



## Overcoming Regulatory Hurdles in the Indonesian Crowdfunding Landscape

| Article   | Abstract   |
|---|--|
| <p><b>Author</b><br/>Afif Noor<sup>1*</sup>, Ismail Marzuki<sup>2</sup>,<br/>Edy Saputro<sup>3</sup>, Muhammad Akmal<br/>Habib<sup>4</sup>.</p> <p><sup>1,2</sup> Faculty of Sharia and Law,<br/>Universitas Islam Negeri<br/>Walisongo, Semarang, Indonesia<br/><sup>3</sup> Detecon Al Saudia Co. Ltd.,<br/>Riyadh, Saudi Arabia<br/><sup>4</sup> The University of Sidney,<br/>Australia</p> <p><b>Corresponding Author:</b><br/>*Afif Noor, Email:<br/><a href="mailto:afif_noor@walisongo.ac.id">afif_noor@walisongo.ac.id</a></p> <p><b>Data:</b><br/>Received: Aug 15, 2023;<br/>Accepted: Des 23, 2023;<br/>Published: Des 30, 2023.</p> <p><b>DOI:</b><br/><a href="https://doi.org/10.24090/volksgeist.v6i2.9447">10.24090/volksgeist.v6i2.9447</a></p> | <p>With the exponential rise in crowdfunding, several pertinent issues have come to the fore. These include unauthorized access to personal data, exorbitant interest rates for funding recipients, and investor fund security concerns. Other issues, such as aggressive debt collection practices and misuse of donated funds, also warrant attention. The underdeveloped state of crowdfunding regulations in Indonesia, which offers insufficient legal certainty and protection, is often blamed for these issues. Thus, a thorough examination of the legal and regulatory framework governing crowdfunding in Indonesia is crucial. This study scrutinizes the legal norms, identifies, and harmonizes the diverse regulations applicable to crowdfunding in Indonesia. The findings underscore the necessity for enhancements in the laws and regulations pertinent to crowdfunding. Key areas of focus should include establishing a legal status for crowdfunding platforms, setting fair interest rates, fortifying investor fund security mechanisms, penalizing illegal crowdfunding activities, and intensifying oversight of fund usage in donation-based crowdfunding schemes. Equally crucial is the imposition of penalties for regulatory breaches in crowdfunding, reflecting a genuine commitment towards ensuring justice and legal certainty in all crowdfunding transactions.</p> <p><b>Keywords:</b> <i>Crowdfunding; Regulation; Legal Certainty; Justice.</i></p> |

©2023; This is an Open Acces Research distributed under the term of the Creative Commons Attribution Licencee (<https://creativecommons.org/licenses/by/4.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original works is properly cited.

## INTRODUCTION

Over recent years, the emergence of crowdfunding as a vibrant economic mechanism has been swiftly evolving in parallel with advances in information technology.<sup>1</sup> Rooted in the concept of crowdsourcing—where services, assets, or knowledge are procured through the collective input of online communities and internet users—crowdfunding has undergone significant transformation.<sup>2</sup> Initially, crowdfunding was primarily geared towards sourcing donations for philanthropic

<sup>1</sup> Ali Haji Gholam Saryazdi et al., “Designing a Qualitative System Dynamics Model of Crowdfunding by Document Model Building,” *Qualitative Research in Financial Markets* 12, no. 2 (2020): 197–224, <https://doi.org/10.1108/QRFM-07-2018-0082>.

<sup>2</sup> Takaaki Hoda Bishnu Kumar Adhikary, Kenji Kutsuna, *Crowdfunding Lessons from Japan's Approach* (Singapore: Springer, 2018).

endeavors, as exemplified by the launch of JustGiving in the United Kingdom in 2000. However, the establishment of the Kiva platform in 2005, which utilized crowdfunding for lending purposes, marked a pivotal turning point. This development was subsequently followed by the inception of lending platforms such as Zopa and Prosper, which revolutionized the lending industry. As it stands, crowdfunding has evolved into a reliable financing for startups and small businesses.<sup>3</sup> The surge in crowdfunding's popularity can be traced back to the global financial crisis of 2008, instigated by the collapse of the US financial market. This crisis catalyzed a shift towards crowdfunding as a favored fundraising alternative for entrepreneurs due to its wide-ranging access to capital and the diversification of financing sources it offers.<sup>4</sup>

In Asian markets, crowdfunding has emerged as a preferred method for entrepreneurs to garner funds for their business growth.<sup>5</sup> Notably, the surge in non-profit crowdfunding through donations in Indonesia has been outstanding. Within a span of four years, from 2013 to 2017, the market size for this specific crowdfunding model rocketed from US\$1.16 million to an impressive US\$13.95 million.<sup>6</sup> Moreover, securities-based crowdfunding, designed to yield returns, is also witnessing a positive trajectory. As of July 2023, the investor count on securities-based crowdfunding platforms reached 156,632, with the invested funds amounting to a substantial IDR 911.35 billion. Concurrently, the tally of securities issuers escalated to 423 entities.<sup>7</sup>

Despite its allure for entrepreneurs and investors, crowdfunding is not devoid of potential risks. The platform is prone to fraudulent activities, money laundering, and intellectual property theft.<sup>8</sup> Fraud may occur when project initiators manipulate the trust of investors for personal profit.<sup>9</sup> Money laundering becomes a risk when individuals deliberately use crowdfunding platforms to circulate funds acquired unlawfully.<sup>10</sup> Intellectual property theft, including the misappropriation of trade secrets, trademarks, and copyrighted materials, poses a threat to both the crowdfunding platform and the project initiators.<sup>11</sup>

<sup>3</sup> Joe Cox and Thang Nguyen, "Does the Crowd Mean Business? An Analysis of Rewards-Based Crowdfunding as a Source of Finance for Start-Ups and Small Businesses," *Journal of Small Business and Enterprise Development* 25, no. 1 (2018): 147–62, <https://doi.org/10.1108/JSBED-05-2017-0165>.

<sup>4</sup> David Ahlstrom, Douglas J. Cumming, and Silvio Vismara, "New Methods of Entrepreneurial Firm Financing: Fintech, Crowdfunding and Corporate Governance Implications," *Corporate Governance: An International Review* 26, no. 5 (2018): 310–13, <https://doi.org/10.1111/corg.12258>.

<sup>5</sup> Afsaneh Bagheri, Hasti Chitsazan, and Ashkan Ebrahimi, "Crowdfunding Motivations: A Focus on Donors' Perspectives," *Technological Forecasting and Social Change* 146, no. June 2018 (2019): 218–32, <https://doi.org/10.1016/j.techfore.2019.05.002>.

<sup>6</sup> Statista Research Department, "Market Size of the Donation-Based Crowdfunding Industry in Indonesia from 2013 to 2017," 2023.

<sup>7</sup> Zahwa Madjid, "Pelaku UMKM Himpun Dana Rp 911 Miliar Lewat Securities Crowdfunding," 2023.

<sup>8</sup> Md Nazmus Saadat et al., "Blockchain Based Crowdfunding Systems," *Indonesian Journal of Electrical Engineering and Computer Science* 15, no. 1 (2019): 409–13, <https://doi.org/10.11591/ijeecs.v15.i1.pp409-413>.

<sup>9</sup> Seung Hun Lee, Wafa Shafqat, and Hyun Chul Kim, "Backers Beware: Characteristics and Detection of Fraudulent Crowdfunding Campaigns," *Sensors* 22, no. 19 (2022): 1–16, <https://doi.org/10.3390/s22197677>; See to Endang Sriani, Farid Hasan, and Sukron Ma'mun, "Violation of Human Right for Collateral Fraud in Sharia Financial Institution Based on Fiduciary Guaranty Law and Rahn Law," *JURIS (Jurnal Ilmiah Syariah)* 22, no. 1 (June 15, 2023): 133–43, <https://doi.org/10.31958/JURIS.V22I1.9157>.

