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Effectiveness of OJK Supervision in Maintaining National Financial System Stability

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ABSTRACT

This study evaluates how effectively the Financial Services Authority (OJK) carries out its supervisory role in maintaining national financial system stability through institutional accountability, supervisory capacity, and consumer protection. Several challenges to Indonesia's financial stability include the dominance of the banking sector, external vulnerabilities, unequal financial access, and limited data regarding the household sector and non-bank financial institutions. Events such as the Jiwasraya and Asabri cases, along with the rise of illegal fintech platforms, illustrate gaps in supervision and law enforcement by OJK. This study employs a qualitative method with a case study approach, supported by document analysis, including regulations, OJK annual reports, court decisions, and financial sector policies, covering the period from 2019 to 2024. The findings indicate that OJK has made improvements in oversight through data integration, risk-based supervision, and the adoption of technological tools. Nonetheless, the effectiveness of these measures continues to face challenges related to data quality, human resource capacity, inter-agency coordination, and limitations in consumer protection mechanisms. The significance of this research lies in the need for more adaptive, transparent, and collaborative supervisory reforms, enabling OJK to function as a reliable and responsive guardian of financial stability. It is hoped that these findings can contribute to the development of supervisory policies that prioritize stability and fairness for the public.

***Keywords**: Supervisory Effectiveness; Financial Services Authority (OJK); National Financial Stability.*

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INTRODUCTION

Global financial stability is currently facing a variety of increasingly complex challenges, influenced by global political uncertainty, fluctuations in financial markets, and changes in monetary policy in various countries. This situation creates significant risks for the financial systems of many countries, especially developing countries that are more susceptible to external shocks. In this situation, it is important to maintain financial stability so that economic growth can continue to run well and the risk of a financial crisis can be reduced.

In Indonesia, Bank Indonesia (BI) plays an important role in maintaining financial stability through various monetary and macroprudential policies. However, there are several issues that

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need to be considered, such as the dominance of the banking sector in the financial system, the uneven level of financial inclusion, and external risks such as exchange rate fluctuations and global inflation. In addition, the lack of data on risks in the household sector and non-bank financial institutions also hinders effective financial system supervision. To overcome this, an institution engaged in financial supervision in Indonesia, namely the OJK, is needed.

The OJK's performance in carrying out its duties has a direct impact on public confidence and national economic stability. Public trust is a vital social asset for maintaining smooth economic activity, especially in the financial services sector, which is highly sensitive to the reputation and reliability of its institutions.[1] If the OJK is able to carry out supervision effectively, openly, and responsibly, the threat of systemic instability can be minimized, thereby maintaining economic stability. Conversely, if its accountability is weak, the risk of legal violations and financial crises will increase, as emphasized in the IMF's 2023 Financial System Stability Assessment report, which highlights the role of supervisory agency integrity in strengthening public trust. Thus, the OJK's internal accountability, transparent reporting mechanisms to the public, and cooperation between law enforcement agencies are key elements in maintaining the effectiveness of supervision.

The principles of good governance, which emphasize openness, accountability, and fairness, must be used as a normative and operational basis for the OJK, so that this institution can build trust in the eyes of the public and financial sector players.

From an academic perspective, studies on the effectiveness of the OJK in preventing and handling legal violations are still limited and not integrated. The majority of previous research has focused more on sectoral regulations or policies without explicitly linking them to aspects of accountability and public trust. In fact, amid Indonesia's efforts to strengthen its economic base in the aftermath of the global crisis and the COVID-19 pandemic, a comprehensive understanding of the OJK's effectiveness is essential to measure the institution's contribution to financial system stability. Scientific assessment of the OJK's performance is also an integral part of the reform of national financial sector governance, in line with the directives in the 2020-2024 National Medium-Term Development Plan (RPJMN), which emphasizes improving institutional oversight capabilities to support sustainable economic development. Therefore, this kind of research is not only of practical value for the improvement of public policy, but also contributes academically to the development of economic law and financial regulation in Indonesia.

