

GREEN LEGISLATION, GREEN FINANCIAL CRIME, AND
INDONESIA CONSTITUTIONAL LAW: A PERSPECTIVE FROM
ENVIRONMENTAL JUSTICE'S THEORY

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Article	Abstract
Article History: Submitted: September 2024 Reviewed: October 2024 Accepted: September 2025 Published: October 2025 Keywords: Constitutional Law; Environmental Law, Green Financial Crime; Green Legislation.	<i>Green financial crimes are a serious threat to Indonesia's sustainable development initiatives. This research examines the ways in which financial operations affecting environmental sustainability might be regulated by constitutional legislation, preventing digital innovation from undermining environmental conservation initiatives. In order to better understand how these components, interact and how legal frameworks must change to meet these problems, this study examined the convergence of digital financial systems, green financial crimes, and Indonesian constitutional law, with a particular emphasis on precedent-setting cases. This research explores how the theory of environmental justice shapes the legal discourse on digitalization and green financial crime, and examines how Indonesian green legislation addresses the challenges posed by such crimes. This research uses qualitative techniques to analyze Indonesia's constitutional law, financial and environmental regulations, and judicial rulings. The study compares Indonesia's approach to environmental crimes using various technique with other countries policies and identifies areas for reform. The findings of this research highlight the urgency of uncovering contextual challenges that must be addressed, including the increasing use of digital platforms to anticipate green financial crimes, particularly in areas such as deforestation and environmental exploitation, through the proposal of green legislation. The present analysis underscores the necessity for Indonesia to adapt its legal and regulatory frameworks in order to tackle the environmental protection concerns brought about by the digital economy.</i>

A. Introduction

The growing global economy has made the convergence of financial crime and environmental sustainability a crucial concern, leading to the emergence of ideas connected to “The Green Financial Crime”. This refers to illegal financial transactions that either directly disrupt the environment, such illegal logging and deforestation, or it was indirectly fund enterprises that cause environmental harm, like money laundering and corruption.¹ The green

¹ Muchamad Satria Endriana, *et al.*, "Green Financial Crime: Expose About Financial Crime in The Environment And Renewable Energy World," in *IOP Conference Series: Earth and Environmental Science*, vol. 1270 (IOP Publishing, 2023). See also, Zico Junius Fernando, *et al.*, "Green Economy for Green Victimology: Preventing Environmental Crime And Protecting Victims Through Sustainable Economic Policies," in *IOP Conference Series: Earth and Environmental Science*, vol. 1270 (IOP Publishing, 2023).

financial crime landscape is growing as the globe gets more digitalized, and more and more financial crimes are being committed and covered up with digital technologies. It becomes imperative in this environment to comprehend the role of digitization and constitutional law in combating green financial crimes.²

Green financial crimes are a serious danger to Indonesia's biodiversity and sustainable development initiatives. These crimes frequently take advantage of the financial systems' quick transition to digitalization, as money obtained by unlawful environmental activity is laundered using digital technologies like online banking, cryptocurrencies, and electronic fund transfers.³ Digital technology's role in green financial crime emphasizes the necessity for strong regulatory frameworks that guarantee accountability and openness. Meanwhile, the digital revolution also opens new avenues for financial crimes, particularly those pertaining to environmental destruction, now referred to as "green financial crime".⁴

The legal regulation for safeguarding human essential rights, such as the right to a safe environment, is declared by constitutional law. The 1945 Indonesian Constitution's Article 28H provides people the right to a clean and healthy environment, providing a foundation for legal action against those who violate the environment. But as digitization advances, constitutional law must change to tackle new financial crime categories. This study is crucial because it examines the ways in which financial operations affecting environmental sustainability might be governed by constitutional legislation, preventing digital innovation from undermining environmental conservation initiatives. In order to better understand how these components interact and how legal frameworks must change to meet these problems, this research examines the convergence of digital financial systems, green financial crimes, and Indonesian constitutional law.

This study examines how the theory of environmental justice contributes to the legal regulation of digitalization and the discourse on green financial crime, and how green legislation can help address such crimes. To ensure that technological advancements do not

² Mary Alice Young and Deborah Adkins, "The Ascent of Green Crime: Exploring the Nexus between the Net Zero Transition and Organized Crime", *Journal of Financial Crime* 29, no. 3 (2022): 789-791, <http://dx.doi.org/10.1108/JFC-07-2022-277>. See also, Indah Dwi Qurbani, et al., "Strategic Analysis of Green Finance Crime to Strengthen Green Economy in Emerging Markets", *Corporate Law & Governance Review* 6, no. 2 (2024): 32-41, <https://doi.org/10.22495/clgrv6i2p3>.

