

A JURIDICAL ANALYSIS OF THE IMPLEMENTATION OF RESTORATIVE JUSTICE IN CRIMINAL CASES OF FRAUD AND EMBEZZLEMENT

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Abstract

This article investigates the juridical implications of applying restorative justice in the resolution of fraud and embezzlement cases in Indonesia. The conventional criminal justice system, often characterized by its retributive orientation, is increasingly challenged for its inability to offer meaningful restitution to victims and lasting resolutions to offenders. Restorative justice presents an alternative paradigm, aiming to restore social harmony by actively involving victims, offenders, law enforcement, and communities in consensual conflict resolution. This study adopts a normative juridical research approach supported by case analysis of the Indonesian National Police's application of restorative justice, specifically referencing Police Report No. LP/B/0664/XI/2021/BARESKRIM POLRI. Legal and institutional frameworks including the Indonesian Penal Code, Law No. 11 of 2012 on the Juvenile Criminal Justice System, and Regulation of the Attorney General No. 15 of 2020 serve as the core references. The findings highlight that restorative justice can effectively resolve minor criminal offenses such as fraud and embezzlement when certain material and formal conditions are met, including community consent and documented mutual agreement between involved parties. This research argues that the restorative approach is not only legally viable but also ethically and socially more responsive to the needs of victims and communities. The study recommends broader institutional adoption and harmonization of restorative principles across judicial bodies to ensure sustainable justice reform.

Keywords: Restorative Justice, Criminal Law Reform, Fraud, Embezzlement, Indonesia

A. INTRODUCTION

Restorative justice has emerged as a compelling alternative to conventional penal approaches, particularly in addressing economic crimes such as fraud and embezzlement. These offenses are prevalent and deeply problematic in the Indonesian legal landscape, contributing significantly to the erosion of public trust in the justice system. According to the 2022 annual report by the Indonesian National Police, cases of fraud and embezzlement consistently rank among the most reported, especially in urban centers with dense commercial activity. Unlike violent crimes, these offenses often involve complex interpersonal disputes and breaches of trust that extend beyond mere legal liability. The traditional retributive model, which focuses primarily on punishment through incarceration, frequently overlooks the need for restitution and reconciliation between parties (Ananda, Setyabudi, & Nita, 2023). Victims are commonly excluded from the justice process, receiving neither compensation nor closure, while offenders may fail to internalize the social consequences of their actions. In contrast, restorative justice offers a participatory model where victims, offenders, and community stakeholders are actively involved in resolving the

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harm caused. This approach seeks not only to restore the victim's dignity but also to reintegrate the offender into society with a renewed sense of responsibility (Zehr, 2002; Braithwaite, 2002). Given Indonesia's socio-cultural values that emphasize harmony and collective well-being, restorative justice aligns with indigenous conflict resolution practices, making it particularly suitable for local legal reform. Therefore, exploring its implementation in fraud and embezzlement cases is both timely and necessary.

Recognizing the limitations of punitive justice in resolving interpersonal and economic offenses, the Indonesian government has introduced various legal frameworks to institutionalize restorative justice principles. One of the earliest and most notable interventions is Law No. 11 of 2012 concerning the Juvenile Criminal Justice System, which mandates the use of diversion at every stage of juvenile case proceedings. This law signifies a critical shift in state policy, emphasizing rehabilitation and reconciliation rather than imprisonment for young offenders. Building upon this foundation, the Indonesian National Police issued Regulation No. 8 of 2021 on the Handling of Criminal Cases Based on Restorative Justice, granting police officers discretionary authority to mediate criminal cases particularly minor, non-violent offenses outside the formal justice system. Additionally, the Attorney General's Office followed suit by enacting Regulation No. 15 of 2020, which allows public prosecutors to halt prosecutions if certain restorative conditions are met, including offender remorse, victim consent, and agreed-upon restitution (Achmad, Jamin, & Hartiwingsih, 2024). These regulations not only reflect growing state endorsement of restorative mechanisms but also align with broader legal reforms aimed at reducing case backlogs, minimizing the financial and emotional toll of court processes, and de-escalating social tensions. While these interventions mark progressive milestones, their implementation remains uneven and highly dependent on institutional capacity, legal awareness, and the commitment of law enforcement personnel. Nonetheless, such initiatives illustrate the state's willingness to explore restorative models as a complement to formal adjudication and underscore the increasing urgency to reform how justice is conceptualized and delivered in Indonesia.