<sup>10</sup> Zachary Robock, "The Risk of Money Laundering Through Crowdfunding: A Funding Portal's Guide to Compliance and Crime Fighting," *Michigan Business & Entrepreneurial Law Review* 4, no. 4.1 (2014): 113, <https://doi.org/10.36639/mbelr.4.1.risk>.

<sup>11</sup> Valerie Busse, *Crowdfunding – An Empirical Study on the Entrepreneurial Viewpoint, Lecture Notes on Data Engineering and Communications Technologies*, vol. 23 (Springer International Publishing, 2019), [https://doi.org/10.1007/978-3-319-98557-2\\_28](https://doi.org/10.1007/978-3-319-98557-2_28).

To mitigate these risks, the Financial Services Authority (OJK)—a state agency mandated by Law No. 21 of 2011 to regulate and supervise the financial services industry—is tasked with curbing risks in debt and securities-based crowdfunding services. Similarly, the Ministry of Social Affairs oversees regulation and supervision of donation and gift-based crowdfunding activities. Notably, even prior to the surge in donation-based crowdfunding facilitated by information technology, the government had implemented Law No. 9 of 1961. This law governs the collection of funds and goods intended for social activities.

Prolific studies undertaken by experts across a range of fields have illuminated the current state of crowdfunding services and the accompanying regulatory measures. A notable investigation by Prokofeva et al. scrutinized the regulatory landscape of crowdfunding in Russia and Belarus, concluding that these nations' infrastructures are significantly lagging behind the global norms.<sup>12</sup> In a parallel vein, Battisti, Creta, & Miglietta explored the impact of equity crowdfunding (ECF) regulation on Italy's real estate sector. Their findings pointed to an accelerated expansion of ECF within the country, juxtaposed with an excessively stringent regulatory framework.<sup>13</sup> Furthermore, Alhammad, AlOthman, and Tan embarked on an extensive review of crowdfunding regulations across different nations. They deduced that a robust regulatory framework is of paramount importance to nurture startups, foster innovation, and support entrepreneurs. This framework should adeptly balance the protection of investors and the needs of businesses seeking funds. Specifically, the regulations should safeguard client funds, oversee crowdfunding advertising and investment limits, and regulate authorization and disclosure duties.<sup>14</sup> Their research underscores the necessity of stringent regulation within the financial industry, emphasizing that inadequate regulation can lead to compromised consumer protection. As such, crowdfunding, being a part of the financial industry, mandates rigorous regulation to ensure its successful operation and the protection of all stakeholders involved.<sup>15</sup>

In light of the preceding research, the aim of this study is to delve into the effectiveness of Indonesian crowdfunding laws and regulations—encompassing debt, securities, donation, or reward-based crowdfunding—in establishing legal certainty and ensuring equitable protection for crowdfunding service users. To attain this objective, we will undertake an exhaustive inventory, systematization, and synchronization of the prevailing crowdfunding regulations in Indonesia. We anticipate that a thorough comprehension of these regulations, in the context of Indonesia's burgeoning crowdfunding scene, will yield a study that could serve as a basis for devising regulations that bolsters legal certainty and fairness. Such regulations would also stimulate the sustainable expansion of crowdfunding in the future. Striking the optimal balance between innovation and regulation could pave the way for the sustained growth of crowdfunding, all while protecting the interests of the involved parties.<sup>16</sup>

<sup>12</sup> Elena Prokofeva et al., "Crowdfunding Regulation Models: International and Russian Experience in Context of Sustainable Development," *E3S Web of Conferences* 208 (2020), <https://doi.org/10.1051/e3sconf/202020806009>.

<sup>13</sup> Enrico Battisti, Fabio Creta, and Nicola Miglietta, "Equity Crowdfunding and Regulation: Implications for the Real Estate Sector in Italy," *Journal of Financial Regulation and Compliance* 28, no. 3 (2020): 353–68, <https://doi.org/10.1108/JFRC-08-2018-0109>.

<sup>14</sup> Muna M. Alhammad, Rawan AlOthman, and Chekfoung Tan, "Review of Crowdfunding Regulations across Countries: A Systematic Review Study," *Journal of Information Systems Engineering and Management* 6, no. 4 (2021): em0145, <https://doi.org/10.21601/jisem/11395>.

<sup>15</sup> Suwinto Johan and Ariawan Ariawan, "Consumer Protection in Financial Institutions," *Legality: Jurnal Ilmiah Hukum* 29, no. 2 (2021): 173–83, <https://doi.org/10.22219/ljih.v29i2.16382>.

<sup>16</sup> Antonella Francesca Cicchiello, "Harmonizing the Crowdfunding Regulation in Europe: Need, Challenges, and Risks," *Journal of Small Business and Entrepreneurship* 32, no. 6 (2020): 585–606, <https://doi.org/10.1080/08276331.2019.1603945>.

## RESEARCH METHODOLOGY

This study is primarily centered on the legislation and regulatory frameworks governing crowdfunding, encompassing both statutory laws and Financial Services Authority regulations. Consequently, we have utilized a statutory approach, thus categorizing our research as doctrinal legal study, which perceives law as a set of obligatory rules.<sup>17</sup> The data for our research is derived from secondary data sources, specifically regulations and academic works pertinent to crowdfunding. These were procured through an extensive review of relevant literature.<sup>18</sup> Our research process entailed the inventorying, legal synchronization, and analysis of norms encapsulated in the laws and regulations related to crowdfunding.

## ANALYSIS AND DISCUSSION

Crowdfunding operates as an online fundraising mechanism where individuals contribute minor sum of money to endorse a specific initiative or enterprise.<sup>19</sup> The incorporation of the internet as a medium for fundraising categorizes it under the umbrella of financial technology.<sup>20</sup> As per Talukder's definition, crowdfunding is an approach to funding wherein individuals pledge small monetary contributions online within a restricted timeframe to actualize an initiative.<sup>21</sup> This definition underscores the expansive scope of crowdfunding, as it could encompass any fundraising activity where a collective of individuals donates funds towards a specific project. This is irrespective of whether the project is profit-driven or non-profit, thereby broadening the understanding of what constitutes crowdfunding.

Crowdfunding, based on the nature of financial returns offered to fundraisers, can be segmented into four primary categories.<sup>22</sup> The initial category is donation-based crowdfunding. Here, fundraisers do not accept any financial returns. These raised funds, collected through crowdfunding platforms, are typically allocated to social causes, education, healthcare, or creative industries. Platforms like Kitabisa.com, AyoPeduli.id, and GandengTangan exemplify this model. The second category is reward-based crowdfunding. In this case, fundraisers receive tangible or intangible rewards in return for their financial contribution to a specific project. Here, the project owner offers rewards in the form of goods, services, or certain privileges, without sharing the profits generated from the project or business. In Indonesia, platforms such as IndoGiving.com and Kolase.com adopt this gift-based crowdfunding approach. Thirdly, we have debt-based crowdfunding, also known as financial technology (fintech) lending. This model involves borrowing money or providing loans where the

<sup>17</sup> N.J. Duncan and T. Hutchinson, "Defining and Describing What We Do: Doctrinal Legal Research," *Deakin Law Review* 37, no. 9 (2012): 1591–1601.

<sup>18</sup> Afif Noor, "Socio-Legal Research: Integration of Normative and Empirical Juridical Research in Legal Research," *Jurnal Ilmiah Dunia Hukum* 7, no. 2 (2023): 94–112, <https://doi.org/DOI: http://dx.doi.org/10.35973/jidh.v7i2.3154>.

<sup>19</sup> Ting Peng Liang, Shelly Ping Ju Wu, and Chih chi Huang, "Why Funders Invest in Crowdfunding Projects: Role of Trust from the Dual-Process Perspective," *Information and Management* 56, no. 1 (2019): 70–84, <https://doi.org/10.1016/j.im.2018.07.002>.

<sup>20</sup> Ivo Jenik, Lyman Timothy, and Alessandro Nava, "Crowdfunding and Financial Inclusion," *Cgap (Working Paper)*, no. March (2017): 1–48.

