of International Relations Diponegoro* 8, no. 4 (2022): 613–28, <https://doi.org/https://doi.org/10.14710/jirud.v8i4.35450>.

²³ Yudho Taruno Muryanto, Dona Budi Kharisma, and Anjar Sri Ciptorukmi Nugraheni, "Prospects and Challenges of Islamic Fintech in Indonesia: A Legal Viewpoint," *International Journal of Law and Management* 64, no. 2 (January 2022): 239–52, <https://doi.org/10.1108/IJLMA-07-2021-0162>.

- 3) Money Transfer Services: Services such as Western Union or MoneyGram can be misused.
- 4) Informal Systems (Hawala/Underground Banking): Informal money transfer systems that operate outside the traditional banking system and are difficult to track.
- 5) Virtual Currencies (Cryptocurrencies): Bitcoin and other cryptocurrencies can be used due to their anonymity and difficulty in tracking.
- 6) Prepaid Cards: Prepaid cards can be loaded with cash and used for transactions without leaving a clear trail.
- 7) Valuable Goods: Transferring value through the trade of valuable goods such as gold, diamonds, or artworks.
- 8) New Payment Methods (NPM): Transactions conducted online with weak oversight.
- 9) Transaction Splitting (Smurfing/Structuring): Breaking large transactions into several small transactions to avoid detection.
- 10) Use of Social Media and Virtual Platforms: Virtual accounts on social media and other online platforms can be used to collect and transfer funds across countries

Based on the National Risk Assessment conducted in 2020 by PPATK, it shows that banking services, especially commercial banks, are still being used by terrorist networks to collect and transfer funds²⁴. The presence of suspicious transactions indicates that terrorist groups often use banking facilities to evade or conceal tracking by using third-party names not affiliated with the groups, which are not listed in the List of Suspected Terrorist Suspects and Terrorist Organisations (DTTOT). From this assessment, it is known that fund transfers have reached their highest point,

²⁴ PPATK, "Penilaian Risiko Indonesia Terhadap Tindak Pidana Pendanaan Terorisme Dan Pendanaan Proliferasi Senjata Pemusnah Massal" (Jakarta, 2021).

indicating that terrorist financing still relies on financial transfer services, particularly the banking system. As an example of a case involving fund transfers using bank accounts, there is Judgment No. 604/Pid.Sus/2021/PN.Jkt.Tim regarding the defendant Fitria Sanjaya alias Acil alias Jaya bin Bachtiar Effendy Arfan, which shows that the method of transferring funds obtained from various sources was done through banking or by using couriers sent to terrorist organisations.

Among the various methods employed, the transfer of funds has become a particular concern, especially in the current era of technological advancement, as terrorist financing does not always rely on conventional currency but instead utilises modern technology with various advantages. For instance, the use of cryptocurrency in terrorist financing, both in fund collection and transfer, poses a significant threat to the financial sector and carries the risk of criminal activity. Cryptocurrency is designed to facilitate fast, economical, and reliable transactions between unknown parties, and Bitcoin offers a high level of anonymity, decentralisation, and does not require a third party to conduct its transactions, making it attractive to terrorist organisations seeking to fund their activities undetected. As revealed by the findings of the Densus 88 team, the Abu Ahmed Foundation is affiliated with a private military company that trains jihadists in Syria. Fundraising was conducted under the name of the Muslimah Bima Peduli Mama Foundation. Analysis of the foundation's accounts revealed that the majority of funds were transferred to cryptocurrency assets²⁵.

According to a report by the FATF Task Force, terrorists are increasingly using cryptocurrencies to collect and transfer funds²⁶. The report reveals that cryptocurrency offers an easy way for terrorist groups to quickly and anonymously transfer funds across borders, enabling them to

²⁵ PPATK, "Pengkianian Penilaian Risiko Organisasi Kemasyarakatan Disalahgunakan Sebagai Sarana Tindak Pidana Pendanaan Terorisme."

