

Legal Certainty on Financial Technology Organisers: Perspective of Regulatory Sandbox Implementation

Wardah Yuspin^{a*}, Yustisia Resty Anggita Putri^b, Moh Ikbal^c, ^{a,b,c}School of Law, Universitas Muhammadiyah Surakarta, Surakarta, Indonesia, Email: ^{a*}wy204@ums.ac.id, ^brestyyustisia98@gmail.com, ^cmohikbal845@gmail.com

This study aimed to determine the mechanism of the Regulatory Sandbox that had been running in the community, the indicators that were able to make the Fintech organisers be able to pass the Regulatory Sandbox mechanism, and how the legal certainty of the financial technology organisers is in the Regulatory Sandbox mechanism. The informants of this research were from the Financial Services Authority (OJK) as the agency that supervises Fintech's performance. This research used empirical juridical legal approach by examining the regulations and then proceeding with interviews. The analysis technique used was the descriptive method to explain various symptoms and facts in everyday life. Normative data from this study were from laws, journals, several regulations, and other materials, while empirical data was obtained from interviews with OJK. The results showed that the mechanism of the Regulatory Sandbox was run in accordance with the Regulations of the Governor Board Members Number 19/14/PADG/2017, concerning the limited testing room (Regulatory Sandbox) of Financial technology and POJK RI Number 13/POJK.02/2018, regarding Digital Financial Innovation in the Financial Services Sector. However, the existing regulations of the Regulatory Sandbox was considered unable to provide legal certainty for the financial technology organisers, because the applied mechanism took a long time. This made the objective of this mechanism application to cut the time needed for obtaining a permit for a Fintech product to be launched in the market, was unable to be achieved. The government should provide simplifications of the implementation of this mechanism, without reducing the quality of the Fintech products to be marketed.

Key words: *Regulatory Sandbox, Financial Technology, OJK.*

Introduction

In the modern era today, technology development is rapidly growing and increasingly challenging. Technology is becoming essential to fulfil human needs. Therefore, financial service organisers are starting to utilise technology because the use of the technology is considered effective and efficient (Pavel & Ryabkova, 2016). With the utilisation of technology, people are significantly facilitated in obtaining a service, such as financial service, which is speedily growing. This makes technology and finance have a close relationship (Ansori, 2019).

Fintech is an abbreviation of Financial Technology or commonly referred to as TekFin (*Teknologi Finansial*) in Indonesian. In simple description, Fintech is a new economic industry, consisting of companies that adopt the latest technology to provide more efficient financial services than traditional services (KSSI, 2017).

Types of Fintech are relatively diverse, ranging from asset management, fundraising (crowdfunding), e-money, Peer to Peer (P2P) lending, payment gateway, remittance, stock, and insurance. With the development of the existing start-ups, there are investors including individuals and institutions that are taking an interest in start-up companies to invest in (Hapsari, Maroni, Satria, & Ariani, 2019; Saurykova et al, 2018).

Today, numerous e-commerce companies are developing Fintech businesses such as payment gateways to facilitate payment systems on the e-commerce website or application, such as Go-Jek with its Go-Pay as a payment gateway (Jenik & Lauer, 2017). In addition, e-commerce companies like Bukalapak have launched Bukareksa, a Fintech product that allows people to buy mutual funds through the Bukalapak website or application.

The development of e-commerce accessing Fintech is unstoppable. The government supports the development of this new business model by issuing several regulations to accommodate the Fintech business and to provide protection to the public as consumers and users (Leong, Tan, Xiao, Chian Tan, Sun, 2017).

According to PBI No 19/12/PBI/2017 regarding the Implementation of Financial Technology, Financial Technology refers to the utilisation of technology in the financial system, manufacturing new products, services, technology, and/or business models and is able to have an impact on monetary stability, financial system stability, and/or payment system efficiency, security and reliability.

The utilisation of Fintech keeps increasing monthly according to data obtained from OJK. Fintech organisers that have registered and obtained the permits from OJK in January 2019

are 32 companies. The number increased until August 2019 by 95 companies resulting in 127 companies. In Indonesia, Fintech star-tups such as Halo Uang and Modalku collaborate with banks and regulators to provide more efficient financial services (Amalina). There are several reasons on the incessant increase of Fintech. With rise of Fintech, companies are greatly facilitated to provide services for customers. With Fintech, companies only need to provide an Internet connection to access all services for consumers. In addition, utilising Fintech provides many benefits for consumers. For example, consumers can easily obtain financial services because they only need to make transactions with their smartphones so it is not necessary to queue up in the office to manage their finances. Using Fintech can also help provide information speedily and inexpensively. The process of service provided by Fintech is fast and payment notifications are accurate, because when a consumer makes a payment, there will be notifications on a regular basis (Sofalia, 2019).