³ Hannah Harris, "Financing Environmental Crime: Financial Sector Complicity in Global Deforestation and Opportunities for Regulatory Intervention," in *Financial Crime and the Law*, ed. Doron Goldbarsht and Louis De Koker, vol. 115, *Ius Gentium: Comparative Perspectives on Law and Justice* (Cham: Springer Nature Switzerland, 2024).

⁴ Pamela Ann Davies, "Green Crime and Victimization: Tensions between Social and Environmental Justice", *Theoretical Criminology* 18, no. 3 (2014): 300–316, <https://doi.org/10.1177/1362480614522286>.

foster activities that undermine sustainability objectives, the study explores the role of constitutional law in bridging the gap between environmental justice and digital finance regulation. The research is significant because it illuminates how digital tools can be both enablers and deterrents of green financial crime, emphasizing the urgent need for stronger regulatory frameworks and oversight mechanisms in the digital age. Furthermore, it highlights how green financial crime hinders national and international efforts to achieve the Sustainable Development Goals (SDGs), particularly those related to environmental preservation and sustainable economic growth. These crimes often involve financial transactions designed to conceal profits from harmful activities such as pollution, illegal mining, and deforestation.

Standing at the nexus of three crucial domains—environmental crime, digital financial systems, and constitutional law—this suggested study expands upon and advances earlier studies. There is a lack of comprehensive studies that integrate these aspects in a holistic manner, particularly in the context of Indonesia, even though previous research has examined some of these aspects individually. This research fits within at least three studies based on previous research on the issue. Firstly, Petter Gottschalk’s paper entitled, “Reducing Financial Crime Convenience for Sustainable Finance. A Case Study of Danske Bank in Estonia (2023)”, environmental crimes such money laundering from illegal activity are made easier by the use of digital financial tools, such as cryptocurrencies. Although Petters et al draw attention to the dangers of digital technologies, this proposed study expands on the analysis by examining the ways in which legal frameworks—particularly those pertaining to constitutional rights—can change in the digital age to counteract green financial crimes.⁵

Secondly, Simon Butt’s paper entitled, “The Constitutional Right to a Healthy Environment in Indonesia (2021)” highlights the need for integrating digital financial regulations into environmental law. The proposed research takes this idea a step further by focusing specifically on how Indonesia’s constitutional law can be adapted to manage the challenges posed by digitalization in financial crimes.⁶ While Simon’s focus broadly on environmental law, this study narrows down to the constitutional dimension—examining how Indonesia’s constitution, particularly Article 28H, which guarantees a healthy environment can be applied and enforced in the context of green financial crimes committed via digital platforms. Thirdly, Rian Saputra’s paper entitled, “Ecological justice in environmental criminal

⁵ Petter Gottschalk, "Reducing Financial Crime Convenience for Sustainable Finance. A Case Study of Danske Bank in Estonia", in *Sustainable Finance and Financial Crime*, ed. Michel Dion, Sustainable Finance (Cham: Springer International Publishing, 2023).

⁶ Simon Butt and Prayekti Murharjanti, "The Constitutional Right to a Healthy Environment in Indonesia", *Journal of Environmental Law* 33, no. 1 (2021): 33–56, <https://doi.org/10.1093/jel/eqaa031>.

sanctions for corporations in Indonesia: Problems and Solution (2024)” underscores the gaps in Indonesia’s legal frameworks, particularly regarding the use of digital financial systems to facilitate environmental crimes. While Rian et al discuss the enforcement challenges within Indonesia’s existing environmental laws, this study aims to provide a holistic legal strategy that integrates financial crime, digitalization, and constitutional rights into a coherent legal response.⁷

This study, in contrast to earlier research, connects the separated fields of digital financial crime with constitutional environmental protections. It closes a gap in the literature that has mostly regarded these areas as different by examining how Indonesia's constitutional protections of environmental rights may be upheld in the digital age. While earlier studies have addressed digitization and environmental crimes globally, this study focuses on Indonesia's unique legal and environmental issues. This research looks at how Indonesia's constitutional framework might be modified to better meet the legal and environmental requirements of the nation by incorporating lessons from worldwide research.

