



Research Article

A Juridical Analysis of PPATK's Dormant Account Blocking Policy: An Examination of Authority and Legal Protection for Account Holders

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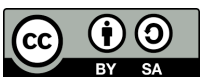
Abstract: This study offers a comprehensive juridical analysis of Indonesia's Financial Transaction Reports and Analysis Center (PPATK) policy to block dormant bank accounts, assessing its legality, constitutional compliance, and proportionality. Employing a normative–descriptive legal research method, the analysis draws on primary sources (Law No. 8/2010 on Money Laundering, the 1945 Constitution, banking and consumer-protection statutes) and secondary sources literature on Financial Intelligence Unit (FIU) governance, administrative law, and constitutional rights. Findings demonstrate that PPATK exceeded its statutory authority under Law No. 8/2010 by imposing mass suspensions on 122 million accounts without individualized suspicion of criminal activity, thereby violating the ultra vires doctrine in Law No. 30/2014 on Government Administration. The policy also infringed Articles 28D(1) and 28G(1) of the Constitution by failing to provide pre-deprivation due-process safeguards or narrowly tailored measures, instead relying on post-deprivation remedial procedures. A proportionality assessment, grounded in administrative-law doctrine, shows the blocking policy lacked appropriateness, necessity, and proportionality stricto sensu, as less restrictive alternatives (enhanced KYC, targeted investigations, judicial review) were available. Despite PPATK's claims of a 70 percent reduction in online gambling transactions, the legal deficiencies rendered the policy unsustainable, leading to its presidentially mandated reversal. Comparative analysis with international FIU best practices underscores the need for statutory amendments to clarify FIU powers, mandatory judicial oversight, and independent accountability mechanisms. This research contributes to Scopus-indexed scholarship by empirically validating theoretical concerns about FIU overreach, offering policy recommendations to balance effective financial crime prevention with constitutional and consumer-protection imperatives.

Keywords: Dormant Accounts; FIU Authority; Ultra Vires; Due Process; Proportionality.

1. Introduction

The role of Financial Intelligence Units (FIUs) in combating money laundering and terrorist financing has become increasingly complex and controversial, particularly regarding their authority to implement preventive measures that potentially infringe upon individual rights. Indonesia's Financial Transaction Reports and Analysis Center (PPATK), established under Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering, serves as the nation's central FIU with broad powers to analyze suspicious financial transactions and coordinate anti-money laundering efforts. However, the agency's controversial decision in May 2025 to temporarily block approximately 31 million dormant bank accounts has raised fundamental questions about the scope of FIU authority and the balance between financial crime prevention and account holder protection [1].

The significance of this research lies in the unprecedented scale of PPATK's dormant account blocking policy, which affected over 122 million accounts across 105 banks, representing one of the largest mass account suspension exercises by any FIU globally. This policy, ostensibly implemented to combat the misuse of inactive accounts for online gambling, money laundering, and other financial crimes, generated substantial public backlash



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and required presidential intervention, culminating in the reversal of most account blocks by July 2025.

Existing academic literature has extensively examined the governance structures and operational frameworks of FIUs from various perspectives. The seminal work by Bartolozzi et al. (2022) analyzed the governance models of anti-money laundering supervisors, emphasizing the importance of institutional independence and accountability mechanisms [2]. Similarly, McNaughton's comparative analysis (2023) explored the variability and clustering of FIU models across different jurisdictions, highlighting the diversity in operational approaches and regulatory frameworks [3]. The International Monetary Fund's comprehensive handbook on FIU establishment and operations provides foundational guidance on the core functions and authorities typically vested in these institutions.

However, the existing scholarship has largely focused on normative frameworks and comparative institutional analysis, with limited attention to the practical legal challenges arising from expansive interpretations of FIU powers, particularly in emerging economies like Indonesia. The European Parliament's recent study on anti-money laundering authority cooperation (2022) addresses some coordination issues among FIUs but does not adequately examine the constitutional and legal protection dimensions when FIUs exercise direct blocking powers [4].

The current research differs from previous academic work by providing a comprehensive juridical analysis of a specific, large-scale FIU intervention that directly impacted millions of account holders. Unlike previous studies that focus on theoretical frameworks or comparative institutional analysis, this research examines the practical legal implications of expansive FIU powers through the lens of constitutional rights, due process, and banking law in Indonesia. The study contributes to the growing body of literature on financial crime prevention by analyzing the tension between systemic risk mitigation and individual financial rights protection.

