

**THE URGENCY OF THE FINANCIAL SERVICES AUTHORITY'S ROLE IN ENSURING
LEGAL CERTAINTY FOR DIGITAL FINANCIAL TRANSACTIONS IN THE MODERN
ECONOMIC ERA**

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ABSTRACT

The development of digital technology has had a significant impact on both global and national financial systems. The emergence of technology-based financial service institutions (financial technology or fintech) such as peer-to-peer lending, digital banking, and electronic payment systems has accelerated financial inclusion among the public. However, this phenomenon has also introduced new legal risks, including the misuse of personal data, illegal lending practices, and weak consumer protection. As an independent institution, the Financial Services Authority (Otoritas Jasa Keuangan/OJK) has an urgent need to strengthen its supervisory and regulatory roles in the digital financial sector to ensure that it operates in a fair, transparent, and accountable manner. This research employs a normative legal method with statutory (statute approach) and conceptual (conceptual approach) perspectives. The findings indicate that the OJK holds a high degree of urgency in responding to the digital transformation of the financial sector. Strengthening technology-based regulations, fostering inter-agency synergy (OJK–Bank Indonesia–Ministry of Communication and Information Technology), and enhancing digital financial literacy constitute the main pillars that must be reinforced to maintain the stability and fairness of the national financial system.

Keywords: Financial Services Authority (OJK); Fintech; Digital Regulation; Consumer Protection; Business Law.

INTRODUCTION

The digitalization of the economy has fundamentally transformed both global and national financial systems. The development of financial technology (fintech) has generated new innovations in financial services, ranging from electronic payment systems to online-based lending. This phenomenon supports the government's mission to expand financial inclusion and enhance transaction efficiency. However, on the other hand, the growth of fintech also presents significant regulatory challenges for supervisory institutions such as the Financial Services Authority (OJK) (Widjaja, 2019).

According to Hartono (2020), the advancement of financial technology can create an imbalance between innovation and legal protection, as the law often lags behind the dynamics of the digital market. This situation is exacerbated by the emergence of illegal online lending practices, personal data breaches, and weak cross-border supervision mechanisms. Therefore, a legal policy framework is needed to maintain economic stability without hindering digital innovation (Noor, Wulandari, & Muhammad, 2023).

As an independent institution, the OJK has a strong legal foundation through Law Number 21 of 2011, which affirms its authority to regulate and supervise all activities within the financial services sector. In the context of digitalization, the OJK is responsible for ensuring that technology-based financial institutions operate in accordance with prudential regulation principles and protect public interests (Putri, 2024).

According to Amelia (2024), the OJK currently occupies a strategic position as a "balancer" between the interests of economic innovation and consumer protection. Without strengthened supervision of digital financial institutions, systemic risks and legal uncertainties will continue to escalate.

Therefore, this study aims to answer the main research question: To what extent is the urgency of the Financial Services Authority's role in ensuring legal certainty in digital financial transactions in the modern economic era? To address this question, this research employs a normative legal approach, focusing on the analysis of regulations, economic law theory, and case studies on OJK's supervision of illegal fintech operations in Indonesia.

RESEARCH METHODS

Type of Research

This study employs a normative juridical approach (normative juridical research) by examining literature or secondary data as the primary source (Soerjono Soekanto & Sri Mamudji, 2019:13). This approach was chosen because it discusses the authority and role of the Financial Services Authority (OJK) in supervising digital finance, focusing on legal doctrines and interpretations (doctrinal legal research) (Marzuki, 2017:55).

Legal materials were collected through a literature review of regulations, books, journals, and official documents, as well as a comparative analysis of fintech supervision systems in Singapore and Malaysia, which implement a regulatory sandbox model.

The analysis was conducted using a qualitative descriptive method with systematic and teleological interpretations to understand the purpose of legal norm formation and to assess the urgency of OJK's role in maintaining the stability of the digital financial system and ensuring consumer protection (Marzuki, 2017).