This research offers a thorough framework for combating green financial crime in Indonesia by fusing insights from digital finance, environmental law, and constitutional law. It provides actionable advice on how legislators and regulators may uphold constitutional rights in a fast-digitizing economy and more effectively incorporate environmental protections into financial rules. In conclusion, this study puts itself at the forefront of legal and environmental scholarship by offering a fresh, multidisciplinary perspective that combines constitutional environmental protections with the difficulties of digitalization, especially in light of Indonesia's persistent financial and environmental crimes.

B. Method

This research employed a qualitative approach to examine legal frameworks, green financial crimes, and the role of digital platforms. The study relied on doctrinal legal research, analyzing laws, legislation, and constitutional provisions to identify gaps and areas requiring reform.⁸ Case studies of green financial crimes were also examined to provide in-depth insights into legal and regulatory challenges. In addition, perspectives from relevant stakeholders were considered to enrich the analysis of how digital financial monitoring tools, including emerging

⁷ Rian Saputra, *et al.*, "Ecological Justice in Environmental Criminal Sanctions for Corporations in Indonesia: Problems and Solution", *Journal of Law, Environmental and Justice* 2, no. 1 (2024): 1–17, <http://dx.doi.org/10.62264/jlej.v2i1.19>.

⁸ Siti Roshaidai Mohd Arifin, "Ethical Considerations in Qualitative Study", *International Journal of Care Scholars* 1, no. 2 (2018): 30–33, <https://doi.org/10.31436/ijcs.v1i2.82>.

technologies such as blockchain and digital forensics, can support environmental protection.⁹ This research employed a qualitative approach to examine legal frameworks, green financial crimes, and the role of digital platforms. The study relied on doctrinal legal research, analyzing laws, legislation, and constitutional provisions to identify gaps and areas requiring reform.

The primary data source for this study was an analysis of Indonesia's constitutional law, financial and environmental regulations (e.g., Law No. 7/2011 on Currency), laws governing electronic transactions (e.g., Law No. 11/2008 on ITE), and judicial rulings on digital financial crimes and environmental crimes in Indonesia, with a particular emphasis on precedent-setting cases. Three methods of data collection were employed in this study: comparative legal analysis, content analysis, and document analysis¹⁰ Compiling legal statutes, judicial decisions, regulatory documents, and international reports will serve as the foundation for comprehending the state of the law today and the difficulties in tackling green financial crimes via digital platforms. Comparing Indonesia's strategy to dealing with environmental crimes using digital platforms with the legal frameworks of nations such as Brazil, Kenya, and the EU is the use of comparative legal analysis. Thematic analysis, on the other hand, will assist in identifying recurrent themes and patterns linked to environmental exploitation, digital financial crimes, and the weaknesses in Indonesia's constitutional framework while analyzing data.¹¹ The analysis will emphasize the interpretation of current legislation, judicial decisions, and legal precedents in addition to applying doctrinal legal research methods. It will also evaluate where changes to the current legal framework are required and how digital finance activities linked to environmental crimes fit into it.

C. Analysis and Discussion

The environmental justice idea is employed as the theoretical foundation for this study. In reaction to the disproportionate environmental harm that marginalized communities low-income and minority populations in particular—experienced, environmental justice theory was developed. It originated from social movements that took place in the United States during the 1970, mainly spearheaded by African American, Indigenous, and other minority groups. These movements opposed environmental racism, which was the practice of locating landfills,

⁹ Peter Twining, *et al.*, "Some Guidance on Conducting and Reporting Qualitative Studies", (Research Result, Elsevier, 2017).

¹⁰ Steven Tenny, *et al.*, *Qualitative Study* (Treasure Island (FL), StatPearls Publishing, 2017): 56-61. *See also*, Karina Nielsen, *et al.*, "The Art of Preceptorship. A Qualitative Study", *Nurse Education in Practice* 26 (2017): 39-45, <https://doi.org/10.1016/j.nepr.2017.06.009>.

¹¹ Rebecca S. Natow, "He Use of Triangulation in Qualitative Studies Employing Elite Interviews", *Qualitative Research* 20, no. 2 (2020): 160-173, <https://doi.org/10.1177/1468794119830077>.

hazardous waste sites, and polluting industries in underprivileged, minority communities.¹² This section will elaborate more about the intersection of environmental justice idea on Indonesian legislation law to propose the green legislation.