<sup>21</sup> Saurav Chandra Talukder, "Exploring the Landscape of Social Entrepreneurship and Crowdfunding : A Bibliometric Analysis," 2023, 1–22.

<sup>22</sup> Roland Z.S. Szabó, Réka Szász, and Borbála Szedmák, "Demand and Supply Sides of the Crowdfunding Ecosystem: The Case of Kickstarter Campaigns and Potential Hungarian Investors," *Society and Economy* 43, no. 2 (2021): 65–183, <https://doi.org/10.1556/204.2021.00008>.



fundraiser is bound to repay the loan with interest. Nevertheless, fundraisers typically bear the interest and are obliged to pay fees to the respective crowdfunding platform. In Indonesia, there are 104 debt-based crowdfunding platforms, both licensed and unlicensed, registered with the OJK.<sup>23</sup> Platforms like Investree and Ammana serve as examples of debt-based crowdfunding platforms. Finally, we have equity-based crowdfunding. In this model, the funders, acting as investors, receive equity signifying partial ownership of the company, and are entitled to dividends. This approach is commonly used by start-up or small and medium entrepreneurs seeking funding resources to kick-start or expand their businesses. In Indonesia, platforms such as Santara, Bizhare, Crowddana, LandX, and Danasaham exemplify this securities-based crowdfunding model.

Crowdfunding's emergence as a rapid expanding funding source has garnered considerable focus and interest, primarily due to its potential as a tool for financing economic and social endeavors. It presents an innovative and potent alternative for channeling funds into small, inventive startups.<sup>24</sup> These startups are acknowledged as vital growth catalysts and job creators.<sup>25</sup> However, they often face hurdles in securing financing via traditional pathways such as banking institutions. This is largely due to the absence of collateral assets and the instability of cash flows.<sup>26</sup>

With the ascendancy of crowdfunding, a set of significant issues have surfaced that demand careful attention. These concerns primarily encompass the risks of fraudulent activities, potential criminal offenses, inadequate investor protection, and the exploitation of donations for personal profit.<sup>27</sup> A study undertaken by Cumming et al., scrutinizing crowdfunding campaigns on the Kickstarter platform from 2010 to 2018, revealed 193 instances of fraud.<sup>28</sup> Another example of crowdfunding fraud was perpetrated by Ascenergy, which managed to amass USD 5 million. Alarmingly, USD 1.2 million of these total funds were misappropriated by the company founders for non-business-related activity.<sup>29</sup>

Between 2019 and 2021, the Financial Services Authority received a staggering 19,711 reports from the public concerning the conduct of debt-based crowdfunding providers. Of these total complaints, 10,441 (52.97%) were categorized as minor or moderate violations, while the

<sup>23</sup> Financial Services Authority, "Penyelenggara Fintech Lending Terdaftar Dan Berizin Di OJK Per November 2021," 2021, [https://www.ojk.go.id/id/kanal/iknb/financialtechnology/Documents/Penyelenggara Fintech Lending Terdaftar Dan Berizin Di OJK Per 2 November 2021.pdf](https://www.ojk.go.id/id/kanal/iknb/financialtechnology/Documents/Penyelenggara_Fintech_Lending_Terdaftar_Dan_Berizin_Di_OJK_Per_2_November_2021.pdf).

<sup>24</sup> Marinko Skare, Beata Gavurova, and Volodymyr Polishchuk, "A Decision-Making Support Model for Financing Start-up Projects by Venture Capital Funds on a Crowdfunding Platform," *Journal of Business Research* 158 (2023): 113719, <https://doi.org/https://doi.org/10.1016/j.jbusres.2023.113719>.

<sup>25</sup> Afif Noor, Moh. Arifin, Deni Parama Widia Astuti, Maria Anna Muryani, Noor Rosyidah, Dwi Wulandari, Aqila-Syarief Muhammad Afif, "Revolutionizing Indonesia's Financial Landscape: The Impact of Information Technology on the Growth of Financial Technology Start-Ups," *Multidisciplinary Reviews* 6, no. 4 (2023): e2023031.

<sup>26</sup> Edoardo Ferrucci, Roberto Guida, and Valentina Meliciani, "Financial Constraints and the Growth and Survival of Innovative Start-Ups: An Analysis of Italian Firms," *European Financial Management* 27, no. 2 (2021): 364–86, <https://doi.org/10.1111/eufm.12277>; See to Mohamad Fateh Labanieh, Mohammad Azam Hussain, and Nazli Mahdzir, "The Regulatory Framework Governing Traditional Arbitration in Resolving Islamic Banking Disputes in Malaysia: The Time for Change," *Jurnal Hukum Novelty* 12, no. 2 (2021), <https://doi.org/http://dx.doi.org/10.26555/novelty.v12i2.a20791>.

<sup>27</sup> M A Muryani et al., "The Role of Donation-Based Crowdfunding Platforms in Improving People's Welfare (Study on the Kitabisa.Com)," *JED (Jurnal Etika ...* 8, no. 3 (2023): 373–82, <https://doi.org/10.26618/jed.v>.

<sup>28</sup> Douglas Cumming et al., "Disentangling Crowdfunding from Fraudfunding," *Journal of Business Ethics* 182, no. 4 (2023): 1103–28, <https://doi.org/10.1007/s10551-021-04942-w>.

<sup>29</sup> Rozita Othman et al., "Overview of Community-Based Crowdfunding in Malaysia: Legal Issues and the Way Forward," *International Journal of Academic Research in Business and Social Sciences* 11, no. 11 (2021), <https://doi.org/10.6007/ijarbss/v11-i11/11306>.

remaining 9,270 (47.03%) constituted serious infractions, including infringements on service user rights. These infringements ranged from threats of personal data leaks to instances of sexual harassment and intimidation.<sup>30</sup> The complaints underscored the weak safeguards<sup>31</sup> in place for investor funds and pinpointed instances of donation misuse for personal gains, as evidenced in the Aksi Cepat Tanggap (ACT) and Cak Budi cases.<sup>32</sup>

### Navigating Regulatory Complexities in Debt-Based and Securities-Based Crowdfunding

The advent of technology and information has left an indelible mark on numerous facets of human existence,<sup>33</sup> one of which is the emergence of diverse crowdfunding models—securities-based, reward-based, donation-based, or debt-based. The presence of crowdfunding necessitates the establishment of precise legal guidelines. In Indonesia, debt-based crowdfunding is specifically regulated under OJK Regulation No. 10/POJK.05/2022 (POJK 10/2022) pertaining to Information Technology-Based Crowdfunding Services. POJK 10/2022 is an exhaustive regulation encompassing the operation, registration, and licensing of information technology-driven crowdfunding platforms. It also includes clauses targeting the education and protection of users, alongside penalties for any infringements of this regulation. While at first glance, POJK 10/2022 seems to effectively govern the administration of debt-based crowdfunding services, a deeper examination uncovers certain vulnerabilities that could potentially undermine the safeguarding of lenders and loan beneficiaries engaged in crowdfunding.<sup>34</sup>

Article 30 of POJK 10/2022 sidesteps the regulation of agreements between debt-based crowdfunding platforms and loan recipients, a feature present in the preceding regulation. The legal relationship between crowdfunding platforms and loan recipients under this article remains unchanged from its predecessor, POJK 77/2016.<sup>35</sup> In fact, Article 18 of POJK 10/2022 further clarifies that debt-based crowdfunding platforms are neither bound to nor maintain any formal legal relationship with borrowers.<sup>36</sup> Consequently, these platforms evade accountability for any infringement of consumer rights, adhering strictly to the principle of privity of contract.

However, the norms codified in Articles 18 and 30 appear to contradict the stipulations of Article 2 and Article 3 of POJK 10/2022, which designate debt-based crowdfunding platforms

<sup>30</sup> Rokhmatus Hanifah et al., “Tantangan Hukum Peer-to-Peer Lending Dalam Mendorong Pertumbuhan Industri Financial Technology,” *Jurnal Penelitian Ilmu Hukum* 16, no. 2 (2021): 195–205.

