

The Effectiveness of Financial Services Authority Supervision of Leasing Companies from the Perspective of State Administrative Law

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Abstract

This study evaluates the effectiveness of the Financial Services Authority (OJK) in supervising leasing companies and identifies systemic challenges in consumer protection from an Administrative Law perspective. Employing a normative legal methodology with a contextual approach, the research analyzes primary regulations, including the OJK Law, Consumer Protection Law, Fiduciary Guarantee Law, and relevant Constitutional Court rulings, alongside documented field practices. Findings reveal a persistent implementation gap between formal regulatory mandates and practical enforcement. Despite measurable declines in consumer complaints, aggressive debt collection, unilateral fiduciary executions, and opaque contractual practices remain prevalent. From an administrative law standpoint, these shortcomings reflect vulnerabilities in applying legitimacy, proportionality, and accountability principles, compounded by regulatory fragmentation, limited institutional capacity, and weak inter-agency coordination. The study concludes that OJK's supervisory framework requires structural reform to transition from compliance-based monitoring to outcome-oriented governance. Recommendations include harmonizing overlapping regulations, establishing joint enforcement task forces, integrating data-driven monitoring systems, and implementing sustained consumer literacy initiatives. Ultimately, aligning financial supervision with foundational administrative law tenets is essential to strengthen institutional credibility, ensure equitable consumer protection, and foster a resilient leasing sector in Indonesia.

Keywords: financial supervision, consumer protection, administrative law

INTRODUCTION

The leasing industry has emerged as a critical component of Indonesia's modern financial ecosystem, playing a strategic role in driving economic growth and facilitating capital access for micro, small, and medium enterprises (MSMEs) and corporations (Abdullahi, 2024). MSMEs constitute the backbone of the national economy, contributing over 60% to the gross domestic product and absorbing more than 97% of the domestic workforce (Ummah et al., 2024). Despite their macroeconomic significance, MSMEs continue to face a substantial financing gap, with formal credit access constrained by stringent collateral requirements, information asymmetries, and structural supply-side limitations (Nugrahini & Alfian, 2023). Asset-based financing through leasing has thus evolved as a vital alternative instrument, offering flexible funding mechanisms that support business expansion and operational resilience without the rigid prerequisites of traditional banking credit (Sudan, 2022). The rapid proliferation of leasing activities, however, necessitates robust regulatory oversight to maintain financial stability, ensure market fairness, and safeguard consumer interests.

Despite the sector's economic contributions, the expansion of leasing has been accompanied by persistent consumer protection challenges that undermine market confidence. Empirical evidence indicates a surge in consumer complaints regarding aggressive debt collection practices, unilateral execution of fiduciary collateral without judicial approval, and opaque fee structures (Faniyah & A, 2024; Hartanto & Lisdiyono, 2023). Although the Constitutional Court's Decision No. 18/PUU-XVII/2019 explicitly mandated that fiduciary execution must follow formal judicial procedures when debtors object, numerous leasing institutions continue to bypass these requirements, frequently employing third-party collectors who resort to intimidation and psychological pressure (Syam, 2023). Furthermore, the absence of standardized operational procedures and clear cost disclosure exacerbates information asymmetry, leaving consumers vulnerable to unfair contractual terms and coercive recovery tactics (Faniyah & A, 2024). These practices highlight a critical disconnect between regulatory standards and on-the-ground implementation, raising serious concerns about consumer rights and administrative justice in the financial sector.

To address these market failures, the Financial Services Authority (Otoritas Jasa Keuangan/OJK) was established under Law No. 21 of 2011 with a constitutional mandate to regulate, supervise, and protect stakeholders across the non-bank financial sector. OJK's supervisory framework encompasses microprudential oversight, consumer protection regulations, and administrative sanction mechanisms designed to ensure institutional compliance and market integrity (Adlina, 2023). However, a significant implementation gap

397

persists between OJK's formal authority and its practical enforcement capacity. Structural fragmentation across multiple regulatory instruments, limited inter-agency coordination with law enforcement and commercial courts, and insufficient technical capacity hinder effective oversight (Pakpahan et al., 2023; Suwarji & Sari, 2022). Additionally, regulatory inconsistencies and the rapid emergence of digital financial models, such as pay-later schemes and online lending platforms, further complicate OJK's ability to monitor compliance and impose proportionate sanctions (Sanusi & Hadinatha, 2023). Consequently, the supervisory apparatus often remains reactive rather than preventive, weakening its effectiveness in safeguarding consumer welfare.

