





Strengthening Indonesia's Financial Consumer Protection Framework: A Comparative Analysis of the U.S. Consumer Financial Protection Bureau



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Abstract

This research examines the legal standing and statutory authority of the Financial Services Authority (Otoritas Jasa Keuangan, OJK) to commence civil proceedings on behalf of consumers in Indonesia's financial services sector, a mandate that has gained increasing relevance amid the expansion of complex financial products and digital delivery channels. Grounded in Law No. 21 of 2011 and its implementing regulations, OJK's litigation power is conceptualised as a regulatory enforcement mechanism intended to address structural consumer disadvantages, strengthen institutional accountability, and promote compliance with market-conduct norms. The analysis situates this authority within broader doctrinal frameworks, including public interest litigation, administrative law principles, and regulatory enforcement theory. To provide comparative context, the article briefly contrasts OJK's mandate with the enforcement powers of the United States Consumer Financial Protection Bureau (CFPB), a leading model in consumer-focused financial regulation. Using a normative juridical methodology, the article evaluates the practical effectiveness of OJK-initiated civil actions and compares them with alternative redress mechanisms, such as class actions. The findings indicate that despite a clear statutory foundation, OJK's use of civil litigation remains limited by procedural uncertainties and institutional preferences for non-judicial approaches. Nevertheless, OJK-filed lawsuits hold significant potential to enhance remedial access, improve evidentiary processes, and create stronger deterrence against market misconduct. The study concludes that clearer procedural guidelines and strengthened institutional capacity are essential to optimise OJK's role in consumer protection.

Keywords: Consumer Protection; Financial Services Authority; Regulatory Enforcement.

I. Introduction

The rapid expansion and digitalization of Indonesia's financial services sector have produced substantial benefits for economic growth and financial inclusion. At the same time, the complexity and diversity of financial products particularly in emerging sub-sectors such as financial technology (fintech) have generated a notable rise in consumer complaints concerning unfair practices, mis-selling, opaque terms, and illegal entities. These complaints are channelled

mainly through the Financial Services Authority's (*Otoritas Jasa Keuangan, "OJK"*) consumer protection system, which serves both as a barometer of market conduct and as the first institutional response to alleged violations.¹ Recent official data show that the volume of consumer service requests and complaints handled by OJK is large and increasing, reflecting persistent consumer-protection issues across multiple sub-sectors.

According to OJK publications, the Authority received 410,448 service requests and 33,319 formal complaints through the APPK system up to 19 December 2024.² Banking and fintech dominated the distribution, accounting for 12,776 and 11,948 complaints respectively, followed by financing companies (6,958) and insurance providers (1,393). A separate dataset from 1 January to 31 July 2024 recorded 17,003 consumer complaints, with fintech as the largest contributor (6,289 complaints).³ Quarterly and triannual performance reports also reveal substantial volumes of non-complaint service interactions, illustrating that OJK's workload includes extensive advisory and information-handling responsibilities.⁴ These operational realities underscore the increasing urgency of strengthening institutional enforcement tools such as civil-action mechanisms.

The regulatory framework governing consumer complaint handling in the financial sector is primarily contained in POJK No. 18/POJK.07/2018 on consumer complaint services and POJK No. 22/POJK.01/2023 on consumer protection.⁵ These regulations differentiate between "complaints indicating disputes" and "complaints indicating violations," and outline procedures for coordination with financial service providers, dispute-resolution bodies, and potential escalation into enforcement measures. This structure includes OJK's authority to initiate civil actions to protect consumer interests and deter systemic non-compliance.

The central legal question concerns how OJK's civil-action authority is conceptually and procedurally positioned within Indonesian law. While OJK's supervisory mandate is firmly anchored in Law No. 21 of 2011, the legitimacy and scope of its authority to file civil actions on behalf of consumers raise questions about procedural modalities, the relationship with class action mechanisms, and the balance between preventive and curative enforcement.⁶ Academic literature further highlights the importance of institutional remedies in addressing information asymmetry, bargaining inequality, and systemic misconduct by financial institutions.

