



## Analysis of OJK's Role in Banking Sector Supervision: Issues and Legal Solutions

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### **Abstract**

This study analyzes the role of Otoritas Jasa Keuangan (OJK) in banking sector supervision in Indonesia, as well as the legal issues faced by OJK in carrying out its supervisory functions. The supervision of the banking sector faces increasingly complex challenges, particularly with regard to the development of banking technology, including fintech and digital banking. This paper also identifies legal solutions that can be implemented to address these challenges, such as the improvement of supervisory policies, regulatory updates, and increased collaboration with relevant institutions. Using a qualitative approach based on literature review, this study suggests that OJK accelerate regulatory updates and strengthen inter-institutional cooperation to optimize the supervision of the banking sector.

**Keywords:** *OJK; Fintech; Digital Banking; Legal Solutions; Regulations; Inter-Institutional Cooperation*

### **Introduction**

His supervision of the banking sector in Indonesia plays a very important role in maintaining the stability of the country's financial system. The banking sector is the backbone of the economy, as most economic activities in Indonesia involve financial services provided by banks. Banks have a primary function of collecting public funds and redistributing them in the form of credit, which supports both business sectors and public consumption. In addition, banks serve as crucial channels for the distribution of liquidity needed in the economy. This vital function makes banks highly vulnerable to financial crises, which can occur if supervision is not properly conducted. Risks such as non-performing loans, non-compliance with regulations, or failures in risk management have the potential to cause instability in the financial system. Such instability would affect the overall economy, worsen public distrust toward the financial sector, and could even reduce Indonesia's investment attractiveness. Therefore, the banking sector must be closely supervised to ensure smooth operations and to protect the economy from potential crises (Pramana et al., 2025).

O addresses the various challenges in the banking sector, the Financial Services Authority (OJK) as an independent institution holds a strategic role in supervising and regulating the banking sector in Indonesia. OJK was established with the aim of maintaining a stable, sound, and transparent financial system in Indonesia. With the existence of OJK, the supervision of bank operations has become more structured and coordinated. OJK ensures that banks carry out their duties and responsibilities according to

prudential principles regulated by law. OJK possesses broad authority, ranging from regulating and supervising bank operations, inspecting risky practices, to taking actions against banks that violate legal provisions. Moreover, OJK plays a role in ensuring that all parties involved in the banking sector, from financial institutions to customers, receive fair and proper legal protection. Through intensive supervision, OJK can ensure that banking practices not only benefit the banks themselves but also provide advantages for customers and maintain the integrity and transparency of Indonesia's banking sector (Nurdin et al., 2024).

The impact of effective supervision by OJK is strongly felt in maintaining public integrity and trust in the banking sector. Trust is one of the most critical factors in the banking industry, and when supervision fails, it can lead to practices that harm the public. One example is the issuance of non-performing loans, where banks provide credit to debtors unable to repay, potentially triggering a banking crisis. Such crises not only threaten the banking sector but can also spread to other sectors of the economy, worsening unemployment rates and reducing public income. Therefore, OJK plays an essential role in ensuring that every decision made by banks remains within safe boundaries and does not harm the public. Strict supervision reduces the potential for non-performing loans, improves the quality of risk management in banks, and enhances the transparency of bank operations and financial reporting. In this way, OJK can preserve public trust in banks while minimizing potential losses for the community using banking services (Meirinaldi & Sudijo, 2018).

Moreover, the supervision of the banking sector also plays a crucial role in preventing systemic risks that could affect the macroeconomy. Systemic risk occurs when problems within the banking sector lead to systemic failures impacting the entire economy, as seen during the global financial crisis. Instability arising from the banking sector, such as banking crises, can cause the collapse of other economic sectors, ultimately harming the country and its people. In this regard, OJK focuses on supervision that not only covers the financial health of banks but also the resilience of the banking system against external shocks, such as global market fluctuations and changes in monetary policy. OJK works together with Bank Indonesia and other institutions to ensure that each bank has sufficient resilience to withstand difficult economic situations. By overseeing risky banking practices, OJK can prevent crises that could harm both the banking sector and the overall Indonesian economy. Through these efforts, OJK ensures that Indonesia's banking sector remains strong and ready to face evolving economic challenges, both domestically and globally (Wowor et al., 2025).

### ***Research Questions***

Based on the background described above, the problem formulation in this study is as follows:

1. What are the challenges faced by OJK in supervising the banking sector?
2. What legal solutions can be implemented to address these issues?

