Investigating the Follow the Money Audit Technique for Identifying Money Laundering and Overseeing Online Gambling Financial Activities

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Abstract. The escalating volume and value of online gambling transactions in recent years underscore the urgent need for more intensive countermeasures. This study aims to examine the application of the follow-the-money investigative audit technique as a means of uncovering money laundering crimes and overseeing online gambling financial activities. The research was conducted at the Indonesian Financial Transaction Reports and Analysis Centre (INTRAC/PPATK), as the Financial Intelligence Unit (FIU), employing a qualitative methodology with a descriptive case study approach. Data triangulation was applied to strengthen the validity and credibility of the research findings. The results demonstrate that the follow-the-money approach is effective in mapping demographic distributions, gauging levels of public participation, and identifying actors involved in online gambling networks. Furthermore, the study reveals that INTRAC successfully documented the modus operandi and typologies employed by online gambling perpetrators, which may serve as strategic references for law enforcement agencies and policymakers in formulating strategies to prevent and combat online gambling-related financial crimes.

Keywords: Online Gambling, Follow the Money, Money Laundering, Investigative Audit

1 Introduction

The rapid advancement of technology, widespread internet accessibility, and the lack of adequate digital literacy have collectively created a fertile environment for the proliferation of the online gambling industry within the country. The Ministry of Communication and Informatics has undertaken extensive efforts to combat online gambling by blocking access to over 2.86 million online gambling websites and related content from July 2023 to August 2024. However, these efforts stand in stark contrast to the persistent increase in online gambling transactions each year. According to INTRAC's 2023 Annual Report, in 2023 alone, there were 168 million online gambling

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transactions, generating a total turnover of IDR 327 trillion. Additionally, 3,295,310 individuals were identified as engaging in online gambling activities, making deposits amounting to IDR 34,512,310,353,834. The cumulative turnover of online gambling transactions between 2017 and 2023 reached IDR 517 trillion, highlighting the scale and pervasiveness of this issue [1].

The application of investigative audits is expected to enhance INTRAC's capacity to trace illicit financial flows, pinpoint key actors, and continuously monitor the scale of online gambling transactions in Indonesia. The "follow the money" approach has emerged as a transformative paradigm in financial crime investigation, reorienting enforcement efforts toward the pursuit of criminally derived assets rather than focusing solely on the perpetrators themselves. Illicitly accumulated wealth constitutes a fundamental resource that sustains and perpetuates criminal enterprises [2]. Moreover, this approach confers a tactical advantage by enabling covert asset tracing without requiring direct contact with suspects, thereby reducing operational risks for investigators [3]. When illicit assets are successfully identified, they may be subject to seizure and forfeiture by the state, which not only deprives offenders of their criminal gains but also undermines the financial incentives that drive continued offending. Given that online gambling typically operates through well-organized transnational networks involving high-volume financial transactions, the "follow the money" approach represents a strategically sound and operationally effective framework for exposing and neutralizing such networks [4].

The Routine Activity Theory posits that criminal behavior emerges from the convergence of three key conditions: a motivated offender, a suitable target, and the absence of capable guardianship [5]. Together, these three elements create the necessary circumstances for a criminal act to take place. Accordingly, crime prevention strategies may be directed at disrupting any one of these conditions—for instance, reinforcing oversight mechanisms that limit an offender's ability to access vulnerable targets, or raising public awareness to reduce the attractiveness of potential targets.

An investigative audit is a specialized form of audit designed to establish whether fraud or other unlawful acts have occurred within an organization or transaction [6]. A range of investigative audit techniques are available to practitioners, encompassing tax audit procedures, follow-the-money analysis, computer forensics, and key audit techniques. Among these, the follow-the-money approach is particularly distinguished by its focus on tracing financial proceeds generated from criminal activity prior to identifying the individuals responsible [3]. A key advantage of this method is its relatively lower operational risk, as it relies on covert financial tracing rather than direct engagement with suspects, thereby reducing the likelihood of confrontation or evidence tampering [7].

Online gambling—colloquially referred to in Indonesia as "judol" (an abbreviation of "judi online," meaning "online gambling")—encompasses all forms of wagering or betting conducted via electronic media and internet-based platforms [8]. The digital nature of these platforms removes traditional geographical and temporal barriers, enabling users to participate in gambling activities from any location at any time. Common formats include slot machine games, online poker, digital lotteries, sports wagering, and live casino streams, among others [9]. The combination of convenient

access, diverse game offerings, and anonymity has driven the substantial expansion of online gambling across all socioeconomic groups in Indonesia [10].