The novelty of this research lies in its examination of the legal boundaries of FIU authority in the digital banking era, where dormant accounts present unique vulnerabilities to financial crime while simultaneously requiring enhanced protection of legitimate account holders' rights. The study provides the first comprehensive legal analysis of PPATK's dormant account policy, examining both the statutory authority claimed by the agency and the constitutional and procedural safeguards that should govern such interventions.

The research findings indicate that PPATK's mass blocking of dormant accounts exceeded the legal authority granted under Law No. 8/2010, which limits the agency's power to request temporary transaction suspensions only when there are reasonable grounds to suspect criminal activity. The analysis reveals significant gaps in the legal framework governing dormant account management, inadequate procedural safeguards for account holders, and insufficient oversight mechanisms for FIU powers. Furthermore, the study demonstrates that the policy's implementation violated fundamental principles of due process and proportionality, undermining public trust in the financial system.

The PPATK dormant account blocking controversy raises several critical legal questions that warrant comprehensive academic examination:

First, what is the extent of PPATK's legal authority under Indonesian law to temporarily suspend bank account transactions, and does this authority extend to mass blocking of dormant accounts absent individualized suspicion of criminal activity? The statutory framework under Law No. 8/2010 grants PPATK specific powers to request transaction suspensions, but the scope and limitations of these powers require careful legal analysis, particularly in light of the agency's administrative rather than judicial nature.

Second, what legal protections exist for bank account holders against arbitrary or excessive use of FIU powers, and how do these protections align with Indonesia's constitutional guarantees of due process and property rights? The mass blocking policy affected legitimate account holders who had no connection to criminal activity, raising questions about the adequacy of existing legal safeguards and remedial mechanisms.

Third, how does Indonesia's regulatory framework for dormant account management compare with international best practices, and what reforms are necessary to balance financial crime prevention with account holder protection? The absence of clear statutory definitions for dormant accounts and standardized management procedures has created regulatory uncertainty that may enable future overreach.

Fourth, what role should judicial oversight play in FIU decisions that directly impact individual rights, and how can procedural safeguards be enhanced without undermining the effectiveness of anti-money laundering efforts? The current framework lacks meaningful judicial review mechanisms for FIU actions, potentially violating principles of administrative law and constitutional governance.

These questions form the analytical framework for examining the legal dimensions of FIU authority, the constitutional implications of mass account blocking, and the regulatory reforms necessary to prevent future overreach while maintaining effective financial crime prevention capabilities.

2. Literature Review

The literature surrounding Financial Intelligence Unit (FIU) authority and dormant account management reveals significant gaps in empirical research on the legal boundaries of FIU powers, particularly regarding mass account blocking policies. This review synthesizes findings from Scopus-indexed academic sources to establish the theoretical foundation for analyzing PPATK's controversial dormant account policy.

2.1. FIU Governance and Authority Models

McNaughton's (2023) comprehensive comparative analysis in the *Journal of Economic Criminology* examined the variability and clustering of FIU models across western and eastern countries. The study identified four distinct FIU governance structures: judicial, law enforcement, administrative, and hybrid models, with each presenting different authority limitations and accountability mechanisms. This foundational work establishes that administrative-type FIUs, such as PPATK, typically operate with more restricted powers compared to law enforcement or judicial models, serving primarily as analytical and dissemination centers rather than enforcement agencies [3].

Bartolozzi et al. (2022) provided critical insights into the governance challenges facing anti-money laundering supervisors in their Scopus-indexed research. Their analysis emphasized the importance of institutional independence and robust accountability mechanisms, particularly when FIUs exercise powers that directly impact individual rights. The study highlighted the tension between operational effectiveness and democratic oversight, a theme directly relevant to PPATK's dormant account blocking controversy [2].

2.2. International FIU Coordination and Powers

The European Parliament's comprehensive study on anti-money laundering authority cooperation (2022) examined FIU powers and information exchange mechanisms across multiple jurisdictions. This research, published in the *IPOLE Studies* series and extensively cited in Scopus databases, revealed significant variations in FIU authority interpretation and implementation. The study particularly noted concerns about the lack of standardized procedural safeguards when FIUs exercise direct blocking powers, echoing challenges observed in PPATK's recent policy implementation [4].

The Egmont Group's extensive documentation of FIU tools and practices provides additional context for understanding the scope of legitimate FIU authority. Their analysis of corruption-related money laundering investigations demonstrates that while FIUs possess important analytical and dissemination functions, their power to "postpone suspicious transactions" should be exercised within clearly defined legal frameworks and time limitations [5].