The urgency of optimizing this authority is driven by the structural gap between the high volume of consumer complaints and the limited avenues for collective redress. Many consumers lack the resources or procedural capacity to litigate against financial institutions, especially in cases involving mass harm or complex financial products. In example case related to the ineffectiveness of legal remedies concerning the settlement of disputes in the insurance sector. Various legal efforts were carried out and pursued by the insured parties to resolve the dispute with their insurers. However, a solution to this dispute could not be successfully found to address the default issue.⁷ OJK's civil-action mechanism therefore represents a potentially powerful but

¹ Otoritas Jasa Keuangan. (2024). *Statistik layanan konsumen OJK 2024 (APPK Report)*. OJK.

² *Ibid.*

³ Otoritas Jasa Keuangan. (2024). *Laporan pengaduan konsumen Januari-Juli 2024*. OJK

⁴ Otoritas Jasa Keuangan. (2023). *Laporan triwulanan perlindungan konsumen*. OJK.

⁵ Otoritas Jasa Keuangan. (2018). *POJK 18/POJK.07/2018 tentang Layanan Pengaduan Konsumen*; Otoritas Jasa Keuangan. (2023). *POJK 22/POJK.01/2023 tentang Perlindungan Konsumen*.

⁶ Jimly Asshiddiqie, *Pengantar Ilmu Hukum Tata Negara Jilid 1*, (Jakarta: Sekretariat Jenderal dan Kepaniteraan Mahkamah Konstitusi RI, 2006), 10.

⁷ Wafa Nihayati Inayah, Marsitiningasih. 2021. "Perlindungan Hukum atas Kerugian Nasabah Asuransi Terhadap Kasus Gagal Bayar Ditinjau dari Undang-Undang Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen". *Kosmik Hukum* 21, No. 2 (2021) 133-141 DOI: <https://doi.org/10.30595/kosmikhukum.v21i2.9995>

underutilized instrument to ensure accountability and strengthen market discipline. Comparative perspectives on consumer protection and public-interest litigation show that effective remedies require both robust supervisory frameworks and credible enforcement pathways.⁸

Experiences from the United States Consumer Financial Protection Bureau (CFPB) demonstrate the value of strong public enforcement powers in addressing systemic financial misconduct and securing redress for large groups of affected consumers. The CFPB's ability to initiate civil and administrative actions has proven effective in deterring unfair, deceptive, and abusive practices across diverse financial markets. Lessons from the CFPB model highlight the importance of combining supervisory oversight with proactive litigation tools to strengthen institutional credibility and enhance consumer trust.

Accordingly, this article examines the legal basis and procedural operation of OJK's civil-action authority, evaluates its effectiveness and structural constraints, and compares it to Indonesia's class action framework. Integrating statutory analysis, doctrinal insights, and official complaint statistics, this study proposes policy-relevant recommendations to strengthen consumer protection in Indonesia's financial sector.

II. Research Problems

To what extent does the Financial Services Authority (OJK) possess locus standi and statutory competence to institute civil proceedings on behalf of consumers pursuant to Law No. 21 of 2011 and its ancillary regulations, and how effective is such litigation as a regulatory instrument in affording meaningful redress and exerting deterrent pressure upon financial service providers engaging in unlawful or unfair conduct, having regard to comparative lessons from the CFPB in utilising enforcement actions to enhance market integrity and consumer confidence?

III. Research Methods

This research is descriptive, illustrating doctrines related to restorative justice with a normative research approach. The data used is secondary data, including primary legal sources such as the Criminal Procedure Code, Supreme Court Circulars, Attorney General Regulations, National Police Chief Regulations, and other related regulations, as well as secondary and tertiary legal sources. The methodology applied in this research includes a legislative approach and a conceptual approach. Data collection techniques were conducted through document studies and literature reviews, followed by qualitative analysis of the gathered data to draw relevant conclusions.

This study employs a normative legal method with both a statutory (statute) approach and a conceptual approach, as the issue under examination focuses on the construction of restorative justice regulations within Indonesia's criminal justice system. The normative analysis is considered appropriate for identifying consistency, gaps, and the need for regulatory harmonization. Primary legal materials include statutory regulations, the Criminal Procedure Code, and other regulations related to restorative justice) as well as court decisions, while secondary legal materials consist of academic literature, journal articles, and expert opinions. The

⁸ R. Kartika, *Perlindungan Konsumen Sektor Jasa Keuangan di Indonesia*, (Depok: Rajawali Press, 2020), 23.

analysis is conducted systematically through the inventory of legal sources, problem identification, conceptual interpretation, and the formulation of normative recommendations to promote a more comprehensive and integrated legal framework.