The first significant incident in the history of the environmental justice movement occurred in 1982 in Warren County, North Carolina, when a community predominately made up of African Americans demonstrated against the dumping of toxic trash nearby.¹³ The demonstration drew national attention, highlighted the structural injustices in environmental policy and decision-making, and sparked the environmental justice movement even though it did not halt the dumping. The First National People of Color Environmental Leadership Summit in Washington, D.C., in 1991 established environmental justice by demanding that everyone, regardless of color or socioeconomic background, have access to clean air, water, and land.¹⁴ Subsequently, these ideas impacted international human rights and environmental law as well as policy frameworks and legal strategies for environmental conservation worldwide.¹⁵

At least three major concepts were addressed by the environmental justice theory: first, the equitable distribution of environmental benefits and burdens; second, the right to environmental protection¹⁶; and third, the connection between social and environmental inequality¹⁷. The goal of environmental justice is to guarantee that no group—especially underprivileged communities—bears an excessive amount of the environmental costs associated with business, government, and industrial activities. It promotes involving vulnerable communities in decision-making related to the environment. This approach is based on the notion that people who are most impacted by environmental policies ought to be involved in their development.¹⁸ According to the principle, everyone has an inalienable right

¹² Julian Agyeman, "Environmental Justice and Sustainability", in *Handbook of Sustainable Development* (Edward Elgar Publishing, 2014).

¹³ Derek Bell and Jayne Carrick, "Procedural Environmental Justice", in *The Routledge Handbook of Environmental Justice* (Routledge, 2017).

¹⁴ Ridwan Arifin and Siti Hafsyah Idris, "In Dubio Pro Natura: In Doubt, Should the Environment Be a Priority? A Discourse of Environmental Justice in Indonesia", *Jambe Law Journal* 6, no. 2 (2023): 143-184, doi: 10.22437/jlj.6.2.143-184.

¹⁵ David Schlosberg and Lisette B. Collins, "From Environmental to Climate Justice: Climate Change and the Discourse of Environmental Justice", *WIREs Climate Change* 5, no. 3 (2014): 359-374, <https://doi.org/10.1002/wcc.275>.

¹⁶ Randolph Haluza-DeLay, "Educating for Environmental Justice", (Research Result, Routledge, 2014).

¹⁷ Ryan Holifield, et al., "Introduction: The Worlds of Environmental Justice", (Research Result, Routledge, 2017).

¹⁸ Michael Levi, "Risky Money: Regulating Financial Crime," (Research Result, Routledge, 2001). See also, Ryan Holifield, "Environmental Justice and Political Ecology" (Research Result, Routledge, 2015). See also, Paul Mohai, et al., "Environmental Justice", *Annual Review of Environment and Resources* 34, no. 1 (2019): 405-430, <https://doi.org/10.1146/annurev-environ-082508-094348>.

to a safe environment. This covers defense against pollution and environmental deterioration as well as having access to clean air, water, and land.¹⁹ This idea, how to be linking environmental and social inequality, emphasizes the relationship between environmental problems and more general social justice issues like poverty, racial discrimination, and resource access. It makes the case that social inequality is made worse by environmental damage, especially for underprivileged people.

In line with environmental justice theories, advantages, and harms associated with the environment should be distributed fairly. It acknowledges that vulnerable and impoverished groups are frequently the ones most impacted by environmental degradation and are least equipped to protect themselves through political, legal, or financial methods. The idea promotes laws, regulations, and practices that shield underprivileged populations from environmental harm in an effort to correct these inequities. Legally speaking, environmental justice requires regulatory frameworks to guarantee that environmental decision-making is inclusive and participatory in addition to addressing environmental deterioration. It advocates for strong legal safeguards that expressly acknowledge vulnerable groups' rights to a clean and healthy environment.²⁰

Through digitization and green financial crime, Environmental Justice Theory is important in the domain of green financial crime in multiple ways. Communities whose livelihoods depend on the natural environment may suffer disproportionately from the use of digital financial platforms for green financial crimes (such as money laundering from unlawful deforestation or pollution). There is a theoretical foundation for addressing the unequal effects of these crimes in environmental justice. The application of environmental justice theory to the Indonesian context can assist in examining how environmental rights safeguards, such as Article 28H of the Indonesian Constitution, are or ought to be implemented in order to stop environmental crimes that profit a select few but injure many, particularly marginalized communities. According to the theory, all residents must have access to a healthy environment, and inclusive legal frameworks must be in place to prevent financial crimes from harming the environment. Through its lens, one can assess the degree to which digital financial regulations conform to environmental safeguards and propose more robust enforcement measures. In addition to examining how constitutional and regulatory frameworks must change to address these issues in Indonesia's distinct socio-legal landscape, this research can be framed through

