

THE EFFECTIVENESS OF BANK SUPERVISION LEGAL CONCEPTS IN PROTECTING CUSTOMER INTERESTS IN INDONESIA

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Preface

The goal of the research is to comprehensively explore the effectiveness of the legal concept of bank supervision in protecting the interests of customers in Indonesia.

Abstract

The banking industry is the driving force or heart of a nation's economic development (leading indicator) and a trustworthy industry (financial fiduciary). The customer is an important factor in the banking business. In accordance with Law Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 Banking, banks are required to maintain their health. The soundness of a bank, which is a reflection of the condition and performance of a bank, is a means for the supervisory authority in determining the strategy and focus of supervision of the bank. OJK has the authority to stipulate banking regulations by upholding the principle of prudence. OJK has prepared two massive and comprehensive strategic customer protection programs. This study uses empirical research methods, namely research that focuses on examining the condition of objects in detail by collecting facts and data in the field in detail. The purpose of this study is to determine the effectiveness of banking laws in resolving banking cases that occur in Indonesia. In practice, OJK encounters many obstacles as technology develops which results in many problems in the banking sector so that the protection of consumers or bank customers regarding legal certainty is not fulfilled.

Keywords: Bank Supervision, Customer Protection, Financial Services Authority

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Abbreviation

- BO : Beneficial Owner
 FCC : Financial Customer Care
 ICIJ : International Consortium of Investigative Journalism

INTRODUCTION

Banking is everything related to the Bank, including institutions, business activities and methods and processes in carrying out their business activities. (Undang-Undang Nomor 10 Tahun 1998 Perubahan Atas Undang-Undang Nomor 7 Tahun 1992 Tentang Perbankan, n.d.) The banking industry is the driving force or heart of a nation's economic development (leading indicator) and a trustworthy industry (financial fiduciary). The customer is an important factor in the banking business. Therefore, to gain customer trust, banks must adhere to the principle of accountability. In carrying out its activities, banks must be able to provide excellent service. This will give customers confidence that their funds will be protected. The more optimal the service to customers, the more customers will entrust their money to the bank. Bank Indonesia Consumer

Protection, hereinafter referred to as Consumer Protection, is all efforts that guarantee legal certainty to provide protection to consumers. (Peraturan Bank Indonesia Nomor 22/20/PBI/2020 Tentang Perlindungan Konsumen Bank Indonesia, n.d.)

One of the mechanisms to increase bank trust is through the implementation of effective banking supervision. Authority, duties and mechanisms for implementing bank supervision have been regulated in the Indonesian Banking Architecture (API). However, its application has not been maximized. Various cases show how customers are harmed by the policies and management of a bank and this is closely related to the weak supervision carried out. Even though there has been banking supervision, there are still many banking cases that have occurred, one of which is the Panama Papers and Pandora Papers cases. The Panama Papers are documents managed by a Panamanian law firm named Mossack Fonseca. The document contains financial assets kept in various tax haven countries, and contains the proceeds of crimes such as proceeds from corruption, money laundering, tax evasion, drug trafficking, etc. The document was then leaked to the public in 2016 by the International Consortium of Investigative Journalism (ICIJ).

1. The aim of the research

The aim of the research is to systematically identify how the mechanisms for monitoring the effectiveness of the legal concept of bank supervision.

2. The objective of the research

- To examine methodically the laws relating to bank supervision and protection of bank customers
- To investigate banking laws
- To know the legal concept of bank supervision in Indonesia
- To find out the effectiveness of the legal concept of bank supervision in protecting the interests of bank customers in Indonesia

3. Research Questions

- Question 1 : what is the importance of regulations related to bank supervision and protection of bank customers?
- Question 2 : how does the banking law regulate the mechanism for maintaining the continuity of the banking system in Indonesia?
- Question 3 : what is the legal concept of bank supervision in Indonesia?
- Question 4 : how is the effectiveness of bank supervision in protecting the interests of bank customers in Indonesia?