Research Approaches

a. Statutory Approach (Statute Approach)

This approach is carried out by examining the laws and regulations that form the legal basis for OJK's authority including:

1. Law Number 21 of 2011 concerning the Financial Services Authority (Otoritas Jasa Keuangan);
2. OJK Regulation Number 77/POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services;
3. OJK Regulation Number 13/POJK.02/2018 concerning Digital Financial Innovation; and
4. Law Number 27 of 2022 concerning Personal Data Protection. Through this approach, the researcher interprets OJK's authority from the perspective of positive law and assesses its conformity with the principles of consumer protection and legal certainty (Widjaja, 2019:42).

b. Conceptual Approach

This approach is used to understand the legal concepts underlying OJK's functions, such as *regulatory authority*, *risk-based supervision*, and *digital governance*, as well as Roscoe Pound's (1921) theory of *social engineering*, which positions law as an instrument of social reform.

c. Case Approach

This approach involves examining OJK's legal actions and decisions in handling illegal fintech operations, such as the closure of unlicensed online lending platforms by the *Investment Alert Task Force (Satuan Tugas Waspada Investasi / SWI)* in 2023, in order to evaluate the implementation of legal norms in practice.

Types and Sources of Legal Materials

- a. Primary Legal Materials, namely binding legal sources such as the 1945 Constitution of the Republic of Indonesia and statutory laws.
- b. Secondary Legal Materials, namely legal materials that provide explanations of primary legal sources, including books, journals, and scholarly articles written by legal experts.
- c. Tertiary Legal Materials, namely supporting materials such as legal dictionaries, encyclopedias, the official website of the Financial Services Authority (OJK), and annual reports from international financial institutions.

Research Flow

- a. Identification of legal issues related to fintech in Indonesia.
- b. Examination of primary, secondary, and tertiary legal materials.
- c. Analysis of legal norms and theoretical concepts.
- d. Evaluation of the implementation of OJK regulations.
- e. Formulation of normative conclusions and legal recommendations.

RESULTS AND DISCUSSION

Legal Supervision Theory

The theory of legal supervision explains that law functions as an instrument of control and balance within social and economic activities. According to Roscoe Pound (1921), law serves as “*a tool of social engineering*”—a means to guide human behavior in accordance with the values of justice and social order. In the context of digital financial service institutions, this theory positions the Financial Services Authority (OJK) as a *social engineer* that directs the behavior of business actors to remain within the boundaries of the law while simultaneously protecting the public interest.

OJK's supervision includes both preventive and repressive forms. Preventive supervision aims to prevent legal violations through regulation and licensing, while repressive supervision is implemented when violations or irregularities have already occurred (Hadjon, 2018). Thus, OJK's supervision of fintech represents a concrete manifestation of the legal supervision theory, which emphasizes the balance between economic innovation and consumer protection.

Welfare State Theory

Within the framework of the welfare state theory, the state holds the responsibility to ensure public welfare through intervention in economic activities (Hartono, 2020). The establishment of the Financial Services Authority (OJK) as an independent institution represents the implementation of this theory within the financial sector. The state is not merely an observer but also ensures that digital economic activities generate social benefits without creating inequality or misuse.

Accordingly, OJK functions as the executor of the principle of *public interest over private interest*, in which public welfare is prioritized above corporate interests. This role is crucial in addressing the rapid growth of profit-oriented fintech enterprises that simultaneously pose potential risks to data security and societal well-being.

Economic Law Theory

According to Gunawan Widjaja (2019), economic law functions as a mechanism to maintain the balance between entrepreneurial freedom and the social responsibility of economic actors. Within this framework, the Financial Services Authority (OJK) acts as the guardian of the principles of *fair competition* and *transparency* in the digital financial sector. Through the issuance of various OJK Regulations (*Peraturan OJK* or *POJK*), the institution seeks to establish legal certainty for digital business actors without hindering economic innovation.

Furthermore, economic law theory emphasizes the importance of *economic justice*, namely the equitable distribution of economic benefits that the state must guarantee. Therefore, OJK's supervision of illegal fintech operations and its protection of digital consumers represent a concrete manifestation of the principle of economic justice within the national legal system (Putri, 2024).

Regulation and Administrative Law Theory

Modern regulation theory highlights that supervisory institutions such as OJK function as part of a *regulatory state*—a state that focuses on the regulation and oversight of strategic sectors through administrative legal instruments.

Philipus M. Hadjon (2018) asserts that within the framework of administrative law, supervision functions not only as a form of control but also as guidance and facilitation. This means that OJK's role is not limited to enforcing sanctions for violations but also includes guiding fintech actors to comply with legal provisions.

From the perspective of modern administrative law, OJK's supervisory role embodies the principle of *good governance*, where oversight is carried out based on transparency, accountability, and public participation. This principle aligns with *Good Corporate Governance (GCG)* practices, which are also adopted within the digital financial system (Widjaja, 2019).