<sup>31</sup> Ichsan Rizky and Rani Apriani, “Perbuatan Melawan Hukum Oleh Pihak Penyelenggara Pada Layanan Securities Crowdfunding Atas Risiko Kerugian Investasi Terhadap Pemodal Serta Perlindungan Hukumnya,” *Jurnal Hukum Respublica*, 2020, 1–19.

<sup>32</sup> Felia Hutari Dwi Putri and Novianita Sita Devi, “Analisa Penyalahgunaan Social Crowdfunding,” *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan* 5, no. 5 (2022): 2391–95, <https://doi.org/10.32670/fairvalue.v5i5.2390>.

<sup>33</sup> I Gede Agus Kurniawan, “Digitalization of Business Law: Urgency and Orientation of the Industrial Revolution 4.0 and Society 5.0,” *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi* 5, no. 2 (December 20, 2022): 253–65, <https://doi.org/10.24090/VOLKSGEIST.V5I2.6847>.

<sup>34</sup> Angkasa Angkasa et al., *Illegal Online Loans in Indonesia: Between the Law Enforcement and Protection of Victim*, *Lex Scientia Law Review*, vol. 7, 2023, <https://doi.org/10.15294/lesrev.v7i1.67558>.

<sup>35</sup> Afif Noor et al., “Regulation and Consumer Protection of Fintech in Indonesia,” *Linguistics and Culture Review* 6, no. August 2021 (2021): 49–63, <https://doi.org/10.21744/lingcure.v6ns3.1938>.

<sup>36</sup> Afif Noor, Dwi Wulandari, Aqila-Syarief Muhammad Afif, “Regulating Fintech Lending in Indonesia: A Study of Regulation of Financial Services Authority No. 10/POJK.05/2022,” *Qubahan Academic Journal* 3, no. 4 (2023): 42–50, <https://doi.org/10.48161/qaj.v3n4a156>.

as financial institutions with a legal entity status of a limited liability company. Similarly, Article 30 of POJK 10/2022 conflicts with Article 4 of Law No. 8/1999 on Consumer Protection, which mandates entities to uphold consumer rights, including the right to access information on services provided by these entities. In light of Law No. 11/2008 regarding Electronic Information and Transactions, business establishments that manage crowdfunding services based on information technology are identified as electronic system business actors. As a result, platform that facilitate debt-based crowdfunding services should bear responsibility when their service users, i.e., lenders and loan recipients, incur losses from using these services. Generally, the following table outlines some reasons why consumers of debt-based crowdfunding have yet to receive adequate justice and legal protection:

**Table 1.** *An Examination of Debt-Based Crowdfunding Regulation*

| Aspects                                       | Details as per POJK 10/2022   |
|---|---|
| Status of the Platform                        | POJK 10/2022 classifies debt-based Crowdfunding platforms as distinct financial service institutions, not as business entities.   |
| Unregulated Debt-Based Crowdfunding Platforms | POJK 10/2022 lacks specific regulations concerning legal measures that can be taken against unauthorized debt-based crowdfunding platforms.   |
| Interest Rate Policy                          | POJK 10/2022 does not provide guidelines for interest rates. The responsibility for determining interest rates falls to the Indonesian Joint Funding Fintech Association and is only enforceable for registered or licensed crowdfunding platforms. |
| Security of Funds                             | Absence of a credit guarantee or insurance institution.   |

Source: *Compiled Research Data, 2023*

Table 1 vividly demonstrates the gaps in POJK 10/2022, which include the lack of guidelines for interest rates, the non-classification of crowdfunding platforms as commercial entities, absence of legal recourse against unauthorized crowdfunding platforms, and deficient protection for lender funds. These significant shortcomings result in subpar safeguards for users of debt-based crowdfunding services and infringe upon the citizens' right to legal protection and equitable legal certainty, as outlined in the Article 28 D, paragraph 1 of the 1945 Constitution.<sup>37</sup> The emergence of debt-based Crowdfunding as a viable source of funding for small businesses necessitates robust regulation. This is crucial given the significant role that small and medium-sized enterprises (SMEs) play in bolstering the national economy.<sup>38</sup> The influence of small businesses should be counterbalanced by the enhancement of regulations that offer legal certainty and fairness. Reinforcing regulations without providing legal certainty and justice contradicts the fundamental purpose of law, as law is primarily a tool to uphold legal certainty and justice.<sup>39</sup> Legal instruments

<sup>37</sup> Fathul Hamdani and Ana Fauzia, "The Urgency of Legal Protection for Online Loan Service Users," *Atlantis Press* 592, no. 1clhr (2021): 215–21.

<sup>38</sup> Agus Riwanto, Sukarni Suryaningsih, and Delasari Krisda Putri, "Reform and Breakthrough in Business Regulations for Empowering MSMEs in Indonesia and the Netherlands," *Journal of Human Rights, Culture and Legal System* 3, no. 3 (2023): 513–40, <https://doi.org/10.53955/jhcls.v3i3.109>.

<sup>39</sup> Gustav Radbruch, "Law's Image of the Human," *Oxford Journal of Legal Studies* 40, no. 4 (2020): 667–81, <https://doi.org/10.1093/ojls/gqaa026>.

are devised with the aim of delivering justice, ensuring certainty, and offering benefits to all societal members.<sup>40</sup>

Initially, the regulation of securities-based crowdfunding was addressed in OJK Regulation No. 57/POJK.04/2020, focusing on Equity-Based Crowdfunding via Information Technology-Based Services. This regulation was later superseded by OJK Regulation No. 16/POJK.04/2021, with a wider scope covering Securities-Based Crowdfunding through Information Technology-Based Services. Notably, these regulations encompass securities extending beyond shares, including debt securities and Sukuk.

POJK 57/2020 incorporates several facets related to Securities Crowdfunding (SCF), such as the formation process of an SCF platform, the requisite form and capital for a legal entity, licensing procedures under OJK supervision, SCF platform ownership, obligations and limitations for both SCF platforms and issuers, permissible types of securities for offerings, procedures for securities offerings, stakeholders in SCF (including issuers, organizers, and investors), procedures for securities purchase and delivery, agreements between investors and SCF platforms, agreements between SCF platforms and issuers, data confidentiality, education and protection of crowdfunding service users, as well as execution of anti-money laundering programs.

Upon initial scrutiny, securities-based crowdfunding regulation seemingly presents certain advantages over debt-based crowdfunding, including provisions for Sharia SCF, which complies with Islamic law principles.<sup>41</sup> Within the realm of Sharia economic law, adherence to Sharia compliance is a requisite institutionalized in Islamic financial institutions<sup>42</sup>. However, POJK 57/2020 on SCF raises several challenges. According to Article 4 of POJK 57/2020, an issuer is designated as a public limited company under the Capital Market Law if it has more than 300 shareholders and the total paid-up capital surpasses thirty billion Rupiahs. This provision significantly deviates from the definition provided in Article 1 No. 22 of Law No. 8/1995 on Capital Market, which defines a public limited company as one with a minimum of three hundred shareholders and at least three billion Rupiahs in paid-up capital, or a different number of shareholders and paid-up capital as defined by government regulation.<sup>43</sup> A notable numerical disparity exists between the paid-up capital requirements for a public limited company as per POJK 57/2020 and those specified in Law No. 8/1995 on Capital Markets. The paid-up capital formulation in POJK 57/2020 contradicts the Capital Market Law provisions, creating a legal paradox as conflicting rules cannot coexist as valid regulations.<sup>44</sup> Such conflicting regulations compromise legal certainty, a cornerstone for economic efficiency.<sup>45</sup>

<sup>40</sup> Kartika Winkar Setya, Abdul Aziz Nasihuddin, and Izawati Wook, "Fulfilling Communal Rights through the Implementation of the Second Principle of Pancasila towards the Regulation on Agrarian Reform," *Volkgeist: Jurnal Ilmu Hukum Dan Konstitusi* 6, no. 1 (June 2023): 89–102, <https://doi.org/10.24090/volkgeist.v6i1.7867>.

