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OJK and Bank Indonesia Regulatory Compliance as a Determining Factor of Fintech Business Feasibility in Indonesia

Reynelda Sheba[1*], Maria Ulfah[2]
[1]Akuntansi Syariah, Syariah dan Ekonomi Islam, IAIN Datuk Laksemana Bengkalis
[2]Ekonomi Syariah, Syariah dan Ekonomi Islam, IAIN Datuk Laksemana Bengkalis
[1*]sheba.reynelda@gmail.com, [2]mariaulfahbks081@gmail.com

Abstrak

Indonesia's fintech industry has developed rapidly over the past decade, ranking among the most dynamic in the national digital economy ecosystem. Amid this rapid growth, compliance with regulations issued by the Financial Services Authority (OJK) and Bank Indonesia (BI) has become a decisive factor in determining fintech business feasibility to operate legally and sustainably. This study aims to analyze the role of OJK and BI regulatory compliance as a determining factor of fintech business feasibility in Indonesia. The method used is a literature review with a qualitative descriptive approach, examining relevant regulations, scientific publications, and recent industry reports. The findings show that regulatory compliance is not merely a legal obligation but a strategic foundation that determines investor confidence, consumer protection, and the operational continuity of fintech businesses. Compliance with prevailing rules creates a healthy business climate and significantly reduces potential legal and reputational risks. Conversely, non-compliance has been clearly proven to be a main factor behind the failure of several fintech businesses in Indonesia, due to license revocation or loss of public trust. Therefore, integrating regulatory compliance aspects into business feasibility studies is crucial. This research is expected to contribute to enriching the understanding of legal aspects in business feasibility studies, particularly in the rapidly growing digital financial services sector.

Keywords: *Regulatory Compliance, Business Feasibility, Financial Technology, OJK, Bank Indonesia*

1. Background

The rapid advancement of information and communication technology has fundamentally reshaped the landscape of financial services across the globe, including in Indonesia. According to a 2024 survey conducted by the Association of Indonesian Internet Service Providers (APJII), internet penetration in Indonesia has reached 221.5 million users, representing 79.5% of the total population, accompanied by smartphone ownership among the productive age group exceeding 85% [1]. This widespread digital connectivity has become the primary catalyst for the emergence and expansion of financial technology (fintech) in Indonesia, enabling society to access financial services through faster, more efficient, and more inclusive digital platforms. Official data further indicate that the number of registered fintech operators in Indonesia increased substantially from 440 companies in 2017 to 785 companies in 2021, reflecting the sector's accelerating growth trajectory [2].

Despite this remarkable expansion, the fintech industry in Indonesia continues to grapple with significant challenges, most notably in the domain of regulatory compliance and consumer protection. The Financial Services Authority (OJK), as an independent regulatory institution, plays an indispensable role in overseeing the fintech sector, given the inherently high legal and financial risks associated with technology-based financial services [3]. The gravity of this challenge is underscored by the Investment Alert Task Force's actions against 3,365 illegal fintech lending operators recorded since 2018, demonstrating that a considerable proportion of fintech businesses continue to operate outside the parameters of applicable law. These circumstances affirm that sustainable development of the fintech industry is contingent upon the existence of robust and adaptive regulatory frameworks that safeguard consumer interests without impeding innovation [4].

Within the framework of business feasibility studies, the legal dimension constitutes one of the most critical aspects requiring systematic and comprehensive evaluation prior to the establishment or expansion of any business venture. An assessment of legal compliance within a business feasibility study extends beyond the mere fulfillment of regulatory requirements — it functions as an essential protective instrument for all parties involved in the business, including investors, consumers, and operational partners, while simultaneously underpinning the institution's long-term sustainability [5]. Consequently, a fintech enterprise that fails to satisfy the legal standards stipulated by relevant regulatory authorities faces compounding operational and reputational risks that may ultimately compromise its viability.

The regulatory framework governing the fintech industry in Indonesia is primarily administered by two key institutions: the OJK and Bank Indonesia. Among the most significant regulations establishing the compliance baseline for fintech operations are OJK Regulation No. 10/POJK.05/2022 on Information Technology-Based Collective Funding Services [6], OJK Regulation No. 22 of 2023 on Consumer and Community Protection in the Financial Services Sector [7], and Bank Indonesia Regulation No. 19/12/PBI/2017 on the Implementation of Financial Technology [8]. These regulations collectively define comprehensive operational standards for fintech companies, encompassing licensing obligations, consumer protection mechanisms, data security requirements, and structured dispute resolution procedures that must be met for a fintech business to be deemed legally and operationally feasible.