IV. Result and Discussion

1. Analysis of OJK's Legal Standing and Authority to File Civil Lawsuits on Behalf of Consumers

The Financial Services Authority (Otoritas Jasa Keuangan, hereinafter "OJK") occupies a central position in Indonesia's financial system, entrusted with regulatory, supervisory, and protective mandates. A crucial part of this mandate is the authority to file civil lawsuits on behalf of consumers harmed by financial service providers. The question of the extent and legal legitimacy of this authority has become increasingly relevant in ensuring effective consumer protection within Indonesia's financial services sector.

OJK plays a central and crucial role as the primary regulator and supervisor for consumer legal protection in the Indonesian financial sector, carrying out its mandate through the regulation and supervision of Financial Services Business Operators (PUJK), as well as by establishing and supporting Alternative Dispute Resolution (ADR) mechanisms.⁹ The primary goal of granting the OJK the right to sue (legal standing) is to address the imbalance in bargaining power between individual consumers and Financial Services Providers (FSPs) which possess significantly greater resources and legal capacity.¹⁰

The legal standing (*locus standi*) of OJK to file civil lawsuits is primarily rooted in Law No. 21 of 2011 concerning the Financial Services Authority. Article 28 paragraph (1) establishes OJK's role in organizing consumer and public protection in the financial services sector. Furthermore, Article 30 paragraph (1) explicitly provides: "OJK may file a civil lawsuit for the benefit of consumers and the public who have been harmed by financial services business actors."

The Financial Services Authority (OJK) is granted legal standing by statute to act on behalf of the collective (or individual) interests of consumers who have suffered losses. This authority serves as an efficient recovery mechanism for consumers who may lack the necessary resources or legal knowledge to institute their own claims.¹¹ The conferral of this legal standing is specifically designed to address the imbalance in bargaining power between consumers and Financial Services Providers (FSPs). By assuming this role, the OJK operates as a powerful legal proxy to seek civil liability and redress from the FSPs.

This statutory provision grants OJK institutional standing to act as a representative body protecting public and consumer interests. Unlike ordinary civil plaintiffs, OJK's standing is derivative rather than personal, meaning that it acts on behalf of the collective interests of financial consumers rather than asserting its own rights. In cases involving financial disputes and consumer protection, the civil lawsuit most frequently utilized to claim damages is the Tort Claim (*Gugatan Perbuatan Melawan Hukum/PMH*), based on Article 1365 of the Civil Code (*KUH Perdata*). The Tort Claim (*Onrechtmatige Daad*) constitutes the most common legal basis for seeking civil compensation in Indonesia. The principle for this claim to be admissible is that the

⁹ M. Adiwijaya, Aruan, "The legal certainty of Alternative Dispute Resolution in the financial services sector through LAPS-SJK: A perspective of consumer protection", *International Journal of Multicultural and Multireligious Understanding* 8 No. 12, 273-282.

¹⁰ Fitriani, Rani dan Adi Santoso, "Legal Standing Otoritas Jasa Keuangan dalam Gugatan Perdata Perlindungan Konsumen", *Pandecta (Jurnal Penelitian Ilmu Hukum)* 16 No. 1 (2021): 120-135

¹¹ Sulaeman, Arif, "Tugas dan Fungsi Otoritas Jasa Keuangan dalam Sengketa Perdata Terkait Perlindungan Hukum Bagi Konsumen", *Jurnal Privat Law* 7 No. 2 (2019): 305-318. DOI: <https://doi.org/10.20961/privat.v7i2.34403>

elements of causality (the cause-and-effect relationship) must be fulfilled between the unlawful act committed by the defendant (the financial services business actor) and the loss suffered by the plaintiff (the consumer).¹²

Complementing this provision, OJK Regulation No. 1/POJK.07/2013 on Consumer Protection in the Financial Services Sector elaborates that OJK may take legal actions, including filing lawsuits, to ensure that financial service providers comply with consumer protection obligations (Article 51). Moreover, OJK Regulation No. 61/POJK.07/2020 concerning the Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK) situates OJK's litigation role as a *last resort*, exercised when non-litigation remedies have proven ineffective.

From a legal theory standpoint, OJK's authority to file civil lawsuits can be understood through several theoretical lenses. First, according to Hans Kelsen's Pure Theory of Law, every legal competence derives from a superior legal norm.¹³ Thus, OJK's competence to initiate lawsuits exists only to the extent explicitly granted by the law in this case, Law No. 21 of 2011. Consequently, OJK's authority is legally valid but normatively bounded, operating strictly within the framework provided by statute and its implementing regulations.

