

LEGAL FRAMEWORK FOR THE RECOVERY OF ECONOMIC LOSSES SUFFERED BY VICTIMS OF CRIMINAL OFFENSES IN INDONESIA

MARCO JURÍDICO PARA A INDENIZAÇÃO DE PERDAS ECONÔMICAS SOFRIDAS POR VÍTIMAS DE CRIMES NA INDONÉSIA

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Abstract

The legal framework for compensating victims of criminal offenses for economic losses in Indonesia still faces fundamental challenges regarding legal norms, institutional structures, and implementation mechanisms, resulting in legal gaps in the procedures and effectiveness of compensation, particularly for mass victims. This situation becomes even more complex when the perpetrators of criminal acts cannot be held accountable, necessitating legal reform focused on victim protection, legal certainty, and operational and sustainable compensation mechanisms. The objective of this study is to analyze and critique the legal framework for the economic restitution of victims of criminal offenses in Indonesia and to formulate a model for legal reform regarding the economic restitution of victims of criminal offenses that focuses on victim protection, legal certainty, and effective and sustainable restitution mechanisms. The research method employed is normative legal research using a legislative and conceptual approach, encompassing an analysis of positive legal provisions regarding the recovery of economic losses for victims of criminal offenses, as well as a study of legal doctrines and principles concerning victim protection, restorative justice, and the concept of the Pancasila Rule of Law. The findings of this study

Resumo

O marco jurídico para a indenização das vítimas de crimes por perdas econômicas na Indonésia ainda enfrenta desafios fundamentais no que diz respeito às normas jurídicas, estruturas institucionais e mecanismos de implementação, resultando em lacunas jurídicas nos procedimentos e na eficácia da indenização, particularmente para vítimas em massa. Essa situação torna-se ainda mais complexa quando os autores dos atos criminosos não podem ser responsabilizados, exigindo uma reforma jurídica centrada na proteção das vítimas, na segurança jurídica e em mecanismos de indenização operacionais e sustentáveis. O objetivo deste estudo é analisar e criticar o marco jurídico para a reparação econômica das vítimas de crimes na Indonésia e formular um modelo de reforma jurídica sobre a reparação econômica das vítimas de crimes que se concentre na proteção das vítimas, na segurança jurídica e em mecanismos de reparação eficazes e sustentáveis. O método de pesquisa empregado é a pesquisa jurídica normativa, utilizando uma abordagem legislativa e conceitual, abrangendo uma análise das disposições jurídicas positivas relativas à recuperação de perdas econômicas



indicate that the legal framework for the recovery of economic losses suffered by victims of criminal offenses in Indonesia remains weak, particularly in ensuring effective recovery for a large number of victims, given the dominance of a system focused on the perpetrator and the legal vacuum that arises when the perpetrator cannot be prosecuted. The proposed legal reform model emphasizes victim restitution as a priority by integrating *restorative justice* approaches, asset forfeiture, and restitution mechanisms that involve the state as the protector of victims in accordance with the values of Pancasila.

Keywords: Restorative Justice. Victims of Crime. Recovery of Economic Losses. Asset Forfeiture. Legislation.

para vítimas de crimes, bem como um estudo das doutrinas e princípios jurídicos relativos à proteção das vítimas, à justiça restaurativa e ao conceito do Estado de Direito da Pancasila. Os resultados deste estudo indicam que o marco jurídico para a recuperação das perdas econômicas sofridas pelas vítimas de crimes na Indonésia permanece fraco, particularmente no que diz respeito à garantia de uma recuperação eficaz para um grande número de vítimas, dada a predominância de um sistema centrado no autor do crime e o vácuo jurídico que surge quando o autor não pode ser processado. O modelo de reforma jurídica proposto enfatiza a restituição às vítimas como prioridade, integrando abordagens de justiça restaurativa, confisco de bens e mecanismos de restituição que envolvem o Estado como protetor das vítimas, de acordo com os valores da Pancasila.