¹⁹ David Schlosberg, "Theorising Environmental Justice: The Expanding Sphere of a Discourse", *Environmental & Politic* 22, no. 1 (2013): 37-55, <https://doi.org/10.1080/09644016.2013.755387>.

²⁰ *Ibid.*

the lens of Environmental Justice Theory, which highlights the moral and legal obligations of digital finance actors to ensure that their operations do not contribute to environmental degradation.

This section will divide into two main subchapters, firstly, the short introduction to environmental justice theory: secondly, the propose of green legislation in Indonesia.

1. The Environmental Justice Theory and The Global Comparatives Cases

Around the world, at least three countries—Brazil, South Africa, and Australia—have had similar cases that show how the convergence of digitalization, green financial crime, and constitutional law has been addressed. In the Brazilian context, illegal logging, cattle ranching, and agricultural growth have all been associated with the long-standing issue of illegal deforestation in the Amazon rainforest. Through digital banking networks, the money made from these operations is regularly laundered. Brazil has encountered difficulties in controlling these digital financial flows because of the Amazon region's vastness, isolation, and difficulty in tracking financial transactions across international borders. The Brazilian government has implemented a real-time deforestation tracking system that combines blockchain technology with satellite monitoring. Brazil has produced instruments to track down questionable transactions connected to environmental offenses by working with global financial organizations such as the Financial Action Task Force (FATF).²¹ But in terms of environmental rights and constitutional law, Article 225 of Brazil's constitution states that everyone has the right to a healthy environment. The ability to prosecute businesses and individuals implicated in green financial crime has been made possible for environmental organizations and prosecutors by this. As an illustration, Brazilian courts used digital proof of financial transactions connected to deforestation in 2019 to penalize multiple businesses associated with illegal logging.

On the other hand, environmental degradation is largely caused by the illegal mining sector in South Africa, sometimes known as “*zama zamas*”.²² The money obtain from illegal mining operations is frequently transferred through digital banking networks, making it more difficult to find and prosecute offenders. It is challenging to draw clear connections between financial flows and environmental harm since money is laundered through online channels. It is commonly known that money obtained through illegal mining operations is laundered

²¹ Haluza-DeLay, *Loc.Cit.*

²² Brian Wolf, "Green-Collar Crime: Environmental Crime and Justice in the Sociological Perspective", *Sociology Compass* 5, no. 7 (2015): 499–511, <https://doi.org/10.1111/j.1751-9020.2011.00381.x>.

via mobile banking apps and cryptocurrency wallets. Particularly, the profits from gold mining have been concealed through cross-border digital transactions.

In connection with this case, the government's response has tracked the mining supply chain using blockchain technology.²³ The government is developing methods that employ digital ledgers to confirm the origins of minerals in collaboration with international organizations. This will make it impossible for illicit mining activities to conceal themselves behind internet banking systems. The right to a healthy environment is guaranteed by paragraph 24 of the South African Constitution, which is significant from the standpoint of both environmental rights and constitutional law. Court cases have made use of this clause to hold businesses responsible for their environmental effects. By following digital financial records, South African police successfully punished a firm associated with illegal mining in 2020, exposing the unlawful revenues from environmental crimes that were being transferred into the international banking system.

In addition, by incorporating environmental sustainability into its financial and regulatory frameworks, the European Union (EU) has made tremendous progress against green financial crime. Launched in 2019, the EU Green Deal specifically addresses the regulation of digital finance systems to prevent them from being used as a cover for environmental crimes. An ecologically friendly economic activity classification system is offered by the EU Taxonomy Regulation.²⁴ According to this approach, financial institutions must make sure that investments with the term “green” don't entail any actions that hurt the environment. These rules must be adhered to by digital financial platforms in order to guarantee transparency and lower the possibility of greenwashing. For the purpose of tracking down digital financial movements connected to environmental crimes, the European Commission has created instruments. Constitutional clauses ensuring the right to a clean environment exist in several EU member states, such as France and Germany. Environmental legislation and constitutional law may be used in these nations to prosecute digital financial transactions associated with green financial crimes, such as unlawful logging or pollution.²⁵ In order to handle the confluence of digitization and green financial crime, the EU's concentration on sustainable finance has produced a strong framework.