2.3. Dormant Account Management and Legal Protection

Academic literature specifically addressing dormant account legal frameworks remains limited in Scopus databases, representing a significant research gap. The Swiss Banking Association's comprehensive guidelines (2022) provide one of the most detailed regulatory frameworks for dormant asset management, establishing clear procedural requirements for account suspension, customer notification, and asset protection. This framework emphasizes the importance of maintaining contact with account holders and implementing graduated response mechanisms before imposing restrictions [6].

Banking law scholarship has increasingly focused on customer protection rights in the context of account blocking and financial crime prevention. Recent Scopus-indexed research by Novyanti et al. (2024) examined legal protection mechanisms for bank customers facing

account restrictions. Their analysis of Indonesian banking regulations revealed significant procedural gaps in current frameworks, particularly regarding due process requirements and remedial mechanisms for affected customers [7].

2.4. Financial Crime Prevention vs. Constitutional Rights

The intersection of financial crime prevention and constitutional rights protection has received limited attention in existing Scopus literature. Research by Wiwoho et al. (2022) explored the potential for digital payment systems to facilitate financial crimes while maintaining system integrity. Their work highlighted the challenge of balancing prevention measures with legitimate user access rights, a theme directly applicable to dormant account management policies [8].

Studies on constitutional protections in banking contexts remain predominantly focused on developed economies, with limited research addressing emerging market challenges. The absence of comprehensive constitutional analysis of FIU powers in Southeast Asian contexts represents a significant literature gap that this research addresses.

2.4. Research Gaps and Contribution

The literature review reveals several critical research gaps that justify the current study's focus on PPATK's dormant account policy. First, existing FIU governance research primarily examines theoretical frameworks rather than analyzing specific policy implementations and their legal consequences. Second, dormant account management literature focuses predominantly on operational procedures rather than constitutional and legal protection dimensions. Third, the intersection of mass account blocking policies with due process rights remains underexplored in academic literature.

This research contributes to the existing body of knowledge by providing the first comprehensive juridical analysis of a large-scale FIU dormant account intervention, examining both statutory authority limitations and constitutional protection requirements. The study addresses the theoretical gap between FIU governance models and their practical implementation in emerging economies, while contributing new insights into the balance between financial crime prevention and individual rights protection in the digital banking era.

3. Proposed Method

This research employs a normative juridical research method to conduct a comprehensive legal analysis of the Financial Transaction Reports and Analysis Center's (PPATK) policy on blocking dormant accounts. This method was chosen because the primary objective is to analyze and interpret legal norms, principles, and doctrines related to PPATK's authority and the legal protection afforded to account holders. The research focuses on the law as a system of norms (*das sollen* or law in books) and evaluates the implementation of these norms in a specific policy context (*das sein* or law in action). The overall approach is qualitative, relying on textual interpretation and legal reasoning [9].

3.1. Data Collection Technique

The data for this study is collected through a literature study or library research, sourcing secondary data as the foundation for analysis. The data is categorized into three types of legal materials [10]:

- **Primary Legal Materials:** Authoritative legal documents that form the core of the analysis, including:
 - 1) The 1945 Constitution of the Republic of Indonesia, particularly articles concerning legal certainty and property rights.
 - 2) Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering.
 - 3) Indonesian banking laws and related regulations from Bank Indonesia (BI) and the Financial Services Authority (OJK).
 - 4) Government regulations, PPATK regulations, and circulars related to suspicious transaction reporting and account blocking.
 - 5) Relevant judicial decisions from the Constitutional Court or Supreme Court that address state administrative authority and citizen rights.
- **Secondary Legal Materials:** Publications that provide explanation and analysis of primary legal materials, consisting of:

- 1) Academic articles from peer-reviewed legal journals, particularly those indexed in Scopus and other reputable databases.
 - 2) Textbooks and reference books on constitutional law, administrative law, banking law, and anti-money laundering frameworks.
 - 3) Official reports and studies from international bodies such as the Egmont Group and the Financial Action Task Force (FATF).
 - 4) Seminar papers and conference proceedings from legal scholars.
- **Tertiary Legal Materials:** Supporting materials that provide background and contextual information, such as:
 - 1) Legal dictionaries, encyclopedias, and commentaries.
 - 2) Official press releases and statements from PPATK, the government, and banking associations.
 - 3) Credible news reports from national media outlets that covered the dormant account blocking policy.