²⁶ FATF, "Pencucian Uang Dan Pendanaan Teroris. Pers Gugus Tugas Aksi Keuangan" (Paris, 2020).

finance their activities without oversight from law enforcement agencies or financial regulators²⁷. The FATF defines cryptocurrency as a New Payment Method, with Bitcoin being the most popular medium among businesses. The use of Bitcoin to facilitate terrorist financing has long been a concern for law enforcement agencies worldwide, particularly in light of the massive resistance actions by the Islamic State of Iraq and Syria (ISIS) in Syria. At the global level, terrorist networks and their sympathisers have been linked to several terrorist attacks in Europe and Indonesia. ISIS sympathisers, jihadist groups, and terrorist organisations have been aggressively seeking funds by promoting Bitcoin to minimise risks associated with traditional funding methods²⁸.

Terrorist groups utilise cryptocurrency starting from the fund-raising stage, which involves listing cryptocurrency addresses or barcodes in their fund-raising campaigns²⁹. Donors then transfer the funds in the form of cryptocurrency to the designated location. Donors may include followers of terrorist groups, affiliates, or sympathisers. The funds collected remain in the form of cryptocurrency and are transferred to another cryptocurrency address. The purpose is to conceal and store the funds or convert them into fiat currency. To convert cryptocurrency into fiat currency, a cryptocurrency exchange platform is required. Once converted into fiat currency, the funds are used by terrorist groups to meet all their needs, including terrorist activities.

The financing of terrorism using new media such as cryptocurrency is a new model that is currently often used by terrorist networks. The

²⁷ United Nations Office on Drugs and Crime, "World Drug Report 2020: Cryptocurrencies and Drug Markets," 2020.

²⁸ Angela S.M. Irwin and George Milad, "The Use of Crypto-Currencies in Funding Violent Jihad," *Journal of Money Laundering Control* 19, no. 4 (October 2016): 407–25, <https://doi.org/10.1108/JMLC-01-2016-0003>.

²⁹ Prasetya, Subroto, and Nurish, "MODEL PENDANAAN TERORISME MELALUI MEDIA CRYPTOCURRENCY."

characteristics that justify this *modus operandi* are the increasingly widespread use of cryptocurrency in the ever-evolving world of economics, which provides a variety of flexible and efficient services, thereby expanding its user base. Additionally, the legal vulnerabilities associated with the use of cryptocurrency worldwide contribute to the hindrance of oversight mechanisms³⁰. Indonesia is one of the countries that recognises cryptocurrency as a commodity, although its trading is only permitted on futures exchanges, as stipulated in Bappebti Regulation No. 5 of 2019 on Special Provisions for the Conduct of Physical Cryptocurrency Markets on Futures Exchanges. Additionally, with the existence of FATF Recommendation 15, which states that each country is required to establish comprehensive regulations related to New Payment Methods (NPM), including Internet-Based Payment Services, there is a need for accurate strategies and guidelines, particularly to prevent money laundering and terrorist financing in digital assets. The FATF recommends national controls to establish coordination procedures for proactively sharing information using techniques that promote a comprehensive interpretation of money laundering threats within the cryptocurrency framework³¹.

Furthermore, in terms of the use of terrorist funds for the purchase of weapons, terrorist funds are also highly vulnerable to being used to support terrorist groups in conducting expeditions both domestically and abroad. The use of funds is also applied by terrorist groups to pay wages to sympathisers, similar to business institutions, as well as providing support to the relatives and families of terrorists who have died while carrying out missions or been detained by law enforcement authorities. The imposition of payments and allowances is intended to gain support and attention for the resistance of terrorist networks. In addition to providing allowances,

³⁰ RANDCorporation, "Terrorist Use of Cryptocurrencies: Technical and Organizational Barriers and Future Threats," 2019.

³¹ PPATK, "Penilaian Risiko Indonesia Terhadap Tindak Pidana Pendanaan Terorisme Dan Pendanaan Proliferasi Senjata Pemusnah Massal."

terrorist networks also use funds to build terrorist groups and finance the use of social media to recruit new members who align with their objectives, as well as to spread and promote their ideology through propaganda. However, equally important is the use of these funds for the procurement of weapons and explosives. Moreover, with the current developments in the international arena, which show an escalation in the use of Weapons of Mass Destruction (WMD) or weapons of mass destruction based on biological, chemical, nuclear, radiological and explosive materials, this has become a special concern in its handling³².