The Financial Services Authority (OJK) was established under Law No. 21 of 2011 as an independent institution that functions to organize an integrated regulatory and supervisory system for all activities in the financial services sector. The establishment of the OJK was motivated by the need for an independent and professional supervisory agency to maintain the stability of the national financial system, especially after various economic crises that revealed weaknesses in the supervision of the banking and non-banking sectors in the past.[2] At the

[1] Ulviatur Rohmah, Nur Alvinatul Hasanah, and Rini Puji Astuti, "Regulasi Dan Pengawasan Perbankan Oleh Otoritas Jasa Keuangan," *Menulis: Jurnal Penelitian Nusantara*, May 19, 2025, 314–19, https://padangjurnal.web.id/index.php/menulis/article/view/274.

[2] Niharotul Faizah et al., "Peran Otoritas Jasa Keuangan Dan Lembaga Penjamin Simpanan Dalam Menjaga Stabilitas Dan Keamanan Sistem Keuangan," *JURNAL ILMIAH RESEARCH AND DEVELOPMENT STUDENT* 2, no. 1 (January 5, 2024): 135–44, https://doi.org/10.59024/jis.v2i1.574.

normative level, the OJK has a strategic role in ensuring that all financial services activities are conducted fairly, transparently, and in a manner that protects the interests of the public. The OJK is expected to balance the interests of financial institutions and the public through supervisory policies, consumer protection, and law enforcement in the financial sector. However, in practice, various issues have arisen that raise questions about the effectiveness and reality of the OJK's role in realizing the principles of fairness and economic stability for the public.

Various cases, such as investment institution defaults, illegal online loans, and weak consumer protection, are indicators of gaps in the implementation of the OJK's functions. This condition shows that the presence of the OJK has not been fully felt by the wider community, especially in ensuring fairness in financial activities that directly impact the socio-economic life of the community.[3] Therefore, a more in-depth study is needed on the reality of the OJK's role as mandated in Law No. 21 of 2011, as well as the extent to which this institution is able to maintain stability and fairness amid the dynamics of the national financial system.

METHOD

KATEGORI DATA	DOKUMEN SUMBER (ANALISIS DOKUMEN)	FOKUS/SUBJEK KASUS	STATUS/RINGKASAN TINDAKAN
ASURANSI & INVESTASI	UU PERASURANSIAN, LAPORAN TAHUNAN OJK, PUTUSAN MA	PT ASURANSI JIWASRAYA	LIKUIDASI, PEMBENTUKAN IFG LIFE, DAN VONIS PENJARA SEUMUR HIDUP BAGI OKNUM MANAJEMEN.
PASAR MODAL	UU PASAR MODAL, PUTUSAN PENGADILAN TIPIKOR	PT ASABRI (PERSERO)	PENANGANAN KERUGIAN NEGARA AKIBAT INVESTASI SAHAM "GORENGAN" DAN REKSADANA TIDAK SEHAT.
FINTECH P2P LENDING	POJK NO. 10/2022, DATA SATGAS PASTI (D/H SWI)	FINTECH ILEGAL	PEMBLOKIRAN RIBUAN APLIKASI/SITUS ENTITAS PINJOL ILEGAL DAN PENERTIBAN TATA CARA PENAGIHAN.
PERBANKAN	UU PENGEMBANGAN & PENGUATAN SEKTOR KEUANGAN (UU PPSK)	PENGAWASAN TERINTEGRASI	PENGUATAN KEWENANGAN OJK SEBAGAI PENYIDIK TUNGGAL DI SEKTOR JASA KEUANGAN (PASCA 2023).

This study uses a qualitative method with a case study approach to gain an in-depth understanding of the role of the OJK. This research design was chosen because it is able to

[3] Bily Steven Nathanael et al., "Peran Otoritas Jasa Keuangan (OJK) Dalam Mengawasi Dan Mengatur Implementasi Danantara," *Eksis: Jurnal Ilmiah Ekonomi Dan Bisnis* 16, no. 1 (June 28, 2025): 42, https://doi.org/10.33087/eksis.v16i1.498.

