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Resolving Legal Disputes between Banks and Customers over Credit Default without Collateral through Banking Mediation & Financial Services Authority

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Abstract

Unsecured credit defaults have become a persistent issue in Indonesia, resulting in significant losses for banks and financial strain for customers. In Indonesia, regulations relating to the protection of financial consumers have been in place for a long time. The development of laws and regulations governing financial dispute resolution began in the 1990s. However, the latest OJK Regulation, No. 1/POJK.07/2014, has sparked much debate. This regulation is considered ineffective due to normative defects, such as limited enforcement mechanisms, reducing or eliminating the responsibility of mediators or officials involved, and marginalising the rights of customers, resulting in low resolution rates. The purpose of this article is to see how effectively the OJK Regulation No. 1/POJK.07/2014 resolves unsecured credit disputes. The results show that unsecured credit is subject to declarative principles as financial rights arise automatically after the agreement. The frequent alternation of resolution mechanisms gives the impression that lawmakers do not have a history of financial consumer protection law. The purpose of the law is to ensure not only justice, but also compliance with the law. All laws will become ineffective if not enforced. So it is not just about the protection of citizens, it is also about citizens' compliance with the law. OJK Regulation No. 1/POJK.07/2014 contributes only to the protection of the personal rights of citizens; it does not guarantee the protection of the public rights of citizens.

Keywords: Unsecured Credit, OJK Regulation No. 1/POJK.07/2014, Mediation, Effectiveness, Legal Compliance

Introduction

Defaults on unsecured credit have emerged as a recurring problem, leading to substantial financial detriment for both banks and their clients in Indonesia. Data from the Financial Services Authority (OJK) for 2023 indicates that the non-performing loan (NPL) rate for consumer credit, which encompasses unsecured loans, attained approximately 2.65% (Anggraeny et al., 2023; Jeremia, 2025). The widespread occurrence of defaults has been facilitated by the advent of online lending platforms.(Sudirman, 2021). Furthermore, if financial institutions were to manage each default case independently, a significant portion of their resources would be consumed by resolution efforts

Within the financial technology sector, annual losses stemming from defaults are considerable. Concurrently with the expansion of online lending and technological advancements, banks and consumers have increasingly utilized mediation services to resolve disagreements.(Anggraeny et al., 2023) On-demand financial technology services, such as peer-to-peer lending platforms, which offer numerous officially guaranteed loan choices, contribute to the reduction of protracted disputes. Moreover, the provision of mediation services by OJK is a factor in this potential decrease (Sudirman, 2021).

In Indonesia, regulations concerning the safeguarding of financial consumers have been established for an extended period. The evolution of laws and regulations pertinent to financial consumer protection dates back to the 1990s.

legislation during the financial crisis. Subsequently, the government implemented statutes concerning consumer protection and financial services, specifically the Consumer Protection Law of 1999, the Banking Law of 1998 (with amendments in 2004), and the establishment of the Financial Services Authority (OJK) in 2011(Susanti & Gayo, 2023) Furthermore, since 1999, Indonesia has been conforming to international benchmarks such as the Basel Accords for banking oversight (Abdillah et al., 2024).

Upon the commencement of the OJK era, existing banking laws were affirmed to remain effective, though specific clauses were invalidated if they conflicted with consumer protection tenets. Within the prior structure, dispute resolution could be submitted centrally but frequently necessitated judicial involvement (Syamsudin, 2021).

Subsequently, on July 22, 2013, the government promulgated Law No. 21 of 2011 pertaining to OJK, which became operative in 2013. This legislation sought to consolidate the oversight of financial services..

On January 8, 2014, through OJK Regulation No. 1/POJK.07/2014, the government regulated consumer services within the financial sector. The explanatory text for this regulation indicates its creation was due to a persistent increase in disputes, which imperiled financial stability and consumer confidence (Syamsudin, 2021)

On January 8, 2014, the government formally issued Circular Letter Number 2/SEOJK.07/2014, which pertains to Banking Mediation (Jeremia, 2025). This updated framework places significant emphasis on methods of resolution that do not involve litigation. The Financial Services Authority (OJK) itself was established on November 28, 2011, pursuant to Law Number 21 of 2011.