Money laundering, as defined by Yunus Husein, involves the transfer, utilization, or other handling of proceeds obtained through criminal activities—whether by organized groups or individual actors—with the deliberate aim of disguising or concealing their illicit origins so that the funds appear to have been derived from lawful sources [11]. The United Nations Office on Drugs and Crime (UNODC) characterizes the money laundering process as comprising three principal stages: placement, layering, and integration. It is important to note that these stages do not necessarily follow a fixed sequence and may overlap or occur in isolation depending on the circumstances [12].

The regulatory basis for addressing money laundering in Indonesia is established under Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering (UU TPPU). Under this legal framework, INTRAC serves as the central institution tasked with leading national efforts to prevent and combat money laundering. In its capacity as the FIU, INTRAC holds a broad mandate that includes combating financial crime across multiple domains.

2 Methods

This research adopts a qualitative methodology within a case study framework. Grounded in post-positivist epistemology, the qualitative approach positions the researcher as the central instrument of inquiry, who is directly engaged in the collection, interpretation, and analysis of data. To strengthen the credibility and trustworthiness of the findings, data were gathered through triangulation—a technique that involves cross-verifying information from multiple independent sources, methods, or perspectives.

The case study examined in this research centers on the analytical operations carried out by INTRAC between 2023 and 2024 in relation to online gambling transactions, spanning the full scope of activities from initial transaction monitoring through to the formal disclosure of money laundering offenses associated with online gambling. Primary data were obtained through in-depth interviews with INTRAC officials directly involved in the analytical process, while secondary data were drawn from INTRAC's official publications, annual reports, and relevant legislative documents. Document analysis and direct observation were also employed to corroborate information gathered from interviews, thereby ensuring internal consistency and analytical rigor.

3 Results and Discussion

3.1 Application of the Follow-the-Money Investigative Audit Technique in Monitoring Online Gambling Transactions

To combat and eradicate online gambling, INTRAC is part of the Online Gambling Task Force established by the President of Indonesia. This task force prioritizes the blocking of gambling websites, tracing of financial transactions, and public education campaigns on online gambling risks.

As a FIU, INTRAC applies the follow-the-money approach by monitoring online gambling transactions based on Suspicious Transaction Reports (STRs) from reporting parties and data or information from other ministries/agencies. From January to November 2024, STRs related to gambling accounted for 41.6% of all reported suspicious transactions.

In conducting data analysis for monitoring purposes, INTRAC applies fund flow tracing techniques to map both the demographics and the level of public participation in online gambling. Additionally, INTRAC analyzes the volume of transactions and fund circulation associated with online gambling.

INTRAC's monitoring results from 2017 to July 2024 indicate a year-on-year increase in online gambling transactions.

In 2023, 3,797,429 online gamblers were identified. Based on gender, the majority of online gamblers were male (84.63%). Based on occupation, 50% of online gamblers were private-sector employees, while 8% were students. Notably, TNI/POLRI personnel, civil servants (PNS), and state-owned enterprise employees (BUMN) were also identified as online gamblers. Based on age group, the majority of online gamblers (53%) were 20–30 years old. However, 5% of online gamblers were under 19 years old, highlighting concerns about youth involvement in gambling.

Based on this framework, preventive measures should include stricter oversight to reduce gambling opportunities. The demographic insights gained from INTRAC's monitoring provide valuable input for policymakers to develop more effective prevention strategies, such as public education, regulatory enforcement, and targeted interventions for at-risk groups (e.g., students, civil servants, and law enforcement personnel).

3.2 Application of the Follow-the-Money Investigative Audit Technique in Disclosure Online Gambling Transactions

INTRAC conducts two types of analysis: proactive and reactive. Both types involve examining and integrating all available information within INTRAC's database with other sources. The key distinction between these analyses lies in their triggers. Proactive analysis is initiated by INTRAC based on STRs or other received information. Meanwhile, reactive analysis is conducted upon request from LEAs. Between January and November 2024, INTRAC submitted 58 analytical reports related to gambling activities to the police.

STRs related to gambling constitute one of the most frequently submitted reports to INTRAC. The number of gambling-related STRs has been increasing annually, reaching 52,244 reports in 2024, or approximately 41.6% of the total STRs received. Therefore, INTRAC applies specific parameters to determine whether an STR requires further in-depth analysis. These parameters include materiality considerations such as account balances and transaction values, which aid in prioritization.

INTRAC employs big data processing techniques using data analytics tools, enabling extensive and comprehensive transaction tracing [13]. Data processing involves aggregating all received STRs within a specific period and analyzing them using a follow-the-money approach to trace fund flows from the first layer to

subsequent layers. The first layer typically consists of online gamblers making deposits to deposit agents. The second layer includes transactions between deposit agents or transfers to leaders, continuing through several layers until the identification of the Beneficial Owner (BO), commonly the gambling syndicate leader. Additionally, fund flow tracing enables the identification of assets acquired through criminal proceeds.