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reveal the complexity of the phenomenon in a real context through various sources of evidence. Data collection techniques were carried out through document analysis of relevant laws and regulations, OJK annual reports, court decisions, and other official documents. The research is limited to the period 2019-2024, focusing on strategic cases handled by the OJK, including but not limited to the Jiwasraya and Asabri cases and the handling of illegal fintech. The research also considers the context of regulatory developments and the dynamics of the global financial system that affect the OJK's performance.

RESULTS AND DISCUSSION

D. EFFECTIVENESS OF OJK SUPERVISION: EVIDENCE FROM OFFICIAL REPORTS AND SUPERVISORY PERFORMANCE

The effectiveness of OJK supervision is evident from the various reforms and modernization measures that continue to be implemented to maintain the stability of the national financial sector. Based on OJK's official report, this institution is strengthening its supervision by improving its monitoring of the financial industry through a more integrated and accurate reporting system. OJK states that this improved supervisory system allows them to identify potential problems more quickly so that supervisory measures can be taken before risks spread more widely in the financial sector. This step shows that OJK supervision is becoming more anticipatory, rather than waiting for problems to arise before taking action.

In addition, OJK is also strengthening supervision by improving the quality of its data and analysis. In its financial services sector planning document, OJK emphasizes that strengthening data and analytical capabilities is a top priority because financial stability is highly dependent on the availability of accurate information. With more complete data and a more organized reporting process, the OJK can assess the health of banks, financing companies, and other financial institutions more accurately. These efforts include improving the industry database, integrating reporting across financial sectors, and enhancing internal capabilities to read risk developments. These improvements are important to prevent risks such as non-performing loans, liquidity imbalances, and the collapse of financial institutions.

On the institutional side, OJK is also improving internal oversight mechanisms to make them more transparent and accountable. In several statements, OJK has said that oversight is now geared toward being more open to potential irregularities in the industry. For example, strengthening routine oversight, direct inspections, and evaluations of financial institutions that show signs of instability. This more systematic supervision aims to ensure that financial institutions comply with regulations and maintain stable financial conditions. If violations or dangerous risks are found, the OJK states that it is ready to take action ranging from warnings, restrictions on business activities, to revocation of licenses.

However, even though these steps show improvement, the effectiveness of OJK supervision still faces several challenges. One of the biggest challenges is the breadth of the sector that must be supervised. The OJK supervises banks, capital markets, financing companies, fintech, insurance, and other financial institutions, numbering in the thousands. With such a broad scope, supervisory capabilities are greatly influenced by human resource capacity, data analysis speed, and internal coordination processes. The OJK itself acknowledges that improving employee competence and refining supervisory procedures is a major

undertaking that continues to be carried out in order to make supervision faster and more targeted.

In addition, the effectiveness of OJK supervision also depends heavily on coordination with other institutions such as Bank Indonesia (BI) and the Deposit Insurance Corporation (LPS). Financial stability risks do not only arise from a single institution, but can also originate from relationships between banks, capital markets, or financing institutions. Therefore, the OJK needs to ensure that its micro-supervision is linked to the macro policies managed by BI and the deposit protection provided by LPS. Without good coordination, potential financial turmoil could escape supervision simply because each institution sees things from a different perspective.

Overall, the OJK's reports and policy measures show that the supervision of financial institutions is becoming more focused, data-driven, and responsive to potential risks. However, the effectiveness of supervision still needs to be evaluated on an ongoing basis, especially to ensure that the improvements made actually prevent systemic problems from arising. With a very broad scope of supervision and rapidly changing financial dynamics, increasing internal capacity and inter-agency synergy are important factors that must continue to be strengthened.

E. THE EFFECT OF DIGITALIZATION ON THE EFFECTIVENESS OF SUPERVISION

Digitalization has changed the way OJK conducts supervision: from relying on periodic reports and manual checks, it now relies on faster and more comprehensive data collection and processing. In its financial services sector planning document, the OJK emphasizes that strengthening data and analytical capabilities is a priority so that regulators can make faster and more anticipatory decisions in response to disruptions in the financial markets. With more complete data and an integrated reporting system, the OJK can observe trends in the health of financial institutions, such as an increase in non-performing loans or a decline in liquidity, at an early stage, so that supervisory intervention can be carried out before the problem spreads. This strategic statement is clearly stated in the 2021-2025 Financial Services Sector Master Plan, which highlights the acceleration of digital transformation as one of the pillars of policy.