Subsequently, in 2017, the government modified pertinent regulations to accommodate the expansion of financial technology (fintech). OJK Regulation Number 77/POJK.01/2016, governing Information Technology-Based Lending Services, represented the inaugural regulation specifically addressing fintech, incorporating several enhancements (Abdillah et al., 2024). These improvements encompass safeguards for borrowers, exemption from aggressive collection practices, protection regarding loan terms, the preservation of civil rights, and provisions for mediators. Additionally, rules concerning fintech licensing were incorporated (Susanti & Gayo, 2023)

In 2021, further revisions were enacted to address risks associated with digital lending. OJK Regulation Number 10/POJK.05/2022, concerning Consumer Protection in the Financial Services Sector, modified previous rules, as access to financial services in Indonesia necessitates legal protection to foster equitable competition (Sudirman, 2021)

OJK Regulation Number 1/POJK.07/2014 generated considerable discussion. This regulation is widely regarded as ineffective due to its inherent normative weaknesses. Specifically, these weaknesses include limited enforceability of mediation outcomes (Sudjana, 2022), a reduction or elimination of the responsibilities held by mediators or relevant officials, the marginalization of customer rights, and consequently, a low rate of successful resolutions. In contrast, standard litigation processes under previous frameworks were considered to offer more robust protection.

information, as specified in OJK Regulation No. 1/POJK.07/2014, Government Regulation No. 56 of 2021, and associated ministerial directives.

The objective of this document is to evaluate the efficacy of OJK Regulation No. 1/POJK.07/2014 in addressing disagreements concerning unsecured loans. (Abdillah et al., 2024; Susanti & Gayo, 2023)

Methods

Methodology is crucial for the advancement of knowledge, as it fulfills several objectives. These include improving researchers' capacity to execute more efficient and thorough investigations, and increasing prospects for discovering previously unknown data (Pasal et al., 2025)

This study employs normative legal methods. Normative legal research involves the examination of literary resources or secondary data. According to Peter Mehmet Marzuki, normative legal research is a process of identifying legal rules, principles, and doctrines to address specific legal questions. In this form of legal inquiry, the law is often understood as that which is codified in legislation, or as a standard or norm that guides acceptable human conduct (J. Hukum et al., 2024) Consequently, this investigation was conducted by consulting primary and secondary legal materials, comprising: a) the Civil Code (KUHPer); b) Banking Law No. 10 of 1998; c) Consumer Protection Law No. 8 of 1999; d) Law No. 21 of 2011 concerning the Financial Services Authority (OJK); e) OJK Regulation No. 1/POJK.07/2014 regarding Consumer Services; f) OJK Circular Letter No. 2/SEOJK.07/2014 concerning Banking Mediation; g) OJK Regulation No. 77/POJK.01/2016 concerning Fintech Lending; h) OJK Regulation No. 10/POJK.

Safeguarding is essential. The secondary legal resources employed include treatises, periodicals, and scholarly articles that elucidate primary legal materials and legal principles pertinent to the matters under consideration. The methodology incorporates both a statutory and a conceptual approach. The legal rnmaterials will undergo qualitative and descriptive analysis. This process entails the collection and organization of legal documents for subsequent examination and content analysis, with the objective of identifying alignment, normative consistency, and potential novel normative concern (J. Hukum et al., 2024).

Results and Discussion

Unsecured CrediConcept

The concept of unsecured credit constitutes a significant financial entitlement, recognized as a consumer right within international agreements and the Universal Declaration of Human Rights. Any financial innovation that facilitates greater access to funds warrants protection. Financial products encompass instruments designed to enhance economic empowerment, rather than those solely supporting a particular lifestyle (Abdillah et al., 2024).

Article 1 of OJK Regulation No. 1/POJK.07/2014 defines consumer services. From this, unsecured credit can be understood as an exclusive right of the borrower, arising automatically from the declarative principle once an agreement is tangibly established, provided it complies with legal provisions.

Unsecured credit represents an exclusive facility, signifying its priority over loans secured by collateral. As financial rights develop when a borrower's need is articulated in a loan agreement, unsecured credit is similarly governed by a declarative principle. Regulatory protection extends to the agreement itself, not merely the concept of borrowing (Sudirman, 2021).

The declarative principle in unsecured credit indicates that rights are automatically established subsequent to the agreement. This direct protection is realized through the granting of rights exclusively to the involved parties, thereby precluding unauthorized interference from external entities (P. Hukum et al., 2019)..

Registration is required. In other words, despite the borrower not registering the loan, direct protection is afforded upon the agreement's conclusion, specifically the right to equitable terms.