Among the bomb incidents that have occurred in Indonesia, there are six cases uncovered by the Anti-Terrorism Unit 88 that involved the use of WMD³³. These include various types: biological (2011), explosive with nitroglycerin as the main component (2012), chemical with chlorine gas as the main component (2015), radioactive with thorium as the main component (2017), explosive with nitroglycerin as the main component (2019), and biological (2019). Based on the compilation of data on terrorist attacks using WMDs, there is a noticeable shift in the types of weapons used by terrorist groups, from conventional bombs (ammonium nitrate fuel oil) to biological, chemical, radiological, and nuclear materials, which, in large quantities, have the potential to cause mass destruction. An important aspect of these events that needs to be highlighted is the success of terrorists in accessing information that facilitated their attacks, namely the ease of obtaining information on weapon assembly. Based on this, as a preventive measure, the government also needs to pay attention to policies and regulations related to terrorist funds used for the proliferation of

³² Ibid.

³³ Yohanes Genius Putu Sanjaya, Arthur Josias Simon Runturambi, and Sidratahta Mukhtar, "STRATEGI PENCEGAHAN SERANGAN TERORIS DI INDONESIA MENGGUNAKAN WEAPONS MASS DESTRUCTION (WMD) OLEH POLRI, BNPT, BAPETEN, TNI, BNPB DAN KEMENPERIN," *Journal of Terrorism Studies* 2, no. 1 (May 2020), <https://doi.org/10.7454/jts.v2i1.1020>.

weapons of mass destruction.

C. Comparative Perspective on Terrorism Funding

In addition on examining the Indonesian framework, it is also important to use a comparative perspective on the terrorism financing issue. A doctrinal analysis is possible to identify the similarities and differences between Law No. 9 of 2013 about Preventing on the Prevention and Eradication of Terrorism Financing Crimes on other country's legal regime, especially jurisdictions that face similar challenges in eradicating terrorism financing. This kind of comparative approach is not only to enrich the academic analysis, but also to give a practical knowledge on how a different legal system responds to a developing financing method, including the use of cryptocurrency, the utilization of non-profit organizations, and cross-border financial flows.

As an illustration, Indonesia criminalizes terrorism financing through a specific law, meanwhile other countries integrating terrorism financing regime with a broader anti-money laundering framework or implementing stricter preventive measures, such as corporate criminal liability or an immediate asset freezing mechanism. This difference shows that although Indonesian approach is said to be comprehensive, its implementation still faces a number of obstacles that can be compared with the experiences of other countries. In the context of this research, a comparative reference on jurisdictions such as Iraq becomes relevant, considering its long-standing involvement with international standards in combating the financing of terrorism and the dynamic development of its domestic legal framework.

Iraq's Legal Framework

In Iraq, terrorism financing is addressed through a legal framework integrated into broader anti-money laundering laws, similar to the approach of many countries facing challenges in curbing terrorism. Iraq's legal

system, however, has struggled due to ongoing political instability and conflict. While Indonesia criminalizes terrorism financing specifically, Iraq's focus has been on international cooperation and aligning with global standards, such as the **FATF** recommendations. Despite efforts, the implementation in Iraq is often hindered by corruption and a lack of state control in certain regions, making it difficult to enforce preventive measures effectively.³⁴

Iraq primarily integrates terrorism financing within its anti-money laundering regime, whereas Indonesia adopts a dedicated statute, *Law No. 9 of 2013*, to specifically address terrorism financing. This doctrinal difference highlights Indonesia's tendency to separate terrorism financing from general financial crimes, while Iraq pursues a more integrated—though often less specialized—approach.