DISCUSSION

The Urgency of Legal Certainty in the Implementation of Digital Financial Transactions in the Modern Economic Era

The rapid development of information technology has brought about fundamental changes in the global economic system, including in Indonesia. The transformation toward a digital economy has given rise to various forms of technology-based financial transactions such as financial technology (fintech) services, electronic money, peer-to-peer lending, digital banking, and crypto asset trading (Abdul Halin, 2005).

Historically, this began with the implementation of the *Scripless Trading System* in Indonesia's capital market in 2000 and has continued to evolve ever since. In 2006, the penetration rate of fintech users was only 7%, but ten years later it increased dramatically to 78%, with between 135 and 140 fintech entities operating. By 2020, the total transaction value of all fintech entities in Indonesia had exceeded IDR 4.6 trillion. The growth of this industry has also been supported by regulations issued by Bank Indonesia and the Financial Services Authority (OJK), reflecting the accelerating pace of digital transformation and the adoption of financial technology in Indonesia (Imro'atul Khusnaeni, 2023).

Fintech, or *Financial Technology*, is defined as the utilization of technology in the provision of financial services. The implementation of fintech has brought about substantive transformation within the financial industry, including in the management, payment, access, and investment patterns of society. The development of fintech has reshaped the global financial landscape by providing ease of access, increasing efficiency, and fostering innovation in the delivery of financial services. However, alongside these benefits, several challenges must also be addressed, particularly concerning security, personal data protection, and compliance with applicable regulations.

Fintech companies integrate financial services with technology. More specifically, fintech represents the collaboration between technology and the financial sector, resulting in innovative financial products designed to simplify, accelerate, and expand public access to financial services. According to the National Digital Research Center (NDRC), fintech is a term used to refer to technological innovation and digitalization in financial services (Yovie Bramantyo Adji et al., 2023).

While these advancements promote efficiency, accessibility, and economic acceleration, they simultaneously pose serious challenges to the national legal system, particularly in ensuring legal certainty for both providers and users of digital financial services.

1. Settlement of Fintech-Related Criminal Acts

Digital transactions are highly vulnerable to fraud, money laundering, and terrorism financing. Legal certainty enables law enforcement authorities to take both preventive and repressive measures against such illegal practices. In the context of economic law, legal certainty constitutes a fundamental principle that ensures every legal action has a clear basis, limit, and consequence.

Legal certainty is manifested in the consistent implementation and enforcement of law without discrimination against any individual. Through legal certainty, individuals are able to

predict the legal consequences of their actions. Hence, it guarantees that one's behavior aligns with the prevailing legal provisions, and vice versa. Without legal certainty, individuals lack a definite standard of conduct.

Van Apeldoorn also asserts that legal certainty refers to the determinability of law in concrete matters. Legal certainty provides assurance that the law is implemented, rights are granted to those entitled under the law, and judicial decisions are executable (Manan and Magnar, 2017).

In the context of digital financial transactions, every activity involving the transfer of value, storage of financial data, or use of electronic systems must operate under a definite, measurable, and enforceable legal framework. Without such legal certainty, public trust in the digital financial system will deteriorate, ultimately threatening national economic stability.

The urgency of legal certainty in digital financial transactions has grown even more critical due to the borderless, automated, and high-risk nature of the digital realm. Digital transactions transcend jurisdictional, temporal, and geographical boundaries, thereby creating complex issues regarding regulatory authority, dispute resolution mechanisms, and the scope of legal protection afforded to parties involved.

For instance, in *peer-to-peer lending* transactions, when a default occurs, it is often difficult to determine the legal standing of the parties, the liability of the platform provider, and the mechanism for compensating consumer losses. This condition illustrates that without legal certainty, digital innovation may instead generate injustice and legal uncertainty.

2. Consumer Protection

The urgency of legal certainty is closely related to the principles of consumer protection and legal justice. In digital transactions, consumers are often in a weak position due to limited technical understanding and access to information. Consumer protection is an essential aspect of fintech services, given the high volume of transactions and the involvement of personal data. Without legal certainty regarding the rights and obligations of each party, consumers may be harmed by data misuse, digital fraud, or system failures. Therefore, legal certainty serves as a vital foundation to ensure that every digital financial innovation operates in accordance with the principles of fairness, transparency, and accountability, as mandated by various financial regulations in Indonesia (Situngkir & Napitupulu, 2025).

