

Amendments to FSA Act in Order to Realize Legal Functions in Economic Activities in Indonesia



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ABSTRACT: The problem of law in research is how to change FSA's objectives and duties in the Law on Development and Strengthening of the Financial Sector. In Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector. The research results show that there is no change in the objectives of the Authority Service Finance—amendment-shaped changes and additions. Changes and Additions are shaped first. Additional FSA's duties in the FSA Law consist of 3 significant elements, while the PPSK Law consists of the 7 great elements of sector finance. Second, the arrangement of FSA's duties consists of 1 verse in the FSA Law, whereas in the PPSK Law, the FSA's duties consist of 2 verses. Verse 2 states that the Financial Services Authority, in its job, carries out development sector finance and coordinates with ministry/agency and authority-related. Changes and additions to provisions about FSA's duties show function law that looks forward as a social engineering tool. This research is a type of normative research

KEYWORDS: Changes, Duties, FSA, Law, Reseach

I. INTRODUCTION

In Indonesia, the Financial Services Authority (hereinafter referred to as the Financial Services Authority called FSA) is an institution that was formed under Law No. 21 of 2011. Regulation and supervision of sector service finance given to the FSA by the previous institutions have authority. There are Lots of constraints for carrying out mandate regulation and supervision all over sector finance. Progress technology in various aspects, such as finance, is one of the sectors affected by rapid progress technology, specifically technology finance. On the other hand, various Types of financial institutions appear with all the risks the business brings. The condition thus brings up issues and challenges for the FSA, which is given the task Of regulating and supervising all sectors of finance in Indonesia. In 2023, Law No. 4 of 2023 was issued 2023 about the Development and Strengthening of the Financial Sector. So, the problem of law in research is how to change FSA's objectives and duties in the Law on Development and Strengthening of the Financial Sector. The law unites several settings related to institutional activities in the field economy, including FSA. Research was conducted previously by the author or other related parties with the implementation of the PPSK Law, and research was conducted by Theresia Anita et al. (2023, 2023, 2023). Research Another study by other researchers discussed the Central Bank Institution and the Financial Services Authority, which are being reviewed from the perspective of Regulation in other countries. Research including research conducted by Monnet, E (2023), Lars P Feld, Volker Wieland (2021), Thomas F Huertas (2022), Istrefi, K. & Piloiu, A. (2020), Jones, E. and Knaack, P. (2019). Research studies analyze financial services authorities from other country settings.

II. METHODS OF RESEARCH

This is a normative study, a type of research focusing on regulations and legislation. Type study This prioritizes secondary data over primary data. Secondary data types shared become material primary law and materials law secondary. Study This No using primary data. Source person used For can clarify material primary law as secondary data without clarity. Collection techniques The data use study bibliography. Data analysis using data analysis techniques type ;

III. RESULT AND DISCUSSION

Function of Law in Economic Activities

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In public life, there are several fields: field economy, field law, socio-cultural fields, and field politics. Field economy influences other aspects, as stated by theory cybernetics Talcot Parson. The field economy has also been proven to influence policy in many other fields. On the other hand, party laws function as guidelines for economic behavior in society. The goal is that potential conflict consequence behavior is public in chasing different interests that can be minimized. The Economy has the potential to cause conflict in society. If conflict the no management with okay then will bother sustainability activity economy said. The situation will have an impact on the overall field of society. The law required guidelines for the perpetrator's Economy to achieve an objective activity economy without harming the perpetrator's other Economy. Mixing the state's hand-in-form Regulation becomes required to smoothen the objective perpetrator economy in reaching the purpose. Mixing the state's hand in form regulation is also needed in the financial sector (Uwe Vollmer (2021); likewise, implementing the PPSK Law will develop and strengthen the financial sector, including financial sector regulation. The formation of the PPSK Law is an umbrella law for financial sector activities that will be stronger in harmony with the improvement protection law for consumers. It shows a mix of the state's hand in forming regulations in the field of Economy, especially in the field of banking (Matyunina, A., Ongena,); banking is one of the institutions in sector finance Objective law For give benefit for service sector activities finance and protection consumer implemented with Regulation The purpose of law This by Objective the law stated by Jeremy Bentham (Cello, L., 2020) In other words, the PPSK Law was formed is embodiment function law in financial sector activities.

Function means (KBBI, 2024) what is done or the usefulness of something. Law seen from its function can be divided into two different views. The first view is that law can only follow the development of society (backward-looking), and law functions as a tool for engineering or changing society. (" *a tool of social engineering* "). Forward-looking law (*Forward-looking*). In this function, the law is at the forefront of the development and dynamics of society. The legislators have far-sighted thoughts outlined in the regulations that will come into force. Legal opinions that exist after the dynamics of societal development are based on two teachings.