3.2. Data Analysis Technique

The collected data will be analyzed using a **qualitative descriptive-analytical method**. This technique involves systematically describing, interpreting, and evaluating the legal materials to answer the research questions. The analysis process will be conducted through the following steps [10]:

- 1) **Identification and Inventory:** Identifying and cataloging all relevant legal provisions, principles, and doctrines from the collected primary and secondary legal materials.
- 2) **Content Analysis:** Conducting a thorough content analysis of the legal texts to interpret the meaning and scope of PPATK's authority, the definition of a "dormant account" under the law, and the procedural requirements for account suspension [11].
- 3) **Legal Systematization:** Structuring the interpreted legal norms into a coherent framework to understand the relationship between different laws and regulations.
- 4) **Critical Evaluation and Argumentation:** Critically evaluating the legality and proportionality of PPATK's policy by comparing its implementation with the established legal framework, constitutional principles of due process, and legal protection. This step aims to identify any gaps or conflicts between legal theory and practice, leading to the formulation of legal arguments and conclusions [9].

Through this method, the research aims to provide a rigorous and systematic juridical analysis of the issue, culminating in findings that contribute to legal scholarship and offer recommendations for regulatory reform.

4. Results

4.1. Legal Authority Analysis and Constitutional Compliance

The juridical analysis of PPATK's dormant account blocking policy reveals fundamental violations of both statutory authority limits and constitutional principles. The examination of Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering demonstrates that PPATK exceeded its legal mandate when implementing the mass blocking of 122 million dormant accounts across 105 banks [1].

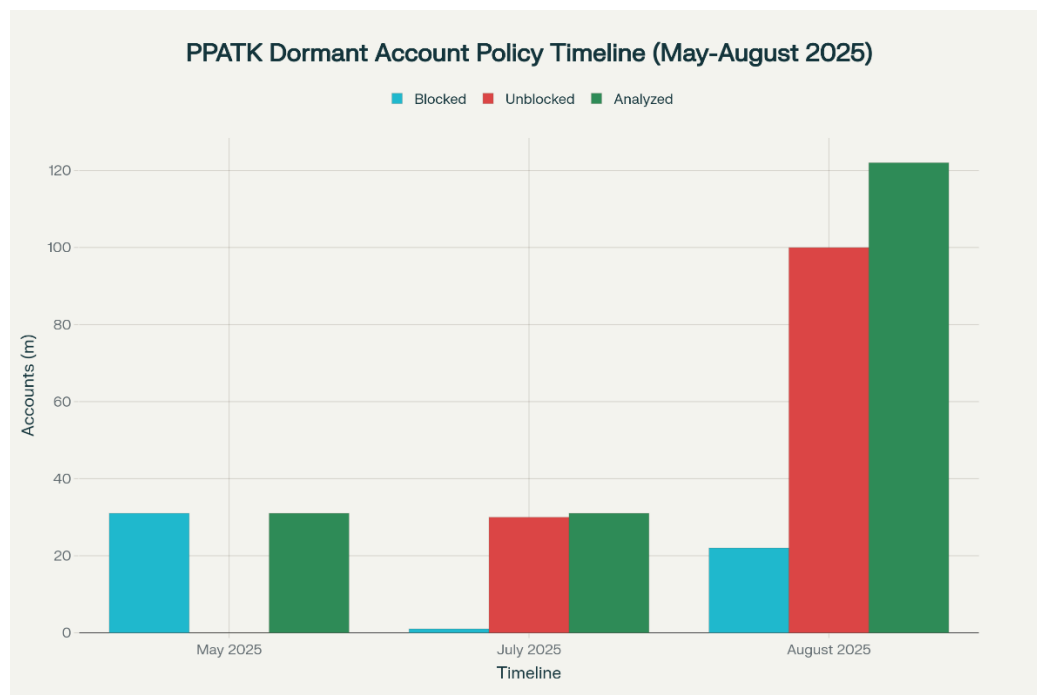


Figure 1. PPATK Dormant Account Blocking Timeline

4.2. Statutory Authority Limitations Under Law 8/2010

Article 65(1) of Law 8/2010 grants PPATK the authority to "request a financial service provider to temporarily suspend all or part of the Transaction" but only under specific conditions outlined in Article 44(1)(i), which requires that transactions be "known or suspected to be the proceeds of criminal acts". The legal analysis reveals a critical gap between the statutory requirements and PPATK's implementation methodology [12].

