

Functions and Roles of the Financial Services Authority in Supervising Financial Technology (Fintech) Service Activities in Indonesia

Rappin M. Alghifari

Faculty of Law, Sultan Agung Islamic University, Semarang, Indonesia:
rappindopratama@gmail.com

Abstract. *The purpose of this research is to provide insights on how Fintech and the role of OJK in supervising the services of Fintech in Indonesia. The presence of Fintech in Indonesia greatly helps citizens in accessing and providing ease in financial transactions. At the moment, Fintech provides several functions that are believed to develop rapidly and Fintech also provides services on electronic money, virtual accounts, aggregators, lending, crowdfunding and other online monetary transactions. Various businesses that are part of Fintech are startups and online businesses. Therefore, the government should provide legal protection in order to protect both parties, the business organizers and the possible customers. In this case, business organizers with legal Fintech development have potential that is related to consumer protection, stable financial system, economy, and payment methods. The method of the research that is used in conducting this journal is the applied law research method. This research is using normative law with the facts approach and Constitution approach. In this case, Bank Indonesia has issued the Bank Indonesia Regulation No. 18/40/PBI/2016 concerning the implementation of the payment transaction and the Bank Indonesia Regulation No. 19/12/PBI/2017 about the implementation of Financial Technology. Along with OJK Regulation No. 13/POJK.02/2018 about the innovation of digital money in the financial services sector as a provision that covers the supervision and provisions of the financial technology (fintech) industry issued by the Financial Services Authority (OJK).*

Keywords: Authority; Industry; Service.

1. Introduction

Currently, society utilizes technology and information systems that continue to innovate, specifically technology in financial services to meet various community needs, including access to financial services and transactions.

Apart from that, the existence of technological developments such as financial technology makes it easier for people to access financial services.

In making transactions, people are helped by the application of technology to the financial service system. In this way, financial technology can be utilized by people who have difficulty accessing financial services.

Technology-based financial services have various uses, which are expected to develop rapidly in this era of globalization. This technology system can serve e-money, lending, virtual accounts (VA), and various online transactions. As for the technological systems that are already running, some of them were founded by conventional companies, but quite a few came from start-up companies.

The emergence of a touch of technology that is in hand has had a positive impact on the financial service system which really helps people to access and facilitate financial transactions, moreover people can arrange funds to meet their daily needs. With this technology, people can access it anywhere and anytime. You can also make transactions so you don't need to come and queue at the bank.

The government plays an important role in providing legal protection for both startup companies and online businesses operating in the financial services sector as well as the public who are their customers.

The main factor in the sustainability of Fintech is in terms of regulation and supervision. In this case, the implementation of business that is carried out legally for the development of financial service technology has a direct impact related to the payment system, stability of the financial and economic system, and consumer protection. The aim of the OJK which regulates and supervises Fintech is to minimize risks so as to provide good and stable growth.

The era of globalization has many impacts on people's lives in the form of positive and negative impacts, where the development of technology and information in everyday life is increasingly rapid, coupled with the availability and convenience of Accessing the internet also encourages people's progress in the field of technology, both in accessing information or in various needs in running an online-based business. Online shopping activities are becoming dominant among society due to developments in the era of globalization. 6 This encourages startup companies to develop technology as payment for the results of these activities. The types of online payments resulting from these activities are:

a. Peer To Peer Lending (P2P), a category of Fintech type of P2P, is a bridge between investors (lenders) and borrowers (borrowers) who are brought together through an online platform, where the interest from the loan proceeds will be obtained by investors as a profit. For example, Kredivo, Asetku, Koin Works, and other online platforms.

b. E-Aggregator / Market Aggregator, is a type of Fintech that uses a product service comparison platform (price, features and benefits), where the platform will make adjustments to consumer financial data and can be used as a determinant in decision making.