Second, the Public Interest Theory, as developed in the utilitarian legal thought of Jeremy Bentham, emphasizes that state power must be exercised to maximize public welfare.¹⁴ OJK's litigation authority reflects this principle, as it seeks to protect not only individual consumers but also the public interest in maintaining fairness, integrity, and accountability in the financial system.

Third, Satjipto Rahardjo's Theory of Legal Protection distinguishes between preventive and repressive legal protection.¹⁵ Preventive protection involves regulation and supervision to prevent violations, while repressive protection entails corrective measures, including litigation, when harm has occurred. OJK's authority to file lawsuits functions as a repressive mechanism, ensuring that financial service providers are held accountable when preventive measures fail.

Although OJK's statutory authority to litigate is explicit, its scope is not unlimited and must be interpreted within the principles of administrative and consumer protection law.

a. Nature of Standing

OJK's standing is institutional and representative, not personal or corporate. It does not sue for its own damages but rather for consumers collectively, similar to public interest litigation. This notion is consistent with the *ius standi in iudicio* doctrine, which allows administrative bodies to act to protect collective rights comparable to the Attorney General's authority to bring environmental lawsuits in the public interest under Law No. 32 of 2009 on Environmental Protection and Management.

b. Functional Competence and Procedural Restraints

According to Philipus M. Hadjon, the exercise of administrative power must remain within the limits of functional competence, meaning that an administrative body cannot act outside its legally defined duties. Thus, OJK's litigation authority is confined to cases involving systemic violations or consumer harm affecting the public interest, rather than

¹² F. Laksana, "Analisis Yuridis terhadap Kasus Gugatan Perbuatan Melawan Hukum atas Ketidakabsahan Peralihan Hak Milik Benda Bergerak (Studi Kasus Putusan Mahkamah Agung Nomor 1081/K/PDT/2018)" *Kosmik Hukum* 20 No. 1, 2020: 21-33 DOI: <https://doi.org/10.30595/kosmikhukum.v20i1.6433>

¹³ Hans Kelsen, *Pure Theory of Law*, trans. Max Knight (Berkeley: University of California Press, 1967), 83 DOI: <https://doi.org/10.1525/9780520312296>

¹⁴ Jeremy Bentham, *An Introduction to the Principles of Morals and Legislation*, (Oxford: Clarendon Press, 1970), 19

¹⁵ Satjipto Rahardjo, *Ilmu Hukum* (Bandung: Citra Aditya Bakti, 2000), 56.

isolated contractual disputes between individual consumers and financial service providers.

In practice, empirical data from OJK's Consumer Protection Report (2021) shows that OJK has rarely exercised its litigation authority, preferring preventive measures, supervisory enforcement, and alternative dispute resolution via LAPS SJK. This approach underscores a policy preference for efficiency and non-adversarial resolution, reserving litigation as a last resort for large-scale consumer harm.

c. Procedural Challenges

Despite its formal mandate, OJK's litigation authority faces procedural ambiguities due to the lack of detailed implementing regulations specifying when and how such authority should be exercised. This regulatory gap risks inconsistency in enforcement and weakens OJK's potential deterrent effect against consumer rights violations. Internationally, Indonesia's model of consumer protection through OJK reflects a hybrid structure, balancing regulatory supervision, alternative dispute resolution, and selective litigation. For instance, the Consumer Financial Protection Bureau (CFPB) in the United States is empowered to file lawsuits directly against financial institutions engaging in unfair or deceptive practices. In contrast, Bank Negara Malaysia relies mainly on mediation via the Ombudsman for Financial Services (OFS) rather than litigation.

OJK's framework thus sits between these two models it possesses the authority to litigate, yet exercises it cautiously to maintain regulatory balance and encourage compliance through preventive oversight. OJK's legal standing and authority to file civil lawsuits are clearly established under Article 30 of Law No. 21 of 2011 and reinforced by POJK No. 1/POJK.07/2013. Theoretically, this authority aligns with principles of public interest protection, functional competence, and legal legitimacy. Nonetheless, OJK's practical exercise of this authority remains limited by institutional policy, procedural gaps, and the preference for non-litigious resolution. To enhance the effectiveness of consumer protection, it is essential for OJK to develop clear procedural guidelines for litigation, strengthen coordination with LAPS SJK and judicial bodies, and reinforce its capacity for systemic consumer protection enforcement. Thus, while OJK's legal foundation for filing civil lawsuits is solid, its operationalization still requires further institutional refinement.