4. Literature Reviews

It is important to state in this research that Law Number 10 of 1998 amendment to Law Number 7 of 1992 concerning Banking regulates the legal protection given to bank customers. Meanwhile, bank supervision is carried out through 2 (two) approaches, namely Compliance Based Supervisory and Risk Based Supervisory. The implementation of the bank supervision function is carried out by the central bank, namely Bank Indonesia. With the issuance of Law Number 21 of 2011 concerning the Financial Services Authority (OJK), the banking supervisory authority was replaced from what was originally carried out by Bank Indonesia to become the Financial Services Authority (OJK). Even so, the implementation of this regulation has not been able to overcome various kinds of problems that exist in banking, including cases that occurred in Indonesian banking, namely: the LBI scandal, which was originally a grant provided by Bank Indonesia to troubled banks during the 1998 monetary crisis. The century bank case that occurred in November 2008, the Panama Papers scandal which revealed secret documents listing high-profile clients and the FinCen Files case.

5. The Legal Concept of Bank Supervision

Supervision is supervision and security, supervision and direction of company policies. (Tim Penyusun Kamus Pusat Pembinaan Dan Pengembangan Bahasa, 1990) Supervision is also carried out

as a means to prevent deviations from activities prior to implementation of an activity. This means that before it becomes a policy there have been deviations, for example during the preparation of the budget, so that monitoring activities must be carried out as early as possible. (Kasmir, 2014)

As long as bank supervision is implemented optimally, company goals will be achieved. This means that if all company activities go according to plan, it will be easy to achieve targets, for example, company profits will increase. (Kasmir, 2014)

Regarding bank supervision in Indonesia, the essence of bank supervision is to protect the interests of depositors and creditors who entrust their funds to the bank to obtain repayment and profits from the bank according to the nature, type and method of return. This objective can be achieved if the bank conducts its business activities based on sound and accountable bank business principles. (Gandapradja, 2004)

The objectives and arrangements for bank supervision in Indonesia are as follows :

- a. Community trust institutions in their relationship as institutions that collect and distribute funds;
- b. Implementing monetary policy;
- c. Institutions that play a role in assisting economic growth and equity, so as to create a banking system as a whole or individually, and are able to properly maintain the interests of society, develop fairly and benefit the national economy. ([Http://Bi.Go.Id/Perbankan/Ikhtisar/Pengaturan/Tujuan-Dan-Kewenangan/Contens/Default.aspx](http://Bi.Go.Id/Perbankan/Ikhtisar/Pengaturan/Tujuan-Dan-Kewenangan/Contens/Default.aspx), n.d.)
- d. The 25 principles of effective bank supervision are compiled by a banking supervisory committee called The Basle Committee on Banking Supervision.

These matters can be grouped into 7 core principles of bank supervision as follows: (Siamat, 2005)


- a. Principles of prerequisites for effective bank supervision;
- b. Licensing principle and structure;
- c. The principle of prudential provisions and requirements;
- d. Principles of banking supervision methods that apply;
- e. The principle of information needs;
- f. The principle of supervisory authority;
- g. The principle of cross-banking.

These principles of effective bank supervision serve as a reference for bank supervision in G-10 member countries and are expected to be used and applied by banking supervisory institutions in all countries in exercising their authority as supervisory authorities in the banking sector. These principles are minimum standards. Therefore, in some cases it is necessary to make additional provisions to adjust other conditions that are adjusted to banking conditions including consideration of risks in the financial system of the country concerned. In accordance with the objectives of its composition, the principles of bank supervision are intended to be used as a reference or basic reference for conducting bank supervision in all countries, not only 10-Group member countries and participating countries in discussing and drafting concepts, but are expected to become a reference for authorities. international banking supervisor. (Siamat, 2005)

Supervision of ownership must be monitored against a background of several factors, including first, banks collect public funds based on trust. Second, banking is an important part of the payment system framework and the effectiveness of monetary policy transmission. Third, the banking sector makes a major contribution to economic development. Fourth, banks are very vulnerable to various kinds of risks. Of these four factors, public trust is the main factor why banks must be supervised. (Nasution, 2003)

The many problems in the financial services sector in the banking sector that can disrupt financial system stability have further prompted the need for the establishment of an integrated supervisory institution in the financial services sector. (Yustianti, 2017)

The need to reorganize the institutions that carry out supervision in the financial services sector is the background for the formation of the Financial Services Authority (OJK). The transfer of banking supervision after the formation of the OJK was intended to separate banking supervision from the central bank to an independent agency or institution outside the central bank. The legal basis for the separation of supervision is Article 34 of Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 concerning Bank Indonesia which states that "The task of supervising a Bank shall be carried out by an independent financial services sector supervisory institution, and established by law -law." While supervision is carried out on banks and other financial services sector companies which include insurance, pension funds, securities, venture capital, and finance companies, as well as other bodies that manage public funds. (Mustaqim, 2010)