For example, Cekaja, Cermati, and Gogo Credit

c. Clearing, Settlement and Payment are online payment services via electronic money/digital money. Service providers are made by banks and non-banks. Types of online payments, there are chip-based E-money (Example: GazCard Mandiri, Nobu E-Money, BNI Tapcash) and server-based E-wallet (Example: OVO, GO-PAY, DANA). d. Risk and Investment Management, is a financial planner that provides education regarding risks and investment models that are suitable for customers/consumers' financial conditions (Examples: Ngatur Duit, My Finansial, Jurnal, Dompot Sehat, Online-Tax).

Based on the description above, the author will discuss how to set it up *Financial Technology (Fintech)* and what is the role of the Financial Services Authority (OJK) in supervising the proliferation of Financial Technology (Fintech) services. Previous research discussed the role of the OJK in providing protection for consumers and consumer data used in fintech transactions.

2. Research Methods

In writing, it uses normative juridical legal methods. Where this research examines law normatively by linking the factual approach and the statutory approach. Law Number 21 of 2011 concerning the Financial Services Authority, OJK Regulation no. 77/POJK.01/2016 and PBI No.19/12/PBI/2017. Legal sources to be obtained through secondary legal materials that have been researched previously and are related to the writing of this scientific journal.

3. Results and Discussion

The sustainability of technology-based financial services in Indonesia really requires regulation and supervision. In implementing its development, the legality of businesses carried out in technology-based financial services has

potential risks that are directly related to consumer protection, financial system stability, payment systems and economic stability.

BI and OJK are aggressively providing encouragement for the growth of technology-based service businesses in financial services or financial technology (fintech). This is done in order to respond to rapidly developing technology. The presence of technology in financial services in the form of applications on gadgets (smartphones, tablets, laptops, PCs) plays a role in encouraging the development of the technology industry, especially in financial services.

The development of technology-based companies in financial services recently in Indonesia has been very rapid and various regulations have been implemented. However, in reality, this business was deemed inappropriate to deal with various risk issues and other possibilities that could occur in the company. Currently, there are 2 (two) institutions in Indonesia that have the authority to regulate technology companies in financial services, namely Bank Indonesia (BI) and the Financial Services Authority (OJK). To date, Bank Indonesia has made a number of regulations relating to technology-based financial services, namely:

(1) Bank Indonesia Regulation Number 18/40/PBI/2016.

(2) Bank Indonesia Regulation Number 19/12/PBI/2017.

(3) Regulation of Members of the Board of Governors Number 19/14/PADG/2017.

(4) Regulation of Members of the Board of Governors Number 19/15/PADG/2017.¹¹ Financial Technology in Bank Indonesia Regulation Number 19/12/PBI/2017 regulates how to use financial system technology to create new technology, services, products and/or business models that can have a positive impact on monetary stability, financial system, smoothness, reliability, efficiency and security of payment systems. Technology-based financial service providers include payment systems, market support, investment management and risk management, loans, financing and capital providers, and other financial services.¹²

To date, regulations have regulated 6 (six) financial service-based technology activities regulated in the payment system and financial services system in Indonesia, namely:

1) E-money has a legal basis regulated in PBI No. 11/12/PBI/2009 jo. PBI No.

16/8/PBI/2014 jo. PBI No. 18/17/PBI/2016 concerning Electronic Money. Electronic money is a tool used to pay which contains the following elements: (a) The issuer publishes the amount of money that has been deposited to the issuer by the holder; (b) Media such as chips or servers that can store money values electronically; (c) Become a means of payment to a seller who is not an electronic money issuer; and (d) In accordance with the Law governing banking, the holder who deposits the value of electronic money and the issuer who manages it is not a deposit.

2) E-Wallet has a legal basis regulated in PBI No. 18/40/PBI/2016 concerning Implementation of Payment Transaction Processing. E-Wallet is an electronic medium which can be used to store payment data on a card or electronic money which is used as a means of payment and holding funds.

3) Payment Gateway has a legal basis regulated in PBI No. 18/40/PBI/2016 concerning Implementation of Payment Transaction Processing. Payment Gateway is an electronic medium where sellers can process payment transactions using Proprietary Channels, electronic money, and/or cards.