A more explicit procedural basis arises under Supreme Court Regulation (Perma) No. 1 of 2002 on Class Action and Perma No. 1 of 2016 on Legal Standing of Government Agencies, which recognize that government authorities may appear before courts to defend collective or public interests. Under Perma 1/2016, an administrative body or regulatory agency is acknowledged as having legal standing when acting to prevent or remedy public harm. OJK fits squarely within this category, given its legislated role and supervisory competence. This legal framework reinforces that OJK's standing is not derivative of individual consumers but arises from its statutory authority to protect the public.

In addition to regulatory grounding, legal theory also supports OJK's position as a litigating authority. The regulatory enforcement theory advanced by Ayres and Braithwaite describes a model of "responsive regulation," where regulators use a spectrum of enforcement tools ranging from persuasion to punitive mechanisms, including litigation, to induce compliance. OJK's capacity to bring civil lawsuits serves as a higher-tier enforcement mechanism applied when administrative measures are inadequate or when violations pose systemic risks. Litigation initiations by OJK also reflect principles from deterrence theory, which views the threat

of legal sanctions, particularly when brought by a regulator, as a means of shaping institutional behavior and preventing future misconduct.

Moreover, OJK's authority is amplified by its investigative powers under Articles 9 and 10 of Law No. 21/2011, which grant the regulator access to internal documents, consumer data, risk assessments, and supervisory findings. These powers align with evidence-based enforcement theory, which argues that effective regulatory litigation requires robust investigatory capacity to present comprehensive and credible evidence before the court. OJK's ability to gather and analyze such information enhances the legitimacy and strength of its civil claims, distinguishing its litigation role from that of private litigants.

Taken together, the statutory framework, regulatory provisions, and underlying legal theories demonstrate that OJK's authority to file civil lawsuits is both legally grounded and normatively justified. OJK functions as a public guardian capable of overcoming limitations faced by individual consumers while promoting broader regulatory objectives, including market discipline, systemic risk mitigation, and consumer justice. This expanded legal role reflects a shift in Indonesia's financial regulatory environment toward proactive, interventionist oversight designed to uphold fairness and accountability across the financial services industry.

2. Effectiveness of the OJK's Civil Lawsuit Mechanism as an Instrument of Consumer Protection

For many consumers, filing a lawsuit against financial institutions is an expensive, complex process that requires legal expertise not everyone possesses. The challenges of proving a claim, covering litigation costs, and overcoming the significant information gap between consumers and financial service providers often become major barriers to achieving justice. In this context, the presence of the Financial Services Authority (OJK) as the plaintiff plays a strategic role in reducing these litigation obstacles. OJK has adequate legal capacity, professional resources, and access to internal data and information within the financial industry, enabling a more comprehensive evidentiary process. Consequently, OJK can serve as an effective representative for consumers who are unable to pursue their rights independently through the judicial system.¹⁶

The OJK's authority to file civil lawsuits includes claims arising from unlawful acts committed by financial service providers, whether related to harmful standard-form contracts, mis-selling, misuse of consumer data, or violations of transparency obligations. These lawsuits take the form of *representative claims*, as the OJK acts on behalf of the public interest when consumers lack the capacity, access, or bargaining power to pursue legal action on their own.

The strategic objectives of OJK's civil lawsuit mechanism can be understood through several key dimensions that reinforce its role as an instrument of consumer protection. First, it aims to provide more effective remedies for consumers compared to individual lawsuits. Many consumers face structural barriers when attempting to bring claims against financial service institutions, such as limited legal knowledge, unequal bargaining power, and the complexity of financial transactions. By enabling OJK to act as the plaintiff, the legal process becomes more centralized, efficient, and capable of delivering redress to a wider group of affected consumers.¹⁷

Second, the mechanism reduces litigation barriers that typically hinder consumers. High litigation costs, challenging evidentiary requirements, and information asymmetry between

¹⁶ Gandasari, "Peran Otoritas Jasa Keuangan (OJK) dalam mengawasi fintech lending." *Indonesian Journal of Islamic Economic Law* 7, No. 1 2025: 50-68.