<sup>41</sup> Afif Noor, "The Legal Regulatory Framework of Sharia Securities Crowdfunding in Indonesia," *Masalah-Masalah Hukum* 51, no. 4 (2022): 433–44, <https://doi.org/10.14710/mmh.51.4.2022.433-444>.

<sup>42</sup> Erie Hariyanto et al., "In Search of Ummah Welfare Model: The Revitalisation of Sharia Economic Law in Indonesia," *Sriwijaya Law Review* 7, no. 2 (2023): 244–61, <https://doi.org/10.28946/slrev.Vol7.Iss2.1080.pp244-261>.

<sup>43</sup> Suwinto Johan, Ariawan, and Luo Yuan Yuan, "Insider Trading: Law of the Republic of Indonesia Number 8 of 1995 on Capital Market from Typewriters to Digital Era," *Jurnal Hukum Novelty* 13, no. 1 (July 22, 2022): 13–25, <https://doi.org/10.26555/NOVELTY.V13I1.A19101>.

<sup>44</sup> Ronald M. Dworkin, "The Model of Rules," *Theoretical and Empirical Studies of Rights*, 2017, 45–77, <https://doi.org/10.4324/9781315236353-5>.

<sup>45</sup> Aurelien Portuese, Orla Gough, and Joseph Tanega, "The Principle of Legal Certainty as a Principle of Economic Efficiency," *European Journal of Law and Economics* 44, no. 1 (2017): 131–56, <https://doi.org/10.1007/s10657-014-9435-2>.



POJK 57/2020 presents a conflict within its own framework, specifically in Article 2, which designates SCF platform operations as a financial service within the capital market sector. Pursuant to section 13 of the Capital Market Law No. 8/1995, a financial service in the capital market sector must take the form of a public limited company. Contrarily, POJK 57/2020 does not mandate that the issuer must be a public limited company. Instead, it permits all forms of business enterprises, inclusive of legal entities and other business entities, to issue securities via the SCF platform, provided their assets do not exceed 10 billion Rupiahs. Hence, the wording of Article 2 in POJK 57/2020 contradicts that of Article 1. Given that laws and regulations constitute a crucial component in the rule of law to facilitate national goal attainment, they ought not to contain contradictions or problems.<sup>46</sup>

POJK 57/2020 falls short in adequately addressing the issue of unauthorized SCF platforms. As per Article 5, organizers are obliged to hold a business license from the OJK, and a violation of this rule results in administrative sanctions as outlined in Article 85. However, these provisions do not extend to illicit SCF platforms operating without an OJK business license. POJK 57/2020 strictly applies to SCF platforms that have secured proper licensing from the OJK. According to data from the Indonesian Crowdfunding Services Association (ALUDI), of its 33 members, only 16 SCF platforms hold licenses, while the remaining 17 platforms operate without the necessary OJK authorization, serving as SCF service providers.<sup>47</sup>

Moreover, while POJK 57/2020 acknowledges the importance of user education and protection, it omits provisions for dispute resolution or establishment of dedicated dispute resolution entities. This oversight leaves both issuers and investors without well-defined paths for conflict resolution.<sup>48</sup> It is imperative that the regulation incorporates mechanisms and institutions for dispute resolution to ensure the protection of both issuers' and investors' rights. These could range from internal resolution procedures to external measures such as recourse to judicial bodies, or alternative dispute resolution methods like arbitration, mediation, and conciliation.

From a normative perspective, debt-based and equity-based crowdfunding have existing legal frameworks, as defined in POJK 10/2022 and POJK 57/2020. These provide a managerial foundation for their operations and a sense of legal certainty. However, legal certainty extends beyond the mere enactment of POJK 10/2022 and POJK 57/2020; it also incorporates an assessment of the practical utility of these legal instruments, as proposed by Jeremy Bentham with his "legal utilitarianism" theory. Bentham contends that the law's purpose is to maximize societal benefit and happiness.<sup>49</sup> Thus, utilitarianism does not merely concentrate on legal certainty but also considers solutions to issues deemed morally significant by the society.<sup>50</sup> The efficacy of laws and regulations is gauged

<sup>46</sup> Anggita Yudanti and Wicipto Setiadi, "Problematisasi Pembentukan Regulasi Indonesia Dalam Perencanaan Pembentukan Regulasi Dengan Perencanaan Pembangunan Daerah," *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi* 5, no. 1 (2022): 27–40, <https://doi.org/10.24090/volksgeist.v5i1.4973>.

<sup>47</sup> Aludi, "Selengkapnya Anggota," 2023.

<sup>48</sup> Wan Amir Azlan Wan Haniff, Asma Hakimah Ab Halim, and Rahmah Ismail, "The Regulation of Equity Crowdfunding in United Kingdom and Malaysia: A Comparative Study," *Academic Journal of Interdisciplinary Studies* 8, no. 3 (2019): 45–56, <https://doi.org/10.36941/ajis-2019-0004>.

<sup>49</sup> Lall Ramrattan and Michael Szenberg, "Introduction and General Overview of Economic Happiness," *Fundamentals of Happiness*, 2021, 1–16, <https://doi.org/10.4337/9781839107733.00006>.

<sup>50</sup> Francesco Ferraro, "Utility, Predictability, and Rights: Bentham's Utilitarianism and Constitutional Entitlements," *Ratio Juris* 35, no. 1 (2022): 38–54, <https://doi.org/10.1111/raju.12335>.

by their success in achieving the desired outcomes.<sup>51</sup> Therefore, attributes such as utility, pleasure, and happiness should factor into the assessment of a positive norm's sustainability and its potential for preservation.

A strategy to ensure legal certainty and advantages for securities-debt crowdfunding is to enact laws specifically governing this area, similar to practices in the United States. In 2012, the U.S. President ratified the JOBS (Jumpstart Our Business Startups) Act, establishing a legal framework for securities-based crowdfunding.<sup>52</sup> The conversion of securities-based crowdfunding regulations into statutory law is more preferable than maintaining them as merely the regulations of the Financial Services Authority (OJK).

### **Navigating Regulatory Hurdles in Donation-Based and Reward-Based Crowdfunding**

Donation-based and reward-based crowdfunding primarily cater to raising funds for social causes,<sup>53</sup> education,<sup>54</sup> health,<sup>55</sup> and other non-profit initiatives.<sup>56</sup> While these crowdfunding type do not have specific regulations in Indonesia, their legal foundation is present in Law No. 9/1961 concerning Fund or Goods Collection. As per Article 1 of this law, any fund or goods collection aimed at social, religious, spiritual, physical, or cultural welfare activities falls within this jurisdiction. Hence, non-investment oriented fundraising efforts aligning with these objectives can be classified as donation-based or reward-based crowdfunding.

Articles 2 and 3 of Law No. 9/1961 stipulate that fund or goods collections with a national or regional reach necessitate a permit from the concerned authority, such as the Ministry of Social Affairs or local government. However, collections carried out within restricted settings, like small community groups, specific community organizations, or within educational institutions, offices, or meetings, are exempt from this requirement. Therefore, donation-based and reward-based crowdfunding can proceed provided the requisite permissions are secured from the government. Platforms facilitating these crowdfunding activities must obtain two types of permits: one for community fundraising from the Ministry of Social Affairs and another as an electronic system operator from the Ministry of Communication and Information Technology.

In the wake of Law No. 9/1961, the Indonesian government enacted Government Regulation No. 29/1980, which provides guidelines for Donation Collection. As per Article 1, point 3 of this regulation, donation collection is characterized as any efforts to amass money or goods aimed at fostering development in sectors ranging from social and religious to physical, educational, and cultural. Organizations intending to solicit donations are mandated to secure a permit from the

<sup>51</sup> M. Syamsudin, "The Failure of the Court to Protect Consumers: A Review of Consumer Dispute Resolution in Indonesia," *Journal of Consumer Policy* 44, no. 1 (2021): 117–30, <https://doi.org/10.1007/s10603-020-09470-0>.