A well-constructed regulatory environment provides fintech companies with the legal certainty required to pursue innovation, while concurrently establishing the necessary safeguards to preserve consumer trust and sustain market integrity [9]. Nevertheless, scholarly studies that specifically examine the role of OJK and Bank Indonesia regulatory compliance as a determining factor of fintech business feasibility remain limited in scope. In contrast to prior research that addresses regulatory dynamics or fintech growth in isolation, this study adopts an integrative approach by embedding the legal compliance perspective within the business feasibility assessment framework. This study therefore aims to provide a systematic and comprehensive analysis of how adherence to OJK and Bank Indonesia regulations shapes the feasibility of fintech businesses operating in Indonesia.

2. Research Methods

This study employs a qualitative descriptive approach with a library research design. The qualitative descriptive method is selected because this study aims to analyze, interpret, and explain the role of regulatory compliance as a determining factor of fintech business feasibility in Indonesia through an in-depth examination of existing literature, regulations, and academic publications, without involving statistical measurement or numerical data processing. Library research as a design is appropriate for studies whose findings are not derived through field procedures or numerical calculations, but instead seek to reveal phenomena holistically and contextually through the systematic examination of written sources [10].

The data used in this study are entirely secondary in nature, obtained from three categories of sources. The first category consists of primary legal materials, including official government regulations such as OJK Regulation No. 10/POJK.05/2022 on Information Technology-Based Collective Funding Services, OJK Regulation No. 22 of 2023 on Consumer and Community Protection in the Financial Services Sector, and Bank Indonesia Regulation No. 19/12/PBI/2017 on the Implementation of Financial Technology. The second category comprises scientific journal articles, academic publications, and research findings relevant to fintech regulation, consumer protection, and business feasibility studies in Indonesia. The third category includes supporting reference materials used to clarify terminology and key concepts related to the subject matter [9].

Data collection was conducted through a systematic literature review by identifying, selecting, and analyzing sources from reputable academic databases including Google Scholar, Garuda, and SINTA-indexed journals published between 2020 and 2025. The selection criteria applied were relevance of the topic to fintech regulation and business feasibility in Indonesia, recency of publication within the last five years, and accessibility as open-access sources. Data analysis was performed using qualitative content analysis, whereby findings were categorized into thematic clusters relating to the regulatory framework, compliance requirements, and their implications for the feasibility of fintech businesses operating in Indonesia [11].

3. Results and Discussion

3.1. Overview of the Fintech Industry in Indonesia and Its Regulatory Ecosystem

The Indonesian fintech industry has experienced an unprecedented trajectory of growth over the past decade, establishing itself as one of the most dynamic and rapidly evolving digital financial sectors in Southeast

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Asia. As of 2023, data from the OJK and the Indonesian Fintech Association (AFTECH) indicate that Indonesia recorded 366 fintech companies operating across various financial service categories including digital payments, P2P lending, online investment, digital insurance, and other supporting services, with 101 of those specifically constituting licensed P2P lending operators registered under OJK supervision [12]. The same year, total fintech transaction value in Indonesia reached Rp492.9 trillion, reflecting a growth rate of 34.8% compared to the previous year, with the payment sector contributing the largest share at Rp281.3 trillion, followed by the lending sector at Rp153.4 trillion [12]. These figures underscore the scale at which fintech has become embedded in Indonesia's financial activity and economic life.

The expansion of the fintech sector is fundamentally driven by Indonesia's favorable demographic and digital conditions. A large productive-age population, high smartphone penetration, and a sizeable proportion of unbanked and underbanked communities have collectively created fertile conditions for fintech adoption [13]. P2P lending platforms in particular have emerged as a transformative financing instrument for MSMEs by offering loan application processes that are more flexible, faster, and require substantially fewer formal documents than those of conventional banks [12]. By the third quarter of 2023, outstanding P2P lending balances had grown 14% year-on-year to reach Rp55 trillion, while QRIS-based digital payments had accumulated transaction values of Rp56 trillion with more than 41 million users and 29 million merchants participating in the ecosystem. These data points collectively demonstrate that fintech has advanced beyond a niche innovation to become a structural component of Indonesia's financial inclusion architecture. The contribution of fintech products to financial inclusion and economic transformation is further evidenced by the growing integration of digital wallets, application-based payment systems, and P2P lending platforms in reaching unbanked communities, particularly in remote areas and low-income groups. The effectiveness of this contribution, however, remains contingent upon strong regulatory oversight, digital literacy, consumer protection, and data security frameworks, with synergy between OJK regulatory policy and financial literacy improvement emerging as the key determinant of fintech's sustainability in strengthening Indonesia's digital economy.[14]