The follow-the-money approach applied in uncovering online gambling crimes is essentially similar to methods used in investigating other financial crimes. However, given that online gambling is an organized crime involving multiple accounts, a large-scale tracing approach is required. Consequently, INTRAC's fund flow tracing is conducted comprehensively, producing a transaction map that provides a complete picture of the online gambling network. This process facilitates the identification of key players or syndicate leaders within the network.

The fund flow tracing conducted by INTRAC consists of several stages: profiling, pattern identification, and layered transaction analysis. Profiling: This stage aims to determine whether transactions are related to online gambling by verifying the consistency between transactions and the account holder's profile and characteristics. Layered Transaction Analysis: If profiling results indicate suspected gambling transactions, INTRAC traces the transaction layers within the account. This tracing begins with the first layer (deposit recipient accounts) and continues through multiple layers until reaching the suspected gambling syndicate leaders.

All analytical findings from fund tracing are compiled into reports disseminated to LEAs. Following the dissemination of analytical reports, INTRAC may also coordinate with investigators regarding temporary transaction suspensions and account freezes. The purpose of these actions is to secure funds suspected of being related to criminal proceeds, preventing them from being transferred to other accounts or financial instruments.

3.3 Investigative Audit Findings: Follow-The-Money Approach to Identify Modus Operandi and Typologies in Online Gambling

To uncover online gambling syndicates, INTRAC utilizes the follow-the-money approach to trace financial flows from individual gamblers to syndicate leaders. This investigative audit has revealed specific modus operandi and typologies employed by perpetrators to facilitate online gambling transactions.

The most commonly identified typology involves the use of multiple nominee accounts, often obtained through account-selling syndicates, allowing gambling transactions to persist undetected. Therefore, preventive policies are necessary to combat account-selling activities, including enforcement measures and public awareness campaigns discouraging the sale of personal accounts to syndicates.

The investigative audit also identified key transaction patterns within online gambling networks. Deposit Accounts: These accounts receive deposits from gamblers, typically exhibiting a "many-to-one" pattern, where numerous sources funnel funds into a few recipients (leaders or syndicate operators). Deposits often include references to gambling-related terms such as "deposit," "jackpot," or "win bonus." Transactions commonly occur at unusual hours, such as late at night or early morning. Moreover,

deposit methods have diversified to include e-wallets, QRIS, mobile credit, and other payment channels. Withdrawal Accounts: These accounts disburse winnings to gamblers, displaying a "one-to-many" pattern, where funds originate from a few sources but are distributed to many recipients. Withdrawals occur through direct bank transfers or e-wallet top-ups. Layering Accounts: These accounts obscure transaction origins through extensive fund circulation among multiple entities. Identified patterns include fund transfers to web developers, software providers, and IT consultants involved in online gambling website operations. Additionally, significant transactions flow to money changers and cryptocurrency exchanges, facilitating cross-border fund transfers. The pseudo-anonymous nature of cryptocurrencies allows for rapid and discreet international transactions, complicating fund flow tracing. The use of shell companies further obscures financial trails, increasing complexity in identifying fund origins and destinations [14].

The identification of these suspicious transaction patterns enables INTRAC to map and pinpoint individuals involved in online gambling networks. Additionally, these patterns facilitate the determination of syndicate leaders or Beneficial Owners within broader criminal networks. This finding aligns with the previous study, which highlights that the follow-the-money approach enhances investigations by identifying Beneficial Owners, exposing criminal networks, detecting recurring offenses, and tracing illicit assets [15].

4 Conclusion

Based on the research conducted on the disclosure of money laundering offenses and the monitoring of online gambling activities by the Indonesian Financial Transaction Reports and Analysis Center (INTRAC) using the investigative audit method of the follow-the-money approach, the following conclusions can be drawn that INTRAC employs the follow-the-money investigative audit technique to monitor online gambling transactions, supported by information exchange with various entities, including Reporting Parties, Investigators, and other Ministries/Agencies with authority over online gambling activities. The results of INTRAC's monitoring include demographic distribution, public participation in online gambling, and mapping of online gambling actors.

Based on the follow-the-money investigative audit, INTRAC successfully identified the modus operandi and typologies employed by online gambling perpetrators in conducting transactions, including the use of nominee accounts obtained from account trading syndicates, various deposit acceptance methods including e-wallets, mobile credit, QRIS, and virtual accounts, the use of shell companies to obscure financial transactions, transactions through money changers, and cross-border fund transfers via cryptocurrency.

The findings from this study reinforce the importance of utilizing the follow-the-money approach in investigating financial crimes, particularly in disrupting online gambling networks. The results can serve as a foundation for strengthening policies,

regulatory frameworks, and law enforcement strategies to prevent and combat online gambling-related financial crimes.

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