Despite the government's formal endorsement of restorative justice through various legal instruments, its practical implementation remains fraught with inconsistencies and systemic weaknesses. One of the principal issues is the lack of institutional standardization in applying restorative procedures across different jurisdictions. In many cases, police officers and prosecutors interpret restorative justice mandates differently, leading to selective or arbitrary application, especially in urban regions where case overloads pressure law enforcement to prioritize expediency over procedural justice (Ananda et al., 2023). Additionally, although restorative justice frameworks require mutual consent from both victim and offender, many legal practitioners treat it as a mere bureaucratic formality rather than a meaningful process of dialogue and reconciliation. A study by Achmad, Jamin, and Hartiwingsih (2024) notes that numerous restorative sessions fail to consider the psychological readiness of victims, potentially resulting in coerced settlements that do not truly reflect accountability or healing. Another issue lies in the lack of public awareness and legal literacy about the restorative model, particularly among low-income communities, which leads to misconceptions that out-of-court resolutions are equivalent to informal "case dismissals" or institutional leniency. Moreover, the restorative approach has not been adequately integrated into judicial training programs, leaving judges and legal clerks ill-prepared to oversee or legitimize agreements reached outside courtrooms. These systemic obstacles have hindered the realization of restorative justice's transformative potential, especially in fraud and embezzlement cases, where the power dynamics between parties are often unequal and prone to manipulation without strong procedural safeguards.

Although restorative justice has received growing attention in legal scholarship, its application within the context of economic crimes particularly fraud and embezzlement remains underexplored in the Indonesian setting. Existing studies tend to concentrate on juvenile delinquency or violent crimes, such as domestic abuse and physical assault, where restorative justice is already institutionalized through diversionary programs (Putri & Kholil, 2022; Mahmudah, 2023). However, the unique complexities of fraud and embezzlement often involving intricate contractual breaches, economic losses, and psychological manipulation pose distinct challenges to restorative procedures. These offenses typically occur within unequal power dynamics, making voluntary restitution or sincere reconciliation harder to achieve without a robust legal framework and impartial facilitation. Moreover, prior research rarely integrates a juridical analysis of the statutory tools governing restorative justice across various institutions, including the police, prosecution, and judiciary. This study fills that gap by examining the coherence and adequacy of the existing regulatory architecture while grounding the analysis in a real case (LP/B/0664/XI/2021/BARESKRIM POLRI), thereby combining doctrinal rigor with empirical relevance. Furthermore, the urgency of this research is heightened by ongoing national discourse on de-carceration and the need for alternative dispute resolution models in Indonesia's overburdened legal system (Achmad et al., 2024). By highlighting how restorative justice can be normatively justified and pragmatically executed in fraud and embezzlement cases, this study advances both theoretical innovation and policy relevance in criminal law reform.

This research seeks to critically examine the juridical foundation and practical applicability of restorative justice in handling criminal cases of fraud and embezzlement in Indonesia. The first objective is to evaluate how current legal instruments such as Regulation No. 8 of 2021 by the Indonesian National Police and Regulation No. 15 of 2020 by the Attorney General's Office frame and limit the scope of restorative interventions in non-violent economic crimes. By analyzing statutory texts, official circulars, and their application at the law enforcement level, this study aims to determine the legal consistency, normative clarity, and institutional readiness of the Indonesian criminal justice system in adopting restorative justice principles. The second objective is to investigate how restorative justice has been implemented in actual cases, with a specific focus on the police report No. LP/B/0664/XI/2021/BARESKRIM POLRI, which involved allegations of fraud and embezzlement. Through this case, the research evaluates the mechanisms, stakeholder roles, and procedural compliance with restorative justice standards. Third, this study intends to identify gaps between legal norms and field-level implementation, especially regarding the protection of victim rights and offender accountability. In doing so, the research contributes not only to a doctrinal understanding of restorative justice in Indonesia but also to its strategic operationalization. Ultimately, the study aspires to formulate evidence-based recommendations for enhancing the coherence, fairness, and accessibility of restorative justice processes in economic crime cases.

