



LAW ENFORCEMENT EFFORTS FOR ILLEGAL ONLINE INVESTMENT ENTITIES IN INDONESIA

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Abstract

The purpose of the paper is to analyze law enforcement efforts against various fraudulent acts of illegal online investment entities in Indonesia. This research uses the juridical-normative method and the data sources refer to various relevant literatures and also supported by the results of interviews with the informants related to the research objectives. The results of this study indicate that law enforcement against illegal online investment entities in Indonesia consist of three points: first, the regulatory aspect is making regulations that contain material and formal regulations for online investment providers; second, the supervision aspect is to monitor and evaluate through preventive and repressive policies towards online investment providers; and third, the law enforcement aspect is only limited to providing the sanctions in the form of revocation of business licenses and blocking of websites/portals, but there are not yet followed by the guarantees of legal protection and compensation experienced by the victims of the illegal online investment. The implication of the research is the government of Indonesia have to create the stricter regulations and sanctions for online investment providers as a deterrence effect.

Keywords

Law, Enforcement, Effort, Fintech, Illegal, Investment, Entities.

A. Introduction

In recent years, Indonesian economic and business growth in the fintech-based financial services sector has tended to increase, especially during the Covid-19 pandemic (Sugandi, 2021). The presence of fintech, whether in the form of electronic money, online loans, digital banking, and investment platforms, has also boosted the Indonesian economy. Even fintech has contributed positively to

Indonesian economic growth of 0.45% and gross domestic product (GDP) of more than 60 trillion rupiahs (Muryanto, Kharisma & Nugraheni, 2021).

The Indonesian government projects that fintech has great opportunities in the development of the digital economy and is expected to grow 8-fold in 2030. From around 600 trillion rupiahs, it will reach 4500 trillion rupiahs according to the trade ministry's estimate. The current fintech progress is a valuable moment for the Indonesian government to build immediately and take advantage a fintech governance framework in accordance with the rapid development of information technology (Suryono, Purwandari & Budi, 2019). Moreover, the macro and micro economic conditions caused by the Covid-19 pandemic have changed the mindset and behavior of the public to switch from real business habits to online (Barata, 2019).

One of the most dominating fintech sectors in Indonesia is Fintech Peer-to-Peer Lending (P2P). According to the Financial Services Authority Regulation Number: 77/POJK.01/2016, fintech lending/peer-to-peer lending/P2P lending is a service to borrow money in rupiah currency directly between the creditors/lenders (lenders) and the debtors/borrowers (loan recipients) based on information technology (Hendriyani & Raharja, 2019). Fintech lending is also very well known as Information Technology-Based Lending and Borrowing Services. This makes the creditors easier to provide loan facilities directly to the debtors, with looser terms, faster processing, and higher returns compared to conventional financial institutions (Syarifuddin, Muin & Akramunnas, 2021; Poojary et al., 2020).

The disbursement of online loan funds continues to increase from year to year. Based on data from the Financial Services Authority, the total online loan funds disbursement has reached 272.4 trillion rupiahs from 104 providers. The total recipients reached 71 accounts and 789 thousand lender accounts (Artono, 2021). The Financial Services Authority also noted that from January to October 2021, the fintech lending was able to channel loans to the production sector amounting to 67 trillion rupiahs or reaching 53.63% of the total distribution. This shows an increase in the distribution of productive assets from year to year (OJK, 2021; Rao et al., 2021; Shete et al., 2020).

The increasing potential of the fintech-based financial services industry has also increased public interest and participation to invest in various online investment entities. In the last two years, many fintech-based companies have offered various investment benefits based on online trading. However, there are also a few people deceived by these various illegal fintech-based investment companies and suffered financial losses (Putritama, 2019). For example, lately a number of money games are very lively operating from urban to rural communities in various forms, ranging from disguised as cooperatives, illegal multi-level marketing, money markets, to the appearance of gold business. As the implication of this phenomenon, many victims fall and suffer financial losses, and at the same time these cases keep recurring (Hidajat, 2020).