At the same time, the rapid expansion of the fintech ecosystem has generated significant regulatory complexity that directly affects business feasibility assessments. The bifurcated regulatory architecture of the Indonesian fintech sector assigns oversight responsibilities between two primary institutions. The OJK exercises regulatory authority over non-bank financial service providers under Law No. 21 of 2011 on the Financial Services Authority, encompassing fintech lending, digital investment platforms, and equity crowdfunding [15]. Bank Indonesia, as the central bank, maintains supervisory authority over payment system operators and systemic financial stability under PBI No. 19/12/PBI/2017 on the Implementation of Financial Technology [16]. This division of authority reflects the multi-dimensional nature of fintech services and requires fintech businesses to navigate compliance requirements from both institutions depending on the nature of their service offerings.

The regulatory ecosystem is further defined by a growing body of secondary legislation and financial sector regulations that have progressively tightened the compliance obligations imposed on fintech operators. The enactment of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law) significantly expanded OJK's authority, extending its supervisory scope to cover financial technology sector innovation (ITSK) and formalizing the regulatory framework for previously unregulated fintech activities [17]. This legislative development signals a clear regulatory trajectory toward more comprehensive oversight of the fintech sector, which carries direct implications for the legal dimension of fintech business feasibility. Businesses that fail to anticipate and adapt to this evolving regulatory architecture risk finding themselves operating outside legal compliance, a condition that fundamentally undermines their ability to sustain operations and attract investors.

The coexistence of licensed and illegal fintech operators within the same digital ecosystem constitutes the most consequential market condition shaping fintech business feasibility in Indonesia. Illegal fintech operators, which vastly outnumber their licensed counterparts, typically evade OJK registration requirements, fail to meet minimum capital standards, charge excessive and unregulated interest rates, and engage in abusive debt collection practices that cause serious harm to consumers [13]. The presence of these illegal operators not only directly harms consumers but also degrades the trust environment on which legitimate fintech businesses depend for customer acquisition and retention. In this market context, regulatory compliance functions as a critical market differentiator that distinguishes trustworthy licensed operators from predatory illegal ones, and this differentiation is the foundational mechanism through which regulatory compliance translates into business feasibility. Understanding this relationship between regulatory status, consumer trust, and commercial viability is essential to appreciating

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why OJK and Bank Indonesia compliance is not merely a legal obligation for fintech businesses in Indonesia but an existential strategic imperative.

3.2. OJK Regulatory Framework as a Determinant of Fintech Business Feasibility

The OJK's regulatory framework for the fintech sector constitutes a multi-layered system of rules that governs the full lifecycle of a fintech business from its initial establishment through its ongoing operational phase. The central regulatory instrument governing fintech P2P lending is POJK No. 10/POJK.05/2022 on Information Technology-Based Collective Funding Services, which replaced the earlier POJK No. 77/POJK.01/2016 and introduced substantially more rigorous institutional and operational standards reflecting the increasing maturity and risk profile of the sector [6]. The enactment of this regulation marked a watershed moment in Indonesian fintech governance by establishing a comprehensive pre-operational compliance framework that functions as the primary legal gateway for fintech business entry. From a business feasibility assessment perspective, a fintech enterprise's capacity to meet the requirements of POJK No. 10/2022 is the foundational legal criterion upon which all other dimensions of feasibility must be built.

The pre-operational licensing requirements under POJK No. 10/2022 are notably more stringent than those of its predecessor, reflecting OJK's determination to raise the institutional bar for fintech operators. Most significantly, the minimum paid-up capital requirement was raised from Rp1 billion at the registration stage under the old regulation to Rp25 billion at the time of company establishment under the new one [6]. This tenfold increase in capital requirements serves a dual function in the context of business feasibility: it filters out undercapitalized operators that lack the financial resilience to manage credit and operational risks, and it signals to investors and partners that a licensed fintech business has demonstrated a baseline level of financial credibility. Additionally, POJK No. 10/2022 restricts the legal entity form for fintech operators exclusively to limited liability companies, eliminating the cooperative option previously allowed under POJK No. 77/2016 [6]. This restriction strengthens the governance accountability structure of fintech operators, as limited liability companies are subject to more rigorous regulatory, transparency, and shareholder accountability requirements than other forms of business entities [18].