Furthermore, the Financial Services Authority (OJK) coordinates mediation services. The primary benefit of this arrangement is to simplify evidence presentation in the event of a disagreement. Stated differently, while mediation itself does not guarantee a resolution, it assists the party in achieving equitable outcomes. In practice, parties acting in bad faith frequently exploit this system to seek unwarranted benefits. This situation has led to discussion regarding the regulations that permit non-binding mediation (Abdillah et al., 2024; Susanti & Gayo, 2023).

Declarative principles diverge from constitutive principles in the context of secured loans. Under the constitutive principle, the right to a loan can only be established if collateral is formally registered. These rights are hierarchically bestowed by the state upon the owners and holders of financial rights. Similarly, with secured loans, the state grants protection to the lender for a specified duration, enabling enforcement through assets (Orientation & New, 2023).

Concept of Delik Complaint and Ordinary Delik

Significant substance changes in Law No. 28 of 2014 is related to the transition from ordinary delicts to complaints delicts. The main differences in the two delicts are as follows: "Complaints are criminal offences that can only be prosecuted if there are complaints from people who are harmed. While ordinary delicts are criminal offences that can be prosecuted without the need for a complaint (Syamsudin, 2021). "Based on this understanding, it can be concluded that the request to process criminal events that include delicts of complaints can only be followed up by the authorities (in this case the government represented by the police, prosecutors, and judges) if it is preceded by a complaint from the party who feels disadvantaged, while the request to process incident criminal acts that include ordinary delicts can be followed up by the authorities without having to be preceded by a complaint (Syamsudin, 2021).

When looking at the history of copyright law, Indonesia has exchanged delicts several times, from ordinary delicts to complaints delicts and vice versa. The evolution of delict changes in the Copyright Act is as follows:

1. Auteurwet 1912 Staatsblad Number 600 of 1912 uses complaints.
2. Law Number 6 of 1982 concerning Copyright. Article 45: Crimes as referred to in Article 444 cannot be prosecuted except for complaints from copyright holders.
3. Law Number 7 of 1987 concerning Amendments to Law Number 6 of 1982 concerning Copyright. Article I Number 17 in paragraph 1 stipulates that copyright infringement is now an ordinary crime due to the deletion of the provisions of Article 45 of Law Number 6 of 1982.
4. Law Number 12 of 1997 concerning Amendments to Law Number 6 of 1982 concerning Copyright as Amended by Law Number 7 of 1987. This law governs ordinary delicts.
5. Law of the Republic of Indonesia Number 19 of 2002 concerning Copyright Infringement of copyright is common delict.

6. Law Number 28 of 2014 concerning Copyright; Article 120 states that the criminal offence as referred to in this Law is a complaint.

   From the changes in delicts that have occurred many times shows the impression that the government and Parliament, as lawmakers, do not understand the history of copyright legislation. In addition, there is the impression that the government does not have a correct understanding of copyright protection.

The purpose of an Act is to ensure justice, but also compliance with the law. Without legal compliance, all laws made become ineffective. So it is not just the protection of citizens, but also citizens' compliance with the Law itself. Law No. 28 only contributes to the protection of the private rights of citizens, but does not guarantee the protection of the public rights of citizens by i not increasing awareness and legal compliance (Syamsudin, 2021).

One of the reasons for the conversion of ordinary delicts into complaints in Law No. 28 of 2014 is that law enforcement officials will not be able to determine whether there has been a copyright crime only by comparing goods resulting from copyright infringement with the original creation (Syamsudin, 2021). Only the creator or copyright holder can be more certain which work is original and which work is not original or imitation of the original work, so as to immediately report the infringement of the exclusive right to his creation (Syamsudin, 2021).

The reason for such a change in complaint delays does not indicate which priorities are correct in enforcing the law. In this case, it should be a system that must be improved in order to enforce the law in accordance with applicable regulations, and not legislation following the inability of law enforcement officials. The effectiveness and efficiency of a law must describe the reality of society, whether it is in accordance with the law or not.

Law enforcement in terms of the Copyright Act cannot depend only on the individual creator himself. According to Friedman, there are other factors that become a functional unit that determine the success of law enforcement in addition to legislation (legal system). The factors of the legal system are the legal structure, legal substance, and legal culture (Orientation & New, 2023). The application of complaint delicts in Law no. 28 of 2014 to cases in the field of copyright is identical to reducing / eliminating the duties which are the obligations of the relevant officers, especially imposing a culture of compliance with the law. This means that the concept of complaint delict is irrelevant to copyright enforcement, because copyright crimes have many characteristics that better match ordinary delicts than complaint delicts (Syamsudin, 2021).