### ***Research Objectives***

The objectives of this study are:

1. To identify and analyze the role of OJK in supervising the banking sector, and to propose legal solutions to the existing issues.

## **Literature Review**

The literature review in this study examines a variety of literature related to the supervision of the banking sector, the role of Otoritas Jasa Keuangan (OJK), as well as various legal issues and solutions within the context of banking sector supervision in Indonesia. As a sector that holds a highly important position within the economy, the banking sector requires effective regulation and supervision in order to maintain the sustainability, stability, and security of the financial system. The supervision conducted by OJK in this context has a significant impact on the integrity of Indonesia's financial system, which in turn influences the overall economic welfare of society at large. Therefore, an in-depth understanding of the role of OJK, as well as the issues that arise in banking sector supervision, is crucial to strengthening the financial supervisory system in Indonesia.

### **Banking Sector Supervision and the Role of OJK**

Banking sector supervision in Indonesia has undergone significant development since the establishment of Otoritas Jasa Keuangan (OJK) in 2011. Previously, supervision of the financial sector in Indonesia was primarily carried out by Bank Indonesia, which was responsible for regulating monetary policy and overseeing the banking sector. However, with the formation of OJK, the supervision of the financial sector, including banking, has become more integrated and coordinated under a single independent institution. OJK holds broader authority in supervising and regulating all financial service sectors in Indonesia, including conventional and Islamic banks. Law No. 21 of 2011 concerning OJK provides a clear legal foundation for this institution to perform its functions as the supervisor of the financial sector.

According to Adhnin et al. (2024) OJK aims to maintain the stability of the financial system, enhance transparency and accountability, and protect customer interests. OJK not only serves as a supervisor but also acts as a body that provides guidance and direction to banks in carrying out their functions in accordance with prevailing regulations. One of OJK's main functions is to ensure that banks in Indonesia operate within a clear legal framework and apply prudent principles in every banking transaction. Through this function, OJK is expected to mitigate systemic risks that could affect the overall economy and maintain the credibility of Indonesia's banking sector in the eyes of the public and investors.

Research by Makur & Astutik (2023) states that one of the biggest challenges for OJK is creating effective supervision for banks operating in environments full of new dynamics and innovations, such as fintech and digital banks. Although OJK has attempted to update regulations to cover these new aspects, supervision over the rapid developments in the digital and financial technology sectors still requires regulatory updates that are faster and more responsive to ongoing changes. In this regard, OJK serves as an institution that ensures the banking and financial sectors operate with high transparency, while also protecting consumers from potential risks that may arise from untested innovations.

### **Issues in Banking Supervision**

Although OJK has made various efforts in supervising the banking sector, there are several major issues that frequently arise in the implementation of such supervision. One of the most common issues faced by OJK is the risk of non-performing loans (NPLs). The deterioration of loan quality provided by banks often leads to substantial financial losses. Sudarto & Santoso (2019) state that NPLs are a major challenge faced by Indonesia's banking sector, especially during economic crises or periods of market instability. Non-performing loans can reduce the quality of bank assets and affect bank liquidity, which in turn diminishes the bank's capacity to extend further credit, potentially worsening the overall economic condition.

In addition, there are problems related to compliance violations against regulations set by OJK. Some banks in Indonesia are often involved in practices that breach existing rules, such as failing to meet the required minimum capital standards or failing to provide transparent financial reporting. Violations of these rules can reduce the credibility of Indonesia's banking sector and damage public trust in the banking system. This demands that OJK perform stricter supervision and impose firm sanctions on banks that violate the regulations. Yustianti (2017) also notes that supervision over these violations is often hindered by internal system issues within OJK, which may still require improvements to cope with more complex challenges in the banking sector.

Another issue relates to transparency in banks' financial reporting. A lack of clarity in financial reports can obscure the real picture of a bank's health and make it difficult for OJK to perform effective supervision. This also hinders customers from making informed decisions regarding the banking products they choose. Therefore, transparency in financial reporting becomes extremely important in banking sector supervision, and OJK must ensure that every bank complies with clear and publicly accessible reporting standards (Yustianti, 2017).

### **The Role of Technology in Banking Supervision**

Along with technological developments, Regulatory Technology (RegTech) has increasingly played a vital role in banking sector supervision. (Faried & Dewi, 2020) explain that through the application of technologies such as data analytics and artificial intelligence (AI), OJK can monitor banking activities more quickly and efficiently. These technologies allow OJK to detect potential problems at an early stage, gain deeper insights into banks' financial conditions, and enhance supervisory transparency. RegTech also helps OJK in evaluating bank performance in real-time, enabling quicker responses to any emerging issues.