Until now, the regulators and fintech associations have been holding various outreach and education programs to the public, ranging from payment and lending

systems to fintech-based online investment entities (Setiawan, Nugraha, Irawan, Nathan & Zoltan, 2021). One of the real educational efforts by AFTECH, there has been realized the launch of www.cekfintech.id which provides checking of fintech entities and their legal status, as well as providing the Account Check feature to check whether an account suspected of being entered into the list of fraudulent accounts (Adriana & Dhewantoa, 2018).

Moreover, AFTECH has also collaborated with the government to create a guidebook for the public and business people, which contains an introduction and education about legal fintech. This is to assist the government in the recovery of the national economy which is currently being driven by the middle class and business entities (Triantoro, Wahyuni & Purna, 2021). In addition, a platform also contains complete guidelines which will minimize the people being trapped by illegal fintech practices, including imitation, creating fake accounts, having names that intentionally resemble official platforms, or claiming to be employees of legal fintech platforms. This platform also contains real information about various fintech services, including all information about investment opportunities and risk management (Muthukannan, Tan, Tan & Leong, 2021).

Based on data released by the Financial Services Authority, it is noted that many people have submitted requests for information and/or questions regarding the legality of 430 companies that offer investment to the public. There are 374 investment offers related to finance (including gold, forex, e-money, e-commerce, Hajj and Umrah investments) while the remaining 56 offers are investments in property, crops, commodities and plantations (Yuniarti & Rasyid, 2020). In the results of previous research also showed that all companies offered investment and the legal aspects are doubtful, it turns out that none of them are registered with the Financial Services Authority. There were 388 bids from companies that did not have a clear operating license at all, 13 bids companies had SIUP/TDP but they have not a permit to the operational investment, 23 bids covered the scope of commodity trading, and 6 bids from cooperative company (Aziz & Nur'aisyah, 2021).

The weak supervision of illegal online investment practices and lack of legal protection for investors are crucial problems and became the most complained by the public. The Financial Services Authority, as the regulator, has only provided indirect supervision in the form of macro prudential to online investment providers. They only provide sanctions in the form of issuing circulars to the public regarding the names of illegal online investment companies, but the sanctions imposed are only in the form of blocking sites, websites, or accounts. Meanwhile, the legal protection for the victims of illegal online investments barely gets fair compensation and guaranteed legal certainty. In this regard, the government is required to provide protection and guarantees of legal certainty in regulating, supervising, and implementing the stricter sanctions for every criminal act of financial transaction crime committed by every online investment entity in Indonesia. Thus, the main purpose of this research will be focused on law enforcement efforts to eradicate the fraudulent acts of illegal online investment entities in Indonesia.

B. Method

This research can be categorized as juridical-normative research, which this paper will be focused on analyzing law enforcement efforts for the fraudulent illegal online investment entities in Indonesia. The research was conducted on a number of documents, literatures, and interviews with the informants related to the research objectives. The data sources of this research were obtained from documents, laws and regulations, and also interviews with legal experts regarding the supervision of illegal online investment fraud in Indonesia. Analysis of the data uses the combination of deductive and inductive approaches, until the formulation of the conclusion.

C. Result and Discussion

1. Operandi Mode of Illegal Online Investment Offers in Indonesia

The offers of illegal online investment are fraudulent phenomena with various modes that are increasingly prevalent in Indonesia during the recent years. There are several ways happened today, namely offering investment in gold, commodity futures, foreign exchange, and on average they are on behalf of a representation from a commercial bank that promises big profits in just a few days or hours (Subagiyo, Gestora & Sulistiyo, 2022). These fraudulent mode under the guise of illegal online investment is very diverse and widespread through social media or online gatherings, conventional investments, and bogus cooperatives (Herlambang & Rofii, 2022).