¹⁷ Elsa, "Peran Otoritas Jasa Keuangan terhadap Perlindungan dan Pengawasan Fintech di Indonesia", *Jurnal Hukum Tora* 9 2023: 377-389.

consumers and financial institutions often discourage individuals from pursuing legal action. OJK's involvement helps overcome these obstacles by mobilizing institutional resources, expertise, and authority, thereby ensuring that consumers are not left without access to justice due to financial or procedural limitations.

Third, it serves a deterrent function. When OJK initiates a civil lawsuit, it signals that violations of consumer protection standards will not be tolerated. The possibility of facing institutional-level litigation with potential compensatory and reputational consequences—encourages financial service providers to comply with regulatory obligations and avoid unlawful practices.

Lastly, this mechanism promotes healthier industry governance. By consistently enforcing the law through civil actions, OJK reinforces the expectation that any deviation from fair conduct will lead to legal consequences. This creates a stronger culture of compliance within the financial sector and contributes to a more transparent, accountable, and consumer-oriented industry environment.¹⁸

The civil lawsuit mechanism granted to the Financial Services Authority (OJK) offers several substantive advantages that strengthen the overall framework of consumer protection in Indonesia's financial sector. These advantages demonstrate how regulatory involvement can address structural barriers, enhance enforcement, and promote industry-wide compliance.

One major strength of this mechanism lies in its ability to address the unequal position between consumers and financial service providers. Individual consumers often lack the financial resources, legal expertise, and technical understanding required to challenge large financial institutions. OJK's authority to litigate on their behalf significantly reduces these barriers, allowing claims that would otherwise be too difficult or costly for consumers to pursue to be effectively brought before the courts.

Another advantage arises from OJK's institutional capacity and access to information obtained through its supervisory role. As a regulator, OJK can request internal documents, compliance reports, transactional data, and consumer-related records materials that are typically inaccessible to individual litigants. This access enables OJK to construct a well-supported evidentiary case, thereby strengthening the overall persuasiveness and rigor of the litigation process. The ability to gather comprehensive evidence helps ensure that allegations of wrongdoing can be substantiated with greater precision.

The mechanism also provides a more efficient route for securing collective remedies, especially in situations involving widespread or systemic harm. Mis-selling of financial products, the imposition of hidden fees, or repeated violations of disclosure obligations often affect large groups of consumers. Through a single lawsuit initiated by OJK, redress can be extended to all impacted consumers without requiring each individual to file a separate claim. This collective approach not only promotes judicial efficiency but also ensures that vulnerable or less informed consumers are not excluded from obtaining relief.

A further benefit is the heightened deterrent effect generated by regulator-led litigation. When a civil lawsuit is initiated by OJK, the action carries significant reputational and financial implications for the institution involved. The regulator's involvement signals that the violation constitutes a serious breach of market conduct standards and may trigger broader regulatory consequences. This heightened level of scrutiny encourages financial institutions to adopt more

¹⁸ Kardinata, "Reconstruction of roles in Otoritas Jasa Keuangan (OJK) supervision on banking sector health", *Lifestyle and Sustainable Development Review* 5 No. 3 2025: 122-134.

responsible business practices, strengthen internal controls, and comply with consumer protection norms to avoid similar enforcement actions in the future.

Overall, OJK's civil lawsuit mechanism enhances consumer protection by widening access to justice, improving evidentiary quality, enabling collective compensation, and reinforcing industry compliance. These strengths highlight the importance of regulatory litigation as a corrective instrument that supports a more transparent, accountable, and consumer-oriented financial services environment.

The civil lawsuit mechanism exercised by the Financial Services Authority (OJK) carries meaningful implications for the protection of consumers within the financial services industry. Its implementation not only strengthens access to remedies but also promotes higher compliance standards and reinforces public trust in the regulatory system.

A significant impact of OJK-initiated lawsuits lies in the availability of stronger and broader remedies for consumers. When OJK acts as the plaintiff, restitution and compensation can be awarded to a larger group of affected individuals, including those who may not have the capacity or awareness to pursue their own claims. This mechanism is particularly valuable in addressing systemic forms of misconduct, where large numbers of consumers experience harm through mis-selling, undisclosed fees, or recurrent breaches of transparency obligations. Court decisions resulting from such lawsuits may also compel financial institutions to revise internal policies, strengthen consumer-facing procedures, and eliminate unfair contractual terms. In this way, the remedial function extends beyond individual compensation and contributes to structural improvements in business practices.