Beyond capital and governance requirements, POJK No. 10/2022 establishes comprehensive operational standards that fintech businesses must embed into their day-to-day activities as ongoing conditions of their licensed status. These standards include the mandatory use of escrow accounts and virtual accounts for fund management, the prohibition on accessing borrower contact data beyond what is explicitly permitted, the obligation to implement robust cybersecurity systems and audit trails, and the requirement to have management personnel who pass OJK's fit and proper tests [6]. Compliance with these operational standards directly affects business feasibility by determining whether a fintech enterprise can sustain reliable, secure, and regulatorily compliant operations over the long term. Fintech businesses that fail to maintain these operational standards face the prospect of having their licenses restricted or revoked, a sanction that constitutes a fundamental disruption to business continuity and viability [16].

The OJK further reinforces its regulatory framework through POJK No. 22 of 2023 on Consumer and Community Protection in the Financial Services Sector, which establishes seven core consumer protection principles that all financial service providers, including fintech companies, must adhere to in their operations [7]. These seven principles are adequate consumer financial education, transparency and disclosure of information regarding products and services, fair treatment and responsible business conduct, protection of consumer assets, privacy, and data, effective and efficient complaint handling and dispute resolution, enforcement of compliance, and maintenance of healthy competition [7]. The significance of this framework extends beyond legal obligation to encompass a strategic business imperative: consumer trust is the foundational commercial asset of any fintech business model, and POJK No. 22/2023 provides the regulatory architecture within which fintech companies can credibly demonstrate their commitment to consumer protection as a market differentiator [19].

The supervisory mechanism that OJK employs during the operational phase of fintech businesses operates through a combination of self-assessment reporting and direct regulatory examination. Under the self-assessment system, licensed fintech operators are required to submit periodic reports to the OJK covering their financial performance, business activities, and compliance status [16]. Under the officer supervisory system, OJK conducts direct examinations to verify the accuracy of submitted reports, assess compliance with applicable regulations, and identify any deviations from operational standards [16]. This two-tiered supervisory architecture ensures that regulatory oversight is both systematic and responsive, allowing OJK to identify and address compliance deficiencies before they escalate into systemic risks. For fintech businesses, this supervisory system incentivizes proactive compliance management, as consistent demonstrated compliance reduces regulatory scrutiny and the associated operational disruption risks.

The business feasibility implications of OJK regulatory compliance extend well beyond the immediate avoidance of sanctions. Research on the legal dimension of business feasibility studies demonstrates that enterprises which achieve and maintain full legal compliance build institutional credibility that provides decisive advantages in accessing financial resources, attracting investment partners, and sustaining long-term market positioning [18]. In the fintech context specifically, OJK regulatory compliance signals to the market that a business operates with integrity, transparency, and accountability, qualities that are the preconditions for the consumer and investor trust on which fintech business models depend for their commercial viability [19]. Conversely, non-compliance or loss of licensed status triggers an irreversible erosion of market credibility that no amount of technological innovation or marketing investment can recover. This evidence collectively establishes that OJK regulatory compliance is not a cost of doing business in the Indonesian fintech sector but rather the primary foundation upon which commercially feasible fintech enterprises are built and sustained.

The OJK's regulatory evolution continued with the issuance of POJK No. 3/2024 on the Implementation of Financial Technology Sector Innovation (ITSK), which formalized the regulatory framework for previously unregulated categories of digital financial innovation under OJK's supervisory authority [20]. This regulation represents a significant expansion of OJK's regulatory perimeter and signals Indonesia's commitment to maintaining comprehensive legal oversight over the entire spectrum of fintech activity as the sector continues to evolve. For fintech businesses engaged in innovative activities at the frontier of existing regulatory categories, POJK No. 3/2024 provides the legal pathway through which new products and services can be developed and commercialized within a framework of regulatory compliance, reducing the legal uncertainty that previously characterized operation in emerging fintech niches.

In the context of Indonesia's Islamic economics framework, the OJK regulatory regime for fintech carries an additional dimension of compliance obligation that is directly relevant to the feasibility of sharia-based fintech businesses. Under POJK No. 10/2022, all sharia fintech operators are required to have a Sharia Supervisory Board (DPS) appointed based on the recommendation of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), ensuring that all fintech products and services remain aligned with Islamic principles [21]. Fatwa DSN-MUI No. 117/DSN-MUI/II/2018 on Information Technology-Based Financing Services Based on Sharia Principles provides the normative Islamic framework within which sharia fintech operations must be conducted, creating a dual compliance obligation that encompasses both conventional regulatory requirements and sharia governance standards [21]. The Sharia Supervisory Board plays a crucial role in ensuring sharia compliance through periodic supervision, implementation of DSN-MUI fatwas, and development of sharia-compliant products and services [22]. Fintech businesses that fail to fulfill this dual compliance obligation face simultaneous risk of OJK regulatory sanctions and loss of sharia certification, a combination that is commercially fatal in the sharia financial services market where consumer trust is fundamentally dependent on verified adherence to Islamic principles [22]. The development of sharia fintech in Indonesia nevertheless faces a persistent challenge arising from the gap between the growth of the industry and the relatively low level of sharia financial literacy among the population, which stood at 39.11% compared to 65.08% for conventional financial literacy according to the OJK and BPS National Financial Literacy and Inclusion Survey. This literacy gap underscores the importance of regulatory requirements for consumer financial education under POJK No. 22/2023, as sharia fintech businesses that proactively invest in consumer education not only fulfill regulatory compliance requirements but also address the market readiness conditions that are prerequisite to sustainable commercial viability in the sharia fintech segment [23].