Personal data protection has become a strategic issue in the context of digital transformation, along with the increasing collection and management of data by various business entities. In Indonesia, the enactment of Law No. 27 of 2022 on Personal Data Protection (PDP Law) provides a comprehensive legal framework to ensure individual privacy and data security. Within this regulatory framework, every processing of personal data in electronic systems must obtain consent from the data owner, as stipulated in Article 26 of Law No. 11 of 2008 in conjunction with Law No. 19 of 2016 on Electronic Information and Transactions (ITE Law). Furthermore, Articles 58–60 of the PDP Law emphasize the obligation of data controllers to protect personal data and prevent misuse. Specifically, in the financial services sector, OJK Regulation (POJK) No. 6/POJK.07/2022 requires service providers to guarantee the confidentiality and security of consumer data and to be held accountable for any losses arising from non-compliant data management. The implementation of these regulations not only serves as a legal protection mechanism for individuals but also strengthens public trust that personal data is managed ethically and in accordance with prevailing legal principles (Yuliana Yuli Wahyuningsih et al., 2025).

From a legal theory perspective, consumer protection in fintech must be based on the principles of justice, legal certainty, and utility. Justice is reflected in regulations that balance the interests of businesses and consumers. Legal certainty is ensured through clear and firm rules, while utility is realized through effective protection against the risks faced by consumers in digital transactions (Situngkir & Napitupulu, 2025).

From a public policy standpoint, legal certainty in digital financial transactions is also a key factor in attracting investment and expanding financial inclusion. Investors and business actors require assurance that Indonesia's legal system can safeguard their rights and interests. Strong legal certainty fosters trust in the national digital financial system and strengthens Indonesia's position in global economic competition. Conversely, unclear, overlapping, or

unenforceable regulations increase legal risks and may undermine public and investor confidence.

The urgency of legal certainty in the implementation of digital financial transactions is not merely an administrative requirement but an absolute prerequisite for the sustainability of a modern, fair, and healthy economic system. Legal certainty forms the foundation for ensuring the integrity of the financial system, the protection of citizens' rights, and the stability of the national economy amid the rapid wave of global digitalization. In this context, the presence of institutions such as the Financial Services Authority (OJK) gains its significance as the authority responsible for ensuring that every digital financial transaction in Indonesia takes place within a legal framework that is certain, secure, and accountable.

The Urgency of the Role of the Financial Services Authority (OJK) in Ensuring and Enforcing Legal Certainty in Digital Financial Transactions

The rapid development of information technology has created profound juridical, social, and economic implications across various sectors of life—particularly in the banking and financial services sector. The digitalization of financial services has opened strategic opportunities for enhancing efficiency, expanding accessibility, and strengthening financial inclusion within society. Through the integration of digital technology, financial transactions can now be conducted swiftly, across jurisdictions, and with relatively low transaction costs. Innovations such as app-based digital banking, electronic payment systems, and blockchain technology have become integral components of the structural transformation of the national financial system.

However, these advancements come with complex legal consequences. Alongside the benefits, the digitalization of the financial sector also presents various potential legal risks, including violations of personal data protection, misuse of information technology, and the rise of cybercrime. Furthermore, the existence of unlicensed digital financial institutions poses a real threat to the stability of the national financial system and to public trust in legally recognized financial institutions.

Within the framework of the national legal system, the Financial Services Authority (OJK) plays a highly strategic role. Pursuant to Law No. 21 of 2011 concerning the Financial Services Authority, OJK is an independent institution with constitutional authority to regulate, supervise, and enforce order within the financial services sector. In the context of digital technological development, OJK faces the necessity of undertaking regulatory adaptation aligned with the principles of legal certainty, utility, and justice, as mandated in the theory of legal objectives.

The main challenges faced by OJK include strengthening the legal framework for digital financial services, improving the effectiveness of supervision over banking and fintech institutions, and ensuring legal protection for consumers against fraudulent practices, privacy violations, and cybercrimes.

1. Regulating and Supervising Fintech

The Financial Services Authority (Otoritas Jasa Keuangan/OJK) was established through Law Number 21 of 2011 as an independent institution with the functions of regulation, supervision, inspection, and consumer protection in the financial services sector. Its authority covers banking, capital markets, insurance, and non-bank financial institutions, including providers of digital financial services (fintech).