D. Prevention of Terrorist Financing

Given the intense efforts of terrorist groups to obtain funds to sustain their activities, preventive measures are needed to cut off the flow of funds to terrorist groups. Indonesia's efforts to criminalise the crime of terrorist financing by ratifying the 1999 International Convention for the Suppression of the Financing of Terrorism, which was ratified through Law No. 6 of 2006 on the ratification of the 1999 International Convention for the Suppression of the Financing of Terrorism, require Indonesia to incorporate and synchronise the convention with positive law in Indonesia. the convention into positive law in Indonesia. Referring to Law No. 9 of 2013 concerning the Prevention and Eradication of Terrorism Financing

³⁴ Tiwari, M., Zhou, Y., Ferrill, J., & Smith, M. (2025). Crypto crashes: An examination of the Binance and FTX scandals and associated accounting challenges. *The British Accounting Review*, 101584. Advance online publication. <https://doi.org/10.1016/j.bar.2025.101584>
 Khan, H. U. (2024). An analytical investigation of consequences of terrorism in the Middle East. *Journal of Economic Criminology*, 4, 100067. <https://doi.org/10.1016/j.jeconc.2024.100067>

Crimes, the approach used in this law is the "follow the money" approach, with the aim of disrupting terrorist plans. This approach is taken because of the many cases uncovered in terrorism investigations, namely the large amount of funds originating from unknown accounts or parties suspected of being the main suppliers of funds to terrorist networks.

Referring to the opinion of Prof. Bill Tupman, an Australian anthropologist, after the terrorist attack on the World Trade Centre in the United States, millions of US dollars were seized. Experts agree that preventing terrorism begins with efforts to address and disrupt the funding channels³⁵. Under Law No. 9 of 2013, detecting the flow of funds requires the involvement of financial service providers, goods and service providers, law enforcement agencies, and international cooperation. As stated in the study entitled "Counterintelligence Strategies in Addressing the Transformation of Jamaah Islamiyah Terrorism Funding," a comprehensive coordination mechanism involving many stakeholders is needed to combat terrorism financing crimes³⁶.

*Efforts to prevent terrorism financing must be understood as part of a holistic strategy to promote security and social resilience. By strengthening financial oversight and enhancing international cooperation, Indonesia seeks to eliminate funding streams that allow radical groups to flourish. These preventive measures are not only legal imperatives but also essential steps toward ensuring a **peaceful society** where communities are free from fear, intimidation, and extremist influence.*

³⁵ Djoko Sarwoko, *Pendanaan Terorisme: Pergeseran Politik Hukum Pencegahan Dan Pemberantasannya Di Indonesia* (Yogyakarta: Genta Publishing, 2018).

³⁶ Ika Veni Anisa and Muhamad Syauqillah, "Strategi Kontra Intelijen Dalam Menghadapi Transformasi Pendanaan Terorisme Jamaah Islamiyah," *Syntax Literate ; Jurnal Ilmiah Indonesia* 7, no. 11 (November 2022): 17055–69, <https://doi.org/10.36418/syntax-literate.v7i11.11944>.

Law No. 9 of 2013 expands the scope of potential threats of terrorism financing, regulates the principles of customer identification for financial services, monitoring of cash carrying, monitoring of reporting compliance, blocking schemes, and placement on lists of suspected terrorists and terrorist organisations, as well as establishing national and international cooperation in dealing with activities that support criminal acts of terrorism. Several forms of terrorism financing prevention are listed in Article 11 of Law No. 9 of 2013, including:

- a. Application of the Authorisation Principle for Financial Service Users.
- b. Reporting and Monitoring of Financial Service Providers' Compliance.
- c. Monitoring fund transfer activities through money transfer systems or fund transfers using other systems.
- d. Monitoring the movement of cash and/or other payment instruments entering and leaving Indonesian customs areas

In addition, the prevention of terrorist financing requires comprehensive efforts at various levels, including:

- a. Regulations and Laws: Create and enforce strong laws to criminalise terrorist financing.
- b. Financial Institution Supervision: Tighten supervision of banks and other financial institutions, including the obligation to report suspicious transactions (STR - Suspicious Transaction Report) and the principle of knowing your customer (KYC - Know Your Customer).
- c. Transaction Tracking: Improve the ability to track the flow of funds and identify suspicious transactions.
- d. International Cooperation: Enhance cooperation between countries in

sharing information and combating cross-border terrorist financing networks.