3.3. Bank Indonesia Regulatory Framework as a Determinant of Fintech Business Feasibility

Bank Indonesia's role in the fintech regulatory ecosystem operates through a mandate that is both complementary to and distinct from that of the OJK. While OJK's focus centers on the institutional soundness and consumer protection obligations of individual fintech operators, Bank Indonesia's mandate is primarily directed at maintaining monetary stability, financial system stability, and the efficiency, safety, and reliability of the national payment system as a whole [8]. PBI No. 19/12/PBI/2017 on the Implementation of Financial Technology defines financial technology as the use of technology in the financial system that produces new products, services, technologies, and business models that may impact monetary stability, financial system stability, and the efficiency, smoothness, security, and reliability of the payment system [8]. This definition itself communicates the

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systemic perspective that underpins Bank Indonesia's approach to fintech regulation, one that goes beyond the individual operator level to consider the aggregate implications of fintech activity for national economic stability.

The scope of PBI No. 19/12/PBI/2017 covers several critical regulatory dimensions that directly determine the feasibility of fintech businesses operating in the payment system space. These dimensions include the registration obligation, the Regulatory Sandbox mechanism, licensing and approval requirements, and the monitoring and supervision framework [8]. The Regulatory Sandbox is particularly significant as a business feasibility instrument because it provides fintech operators with a controlled testing environment in which they can trial innovative products and services under Bank Indonesia's supervision before obtaining full operational licenses [16]. Fintech companies that successfully complete the Regulatory Sandbox process demonstrate to the market that their products are functionally sound, legally compliant, and operationally safe, establishing a credibility foundation that is essential for attracting customers, partners, and investors in the payment system space.

The registration and licensing pathway established by PBI No. 19/12/PBI/2017 for payment system fintech operators creates a structured progression from registration through sandbox testing to full operational licensing that mirrors the pre-operational compliance framework of OJK's POJK No. 10/2022 in its emphasis on institutional vetting [24]. Fintech companies operating in payment-related categories must register with Bank Indonesia, undergo the Regulatory Sandbox process if required, and subsequently obtain full operational licenses before they can integrate their services with the formal national payment infrastructure, including QRIS, BI-FAST, and the SNAP standardized national payment system [24]. Access to this formal payment infrastructure is not merely a regulatory privilege but a commercial necessity for payment fintech businesses seeking to achieve the network scale and interoperability required for commercial viability. Without Bank Indonesia registration and licensing, a payment fintech operator is entirely excluded from the formal payment ecosystem, rendering it commercially infeasible regardless of its technological capabilities.

The monitoring and supervision framework established by PBI No. 19/12/PBI/2017 imposes ongoing reporting obligations on registered fintech operators that collectively serve as a continuous feasibility assessment mechanism. Under this framework, Bank Indonesia monitors registered fintech operators through periodic submissions of data and information covering their transaction activities, business models, financial conditions, governance structures, and other operationally relevant parameters [22]. This reporting obligation reflects Bank Indonesia's responsibility to maintain a comprehensive real-time picture of payment system activity in order to detect and respond to emerging systemic risks before they destabilize the broader financial system. For fintech businesses, the discipline of maintaining accurate and timely regulatory reporting builds the institutional governance practices that are fundamental preconditions for sustainable operations and long-term business feasibility.

Beyond its direct supervisory functions, Bank Indonesia's regulatory framework generates important indirect business feasibility benefits through its coordination with OJK and other financial sector authorities. The division of regulatory authority between Bank Indonesia and OJK is designed to be complementary rather than duplicative, with Bank Indonesia focusing on macroprudential concerns related to payment system stability and OJK focusing on microprudential concerns related to individual operator conduct and consumer protection [13]. Cooperation between the two regulators, formalized through the UU P2SK Law of 2023, ensures that fintech operators receive consistent and coordinated regulatory guidance that reduces compliance uncertainty and lowers the institutional costs of operating within a dual regulatory framework [17]. This regulatory coordination signals to fintech businesses and their investors that Indonesia's financial sector governance architecture is coherent and stable, a signal that is essential for attracting the long-term institutional investment required for fintech sector development at scale.