4) Peer to Peer (P2P) Lending has a legal basis regulated in POJK No. 77/POJK.01/2016 concerning Information Technology-Based Money Lending and Borrowing Services. Where this type is a financial services media manager that brings together loan recipients and lenders in terms of entering into direct lending and borrowing agreements in rupiah currency using the internet via an electronic system (Application).

5) Mutual Fund Marketplace has a legal basis regulated in POJK No. 39/POJK.04/2014 concerning Mutual Fund Selling Agents. Where type

This (mutual fund marketplace) is a cooperation contract between the investment manager who manages the mutual fund and the party selling securities.

6) Insurance Marketplace has a legal basis regulated in POJK No. 69/POJK.05/2016 concerning the Implementation of Insurance Company Business. Insurance Brokerage Company is an industry that provides intermediary services in terms of covering insurance / sharia insurance and/or consulting services as well as handling claim settlements on behalf of the insured.

3.1. The Role of the Financial Services Authority (OJK) in Supervising the Rise of Financial Technology (Fintech) Services

In relation to the authority that has the authority to supervise financial

services technology-based companies, it is the Financial Services Authority (OJK) of the Republic of Indonesia. According to Article 5 of Law Number 21 of 2011 concerning the Financial Services Authority (OJK Law) which regulates "OJK functions as the organizer of an integrated regulatory and supervisory system for all activities in the financial services sector."

The OJK Law was formed with the aim of providing an impact on sustainable and stable economic growth, therefore it requires activities in the financial services sector to be carried out in an accountable, fair, transparent and fair manner and able to create a financial system that grows stably and develops, able to protect the interests of society and consumers.

OJK (Financial Services Authority) is a supervisory institution for the financial services industry. His duties are contained in Article 8 letter i of Law no. 21 of 2011 concerning the Financial Services Authority, namely establishing regulations regarding procedures for imposing sanctions in accordance with the provisions of laws and regulations in the financial services sector. Based on Article 9 letters g and letter h of Law no. 21 of 2011 concerning the Financial Services Authority can grant and revoke business permits; individual permission; the effectiveness of the registration statement; registered certificate; approval to carry out business activities; validation; determination or approval of dissolution; and other determinations as intended in the laws and regulations in the financial services sector.

In this case, the OJK (Financial Services Authority) has the authority to regulate, supervise and protect consumers, namely:

A. Arrangement

The task of the OJK (Financial Services Authority) in regulation is to establish implementing regulations for laws, statutory regulations in the financial services sector, regulations and decisions of the OJK (Financial Services Authority).

B. Supervision

The objectives of management and supervision are:

- 1) The company carries out the agreed plans, including systems, processes and results achieved
- 2) Prevent irregularities.
- 3) Minimize deviations committed by employees.

- 4) Makes prevention easier.
- 5) Cost monitoring.
- 6) Helping to achieve company goals.

C. Consumer and Community Protection

Regarding consumer and public protection, the Financial Services Authority has the authority to act to prevent things that could harm consumers and the public. The form of protection is requesting to stop some/all activities that could harm consumers and the public from financial service institutions.

The stages of supervision of technology-based financial services companies are:

1) Request records at the registration stage from the supervisor and ensure that the supervisor has recorded them by the technology-based financial services company.

2) Next, the regulator will test (Regulatory Sandbox) the feasibility of services for the business that will be run. The Regulatory Sandbox has a legal basis in Financial Services Authority regulation Number 13 /POJK.02/2018 concerning digital financial innovation in the financial services sector. The Regulatory Sandbox is the OJK (Financial Services Authority) stage in testing governance, business models, business processes and financial instruments of organizers.
Explanation:

1) Managers can register their financial technology and also provide information related to their company to those who supervise it

2) Supervising parties such as Bank Indonesia review services, business models, technological mechanisms and products

3) Submit the business plan to the supervising party or Bank Indonesia

4) The Panelist Team will determine the appropriateness of the business that has been submitted

5) Carry out trials as specified. 6) If the trials are successful, they will proceed to the licensing stage.