The form of implementation of supervision carried out by the Financial Services Authority (OJK) on all banking financial service activities is to carry out integrated supervision and the OJK itself can provide legal protection services for consumers in terms of financial activities in Indonesia. The impact after the transfer of the banking supervisory function from Bank Indonesia to the Financial Services Authority is also running more effectively and optimally and so far in accordance with the mandate contained in Law No. 21 of 2011 concerning the Financial Services Authority contained in Article 7. (Shalih, 2021)

Bank supervision is inseparable from the birth of OJK as an institution that will replace Bank Indonesia's duties in supervising banks. Regarding the establishment of the OJK as intended until now there are still pros and cons. The pros and cons regarding the establishment of the OJK have been rolling in since the OJK Bill was submitted by the Government to the DPR in June 2010. Given the many cases of irregularities in banking activities, the DPR considers it necessary to establish the OJK. The banking sector which is affiliated with the insurance sector and financial institutions, makes the supervision process of it inseparable from the supervision of financial institutions which is currently carried out by Bappepam LK (Capital Market and Financial Institution Supervisory Agency). Therefore, OJK was formed as an independent institution that is expected to increase public confidence in the financial sector which is dominated by the banking sector with ownership of asset values. (Djumhana, 2003)

6. Effectiveness of Bank Supervision in Protecting Customer Interests in Indonesia

In accordance with Law Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 Banking, banks are required to maintain their health. The soundness of a bank, which is a reflection of the condition and performance of a bank, is a means for the supervisory authority in determining the strategy and focus of supervision of the bank. In addition, the health of the bank is also in the interest of all related parties, both owners, managers (management), and the public who use bank services. Developments in the banking industry, especially products and services which are increasingly complex and diverse, can increase exposure, which means risk sources and bank risk profiles. In line with that, the international assessment approach also leads to a risk-based monitoring approach. (Sembiring, 2010)

OJK has the authority to stipulate banking regulations by upholding the principle of prudence. In the field of supervision there are two forms of supervision, namely direct supervision and indirect supervision. Direct supervision is carried out in the form of inspections periodically or at any time when necessary. OJK must be truly independent in accordance with what the Law has given to OJK, existing resources must be optimally allocated, OJK needs to apply the principles of good governance, so that the mission and objectives of OJK can be achieved properly.

OJK has prepared two massive and comprehensive strategic customer protection programs. The program aims to protect the interests of customers and the public in supporting the growth of the financial services industry. The two strategic programs are the Establishment of an Integrated Financial Consumer Service System (Financial Customer Care/FCC) and the National Financial Literacy Program Blueprint. The FCC program is a priority in order to increase the availability of information for the public and service financial consumer complaints in accordance with the authority of the OJK. (<https://Bisnis.Tempo.Co/Read/510003/Ojk-Siapkan-Dua-Program-Perlindungan-Konsumen>, 2013) One of the important functions of OJK is "The function of consumer education and protection is an important pillar in the financial services sector. Preventive education is needed as a first step to provide a better understanding to consumers.

Based on Article 4 of the Financial Services Authority Law, it is stated that one of OJK's duties is to protect consumers and/or the public, where the protection of consumers and the public is based on the principle of balance. This means that this protection is simultaneously applied to develop the financial services sector in a sustainable manner and at the same time provides protection to consumers and the public as users of financial services to increase public confidence in the financial services sector.

Article 29 paragraph (4) of the Banking Law states that "For the benefit of bank customers, banks are required to provide information about possible risks of loss in connection with customer transactions conducted through banks". Furthermore, in Article 35 of the Banking Law it is stated that: "Banks are required to announce balance sheets and profit/loss calculations at the time and form determined by Bank Indonesia". Provisions for disclosure of bank information are part of the legal framework for protecting bank customers to overcome the problem of information asymmetry, which in practice is manifested in the form of disclosure and disclosure of information on bank products related to material concerning bank conditions and activities including the

financial situation. Performance, risk, ownership and management and bank management, both individually and in consolidation to streamline market discipline. Asymmetric information problems, for example, occur due to differences in understanding (adverse selection) of a product or service or information received by bank customers. Adequate disclosure of banking product information will explain the benefits and risks of products or services offered by banks to customers. Disclosure of bank product information will also minimize legal risk and reputation risk for banks. (Hadad. Muliaman D, 2013)

7. Methodology

This study uses empirical research methods, namely research that focuses on examining the condition of objects in detail by collecting facts and data in the field in detail. The purpose of this study is to determine the effectiveness of banking laws in resolving banking cases that occur in Indonesia.