The cumulative effect of Bank Indonesia's regulatory framework on fintech business feasibility is best understood through the lens of what it enables rather than what it restricts. Fintech businesses that achieve and maintain full compliance with PBI No. 19/12/PBI/2017 gain access to the formal payment system infrastructure that is the commercial backbone of Indonesia's rapidly growing digital payment economy, which recorded transaction values of Rp56 trillion through QRIS alone in the third quarter of 2023 [24]. This access to formal infrastructure enables fintech businesses to offer services at the scale, speed, and reliability that consumers and business partners expect, creating the commercial conditions for sustainable growth. Moreover, the credibility associated with Bank Indonesia registration and licensing functions as a powerful market signal that distinguishes trustworthy licensed fintech operators from unregistered competitors, supporting the consumer trust that is the foundation of commercial fintech viability in Indonesia's competitive digital financial services market [19].

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3.4. Regulatory Compliance, Consumer Trust, and Investor Confidence as Fintech Business Feasibility Factors

Regulatory compliance with OJK and Bank Indonesia standards generates a set of business outcomes that extend far beyond the immediate avoidance of legal sanctions, reaching into the commercial foundations of fintech business viability in ways that are directly relevant to comprehensive business feasibility assessment. The most fundamental of these outcomes is the establishment and maintenance of consumer trust, which functions as the primary commercial asset in any fintech business model. Consumer trust in fintech services is substantially conditioned by regulatory status, because licensed fintech operators carry public institutional endorsement from the OJK or Bank Indonesia that unlicensed operators cannot replicate [19]. This institutional endorsement communicates to consumers that the fintech operator has been vetted against rigorous standards of financial soundness, governance integrity, consumer protection compliance, and data security, providing a credibility signal that is essential for consumer acquisition and retention in a market where the risks of predatory illegal operators are widely publicized.

The protection of consumer personal data represents one of the most critical intersections between regulatory compliance and consumer trust in the Indonesian fintech sector. Under UU No. 27 of 2022 on Personal Data Protection (UU PDP), fintech companies are subject to comprehensive obligations regarding the collection, processing, storage, and protection of consumer personal data, with non-compliant companies exposed to administrative sanctions of up to 2% of annual revenue, criminal liability for management, and civil liability for consumer damages [25]. The case of PT Fintech Cermati, which experienced a data breach affecting 2.9 million consumer data records, provides a concrete illustration of how non-compliance with data protection obligations translates directly into business feasibility consequences: the breach triggered immediate consumer trust erosion, public reputational damage, and potential legal liability that fundamentally destabilized the company's market position [26]. This case demonstrates that data protection compliance is not merely a legal checkbox but a strategic business imperative whose neglect carries commercially devastating consequences. The cybersecurity dimension of fintech regulatory compliance carries particular urgency in the Indonesian context, where the National Cyber and Crypto Agency (BSSN) recorded 361 million cyber anomalies in 2023 alone, with malware, phishing, and DDoS attacks constituting the most prevalent threat vectors against digital financial service providers [27]. This threat landscape makes fintech cybersecurity compliance not merely a regulatory checkbox but an operational necessity whose neglect directly exposes consumer data, disrupts service continuity, and generates legal liability under UU No. 27/2022 on Personal Data Protection, collectively representing existential threats to fintech business feasibility [27].

The business feasibility dimension of consumer trust is particularly pronounced in the context of the complaint handling and dispute resolution mechanisms mandated by POJK No. 22/2023. A fintech business that implements responsive, accessible, and effective complaint handling demonstrates to the market that it stands behind its services and accepts accountability to its consumers, qualities that build the long-term customer loyalty required for sustainable revenue growth [7]. Conversely, fintech businesses that fail to implement adequate complaint handling systems expose themselves not only to OJK enforcement action but also to the reputational consequences of public complaints escalating to regulatory attention, social media exposure, and consumer protection advocacy coverage. In Indonesia's increasingly connected consumer market, a single high-profile consumer protection failure can permanently damage the brand equity of a fintech operator, making proactive compliance with POJK No. 22/2023's complaint handling requirements an essential component of long-term business feasibility planning [19].