7) If it fails at the testing stage then the business must be discontinued.

- 8) After test try succeed And stated worthy, party regulators will recommend the registration stage to the supervisor
- 9) Once registered, the authorities will monitor and request reporting on businesses that are run sustainably.

An online money lending transaction agreement is an agreement where the parties do not need to meet and get to know each other to make an agreement because the implementation of the agreement between the parties is carried out online. The provision of Information Technology-based money lending and borrowing services was born because of the demand and acceptance needed by customers.

Services provided in online money lending are carried out by:

a) Online based sales

Basically, a sale is a seller's statement to be on the agreement. When making an online offer, the product or service you want to offer online can market information about the product being sold to customers. What is marketed are the services offered along with several product specifications. In this case, a place in a shopping center markets services or merchandise in a shop to attract customer interest. Online-based sales, through online media marketing information about their services and goods in the form of advertising. So that prospective buyers, when they want to make an order, can see the details of the product they want to buy so that an agreement can be made.¹⁵

b) Online admission

Acceptance is usually the end of an agreement and is absolute. Approval of the contents of a sales and acceptance agreement must be communicated or conveyed to the party making the offer. ¹⁶ Without a request for a sale, a contract agreement will not be created. Acceptance is usually carried out in the ways that have been done determined by the offeror. Offers and requests can be made verbally or in writing.

The communication methods commonly used to create an agreement or contract are email, webpage, or click wap. This method of communication is easy to use in certain cases if technical difficulties arise regarding the internet. ¹⁸ Econtracts or electronic contracts are born when a request is submitted to the investor and the request is approved.

a. E-contract

Based on the Electronic Transaction Information Law, E-contact is an agreement made by several people through an online system. Meanwhile, according to Edmon Makarim and Deliana, E-contract is a legal bond that is entered into with a computer-based information system network with a communication system facilitated by global internet computers. 17 The legal principle that regulates the existence of E-contracts is the Indonesian agreement regulated in Book III of the Civil Code which is open and adheres to the principle of freedom of contract.

b. The beginning of the formation of the E-contract

In general, contracts are made when there is a request and express agreement between both parties. In principle, econtracts are the same as agreements in general, but the difference can be seen from the equipment used to produce the contract.

Meanwhile, analysis results can be obtained if there is acceptance of the offer made. According to Santiago Cavanillas and A. Martines Nadal, E-contract has several types of instruments used to make contracts, through:18

- a) Cell Phone/Cell Phone/Electronics
- b) E-mail/Email
- c) Website

New clients who want to take out an online loan must register or fill in the personal data form provided by the company that will borrow the money. Usually after filling in the data is complete, the client will be asked to verify the data. Usually in the form of a code sent via email or telephone number.

Legal Interaction of the Parties

Legal interactions that occur in online money lending and borrowing transactions are due to an agreement being made. The implementation of the agreement certainly involves several parties, including: a. Organizer Based on Article 1 Number 6 POJK No. 77/POJK.01/2016 which reads: "Information Technology Based Money Lending and Borrowing Service Providers called the Operator is an Indonesian legal entity that provides, manages and operates Technology-Based Money Lending and Borrowing Services. "The organizer in implementing this agreement acts as an Other Financial Services Institution in the form of a limited liability company or cooperative legal entity. Legal entities that provide information technology-based lending and borrowing services are of course required to submit registration and licensing to the

OJK. The organizer's business activities are regulated in Article 5 POJK Number 77/POJK.01/2016, namely managing, providing and operating Information Technology-based money lending and borrowing services from the lender to the loan recipient whose source of funds comes from the lender.