Palavras-chave: *Justiça Restaurativa. Vítimas de Crimes. Recuperação de Perdas Econômicas. Confisco de Bens. Legislação.*

1 BACKGROUND

The 1945 Constitution of the Republic of Indonesia (UUD 1945) has affirmed that the State of Indonesia is a state governed by the rule of law (*rechtsstaat*), a principle further reaffirmed in Article 1, Paragraph (3) of the 1945 Constitution of the Republic of Indonesia (UUD NRI 1945), which states that “The State of Indonesia is a state governed by the rule of law” (Hidayat, 2017). The concept embraced by the Indonesian state of law from the time of independence to the present is neither the concept of *the rechtsstaat* nor that of *the rule of law*, but rather a new concept of a state of law rooted in the noble worldview and philosophy of life of the Indonesian people. This new concept is the Pancasila-based state governed by the rule of law, as the crystallization of the worldview and philosophy of life imbued with the noble ethical and moral values of the Indonesian people, as stated in the Preamble to the 1945 Constitution and implied in the Articles of the 1945 Constitution of the Republic of Indonesia.

Indonesia’s current *criminal justice system (CJS)* remains focused on investigating criminal offenses, identifying the perpetrators, and punishing them with

criminal sanctions—primarily custodial sentences such as imprisonment or detention—thereby appearing to overlook the harm suffered by the public or citizens as victims. Yet the harm suffered by victims of criminal acts is an inseparable part of the criminal incident itself. An inherent aspect of victimhood is the suffering and/or harm experienced as a result of the actions and/or circumstances of another party; this can be observed, for instance, in Angkasa's view, which states: "... what is meant by a victim is an individual or group who suffers harm, including physical or mental injury, emotional distress, economic loss, or the violation of their fundamental rights, caused by the actions of another party that violate the criminal law of a state, whether intentionally or through negligence." (Angkasa, 2004)

Regarding the losses and/or suffering of victims, Shapland has discussed this in his article titled "*The Effect of the Offense*," noting that the effects a criminal act can have on victims may include *financial loss, psychological effects, physical effects, and social effects* (Shapland et al., 1985). According to Angkasa, the classification of such losses and/or suffering does not imply that a victim will only experience one type of loss and/or suffering; in some types of criminal offenses, various losses and/or forms of suffering may be experienced simultaneously (Angkasa, 2004).

Legislation has established provisions regarding restitution for victims, as set forth in Supreme Court Regulation (PERMA) No. 1 of 2022 on Procedures for the Resolution of Applications and the Granting of Restitution and Compensation to Victims of Criminal Offenses. Article 2 explains that "Applications for restitution regarding criminal cases involving serious human rights violations, terrorism, human trafficking, racial and ethnic discrimination, crimes against children, as well as other criminal offenses designated by a Decision of the Witness and Victim Protection Agency (LPSK) as referred to in statutory provisions." Thus, restitution is not intended for all victims of criminal offenses who have suffered economic losses. Similarly, regarding the forfeiture of proceeds and instruments of the criminal offender, Article 39 paragraph (1) of the Criminal Code (KUHP) states that "Property belonging to the convicted person that was obtained from a crime or intentionally used to commit a crime may be forfeited," which is then surrendered to the state. This means that if the proceeds of a crime and/or the instruments used by the perpetrator of a criminal act are seized, the seized items are handed over to the state, except in cases of serious human rights violations, terrorism, human trafficking,

racial and ethnic discrimination, and crimes involving children, in which case they are handed over to the victims of the crime in the form of restitution.

The absence of legislation that provides for the recovery of economic losses suffered by victims as a result of criminal acts has led to disparities in judicial rulings in criminal cases involving such losses, as illustrated in the following cases:

Case 1.	PT. <i>First Anugerah Karya Wisata</i> , also known as <i>First Travel</i>
Scheme	Fraud in Umrah Pilgrimage Fees Selling Umrah Package Fees Below Fair Market Value
Perpetrator	First Travel Umrah Travel Agency
Victims	Umrah Pilgrims
Charges	1. Fraud 2. Violation of Article 55 of Law No. 19 of 2008 on Information and Electronic Transactions in conjunction with Articles 372 and 378 of the Criminal Code
Legal Proceedings	First Instance, Appeal, and Cassation Rulings: The defendant's assets were confiscated for the State pursuant to Article 39 of the Criminal Code in conjunction with Article 194 of the Criminal Procedure Code
PK Ruling	Supreme Court Decision No. 365/PK/Pid.Sus/2022 First Travel's assets were returned to the pilgrims
Case 2.	Binomo Trading
Scheme	demonstrated how to use a manipulated Binomo app so that it always appeared profitable. However, in reality, users continued to lose money, and it turned out that the <i>binary options</i> app was illegal and unregistered.
Perpetrator	Indra Kenz
Victims	The general public
Charges	- Criminal acts of spreading false and misleading information resulting in consumer losses in Electronic Transactions and Money Laundering - The alleged violations are Article 45(2) in conjunction with Article 27(2) of the ITE Law, and Article 45(1) in conjunction with Article 28(1) of the ITE Law. Additionally, Article 3(3) of the Anti-Money Laundering Law, Article 5 of the Anti-Money Laundering Law, Article 10 of the Anti-Money Laundering Law, and Article 378 of the Criminal Code in conjunction with Article 55 of the Criminal Code. The defendant's assets totaling Rp 57.2 billion were also seized and forfeited to the state.
Legal Proceedings	- Tangerang District Court Decision No. 1240/Pid.Sus/2022/PN.Tng: the defendant's assets were forfeited to the state. - Banten High Court Decision No. 117/Pid.Sus/2022/PT.Btn: The High Court Panel of Judges ruled that the majority of the losses suffered by the victims should be returned and distributed proportionally.
Case 3.	<i>Binary Options Trading</i>
Modus	Use of the <i>Quotex</i> app
Perpetrator	Doni Salmanan
Victim	General public
Charges	Money Laundering
Legal Proceedings	- Trial Court: ruled that the seized assets be returned to the Defendant because the Defendant was not proven guilty of the money laundering charges and the assets were obtained by the Defendant from the <i>Quotex</i> app, not from criminal activity. - Bandung High Court Decision No. 1/Pid. Sus/2023/PT Bdg, which found the Defendant guilty of money laundering, and the Defendant's assets, which were

	<p>originally ordered to be “returned to the Defendant,” were instead ordered to be “confiscated by the state pursuant to Article 39 of the Criminal Code.”</p> <p>- In Cassation Decision No. 3692 K/Pid.Sus/2023, the Supreme Court rejected the cassation appeals filed by the Defendant and the Public Prosecutor.</p>
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The criminal law provisions currently in force governing the recovery of economic losses suffered by victims of criminal offenses are set forth in Article 98(1) of the Criminal Procedure Code, which addresses the “joinder of claims for damages in criminal proceedings,” where the applicable procedural law is that of ordinary civil procedure. If a claim for damages is filed concurrently with the defendant’s criminal proceedings, a case arises between the victim or the aggrieved third party as the Plaintiff against the Defendant who is being tried in court as the Defendant. Both the Plaintiff and the Defendant may be represented by legal counsel; thus, the hearing of the claim for damages is solely between the Plaintiff and the Defendant, while the Public Prosecutor has no involvement whatsoever. (Firmansyah & Lisyah, 2023)

Law No. 1 of 2023 on the Criminal Code (National Criminal Code), which takes effect on January 2, 2026, Article 94 of the National Criminal Code states that “In a court ruling, the convicted person may be ordered to pay compensation to the victim or their heirs as an additional penalty as referred to in Article 66(1)(d).” In the National Criminal Code, compensation under this provision is equivalent to restitution as regulated in laws and regulations governing the protection of witnesses and victims.

The National Criminal Code has provided for the recovery of economic losses suffered by victims of criminal offenses in the form of restitution; however, when there are numerous victims, this presents its own challenges regarding the proportional distribution of such assets. Furthermore, there are currently no laws or regulations regarding the recovery of economic losses for victims if the perpetrator of the criminal act cannot be prosecuted or has not been successfully prosecuted because they have died, have fled, possess immunity from criminal prosecution, or have been found not guilty of the criminal act or acquitted of all legal charges, yet the perpetrator cannot prove the source of their assets.