The significance of this study lies in its potential to bridge the gap between legal theory and practical enforcement of restorative justice in economic crime cases particularly fraud and embezzlement which are often overlooked in both policy and academic discourse. While restorative justice has become increasingly accepted in juvenile and minor assault cases, its relevance to financial crimes remains inadequately theorized and poorly institutionalized. This research contributes to the field by extending the normative framework of restorative justice to include offenses involving property, economic harm, and contractual deceit. By doing so, it offers a fresh interpretation of victim-offender dynamics where the primary harm is not physical but financial and reputational an area where existing retributive frameworks offer limited redress. On a practical level, the study provides actionable insights for

policymakers, law enforcement officials, and legal practitioners by highlighting regulatory inconsistencies and proposing procedural improvements that could enhance the legitimacy and effectiveness of restorative justice initiatives. For instance, findings from the case study suggest that clearer procedural safeguards, standardized mediation protocols, and victim-centered guidelines are necessary to prevent power asymmetries from undermining restorative outcomes. Additionally, the research has pedagogical value in legal education, offering a model for integrating restorative approaches into curricula for judges, prosecutors, and police investigators. Overall, this study positions itself as a resource for ongoing legal reform and capacity building in Indonesia's evolving justice system.

B. LITERATURE REVIEW

The implementation of restorative justice in fraud and embezzlement cases in Indonesia must be understood through an integrated theoretical lens that combines normative legal analysis and socio-legal approaches. At the core of this framework is Howard Zehr's Restorative Justice Theory, which redefines crime not merely as a violation of the law, but as a harm to relationships between the offender, the victim, and the community (Zehr, 2002). This reconceptualization is particularly relevant in economic crimes, where the harm is often interpersonal and financial rather than physical. Restorative justice proposes that justice is best served when the parties involved can engage in a dialogical process to understand the causes and consequences of the offense, acknowledge accountability, and jointly seek resolutions. This model emphasizes offender responsibility, victim empowerment, and community reintegration, making it fundamentally different from the traditional punitive justice system (Braithwaite, 2002). Within the Indonesian legal context, these principles find cultural resonance in local customs of *musyawarah* and *mufakat*, where conflict resolution involves communal participation and consensus. However, to translate these ideals into practice, restorative justice must be carefully grounded in existing legal structures, particularly in crimes like fraud and embezzlement where power imbalances and legal ambiguities are more prevalent.

To supplement this foundational view, the study also employs Aristotle's theory of justice, particularly the distinction between distributive and corrective justice. In the context of restorative justice, Aristotle's notion of corrective justice which seeks to rectify imbalance through equitable remedies is directly applicable. Fraud and embezzlement often result in quantifiable financial harm to victims, which means that justice requires more than punishment; it necessitates compensation, reconciliation, and restoration of social equity. The restorative justice process, by facilitating agreements on restitution and emotional closure, fulfills this corrective function. At the same time, it provides a platform for distributive justice by acknowledging the socio-economic disparities that often underpin such crimes. Many offenders in fraud-related cases are driven by systemic vulnerabilities or exploitative institutional contexts, and a purely punitive approach often fails to address the broader structural issues involved. Aristotle's framework thus complements the restorative approach by providing philosophical grounding for balancing individual accountability with societal fairness (Aristotle, trans. 1999).

Another key theoretical component of this research is Gustav Radbruch's theory of legal certainty and justice, which is instrumental in analyzing the juridical challenges of applying restorative justice within Indonesia's formal legal system. Radbruch argued that law must satisfy three elements: legal certainty (*Rechtssicherheit*), justice (*Gerechtigkeit*), and purposiveness (*Zweckmäßigkeit*). While restorative justice offers enhanced substantive justice by focusing on victim healing and offender responsibility, it often operates in legal grey zones due to ambiguous statutory support or inconsistent regulatory enforcement. This

creates a tension between the flexibility needed for restorative processes and the demand for predictable legal procedures. In Indonesia, the lack of unified regulation across law enforcement agencies ranging from police circulars to prosecutorial guidelines has led to fragmented practices that compromise legal certainty (Achmad et al., 2024). Radbruch's theory highlights this dilemma: while rigid legalism can produce injustice, unstructured discretion can erode rule of law principles. Therefore, any implementation of restorative justice must be guided by norms that ensure transparency, procedural fairness, and legal coherence to protect both victims and offenders within a rights-based framework.