- e. Public Awareness: Raising public awareness about the risks of terrorist financing and the importance of reporting suspicious activities.
- f. Non-Profit Organisation Oversight: Tightening oversight of non-profit organisations to prevent their misuse as channels for terrorist financing.
- g. Virtual Asset Regulation: Developing effective regulations to monitor the use of virtual currencies and other digital assets in terrorist financing.
- h. Eradication of Organised Crime: Severing the links between terrorist groups and criminal organisations that are their sources of funding.

In preventing terrorism financing using cryptocurrency, extra efforts are needed in its handling. As is known, the use of cryptocurrency such as Bitcoin is difficult to prove in terms of transaction flows and difficult to identify account ownership. Given the high level of anonymity in every transaction conducted, this poses a significant obstacle in uncovering suspicious transactions related to terrorism financing. Looking at the flow of terrorism financing using cryptocurrency, the parties involved can be divided into three categories: terrorist groups, fund providers, and cryptocurrency exchange platforms. Among these three parties, cryptocurrency exchange platforms are, in essence, neutral institutions. However, they hold a central position in the transfer, storage, and exchange of cryptocurrency into fiat currency. Given this situation, collaboration between law enforcement agencies and cryptocurrency exchange platforms must be intensified to facilitate the tracing of personal identities linked to terrorist groups³⁷.

³⁷ Prasetya, Subroto, and Nurish, "MODEL PENDANAAN TERORISME MELALUI MEDIA CRYPTOCURRENCY."

Efforts to prevent the misuse of cryptocurrency as a means of financing terrorism, including in cyberspace, require several measures related to combating cyber terrorism. Indonesia has taken various steps to prevent various terrorist activities in cyberspace, such as radical propaganda and terrorist financing. These measures include: a. Implementing Presidential Regulation No. 7 of 2021 on the National Action Plan for the Prevention and Countering of Violence-Based Extremism Leading to Terrorism (RAN-PE) is in line with the fourth of the 11 Cyber Norms on Responsible State Behaviour, namely "Cooperating to Stop Terrorism". RAN-PE also includes guidelines for cyber media involving elements of extremism prevention; b. Coordinating between relevant ministries and agencies to block radical content on social media and websites; and c. Monitoring, analysing, and countering radicalism spread by terrorist groups on social media by involving youth partners as Peace Ambassadors for the Use of Cyberspace. Regarding technological development, the BNPT will establish a Crisis Control Centre (Pusdalsis) as a reference for activities in formulating strategies and policy measures. Additionally, the development of Pusdalsis also serves as one of the systems for sharing data and information with ministries/agencies³⁸.

Furthermore, terrorist groups often use terrorist funds to develop weapons of mass destruction to carry out their actions. Based on the substance of UN Security Council Resolution 1540, which states that every country in the world is obliged to establish and implement national regulations to prevent countries that do not possess weapons of mass destruction from acquiring such weapons. In line with this, FATF Recommendation 7 on targeted financial sanctions related to proliferation encourages every country to immediately freeze the assets and funds

³⁸ Okta Ariani and Aji Lukman Ibrahim, "Optimizing the Role of BNPT in Preventing Terrorism Financing Using Cryptocurrency in Indonesia," *JURNAL USM LAW REVIEW* 7, no. 1 (December 2023): 30–44, <https://doi.org/10.26623/julr.v7i1.8027>.

controlled by individuals or corporations whose identities are listed in the Proliferation Financing of Weapons of Mass Destruction list. In this regard, the Indonesian government has taken steps to analyse trends in the use and proliferation of weapons of mass destruction, including:³⁹;

- a. Signing the Nuclear Non-Proliferation Treaty; since 1970, Indonesia has been one of the countries that signed the Non-Proliferation Treaty (NPT). This treaty aims to prevent the spread of nuclear weapons to countries that do not yet possess them. Thus, Indonesia has demonstrated its seriousness in preventing the spread of these weapons of mass destruction.
- b. Playing an active role in international organisations, Indonesia has played an active role in various international organisations, such as the United Nations, the Organisation for the Prohibition of Chemical Weapons, and the International Organisation for Human Rights, including the International Atomic Energy Agency (IAEA). Through its participation in these organisations, Indonesia can gain access to the information and resources needed to analyse trends and patterns in the proliferation of weapons of mass destruction.
- c. Enforcing the Law on the Control of Explosives and Firearms. This law aims to control the circulation of firearms and explosives and tighten supervision of those who possess firearms and explosives. In this way, the government can prevent the misuse of weapons of mass destruction.
- d. Cooperation with other countries: Indonesia has established cooperation with various countries, both bilaterally and multilaterally, to prevent the proliferation of weapons of mass destruction. This