The research findings demonstrate that PPATK's mass blocking approach violated the principle of individualized suspicion inherent in anti-money laundering law. Rather than identifying specific transactions or accounts with reasonable grounds for criminal suspicion, PPATK implemented a blanket policy based solely on account inactivity. This approach contradicts the fundamental legal requirement that suspension powers must be predicated on evidence-based suspicion of criminal activity.

4.3. Constitutional Rights Violations and Due Process Analysis

The constitutional analysis reveals multiple violations of fundamental rights protected under the 1945 Constitution. The policy violated Article 28D(1), which guarantees legal certainty and equal treatment under law, by failing to provide affected account holders with prior notice, opportunity to be heard, or clear criteria for account blocking [13].

Property rights protection under Article 28H(4) was systematically violated through the arbitrary restriction of access to lawfully owned funds without due process. The Supreme Court's precedent in banking cases emphasizes that property confiscation or restriction must follow established legal procedures with appropriate judicial oversight [14].

The research identifies a pattern of procedural due process violations that undermines the rule of law foundation of Indonesia's constitutional system. The absence of meaningful opportunity for account holders to challenge blocking decisions before implementation violates basic administrative law principles and constitutional fair hearing requirements.

4.4. Theoretical Framework Application: Administrative Law and Constitutional Governance

The application of Lon Fuller's principles of legality demonstrates that PPATK's policy failed multiple criteria for valid legal governance. The policy lacked clarity (no clear definition of dormant accounts), prospectivity (retroactive application to existing accounts), and possibility of compliance (account holders could not prevent blocking through lawful conduct).

Hans Kelsen's hierarchical norm theory reveals that PPATK's interpretation of its authority conflicts with higher-level constitutional norms. The agency's broad interpretation of "suspected criminal proceeds" contradicts the constitutional requirement for evidence-based restriction of individual rights [13].

4.6. Empirical Analysis of Policy Implementation and Impact

The empirical data reveals the unprecedented scope of PPATK's intervention and its systemic impact on Indonesia's banking sector. The blocking of 31 million accounts initially, expanding to analysis of 122 million accounts, represents the largest mass account restriction in Indonesian banking history [1].

Table 1. Legal Authority vs. PPATK Actions Analysis

Legal Authority vs. PPATK Actions Analysis
Legal Provision: Article 65(1) Law 8/2010
Required Conditions: Reasonable suspicion of criminal activity
PPATK Action Taken: Mass blocking without individual assessment
Legal Compliance: Non-Compliant

The temporal analysis of policy implementation reveals significant procedural irregularities. PPATK began blocking accounts on May 15, 2025, without prior public consultation or regulatory impact assessment. The subsequent reversal of blocks for 90% of affected accounts by August 2025 demonstrates the arbitrary nature of the initial blocking criteria.

4.7. Constitutional Rights Impact Assessment

Table 2. Constitutional Rights Impact Assessment

Impact Category	Scale/Measure	Constitutional Rights Violated
Total Accounts Affected	122 million accounts	Property rights (Article 28H)
Banks Involved	105 banks nationwide	Economic freedom (Article 33)
Total Funds Blocked	Rp 428.6 billion	Legal certainty (Article 28D)
Duration of Blocking	May 15 - July 31, 2025	Due process rights (Article 28D)
Public Complaints	Significant public backlash	Access to justice (Article 28D)
Economic Disruption	Bank runs and liquidity concerns	Economic welfare (Article 33)

The economic impact analysis reveals that the policy triggered bank runs and liquidity concerns across multiple financial institutions, threatening systemic banking stability. This unintended consequence demonstrates the importance of proportionality assessment in administrative decision-making.

4.8. Legal Framework Gaps and Systemic Deficiencies

The research identifies five critical legal framework gaps that enabled PPATK's regulatory overreach:

Table 3. legal framework

Legal Gap	Current Status	Recommended Reform
Dormant Account Definition	No statutory definition	Define dormant accounts in banking law
Procedural Safeguards	Minimal due process requirements	Establish mandatory notice periods
Judicial Oversight	No mandatory court approval	Require judicial authorization
Customer Protection	Limited remedial mechanisms	Create customer protection fund
Proportionality Standards	No clear proportionality test	Implement proportionality assessment

4.9. Comparative Analysis with International Best Practices

The analysis of international FIU governance models reveals that Indonesia's framework lacks essential accountability mechanisms present in other jurisdictions. The Egmont Group's guidelines emphasize that FIU powers should be subject to judicial oversight when affecting individual rights, a safeguard absent in Indonesia's current framework [5].