8. Data Analysis and Discussion

The OJK Annual Report stated that during the fourth quarter of 2017 there were an additional 41 actors who were bank insiders who were involved in Tipibank. Most of the alleged Tipibank cases are equivalent to 75 percent related to credit and the remaining 25 percent are related to misuse of customer funds. The suspected perpetrators of Tipibank were dominated by directors, which reached 10 people, equivalent to 67 percent, and executive officers, who were 5 people, equivalent to 33 percent. The modes involved include abuse of authority, violating the precautionary principle, irregularities or making fictitious credit, and others.

Yenti Garnasih, Lecturer at the Faculty of Law, Trisakti University, said that banking crimes that occur in Indonesia often involve people in the bank itself. "Because actually it is very difficult to break into a bank without any cooperation with the bank, especially if the control system is running well," Yenti wrote in seminar material on Optimizing the Pursuit of Banking Criminal Assets as quoted from the LPS website. The various modes used in bank burglary are masterminded by people outside the bank, often it happens with the help of people inside the bank. This is possible by working together or simply by helping to get wages or commissions for the proceeds of banking crimes. Conservative methods in the form of counterfeiting, fraud and embezzlement of customer funds, are still likely to occur in this digital era. "It is interesting to observe that most banking crimes always involve the bank's personnel, from the teller to the top level in the financial institution." (https://www.ppatk.go.id/Siaran_pers/Read/796/Pembobolan-Bank-Dan-Bagaimana-Penjajahat-Kerah-Putih-Beraksi, 2018)

Eddy Tansil is a legend in the bank robbery case in Indonesia. PT Golden Key Group (GKG), a company engaged in the petrochemical sector, was the entry point for breaking into the Rp 1.3 trillion Indonesian Development Bank (Bapindo). The company applied for credit and was approved to build three factories whose projects were never realized, aka fictitious. At that time, Eddy Tansil was able to break into a bank because of interference from the authorities. In obtaining this credit, Eddy Tansil used katebeletje or magic letters written by Sudomo," wrote Kees Bertens in the book *Introduction to Business Ethics* (2000: 220). (https://www.ppatk.go.id/Siaran_pers/Read/796/Pembobolan-Bank-Dan-Bagaimana-Penjajahat-Kerah-Putih-Beraksi, 2018)

The case of the Bandung branch of Bank Mandiri credit fraud. Cases that were declared state losses for the provision of credit facilities by Bank Mandiri to PT Tirta Amarta Bottling Company (TAB) totaled IDR 1.83 trillion. The amount of the loss is the result of a calculation carried out by the Supreme Audit Agency (BPK). I Nyoman Wara, Main Auditor for BPK Investigations, stated that the value of the loss was an accumulation of the arrears of PT TAB's principal debt along with credit interest. "We have completed the calculation of state losses in the Bank Mandiri case related to the provision of credit to PT TAB, and concluded the results of an examination of the calculation of state losses amounted to around IDR 1.83 trillion. This calculation is based on competent and valid data that we obtained from investigators," said Nyoman Wara in mid-May. In the Bank Mandiri case, this case allegedly involved an insider with the names of several high-ranking Bank Mandiri officials named as suspects including the Commercial Banking Manager, Relationship Manager, and Senior Credit Risk Manager. The involvement of PT TAB, including the director and head of the accounting department of PT TAB. The mode is to manipulate asset data to obtain an extension of credit facilities, and the money is used outside of credit agreements and personal interests.




In 2013, a subsidiary of Bank Mandiri, namely Bank Syariah Mandiri (BSM) Bogor branch, was entangled in a fictitious credit distribution case worth IDR 102 billion. It is known that this crime was part of a banking syndicate. Four suspects were named in this case, three of whom were BSM employees. The modus operandi used by the suspects was to falsify the identities of 197 fictitious customers either through customer identities or through other administrative requirements. This case began with a report submitted by the Central BSM to the Criminal Investigation Agency (Bareskrim) of the Republic of Indonesia Police which then conducted investigations and investigations. Another banking crime mode was in the form of document falsification which led to theft of customer funds. This happened at least in BSM mid 2014-2015 which involved two BSM employees with a loss value from this case reaching IDR 50 billion. The two employees are BSM Marketing Manager Gatot Subroto Branch and BSM Trade Specialist Officer.