It appears that the legal framework for compensating victims of criminal offenses for economic losses in Indonesia still faces fundamental challenges, whether in terms of legal norms, institutional structures, or implementation mechanisms. Existing regulations

have not provided a comprehensive compensation framework, particularly for victims of crimes involving a large number of victims (mass victims), thereby creating a legal vacuum regarding the determination of procedures, sources of payment, and guarantees of the effectiveness of economic compensation. This situation becomes even more problematic when the criminal liability of the perpetrator cannot be enforced—whether because the perpetrator cannot be located, has died, is unable to pay, cannot be prosecuted, or has not been successfully prosecuted—which ultimately results in the victim’s right to economic compensation being neglected.

A study is needed to map and critique the legal framework and formulate a model for legal reform regarding the recovery of economic losses for victims of criminal acts—a model oriented toward victim protection, ensuring legal certainty, providing operational and sustainable recovery mechanisms, and remaining consistent with the principles of justice, utility, and balance within Indonesia’s criminal justice system.

2 RESEARCH METHODOLOGY

The research method used in this study is normative legal research, employing both *the statutory approach* and the *conceptual approach* (Rizkia & Fardiansyah, 2023). The author examines the provisions of positive law governing the recovery of economic losses suffered by victims of criminal acts, whether derived from criminal law, criminal procedure law, or other relevant legislation, in order to understand the applicable normative framework. The conceptual approach is used to examine doctrines, legal principles, and the views of experts regarding victim protection, restorative justice, and the concept of the Pancasila Rule of Law as the philosophical and ideological foundation for legal reform concerning asset forfeiture, restitution, and compensation as forms of economic loss recovery for victims of criminal acts in law enforcement practice.

The legal materials obtained were then classified according to the issues discussed, analyzed qualitatively and prescriptively, and organized systematically. Prescriptive analysis was conducted to formulate legal arguments regarding the model for the economic compensation of victims of criminal acts that should be (*das sollen*) in accordance with the values of the Pancasila Rule of Law, while also assessing the adequacy and effectiveness of current legal regulations. The results of this analysis are

then used to formulate recommendations and draft legal reforms regarding the recovery of economic losses for victims of criminal acts, oriented toward substantive justice, utility, and legal certainty, thereby aligning with the legal reforms for the recovery of economic losses for victims of criminal acts under the Pancasila-based rule of law.

3 RESEARCH FINDINGS AND DISCUSSION

3.1 Legal framework for the recovery of economic losses for victims of criminal acts in Indonesia

The criminal justice system plays a strategic role in efforts to address criminal offenses. The criminal justice system consists of legal provisions related to criminal sanctions and sentencing. If the concept of the criminal justice system is broadly defined as the process by which a judge pronounces or imposes a criminal sentence, then it can be said that “the criminal justice system encompasses the entirety of legal provisions governing how criminal law is enforced or implemented in practice until, ultimately, an individual is sentenced to a criminal penalty.” (Ekaputra & Kahir, 2010)

The enforcement of criminal law does not make the restoration of the impact of a crime resulting from a criminal act part of the substance of criminal law enforcement. In other words, the restoration of the impact caused by a criminal act is not an integral part of the penal system (material and formal) or of criminal law enforcement. (Jerman, 2017)

The Indonesian criminal justice system has not yet fully incorporated the restoration of the effects of crime as a substantive component of the national criminal justice system. Even where criminal law provisions do exist to address the restoration of the effects of crime, they are only partial in nature and lack a theoretical and philosophical foundation in criminal law, making them difficult to enforce in criminal justice practice. (Jerman, 2017)

The structure of the criminal justice system in Indonesia has not yet positioned the confiscation and restitution of assets to crime victims as an integral part of the criminal sanctions system nor has it been recognized as a significant component of efforts to reduce crime rates in Indonesia. This is evident from the definition of investigation in the Criminal Procedure Code (KUHAP), which states that an investigation is a series of

actions aimed at seeking and collecting evidence to clarify the criminal act that occurred and to identify the suspect. This definition implies that the seizure and forfeiture of the proceeds and instruments of criminal acts are not yet an integral part of criminal investigations under the Criminal Procedure Code (KUHAP). (Jerman, 2017)

The criminal justice system should function in an integrated manner by protecting the interests of all parties, including victims; however, in Indonesian criminal law, confiscation and restitution for victims have not yet been considered a priority and are still treated as ancillary penalties rather than a central component of the investigation. The values of Pancasila, as the nation's philosophy of life and the foundation of the legal system, have not yet been reflected in the implementation of legal protections for victims of criminal acts.