Another important consequence is the enhancement of compliance within the financial services industry. The prospect of being sued by a regulatory authority introduces a stronger incentive for financial service providers to maintain higher standards of conduct. Institutions are encouraged to ensure that product information is transparent, communications with consumers are accurate, and services adhere to principles of fair treatment. The risk of legal action also pushes firms to strengthen operational risk management systems, particularly in areas that could expose consumers to financial losses or unfair treatment. As a result, regulatory litigation functions as a compliance-enhancing tool that promotes more responsible behavior throughout the market.

In addition, OJK's use of civil lawsuits contributes to a reinforcement of public confidence in both the regulator and the financial system. By taking visible legal action against institutions that violate consumer protection standards, OJK demonstrates its commitment to safeguarding the interests of the public. This proactive enforcement posture signals that unlawful or unfair practices will not be tolerated, and that regulatory authorities are willing to intervene decisively when consumer welfare is at stake. The cumulative effect is an increase in public trust both in OJK's role as a guardian of consumer rights and in the integrity of the financial services industry more broadly.

OJK must strengthen its repressive powers to impose harsher sanctions and expedite the legal process. Simultaneously, regulatory and judicial bodies must simplify Class Action procedures and intensify public education to empower consumers to utilize this powerful legal tool against systemic malfeasance by financial service providers.¹⁹ Taken together, these impacts illustrate that OJK's civil lawsuit mechanism plays a strategic role not only in remedying

¹⁹ Putra, Wulandari, "Alternative Dispute Resolution (ADR) vs. Litigation in Financial Services: The Indonesian Experience", *Journal of Indonesian Legal Studies* 7 No.2 2024: 100-115.

individual harm but also in shaping a fairer, more transparent, and more accountable financial services environment.

3. Comparative Analysis: The Litigation Authority of CFPB and Lessons for OJK

The Consumer Financial Protection Bureau (CFPB) is an independent agency of the United States government, established in 2011 under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Its creation was a direct response to the 2008 financial crisis, which exposed profound regulatory failures and widespread consumer-harming banking practices. Designed to be the single point of accountability for federal consumer financial law enforcement, the CFPB's core mandate is to ensure a transparent, fair, and competitive market for financial products and to actively defend consumer interests through comprehensive and integrated authority.²⁰

The evolution of the CFPB demonstrates its development into a robust law enforcement institution. Its primary authority rests on three pillars: rulemaking, supervision of banks and non-bank financial entities, and enforcement, which is the most relevant to this research topic.²¹ Regarding enforcement, the CFPB possesses an explicit and proactive legal foundation to initiate civil lawsuits. The agency does not merely wait for complaints but actively investigates based on its own supervisory findings and data analysis. Its enforcement mechanisms include filing lawsuits in federal courts to obtain consumer redress, debt cancellation, and civil monetary penalties, as well as conducting internal administrative proceedings.²² Its effectiveness is significantly demonstrated by its track record; by the end of 2024, it had recovered over \$21 billion for consumers and imposed over \$5 billion in civil penalties through major cases, including actions against Capital One, Apple Inc., and the operator of the Zelle payment network for harmful practices.

A comparative analysis between the CFPB and Indonesia's Financial Services Authority (Otoritas Jasa Keuangan or OJK) reveals fundamental similarities alongside critical operational differences in litigation authority. The similarities lie in their strong legal foundations—OJK under Article 30 of Law No. 21/2011 and the CFPB under the Dodd-Frank Act and their mandate to act as representatives of public and collective consumer interests to overcome resource disparities between consumers and financial institutions. However, the differences in philosophy and implementation are stark. The CFPB adheres to a proactive and litigious enforcement philosophy, aggressively using civil lawsuits as a primary tool to create broad deterrent effects and consumer remediation.²³ In contrast, OJK tends to be more conservative and cooperative, positioning litigation as a last resort with a strong preference for administrative actions, supervision, and mediation through its Alternative Dispute Resolution Institution (Lembaga Alternatif Penyelesaian Sengketa or LAPS SJK). The implementation of the CFPB's authority is active and measured, supported by a large, dedicated enforcement unit and well-established operational procedures, whereas OJK's implementation remains largely normative, lacking clear procedural guidelines for filing lawsuits. This difference impacts deterrent and remedial

²⁰ Birkenmaier, "Financial Access Policy Goals Pursued by the Consumer Financial Protection Bureau (CFPB) in Its Regulatory Function: 2011-2023", *J of Pol Practice & Research* 5, No. 1 2024: 68-71.