Another case is the offer of fake deposit slips by unscrupulous employees with the status of Head of the Cash Office of PT Bank Tabungan Negara (BTN). The total loss of customer funds due to fake deposit slips reached IDR 256 billion, which was carried out at two cash offices. "Unscrupulous people offer deposit products with interest rates far above those offered by BTN. This syndicate also falsified signature specimens and customer data," said Maryono, Main Director of BTN as reported by Antara.

Another white-collar crime in the form of alleged corruption in deposit withdrawals also occurred at Bank Permata. One of the suspects is the former branch head of Bank Permata Kenari, Central Jakarta, who is working with the Finance Director of a company, namely PT Bali Tour Development Corporation (BTDC). The two suspects are suspected of committing criminal acts of corruption by disbursing time deposit funds and utilizing the company's deposit interest, which amounted to IDR 6 billion. There are allegations, disbursement and use of deposit interest without using the original demand deposit slip. The giro disbursement application was not signed by an authorized official, and the disbursement was made without a confirmation process to PT BTDC as the owner of the funds. A similar case also occurred at Bank Mega involving PT Elnusa. Time deposit funds in the form of deposits on call owned by PT Elnusa worth IDR 111 billion stored in the safe of Bank Mega Jababeka Branch, Cikarang, Bekasi, were declared unilaterally lost by Bank Mega. The mode of disappearance of these funds was through falsification of deposit slips and specimen signatures of Elnusa officials carried out by the Head of the Bank Mega Jababeka Branch. Six people became suspects in this case including the Finance Director of Elnusa and the Head of the Bank Mega Jababeka Branch. The two parties are suspected of disbursing deposits without the company's knowledge. The deposit funds, which are disbursed in stages, are allegedly used for futures stock investments. The criminal act of breaking into a customer's account was also carried out by a former employee of Bank CIMB Niaga, Jemursari branch, Surabaya, who had served as Relationship Manager. This means that bank break-ins can occur not only in relation to active bank insiders, but also former bank employees. The crime mode is carried out by making an application for submitting a new account in the name of a customer and then transferring funds through e-banking. "As a manager, he has access to view customer personal data. Meanwhile, the signatures of customers whose accounts were compromised were falsified," said Suparlan Hadiyanto, the Public Prosecutor handling Rina's case, as quoted by Kompas.

Another banking crime that was quite phenomenal and caused a public uproar was the burglary of customer accounts which later developed as a money laundering crime committed by Inong Malinda, a former Citibank Relationship Manager at the Citibank Landmark branch office, South Jakarta. The modus operandi of this woman known as Malinda Dee was to transfer a number of funds belonging to customers without the permission of the owner of the funds, to several accounts controlled by Malinda including to the accounts of her siblings, sister-in-law and husband. In the copy of the case decision, it was explained that Malinda Dee transferred funds from the accounts of Citigold Citibank Landmark customers by asking for the customer's signature in a transfer form that was empty or had not been filled in. In practice, the signature column in the transfer form was often filled in by Malinda Dee herself. Furthermore, without approval or request from the customer, Malinda Dee filled out all transfer forms in full including the recipient's name, recipient's account number, recipient's bank, nominal amount of money being transferred and the contents of the message. It is as if these customers are actually making fund transactions. In fact, the act was not ordered or without request or without the permission of the customers concerned. The data written by Malinda Dee in the transfer form is invalid or fake data. This fund transfer form is then processed without the presence, identification, or signature of the appropriate customer in the system. Whereas in the SOP provisions, the transfer of funds must be attended by the customer and include other completeness. This action would not have been possible for Malinda Dee to do without trust and closeness to customers.