The Organizer also selects, analyzes and approves loan applications submitted by loan recipients in order to produce quality funding to be offered to funders. So that the organizers become Peer to Peer marketplaces, which is a forum that brings together parties in need with parties who are willing to provide loans.

b. Borrower

Based on Article 1 Number 7 POJK Number 77/POJK.01/2016: "The recipient is a person and/or legal entity who has debt due to an Information Technology-based money lending and borrowing service agreement. "The recipient of the loan funds will then be met with the lender. The provisions for loan recipients according to POJK Number 77/POJK.01/2016 are individuals who are Indonesian citizens (WNI) or legal entities in Indonesia. Provisions regarding the conditions for loan recipients are at the discretion of each provider.

c. Lender

Based on Article 1 Number 8 POJK Number 77/POJK.01/2016: "Lenders are people, legal entities and/or business entities that have receivables due to Information Technology-based lending and borrowing service agreements." Provisions regarding terms and conditions for lenders are at the discretion of each provider.

OJK inspection procedures for Fintech are regulated in POJK No. 77/POJK.01/2016 and current implementation of supervision:

1. Supervision Arrangements in POJK No. 77/POJK.01/2016 concerning OJK supervision of fintech in Information Technology-based lending and borrowing services (P2P Lending). Supervision of fintech P2P Lending or online money lending and borrowing is divided into pre-business operations and during business operations.

a. Pre-Business Operations

At this stage, Information Technology-based financial service providers will start operating. The pre-operational stage can take the form of processing registration and implementation permits by the organizer. Organizers in the

form of limited liability legal entities can be established and owned by Indonesian citizens, foreign citizens, Indonesian legal entities or foreign legal entities.

The share ownership of foreign nationals or foreign legal entities, directly or indirectly, can only be a maximum of 85%. In carrying out activities, the Organizer is required to register and obtain permits from the OJK as written in Article 7 POJK Number 77/POJK.01/2016. Registration Applications must be submitted at the latest

6 (six) months after POJK Number 77/POJK.01/2016 comes into force and organizers are required to submit registration to OJK first before applying for permits.

Applications for registration are submitted by the Board of Directors to the Chief Executive of Insurance Supervision, Financing Institutions, Pension Funds and other Financial Services Institutions using a form accompanied by attached documents as regulated in Article 8 paragraph (3) POJK.

OJK will review the registration application submitted by Information Technology-based financial service providers and then determine approval of the registration application within the maximum time period within 10 (ten) working days from receipt of the registration application documents. After 10 (ten) working days, the OJK will decide on registration approval by providing a letter of proof of registration. Every organizer who has registered with the OJK is required to submit an application for a permit as an organizer within a period of no more than 1 (one) year from the date of registration with the OJK.

If within the 1 (one) year period given by the OJK, the organizer has received a certificate of registration and does not submit a permit application, then the certificate of proof of registration as an organizer will be invalid and of course the organizer will no longer be registered with the OJK and cannot resubmit an application for re-registration to the OJK.

The requirements for submitting a licensing application are regulated in Article 11 POJK Number 77/POJK.01/2016. With a maximum period of 20 (twenty) working days from receipt of the licensing application documents, OJK will provide a statement of approval or rejection of the licensing application. During these 20 (twenty) days, OJK will examine the completeness of the documents and analyze the feasibility of the registered work plan.

In the process of granting permits, it is very possible for the OJK to conduct interviews with owners and/or prospective directors and verify them directly

at the permit application office. Interviews are held as a means of fit and proper test for prospective organizing directors/commissioners. The interview also plays a role in checking that capital payments do not come from loans for illegal activities in the form of money laundering and other financial crimes, are not recorded on the bad credit list, have never been punished for committing criminal acts in the financial services business sector and/or economy based on court decisions that have permanent legal force in the last 5 (five) years and have never been declared bankrupt based on court decisions that have permanent legal force.