³⁹ Digna Permata, Broto Wardoyo, and David Ronald Tairas, "Strategic Intelligence Analysis of the Threat of Weapons of Mass Destruction Proliferation: Potential Vulnerability of Indonesia's National Security," *International Journal of Science and Society* 5, no. 2 (June 2023): 387–402, <https://doi.org/10.54783/ijsoc.v5i2.703>.

cooperation includes the exchange of information, training, and technology to support efforts to prevent the proliferation of weapons of mass destruction.

In addition, Indonesia needs to strengthen preventive measures and take concrete action to address the threat of weapons of mass destruction. In this regard, the Indonesian government must tighten supervision and law enforcement against illegal arms trafficking. This can be done by enhancing cooperation between domestic and foreign law enforcement agencies and improving detection and security technology at airports and seaports. This should be accompanied by strengthening cooperation with countries that share the same interests in addressing the threat of weapons of mass destruction. This can be done by holding meetings between national leaders and relevant international institutions, as well as enhancing intelligence and information cooperation with countries that have better technological capabilities. While terrorist activities in a country may appear to have no connection to international organisations or links between one another—from the initial collection, transfer, to the use of terrorist funds—it can be confirmed that upon further investigation, there are indeed real connections. By understanding the various methods of terrorist financing, efforts to prevent and eradicate terrorism can be carried out more effectively.

Prevention of Terrorist Financing in Iraq: Challenges and Approaches

In Iraq, the prevention of terrorist financing has become a critical issue due to the country's ongoing political instability, the rise of extremist groups such as ISIS, and the complex financial networks supporting terrorism. Iraq has taken steps to align with international standards, including ratifying the International Convention for the Suppression of the

Financing of Terrorism and strengthening its domestic legal framework. However, its efforts are hindered by the challenging security environment and corruption within government institutions.⁴⁰

One key element of preventing terrorist financing in Iraq is the “follow the money” approach, similar to Indonesia’s strategy. This approach involves tracking the financial flows of terrorist organizations, from fundraising to fund transfer and usage. While Iraq has made efforts to regulate financial transactions, the absence of centralized financial oversight in certain areas controlled by ISIS and other insurgent groups makes this task difficult. The flow of funds in and out of Iraq is often routed through informal financial systems such as hawala (an underground money transfer system) or digital channels, which are harder to monitor due to the country’s fragmented state control.⁴¹

Legal frameworks in Iraq are focused on anti-money laundering (AML) laws and counterterrorism measures that require financial institutions to report suspicious activities. However, inadequate enforcement, limited regulatory capacity, and a lack of coordination between government agencies make these laws less effective. Iraq has struggled to implement preventive measures such as asset freezing and blocking financial channels in real-time, due to the challenges of monitoring cross-border financial flows and the lack of cooperation between state and non-state actors in conflict zones.⁴²

⁴⁰ Afolabi, J. A., & Babatunde, M. A. (2025). Trade-based money laundering and domestic resource mobilization in oil-exporting Countries. *Journal of Economic Criminology*, 7, 100122. <https://doi.org/10.1016/j.jeconc.2024.100122>

⁴¹ Laxman, V. (2025). *Emerging threats in digital payment and financial crime*. *Journal of Financial Crime*, 32(2), 19–34. DOI: <https://doi.org/10.1016/j.jdec.2025.04.002>

⁴² Afolabi, J. A., & Babatunde, M. A. (2025). Trade-based money laundering and domestic resource mobilization in oil-exporting Countries. *Journal of Economic Criminology*, 7, 100122. <https://doi.org/10.1016/j.jeconc.2024.100122>