In general, the illegal online investment promises a very large and very instant return or profit. In many cases, this kind of investment model is very vulnerable to risks that harm investors because the main capital asset has potentially to be lost. There are four modes that need to be watched out for so as not to be trapped in illegal online investments modus, such as: (a) duplicating the name or website of entities that have permission to deceive the public; (b) promising high and sure profits; (c) using a scheme to deposit funds to the certain people; and (d) offering SMS and social media (Suyatna, 2021)..

There are several modus operandi of illegal online investments in offering their services to the public. She mentioned that several examples of illegal online investment company modes are rife in Indonesia today, including Pyramid or Ponzi investment modes, Binary Options, Forex Trading Robots, and Pump & Dump Schemes (Subagiyo, Gestora & Sulistiyo, 2022). The Investment Alert Task Force explained that there were at least 9 modes of illegal online investment fraud that were most commonly found throughout 2021, such as:

a. Ponzi Scheme with Crypto Currency Mode

This business mode offers the practice of buying and selling crypto currency online with a Ponzi scheme but does not get permission from the Financial Services Authority (Hidayat, 2018). The examples of illegal online investment fraud entities

with this mode are: (1) EDC Cash, an application-based digital asset management platform whose activities are Mining and Selling/Buying digital assets, where EDC Cash will make it easier for miners to achieve growth coin automatically (auto mining) every day for 24 hours by offering mining results of a maximum of 0.5 percent per day; and (2) Lucky Trade Community (LTC)/ Lucky Best Coin (LBC)/ PT Digital Global Gemilang, as one of the online cryptocurrency sales investment fraud with yield packages and a scheme to recruit new members aka member get member with conditions for 10 percent sponsor, couple 5 percent, and bonus rewards.

b. Forex Robot Sales with Tiered Scheme

This business mode generally offers forex business practices online with a tiered scheme through an application engine or commonly known as a forex robot but they did not get permission from the Financial Services Authority (Widjaja, 2022). For examples: (1) SMARTXBOT, which offers a trading robot package with a profit sharing scheme, which is to share the profits obtained from the performance of trading robots belonging to the members who register under the member (downline); and (2) ANTARES, which offers investment packages with yields of up to 2 percent per day for 200 days, and other programs.

c. Futures Trading Software Sales

This business mode generally offers the futures business practices online through a software system application but does not get permission from the Financial Services Authority Normally, traders and brokers can directly suit to meet their futures and futures options trading needs. Traders can choose the best way to execute trades using CME Direct either online or through their broker. Brokers can also view CME Group products on one screen to execute on a client's behalf, or they can use CME Direct to quickly process voice-negotiated blocks (Anggitawati & Ekaputra, 2020). For example, Auto Sultan Community as a company that offers financial investment products by promising unfair and unreasonable profit sharing.

d. E-Commerce with Direct Selling System

This business practice mode is the members buy packages and carry out missions in the form of making orders on e-commerce and the members will also receive a refund along with bonuses or commissions (Winarso, Disemadi & Prananingtyas, 2020). For examples: (1) thetokole.com, which directs members to make orders on e-commerce and members will receive a refund along with bonuses/commissions. Then, members also get referral commissions from the number of new top up members according to the level of the member; and (2) Totole (mytotole.com) whose activities invite the public to register as members of the Totole application. The higher the registration package, the higher the bonus. Furthermore, every time a member completes a "task", the member will get a commission. Members make orders in e-commerce in the Totole application. The system automatically cancels the order within 10 minutes and the payment will be returned to the member along with the bonus. This fraudulent mode claims to have "passed the Financial Services Authority certification".

e. Money Game with Tiered System on Social Media

This business practice mode is to give commissions through likes and views of videos or images on social media (Tarina & Hutabarat, 2020). For examples: (1) TikTok Cash, the activity is in the form of members buying packages to get "missions" or "tasks" to watch, like, and/or follow on social media. Then, the package purchased determines the commission, the duration of the package validity, and the tasks per day. The referral scheme offers members a certain amount of the package purchased by members under it. Claiming to be affiliated with TikTok; and (2) GoIns, in the form of members buying packages then liking and watching videos or pictures on Instagram.