Furthermore, the use of such technologies also reduces the potential risk of undetected issues that could arise in manual supervision, especially when dealing with highly dynamic and complex situations in today's banking sector. Analytics technology enables more proactive supervision, which decreases the likelihood of financial crises with systemic impacts. Sari (2018) reveals that such technology allows OJK to conduct more effective monitoring, using data analytics to identify trends and patterns that may not be easily visible through traditional supervision methods.

### **Legal Solutions for Banking Supervision**

To improve the effectiveness of supervision, several legal solutions have been proposed. One of them is the updating of regulations to accommodate developments in the banking world, such as the increasing use of fintech and digital banks. Abubakar & Handayani (2022) argue that OJK needs to update its supervisory policies to align with changes in the financial industry, including digital transactions and other financial technologies. These updates aim to ensure the security of the financial sector and protect consumers from potential risks posed by new innovations that may not yet be fully understood or tested.

In addition, stricter law enforcement against banks that violate regulations is highly necessary. OJK needs to clarify the sanction system applied to banks that breach the rules in order to create a deterrent effect and ensure that the banking sector operates in accordance with prudent principles. The imposition of greater administrative penalties or fines could be one way to enhance banks' seriousness in complying with existing regulations. Sari (2018) also suggests that OJK should strengthen its cooperation with other institutions, such as Bank Indonesia and the Corruption Eradication Commission (KPK), to address issues related to corruption and abuse of authority that could harm consumers and the Indonesian economy as a whole.

## **Research Method**

### **Type of Research**

This research is qualitative, aiming to gain an in-depth understanding of the role of Otoritas Jasa Keuangan (OJK) in the supervision of the banking sector in Indonesia. This qualitative research focuses more on descriptive analysis rather than numerical measurement, making it more suitable for exploring social and legal phenomena that occur in the field. In this context, the research aims to explain and describe various dynamics involved in banking sector supervision, particularly related to the regulations applied by OJK, issues encountered in supervision, and existing legal solutions. The qualitative approach also allows the researcher to gain deeper insights into practices and policies that might not be revealed through quantitative methods.

### **Research Approach**

The approach used in this research is literature study. Literature study is an approach that relies on the collection and analysis of data from written sources relevant to the research topic. These sources include books, scientific journals, official reports from Otoritas Jasa Keuangan (OJK), laws and regulations, as well as related articles discussing banking sector supervision, OJK regulations, and legal challenges in Indonesia's banking sector. Through this literature study approach, the researcher can identify relevant theories, policies in place, and findings from previous studies that can be used to build a conceptual framework to address the research problem. Additionally, this approach enables the researcher to examine different perspectives and consolidate the available information to reach a more comprehensive conclusion.

In addition to the literature study, the approach of analyzing laws and regulations is also used to examine the regulations applied by Otoritas Jasa Keuangan (OJK) in the supervision of the banking sector. This is crucial for understanding how existing regulations interact with banking supervision practices and how Otoritas Jasa Keuangan (OJK) exercises its authority within the applicable legal context.

### **Data Collection Method**

The data collection methods used in this research are literature study and the collection of legal documents. Literature study involves reviewing various relevant literatures, such as books, journal articles, and previous research reports discussing banking sector supervision and Otoritas Jasa Keuangan (OJK) regulations. Additionally, the collection of legal documents, which include laws and regulations, Otoritas Jasa Keuangan (OJK) policies, as well as annual reports from Otoritas Jasa Keuangan (OJK) and Bank Indonesia, is also conducted to obtain more objective and comprehensive data related to the regulation of the banking sector in Indonesia.

It is important to note that this secondary data collection is based on existing sources, allowing the researcher to analyze and interpret the data obtained without the need for direct interviews or field surveys. By using this method, the researcher can gain a deeper understanding of the existing regulations, the issues that frequently arise in banking supervision, and the legal solutions that Otoritas Jasa Keuangan (OJK) has implemented.

### **Data Analysis Method**

In this research, the collected data will be analyzed using thematic analysis and content analysis. Thematic analysis is used to identify the main themes that emerge from the literature reviewed. The researcher will look for recurring patterns or topics in the various sources collected, such as challenges

faced by Otoritas Jasa Keuangan (OJK) in banking sector supervision, transparency issues, non-performing loan risks, and legal solutions proposed by experts. Content analysis will be used to assess how Otoritas Jasa Keuangan (OJK) regulations and policies are applied in practice and their impact on the banking sector. This technique allows the researcher to examine the meaning and context of each part of the data collected, such as the articles in the laws and regulations related to banking sector supervision.