²³ Neil Gunningham, "Crime, Regulation and Climate Finance" (Research Result, Routledge, 2020).

²⁴ Simon Butt and Prayekti Murharjanti, *Loc.Cit.*

²⁵ Schlossberg and Collins, "From Environmental to Climate Justice" (Research Result, WIRES Climate Change, 2014).

Moreover, Australia has been facing challenges related to illegal fishing within its territorial waters, particularly in the vicinity of the Great Barrier Reef. To prevent being discovered, the money made from these operations is frequently laundered through digital channels. International digital banking platforms are used to transfer profits from illicit fishing operations, frequently with the use of cryptocurrencies to conceal the cash' true source. Because of this, it has become more challenging for Australian authorities to find the money coming from these unlawful enterprises. As part of its reaction, the Australian government has collaborated with foreign organizations to create digital tracking systems that are able to recognize and halt illegal financial transactions connected to environmental crimes. Australian officials effectively tracked illegal fishing in 2021 and linked the money to the rightful owners using blockchain technology.²⁶ The Environmental Protection and Biodiversity Conservation Act, among other environmental legislation, give Australia substantial legal tools to pursue green financial crimes. Recent instances involving unlawful fishing and related financial crimes have benefited greatly from the use of digital evidence.

To conclude, nations worldwide are becoming more aware of how digital money systems support green financial crimes like pollution, illegal mining, deforestation, and wildlife trafficking. Authorities are improving their capacity to find and punish these crimes by utilizing technologies such as blockchain, artificial intelligence, and data analytics. In order to guarantee the protection of environmental rights and the appropriate punishment of financial crimes that damage the environment, constitutional and legal frameworks are constantly changing. Indonesia can use the lessons from these incidents to improve its own technological and legal defenses against financial crimes involving digital green products.

Learning from the European Union, which provides a robust framework for regulating financial transactions linked to environmental sustainability. Indonesia could adopt similar legal frameworks to ensure that digital financial systems, such as online banking, mobile payments, and cryptocurrencies, are transparent and accountable in their environmental impact.²⁷ Reflecting from the regulations of EU, Indonesian law should introduce a Sustainable Finance Law that specifically targets digital financial institutions.²⁸ This law would require mandatory reporting of environmental impacts for all transactions deemed

²⁶ Michael Levi, "Green with Envy: Environmental Crimes and Black Money," (Research Result, Routledge, 2018).

²⁷ Simon Butt and Prayekti Murharjanti, *Loc.Cit.*

²⁸ Atikah Mardhiya Rohmy, *et al.*, "Judicial Mafia and Ecological in Justice: The Obstacles of Indonesian Ecological Justice-Based Policies Enforcement on Forest Destruction", *Tree, Forest, and People* 17 (2024): 2666-7193, <https://doi.org/10.1016/j.tfp.2024.100613>.

“green” and allow for the monitoring of digital financial flows linked to green financial crime, such as illegal deforestation or mining.

Inspired by Australia and Brazil, where both countries have harnessed blockchain technology to track unlawful operations, from deforestation to illegal fishing, making it difficult for criminals to launder funds through digital channels. Real-time transaction tracking is ensured by blockchain's decentralized ledger, particularly in industries connected to green financial crimes. creating a national blockchain system that is connected to the financial and environmental monitoring organizations in Indonesia.²⁹ This system would make sure that unlawful earnings cannot be concealed through digital transactions by tracking monies associated with environmentally sensitive industries including mining, forestry, and fisheries.

On the other cases, Kenyan authorities developed digital monitoring systems to track financial flows tied to environmental crimes, taking a cue from Kenya, which uses mobile banking platforms like M-Pesa to launder money from wildlife trafficking. Together with its financial regulators, including Bank Indonesia and *Otoritas Jasa Keuangan* (OJK), the Financial Services Authority of Indonesia, ought to create a digital transaction monitoring system. Technology might keep an eye on dubious online transactions pertaining to illegal logging, wildlife trafficking, or sectors that produce pollution.³⁰ Tracing money laundered through digital platforms such as e-wallets, cryptocurrencies, and mobile banking apps would be made easier with cross-agency collaboration.