f. Money Game with Help Each Other Mode

This business mode generally offers online money game like business practices through a software application system and business partnerships but does not get permission from the Financial Services Authority. Money game is an activity to raise public funds by providing commissions and bonuses from each deposited by new members (Amedi & Ghazmi, 2021). In simple terms, the profits obtained are not from selling real products, but simply collecting funds from new members or more popularly called the "member get member" scheme. For examples: Blessings for Sharing 2020, Community Sharing Rizki, and Commero.

g. Equity Crowd Funding

This business mode is an online joint venture investment into MSME companies according to the investor's choice with the aim of getting profit sharing (Yuspin & Wati, 2022). However, some of these business practices commit fraud and also do not get permission from the Financial Services Authority. For example, PT Share Bintang Teknologi (Stasashi).

h. Unlicensed Payment System

This business mode is to offer online non-cash payment services to the public. However, many of these business practices have not guaranteed transaction security for users and have not obtained permission from the financial services authority (Suleiman, Dewaranu & Anjani, 2022). For example, PT. Prioritas Inti Sejahtera (Smart in Pays).

i. Unregistered Animal Investment Offers

This business mode is to offer investment services for the purchase or maintenance of livestock, where when the livestock are sold to consumers there is profit sharing between the service provider and the investor. However, some of these business practices commit fraud and also do not get permission from the Financial Services Authority. For examples: (1) PT Pasture Indonesia Tbk. Offering cattle husbandry investment with an investment package according to the type of livestock selected and yields, and claiming to be supervised by the Financial Services Authority; and (2) Golden Bird (<http://app.petbird88.com>). Bird investment offers with investment packages according to the selected bird species and returns using a logo without permission from the Financial Services Authority (Elyta, Mujiono & Sagena, 2022).

2. Law Enforcement Efforts Against Illegal Online Investment Entities in Indonesia

Law enforcement efforts against illegal online investment and business practices in Indonesia is still not specifically regulated in the law. Consequently, the legal system in Indonesia unable to make adjustments quickly, and what is happening in society today cannot be controlled in terms of law enforcement. Until now, there are only three laws that regulate the financial products such as Insurance, Banking, and Capital Markets, but the three legal umbrellas for financial products are even out of date and need to be amended (Santoso, Sitorus, Batunanggar, Krisanti, Anggadwita & Alamsyah, 2021).

For example, the Insurance Law Number 2 of 1992, the Capital Market Law Number 8 of 1995, and the Banking Law Number 21 of 2008 have not been amended in accordance with the development of digitalization. As the implication, many new financial products in the banking and non-bank financial institutions sector today have not been regulated and have received legal certainty, especially regarding the development of fintech. Currently, many financial product practices have not been specifically regulated in legislation. These are not only about online financing, but also about investment products have not been clearly regulated yet in the Indonesian legal system (Batunanggar, 2019).

The most crucial problem facing society today is investing and trading in crypto assets, which many investors and the public are trapped and suffer losses. However, on the one hand, the Financial Services Authority cannot act furtherly because there is no specific legal certainty in regulating these illegal online investments. On the other hand, the development of digital business which has given rise to many new financial products and investments is really needed by the community. In this condition, the Financial Services Authority, as the regulator, only provides recommendations for the public to be more careful in choosing safe investments, but has not been able to provide protection and guarantee legal certainty (Rahardyan, 2021).