According to Gunawan Widjaja (2019), the establishment of OJK represents a modernization of the supervisory institution by integrating oversight functions that were previously divided between Bank Indonesia and Bapepam-LK into a single unified authority. OJK's primary function is to "ensure the creation of a financial system that grows in a sustainable and stable manner, while protecting the interests of consumers and the public" (Article 4, Law No. 21 of 2011).

In accordance with **Article 6** of the same law, OJK possesses the following authorities:

- a. Establish operational supervisory policies for all financial service activities.
- b. Supervise the implementation of supervisory duties carried out by the OJK Executive Board.
- c. Conduct supervision, inspection, investigation, and consumer protection, as well as other actions against Financial Service Institutions, actors, and/or supporting entities in accordance with financial sector legislation.

- d. Issue written orders to Financial Service Institutions and/or specific parties to enforce compliance with applicable laws and regulations.
- e. Appoint statutory managers for institutions requiring special management to maintain stability and compliance.
- f. Determine the use of statutory management in accordance with its authority and prevailing provisions.
- g. Impose administrative sanctions on parties that violate financial sector laws and regulations.
- h. Grant and/or revoke licenses, approvals, or determinations, including:
 - 1) Business licenses;
 - 2) Individual licenses;
 - 3) Effectiveness of registration statements;
 - 4) Registration certificates;
 - 5) Business activity approvals;
 - 6) Ratifications;
 - 7) Dissolution approvals or determinations; and
 - 8) Other determinations as regulated under financial sector legislation.

The implementation of OJK's regulatory and supervisory function is further detailed in POJK No. 13/POJK.02/2018 concerning *Digital Financial Innovation in the Financial Services Sector* and SEOJK No. 18/SEOJK.02/2017 regarding *Governance for Fintech Operators*. These regulations underscore OJK's dual role as a regulatory and supervisory authority, meaning that it not only establishes rules but also conducts supervision and law enforcement (Hartono, 2020).

OJK, as an independent state institution, is authorized to regulate, supervise, examine, and investigate all financial service sector activities—including banking, capital markets, insurance, pension funds, payment institutions, and other financial entities. In addition, OJK holds investigative powers over financial crimes such as corruption, narcotics trade, smuggling, tax offenses, capital market violations, and insurance industry misconduct when legal violations are indicated. With this authority, OJK investigators possess a broad and strategic mandate to safeguard the integrity, stability, and fairness of the national financial system (Adrian Suted, 2014).

OJK implements an integrated supervisory system, meaning that all financial service activities conducted by financial institutions fall under OJK's regulatory and supervisory framework. To execute its authority, OJK issued a regulation on Financial Technology (Fintech) services on September 28, 2016, codified in POJK No. 77/POJK.01/2016 concerning *Information Technology-Based Lending and Borrowing Services* (Sengkey et al., 2023).

Article 7 of this regulation stipulates that fintech service providers must register with and obtain a license from OJK before commencing operations. Fintech providers are categorized as non-bank financial institutions and must take the form of a legal entity—either a limited liability company (*Perseroan Terbatas*) or a cooperative (*koperasi*)—with an official OJK license to operate legally. Since the enactment of POJK No. 77/POJK.01/2016, OJK has taken enforcement actions by blocking approximately 900 illegal fintech entities, particularly those engaged in unauthorized peer-to-peer lending activities (Raden Wahyuni, 2019).

2. OJK's Supervisory Approach: Risk-Based Supervision

In practice, the Financial Services Authority (Otoritas Jasa Keuangan/OJK) adopts a risk-based supervision approach, which emphasizes the prevention of potential legal violations through the early identification and management of institutional risks. As an independent and autonomous regulator, OJK bears a strategic responsibility in ensuring stability, integrity, and public trust in Indonesia's financial system, particularly within the banking and fintech sectors.

Through OJK Regulation (POJK) No. 5 of 2024, OJK reinforces the strengthening of banking supervision functions in response to global economic dynamics, rapid technological advancements, and the increasing complexity of financial industry risks. This regulation establishes a normative and strategic framework aimed at maintaining financial stability, enhancing public confidence, and preventing potential misconduct or systemic risks that could harm customers and disrupt the resilience of the national banking system (Arsa Adika Pramana et al., 2025).