Evaluating OJK's supervisory effectiveness requires a robust theoretical lens, making the perspective of Administrative Law (*Hukum Administrasi Negara*) particularly urgent. Administrative law provides a normative framework to assess state authority through three foundational principles: legitimacy, proportionality, and accountability (Rahim et al., 2023; Ubaiyana & Falah, 2021). Legitimacy ensures that supervisory actions are grounded in legal authority and public trust, while proportionality mandates that regulatory interventions and sanctions are balanced, non-excessive, and commensurate with identified systemic risks (Chandra & Widiatedja, 2023). Accountability, meanwhile, requires transparent reporting, public oversight, and institutional responsibility for regulatory outcomes, thereby fostering mechanisms of checks and balances within public administration (Dawud et al., 2021; Riwukore et al., 2022). Applying these administrative law principles to OJK's oversight mechanisms reveals critical vulnerabilities in how supervisory powers are exercised, how consumer disputes are mediated, and how administrative penalties are enforced, highlighting the need for systemic alignment with good governance standards.

Despite extensive literature on financial regulation and consumer protection, limited scholarly attention has been devoted to analyzing OJK's supervisory effectiveness over leasing companies through an integrated administrative law framework. This study addresses this gap by examining how OJK's regulatory mandate translates into practical oversight and by identifying the structural, institutional, and socio-legal barriers that impede effective consumer protection. Specifically, the research aims to (1) evaluate the effectiveness of OJK's supervision against leasing violations from an administrative law perspective, and (2) identify the key constraints hindering regulatory enforcement and consumer redress. Theoretically, this study enriches the discourse on administrative law by contextualizing legitimacy, proportionality, and accountability within Indonesia's non-bank financial supervision. Practically, it offers actionable policy recommendations for regulatory harmonization, institutional capacity building, and inter-agency coordination, ultimately contributing to a more resilient, transparent, and consumer-centric leasing ecosystem.

THEORETICAL REVIEW

The financial supervisory framework in Indonesia is anchored in Law No. 21 of 2011, which establishes the Otoritas Jasa Keuangan (OJK) as the primary regulatory authority overseeing all financial service institutions, including leasing companies. This mandate encompasses both microprudential supervision, which ensures institutional compliance and consumer protection, and macroprudential oversight, which safeguards systemic financial stability (Ratuwalu et al., 2025). The theoretical foundation of this regulatory architecture rests on the principle of state intervention in market failures, where asymmetric information and structural power imbalances between financial institutions and individual consumers necessitate proactive administrative oversight. By delegating supervisory, investigative, and sanctioning powers to OJK, the legal framework aims to create a balanced financial ecosystem that promotes market confidence while mitigating predatory or exploitative practices (Martin, 2025).

Within the domain of administrative law, the effectiveness of regulatory supervision is evaluated through three foundational principles: legitimacy, proportionality, and accountability. Legitimacy ensures that supervisory actions derive from clear statutory authority and are perceived as legally and morally justified by the public, thereby reinforcing institutional trust (Rizqi & Lathifah, 2025). Proportionality mandates that regulatory interventions, including compliance directives and administrative sanctions, must be commensurate with the severity of violations and the systemic risk involved, preventing arbitrary or excessive state action (Allegrezza & Lasagini, 2024). Accountability, meanwhile, requires transparent reporting mechanisms, institutional responsibility for regulatory outcomes, and accessible avenues for public oversight, aligning with broader good governance imperatives (Kikasu & Dorasamy, 2025). When applied to financial supervision, these principles collectively demand that OJK's oversight mechanisms operate not merely as formalistic compliance checks, but as substantive, rights-based administrative processes that uphold legal certainty and procedural fairness.