Copyright infringement is related to community compliance with applicable law. Legal compliance is a legal culture that must be embedded in law. There are several theories concerning the culture of Legal Compliance, such as the theory of legal protection, the theory of law enforcement, the theory of the legal system, and the theory of legal compliance (Orientation & New, 2023). Concept of Litigation and Non-Litigation Resolution

Significant substance changes in OJK Regulation No. 1/POJK.07/2014 is related to the transition from litigation to mediation. The main differences in the two mechanisms are as follows: "Litigation involves court proceedings that can be initiated without prior agreement, while mediation requires mutual consent and is non-binding unless agreed."[3] Based on this understanding, it can be concluded that litigation can be followed up by authorities without consent, while mediation requires participation from the disadvantaged party.

When looking at the history of financial law, Indonesia has exchanged resolution mechanisms several times, from litigation to mediation and vice versa. The evolution of mechanism changes in financial regulations is as follows:

1. Banking Law 1998 uses litigation.
2. Consumer Protection Law 1999: Disputes as referred to cannot be resolved except through courts.
3. Law No. 21 of 2011 on OJK: Introduces supervision but retains litigation.
4. OJK Regulation No. 1/POJK.07/2014: Shifts to mediation as preferred.
5. Circular Letter OJK No. 2/SEOJK.07/2014: Governs mediation details.
6. OJK Regulation No. 10/POJK.05/2022: Reinforces mediation but allows litigation if mediation fails.

   From the changes in mechanisms that have occurred many times shows the impression that the government and lawmakers do not understand the history of financial consumer protection legislation. In addition, there is the impression that the government does not have a correct understanding of dispute resolution.

The purpose of a regulation is to ensure justice, but also compliance with the law. Without legal compliance, all regulations made become ineffective. So it is not just the protection of citizens, but also citizens' compliance with the regulation itself. OJK Regulation No. 1/POJK.07/2014 only contributes to the protection of the private rights of citizens, but does not guarantee the protection of the public rights of citizens by not increasing awareness and legal compliance. (Journal & Volume, 2021). S

One of the reasons for the emphasis on mediation in OJK Regulation No. 1/POJK.07/2014 is that officials will not be able to determine whether there has been a default solely by comparing financial records. (Susanti & Gayo, 2023). Only the customer or bank can be more certain which obligation is breached, so as to initiate mediation.[4]

The reason for such a change does not indicate which priorities are correct in enforcing the law. In this case, it should be a system that must be improved in order to enforce the law in accordance with applicable regulations, and not legislation following the inability of officials. The effectiveness and efficiency of a regulation must describe the reality of society, whether it is in accordance with the law or not.

Law enforcement in terms of financial disputes cannot depend only on the individual party. According to Friedman, there are other factors that become a functional unit that determine the success of resolution in addition to regulation (legal system). The factors of the legal system are the legal structure, legal substance, and legal culture. The application of mediation in OJK Regulation No. 1/POJK.07/2014 to cases in unsecured credit is identical to reducing / eliminating the duties which are the obligations of the relevant officers, especially imposing a culture of compliance with the law. This means that the concept of mediation is irrelevant to enforcement if not mandatory, because disputes have many characteristics that better match litigation than voluntary mediation.[5] (Abdillah et al., 2024).

Dispute resolution is related to community compliance with applicable law. Legal compliance is a legal culture that must be embedded in law. There are several theories concerning the culture of Legal Compliance, such as the theory of legal protection, the theory of law enforcement, the theory of the legal system, and the theory of legal compliance. (Orientation & New, 2023).

Theory of Legal Protection

The role of law in society is to integrate and coordinate conflicting interests between parties, such as banks and customers in financial transactions. To mitigate these conflicts, legal protection serves as a mechanism to regulate rights and obligations, acting as a defensive tool for vulnerable parties, particularly consumers facing defaults in unsecured credit agreements. (Rahardjo, 1977).