Criminal law reform must reflect and incorporate the values of the principles of Pancasila. Establishing Pancasila as a legal doctrine and positioning it at the apex of the hierarchy of legislation would strengthen its role as the source of all sources of law within Indonesia's national legal system (Jerman, 2017). Based on the above explanation, criminal law plays a vital role in protecting citizens from crime, yet it must always uphold human rights. Criminal law reform must be grounded in Pancasila as the primary source of law, thereby reflecting the nation's noble values and distinguishing it from the legal systems of other nations.

The urgency of establishing regulations for the restitution of assets derived from criminal acts, in order to ensure the protection of victims, is based on the consideration that existing theories of criminal punishment have thus far focused solely on the offender, with the aim of reintegrating them into society and preventing them from repeating their offenses in the future. Existing theories of criminal punishment have never addressed the wealth or assets of victims that have been stolen or seized by the perpetrators of criminal acts.

According to Jerome Hall, criminal punishment must: First, be administered in the name of the state; second, involve the use of force; third, it is deliberately imposed on the offender; fourth, punishment requires the existence of laws and specific acts; fifth, it is imposed on offenders proven to have committed the act; sixth, the severity or type of punishment is related to the criminal act, and may be aggravated or mitigated based on the offender's personality and motives. (T. Prasetyo, 2013)

The above opinion clearly indicates that the priority of criminal punishment is directed solely at the perpetrators of criminal acts, and makes no mention whatsoever of the victims of crime. In line with the above opinion, Pellegrino Rossi, as cited by Teguh Prasetyo, states that: “Criminal punishment must be directed toward repairing what is broken in society and preventing future generations from repeating the same mistakes.” (T. Prasetyo, 2013)

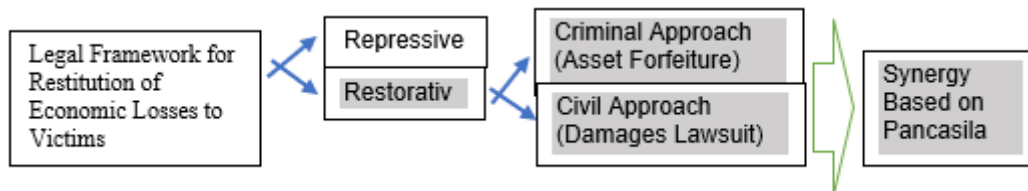
Indonesia’s criminal justice system, which places excessive emphasis on punishing perpetrators, needs to be balanced with attention to victim restoration. Legal reforms are needed to improve mechanisms for the criminal and civil forfeiture of assets. This reform must be grounded in the values of Pancasila and the 1945 Constitution, so that national law reflects the character of Indonesian law—which is fair, socially just, and victim-centered. The concept of confiscating assets derived from crime must be grounded in the values of the 1945 Constitution and Pancasila as an effort to realize justice and the welfare of the people. As a nation governed by the rule of law, Indonesia is obligated to protect victims of crime and guarantee their rights to restitution and compensation.

Asset recovery not only punishes perpetrators but also restores victims’ losses and strengthens their position within the criminal justice system, reflecting a shift toward a more just and victim-centered legal paradigm. The revision of laws on restitution for victims of criminal acts based on Pancasila offers a more holistic and socially just approach, emphasizing the restoration of victims’ rights as part of the state’s obligations, and integrating the noble values of Pancasila into the national legal system. This approach marks a new direction that balances the interests of offenders, victims, and society within the framework of Indonesian criminal law.

The concept of legal reform regarding the recovery of economic losses for victims of criminal acts is grounded in the values of Pancasila and the 1945 Constitution as its philosophical and normative foundation. The primary innovation lies in a paradigm shift from a criminal justice system that has traditionally focused on punishing perpetrators to one that prioritizes the comprehensive protection and restoration of victims’ rights. This reform emphasizes the importance of effective asset forfeiture mechanisms through a synergistic criminal and civil approach, while affirming the state’s role as a protector of victims in order to realize social justice in accordance with the character of Indonesia’s national law. Thus, the study proposes a legal model of restitution that is not only

repressive but also restorative and socially just, in accordance with the values of Pancasila as the highest source of law in Indonesia.