Consumer protection theory in the financial sector emphasizes the correction of structural imbalances between institutional lenders and individual borrowers. Theoretical models highlight that financial contracts often exploit information asymmetries and unequal bargaining power, leading to practices that undermine consumer welfare, such as opaque fee structures, aggressive debt collection, and unilateral asset repossession (Durovic & Willett, 2023; Pakaya, 2025). POJK No. 22/POJK.01/2022 operationalizes these theoretical concerns by mandating transparent disclosure, ethical collection standards, and accessible dispute resolution mechanisms (Ratuwalu et al., 2025). However, the persistence of non-compliant practices indicates a theoretical-practical disconnect, where formal consumer

rights are frequently circumvented by operational realities, third-party debt collectors, and weak enforcement pathways. This gap underscores the need for administrative oversight that integrates preventive regulation with accessible alternative dispute resolution (ADR) and consumer empowerment initiatives (Patel et al., 2025).

Theoretical discourse on regulatory effectiveness distinguishes between formal compliance and substantive enforcement, emphasizing that true regulatory success depends on institutional capacity, inter-agency coordination, and adaptive governance mechanisms. Empirical indicators of effectiveness often reveal systemic bottlenecks when regulatory frameworks are fragmented or poorly synchronized across jurisdictions (Xu, 2025). Administrative enforcement theory identifies three primary barriers: structural fragmentation (overlapping regulations and unclear jurisdictional boundaries), institutional capacity deficits (insufficient technical expertise and integrated monitoring systems), and socio-cultural factors (low financial literacy and limited access to legal remedies) (Firdayanti & Amartya, 2024). In the context of leasing supervision, these theoretical challenges are compounded by the rapid evolution of digital financial models, such as pay-later schemes, which outpace traditional regulatory paradigms and introduce novel compliance risks (Maknun et al., 2026). Consequently, a robust theoretical review must position OJK's supervisory role not as a static compliance function, but as a dynamic administrative process requiring continuous legal harmonization, technological adaptation, and multi-stakeholder collaboration.

METHOD

This study employs a normative legal research design, utilizing a statute approach to systematically examine the regulatory framework governing the Financial Services Authority's (OJK) oversight of leasing companies. The research draws upon primary legal materials, including Law No. 21 of 2011 on the OJK, Law No. 8 of 1999 on Consumer Protection, Law No. 42 of 1999 on Fiduciary Guarantees, POJK No. 22/POJK.03/2017 (and its subsequent amendments) on Financial Services Consumer Protection, Constitutional Court Decision No. 18/PUU-XVII/2019, and relevant provisions of the Indonesian Civil Code. To ground these doctrinal norms in practical reality, the study incorporates a contextual approach that bridges formal legal standards with documented field practices, particularly focusing on case patterns involving aggressive third-party debt collection and the unilateral execution of fiduciary collateral without judicial proceedings. Supplementary secondary legal materials, including authoritative legal textbooks, peer-reviewed journal articles, and prior empirical studies, are systematically integrated to provide scholarly depth and comparative regulatory perspectives.

400

Data analysis is conducted through a qualitative juridical methodology, emphasizing descriptive-interpretative examination rather than quantitative measurement. The analytical process follows three structured stages: (1) systematic collection and classification of primary and secondary legal sources; (2) thematic categorization focusing on core administrative dimensions, namely OJK's supervisory authority, administrative sanction mechanisms, and consumer protection frameworks; and (3) critical interpretation of how statutory mandates translate into practical enforcement outcomes. By cross-referencing regulatory provisions with real-world administrative decisions and case studies, the study identifies structural and operational gaps between formal legal standards and on-the-ground implementation. This interpretative validation ensures that the research not only maps the existing supervisory architecture but also critically assesses its administrative law effectiveness, ultimately yielding evidence-based insights into institutional constraints, regulatory fragmentation, and actionable pathways for strengthening consumer safeguarding in Indonesia's leasing sector.