Contextualizing these theories within the Indonesian experience reveals deeper layers of institutional and cultural complexity. Indonesia's criminal justice system has historically been influenced by civil law traditions inherited from Dutch colonial rule, prioritizing formalistic, codified procedures over community-based dispute resolution. However, the persistence of *adat* (customary law) and local mediation practices suggests a dual legal consciousness among both legal practitioners and communities. Restorative justice can thus serve as a bridge between these normative systems, reintroducing indigenous values into the modern justice framework. Yet, this convergence also brings challenges: in fraud and embezzlement cases, where reputational damage and class hierarchies often inhibit open negotiation, restorative practices must be institutionalized through clear procedural guidelines and judicial oversight. Moreover, the involvement of legal actors such as prosecutors and judges traditionally trained in adversarial logic requires a paradigmatic shift from punitive to participatory models of justice. By drawing on Zehr's relational framework, Aristotle's notions of justice, and Radbruch's legal-philosophical balance between certainty and justice, this study constructs an analytical foundation to evaluate whether Indonesia's current restorative justice practices in economic crimes are both normatively justifiable and legally operable.

C. RESEARCH METHODOLOGY

This research adopts a normative juridical approach, focusing on the analysis of laws, regulations, and legal doctrines concerning the implementation of restorative justice in fraud and embezzlement cases within the Indonesian legal system. As a doctrinal study, it investigates statutory instruments such as Regulation No. 8 of 2021 by the Indonesian National Police, Regulation No. 15 of 2020 by the Attorney General, and judicial interpretations relevant to restorative mechanisms. These sources are treated as primary legal materials, alongside provisions of the Indonesian Criminal Code (KUHP), the Criminal Procedure Code (KUHAP), and the Law on Juvenile Criminal Justice (Law No. 11 of 2012). The normative inquiry is complemented by a case-based approach, with an in-depth examination of Police Report No. LP/B/0664/XI/2021/BARESKRIM POLRI, involving alleged fraud and embezzlement. This case serves as a legal fact study to contextualize how restorative justice is applied in practice and whether its use aligns with formal legal procedures and principles. The data collection method includes statutory review, document analysis, and judicial instruments relevant to the case.

Operational definitions in this study are determined to ensure conceptual clarity. Restorative justice is defined as a process emphasizing dialogue, reparation, and reintegration involving victims, offenders, and communities outside the formal courtroom (Zehr, 2002). Fraud is interpreted in accordance with Article 378 of the Indonesian Penal Code, referring to deceitful acts intended to unlawfully obtain financial gain. Embezzlement, under Article 372 of the same code, involves the misappropriation of entrusted property. The concept of legal implementation refers to how statutory provisions are interpreted and enforced by law enforcement agencies within institutional boundaries. These definitions serve as the

foundation for interpreting legal texts and evaluating case applications throughout the analysis. Data were analyzed qualitatively using deductive logic: beginning with theoretical propositions, comparing them with empirical practices, and concluding with evaluations of coherence and effectiveness. This combined methodology ensures that the research findings are not only legally grounded but also reflective of actual implementation dynamics in the field.

D. RESULT AND DISCUSSION

Renewal of Legal Justice through Restorative Justice

Restorative justice represents a paradigm shift in modern criminal law by reframing the understanding of crime, justice, and punishment beyond the punitive framework of retributive justice. While traditional penal systems focus on determining guilt and imposing proportionate punishment, restorative justice redirects the focus toward healing the harm caused by the offense, engaging all stakeholders victim, offender, and community in a collaborative process of accountability and restoration (Zehr, 2002). This model aligns with contemporary movements toward justice systems that are more participatory, humane, and socially constructive (McAlinden, 2011). In the context of Indonesia, restorative justice embodies a form of legal modernization that harmonizes formal state law with indigenous and communal traditions of conflict resolution, such as *musyawarah* and *mufakat* (Hutauruk, 2013). These traditions emphasize reconciliation, consensus, and social balance, echoing restorative justice's goal of repairing disrupted relationships rather than exacting retribution. Moreover, restorative justice contributes to the broader agenda of legal reform by offering alternative avenues for dispute resolution that are less adversarial, more efficient, and often more emotionally satisfying for both victims and offenders (Braithwaite, 2002). As a normative project, it challenges the conventional assumption that justice can only be achieved through courts and punishment, and instead promotes values of empathy, mutual understanding, and reintegration (Groenhuijsen, 2004). Consequently, its adoption within the Indonesian criminal law system marks an important step toward a justice model that is not only legally valid but also socially transformative (Cornwell, 2006).