Schematically, this can be illustrated as follows:



3.2 Model for legal reform on economic compensation for victims of criminal acts

Compensation for the economic losses suffered by victims of criminal offenses is a fundamental aspect of criminal justice; however, in Indonesian legal practice, it is still treated as a secondary concern after the punishment of the perpetrator. The national criminal justice system, both in the old Criminal Code and in various sectoral laws, exhibits an offender-oriented tendency, such that the success of law enforcement is more often measured by the severity of the punishment rather than by the restoration of the actual losses suffered by the victim. (Muladi & Nawawi, 1998)

This paradigm gives rise to a paradox of justice, where the state succeeds in imposing prison sentences on offenders but fails to restore the victims' economic losses. In *the context of modern economic crimes, which are profit-oriented*, criminalization without asset recovery actually weakens the deterrent function of criminal law (Rose-Ackerman & Palifka, 2016). Therefore, comprehensive legal reform is needed, not only at the level of criminal norms but also regarding mechanisms for compensating victims' losses.

A critical evaluation of the existing legal framework is an important step toward assessing the extent to which Indonesia's criminal justice system has been able to ensure the fair recovery of economic losses suffered by victims of criminal offenses. Normatively, various statutory instruments—ranging from the former Criminal Code (KUHP), the Criminal Procedure Code (KUHAP), to sectoral laws—have provided specific mechanisms related to compensation, restitution, and asset forfeiture. However,

these regulations remain partial, fragmented, and oriented toward the punishment of perpetrators, so that the recovery of victims' losses has not been placed as the primary objective of law enforcement. (Muladi & Nawawi, 1998)

From the perspective of the Pancasila Rule of Law, this situation reveals a gap between formal legal certainty and substantive justice. The state tends to successfully carry out its punitive functions, but has not yet fully fulfilled its constitutional responsibility to protect the dignity and well-being of victims as citizens. Therefore, a critical evaluation of the existing legal regime is intended not only to identify normative and structural weaknesses but also to underscore the urgency of legal reform focused on compensating victims for economic losses as a manifestation of humanitarian values and social justice within the Pancasila Rule of Law. (Asshiddiqie, 2016)

The old Criminal Code was not designed to make victims the primary subjects of legal protection. Instruments for compensating losses appear only in a limited manner, including through conditional sentences with specific conditions and the mechanism for consolidating civil claims within criminal cases as regulated in the Criminal Procedure Code (Asshiddiqie, 2016). These mechanisms are procedurally complex, rarely used, and dependent on the victim's initiative. Consequently, the recovery of victims' losses becomes ineffective and is not integrated with the system of confiscation and forfeiture of criminal proceeds. (Harahap, 2002)

The Law on the Eradication of Corruption, the Anti-Money Laundering Law, and the Law on the Protection of Witnesses and Victims introduce the concepts of restitution, asset forfeiture, and victim restitution. However, the entire regime still depends on final and binding criminal judgments, making it conviction-based (Z. M. Prasetyo et al., 2025). Furthermore, criminal proceeds that are successfully forfeited often enter the state treasury as non-tax revenue, without any guarantee of priority for restitution to victims (Paruntu & Sudiro, 2025). This indicates that victim protection remains largely normative, not yet operational.

The National Criminal Code (Law No. 1 of 2023) brings significant changes through the recognition of the objectives of criminal punishment, which include restorative justice and the restoration of social balance (Muladi & Nawawi, 1998). However, the recovery of victims' losses is still positioned as an additional penalty or an obligation of the perpetrator, rather than as the primary objective of the criminal justice

system. Thus, the National Criminal Code provides a philosophical foundation but has not yet established systematic technical mechanisms for the recovery of victims' economic losses. (Atmasasmita, 2017)