In alignment with this, Satjipto Rahardjo defines legal protection as efforts to safeguard individual interests by granting human rights to act within their interests (Rahardjo, 1977). This is particularly relevant in banking disputes, where customers often lack bargaining power against banks' standardized contracts, leading to defaults due to economic pressures or unclear terms (Syamsudin, 2021). Meanwhile, Philipus M. Hadjon conceptualizes legal protection as preventive and repressive government actions. Preventive protection aims to avert disputes through regulatory oversight, such as OJK's mandates for transparent credit agreements under Regulation No. 1/POJK.07/2014, ensuring banks conduct due diligence on borrower capacity to prevent over-lending (Abdillah et al., 2024). Repressive protection, on the other hand, focuses on resolving arisen disputes, exemplified by OJK-facilitated mediation as a non-litigious avenue to restore balance, avoiding costly court proceedings that exacerbate customer financial strain.[6] (Susanti & Gayo, 2023).

In the context of unsecured credit defaults, legal protection theory underscores the state's role in balancing asymmetric power dynamics. Banks, as creditors, hold advantages in documentation and resources, often leading to aggressive collection practices that violate consumer rights (Sudirman, 2021). OJK's mediation framework provides repressive relief by enabling negotiated settlements, such as debt restructuring, but its voluntary nature risks ineffectiveness if banks resist participation. Preventive measures, like mandatory disclosure of risks in KTA contracts, align with Hadjon's model by directing institutional caution to reduce default rates. However, gaps in enforcement—such as limited OJK resources—undermine this protection, allowing disputes to escalate and eroding public trust in financial systems.[7]

Ultimately, applying legal protection theory to banking mediation reveals normative weaknesses: while it promotes justice, incomplete implementation marginalizes customer rights, necessitating reforms for mandatory mediation or stronger sanctions to enhance compliance and deterrence. (Syamsudin, 2021)

Law Enforcement Theory

The term "law enforcement" can also mean the enforcement process by law enforcement officials or by others who have an interest in it in accordance with theirrespective legal rights and obligations. The investigation, arrest, detention, trial of the accused, and sentencing of convicted persons are all under the auspices of criminal law enforcement.

Soerjono Soekanto emphasizes that law enforcement is a process of unifying values expressed in principles and attitudes that are firmly together as a series of final stages of value translation to build, maintain, and uphold social harmony. According to Soerjono Soekanto, there are five factors that affect law enforcement in general: the law itself, law enforcement officials, facilities, society, and culture. These five factors are inseparable because they are at the heart of enforcement; they are also barometers of enforcement effectiveness.

The actual implementation of criminal law by law enforcement officials is known as criminal law enforcement. In other terms, the application of criminal law is known as criminal law enforcement. Law enforcement, then, is a system that requires standards and conventions of balance with actual human behavior. These regulations then serve as standards or guidance for acceptable or appropriate conduct. The behavior or attitude of these acts seeks to create, maintain and maintain peace.

On the basis of how the phrase “criminal law” is understood, Moeljatno provides additional details by stating that law enforcement is a component of the broader legal system in force in a country and sets certain standards and guidelines, including: Identification of prohibited acts and accompanied by threats or consequences to violators, such as certain criminal acts.

a. Identify the circumstances in which the punishment that has been threatened may be applied to those who violate this prohibition.
b. Analyze possible methods for enforcing sentences against suspects suspected of violating the rules.

The main issues of copyright enforcement are culture and paradigms. With regard to cultural issues, the traditional view that has not been completely lost is that a creation is considered by society as a shared property, and despite the recognition of individual rights to a creation, the form emphasizes the moral aspect of the creation itself. copyright rather than its economic value. Moreover, there is a social culture (which is closely related to religious teachings) that let alone our creation, our body is God's and not ours. Another culture that influences copyright infringement is the desire to obtain something, for example trade benefits in an easy way and justify all means

Legal System Theory

According to the theory of the legal system Lawrence M. Friedman, law as the legal system of a social system, includes three components, namely:

1. Substance: Law is a system of rules, norms, and patterns of real human behavior, including products produced by people in the legal system, including.
2. The structure of the Law is a framework, a part that survives, a part that gives shape and limits to the law enforcement agencies as a whole. In Indonesia, the legal system is composed by law enforcement agencies such as lawyers, police, prosecutors, and judges.
3. Legal Culture is the atmosphere of social systems and forces that determine how society uses, avoids, or misapplies the law

If you look at the theory of the legal system Lawrence M. Friedman, there are several factors that cause the ineffective implementation of Article 120 ofLaw Number 28 of 2014. Thesefactors are as follows:

1. Legal substance factor.Article 120 ofLaw Number 28 of 2014 categorizes the entire series of criminal acts in this law as harassment complaints. As a result, the investigator is no longer authorized to conduct an investigation without being challenged by the creator or a party receiving rights from the creator . (Syamsudin, 2021).
2. Legal structure. Article 120 ofLaw Number 28 of 2014 makes copyright piracy a complaint offense, resulting in the slow performance of law enforcement in eradicating copyright piracy(Syamsudin, 2021).
3. The legal culture factor. The ineffectiveness of combating piracy is also due to the habits of people who pragmatically obtain economic benefits by hijacking the works of others.