If we refer to the Law of Financial Authority Service Number 21 of 2011, there is regulated that the Financial Authority Service has a duty and authority to supervise the financial services institutions in the capital market sector, non-bank financial industry sector, such as insurance, pension funds, finance companies, etc., and starting in 2014 will also supervise the banking sector (Commercial Banks and Rural Banks). Most of the companies or parties that make illegal investment offers today are not part of legal financial services institutions so that they are not registered and supervised by the Financial Services Authority (Tobing, 2022). Moreover, the Financial Services Authority cannot ensure the legality aspect of the company. In an effort to participate in law enforcement efforts against illegal online investment in Indonesia, the Financial Services Authority are detrimental and disturbing to the public through two strategies, such as:

a. Preventive effort through conducting socialization and education to the public regarding the characteristics of fundraising activities and managing

illegal investments. Knowledge sharing with law enforcement and regulators in the regions;

b. Repressive effort through assist in coordinating efforts between related agencies to speed up the handling process through the cooperation framework of the Task Force for Handling Alleged Unlawful Actions in the Field of Fundraising and Investment Management, or better known as the Investment Alert Task Force. The cases and public complaints related to illegal investments that are reported to the Financial Services Authority will be coordinated with the Investment Alert Task Force for handling.

During the implementation of this policy, the chairman of the Investment Alert Task Force, Tongam Lumban Tobing said that since November 2016 until November 2021, the Investment Alert Task Force had stopped 93 illegal investment entities, 708 illegal online loan entities, and 17 illegal pawn entities. He explained that indeed, compared to the previous two years, the number of illegal investment entities that were terminated did experience a decline, namely 442 in 2019, and 347 in 2020 (Tobing, 2022).

First example can be seen in the case of PT. Cakrabuana Sukses Indonesia (PT CSI). The Alert Task Force has determined that PT. CSI's activities include illegal investment activities that are not permitted by the Financial Services Authority, which they have been given several sanctions, such as:

- a. The Ministry of Cooperatives and SMEs RI conducts supervision and inspection of the Sharia Savings and Loans and Financing Cooperative (KSPPS) BMT Madani Nusantara and KSPPS BMT Sejahtera Mandiri, considering that the KSPPS branch office does not have a permit but is used by PT. CSI to collect public funds, including investment gold and savings (return approximately 5% per month);
- b. The Criminal Investigation Unit of the National Police will immediately improve the handling of the PT. CSI case for investigation by prioritizing 2 aspects, namely the aspect of securing PT. CSI's assets and the aspect of clarity on the parties responsible for the activities of PT. CSI in the interest of the community;
- c. PT. CSI has been reported by the OJK and the Investment Alert Task Force to the Criminal Investigation Unit of the National Police for the alleged crime of raising funds based on sharia principles without a business license as referred to in Article 59 of the Law Number 21 of 2008 on Islamic Banking. The investigation results of the National Police Criminal Investigation Unit are expected to be able to ensnare PT. CSI with money laundering in accordance with the Article 5 of the Law Number 8 of 2010 on the Prevention of Money Laundering;
- d. The Ministry of Trade of the Republic of Indonesia immediately conducts supervision and examination of the alleged misuse of PT. CSI's Trading Business License (SIUP), because PT. CSI is suspected of carrying out activities with a prohibited pyramid scheme, as regulated in the Article 9 and

Article 105 of the Law Number 7 of 2014 on Trade. Moreover, Indonesian Ulama Council Cirebon has also declared it unlawful for PT. CSI's products for carrying out activities that are not in accordance with sharia principles.

Second example can also be seen in the case of PT. Dream for Freedom (DF). The Investment Alert Task Force has asked the West Jakarta One Stop Service (PTSP) and the DKI Jakarta Cooperatives and Trade Office to revoke the SIUP of PT. Locket Mandiri and the SIUP of PT. Promo Indonesia Mandiri which issued PT. DF investment products because they are carrying out unpermitted activities and is not in accordance with the issued permits. Consequently, the National Police Criminal Investigation Unit has arrested one of the PT. DF leaders and will continue to develop this case to ensnare the other suspects. PT. DF offices are already operating in various regions with the largest participants in Bengkulu, Palembang and Jakarta. The illegal bidding mode by "Dream for Freedom" or "D4F" or "Nesia" is done by:

- a. Participants pay the registration fee;
- b. Participants have the facility to place advertisements online and free of charge on a website;
- c. Participants can choose a participation package with a certain nominal value with a silver package, gold package, or platinum package;
- d. Participants will get benefits in the form of passive bonus of 1% for 15 days, active bonus of 10% if participants can recruit new members;
- e. At a certain stage, participants will earn a fixed income of between 5 million to 500 million rupiahs/month as a manager bonus from the level of ruby, sapphire, crown, and diamond.