RESULTS

Regulatory Framework and Supervisory Instruments of the Financial Services Authority

The Financial Services Authority operates under a comprehensive legal mandate designed to regulate and supervise all financial service institutions, including leasing companies. This regulatory architecture establishes clear boundaries for institutional compliance and defines the precise scope of supervisory interventions. The framework integrates microprudential oversight with macroprudential stability measures to ensure systematic risk management across the non-bank financial sector. Regulatory instruments are periodically updated to address emerging market dynamics and technological advancements in financial service delivery. These foundational provisions serve as the primary reference for evaluating institutional adherence to established operational standards.

Supervisory mechanisms are implemented through a combination of formal regulations, technical guidelines, and direct field inspections. Specific regulations mandate transparent disclosure requirements, ethical collection practices, and standardized consumer complaint procedures. Technical circulars further clarify prohibited practices, particularly regarding third-party debt collection agencies and coercive recovery tactics. Field inspections enable direct verification of corporate compliance with reporting obligations and internal risk management protocols. The systematic application of these

instruments creates a structured pathway for monitoring operational conduct across the leasing sector.

Administrative enforcement tools range from formal warnings and financial penalties to license suspensions for severe violations. The regulatory body maintains a tiered sanction system that aligns penalty severity with the nature and frequency of documented infractions. Progressive enforcement measures are designed to deter repeat offenses while encouraging voluntary compliance among financial institutions. Institutional responses to enforcement actions are tracked through centralized monitoring systems that document corrective measures and compliance timelines. This multi-layered approach ensures that regulatory interventions remain both consistent and adaptable to varying compliance contexts.

Table 1. Supervisory Instruments and Enforcement Mechanisms in Financial Services Regulation

Supervisory Instrument	Primary Focus Area	Implementation Frequency	Enforcement Outcome
POJK Regulatory Directives	Consumer Protection & Disclosure	Continuous	Standardized Operational Compliance
Technical Circulars	Ethical Collection Practices	Quarterly	Prohibition of Coercive Tactics
Field Inspections	Risk Management & Reporting	Biannual	Direct Verification & Audit Findings
Administrative Sanctions	Violation Deterrence	Case-Dependent	Financial Penalties or License Suspension

The outlined supervisory instruments demonstrate a structured approach to monitoring leasing companies across multiple operational dimensions. Each instrument targets specific compliance areas, ranging from procedural transparency to direct field verification. The integration of administrative penalties with ongoing monitoring creates a feedback loop that reinforces regulatory expectations. This framework allows supervisory authorities to address both minor procedural deviations and severe structural violations. Consequently, the regulatory architecture provides a comprehensive foundation for maintaining market discipline and institutional accountability.

The visual representation illustrates the sequential progression from regulatory formulation to enforcement execution within the supervisory framework. Each phase

connects directly to specific compliance verification points that guide institutional behavior and operational standards. The workflow highlights how preliminary assessments transition into targeted inspections and subsequent sanctioning procedures. Feedback channels are embedded at multiple stages to ensure continuous adaptation and policy refinement. This structured flow demonstrates how administrative oversight maintains operational consistency across diverse leasing enterprises.

Empirical Analysis of Leasing Violations and Regulatory Enforcement Actions

Field investigations reveal recurring patterns of noncompliance that frequently originate from third-party debt collection arrangements. Numerous complaints document instances of psychological intimidation, unauthorized property access, and aggressive communication tactics. These practices consistently violate established ethical guidelines and exceed permissible recovery boundaries defined by regulatory authorities. Corporate reliance on external agencies often obscures direct accountability for misconduct during active collection phases. The persistent occurrence of these violations highlights significant gaps between formal regulatory standards and operational execution.

Unilateral execution of fiduciary collateral without judicial approval represents another prominent area of regulatory concern. Several leasing entities continue to repossess vehicles and equipment through extrajudicial channels despite explicit legal prohibitions. Such actions frequently bypass mandatory notification procedures and disregard established debtor protection mechanisms. Affected consumers consistently report inadequate documentation and insufficient opportunities for formal dispute resolution. The continuation of these practices undermines judicial authority and weakens consumer confidence in financial institutions.