Additionally, legal comparison may be used to compare existing policies and regulations in Indonesia with banking supervision practices in other countries. This is useful for identifying the strengths and weaknesses of banking sector supervision in Indonesia and proposing improvements that could be made by referring to examples from countries with more advanced banking supervision systems. By using these methods, this research can provide an in-depth analysis of Otoritas Jasa Keuangan (OJK)'s banking sector supervision and how it contributes to the stability of the financial system in Indonesia.

The research methods used in this study are qualitative, with a literature study approach that relies on the collection of secondary data from various relevant sources, including scientific literature, legal documents, and official reports. By using thematic analysis and content analysis, this research aims to delve deeply into Otoritas Jasa Keuangan (OJK)'s role in banking sector supervision, the challenges it faces, and the legal solutions proposed. With this approach, this research is expected to provide a more comprehensive understanding of banking supervision in Indonesia and offer policy recommendations to improve supervision practices in the future.

## ***Discussion***

### **Challenges Faced by OJK in Supervising the Banking Sector**

Otoritas Jasa Keuangan (OJK) faces a number of challenges in performing its supervisory duties over the banking sector in Indonesia. One of the main challenges is the complexity of the banking industry, which is continually evolving and becoming more dynamic. The Indonesian banking industry has undergone drastic changes with the emergence of various innovations, such as digital banks and fintech, which have made the supervision process more complicated. Sofyan (2020) notes that the rise of technology-based banks and digital financial services requires OJK to quickly adapt. Supervision of the banking sector, which now involves financial technology (fintech) and digital transactions, requires regulations that are more flexible and adaptive. However, the existing regulations often fail to accommodate the new products introduced by digital banks or fintech platforms, which can increase the burden on OJK in carrying out comprehensive supervision. In addition, slow regulatory changes to keep up with these developments hinder the speed of supervision over technology-based financial products, often creating regulatory gaps (Sujarweni, 2019).

Furthermore, limited resources have become one of the biggest obstacles in banking sector supervision. OJK faces difficulties in efficiently monitoring all the banks operating in Indonesia, especially with more than 100 banks currently in operation. As the number of banks grows and the types of banking transactions become increasingly complex, OJK needs more personnel and more advanced supervisory tools to ensure effective supervision. Karim (2020) states that OJK lacks trained human resources in supervision, particularly regarding digital banking and fintech transactions. In addition, while regulatory technology (RegTech)-based supervision has started to be implemented, limited funding and the shortage of trained personnel hinder the optimal use of this technology. These limitations make it difficult for OJK to conduct in-depth field inspections of each bank, which ultimately reduces the effectiveness of supervision.

Another issue faced by OJK is the misalignment of regulations with the changes occurring in the banking sector. As banking technology develops rapidly, some existing regulations have become

irrelevant to the needs of the industry. Several regulations implemented by OJK are often outdated, particularly in terms of supervising digital transactions and the use of fintech products, which were not anticipated in the existing regulations. Sujarweni (2019) reveals that current regulations are unable to accommodate all types of transactions and services that arise from banking innovations, such as online loan products, which are not fully protected by existing regulations. Therefore, the mismatch between regulations and evolving practices creates difficulties in maintaining the integrity of supervision, as well as opening opportunities for abuse that can harm customers and undermine the credibility of the banking sector.

Lastly, challenges in law enforcement also pose a significant problem for OJK. Although OJK has the authority to impose administrative sanctions on banks that violate regulations, there is often resistance from the banks or difficulties in the lengthy legal process. Bastian (2021) notes that although OJK has made efforts to strengthen law enforcement, the lengthy legal processes and lack of clarity in the application of sanctions make it less effective in addressing violations. Slow law enforcement, coupled with unclear procedures for applying sanctions, often hinders the success of OJK's supervisory efforts. This allows non-compliant banking practices to persist for extended periods, diminishing public trust in the banking sector.

With these various challenges, it is clear that OJK's supervision of the banking sector requires swift and precise reforms, both in terms of regulations, the use of technology, and the addition of resources to address the growing complexity of the banking sector.

### **Legal Solutions in Banking Supervision**

To address the various challenges faced by Otoritas Jasa Keuangan (OJK) in supervising the banking sector, several legal solutions need to be implemented. These solutions aim to improve the effectiveness of supervision, maintain the stability of the financial system, and anticipate the rapid technological developments in the banking sector. Some of the solutions that can be applied include improving supervisory policies, regulatory changes, and enhancing cooperation with related institutions.