This risk-based approach evaluates several key aspects, including operational risk levels, data security, consumer protection, and the sustainability of fintech businesses (Amelia, 2024). It is particularly relevant in the digital era, where the speed of fintech innovation often outpaces the capacity of traditional regulatory systems. According to Noor, Wulandari, and Muhammad (2023), the primary challenge for OJK today is not merely enforcement, but rather its ability to rapidly adapt to emerging technologies and business models. Hence, OJK must continue to develop Regulatory Technology (RegTech) systems to facilitate automated, data-driven supervision.

Comparable frameworks have been implemented by the Monetary Authority of Singapore (MAS) and Bank Negara Malaysia (BNM), which have pioneered digital supervisory systems to detect regulatory breaches at an early stage (Global Legal Insights, 2024).

In Malaysia, fintech consumer protection regulations are relatively stringent and jointly governed by BNM and the Securities Commission (Suruhanjaya Sekuriti, SC). The key legal instruments include the Financial Services Act 2013, the Islamic Financial Services Act 2013, and the Personal Data Protection Act 2010 (PDPA). Together, these form the legal foundation for fintech operations and ensure robust consumer data protection. Malaysia's regulatory approach aligns closely with the European Union's model, particularly in prioritizing consumer protection, data privacy, and financial transparency.

Meanwhile, Singapore, widely recognized as having the most advanced fintech regulatory system in Southeast Asia, enforces the Payment Services Act (PSA) under MAS, which adopts a risk-based framework to regulate digital payment systems and fintech-related transactions. Additionally, Singapore has introduced a Regulatory Sandbox, enabling fintech innovators to test new technologies and business models in a controlled environment before obtaining full operational licenses. This approach demonstrates Singapore's dual focus on consumer protection and innovation enablement, fostering a balanced and progressive digital financial ecosystem (Sukmana et al., 2024).

Based on these comparative insights, Indonesia can adopt strategic lessons, including:

- a. Strengthening personal data protection frameworks, aligning with the EU General Data Protection Regulation (GDPR) standards; and
- b. Expanding regulatory sandbox mechanisms similar to Singapore's model, which encourage innovation while maintaining effective legal oversight.

Such adaptive measures would enhance OJK's capacity to maintain legal certainty, consumer trust, and innovation resilience in the rapidly evolving landscape of digital financial services.

3. Enforcement Against Illegal Fintech by the Financial Services Authority (OJK)

The Financial Services Authority (Otoritas Jasa Keuangan – OJK), as the institution responsible for regulating and supervising the financial services sector, plays a vital role in ensuring consumer protection amid the rapid growth of the fintech industry (Irma Siagian et al., 2025). The increasing number of illegal fintech operations serves as concrete evidence of the need to strengthen OJK's regulatory authority.

According to the 2023 report by the Investment Alert Task Force (Satuan Tugas Waspada Investasi – SWI) of OJK, more than 100 illegal online lending platforms were shut down for committing legal violations such as charging excessive interest rates, employing violent collection practices, and breaching consumer data privacy (OJK, 2024).

One of the most notable cases was the “PinjamCepat+” case (2023), in which OJK, in cooperation with the Ministry of Communication and Information Technology (Kominfo), deactivated the website and mobile application after discovering the misuse of consumer data.

In this case, OJK acted as the administrative regulator, while criminal sanctions were imposed by law enforcement authorities (Afif Noor et al., 2023). Additionally, in 2022, OJK sanctioned PT IndoFintech Lestari, an online lending provider operating without an official license. OJK firmly stated that “any entity operating in the financial sector must obtain prior authorization, and any financial activities without a license are considered illegal” (OJK, 2022).

According to the LingCure Journal (2023), OJK's firm actions in shutting down illegal fintech platforms illustrate the institution's implementation of progressive administrative law, which aims to protect the public from unfair economic practices while upholding the principles of a welfare state.

4. Legal Protection for Digital Consumers

One of the primary mandates of the Financial Services Authority (Otoritas Jasa Keuangan – OJK) is to ensure the protection of consumers in the financial services sector, as stipulated in Articles 28 to 30 of Law No. 21 of 2011. In the context of financial technology (fintech), the issue of digital consumer protection has become increasingly complex, involving aspects such as personal data, online transactions, and algorithmic financial mechanisms (Hartono, 2020). Legal protection for consumers of financial services constitutes one of OJK's main functions as outlined in Articles 4 and 28 of the OJK Law, which affirm that the authority aims to establish financial activities that are fair, transparent, and accountable, while safeguarding the interests of consumers and the general public.