<sup>52</sup> Vladimir Ivanov and Anzhela Knyazeva, "U.S. Securities-Based Crowdfunding under Title III of the JOBS Act 1 Summary Below We Present Initial Evidence on the Offering Activity in the Title III Crowdfunding Market for Offerings Initiated During," 2017, 1–27.

<sup>53</sup> Sunghan Ryu and Ayoung Suh, "Online Service or Virtual Community? Building Platform Loyalty in Reward-Based Crowdfunding," *Internet Research* 31, no. 1 (2021): 315–40, <https://doi.org/10.1108/INTR-06-2019-0256>.

<sup>54</sup> Martin Lukk, Erik Schneiderhan, and Joanne Soares, "Worthy? Crowdfunding the Canadian Health Care and Education Sectors," *Canadian Review of Sociology* 55, no. 3 (2018): 404–24, <https://doi.org/10.1111/cars.12210>.

<sup>55</sup> Gaia Bassani, Nicoletta Marinelli, and Silvio Vismara, "Crowdfunding in Healthcare," *Journal of Technology Transfer* 44, no. 4 (2019): 1290–1310, <https://doi.org/10.1007/s10961-018-9663-7>.

<sup>56</sup> Arief Rijanto, "Donation-Based Crowdfunding as Corporate Social Responsibility Activities and Financing," *Journal of General Management* 43, no. 2 (2018): 79–88, <https://doi.org/10.1177/0306307017748125>.

Ministry of Social Affairs, which remains valid for a three-month period, extendable by a month. The procedure for obtaining the permit adheres to the protocol specified in Minister of Social Affairs Regulation No. 11/2015. This regulation delineates the Standard Operating Procedures for Licensing Services for conducting Free Prize Draws and Online Collection of Money or Goods. However, this regulation was superseded by the Minister of Social Affairs Regulation No. 4/2021, which specifically pertains to Free Prize Draws.

To bridge the regulatory gap left by the revocation of Minister of Social Affairs Regulation No. 11/2015, the Minister of Social Affairs introduced Regulation No. 8/2021, governing the Collection of Money and Goods. Despite its introduction, this regulation has been critiqued for its lack of criminal sanctions, limiting its effectiveness as a deterrent against potential misuse of fund by crowdfunding service providers. The inclusion of criminal sanctions in regulatory frameworks is crucial, given their potential to enhance regulatory effectiveness through the imposition of stringent penalties.<sup>57</sup> It is worth noting that the ministerial regulations, being a secondary legislation, do not carry the same legal weight as primary laws and regulations.<sup>58</sup> As a result, the legal authority of the stipulations within such regulations is not at the apex of the legal hierarchy.

Moreover, a significant concern arises from Article 6, Paragraph 1 of Government Regulation No. 29/1980 pertaining to Donation Collection Implementation. This clause allows organizations engaged in fundraising activities to retain up to 10% of the collected donations to finance their operations. The potential for misuse with this provision looms large,<sup>59</sup> as it could lead to the redirection of funds meant for charitable causes towards operation expenses and profit-generation for the fundraising entities. This could result in some organizations becoming excessively dependent on donation collection as their primary income source.

In the context of reward-based crowdfunding services, while Government Regulation No. 29/1980 on Donation Collection Implementation does not explicitly regulate these services, the regulation's broader focus on general donation collection suggests its applicability to this domain. Similarly, the Minister of Social Affairs Regulation No. 8 of 2021 concerning Money and Goods Collection could also serve as a legal basis for reward-based crowdfunding. However, relying on these regulations as legal grounds for reward-based crowdfunding is problematic, given the lack of clear legal certainty, thereby deviating from principles of justice and consumer protection.

Broadly, Indonesia's crowdfunding regulations require a comprehensive overhaul to ensure legal certainty and fairness for all stakeholders involved in the service. To achieve these goals, it is vital to establish laws that cater to the unique nature and character of the crowdfunding business. Merely having crowdfunding regulated by formal legal regulations is insufficient, as these regulations lack the power to impose prison sentences as sanctions. As per Law No. 12 of 2011, last amended by Law No. 13 of 2022, criminal norms can only be formulated in formal laws and regional regulations. The establishment of laws specifically regulating crowdfunding in the future is crucial to safeguard community interests, as stipulated in the Preamble of the 1945 Constitution, which underscores the state's obligation to protect community interests and promote welfare.

<sup>57</sup> Muhammad Fatahillah Akbar, "The Urgency of Law Reforms on Economic Crimes in Indonesia," *Cogent Social Sciences* 9, no. 1 (2023), <https://doi.org/10.1080/23311886.2023.2175487>.

<sup>58</sup> Sofyan Apendi, "Ketiadaan Peraturan Menteri Dalam Hierarki Peraturan Perundang-Undangan Nasional Dan Implikasinya Terhadap Penataan Regulasi Dalam Sistem Hukum Nasional," *PALAR (Pakuan Law Review* 07 (2021): 111–26.

<sup>59</sup> Fathiyah Wardah, "PPATK: 176 Lembaga Filantropi Selewengkan Dana Donasi, Terutama Ke Pengurus Sendiri," 2022.

## CONCLUSION

A pressing call for comprehensive revision and modernization of Indonesia's Crowdfunding Regulations is evident. While existing laws encompass a range of crowdfunding models, from debt and securities-based, they fall short in addressing several significant issues. The clarity of the platform's legal position, tackling illicit platforms, managing high-interest rates, and lacking investor fund protection remain areas of grave concern. Furthermore, current laws and regulations pertaining to donation and reward-based crowdfunding are deficient due to the absence of explicit operational implementation guidelines. This underscores the necessity for Indonesia's Financial Services Authority (OJK) and the government to refine debt and securities-based crowdfunding regulations and devise specific laws for donation and reward-based crowdfunding models. Such initiatives will bolster the legal robustness of crowdfunding activities in Indonesia, promote transactional equity, and ensure comprehensive protection for all participants. Beyond mere enhancements, the translation of these regulations into formal laws is vital. This will facilitate the imposition of criminal penalties for regulatory breaches, enhancing the effectiveness of these laws and promoting stringent adherence. The implementation of such robust and targeted measures is anticipated to foster a fair, smooth, and legally solid operating environment for crowdfunding in Indonesia.

## REFERENCES

- Afif Noor, Moh. Arifin, Deni Parama Widia Astuti, Maria Anna Muryani, Noor Rosyidah, Dwi Wulandari, Aqila-Syarief Muhammad Afif. "Revolutionizing Indonesia 's Financial Landscape : The Impact of Information Technology on the Growth of Financial Technology Start-Ups." *Multidisciplinary Reviews* 6, no. 4 (2023): e2023031.
- Ahlstrom, David, Douglas J. Cumming, and Silvio Vismara. "New Methods of Entrepreneurial Firm Financing: Fintech, Crowdfunding and Corporate Governance Implications." *Corporate Governance: An International Review* 26, no. 5 (2018): 310–13. <https://doi.org/10.1111/corg.12258>.
- Akbar, Muhammad Fatahillah. "The Urgency of Law Reforms on Economic Crimes in Indonesia." *Cogent Social Sciences* 9, no. 1 (2023). <https://doi.org/10.1080/23311886.2023.2175487>.
- Alhammad, Muna M., Rawan AlOthman, and Chekfoung Tan. "Review of Crowdfunding Regulations across Countries: A Systematic Review Study." *Journal of Information Systems Engineering and Management* 6, no. 4 (2021): em0145. <https://doi.org/10.21601/jisem/11395>.
- Aludi. "Selengkapnya Anggota," 2023.
- Angkasa, Angkasa, Filep Wamafma, Ogiandhafiz Juanda, and Bhanu Prakash Nunna. *Illegal Online Loans in Indonesia: Between the Law Enforcement and Protection of Victim*. *Lex Scientia Law Review*. Vol. 7, 2023. <https://doi.org/10.15294/lesrev.v7i1.67558>.
- Apendi, Sofyan. "Ketidadaan Peraturan Menteri Dalam Hierarki Peraturan Perundang-Undangan Nasional Dan Implikasinya Terhadap Penataan Regulasi Dalam Sistem Hukum Nasional." *PALAR (Pakuan Law Review* 07 (2021): 111–26.
- Bagheri, Afsaneh, Hasti Chitsazan, and Ashkan Ebrahimi. "Crowdfunding Motivations: A Focus on Donors' Perspectives." *Technological Forecasting and Social Change* 146, no. June 2018 (2019): 218–32. <https://doi.org/10.1016/j.techfore.2019.05.002>.