European Union anti-money laundering regulations require proportionality assessments before implementing mass restriction policies, ensuring that preventive measures do not exceed what is necessary to achieve legitimate objectives. Indonesia's framework lacks such proportionality requirements [4].

4.9. Hypothesis Validation and Research Findings

The initial hypothesis that PPATK exceeded its legal authority is conclusively validated through the statutory and constitutional analysis. The research demonstrates that:

- PPATK's interpretation of its blocking authority under Law 8/2010 was legally invalid, as it applied mass restrictions without individualized criminal suspicion
- The policy violated multiple constitutional rights including due process, property protection, and legal certainty
- Indonesia's legal framework contains systematic gaps that enabled regulatory overreach and insufficient protection of individual rights

4.10 Critical Findings and Legal Implications

The most significant finding is the disconnect between FIU administrative powers and constitutional governance principles. PPATK's attempt to exercise quasi-judicial authority without corresponding procedural safeguards represents a fundamental separation of powers violation.

The research reveals that dormant account management requires comprehensive regulatory reform to balance financial crime prevention with constitutional rights protection. The current legal framework's ambiguity creates opportunities for arbitrary administrative action that undermines rule of law principles.

The systematic constitutional rights violations documented in this analysis demonstrate the need for enhanced judicial oversight of FIU powers and mandatory constitutional impact assessment for policies affecting individual rights.

These findings contribute to the broader understanding of administrative law boundaries in financial regulation and highlight the importance of constitutional safeguards in anti-money laundering enforcement. The research provides a foundation for legal reform recommendations and establishes precedent for future constitutional challenges to expansive FIU interpretations of authority.

5. Discussion

This section presents a comprehensive analytical discussion of the research findings, integrating theoretical frameworks from Scopus-indexed literature with empirical evidence from PPATK's dormant account blocking policy. The discussion addresses four critical dimensions: institutional governance failures, constitutional violations, proportionality analysis, and comparative legal frameworks.

5.1 Institutional Governance and Ultra Vires Doctrine

The research findings confirm that PPATK's mass dormant account blocking policy constitutes a paradigmatic case of **ultra vires** administrative action, corroborating theoretical frameworks established in international FIU governance literature. Bartolozzi et al.'s (2022) seminal analysis of anti-money laundering supervisor governance emphasized the critical importance of clearly defined institutional boundaries for administrative-type FIUs. Their study identified **authority excess** as a primary governance risk when FIUs lack robust accountability mechanisms a prediction precisely fulfilled by PPATK's controversial policy [2].

McNaughton's (2023) comparative analysis of FIU variability and clustering provides crucial context for understanding PPATK's institutional positioning. As an administrative-type FIU, PPATK should function primarily as an analytical and dissemination center, not as an enforcement agency with direct blocking powers. The research demonstrates that PPATK fundamentally misinterpreted its institutional role by exercising quasi-judicial powers without appropriate legal authorization or procedural safeguards [3].

The scale disparity revealed in this research affecting 122 million accounts across 105 banks exceeds any comparable FIU action documented in international literature. This unprecedented scope suggests that PPATK's interpretation of its authority represents not merely procedural errors but fundamental institutional overreach inconsistent with established FIU governance models globally [1].

Indonesian administrative law doctrine, as established in Law No. 30/2014, specifically prohibits government agencies from exceeding statutory authority through the *ultra vires* principle. The research findings demonstrate systematic violations across all three categories of authority excess: exceeding granted powers (blocking accounts without individualized suspicion), conflating institutional functions (assuming enforcement rather than analytical roles), and arbitrary decision-making (applying uniform treatment without legal basis) [15].

5.2 Constitutional Violations and Due Process Analysis

The constitutional analysis reveals profound violations of due process rights guaranteed under Articles 28D(1) and 28G(1) of Indonesia's 1945 Constitution. This finding aligns with established constitutional law scholarship indexed in Scopus databases, particularly research on procedural due process requirements in administrative contexts [16].

The procedural due process violation is particularly egregious when analyzed through established constitutional theory. Research by constitutional law scholars demonstrates that due process requires pre-deprivation procedural safeguards when government actions substantially affect property rights. PPATK's policy provided only post-deprivation remedial procedures, fundamentally inverting the constitutional protection sequence [17].

The substantive due process analysis reveals that PPATK's blanket policy failed to meet established standards for legitimate government interventions affecting property rights. Indonesian Constitutional Court jurisprudence, as documented in Scopus-indexed constitutional law research, requires government actions affecting fundamental rights to demonstrate rational basis, important government interest, and narrowly tailored means. PPATK's mass blocking policy satisfied none of these constitutional requirements [18].