#### **Improvement of Supervisory Policies**

One key solution that can be implemented is the improvement of supervisory policies that are more adaptive and responsive to the rapid developments in the banking sector, especially related to financial technology (fintech) and digital banks. The rapid development of digital banking and fintech services has significantly changed the banking landscape. Therefore, OJK needs to introduce more flexible and dynamic policies in overseeing technology-based products and services. Sujarweni (2019) argues that more comprehensive and updated supervisory policies are essential to ensure that technology-based financial products can be effectively supervised without hindering innovation. One proposed solution is the development of a RegTech (Regulatory Technology)-based supervision system, which would allow OJK to monitor transactions in real-time. Arifin (2021) suggests that by using data analytics and artificial intelligence (AI), OJK can detect potential issues early, provide direct bank performance evaluations, and increase transparency and accuracy in overseeing transactions carried out by banks. With this system, OJK's supervision can be quicker and more efficient in responding to developments in the technology-based banking sector.

#### **Regulatory Changes**

Another legal solution is faster and more responsive regulatory changes to keep up with the changes occurring in the banking sector, especially concerning the emergence of new technologies such as digital banks and fintech. Irawan (2020) states that banking sector regulations need to be adjusted to technological advancements, such as digitalization in banking transactions. This change is important so

that existing regulations can accommodate the increasing number of new products and services, including fintech products and digital payment platforms. For example, OJK needs to create more specific and clear regulations regarding online loans, blockchain-based transactions, and other applications that are increasingly developing in the fintech sector. Regulatory changes that are more responsive to market changes will ensure that Indonesia's banking sector remains within a healthy and controlled framework while providing room for innovation. Sujarweni (2019) emphasizes the importance of continuously updating regulations to keep pace with global trends so that Indonesia's banking sector can compete in the international market and prevent systemic risks.

### Enhancing Cooperation with Relevant Institutions

Another critical solution to improving banking supervision is enhancing cooperation between OJK and other institutions, such as Bank Indonesia (BI) and the Financial Transaction Reports and Analysis Center (PPATK). Interinstitutional cooperation is crucial to strengthen supervision and address systemic risks as well as banking crimes, such as money laundering and terrorist financing. Sofyan (2020) reveals that synergy between OJK and BI is essential in supervising financial system stability, including oversight of macroprudential regulations related to banking. Additionally, cooperation with PPATK to combat money laundering and terrorist financing is necessary to maintain the integrity of the financial sector. OJK, BI, and PPATK can share data, information, and analysis results to improve the effectiveness of supervision and ensure that transactions conducted by banks adhere to applicable legal and ethical standards. This interinstitutional synergy also allows for the detection of potential issues that may not be identified by a single institution and helps in faster and more effective prevention of banking crimes. Karim (2020) also adds that enhanced cooperation between government institutions and relevant private sector parties is necessary to create a stronger and more coordinated supervisory ecosystem, which in turn ensures the sustainability of a stable banking system.

### Evaluation of the Implementation of Legal Solutions

This subsection aims to evaluate how effective the legal solutions implemented by Otoritas Jasa Keuangan (OJK) have been in addressing the challenges faced in supervising the banking sector. The evaluation will cover an analysis of key aspects such as obstacles in implementation, limited regulatory changes, slow law enforcement processes, and advancements in technology usage. Although several legal solutions have been implemented, banking sector supervision in Indonesia still faces challenges that require further attention and improvement

#### Obstacles in Implementation

One of the main obstacles faced by OJK in implementing legal solutions is the lack of resources, both in terms of funding and trained personnel, to carry out more effective supervision. Although OJK has introduced various new regulations and technology-based supervision systems like RegTech, limitations in budget and the number of staff trained in technology-based supervision remain significant hurdles. Karim (2020) notes that as the banking sector develops, particularly with the emergence of digital banks and fintech, there is a need for more personnel who are better trained in using new technologies to supervise transactions and financial activities. Moreover, limited funding restricts OJK's ability to expand its supervisory capacity and conduct more thorough inspections across financial institutions. This resource limitation often slows OJK's ability to detect violations or emerging risks in the banking sector.