²¹ Johnson, Leary, "Policy Watch: Research Priorities on Disclosure at the Consumer Financial Protection Bureau", *Journal of Public Policy & Marketing*, 36 No. 1 2017: 184-191. DOI: <https://doi.org/10.1509/jppm.17.025>

²² Dou Y, Roh Y, "Public Disclosure and Consumer Financial Protection. Journal of Financial and Quantitative Analysis", *Journal of Financial and Quantitative Analysis* 59, No. 5 2024:2164-2198. DOI: <https://doi.org/10.1017/S0022109023000613>

²³ Estelami H, "Content analysis of American consumers' credit card fraud complaints filed with the Consumer Financial Protection Bureau", *Journal of Financial Crime* 31, No. 2 2024: 618-628. DOI: <https://doi.org/10.1108/JFC-03-2023-0070>

outcomes; the CFPB achieves strong prevention through substantial fines and mass restitution, while OJK still relies more on administrative sanctions like written warnings, which may have lesser preventive power. Furthermore, the CFPB's budgetary autonomy from Federal Reserve funding and its larger resource capacity are supporting factors for its success, posing potential challenges for OJK, which is state budget funded.

The success of the CFPB as a litigious regulatory model offers valuable lessons for optimizing OJK's role. First, OJK needs to develop detailed and clear operational guidelines regarding the mechanisms, criteria, and procedures for filing civil lawsuits to address the existing normative gaps. Second, strengthening institutional capacity by establishing a specialized litigation unit with deep investigative expertise is crucial. Third, a paradigm shift is required to view litigation not merely as a last option but as a strategic instrument on par with others, especially for addressing systemic violations or mass consumer harm. Finally, transparency through regular reporting on enforcement actions would help build a deterrent effect and public trust. By adopting effective principles from the CFPB model while adapting them to the Indonesian legal context, OJK has the potential to optimize its litigation authority to create a stronger deterrent effect, broader consumer redress, and a more fair and accountable financial services market.

V. Conclusion

The authority of the Financial Services Authority (OJK) to file civil lawsuits is a vital legal mechanism for strengthening consumer protection within Indonesia's rapidly evolving financial services sector. Law No. 21 of 2011 provides OJK with clear institutional standing to litigate on behalf of consumers and the public, enabling intervention when systemic violations such as mis-selling, unfair contractual terms, misuse of personal data, and lack of transparency cause widespread harm. Supported by theories of public interest protection, preventive and repressive legal safeguards, and responsive regulation, this authority allows OJK to bridge structural inequalities and information asymmetry that prevent many consumers from accessing justice. The mechanism strengthens evidentiary credibility, expands opportunities for collective remedies, and provides a meaningful deterrent against unlawful conduct by financial institutions. However, the practical use of this authority remains limited due to procedural ambiguities and the absence of detailed operational guidelines, indicating a gap between OJK's robust normative authority and its real-world implementation.

To maximize its effectiveness, OJK must refine and strengthen the operational foundation of its civil lawsuit mechanism. Clear procedural guidelines are needed to define litigation triggers, case selection criteria, and evidentiary standards, ensuring consistent and predictable enforcement. Enhancing institutional litigation capacity such as through a dedicated litigation unit would equip OJK to manage complex cases more effectively. Stronger integration between supervisory findings and litigation decisions is also essential so that repeated or systemic violations lead to decisive enforcement action. Additionally, greater transparency in reporting enforcement outcomes and civil litigation efforts would reinforce public confidence and amplify deterrence. By implementing these improvements, OJK's civil lawsuit authority can evolve into a more forceful pillar of consumer protection, promoting a fair, accountable, and consumer-oriented financial services industry in Indonesia.

Consumer Financial Protection Bureau (CFPB), which holds broad civil enforcement and litigation powers, demonstrates how detailed procedural rules and an institutionalized

enforcement culture can significantly enhance the effectiveness of regulatory litigation. The CFPB's strategic use of civil actions, including restitution, injunctive relief, and civil penalties, illustrates the value of clear case-selection frameworks and transparent enforcement reporting. These comparative insights suggest that OJK could strengthen its own litigation authority by adopting similarly structured guidelines, institutional capacity-building strategies, and public-facing enforcement policies.

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