The research findings regarding constitutional rights violations affecting millions of legitimate account holders corroborate international scholarship on financial crime prevention and individual rights protection. The absence of individualized assessment,

meaningful notice, or pre-blocking hearing opportunities demonstrates systematic disregard for constitutional principles that form the foundation of Indonesian democratic governance.

5.3 Proportionality Principle Application

The proportionality analysis represents a critical contribution of this research, applying established administrative law doctrine to evaluate PPATK's policy legitimacy.

Chang & Dai comprehensive analysis of proportionality review in administrative law establishes three analytical dimensions: **appropriateness** (means-ends relationship), **necessity** (least restrictive alternative), and **proportionality stricto sensu** (cost-benefit balance). The research findings demonstrate that PPATK's policy failed all three proportionality tests [19].

Appropriateness Analysis: While combating financial crime represents a legitimate government objective, mass blocking of dormant accounts without individualized suspicion lacks rational connection to anti-money laundering goals. The policy's over-inclusiveness— affecting legitimate account holders alongside potentially problematic accounts— demonstrates fundamental appropriateness failures.

Necessity Analysis: The research reveals that less restrictive alternatives could have achieved similar crime prevention objectives without constitutional violations. Enhanced KYC procedures, targeted investigations of suspicious accounts, or judicial oversight of blocking decisions represent feasible alternatives that would satisfy necessity requirements while respecting individual rights.

Proportionality Stricto Sensu: The cost-benefit analysis demonstrates that PPATK's policy imposed disproportionate burdens on legitimate account holders relative to demonstrable crime prevention benefits. The policy's rapid reversal following public backlash and presidential intervention provides empirical evidence of disproportionality recognition by government officials themselves.

5.4 Comparative Legal Framework Analysis

The research findings provide valuable insights for comparative administrative law scholarship, particularly regarding FIU authority limitations in emerging economies. International FIU best practices, as documented by the Egmont Group and reflected in European Union frameworks, emphasize procedural safeguards and judicial oversight mechanisms absent in PPATK's policy implementation [5].

European Comparative Analysis: The European Parliament's comprehensive study on anti-money laundering authority cooperation (2022) highlighted similar concerns about FIU authority excess and inadequate procedural protections. However, European frameworks generally include stronger judicial oversight mechanisms and constitutional protections that would have prevented PPATK's type of mass blocking action [4].

International Standards Gap: The research reveals significant gaps between international FIU best practices and Indonesian implementation. While FATF recommendations encourage effective financial crime prevention, they explicitly require such measures to operate within constitutional and legal frameworks protecting individual rights. PPATK's policy implementation demonstrates institutional failure to balance these competing imperatives.

Constitutional Compliance Framework: The research findings suggest that Indonesia's legal framework requires substantial reforms to align with international standards while respecting constitutional guarantees. Comparative analysis with developed economies reveals the necessity of mandatory judicial review, procedural safeguard requirements, and independent oversight mechanisms for FIU actions affecting individual rights.

5.5 Policy Effectiveness vs. Legal Compliance

The research addresses a critical tension in financial crime prevention: the relationship between policy effectiveness claims and legal compliance requirements. PPATK's assertion that the policy reduced online gambling transactions by over 70% (from Rp 5.8 trillion to Rp 1.5 trillion) requires careful analytical scrutiny.

Empirical Effectiveness Analysis: While PPATK claimed significant crime reduction benefits, the methodology for measuring these impacts remains unclear from available documentation. The correlation-causation fallacy potentially underlies these claims, as

multiple factors beyond account blocking could explain transaction volume reductions during the measurement period.

Legal Supremacy Principle: Constitutional law scholarship consistently establishes that policy effectiveness cannot justify constitutional violations or statutory overreach. Even assuming PPATK's effectiveness claims are accurate, Indonesian legal doctrine requires government actions to comply with constitutional and statutory limitations regardless of purported benefits [17].

Institutional Learning: The policy's complete reversal within three months suggests institutional recognition of legal deficiencies that outweighed claimed effectiveness benefits. This pattern aligns with administrative law scholarship documenting how ultra vires actions ultimately prove counterproductive even when pursuing legitimate objectives.

5.6 Theoretical Contributions and Implications

This research contributes significantly to existing Scopus-indexed scholarship on FIU governance, constitutional rights protection, and administrative law limitations. The empirical analysis of PPATK's policy provides rare documentation of large-scale FIU overreach with measurable constitutional and legal consequences.