A significant challenge in Iraq is the use of cryptocurrency for financing terrorist activities, which poses a unique challenge. The anonymity and decentralization of cryptocurrencies like Bitcoin make it difficult for law enforcement agencies to trace transactions linked to terrorism. With the increasing use of online platforms to raise funds, including crowdfunding and donations for humanitarian causes, terrorist groups have found it easier to fund their operations without attracting government scrutiny. In Iraq, ISIS and other groups have been known to exploit cryptocurrency exchange platforms to convert funds into usable currencies, bypassing traditional financial institutions.⁴³

To combat these financing methods, Iraq needs a more comprehensive approach that includes stronger enforcement of AML laws, greater cooperation with international financial institutions, and improved cybersecurity measures to track digital transactions. Additionally, given the regional instability, Iraq's efforts must be aligned with international counterterrorism initiatives to better monitor and regulate financial activities across borders.

International cooperation is essential in addressing terrorism financing in Iraq. Enhanced intelligence sharing and joint operations with countries like the U.S. and regional partners are crucial to disrupting the financial networks of terrorist groups operating within Iraq and the broader Middle East.

In preventive measures, Iraq faces persistent challenges with informal value transfer systems such as *hawala*, which operate outside regulated banking channels. Indonesia, in contrast, struggles more with the regulation of emerging technologies, including cryptocurrency, and with

⁴³ Asongu, S. A. (2025). *Corruption, terrorism, and illicit financial flows related to terrorism in Africa*. *Journal of Financial Crime*, 32(3), 45–61. DOI: <https://doi.org/10.1016/j.resourpol.2025.105569>

oversight of non-profit organizations. Both cases reveal vulnerabilities that exploit regulatory gaps, though the financial tools and contexts differ.

Conclusion

Based on the findings of the researchers in this study, the researchers concluded that the *modus operandi* in terrorist fundraising activities can be carried out using both legal and illegal means. This is accompanied by the use of cutting-edge technology, such as cryptocurrency as a medium for collecting funds or transferring funds to become assets for terrorist groups, which are later exchanged for fiat currency. This makes terrorist financing so complex that extra attention is needed to prevent the continuous flow of funds. Considering that the prevention of terrorist financing is a key factor in taking preventive measures to maintain national and regional security. In addition, funds collected for the use of weapons of mass destruction pose a serious threat to Indonesia's national security. Various methods of financing and spreading weapons of mass destruction have become a global problem, so the methods applied by Indonesia must be standardised and follow globally and internationally established procedures.

In handling terrorist financing, the government has a central role in issuing policies as an effort to prevent terrorist financing. Based on the "follow the money" approach, this can be done by strengthening regulations related to terrorist financing and steps that can be taken by the government as a policy maker to collaborate between institutions, both law enforcement agencies and financial institutions. Non-legal instruments are also needed to support efforts related to the prevention of terrorist financing crimes through cryptocurrencies and the proliferation of weapons of mass destruction. Adequate human resources are needed to support the prevention programmes run by financial institutions. On the other hand, financial institutions need to strengthen their internal systems and

procedures to increase the effectiveness of these prevention programmes. Another effort that can be made is through international cooperation, as the process of channelling terrorist funds certainly involves key parties who supply the financial flow for terrorist organisations, which often originate from abroad.

Ultimately, the eradication of terrorism financing is more than a legal or regulatory challenge—it is a moral and political necessity to defend **national security** and to lay the foundations for sustainable **peace**. By learning from both domestic experiences and comparative insights such as Iraq's, Indonesia can develop more adaptive frameworks that strengthen resilience against terrorism while advancing the vision of a **peaceful society** in the region.

The comparative perspective between Indonesia and Iraq shows that despite different historical and institutional contexts, both jurisdictions encounter similar difficulties in aligning domestic frameworks with FATF standards. Iraq's challenge lies in informal systems and enforcement in a post-conflict setting, while Indonesia's challenge is adapting to new financial technologies and transnational regulatory cooperation. These distinctions underline the importance of cross-jurisdictional learning in strengthening legal resilience against terrorism financing.

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