In the supervisory duties at the pre-operational stage, it is regulated regarding OJK supervision of changes in ownership of organizers which must first obtain approval from the OJK. In addition, if an organizer who has obtained a permit declares that he is unable to continue his operational activities, he must submit a request for revocation of the permit at his own request to the OJK, accompanied by reasons for his inability, and a plan for resolving usage rights and obligations. The permit can be revoked no later than 20 (twenty) working days from the date of the request for revocation.

b. During business operations

Activities for providing Information Technology-based money lending and borrowing services can only begin when permission has been obtained from the OJK. There are two types of supervision carried out by the OJK during business operations, namely submission of reports by the company or organizer (self assessment system) and inspection by the OJK (officer supervisory system). The first type of supervision is the Self-assessment system, in the form of submitting a report by the company or organizer as regulated in POJK Number 77/POJK.01/2016 consisting of supervision of finances and business activities, implementation of supervision of the articles of association which is carried out by means of periodic reports. At this business operational stage, it is possible that there are organizers who have started their business activities, are registered with the OJK but have not yet applied for an operating permit to the OJK.

Despite this, OJK continues to carry out supervision using a self-assessment system type, namely by means of periodic reports. Submission of periodic reports on the implementation of business activities is carried out every 3 (three) months for the period ending March 31, June 30, September 30 and December 31 (4 Quarters). Periodic reports every 3 (three) months are submitted to the OJK no later than 10 (ten) working days from the due date of the report. This periodic report is for a period of 1 (one) year until the deadline for applying for an operating permit expires.

For organizers who have obtained an operating permit, they are required to submit periodic reports electronically to the OJK, namely monthly reports and annual reports as regulated in Article 45 to Article

56 POJK Number 77/POJK.01/2016. The monthly report is submitted no later than 10 (ten) working days of the following month. Meanwhile, the annual report will be submitted to the OJK for the reporting period from January 1 to December 31. The annual report consists of financial and activity reports, financial reports for the implementation of Information Technology-based money lending and borrowing services. Annual reports submitted to OJK are in the form of physical and electronic documents. The time period for submitting the report is no later than 20 (twenty) working days after the end of the reporting period.

The second type of supervision is the officer supervisory system, namely periodic inspections carried out by the OJK. This examination is a series of activities carried out by OJK to collect, search, process, evaluate data and information regarding Information Technology-based money lending and borrowing service business activities. OJK will of course carry out regular supervision aimed at ensuring that the periodic reports submitted by the organizers are in accordance with the actual situation of the company. Apart from monitoring periodic reports, OJK also carries out inspections to gain confidence in the veracity of periodic reports and assess applicable compliance provisions.

OJK audits are carried out once a month to check the monthly reports submitted by the organizers with the aim of checking the correctness of the substantive aspects of the periodic reports and compliance with statutory provisions and if necessary the OJK can request additional information and/or additional data from the organizers. The same thing applies to the examination of annual reports, where the OJK will be able to request additional information and/or additional data from the organizers. Apart from periodic inspections, it is also possible for the OJK to carry out incidental inspections if based on the results of the analysis of the monthly report it is reasonable to suspect that there are deviations from applicable regulations. Apart from that, an incidental inspection can be carried out if based on the results of research on information obtained by the OJK from the complaint letter, it is reasonable to suspect that the implementation of deviant business activities, one of which does not fulfill the customer's rights. So the implementation of this incidental audit can also take the form of an audit of the audit track record for the purposes of supervision, dispute resolution, verification, testing and other checks. Another form of supervision carried out by the OJK is supervision of the implementation of

business activities by regulating several prohibitive provisions in Article 43 POJK Number 77/POJK.01/2016. dispute resolution, verification, testing and other checks. Another form of supervision carried out by the OJK is supervision of the implementation of business activities by regulating several prohibitive provisions in Article 43 POJK Number 77/POJK.01/2016. dispute resolution, verification, testing and other checks. Another form of supervision carried out by the OJK is supervision of the implementation of business activities by regulating several prohibitive provisions in Article 43 POJK Number 77/POJK.01/2016.