The first is the teachings of the Historical School put forward by Von Savigny, who said that law is not made but exists and grows together with society. (This teaching is based on the fact that in this world, there are many nations, each of which has its own, each has a *Volkgeist* (people's soul) and differs both according to time and place (Otje Salman, 2009). The two teachings of Ter Haar are known as the Decision theory (*Beslissingenleer*), which states that only customs recognized by the rulers (traditional leaders) in those decisions are law. The consequences of the function of law will grow together with societal changes, and then the law, in this case, will change, waiting for societal changes. The law exists after the development and changes in society that occur. The lawmakers are said to be *backward-oriented looking*). From the perspective of the function of law in economic development, the law will always lag behind the dynamics of very rapid societal development. Law is seen from its function according to Roscou's teachings. Pound said that " *Law is a tool of social engineering* " (law as a tool for social reform). The function of law as a tool for social reform is that law must be a tool or means to change and renew society as desired. The consequence of the function of law as a tool for social reform is that the law that regulates and directs the development of society must exist before societal changes. Lawmakers must always be *forward-oriented looking*). In today's economic development, facing various changes in society that require legal certainty in regulating these changes, it is more appropriate to say that law, in the sense of statutes, can be used to engineer and change society. Lawmakers must be forward-looking in the sense of being able to predict future developments in society so that the purpose of law to provide certainty, justice, and benefits can be realized.

Background Behind the Act Number 4 of 2023 Concerning Development and Strengthening of the Financial Sector

Regulation This law was formed based on reform in the financial sector, which urgently increases the role of financial sector intermediation and strengthens the resilience system of finance. Financial sector problems between others First, the lack of leveling source funding is still focused on the banking sector. It is still very dominant compared to others in sketcher finance. A portion of assets in the financial industry nonbank, a long-term funding source expected length, can support financing development but is seen as relatively small. Condition the can indicate that fundraising by industry finance is relatively limited whereas potential deepening market finance national each big Enough.

Second, in the banking sector alone, we can see the improvement in flower loans and the inequality in accounts and savings between customers, small and large. Third: The emergence of instruments of complex and risky finances, like crypto, and also related to evaluation order management and enforcement law in the financial sector in various assessments. The latest does not yet show certainty law. Third: The existence of the crisis very global finance high and influential on the financial sector in Indonesia, so This law was formed from efforts government to increase the stability system finance, protect interest customers, and support sustainable economic growth, then renew the system finance and form body supervisor and the regulator, namely on institution Committee Stability system finance, institutions guarantor savings, Authority Service Finance, Bank Indonesia, and other parts Insurance. Through various problems in the financial sector, the government made policy. It formed Regulation Legislation Number 4 of 2023 Concerning Development and Strengthening of the Financial Sector, officially set on January 12, 2023. Formation This

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law aims to improve the financial sector's role in sustainable financing activities that can strengthen quality sources of power in the financial sector.

Change strengthening about FSA's Objectives and Duties in the Financial Sector Development and Strengthening Law.

Article 8 of the Law Development And Strengthening the Financial Sector lists Authority Service Finance (FSA). Provisions in Constitution Authority Service Finance There are several amended and deleted articles , as well as united articles and Chapters listed in Constitution Number 21 of 2011 concerning Authority Service Finance (FSA). Articles that have been changed, namely: article 1, article 2, article 5, article 6, article 9, article 10, article 15, article 17, article 42, article 25, article 34, article 35, article 37, and article 38. The articles , namely Article 8 and Article 9, were inserted with 2 (two) articles, Article 8A and Article 8B, Article 36 and Article 37 are inserted into two articles, namely Article 36A and Article 36B. Article 36 explains the design work and budget of the Financial Services Authority (FSA) as listed in Article 34 and Article 35, which will be valid in the upcoming 2025 budget. Meanwhile, Article 36B explains How to design work and budget. The Financial Services Authority (FSA) in question in Articles 34, 35, the regulations government regulates 36A, as well as there is an inserted Chapter between Chapter IX and Chapter X, namely Chapter IXA, which discusses the Supervisory Body Financial Services Authority, as follows in Chapter IXA there is inserted article Article 38 and Article 39 are inserted into 3 (three) articles namely article 38A, article 38B and article 38C. Article 48 and Article 49 were inserted into 2 (two) articles, namely Article 48A and Article 48B, as follows the amended article in this chapter, namely Article 49, Article 53, and Article 54. The objectives and duties of the FSA in Law No. 21 of 2011 will outlined Next. The existence of FSA, which is given by Law No. 21 of 2011, has a purpose. Purpose The formation of FSA is regulated. Article 4 of the FSA states that FSA was formed with the aim of the whole activities in sector service finance: organized in a way that is orderly, fair, transparent, and accountable; capable of realizing system finances that grow sustainable and stable, and capable of protecting the interests of Consumers and society. also, The FSA's functions are regulated in Article 5 of the FSA Law, which states that FSA functions to organize system-integrated Regulation and supervision to overall activities

inside sector service finance. Furthermore, FSA functions as stipulated in Articles 4 and 5 in reaching objectives and implementing. Then, the FSA is given a license task task. FSA's tasks are determined in Article 6 of the FSA Law. Article 6 of Law No. 21 of 2011 concerning the FSA states that FSA's duties are " FSA carries out task regulation and supervision against: "Activities service finance in sector Banking, Activities service finance in the capital market sector and activities service finance in the insurance sector, pension funds, institutions financing and institutions service finance other. "