The normative and philosophical framework of Indonesian law provides a unique foundation for the institutionalization of restorative justice, particularly through its alignment with Pancasila values and indigenous legal traditions (Tobing, 2016). As the ideological basis of the state, Pancasila embeds justice not merely as retributive punishment but as a social ideal grounded in human dignity, communal harmony, and moral responsibility (Yusriando, 2016). The second and fifth principles "just and civilized humanity" and "social justice for all Indonesians" resonate deeply with the goals of restorative justice, which emphasizes the restoration of relationships and the reintegration of offenders into society rather than their exclusion through incarceration (Mahayuni & Yustina, 2019). This philosophical alignment is further strengthened by the existence of *hukum adat* (customary law), which historically resolves disputes through reconciliation, collective dialogue, and restitution (Rochaeti & Sutanti, 2018). In many local communities, especially outside major urban centers, informal justice mechanisms still play a vital role in maintaining social order through consensus-building and agreement, echoing restorative processes in spirit and structure (Luthfi, Fajrin, & Hapsari, 2021). By acknowledging these culturally embedded practices, restorative justice in Indonesia is not a foreign legal import, but a reaffirmation of indigenous conflict resolution norms elevated into national policy (Fathurokhman, 2014). Thus, the integration of restorative justice into the formal legal system can be seen as both a return to culturally authentic principles and a step forward in aligning criminal justice with Indonesia's constitutional values and socio-legal identity (Bräuchler, 2015).

The implementation of restorative justice stands in contrast to Indonesia's predominantly retributive criminal justice system, which remains deeply rooted in colonial legal traditions emphasizing formalism, punishment, and state-centric adjudication. Under the retributive model, justice is achieved by proving guilt and imposing penalties proportionate to the offense, often through rigid court procedures that prioritize legal technicalities over relational healing. While this model ensures procedural certainty, it tends to marginalize victims' voices, overlook psychosocial impacts, and reinforce stigmatization of offenders (Ananda et al., 2023). In contrast, restorative justice promotes a more dialogical and relational process, prioritizing victim restitution, offender accountability, and future-oriented resolution. However, integrating restorative justice into a retributive legal structure has proven difficult. Normatively, Indonesia lacks a unified legal code that clearly defines the scope, procedures, and enforceability of restorative practices across all criminal offenses. Different institutions such as the police, prosecutors, and courts operate under separate regulations (e.g., SE Kapolri No. 8/2018; Perja No. 15/2020) with varying levels of discretion, leading to inconsistent application and legal uncertainty. Institutionally, the absence of specialized restorative justice facilitators, insufficient training, and the lack of formal monitoring mechanisms further undermine implementation. These constraints highlight the tension between transformative ideals and bureaucratic inertia, requiring structural reform to embed restorative practices within a coherent and standardized legal architecture.

The philosophical underpinnings of restorative justice in Indonesia can be further contextualized through the classical theory of justice by Aristotle and the modern legal philosophy of Gustav Radbruch. Aristotle's dichotomy between distributive and corrective justice is particularly relevant in distinguishing the goals of restorative versus retributive systems. While distributive justice pertains to fairness in resource allocation within society, corrective justice involves redressing individual harms precisely the domain that restorative justice seeks to serve. In cases of fraud and embezzlement, corrective justice is operationalized through restitution and reconciliation rather than incarceration. By facilitating mutual understanding and voluntary reparation, restorative justice fulfills Aristotle's vision of restoring moral balance between unequal parties. In parallel, Radbruch's legal triad justice, legal certainty, and purposiveness offers a pragmatic lens to assess the institutional viability of restorative practices. While restorative justice promotes substantive justice and societal harmony (*Zweckmäßigkeit*), its implementation must also satisfy legal certainty (*Rechtssicherheit*), ensuring that procedures are clear, consistent, and enforceable. In Indonesia, the fragmented and discretionary nature of restorative frameworks often challenges Radbruch's equilibrium, where the pursuit of justice may conflict with the predictability of law. A sustainable model must, therefore, balance normative ideals with juridical structure. In essence, both Aristotelian and Radbruchian perspectives affirm that restorative justice if properly codified can offer a morally and legally coherent reform to Indonesia's penal system.