In practice, the ability to utilize data provides two tangible benefits for the effectiveness of supervision. First, supervision becomes more “proactive”: regulators no longer simply wait for annual reports or consumer complaints, but can continuously monitor risk signals and prioritize supervision of entities that show anomalies. Second, supervision can become more efficient, as the time and resources previously used for administrative checks can be diverted to substantive analysis and corrective action. However, these advantages only arise if the incoming data is of high quality (complete, accurate, and timely) and if the analysis process is supported by adequate human capacity; without this, large amounts of data will only add to the confusion. The OJK's master plan and blueprint for human resource development in the financial sector emphasize the importance of improving employee competencies so that digital transformation brings tangible results.

On the other hand, digitization also opens up new gaps and challenges that affect the effectiveness of supervision. The first is the challenge of human resources: operating analytical tools and interpreting the results requires technical skills that are different from traditional supervisory skills. The OJK itself has identified the need to strengthen human resources as an important agenda, ranging from data management to risk analytics capabilities, but the process of capacity building requires time, money, and a change in work culture. Second is the issue of

system integration: many financial institutions still use legacy systems, making it difficult to harmonize data formats and reporting frequencies; this incompatibility can reduce the quality of supervisory signals. Third, digitization raises issues of privacy and data security: regulators must balance the need for data access for supervision with customer data protection and related legal obligations. If these challenges are not addressed, digital transformation has the potential to generate “false alarms” or miss real dangers.

Furthermore, digitization affects the focus of supervision: the shift in attention from administrative checks to risk-based checks requires different outcome indicators. This means that the effectiveness of supervision is no longer just a matter of the number of sanctions or the frequency of inspections, but how quickly and accurately preventive measures are taken based on data findings, and whether supervision has been successful in reducing the recurrence of violations. To achieve this, the OJK has designed improvements to the reporting system and the development of an integrated data center, a step that, if successful, could increase cross-sector supervisory capacity and enrich macro stability analysis. However, the implementation of an integrated data center also requires technical and legal protocols for data exchange between agencies so that supervision is truly integrated.

Ultimately, the impact of digitalization on the effectiveness of supervision depends heavily on the synergy between technology, people, and institutional policies. Technology can accelerate detection and facilitate examination, but without trained human resources and clear data governance, the results will be limited. Similarly, the OJK's ability to filter micro risks into macro policies (e.g., coordination with Bank Indonesia and LPS) determines whether the digital signals found will be responded to with appropriate policies to maintain national stability. In other words, digitization is a tool, not a final answer, and the effectiveness of supervision arises when the tool is supported by human capacity, data quality, and a solid institutional framework. The practical recommendations that emerge from this review are: accelerating the improvement of employee competencies, standardizing cross-sector reporting, and establishing data exchange protocols between authorities so that the benefits of digitization are realized in the form of supervision that is truly capable of preventing systemic disruptions.

CONCLUSION

The effectiveness of ojk supervision in maintaining the stability of the national financial system depends not only on normative regulations, but also on its ability to adapt to the rapidly changing dynamics of the industry. Ojk has sought to strengthen its supervisory function through regulatory improvements, increased transparency, and the application of proactive prudential principles. This indicates a shift in strategy from mere formal compliance to a more responsive approach to ensure the resilience of financial institutions amid the challenges of the times.

However, this effectiveness is not yet optimal due to the challenges of the complexity of modern financial products, digital risks, and cross-sector integration. To overcome this, the ojk needs to strengthen risk-based supervision, increase human resource capacity, and strengthen coordination with bi, lps, and related ministries. Sustainable financial system stability can only be achieved through a credible, integrity-based supervisory ecosystem that is capable of uniting various stakeholders to collectively protect the public interest.

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