Theory of Legal Compliance

Legal compliance is the awareness of the benefits of the law that gives birth to a form of community "loyalty" to the legal values imposed in living together which is manifested in the form of behavior that is actually compliant with the legal values themselves that can be seen and felt by fellow members of the community.

Legal awareness is the awareness or value that humans have about existing laws or laws that are expected to exist. In reality, what is more emphasized is the values related to the legal function, not the legal assessment of certain events in the society concerned.

According to Soerjono and Salman, the nature of legal compliance has three factors that cause citizens to obey the law, namely as follows: a. compliance, b. identification, and c. internalization.

Compliance "An overt acceptance induced by expectation of rewards and an attempt to avoid possible punishment – not by any conviction in the desirability of the enforced nile. Power of the influencing agent is based on „means-control" and, as a consequence, the influenced person conforms only under supervision ". (A complicity based on the expectation of a reward and efforts to avoid punishment or sanctions that may be imposed if someone violates the provisions of the law. This compliance is based on the control of those in power rather than the belief in the legal purpose of the country concerned.

Identification "An acceptance of a rule is not because of its intrinsic value and appeal but because of a person's desire to maintain membership in a group or relationship with the agent. The source of power is the attractiveness of the relationship which the people enjoy with the group or agent, and his conformity with the rule will be dependent upon the salience of these relationships" (" Acceptance of rules is not because of their intrinsic value and attractiveness, but because of a person's desire to maintain membership in the group or relationship with agents. The source of power is the attractiveness of the relationships that people enjoy with groups or agents, and their conformity to the rules will depend on the significance of these relationships. ")

Occurs when adherence to the rule of law exists not because of its intrinsic value, but to maintain group membership and good relations with those authorized to apply the rule of law. The benefits derived from this relationship attract people to be obedient, so compliance is based on the benefits of interaction.

Internalization,: "The acceptance by an individual of a rule or behavior because he finds its content intrinsically rewarding... the content is congruent with a person's values either because his values are changed and adapted to the inevitable". ("Acceptance by an individual of a regulation or behavior because he finds the content intrinsically useful... the content is in accordance with one's values both because the values change and are adjusted to the inevitable).

At this point, one follows the rule of law because it is intrinsically advantageous. The content of theserules is in accordance with the values of the person concerned, or because he or she changed the values to which he or she originally adhered. The end result of this process is an intrinsically motivated conformity.

Conclusion

The legal framework under OJK Regulation No. 1/POJK.07/2014 demonstrates persistent challenges in effectively resolving disputes arising from unsecured credit defaults. Despite mediators' operational fulfillment of duties, internal resource constraints and external factors—such as asymmetric bargaining power and voluntary participation—limit resolution efficacy, as evidenced by low success rates in mediated cases. (Orientation & New, 2023). Normative shortcomings in the regulation's substance, particularly the non-binding nature of mediation outcomes, contribute to protracted processes and suboptimal deterrence. Compounded by prevailing legal culture issues, including inadequate public awareness of contractual obligations and rising non-performing loan ratios in consumer credit segments, the application of Friedman's legal system theory reveals systemic imbalances across structure, substance, and culture. These factors collectively undermine the regulation's capacity to deliver balanced protection and efficient dispute resolution in Indonesia's banking sector (Abdillah et al., 2024).

Suggestions

To improve the current regulations, OJK Regulation No. 1/POJK.07/2014 should be updated. This update would make mediation results partly binding for smaller disputes or require people to take part in mediation, similar to successful consumer protection systems. OJK itself needs

to be stronger, which means training more mediators, using digital tools to make mediation easier to access, and giving more resources to speed up how quickly problems are solved. We should also teach the public more about their contract duties and how mediation works, possibly as part of financial education, to encourage everyone to follow the rules. Finally, we need to regularly check how well mediation is working and how it relates to badloans,
so we can make changes based on real information.

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