Beyond consumer trust, regulatory compliance generates decisive advantages in accessing the investment capital that fintech businesses require for operational scaling and market development. Studies on the legal dimension of business feasibility demonstrate that businesses achieving and maintaining full legal compliance build institutional credibility that provides decisive advantages in accessing financial resources, attracting investment partners, and sustaining long-term market positioning [18]. In the fintech investment context, institutional investors apply regulatory compliance status as a primary due diligence criterion because it provides an objective, verifiable signal of operational integrity and governance quality that reduces investment risk assessment uncertainty. A fintech business that holds valid OJK and Bank Indonesia licenses has already passed through a rigorous institutional vetting process, demonstrating that its management, capital structure, governance practices, and operational systems meet standards acceptable to Indonesia's principal financial regulators [16]. This vetting validation reduces the information asymmetry that investors face when evaluating fintech investment opportunities, making licensed fintech businesses substantially more investable than their unlicensed counterparts.

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The relationship between regulatory compliance and investor confidence is further strengthened by the legal certainty that compliance provides for contractual relationships with third parties including banking partners, technology vendors, insurance underwriters, and payment system operators. Fintech businesses with clear and current regulatory standing can enter into enforceable contractual relationships with these partners, access banking services, and participate in formal financial sector networks that are closed to non-compliant operators [18]. These partnership capabilities are essential commercial infrastructure for fintech business development, and their availability is directly conditioned on regulatory compliance status. A fintech business that loses its licensed status or faces regulatory sanctions will find its contractual relationships with key business partners disrupted or terminated, triggering a cascade of operational failures that rapidly undermine commercial viability across all dimensions of the business.

The evidence from Indonesia's fintech sector collectively demonstrates that regulatory compliance functions as both a legal prerequisite and a commercial multiplier for fintech business feasibility. As a legal prerequisite, it determines whether a fintech business can operate within the regulated financial ecosystem at all. As a commercial multiplier, it amplifies the market credibility, consumer trust, investor confidence, and partnership access of compliant fintech businesses in ways that directly translate into competitive advantages and sustainable revenue generation capacity [19]. This dual function positions regulatory compliance not as a cost burden on fintech businesses but as a strategic investment in the institutional foundation upon which commercially successful and long-term sustainable fintech enterprises are built in Indonesia.

3.4. Consequences of Non-Compliance and Its Implications for Fintech Business Feasibility

The consequences of regulatory non-compliance in the Indonesian fintech sector provide the most empirically compelling evidence for the proposition that OJK and Bank Indonesia compliance is a foundational determinant of fintech business feasibility. These consequences operate across two distinct categories of fintech operators: those that were once licensed but subsequently failed to maintain compliance, and those that never obtained regulatory authorization in the first place. Both categories demonstrate, through concrete and documented outcomes, that non-compliance constitutes not merely a legal risk but an existential commercial risk that systematically destroys fintech business viability across all dimensions of feasibility assessment [19].

The licensed-then-non-compliant category is starkly illustrated by the OJK's regulatory enforcement actions in 2024, during which four fintech lending operators had their licenses revoked. TaniFund had its operating license revoked in May 2024 because it failed to meet the minimum equity requirements under POJK No. 10/2022 and failed to implement OJK's supervisory recommendations, leading to the announcement of company dissolution through the State Gazette and the appointment of a liquidation team to handle remaining obligations. Investree, once considered one of Indonesia's most promising fintech startups with significant venture capital backing, had its license revoked in October 2024 due to multiple violations including failure to meet minimum equity requirements, governance failures, and performance deterioration that disrupted operations and consumer services. OJK also coordinated with law enforcement authorities, initiated asset tracing against directors, and applied for international red notice through Interpol against responsible parties [16]. Dhanapala and Jembatan Emas similarly lost their operating licenses in July 2024 due to their inability to meet minimum equity and governance requirements. The combined experience of these four operators demonstrates with unambiguous clarity that fintech businesses which fail to sustain regulatory compliance do not merely face administrative penalties but face complete and irreversible termination of their business operations.

The regulatory sanctions framework established by POJK No. 10/2022 provides a graduated enforcement mechanism that reveals the progressive commercial deterioration experienced by non-compliant fintech operators before their ultimate dissolution. Under POJK No. 10/2022 Pasal 49, OJK can impose administrative sanctions in the following sequence: written warning, fines of up to Rp15 billion, prohibition from serving as a principal party, restriction of products or services, suspension of activities, revocation of product licenses, and revocation of operating licenses [6]. This graduated escalation means that fintech businesses experiencing compliance failures do not simply face a binary outcome of operation or closure, but rather a prolonged period of escalating sanctions that progressively restrict their operational capabilities, damage their market reputation, and erode their commercial viability long before the final license revocation. The TaniFund case, where OJK applied successive supervisory actions including restrictions on business activities before finally revoking the license, illustrates precisely how this graduated enforcement framework transforms initial compliance failures into terminal commercial outcomes [16].