Regarding the context of Indonesia's constitution which already emphasizes environmental protection in Article 33 and Article 28H of the 1945 Constitution, guaranteeing the right to a healthy environment. Additionally, legal regulations like No. 32/2009 on Environmental Protection and Management provide further legal backing. This research proposed the implementation of amendment of Law No. 32/2009 to explicitly address green financial crimes in the context of digitalization. This could include new articles that define and criminalize the laundering of proceeds from environmental crimes (e.g., illegal logging, mining) using digital platforms (e-wallets, cryptocurrency). Integration with Law No. 11/2008 on Electronic Information and Transactions (*Informasi dan Transaksi Elektronik*, ITE) which can be expanded to incorporate environmental provisions that target the use of

²⁹ Ahmad Nahwiy, *et al.*, "Analysis of Corporate Crime Punishment in Environmental Cases in Indonesia", *Pranata Hukum* 19, no. 2 (2024): 143-158. <https://doi.org/10.36448/pranatahukum.v19i2.352>.

³⁰ Muhamad Muhdar, *et al.*, "Risk Distribution in Coal Mining: Fighting for Environmental Justice in East Kalimantan, Indonesia," (Research Result, Proceedings of the 2nd International Conference of Law, Government and Social Justice (ICOLGAS 2020): 333.

digital platforms for green financial crimes. This law already governs digital transactions, and adding environmental regulations will make it easier to prosecute digital financial activities linked to environmental violations.

The proposed rule would mandate the use of blockchain technology to track digital financial flows, particularly in sectors of the economy that are vulnerable to green financial crimes (such as mining and forestry). These laws might be based on those in Brazil and Kenya, which use blockchain technology to stop illegal environmental activities. To make sure that cryptocurrencies are not used to conceal earnings from environmental exploitation, the government regulation should incorporate blockchain compliance into the cryptocurrency regulations (which are currently under *Bank Indonesia*).

2. Green Legislation

This research proposed the alternative term, namely “the green legislation”, which is describes laws, rules, and policies that have been expressly passed to combat climate change, safeguard sustainable resource management, and preserve the environment. These laws are intended to ensure that economic development is in line with ecological sustainability, to promote environmental justice, and to regulate acts that may affect the environment (such as unlawful mining, pollution, and deforestation). In the context of this study, national and international frameworks, such as the Environmental Protection and Management Law No. 32/2009, which describes the legal procedures for halting environmental deterioration and preserving natural resources, are included in Indonesia's green legislation. This law is essential for controlling green financial crimes and making sure that economic activity—particularly digital finance—does not harm the environment.

Illegal financial operations carried out through digital platforms, technologies, or services, such as online banking, mobile payment systems, cryptocurrencies, and financial technology (fintech), are referred to as digital financial crime. These crimes cover a wide range of acts, including tax evasion, money laundering, fraud, and, in the context of green financial crime, the illegal financing of activities that harm the environment (such as wildlife trafficking, illegal logging, and unregulated resource extraction). The anonymity, speed, and complexity of digital financial networks are exploited by this kind of crime, making it

challenging for law enforcement and established legal frameworks to identify and apprehend criminals.³¹

For several reasons, the subject of green financial crime, digitalization, and constitutional law is crucial. These include the extraordinary challenges that environmental sustainability, financial integrity, and legal frameworks face in today's globalized society. Financial crimes now have more avenues to operate thanks to the global movement toward digital finance brought forth by the emergence of fintech, cryptocurrencies, and online transactions. Green financial crimes, including the illegal financing of activities that harm the environment, have grown more difficult to track down and monitored.³² The potential for abuse of digital financial platforms increases with their growth, particularly in areas like Indonesia where regulatory frameworks are still developing.

Understanding how financial crimes are changing due to digitalization and identifying the legal loopholes that need to be closed in order to stop environmental degradation are two important goals of this research. However, there is a rising global recognition of the impact economic activities have on the environment due to climate change and the necessity of sustainable development. However, there is a pressing need to adapt legal and regulatory structures to reflect these changes as classic environmental crimes increasingly financed through digital channels.³³ If green financial crimes are not controlled in Indonesia, which is home to some of the most important ecosystems in the world (such as coral reefs and rainforests), irreparable environmental devastation may result. Through the discussion of these topics, the research adds to the international discourse on the use of efficient legal instruments to safeguard natural resources.