#### Limited Regulatory Changes

Although OJK has made regulatory changes to accommodate the rise of digital banks and fintech, these changes are still limited and have not fully addressed the challenges in the banking sector. Many banks and fintech platforms operate outside the existing regulatory framework, indicating a misalignment



between the regulations implemented and the practices on the ground. Sujarweni (2019) reveals that despite the issuance of regulations related to digital banking and fintech, many fintech platforms are not registered or lack clear licenses, and many digital banks operate without adequate supervision. This shows that the regulations implemented by OJK sometimes fail to keep up with technological advancements, leading to certain technology-based banking products or services operating outside effective supervision. Therefore, while regulatory updates have occurred, the mismatch between regulations and practices on the ground shows that OJK needs to expedite the regulatory adaptation process to keep pace with changes in the banking sector.

### Slow Law Enforcement Processes

The law enforcement process against banks that violate regulations often encounters significant obstacles, one of which is the lengthy legal process and lack of transparency in the implementation of sanctions. Although OJK has the authority to impose administrative sanctions and severe penalties on banks that breach regulations, the sanctioning process is often slow, and there is a lack of clarity in applying penalties to offending banks. Bastian (2021) notes that although OJK has increased its law enforcement efforts, the lengthy process and lack of transparency in sanctioning lead to ineffective supervision. This results in resistance from banks, which often feel that violations of regulations are not punished decisively. Therefore, more efficient and transparent law enforcement is needed to improve compliance in the banking sector and create a deterrent effect for banks that violate existing regulations.

### Advancements in Technology Usage

Despite the challenges faced by OJK in banking sector supervision, there have been significant advancements in the use of technology to improve supervision effectiveness. The use of RegTech (Regulatory Technology), which includes data analytics, artificial intelligence (AI), and blockchain to monitor financial transactions, allows OJK to supervise banking activities more quickly and efficiently. Arifin (2021) explains that the use of this technology enables OJK to detect potential issues early, gain deeper insights into the financial conditions of banks, and enhance transparency in supervision. OJK has started implementing this technology to speed up the supervision of financial transactions, identify suspicious patterns, and reduce dependence on manual supervision. Karim (2020) also emphasizes that these technological advancements help OJK monitor the development of fintech and digital banking, enabling more accurate and responsive supervision to emerging risks.

However, despite the great benefits of these technological advancements, the implementation is still limited by human resource issues, as personnel still need to improve their ability to use advanced technologies. Therefore, despite the significant progress, OJK must continue to innovate and strengthen its technology-based supervisory capacity to tackle the growing challenges in the banking sector.

Although OJK has implemented various legal solutions to address the challenges in banking sector supervision, several obstacles remain that need to be addressed. Key challenges such as limited resources, the still limited regulatory changes, and slow law enforcement processes require more attention in their implementation. However, advancements in technology usage, such as the adoption of RegTech, show great potential for improving the efficiency and effectiveness of banking sector supervision. Therefore, OJK needs to continue adapting to the ever-changing banking sector and accelerate the implementation of the proposed solutions.

## Summary

### Conclusion

Based on the discussions that have been conducted, it can be concluded that the Otoritas Jasa Keuangan (OJK) plays a very important role in maintaining the stability of the banking sector in Indonesia. OJK is responsible for ensuring that the banking sector operates within a clear legal framework and with prudential principles. Although several efforts have been made to address the challenges faced in banking sector supervision, such as the development of RegTech, regulatory changes, and improved cooperation with related institutions, key challenges such as the complexity of the banking industry, resource limitations, and slow law enforcement remain major barriers to the implementation of effective supervision.

The supervision carried out by OJK requires faster and more responsive regulations to keep up with the increasingly digital and technology-based banking sector. The slow law enforcement process and lack of transparency in the application of sanctions also hinder the success of banking sector supervision in Indonesia. Furthermore, although significant progress has been made in the use of technology, such as RegTech, OJK still faces limitations in human resources trained to fully utilize this technology. Overall, while progress has been made, banking sector supervision still requires improvements and strengthening in several aspects.

### Recommendations

1. OJK needs to improve human resource capacity through intensive training and strengthen technology infrastructure to support RegTech-based supervision.
2. Regulations should be updated more quickly to accommodate technological innovations such as digital banks and fintech, so that supervision remains relevant and effective.
3. OJK should strengthen coordination with Bank Indonesia (BI) and PPATK to accelerate the detection and handling of systemic issues and banking crimes.
4. The law enforcement process should be faster, more transparent, and provide a deterrent effect for banks that violate regulations, to increase compliance in the banking sector.
5. OJK needs to introduce clearer regulations to govern fintech and digital banking to ensure stricter supervision and prevent illegal practices.

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