After the occurrence of the Panama Papers and Paradise Papers cases, there are still cases in the banking sector of Pandora Papers. Documents disclosed in the Pandora Papers mention the connection between influential Indonesian public officials and company ownership in tax haven countries. However, for all these serious problems, the Government did not take any action. The Pandora Papers document was revealed by the International Consortium of Investigative Journalists (ICIJ). ICIJ received the leaked confidential financial data of 14 shell company agents in tax haven countries such as the British Virgin Islands and the Republic of Panama. The documents reveal 11.9 million data records containing business deals and ownership of shell companies in tax haven countries. These shell companies are owned by former presidents, politicians and big businessmen from various countries. Previously, ICIJ had succeeded in disclosing the Panama documents and the Paradise Papers, Pandora Papers had also uncovered prominent names in Indonesia who were public officials and business people. They include the Coordinating Minister for the Economy of the Republic of Indonesia as well as the Chairman of the Golkar Party Airlangga Hartarto and his brother, Gautama Hartarto, the Coordinating Minister for Maritime Affairs and Investment of the Republic of Indonesia Luhut Binsar Pandjaitan, businessman Edward Seky Soeryadjaya, and the Ciputra family.

Establishing or having links with a shell company in a tax haven is not necessarily against the law. However, shell companies in tax haven countries are often used to evade taxes or other illicit economic activities. For example, someone can deliberately transfer profits to the company, thus avoiding having to pay taxes. In this case the state loses money because it loses tax revenue. With the disclosure of the Pandora Papers scandal, ICW sees an urgency to highlight several things, among others, first, reflecting on the experience of Panama and the Paradise Papers, follow-up, in-depth and serious investigations have never been carried out by Government. Indications of tax evasion or fraudulent practices should be investigated indiscriminately. The Panama Documents, Paradise, and Pandora Papers can be entry points to do just that. In terms of taxation, the Government can assign the Director General of Taxes to trace the document. Other institutions such as the Financial Transaction Reports and Analysis Center (PPATK) could also be involved.

Second, there is a serious violation of public ethics if a public official is indicated to have committed fraudulent practices through his association with a shell company in a tax haven country. Even though it is not necessarily against the law, from a public ethical point of view it is not something that should be done because of the potential for fraud which is relatively dominant in the scheme for establishing a shell company in a tax haven country. Reflecting on the Panama Papers commotion in Iceland in 2016, Icelandic Prime Minister Sigmundur David Gunnlaugsson resigned due to having links with shell companies and massive public pressure.

Third, there are indications of dishonesty from public officials in reporting assets owned through the State Administration Wealth Report (LHKPN). Equity participation or investment in companies that are legal entities must be reported in the LHKPN, complete with the number of shares owned and their value. The public officials whose names were mentioned allegedly did not report company ownership in tax haven countries in the LHKPN.

Fourth, there are legal loopholes in Indonesia that can be used to commit fraud. An example is the weakness in Presidential Regulation (Perpres) number 13 of 2018 concerning Beneficial Owners (BO). Under the Presidential Decree, corporations in Indonesia are required to report beneficial owners to the government. However, the Perpres does not cover companies established overseas by Indonesian citizens.

Fifth, the polemic from Panama to the Pandora Papers shows the importance of disclosing information on company ownership and beneficial owners or actual owners (BO) to the wider public. This is important to do so that the public can know who should be responsible if corporations commit fraudulent practices, as well as assist law enforcement officials to take action against those most responsible. With the repeated scandals over ownership of shell companies in tax haven countries, involving both public officials and Indonesian businessmen, the Government needs to take serious steps to fix domestic regulatory loopholes and make total corrections to weaknesses in law enforcement that have so far been used to escape, hide and accumulate assets through transnational dark schemes. Because the powerlessness of the Government in responding to this problem reflects the conquest of Indonesian businessmen and politicians over people's sovereignty and democracy. (<https://Antikorupsi.Org/Id/Article/Dari-Panama-Papers-Hingga-Pandora-Papers-Pemerintah-Tak-Pernah-Serius>, 2021)

Based on these banking cases, it can be seen that with the establishment of an independent financial supervisory institution, namely the OJK, it has not been able to overcome problems in the banking sector.



9. Conclusion

The Indonesian banking legal system regulates banking supervision to protect the interests of customers while creating a healthy and thriving banking system. The objectives of banking regulation and supervision are directed at optimizing the functioning of the Indonesian banking system to create a banking system that is healthy as a whole and individually, and is able to properly safeguard the interests of society, develop in a proper manner and benefit the national economy. The Financial Services Authority (OJK) was formed to carry out bank supervision effectively and optimally. However, in practice, OJK encounters many obstacles in line with the development of technology which results in many problems in the banking sector so that the protection of consumers or bank customers regarding legal certainty is not fulfilled.

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