The FSA's duties are as follows: the tasks before the FSA Law emerged were Bank Indonesia's duties, such as those poured out in Law No. 23 of 1999, along with the changes. With the existence of the FSA Law, regulating and supervising institutional banking in micro-prudentials has diverted to FSA matters. It means that Bank Indonesia still has duties and authorities in the task of regulating and supervising institutional banking limited to the field of macro-prudential (Theresia Anita Christiani, 2017)

The explanation of Article 6 of Law No. 21 of 2011 only states that it is clear enough. Former Invite Invite No explanation is given because the felt chapter is already evident. Article 6. It can be reviewed that the FSA's duties are to carry out task regulation and supervision in sector service finance, once again confirming that with this FSA Law, the FSA has both task supervision and task settings. Bank Indonesia previously owned task regulation and supervision in sector banking. When this happens, Bank Indonesia still holds the authority to implement task regulation and supervise Bank Indonesia in the scope of macroprudential. FSA's duties in carrying out task regulation and supervision to activity The capital market sector is a previous task, and the existence of the FSA Law is the duty of the Capital Market Supervisory Agency. FSA's duties in carrying out " regulation and supervision " of activities service finance in the insurance sector, pension funds, institutions financing, and institutions service finance are the tasks given to FSA after the FSA Law was born—financing institutions in chapter the including venture capital, leasing. From room scope sector service existing finances that become realm supervision and Regulation of FSA, FSA's duties are supervising and regulating all over activity sector service finance. The FSA's task is naturally to bring consequences to the weighted responsibility imposed on the FSA so that it can reach the objective establishment of the FSA. FSA supervises and regulates all over activity sector service finance, whether in the form of a bank or not in the form of a bank Provisions provide FSA's duties to do the arrangements and supervision outlined in Article 6 letter c, which states: Activities service finance in the insurance sector, pension funds, institutions financing and institutions service finance others. Article 6, letter c, indeed needs an explanation about the definition of the insurance sector, pension funds, institutions financing, institutions service finance, etc. The word " institution " service finance others "in Article 6 Letter C also provides the interpretation that all institutions' existing finances, or what will be there, are. Then, society will become the realm of Regulation and supervision of FSA in terms of dynamics. FSA's duties are stated in Article 6 given in frame reach FSA's stated objectives in Article 4 of the PPSK Law states several changes and additions that have been made explained previously related to The objectives and duties of the FSA, the PPSK Law stipulates that: First: related with FSA's objectives, then No There is One anyhow in the part The Financial Services Authority regulates about deletion, addition or change from old provisions. This matter means that the provision about the purpose of FSA is that the objectives of FSA are following Law No. 21 of 2011 concerning

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FSA. Second, related to FSA's duties then, there are the provisions stating that Provisions Article 6 amended so that sounds as follows : (1) Financial Services Authority carries out task regulation and supervision regarding activities service finance in the sector Banking; activities service finance in the Capital Market sector, finance Derivatives, and carbon exchanges; activities service finance in the sector Insurance, Guarantees, and Pension Funds; activities service finance in the Financing Institutions sector, venture capital companies, financial institutions finance micro, and other financial institution; activities in the ITSK sector as well asset digital finance and assets crypto; behavior perpetrator business service finance as well as implementation Education and Protection Consumers; and sectors finance in a way integrated as well as do assessment impact systemic Conglomeration Finance. (2) Besides the task as meant in paragraph (1), the Financial Services Authority on duty carries out development sector finance and coordinates with the ministry/agency and authority related.

If studied and analyzed with provision duties in the FSA Law, then additional provisions can be analyzed as follows:

- a. The terminology of FSA's duties is Regulation and supervision, still used in the PPSK Law
- b. In addition, FSA's duties in the FSA Law consist of 3 significant elements, while the PPSK Law consists of the seven significant elements of sector finance.
- c. FSA's duties consist of 1 verse in the FSA Law, whereas in the PPSK Law, the FSA's duties consist of 2 verses. Verse 2 states that the Financial Services Authority, in its job, carries out development sector finance and coordinates with ministry/agency and authority related.

IV. CONCLUSIONS

In Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector, there is no change in objective Authority Service Finance—amendment-shaped changes and additions. Changes and Additions are shaped first. Additional FSA's duties in the FSA Law consist of 3 significant elements, while the PPSK Law consists of the 7 great elements of sector finance. Second, the arrangement of FSA's duties consists of 1 verse in the FSA Law, whereas in the PPSK Law, the FSA's duties consist of 2 verses. Verse 2 states that the Financial Services Authority, in its job, carries out development sector finance and coordinates with ministry/agency and authority related. Changes and additions to provisions about FSA's duties show function law that looks forward as a tool of social engineering.

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