Consumer protection within the financial services industry is generally divided into preventive and repressive measures. Preventive protection emphasizes the importance of preventing violations of consumer rights before they occur. This principle is reflected in OJK Regulation No. 1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, which obliges every financial institution to provide accurate, clear, and non-misleading information; maintain the confidentiality of consumer data and personal information; assume responsibility for the products and services offered; and implement financial education programs to improve public understanding of the risks and benefits of financial products.

Repressive protection, on the other hand, refers to the resolution of disputes that arise after consumer rights have been violated. Pursuant to Article 39 of the OJK Law and Articles 32 to 36 of the aforementioned regulation, OJK is authorized to handle consumer complaints, mediate between consumers and financial service providers, impose administrative sanctions on institutions that violate consumer protection regulations, and refer cases to law enforcement authorities if criminal elements are found.

Moreover, the legal foundation for consumer protection is reinforced by Law No. 8 of 1999 on Consumer Protection, which guarantees the rights of consumers, including the right to comfort, safety, and security

5. The Role of OJK as a Social Engineer in the Digital Era

Roscoe Pound's theory of social engineering provides a philosophical foundation for the role of law as a tool to shape social behavior. In this context, the Financial Services Authority (Otoritas Jasa Keuangan – OJK) functions as an *engineer of financial behavior*—a regulatory body that not only enforces legal norms but also influences the conduct of business actors and society within the digital financial system. According to Widjaja (2019), the success of OJK should not be measured merely by the number of sanctions imposed, but by the level of legal compliance and awareness among financial service providers. Through a balanced combination of educational and regulatory approaches, OJK can embed the values of *good governance* into digital business practices, ensuring a sustainable equilibrium between innovation and social justice (Hartono, 2020).

Despite its broad authority, OJK faces a persistent regulatory gap between the rapid pace of technological innovation and the evolution of the legal framework governing it. As noted by Putri (2024), the swift development of fintech has not been matched by adequate regulatory updates, resulting in a legal *grey area*. Many fintech entities operate under new business models that are not yet explicitly regulated under OJK provisions. In the broader context of banking industry transformation influenced by globalization and technological advancement, OJK encounters complex and dynamic challenges across multiple dimensions.

One of these challenges is the transformation of financial technology (FinTech), which has fundamentally altered the mechanisms of financial service delivery and accessibility. While fintech innovation brings substantial opportunities for efficiency and inclusion, it simultaneously poses risks to conventional banking models. OJK, therefore, bears the responsibility of ensuring that fintech innovation develops in a controlled, secure, and efficient manner, without creating systemic risks to the financial sector.

Another challenge concerns consumer protection in the digital era. Digital transformation has significantly changed the way consumers interact with financial services. The growing volume of online and electronic transactions has raised legal challenges related to personal data protection and consumer rights. Hence, OJK must ensure regulatory frameworks that guarantee data security and provide sufficient legal safeguards for consumers.

The risk of cybersecurity represents another critical issue. The globalization of information technology has heightened the exposure of financial institutions to sophisticated and organized cyber threats. Attacks on financial infrastructure can have severe implications for national financial stability. Consequently, OJK must strengthen its supervisory and regulatory mechanisms related to cybersecurity to safeguard data integrity and the continuity of financial services.

Additionally, global policy changes have a direct impact on domestic banking operations and regulatory practices. OJK must demonstrate the capacity to adapt proactively, balancing national interests with the integrity of the banking system, and ensuring compliance with relevant international standards (Albertus Makur, 2023).

A further challenge lies in the low level of financial and digital literacy among the public. As technology advances, consumers require a higher degree of financial literacy to comprehend the products they use and the associated risks. OJK plays a crucial role in enhancing public financial literacy so that individuals can make informed and responsible financial decisions.

In this regard, OJK Regulation No. 5 of 2024 mandates transparency in financial product information, responding to the low financial literacy rate of the Indonesian population, which stood at only 49.68% in 2023. The regulation also reinforces the digital complaint-handling mechanism, addressing the high number of consumer reports—6,132 cases recorded in the same year.

OJK has also adopted Supervisory Technology (SupTech) to detect systemic risks at an earlier stage, particularly in monitoring the rising ratio of non-performing loans (NPLs), which reached 2.44% in 2023. Consequently, the implementation of these OJK regulations serves not only to strengthen the stability and competitiveness of the banking sector but also to enhance consumer legal protection and public trust. However, effective implementation requires an inclusive approach to ensure that smaller-scale banks can adapt and remain resilient in an increasingly competitive and digitally oriented banking environment.