Effectiveness of Restorative Justice in Handling Fraud and Embezzlement Cases

A key case that illustrates the application of restorative justice in fraud and embezzlement in Indonesia is Police Report No. LP/B/0664/XI/2021/BARESKRIM POLRI, which involved a financial dispute over allegations of deception and unlawful appropriation of entrusted funds. This case became a landmark within internal police deliberation due to its resolution outside formal litigation. The complaint, filed by Hadi Irwanto, alleged that the accused party committed both fraud (Article 378 of the Criminal Code) and embezzlement (Article 372). However, rather than progressing to full prosecution, the matter was redirected to a restorative pathway following a series of victim-offender mediations facilitated by the investigative unit. The decision to terminate the investigation was grounded in SE Kapolri

No. 8/VII/2018, which provides discretionary guidelines for resolving cases that do not provoke public unrest, lack aggravating social impact, and where both parties consent to reconciliation. Critical to this case was the presence of formal statements from both parties indicating mutual agreement to resolve the issue without further legal proceedings. Additionally, the accused agreed to provide restitution, while the victim waived prosecutorial demands. The success of this case hinged on institutional support, procedural transparency, and community endorsement elements often absent in other cases. As such, the LP/B/0664/XI/2021/BARESKRIM POLRI case provides a compelling model of how restorative justice can function within existing legal boundaries to address complex financial crimes without resorting to adversarial litigation.

Beyond the Bareskrim case, other instances of restorative justice application in fraud and embezzlement illustrate both the potential and the limitations of this approach when applied to financial disputes (Prayitno & Oktobrian, 2024). For example, the resolution of the Asuransi Jiwa Bersama Bumiputera 1912 case, involving systemic fraud affecting multiple policyholders, demonstrated how restorative dialogue can help rebuild trust between corporate actors and affected victims through negotiated compensation and public accountability. However, the success in this case depended heavily on the company's willingness to cooperate, institutional pressure, and active facilitation by state mediators. In contrast, the Kejaksaan Negeri Klaten case involving individual-level embezzlement from a local cooperative encountered significant procedural delays (Yusriando, 2016). Despite clear legal provisions under the Attorney General's Regulation No. 15 of 2020, the lack of consistent coordination among prosecutors, inadequate understanding of restorative mechanisms by victims, and scheduling conflicts among stakeholders hindered timely resolution. These variations suggest that while restorative justice offers a flexible and humane framework, its implementation is highly context-dependent (Fathurokhman, 2014). Success often requires not only legal eligibility but also interpersonal readiness, logistical capacity, and strong leadership from facilitators (Rochaeti & Sutanti, 2018). Without these factors, the process may become symbolic rather than substantive, leading to incomplete restitution or coerced agreements (Groenhuijsen, 2004). Therefore, even when legal grounds are satisfied, restorative justice in fraud and embezzlement cases must be accompanied by institutional safeguards and community trust to be genuinely effective (Braithwaite, 2002).

The effectiveness of restorative justice in cases of fraud and embezzlement is significantly shaped by the coordination and role clarity among law enforcement institutions namely the police, public prosecutors, and judges. Each of these actors holds distinct authority and discretion, governed by separate institutional frameworks. The police, under Regulation No. 8 of 2021, are authorized to initiate restorative procedures at the investigation level, including facilitating mediation and recommending case termination. The prosecutor's office, via Regulation No. 15 of 2020, has the prerogative to halt prosecution based on restorative agreements reached during the pre-trial phase. Meanwhile, judges, although not yet fully equipped with a comprehensive guideline for restorative proceedings outside juvenile justice, are occasionally involved in validating outcomes through informal judicial activism or moral adjudication (Achmad et al., 2024). However, in practice, coordination between these institutions remains fragmented. Investigations may proceed without proper alignment with prosecutorial discretion, and judicial recognition of out-of-court settlements varies depending on the judge's interpretive stance. This institutional misalignment often creates procedural redundancies and legal ambiguity, weakening public confidence in restorative outcomes. Furthermore, the absence of shared databases, integrated mediation guidelines, and cross-institutional monitoring systems limits synergy and accountability. Therefore, establishing formal collaboration mechanisms such as joint circulars, inter-agency

training, and unified reporting formats is essential to ensure that restorative justice operates as a coherent, credible, and consistent alternative to litigation in economic crime cases.