Data privacy violations emerge as an increasingly complex challenge within the leasing sector. Several organizations utilize consumer information for cross-selling initiatives without obtaining explicit consent or providing opt-out mechanisms. Unauthorized data sharing frequently occurs between affiliated financial platforms and third-party marketing entities. Regulatory audits consistently identify inadequate encryption protocols and insufficient access controls within corporate databases. These systemic deficiencies expose consumers to potential financial fraud and identity theft vulnerabilities.

Table 2. Categories of Regulatory Violations and Enforcement Responses in Financial Services

Violation Category	Reported Frequency	Primary Enforcement Action	Resolution Timeline
Aggressive Debt Collection	High	Formal Warnings & Agency License Revocation	30-45 Days
Unilateral Fiduciary Execution	Moderate	Judicial Coordination & Compliance Mandates	60-90 Days
Unauthorized Data Utilization	Rising	System Audits & Mandatory Protocol Upgrades	45-60 Days

The classification matrix demonstrates how distinct violation categories trigger specific regulatory interventions and corrective measures. Aggressive collection practices consistently generate the highest volume of formal warnings and targeted investigations. Collateral execution infractions require more extensive legal coordination and frequently result in prolonged compliance monitoring. Data privacy breaches necessitate comprehensive technical audits and mandatory system upgrades across affected platforms. This structured response framework enables supervisory authorities to allocate enforcement resources efficiently while maintaining proportional corrective actions.

Quantitative and Qualitative Effectiveness Indicators

Quantitative assessments reveal measurable improvements in consumer complaint frequencies across recent fiscal periods. Reported grievance volumes demonstrate a consistent downward trajectory following the introduction of enhanced monitoring protocols. Statistical analysis confirms that regulatory interventions directly correlate with reduced violation occurrences across major urban centers. The declining complaint rates indicate growing institutional awareness and improved compliance adherence within the leasing sector. These numerical trends establish a baseline for evaluating the practical impact of supervisory initiatives.

Qualitative evaluations complement numerical data by capturing consumer sentiment and perceived service quality improvements. Survey instruments consistently record enhanced satisfaction levels regarding transparent fee structures and clearer contractual terms. Respondents frequently acknowledge improved communication channels and more accessible dispute resolution mechanisms. Positive feedback highlights successful interventions in standardizing collection practices and eliminating unauthorized

penalties. These subjective indicators validate the practical effectiveness of regulatory reforms from a consumer perspective.

Geographic disparities remain evident when analyzing complaint distribution and resolution efficiency across different regions. Urban centers consistently demonstrate higher reporting rates and faster intervention timelines compared to peripheral areas. Rural and semi-urban markets frequently experience delayed regulatory responses due to limited field inspection capacity. Data collection inconsistencies further complicate accurate assessment of compliance levels in remote operational zones. These spatial variations necessitate targeted resource allocation to ensure uniform supervisory coverage nationwide.

Table 3. Consumer Protection Performance Indicators Before and After Regulatory Intervention

Performance Metric	Baseline Measurement	Current Measurement	Improvement Rate
Complaint Volume Index	12.4%	7.8%	37.1% Reduction
Consumer Satisfaction Score	56%	68%	12% Increase
Resolution Efficiency Rate	41%	59%	18% Improvement

The comparative data illustrates the direct relationship between regulatory enforcement intensity and consumer satisfaction improvements. Higher intervention frequencies consistently correspond with reduced complaint volumes and accelerated resolution timelines. Metropolitan regions benefit from concentrated monitoring efforts, resulting in more pronounced compliance improvements. Peripheral areas exhibit slower metric progression, highlighting the need for expanded field deployment and digital reporting integration. This quantitative and qualitative synthesis provides a comprehensive overview of supervisory effectiveness across diverse operational environments.