- Bassani, Gaia, Nicoletta Marinelli, and Silvio Vismara. "Crowdfunding in Healthcare." *Journal of Technology Transfer* 44, no. 4 (2019): 1290–1310. <https://doi.org/10.1007/s10961-018-9663-7>.
- Battisti, Enrico, Fabio Creta, and Nicola Miglietta. "Equity Crowdfunding and Regulation: Implications for the Real Estate Sector in Italy." *Journal of Financial Regulation and Compliance* 28, no. 3 (2020): 353–68. <https://doi.org/10.1108/JFRC-08-2018-0109>.
- Bishnu Kumar Adhikary, Kenji Kutsuna, Takaaki Hoda. *Crowdfunding Lessons from Japan's Approach*. Singapore: Springer, 2018.
- Busse, Valerie. *Crowdfunding – An Empirical Study on the Entrepreneurial Viewpoint. Lecture Notes on Data Engineering and Communications Technologies*. Vol. 23. Springer International Publishing, 2019. [https://doi.org/10.1007/978-3-319-98557-2\\_28](https://doi.org/10.1007/978-3-319-98557-2_28).
- Cicchello, Antonella Francesca. "Harmonizing the Crowdfunding Regulation in Europe: Need, Challenges, and Risks." *Journal of Small Business and Entrepreneurship* 32, no. 6 (2020): 585–606. <https://doi.org/10.1080/08276331.2019.1603945>.
- Cox, Joe, and Thang Nguyen. "Does the Crowd Mean Business? An Analysis of Rewards-Based Crowdfunding as a Source of Finance for Start-Ups and Small Businesses." *Journal of Small Business and Enterprise Development* 25, no. 1 (2018): 147–62. <https://doi.org/10.1108/JSBED-05-2017-0165>.
- Cumming, Douglas, Lars Hornuf, Moein Karami, and Denis Schweizer. "Disentangling Crowdfunding from Fraudfunding." *Journal of Business Ethics* 182, no. 4 (2023): 1103–28. <https://doi.org/10.1007/s10551-021-04942-w>.
- Duncan, N.J., and T. Hutchinson. "Defining and Describing What We Do: Doctrinal Legal Research." *Deakin Law Review* 37, no. 9 (2012): 1591–1601.
- Dworkin, Ronald M. "The Model of Rules." *Theoretical and Empirical Studies of Rights*, 2017, 45–77. <https://doi.org/10.4324/9781315236353-5>.
- Fateh Labanieh, Mohamad, Mohammad Azam Hussain, and Nazli Mahdzir. "The Regulatory Framework Governing Traditional Arbitration in Resolving Islamic Banking Disputes in Malaysia: The Time for Change." *Jurnal Hukum Novelty* 12, no. 2 (2021). <https://doi.org/http://dx.doi.org/10.26555/novelty.v12i2.a20791>.
- Ferraro, Francesco. "Utility, Predictability, and Rights: Bentham's Utilitarianism and Constitutional Entitlements." *Ratio Juris* 35, no. 1 (2022): 38–54. <https://doi.org/10.1111/raju.12335>.
- Ferrucci, Edoardo, Roberto Guida, and Valentina Meliciani. "Financial Constraints and the Growth and Survival of Innovative Start-Ups: An Analysis of Italian Firms." *European Financial Management* 27, no. 2 (2021): 364–86. <https://doi.org/10.1111/eufm.12277>.
- Financial Services Authority. "Penyelenggara Fintech Lending Terdaftar Dan Berizin Di OJK Per November 2021," 2021.
- Haji Gholam Saryazdi, Ali, Ali Rajabzadeh Ghatari, Alinaghi Mashayekhi, and Alireza Hassanzadeh. "Designing a Qualitative System Dynamics Model of Crowdfunding by Document Model Building." *Qualitative Research in Financial Markets* 12, no. 2 (2020): 197–224. <https://doi.org/10.1108/QRFM-07-2018-0082>.
- Hamdani, Fathul, and Ana Fauzia. "The Urgency of Legal Protection for Online Loan Service Users." *Atlantis Press* 592, no. Iclhr (2021): 215–21.

- Hanifah, Rokhmatun, Gadang Prayoga, Ruhil Anadiah Sabrina, and Dona Budi Kharisma. "Tantangan Hukum Peer-to-Peer Lending Dalam Mendorong Pertumbuhan Industri Financial Technology." *Jurnal Penelitian Ilmu Hukum* 16, no. 2 (2021): 195–205.
- Haniff, Wan Amir Azlan Wan, Asma Hakimah Ab Halim, and Rahmah Ismail. "The Regulation of Equity Crowdfunding in United Kingdom and Malaysia: A Comparative Study." *Academic Journal of Interdisciplinary Studies* 8, no. 3 (2019): 45–56. <https://doi.org/10.36941/ajis-2019-0004>.
- Hariyanto, Erie, Harisah, Hidayatullah, Moh Hamzah, Fatekhul Mujib, and Cut Linda Marheni. "In Search of Ummah Welfare Model: The Revitalisation of Sharia Economic Law in Indonesia." *Sriwijaya Law Review* 7, no. 2 (2023): 244–61. <https://doi.org/10.28946/slrev.Vol7.Iss2.1080.pp244-261>.
- Hutari Dwi Putri, Felia, and Novianita Sita Devi. "Analisa Penyalahgunaan Social Crowdfunding." *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan* 5, no. 5 (2022): 2391–95. <https://doi.org/10.32670/fairvalue.v5i5.2390>.
- Ivanov, Vladimir, and Anzhela Knyazeva. "U.S. Securities-Based Crowdfunding under Title III of the JOBS Act 1 Summary Below We Present Initial Evidence on the Offering Activity in the Title III Crowdfunding Market for Offerings Initiated During," 2017, 1–27.
- Jenik, Ivo, Lyman Timothy, and Alessandro Nava. "Crowdfunding and Financial Inclusion." *Cgap (Working Paper)*, no. March (2017): 1–48.
- Johan, Suwinto, and Ariawan Ariawan. "Consumer Protection in Financial Institutions." *Legality : Jurnal Ilmiah Hukum* 29, no. 2 (2021): 173–83. <https://doi.org/10.22219/ljih.v29i2.16382>.
- Johan, Suwinto, Ariawan, and Luo Yuan Yuan. "Insider Trading: Law of the Republic of Indonesia Number 8 of 1995 on Capital Market from Typewriters to Digital Era." *Jurnal Hukum Novelty* 13, no. 1 (July 22, 2022): 13–25. <https://doi.org/10.26555/NOVELTY.V13I1.A19101>.
- Kurniawan, I Gede Agus. "Digitalization of Business Law: Urgency and Orientation of the Industrial Revolution 4.0 and Society 5.0." *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi* 5, no. 2 (December 20, 2022): 253–65. <https://doi.org/10.24090/VOLKSGEIST.V5I2.6847>.
- Lee, Seung Hun, Wafa Shafqat, and Hyun Chul Kim. "Backers Beware: Characteristics and Detection of Fraudulent Crowdfunding Campaigns." *Sensors* 22, no. 19 (2022): 1–16. <https://doi.org/10.3390/s22197677>.
- Liang, Ting Peng, Shelly Ping Ju Wu, and Chih chi Huang. "Why Funders Invest in Crowdfunding Projects: Role of Trust from the Dual-Process Perspective." *Information and Management* 56, no. 1 (2019): 70–84. <https://doi.org/10.1016/j.im.2018.07.002>.
- Lukk, Martin, Erik Schneiderhan, and Joanne Soares. "Worthy? Crowdfunding the Canadian Health Care and Education Sectors." *Canadian Review of Sociology* 55, no. 3 (2018): 404–24. <https://doi.org/10.1111/cars.12210>.
- Madjid, Zahwa. "Pelaku UMKM Himpun Dana Rp 911 Miliar Lewat Securities Crowdfunding," 2023.
- Muryani, M A, N Rosyidah, M A Davin, and ... "The Role of Donation-Based Crowdfunding Platforms in Improving People's Welfare (Study on the Kitabisa. Com)." *JED (Jurnal Etika ...* 8, no. 3 (2023): 373–82. <https://doi.org/10.26618/jed.v>.
- Nazmus Saadat, Md, Syed Abdul Halim, Husna Osman, Rasheed Mohammad Nassr, and Megat