Despite its potential, the implementation of restorative justice in fraud and embezzlement cases faces substantive challenges when viewed from the perspectives of victims, offenders, and the broader community. From the victim's standpoint, restorative justice may raise concerns of unequal bargaining power, particularly when the offender is economically or socially advantaged. Victims of financial crime often experience psychological trauma, erosion of trust, and reputational damage, which cannot always be fully addressed through material restitution alone. Moreover, there is a risk of secondary victimization if the process is not carefully facilitated, especially when the victim is pressured into reconciliation without genuine readiness or support (Miers & Aertsen, 2012). Offenders, on the other hand, may exploit restorative processes as a means to evade formal prosecution without embracing full accountability, especially in the absence of clear evaluative criteria for remorse and behavioral change. For communities, particularly those with low legal literacy or high distrust in law enforcement, restorative justice may be perceived as a backroom deal or elite privilege, further widening the legitimacy gap. Cultural norms that prioritize harmony can sometimes mask systemic inequalities, reinforcing silence over resolution. These challenges underline the necessity for a victim-centered approach, ethical facilitation, and community education to ensure that restorative justice operates not only as a legal option but as a socially empowering and transformative mechanism.

To fully understand the complexities and potentials of restorative justice in addressing fraud and embezzlement, a multidisciplinary analysis encompassing legal doctrine, social psychology, and conflict resolution theory is essential. From a legal standpoint, restorative justice must be examined not only as an alternative to formal adjudication, but also as a normative expression of justice that prioritizes reparation over punishment. It demands careful balancing between the protection of rights and the flexibility of informal processes, particularly in legal systems like Indonesia's where multiple normative orders coexist. From the perspective of social psychology, restorative justice emphasizes empathy, acknowledgment of harm, and the restoration of trust elements critical in financial crimes where betrayal and deception are central. Research has shown that acknowledgment and apology significantly contribute to victims' emotional recovery and closure (Strang et al., 2006). Meanwhile, conflict resolution theory highlights the importance of dialogue, neutrality, and power symmetry in negotiation processes, which are often absent in financial crime mediation unless carefully facilitated. Power imbalances between victims and perpetrators particularly in white-collar fraud require structured environments to avoid coercion. A successful restorative justice framework must therefore not only comply with legal norms but also embed psychological insight and conflict resolution best practices. Such integration ensures that restorative justice is not merely an instrument of expediency, but a transformative legal and social process grounded in ethical engagement and structural equity.

E. CONCLUSION

This study has demonstrated that restorative justice, when properly understood and implemented, represents a progressive model for renewing Indonesia's criminal justice system particularly in the domain of non-violent economic crimes such as fraud and embezzlement. Conceptually, restorative justice challenges the dominant retributive paradigm by emphasizing healing, accountability, and reintegration over punishment. It aligns normatively with the values of Pancasila, Indonesia's philosophical foundation, and resonates culturally with indigenous mechanisms of dispute resolution such as *musyawarah* and *mufakat*. Theoretically, it draws legitimacy from Aristotelian corrective justice and

Radbruch's balance between legal certainty and moral purpose, situating it as both a legal and ethical imperative in modern penal reform.

Empirically, the case study of LP/B/0664/XI/2021/BARESKRIM POLRI illustrates that restorative justice can be effective in resolving financial disputes without litigation when institutional support, procedural safeguards, and voluntary cooperation are present. However, other cases reveal persistent barriers legal ambiguity, institutional fragmentation, and power asymmetries that threaten to reduce restorative justice to a symbolic gesture. Stakeholder coordination, public trust, and cultural sensitivity are thus essential for restorative justice to deliver meaningful outcomes.

Therefore, the future of restorative justice in Indonesia depends not only on legal codification but also on interdisciplinary integration, capacity building, and a shift in institutional mindset. When applied carefully, restorative justice has the potential to humanize legal practice, promote victim-centered justice, and restore social harmony in ways that the conventional system often fails to achieve..

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