Referring to the explanation above, the Financial Services Authority only strives to always provide a systemic information to the public to always be careful before making a decision to accept an online investment offer. The public is also advised to consider the legal aspects of institutions and investment products first, including logical considerations by understanding the business processes offered by the online investment entity whether it is reasonable and reasonable from the aspect of profitability and risk management. The Financial Services Authority also strongly recommends the public to choose an online investment entity whose management and company operations are managed by an investment manager, supervised by the Financial Services Authority, and have a clear profile.

3. Strengthening the Regulatory System for Illegal Online Investment Entities

There are many companies that offer various facilities to provide financial services, both investment and fintech-based financing. Unfortunately, the use of fintech is not balanced with a good understanding of risk management and fintech-based financial literacy. The implication is that most people suffer losses and have to bear the consequences of these illegal online business entities. Therefore, the handling of illegal investments is carried out jointly by all

members of the Investment Alert Task Force from 12 Ministries/Institutions. However, the Investment Alert Task Force is not a law enforcement officer so it cannot carry out legal processes. In this context, they are not only to stopping and announcing to the public, but also block websites/websites/applications and submit information reports to the Criminal Investigation Unit of the Police.

In fact, the existence of illegal online investment entities in Indonesia has certainly various negative impacts. First, it can be used potentially as a means to commit money laundering or terrorism financing. Second, misuse of data and information of service users or consumers in this case the public. The people do not realize that it also records various personal data contained in their smartphones when registering. Third, the loss of potential tax revenue in which the government will lose the potential taxes income from illegal online investment entities because it is very large amount and much higher than registered at the Financial Services Authority. Fourth, many people do not know carefully about illegal online investments, especially they pay less attention about the details of the agreement contents and the legal consequences. Fifth, risk management of losing investment liquidity. Although illegal online investment is profitable, it is equivalent to the risk (in a proverb: *low risk low return, high risk high return*). Sixth, there are many reports from the public as the victims of illegal online investment entities, which is very difficult to complain or return their lost money. This often happened because of the lack of public knowledge about the legality of online investment companies (Budiyanti, 2019).

Therefore, to strengthen the regulatory system for illegal online investment entities in Indonesia, the Financial Services Authority together with the Ministry of Trade, Ministry of Communication and Informatics, the Ministry of Cooperatives and Small and Medium Enterprises, the Attorney General's Office, Police, and the Investment Coordinating Board have agreed to strengthen cooperation in the Investment Alert Task Force to prevent and deal with rampant bids. and illegal investment practices.

The existence of the Task Force for Handling Alleged Unlawful Actions in the Field of Public Funds Collection and Investment Management or the Investment Alert Task Force in Indonesia today is a coordination forum between regulators, supervisory agencies, law enforcement agencies, and other related parties in terms of handling alleged unlawful acts in the field of public fund collection and management of investment. To overcome this policy, the Task Force Team has made various preventive and repressive efforts. Preventive effort is done through providing education to the public through various channels owned. Meanwhile, repressive effort will certainly take a firm action strictly through providing recommendations to the Ministry of Communication and Information to block them. In addition, it also coordinates with the Criminal Investigation Police for law enforcement (Tobing, 2022).

The Investment Alert Task Force was established through the Decree of the Chairman of BAPEPAM and LK Number: Kep-208/BL/2007 dated June 20,

2007 for the 2007 term of office which is renewed annually. Then, after the transfer of the duties and functions of BAPEPAM and LK to the Financial Services Authority, the Decree of the Investment Alert Task Force was renewed through issuing the Decree of the Financial Services Authority Board of Commissioners Number: 01/KDK.04/2013 dated June 26, 2013.