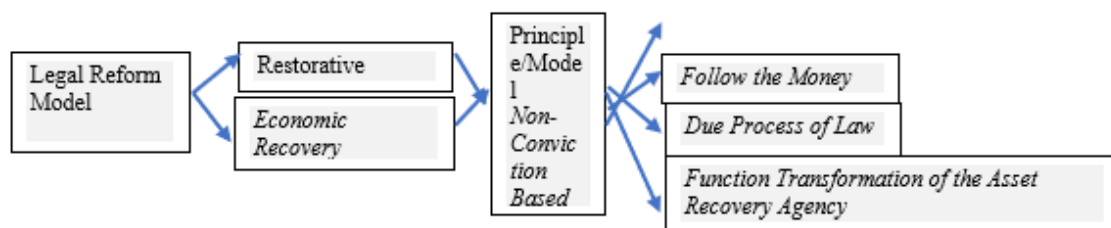
The Asset Forfeiture Bill offers a new approach through the *Non-Conviction-Based Asset Forfeiture (NCB)* mechanism, which allows for the forfeiture of assets without waiting for a criminal conviction. This concept focuses on the legality of the assets, not merely on the perpetrator's guilt (Vu Cao & Cao, 2025). However, without a framework that prioritizes victims, this mechanism risks becoming merely a fiscal tool for the state. (Cassella, 2018)

The legal reform proposed in this study is grounded in a paradigm shift from a retributive criminal justice system toward one oriented toward restorative justice and the economic recovery of victims. This paradigm aligns with modern developments in criminal law that place victims as the primary subjects of justice (Zulfa, 2010). The state no longer acts merely as a punisher but also as a guardian of the victims' interests in ensuring the recovery of actual losses (Rahardjo, 2009). The following is the proposed legal reform model:

1. *The Victim-Oriented Asset Recovery System* positions criminal proceeds as the primary means of compensating victims. This model integrates criminal proceedings, asset forfeiture (both *conviction-based* and *non-conviction-based*), and the prioritized distribution of assets to victims. This concept aligns with international practices in modern common law and civil law countries. (Dewi et al., 2025)
2. Reconstructing substantive norms involves explicitly recognizing victims' rights to compensation for economic losses and the principle of prioritizing victims' claims to proceeds of crime. This approach aligns with the "*follow the money*" principle in combating economic crime. (Levi & Reuter, 2006)
3. Reconstructing Procedural Norms requires the establishment of civil-based asset forfeiture mechanisms with strict judicial oversight and the right of objection for asset owners. The principle of *due process of law* remains the primary foundation to prevent human rights violations. (Asshiddiqie, 2016)
4. Strengthening the authority of the Asset Recovery Agency of the Attorney General's Office so that it can be directed toward transforming its function from

a manager of state assets into a trustee for the recovery of losses suffered by victims of criminal acts. This is achieved through the clarification of normative mandates, the establishment of a victim recovery unit, the management of trust accounts, changes in prosecution strategies, and strict judicial oversight, ensuring that the distribution of assets derived from criminal acts is prioritized for victims as a manifestation of the Pancasila Rule of Law.

Reforming the legal framework for compensating victims of criminal offenses for economic losses is an urgent necessity within Indonesia's criminal justice system. Without an integrated restructuring of paradigms, norms, and institutions, law enforcement will continue to result in a disparity between the punishment of offenders and justice for victims. Therefore, the legal reforms proposed in this chapter are expected to serve as a normative foundation for the development of national laws that are fairer, more effective, and recovery-oriented. Schematically, the Model for Legal Reform on Economic Recovery for Victims is as follows:



4 CONCLUSION

The proposed model for reforming the legal framework for compensating victims of criminal offenses is grounded in the values of Pancasila and the 1945 Constitution, placing victims at the center of legal protection through a paradigm shift from *offender-oriented* to *victim-oriented justice*, while maintaining a balance with the principle of *due process of law*. The reform is carried out by placing greater emphasis on the development of an integrated restitution system that combines criminal law, civil law, and asset forfeiture mechanisms, including the potential application of a *non-conviction-based* approach under certain conditions, so that restitution can still be achieved even if the

perpetrator is not convicted. Within this framework, the state is positioned actively as the protector and guarantor of victim restitution through the strengthening of institutional mandates, the governance of assets derived from criminal acts, measurable and accountable distribution mechanisms, and strict judicial oversight, so that the restitution of victims' economic losses can be prioritized as a manifestation of social justice within the Pancasila Rule of Law.

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