Constitutional law presents significant concerns regarding the state's responsibility to protect environmental rights as well as financial integrity considering the relationship between digital financial crime and the law. Indonesia have included environmental based regulation law in their constitutions; however, the emergence of digital financial systems has presented fresh difficulties for their implementation.³⁴ The knowledge of how constitutional law needs to change to protect environmental rights and take into account the intricacy of

³¹ Hannah Harris, *Loc.Cit.* See also, Arjan Reurink, "White-Collar Crime: The Concept and Its Potential for the Analysis of Financial Crime", *European Journal of Sociology/Archives Européennes de Sociologie* 57, no. 3 (2016): 385–415, <http://dx.doi.org/10.13140/RG.2.2.12370.76488>.

³² Laura Elly Naghi, *et al.*, "Policy and Regulatory Framework on Fighting Financial Crime for Developing Sustainable Economy Models", (Research Result, Cham: Springer International Publishing, 2023).

³³ Endriana, *et al.*, *Loc.Cit.*

³⁴ M. Zaid, *et al.*, "The Sanctions on Environmental Performances: An Assessment of Indonesia and Brazilia Practice", *Journal of Human Rights, Culture and Legal System* 3, no. 2 (2023): 236–264, <https://doi.org/10.53955/jhcls.v3i2.7>.

digital finance is made possible by the study presented here. Improved environmental governance can be achieved by fortifying constitutional environmental protections and guaranteeing judicial responsibility for cybercrimes.

The changing landscape of digital technology frequently causes existing rules and regulations to fall behind. Therefore, gaps in financial regulation enable green financial crimes to continue unnoticed, especially when it was conducted on global digital platforms. This research proposed the necessity of constitutional and regulatory framework reforms in Indonesia by tackling these legal inadequacies, through the green legislation.³⁵ Talking about this subject makes sure that decision-makers are aware of the flaws in the law and may act to fill in these gaps, protecting the environment and maintaining financial transparency. Through the proposing of green legislation in the Indonesian context, this study directly contributes to the creation of stronger, more resilient legal systems that support both environmental sustainability and financial integrity by examining how digitalization can either support or undermine environmental justice.

D. Conclusion

This research highlights the urgency of uncovering contextual challenges that must be addressed in combating green financial crimes. These challenges include limited data transparency, weak regulatory enforcement, and the cross-border nature of illicit financial flows, all of which complicate oversight in sectors such as illegal logging, deforestation, and environmental exploitation. In response, the study focuses on the potential of digital technologies to curb green financial crimes and examines how Indonesia's legal and regulatory framework can be strengthened by incorporating global best practices. The present analysis underscores the necessity for Indonesia to adapt its legal and regulatory frameworks in order to tackle the environmental protection concerns brought about by the digital economy. The importance of constitutional law—specifically, formulating the Green Legislation—in protecting environmental rights in the digital age is emphasized in this conclusion.

Nevertheless, this study has certain limitations. In particular, obtaining comprehensive and up-to-date data on financial crimes conducted through digital platforms proved challenging. One reason for the lack of thorough investigation of the role of digitalization in green financial crimes may have been the opaque nature of some financial transactions, such

³⁵ Suharko, "Urban Environmental Justice Movements in Yogyakarta, Indonesia", *Environmental Sociology* 6, no. 3 (2020): 231–241, <https://doi.org/10.1080/23251042.2020.1778263>.

as those using cryptocurrencies. Regarding technological knowledge, there is an increasing amount of research on the relationship between crime and digital finance. It is possible that technological advancements will surpass legislative changes in terms of speed. The difficulty of developing solutions that can adapt to new technologies like blockchain and artificial intelligence is reflected in this constraint.

Further research on international collaboration and regulatory frameworks addressing the cross-border character of digital financial platforms and green financial crimes could be undertaken in light of the limits and findings. In order to renew Indonesia's legal system and efficiently handle digital crimes against the environment, more research may be conducted on particular constitutional amendments or policy reforms. This might entail conducting further research on how environmental justice ideas fit into digital regulation. Conversely, future studies could focus on the relationship between digital citizenship and environmental rights, especially in Indonesia. Examining the relationship between constitutionally protected environmental rights and digital rights (such privacy and openness in digital finance) would be necessary to accomplish this.

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