Until November 2021, the Investment Alert Task Force also published the results and had stopped 93 illegal investment entities, 708 illegal online loan entities, and 17 illegal pawn entities. If it compared to the previous two years, the number of illegal investment entities were terminated and tends a decline, which 442 in 2019, and 347 in 2020. This condition shows that the existence of the Investment Alert Task Force has no effect on the decline in illegal investment offers in Indonesia. In the other words, illegal investment offers today are still rampant and most of them still uses websites/applications.

In addition, the Government of Indonesia also conducted the several roles carried out by the Financial Services Authority in protecting the public, such as:

- a. As a preventive measure, the Financial Services Authority provides any information, education and discussion to the public on the characteristics, products and services in the financial services sector. By providing information and education, the public will know the characteristics and products in the financial services sector. Promote socialization on understanding investment, including distinguishing between legal and illegal investments. Socialization activities must be carried out more evenly, by strengthening vertical coordination from the center to the regional level;
- b. The Financial Services Authority conducted socialization on aspects of good financial services companies, such as governance, to risk management in accordance with the Financial Services Authority regulations;
- c. The massive socialization to the market, both traditional and modern markets regarding the introduction of a program to prevent illegal investment;
- d. Providing legal protection for victims of illegal investments, including the process of receiving the reports by the Financial Services Authority, which the report was directly coordinated to the Investment Alert Task Force. The report also serves as a source of information for the Financial Services Authority's Market Intelligence, which will be investigated further;
- e. Optimizing the function of Integrated Financial Customer Care (IFCC) which utilizes the latest technology that is able to provide traceable and trackable facilities; and
- f. The role of the Financial Services Authority is to raise public awareness to invest early by encouraging investment awareness to be part of the education curriculum.

In addition, there is necessary to conduct an evaluation related to

regulations and sanctions based on the Financial Services Authority Regulation Number: 77/POJK.01/2016 on Information Technology-Based Lending and Borrowing Services and the Financial Services Authority Regulation Number: 13/POJK.02/2018 on Digital Financial Innovation in the Financial Services Sector, in which the Financial Services Authority has only authorized to supervise legal-registered online investment and financing companies but it is unable to supervise illegal similar companies.

Referring to the strengthening efforts conducted by the Financial Services Authority in Indonesia, the regulatory system and law enforcement for illegal online investment entities has yielded results so far. This is showed by the increasing number of illegal investment company's cases in the last two years. Therefore, the Financial Services Authority must continue to work hard and to crack down on illegal investment actors. It must also strengthen intensive coordination with the law enforcement officials, so that illegal investment actors who have been proven guilty are punished as quickly and fairly as possible. Moreover, they can have a deterrent effect for the perpetrators and the potential perpetrators. Through the various roles and efforts made by the Financial Services Authority, the Government of Indonesia hope it will narrow the space for illegal online investment.

D. Conclusion

On the one hand, the development of online investment entities in Indonesia is increasingly and cannot be limited every year. On the other hand, the main challenge faced by the government in collaboration with the Financial Services Authority is to overcome various illegal online investment practices that are now quite detrimental to the community. Utilization of information technology systems in business activities ideally aims to facilitate the public in conducting financial transactions, but in fact it is used as a main tool to commit financial crimes. Based on the reason, the Government of Indonesia through the Ministry of Communication and Information in collaboration with the Financial Services Authority and the Police took several policies and actions for supervising the practices of illegal online investment entities, such as increasing people's digital literacy, strengthening regulations related to consumer protection in investing, and evaluate the implementation of regulations regarding the online investment company registration mechanism. All decision makers also need to take the concrete actions through regulatory and supervisory functions to support the Financial Services Authority to overcome the practices of various illegal online investment entities, so that the public will receive legal protection, feels safe, and not be harmed.

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