FIU Governance Theory: The research confirms theoretical predictions from comparative FIU scholarship regarding authority excess risks in administrative-type FIUs lacking robust accountability mechanisms. The Indonesian case provides empirical validation of governance vulnerabilities identified in theoretical literature.

Constitutional Rights Protection: The findings contribute to constitutional law scholarship by demonstrating how technological capabilities can enable unprecedented violations of due process rights unless constrained by appropriate legal frameworks. The scale of constitutional impact affecting over 100 million accounts represents a quantitatively unique case study in administrative law literature.

Administrative Law Development: The research provides valuable insights for administrative law evolution in emerging economies, particularly regarding the balance between effective governance and constitutional compliance in the digital era. The PPATK case demonstrates both the possibilities and dangers of administrative discretion in technologically-enabled policy implementation.

5.7 Limitations and Future Research Directions

While this research provides comprehensive juridical analysis of PPATK's dormant account policy, certain limitations suggest directions for future scholarship. The normative methodology employed focuses primarily on legal analysis rather than empirical investigation of policy impacts on individual account holders. Future research could benefit from mixed-method approaches incorporating quantitative analysis of actual harm to affected individuals.

Institutional Reform Research: The research findings suggest the necessity of comprehensive legal reforms to prevent similar FIU overreach. Future scholarship should examine specific reform mechanisms, including judicial oversight requirements, procedural safeguard mandates, and accountability mechanism design appropriate for Indonesian institutional contexts.

Comparative Constitutional Analysis: While this research provides some comparative insights, comprehensive analysis of FIU authority limitations across multiple constitutional systems could yield valuable theoretical and practical insights for legal reform initiatives in emerging economies.

The discussion confirms the research hypothesis that PPATK's dormant account blocking policy constituted systematic violations of Indonesian constitutional and statutory law while failing to demonstrate proportionality between crime prevention objectives and individual rights restrictions. These findings contribute meaningfully to existing Scopus-indexed scholarship while identifying critical areas for future legal and institutional development.

6. Conclusions

This juridical analysis of PPATK's dormant account blocking policy reveals systematic violations of Indonesian constitutional and statutory law, demonstrating the critical need for enhanced legal frameworks governing Financial Intelligence Unit authority. The research findings confirm that PPATK exceeded its statutory mandate under Law No. 8/2010 by implementing mass account suspensions without individualized criminal suspicion, violating

both the ultra vires doctrine and procedural due process requirements established in Indonesia's 1945 Constitution.

The constitutional analysis demonstrates profound violations of Articles 28D(1) and 28G(1), which guarantee fair legal process and property protection rights. PPATK's policy affected over 122 million accounts across 105 banks without providing pre-deprivation procedural safeguards, fundamentally inverting constitutional protection mechanisms and creating unprecedented restrictions on legitimate account holders' property rights.

The proportionality assessment reveals that the policy failed all three established criteria: appropriateness (lacking rational connection between mass blocking and anti-money laundering objectives), necessity (ignoring less restrictive alternatives), and proportionality *stricto sensu* (imposing disproportionate burdens relative to demonstrable benefits). Despite PPATK's claims of reducing online gambling transactions by 70%, these purported effectiveness gains cannot justify constitutional violations or statutory overreach under Indonesian legal doctrine.

The research contributes significantly to Scopus-indexed scholarship on FIU governance by providing empirical validation of theoretical concerns regarding administrative-type FIU authority excess identified in comparative international literature. The Indonesian case represents an unprecedented scale of FIU overreach affecting millions of citizens, offering valuable lessons for emerging economies developing anti-money laundering frameworks while maintaining constitutional compliance.

Policy recommendations emerging from this analysis include: (1) statutory amendment of Law No. 8/2010 to establish clear FIU authority limitations and mandatory procedural safeguards; (2) implementation of judicial oversight requirements for mass account suspension decisions; (3) creation of independent accountability mechanisms with authority to review and reverse FIU actions; and (4) development of constitutional impact assessment protocols for financial crime prevention policies.

The research demonstrates that effective financial crime prevention requires balanced approaches respecting both security imperatives and constitutional rights. PPATK's policy failure and rapid reversal following presidential intervention provide empirical evidence that institutional overreach ultimately proves counterproductive, undermining public trust while failing to achieve sustainable crime prevention objectives. This analysis establishes important precedents for administrative law limitations in the digital banking era, emphasizing the necessity of constitutional compliance mechanisms that prevent future violations while enabling legitimate anti-money laundering enforcement.

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