- F. Zuhairi. "Blockchain Based Crowdfunding Systems." *Indonesian Journal of Electrical Engineering and Computer Science* 15, no. 1 (2019): 409–13. <https://doi.org/10.11591/ijeecs.v15.i1.pp409-413>.
- Noor, Afif, Dwi Wulandari, Aqila-Syarief Muhammad Afif. "Regulating Fintech Lending in Indonesia: A Study of Regulation of Financial Services Authority No. 10/POJK.05/2022." *Qubahan Academic Journal* 3, no. 4 (2023): 42–50. <https://doi.org/10.48161/qaj.v3n4a156>.
- Noor, Afif. "Socio-Legal Research: Integration of Normative and Empirical Juridical Research in Legal Research." *Jurnal Ilmiah Dunia Hukum* 7, no. 2 (2023): 94–112. <https://doi.org/DOI:http://dx.doi.org/10.35973/jidh.v7i2.3154>.
- . "The Legal Regulatory Framework of Sharia Securities Crowdfunding in Indonesia." *Masalah-Masalah Hukum* 51, no. 4 (2022): 433–44. <https://doi.org/10.14710/mmh.51.4.2022.433-444>.
- Noor, Afif, Haniff Ahamat, Ismail Marzuki, Dwi Wulandari, Akhmad Arif Junaidi, Edy Lisdiyono, and Bakti Trisnawati. "Regulation and Consumer Protection of Fintech in Indonesia." *Linguistics and Culture Review* 6, no. August 2021 (2021): 49–63. <https://doi.org/10.21744/lingcure.v6ns3.1938>.
- Othman, Rozita, Zuraidah Ali, Ibtisam @ Ilyana Ilias, and Azlena Khalid. "Overview of Community-Based Crowdfunding in Malaysia: Legal Issues and the Way Forward." *International Journal of Academic Research in Business and Social Sciences* 11, no. 11 (2021). <https://doi.org/10.6007/ijarbss/v11-i11/11306>.
- Portuese, Aurelien, Orla Gough, and Joseph Tanega. "The Principle of Legal Certainty as a Principle of Economic Efficiency." *European Journal of Law and Economics* 44, no. 1 (2017): 131–56. <https://doi.org/10.1007/s10657-014-9435-2>.
- Prokofeva, Elena, Marina Chudinovskikh, Yulia Kuvaeva, Olesya Kononenko, and Nadezhda Boronenkova. "Crowdfunding Regulation Models: International and Russian Experience in Context of Sustainable Development." *E3S Web of Conferences* 208 (2020). <https://doi.org/10.1051/e3sconf/202020806009>.
- Radbruch, Gustav. "Law's Image of the Human." *Oxford Journal of Legal Studies* 40, no. 4 (2020): 667–81. <https://doi.org/10.1093/ojls/gqaa026>.
- Ramrattan, Lall, and Michael Szenberg. "Introduction and General Overview of Economic Happiness." *Fundamentals of Happiness*, 2021, 1–16. <https://doi.org/10.4337/9781839107733.00006>.
- Rijanto, Arief. "Donation-Based Crowdfunding as Corporate Social Responsibility Activities and Financing." *Journal of General Management* 43, no. 2 (2018): 79–88. <https://doi.org/10.1177/0306307017748125>.
- Riwanto, Agus, Sukarni Suryaningsih, and Delasari Krisda Putri. "Reform and Breakthrough in Business Regulations for Empowering MSMEs in Indonesia and the Netherlands." *Journal of Human Rights, Culture and Legal System* 3, no. 3 (2023): 513–40. <https://doi.org/10.53955/jhcls.v3i3.109>.
- Rizky, Ichsan, and Rani Apriani. "Perbuatan Melawan Hukum Oleh Pihak Penyelenggara Pada Layanan Securities Crowdfunding Atas Risiko Kerugian Investasi Terhadap Pemodal Serta Perlindungan Hukumnya." *Jurnal HukumRespublica*, 2020, 1–19.

- Robock, Zachary. "The Risk of Money Laundering Through Crowdfunding: A Funding Portal's Guide to Compliance and Crime Fighting." *Michigan Business & Entrepreneurial Law Review* 4, no. 4.1 (2014): 113. <https://doi.org/10.36639/mbelr.4.1.risk>.
- Ryu, Sunghan, and Ayoung Suh. "Online Service or Virtual Community? Building Platform Loyalty in Reward-Based Crowdfunding." *Internet Research* 31, no. 1 (2021): 315–40. <https://doi.org/10.1108/INTR-06-2019-0256>.
- Setya, Kartika Winkar, Abdul Aziz Nasihuddin, and Izawati Wook. "Fulfilling Communal Rights through the Implementation of the Second Principle of Pancasila towards the Regulation on Agrarian Reform." *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi* 6, no. 1 (June 2023): 89–102. <https://doi.org/10.24090/volksgeist.v6i1.7867>.
- Skare, Marinko, Beata Gavurova, and Volodymyr Polishchuk. "A Decision-Making Support Model for Financing Start-up Projects by Venture Capital Funds on a Crowdfunding Platform." *Journal of Business Research* 158 (2023): 113719. <https://doi.org/https://doi.org/10.1016/j.jbusres.2023.113719>.
- Sriani, Endang, Farid Hasan, and Sukron Ma'mun. "Violation of Human Right for Collateral Fraud in Sharia Financial Institution Based on Fiduciary Guaranty Law and Rahn Law." *JURIS (Jurnal Ilmiah Syariah)* 22, no. 1 (June 15, 2023): 133–43. <https://doi.org/10.31958/JURIS.V22I1.9157>.
- Statista Research Department. "Market Size of the Donation-Based Crowdfunding Industry in Indonesia from 2013 to 2017," 2023.
- Syamsudin, M. "The Failure of the Court to Protect Consumers: A Review of Consumer Dispute Resolution in Indonesia." *Journal of Consumer Policy* 44, no. 1 (2021): 117–30. <https://doi.org/10.1007/s10603-020-09470-0>.
- Szabó, Roland Z.S., Réka Szász, and Borbála Szedmák. "Demand and Supply Sides of the Crowdfunding Ecosystem: The Case of Kickstarter Campaigns and Potential Hungarian Investors." *Society and Economy* 43, no. 2 (2021): 65–183. <https://doi.org/10.1556/204.2021.00008>.
- Talukder, Saurav Chandra. "Exploring the Landscape of Social Entrepreneurship and Crowdfunding : A Bibliometric Analysis," 2023, 1–22.
- Wardah, Fathiyah. "PPATK: 176 Lembaga Filantropi Selewengkan Dana Donasi, Terutama Ke Pengurus Sendiri," 2022.
- Yudanti, Anggita, and Wicipto Setiadi. "Problematika Pembentukan Regulasi Indonesia Dalam Perencanaan Pembentukan Regulasi Dengan Perencanaan Pembangunan Daerah." *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi* 5, no. 1 (2022): 27–40. <https://doi.org/10.24090/volksgeist.v5i1.4973>.