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The illegal fintech category presents an even starker picture of non-compliance consequences. From 2017 through September 2023, the Investment Alert Task Force and its successor Satgas PASTI had identified and shut down 7,200 illegal financial entities consisting of 1,196 illegal investment entities, 5,753 illegal fintech lending operators, and 251 illegal pawn operators [12]. By April to May 2024 alone, Satgas PASTI identified 654 illegal P2P lending entities and blocked 129 additional illegal investment offerings within a single two-month period. These figures demonstrate that illegal fintech operators face a near-certain prospect of forced closure, exposing their principals to criminal liability, their operators to asset seizure, and their consumers to unrecoverable financial losses. The illegal fintech model is therefore not merely commercially suboptimal but is structurally infeasible from a business sustainability perspective, dependent on continued evasion of regulatory enforcement rather than on the creation of genuine consumer value [13].

The indirect business feasibility consequences of non-compliance extend well beyond the immediate operational disruptions caused by sanctions and license revocations. Research on personal data protection compliance in the fintech sector demonstrates that when a fintech company's regulatory failures become publicly known, the resulting trust collapse triggers a cascading series of commercial failures: borrower repayment rates decline as consumers lose confidence in the operator, lender funding withdrawals accelerate as investors seek to exit, partner institutions terminate contractual relationships to protect their own reputational standing, and the management team faces personal legal liability that prevents their future involvement in the financial services sector [26]. This cascading failure mechanism means that the business feasibility consequences of non-compliance are substantially more severe and comprehensive than the direct regulatory sanctions alone would suggest. The Investree case, which resulted in 85 consumer complaints post-license revocation, ongoing civil litigation by investors, personal liability proceedings against the former CEO, and coordination with Interpol for management prosecution, illustrates the full extent of these cascading consequences [16].

The evidence from both the compliance enforcement and illegal operator dimensions of Indonesia's fintech regulatory experience collectively establishes the foundational argument of this study: that OJK and Bank Indonesia regulatory compliance is not a peripheral legal consideration in fintech business feasibility assessment but the central determinant upon which all other dimensions of feasibility depend. A fintech business that achieves full compliance with POJK No. 10/2022, POJK No. 22/2023, and PBI No. 19/12/PBI/2017 establishes the legal foundation required to operate sustainably, attract investment, build consumer trust, access formal financial infrastructure, and navigate the regulatory evolution of Indonesia's rapidly maturing fintech sector. A fintech business that fails to achieve or maintain this compliance loses not merely its regulatory authorization but its commercial viability, its market credibility, its investment attractiveness, and ultimately its organizational existence as a going concern [18]. This evidence demonstrates conclusively that in the Indonesian fintech context, regulatory compliance and business feasibility are not parallel considerations to be balanced against each other but are in fact the same thing, viewed from different analytical perspectives..

4. Conclusion

The rapid growth of the fintech industry in Indonesia has created an urgent need for a clear understanding of how regulatory compliance shapes business feasibility. This study demonstrates that compliance with OJK and Bank Indonesia standards functions as the central determinant of fintech business feasibility, operating simultaneously as a legal prerequisite and a commercial multiplier. The regulatory frameworks established through POJK No. 10/POJK.05/2022, POJK No. 22/2023, and PBI No. 19/12/PBI/2017 collectively define the legal standing, institutional credibility, consumer protection standards, and payment system access requirements that determine whether a fintech enterprise can sustain viable commercial operations in Indonesia's regulated financial ecosystem. Fintech businesses that achieve and maintain full compliance with these frameworks gain decisive advantages in consumer trust, investor confidence, and access to formal financial infrastructure, while those that fail to do so face irreversible commercial dissolution. In the context of Indonesia's Islamic economics framework, sharia fintech businesses carry an additional compliance obligation encompassing sharia governance standards administered through the Sharia Supervisory Board and DSN-MUI fatwas. This dual compliance framework provides sharia fintech enterprises with a differentiated value proposition in Indonesia's Muslim-majority market, where verified adherence to Islamic principles is a critical determinant of consumer trust and long-term business sustainability. The integration of legal and sharia compliance therefore represents both a regulatory obligation and a strategic competitive advantage for sharia fintech businesses operating in Indonesia. Future research is recommended to explore the role of regulatory technology (RegTech) solutions in assisting Indonesian fintech businesses to manage their compliance obligations more efficiently, as well as the comparative business feasibility

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implications of the dual conventional-sharia compliance framework across different fintech market segments in Indonesia.

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