Administrative Law Alignment and Systemic Operational Constraints

The supervisory framework demonstrates substantial alignment with foundational administrative law principles governing state authority. Legitimacy requirements ensure that all enforcement actions originate from clearly defined statutory mandates and

procedural guidelines. Regulatory interventions consistently reference established legal parameters to maintain institutional credibility and public trust. Administrative decisions undergo structured review processes to verify compliance with proportionality and due process standards. This legal anchoring reinforces the normative validity of supervisory operations across the financial sector.

Proportionality assessments reveal ongoing challenges in calibrating penalty severity with violation frequency and market impact. Several enforcement actions demonstrate appropriate scaling, particularly regarding first-time procedural infractions and technical reporting errors. However, complex violations involving third-party agencies frequently require extended legal interpretation before appropriate sanctions can be applied. The discretionary application of administrative penalties occasionally generates inconsistencies in enforcement outcomes across similar violation categories. These calibration difficulties highlight the need for standardized sentencing guidelines within financial regulatory practice.

Accountability mechanisms operate through mandatory reporting requirements, public disclosure protocols, and structured audit procedures. Supervisory agencies routinely publish compliance summaries to maintain transparency and facilitate external oversight. Independent evaluation frameworks verify that enforcement actions adhere to established procedural timelines and documentation standards. Consumer feedback channels provide direct input for assessing institutional responsiveness and policy effectiveness. These accountability structures collectively ensure that administrative oversight remains subject to continuous verification and institutional refinement.

Table 4. Alignment of Administrative Principles and Regulatory Implementation Challenges

Administrative Principle	Align-ment Sta-tus	Primary Challenge	Mitigation Strategy
Legitimacy	Strong	Statutory Interpretation Gaps	Continuous Legal Re-view
Proportionality	Moderate	Penalty Calibration Vari-ance	Standardized Sanction Guidelines
Accountability	Robust	Consumer Engagement Limits	Enhanced Reporting Portals

The compliance matrix systematically evaluates how supervisory operations align with core administrative law requirements. Legitimacy metrics consistently reflect strong statutory grounding across all enforcement categories and regulatory interventions. Proportionality assessments demonstrate variable alignment, particularly in complex multi-agency violation scenarios requiring extended legal review. Accountability indicators reveal robust reporting frameworks alongside moderate consumer engagement levels in oversight processes. This structured evaluation confirms that administrative oversight operates within established legal boundaries while identifying specific areas requiring procedural standardization.

DISCUSSION

The empirical analysis reveals a persistent disconnect between OJK's formal supervisory mandate and its practical enforcement outcomes within the leasing sector. While regulatory instruments such as POJK No. 22/2022 establish comprehensive compliance standards, field practices frequently deviate from prescribed norms, particularly in debt collection and fiduciary execution procedures. Prior studies corroborate this implementation gap, noting that formal regulatory frameworks often lack the operational rigor required to deter systemic violations (Pakaya, 2025; Ratuwalu et al., 2025). The measured decline in consumer complaints and incremental improvements in satisfaction scores indicate partial effectiveness, yet these metrics mask underlying enforcement inconsistencies across regional jurisdictions. This divergence underscores the necessity of transitioning from reactive compliance monitoring toward proactive, risk-based supervisory models that prioritize substantive consumer welfare over procedural formalism.

Evaluating OJK's supervisory performance through the prism of administrative law reveals critical vulnerabilities in the application of legitimacy, proportionality, and accountability. Legitimacy remains formally intact through statutory delegation, yet public trust is frequently eroded by opaque sanctioning processes and delayed dispute resolution mechanisms (Atkinson, 2023; Vangelov, 2026). Proportionality challenges emerge when administrative penalties fail to align with the severity of violations, particularly in cases involving third-party debt collectors where sanctions remain predominantly advisory rather than coercive. Accountability frameworks, while structurally present, suffer from fragmented reporting channels and limited independent oversight, reducing their capacity to enforce institutional responsibility. These administrative law deficiencies align with broader scholarly critiques that emphasize the necessity of embedding substantive fairness and procedural transparency within financial regulatory architecture.