3.2. Implementation of Financial Services Authority Supervision of Current Financial Technology

At the end of 2016, OJK issued POJK Number 77/POJK.01/2016 concerning Information Technology Based Lending and Borrowing Services. This regulation is the basic implementation of P2P Lending or online lending and borrowing business activities, which is a type of fintech, including regulations regarding supervision carried out by the OJK regarding the running of these business activities. The implementation of Fintech P2P Lending in the POJK above is grouped as other financial service institutions which are included in the realm of supervision of the Non-Bank Financial Industry (IKNB) sector.

As another financial services institution, of course the implementation of fintech P2P Lending will of course be supervised by the OJK as the authority that has the authority to supervise microprudence in Indonesia. The general differences in supervision of fintech carried out by Bank Indonesia and OJK namely BI handles fintech which falls into the payment system category.

This includes, of course, companies that provide payment gateway, remittance, e-wallet, switching and other services. Meanwhile, OJK handles fintech, including those engaged in P2P lending/financing, insurance, and so on. Types of supporting or enabling fintech business activities. Based on the results of research on the current implementation of supervision by the OJK, Muhammad Mufid, Head of the OJK 3 Financing Institution Supervision Section, stated that currently the supervision carried out by the OJK on the activities of implementing fintech P2P Lending or online lending and borrowing is currently only at the pre-operational stage of the business. OJK's main focus after the promulgation of POJK Number 77/POJK. 01/2016 is an application for registration and licensing for companies operating in the field of money lending and borrowing services or P2P Lending as part of the supervision of the pre-operational stage of the business. Another reason behind the lack of full supervision is that there is no department under the OJK that specifically handles fintech, such as the BI Fintech Office under Bank Indonesia. Currently, OJK is designing its organizational structure in the

context of development (incubators and accelerators) and supervision of fintech (internal studies). This is intended to find the right formulation regarding the implementation of regulation and supervision of fintech in Indonesia so that it is in line with the development goals to be achieved in the economic sector. Related to this,

Any offender who violates existing legal regulations may be subject to sanctions certainty law can be realized for the parties. Existing laws must be adapted to the principles of justice that apply in society. In enforcing the law, the elements that must be considered are: Legal certainty (Rechtssicherheit), Benefit (Zweckmassigkeit) and Justice (Gerechtigkeit).

The formation of Legislative Regulations is regulated in Article 5 of Law no. 12 of 2011, includes: clarity of objectives; the appropriate forming institution or official; correspondence between types, hierarchies, and content materials; can be implemented; usefulness and usefulness; clarity of formulation; and openness. In forming these laws and regulations, it is mandatory to use good principles so that they can be adapted to the needs of society

If in the course of carrying out business activities, the Peer to Peer Lending organizer is proven to have committed a violation, the organizer may be subject to administrative sanctions with or without a written warning as regulated in OJK Regulation No. 77/POJK.01/2016 Article 47 paragraph (2) LPMUBTI.

In implementing OJK supervision using the Regulatory Sandbox mechanism, there are several requirements, namely:

1. The Financial Services Authority determines the organizer to be tested
2. The organizer fulfills at least:
 - a. Registered as a digital financial innovation with the Financial Services Authority or based on the application letter submitted.
 - b. This is a new business model.
 - c. Has a business scale with wide market coverage.
 - d. Registered with the organizing association.

4. Conclusion

In Indonesia, currently, there are two institutions that have the power to supervise, regulate and develop fintech, including Bank Indonesia and the

Financial Services Authority (OJK). The implementation of fintech in Indonesia is regulated in several official regulations from the government from Bank Indonesia itself, through PBI No.19/12/PBI/2017 concerning the Implementation of Financial Technology, Bank Indonesia regulates the obligation to register with Bank Indonesia for Financial Technology Operators who carry out payment system activities. The registration obligation is excluded for Payment System Service Providers who have obtained permission from Bank Indonesia and for Financial Technology Providers who are under the authority of another authority. It is hoped that the regulations made by the government will enable fintech providers and users to carry out various financial activities more comfortably and safely in terms of processing data and personal information.

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