CONCLUSION

Based on the results of normative research regarding the urgency of the Financial Services Authority's (OJK) role in ensuring legal certainty for digital financial transactions in the modern economic era, several key conclusions can be drawn. OJK holds a strategically urgent role within the national legal system. As an independent institution established under Law Number 21 of 2011, OJK plays a crucial role in maintaining the stability of the national financial system, regulating financial service institutions, and providing legal protection for the public in the digital era. In the context of the development of financial technology (fintech), OJK's supervisory and regulatory functions have become increasingly vital to ensure a balance between innovation and legal security (Widjaja, 2019; Hartono, 2020). Digital transformation creates new challenges for law enforcement. Technology-based financial innovation has evolved much faster than the development of legal frameworks. This situation has created a regulatory gap that could undermine the effectiveness of OJK's supervision. Differences in digital jurisdictions and weak interagency coordination also act as barriers to law enforcement across borders (cross-border jurisdiction) (Noor et al., 2023; Global Legal Insights, 2024). Consumer protection has become a central issue in OJK's supervision. The rise in cases of personal data misuse, illegal lending practices, and violations of business ethics underscores the importance of digital consumer protection policies. OJK needs to strengthen its educational functions, financial literacy initiatives, and preventive oversight mechanisms through technology-based systems such as Regulatory Technology (RegTech) and Supervisory Technology (SupTech) (Amelia, 2024; JCLI-BI, 2024). OJK serves as an agent of digital legal behavior formation. From the perspective of social engineering theory (Pound, 1921), OJK functions not only as a regulator but also as a behavioral engineer that shapes business actors to comply with legal and ethical principles in the digital domain. This role reinforces OJK's position as a guardian of modern economic legal integrity, oriented toward social justice and public welfare (Sjahdeini, 2022). There is an urgent need to strengthen the digital legal framework. To address the disruptions of the digital economy, OJK must develop a dynamic, risk-based regulatory framework. This aligns with the *Digital Finance Innovation Roadmap 2020–2024*, which emphasizes the importance of collaborative supervision among OJK, Bank Indonesia, and the Ministry of Communication and Information Technology (OJK, 2020). Thus, OJK's role is not merely administrative but carries both normative

and moral significance in building public trust toward a fair and sustainable digital financial ecosystem.

REKOMENDATIONS

Based on the conclusions above, the author proposes several recommendations as follows. Adaptive and integrative reform of fintech regulation. The government, together with the Financial Services Authority (OJK), needs to harmonize cross-sectoral regulations to prevent overlapping authorities. The establishment of a National Fintech Law could serve as a long-term solution, providing a comprehensive legal foundation for supervising the digital financial services industry.

Strengthening OJK's technological supervisory capacity. OJK must enhance its infrastructure for Regulatory Technology (RegTech) and Supervisory Technology (SupTech) to improve the efficiency of data-driven supervision. The use of analytics systems and AI-based compliance monitoring can assist in the early detection of legal violations (LingCure, 2023).

Enhancing digital financial literacy among the public. OJK should expand public education programs emphasizing the importance of digital literacy, financial ethics, and personal data security. This literacy is essential for empowering citizens to become active participants in maintaining the integrity of the digital financial system (Hartono, 2020).

Legal protection for consumers based on digital human rights. Legal protection for fintech consumers must align with Law Number 27 of 2022 concerning Personal Data Protection. OJK can collaborate with the Ministry of Communication and Information Technology (Kominfo) and the Ministry of Law and Human Rights to ensure corporate compliance with the principles of privacy by design and informed consent (Noor et al., 2023).

International cooperation in cross-border supervision. Given the global nature of digital transactions, OJK needs to strengthen collaboration with international financial authorities such as the Monetary Authority of Singapore (MAS) and the United Kingdom's Financial Conduct Authority (FCA). Such cooperation is crucial in preventing illegal cross-border fintech practices (Global Legal Insights, 2024).

Strengthening regulatory accountability and transparency. To maintain high public trust, OJK should implement the principle of open regulation, in which policymaking and supervisory evaluation processes are carried out transparently and participatively. This approach aligns with the principles of good governance within modern administrative law (Hadjon, 2018).

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