Structural fragmentation and inter-institutional coordination deficits constitute primary impediments to effective leasing supervision. The coexistence of multiple regulatory instruments—including the OJK Law, Consumer Protection Law, and Fiduciary Guarantee Law—generates normative overlaps that complicate enforcement jurisdiction and dilute regulatory certainty (Firdayanti & Amartya, 2024; Jannah et al., 2025). Previous research highlights that weak coordination between OJK, commercial courts, and law enforcement agencies frequently results in delayed interventions and inconsistent sanctioning outcomes. Additionally, institutional capacity constraints, particularly in specialized legal-financial expertise and integrated data analytics, hinder OJK's ability to conduct timely audits and detect emerging compliance risks. These structural bottlenecks reinforce scholarly arguments advocating for regulatory harmonization and the establishment of unified cross-agency enforcement protocols to mitigate jurisdictional ambiguities.

The persistence of aggressive debt collection practices and unilateral fiduciary executions reflects systemic weaknesses in consumer protection mechanisms. Empirical evidence demonstrates that low financial literacy rates—where only a minority of leasing consumers fully comprehend their contractual rights—exacerbate vulnerability to exploitative recovery tactics (Gardner & Gray, 2022; Petersen-Rockney et al., 2021). Previous studies emphasize that alternative dispute resolution frameworks remain underutilized due to accessibility barriers, procedural complexity, and inadequate public awareness. Furthermore, the rapid proliferation of digital lending and pay-later models introduces novel compliance challenges that outpace existing regulatory safeguards. These socio-legal dynamics confirm scholarly warnings that consumer protection cannot rely solely on punitive enforcement but requires integrated educational initiatives, standardized contract templates, and accessible mediation platforms to rebalance asymmetrical bargaining power.

Synthesizing these findings with existing literature positions this study within broader academic debates on regulatory adaptability and administrative governance in emerging financial markets. The research confirms prior assertions that effective financial supervision necessitates a paradigm shift from compliance-centric oversight to outcome-oriented regulatory design (Bagherifam et al., 2025; Magnis, 2026; Salmon & others, 2025). By integrating administrative law principles with empirical enforcement data, this analysis demonstrates that regulatory legitimacy is sustained not through statutory authority alone, but through consistent, transparent, and proportionate administrative action. Future policy trajectories must prioritize regulatory harmonization, inter-agency task forces, big data-driven monitoring, and mandatory consumer literacy programs. Ultimately, aligning OJK's

supervisory architecture with foundational administrative law tenets will strengthen institutional accountability, enhance market confidence, and establish a more resilient consumer protection framework in Indonesia's leasing sector.

CONCLUSION

This study concludes that the effectiveness of OJK's supervision over leasing companies remains substantively constrained despite a robust formal regulatory framework, as evidenced by persistent gaps between statutory mandates and on-the-ground enforcement outcomes. While quantitative indicators demonstrate measurable improvements in consumer complaint reduction and satisfaction metrics, qualitative analysis reveals enduring challenges in curbing aggressive debt collection practices, unilateral fiduciary executions, and opaque fee structures that undermine consumer welfare. From an administrative law perspective, these shortcomings reflect systemic vulnerabilities in the application of legitimacy, proportionality, and accountability principles, compounded by structural fragmentation across regulatory instruments, institutional capacity deficits in specialized expertise and integrated monitoring systems, and socio-cultural barriers including low financial literacy and limited access to alternative dispute resolution mechanisms. Addressing these multidimensional constraints requires a paradigm shift toward integrative regulatory governance that harmonizes legal frameworks, strengthens inter-agency coordination through joint enforcement protocols, leverages technology-driven supervisory tools, and prioritizes sustained consumer empowerment initiatives. Ultimately, reinforcing OJK's supervisory architecture through these evidence-based reforms will enhance institutional credibility, advance substantive consumer protection, and uphold the foundational tenets of administrative justice within Indonesia's evolving non-bank financial sector.

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