Fintech is a new business model that is currently considered exceptionally accommodating in meeting the needs of the community. The services provided by the Fintech operating companies are especially beneficial to the public in conducting financial transactions without having to have an account like that of the banks in general (Vasant, Dhar, Stein, 2017). Although Fintech is not a financial institution like banking, it is under the regulation of Bank Indonesia to facilitate the public with legal protection. Therefore, Fintech operating companies must register their companies with Bank Indonesia and the Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) (Rahma, 2018).

However, during the development of Fintech, the law was unable to facilitate the process. It is obvious that Indonesia adheres to the Civil Law system in which the principle of legality states that the applicable law is only the written law. Meanwhile, a written law requires a reasonably long time to be enacted. The development of the regulations of Fintech in Indonesia is considered relatively new and has not been able to facilitate the rapid development of Fintech. Therefore, to help the development, Regulatory Sandbox was established (David, 2017).

Risk and failure are an integral part of innovation in Fintech. Consequently, it is significant for regulators to ensure the availability of appropriate protection to manage risks. Therefore, clear parameters and regulation clarity through a series of frameworks are crucial for the adoption of the Fintech mass to ensure financial system stability. A Regulatory Sandbox is an approach to manage Fintech (Chattha, 2017).

According to Bank Indonesia Regulation Number 19/12/PBI/2017 Article 1 Number 4, Regulatory Sandbox refers to a secure limited testing room for testing Financial Technology Organisers and their products, services, technology and/or business models.

A Regulatory Sandbox is a secure limited testing room for financial technology practitioners to test the electronic systems they develop. With a regulatory sandbox, entrepreneurs have no worries that their business violates the law because the system in the business model is registered, experimented, and supervised by the government (Bank Indonesia). Another advantage of the regulatory sandbox program is the assistance from Bank Indonesia to Fintech companies in running their business. Therefore, consumer protection, prudential principle, and risk management of the running business model are to be monitored directly by Bank Indonesia.

Financial technology start-up companies that implement the regulatory sandbox program are those with permission to conduct limited business experiments, and not those with permission to fully operate (Aaron, 2017). Therefore, the companies that implement the sandbox program from Bank Indonesia are not those with a permit to operate, but those with a permit to conduct limited business experiments. It is necessary to highlight this point, because obtaining an operational permit and obtaining a sandbox experimental permit are two distinctive issues. If a proposing Fintech company has passed an experiment or succeeded with the sandbox, then the company can request for a full permit to operate normally (KotRB, 2016). The procedures and requirements for requesting permits are relatively easy, given the interaction between regulators (Bank Indonesia) and Fintech companies is effective during the experiments with the regulatory sandbox program. Therefore, the regulatory sandbox program is considered a dynamic effort by Bank Indonesia in aiding Fintech companies, and not only a supervisory effort.

The existence of the Regulatory Sandbox is expected to resolve existing challenges including the lack of regulatory capacity, the development of financial infrastructure for Fintech operators, the difficulty of balancing aspects of financial inclusiveness based on the financial market security principles, including stability, integrity, consumer protection and fair competition, decrease in loss risk from consumers, and the financial system with disruptive innovations, that are unaccompanied by appropriate studies, because the sandbox serves as a laboratory for these ideas before being launched to the market (Aliya, Muhammad, Putri, 2018).

The development of financial technology has been proven to bring benefits to consumers, businesses, and the national economy. On the other hand, it has the potential for risks that if improperly mitigated can disrupt the financial system. One of the lending platforms with financial technology is peer-to-peer (p2p) lending. Peer-to-peer (p2p) lending is a practice or method of lending money to individuals or businesses and vice versa, applying for loans to lenders, and connecting lenders with borrowers or investors online. Peer to Peer Lending allows an individual to lend or apply for a loan for a range of purposes without using the services from a legitimate financial institution as an intermediary (Weir, 2006). Essentially,

this P2P Lending system is extremely similar to the concept of an online marketplace which provides a meeting place for buyers and sellers. In the case of P2P Lending, the existing system will accommodate a meeting for the borrower and a lender. Therefore, in summary, P2P Lending is a marketplace for money lending and borrowing activities (Ordanini, 2011).

However, the existence of a regulatory sandbox has been relatively ineffective and the follow-up arrangements for Fintech organisers and technology in the Fintech field that have gone through the regulatory sandbox mechanism are in fact insufficient to cause legal uncertainty against Fintech organisers (Dahlberg, 2007).

Approaches to the concept of a regulatory sandbox also differ in several countries. The UK, for example, enforces regulatory sandboxes that are implemented and supervised by the Financial Conduct Authority. Whereas in the United States of America, the implementation of the regulatory sandbox is still in the bill stage in its framework, including the Federal Reserve Board, the Treasury Department and Securities and Exchange Commission, thus obliging each institution to provide services in line with the regulations that can be laid by in implementing the regulatory sandbox in accordance with the financial technology design of its regulatory sandbox participants. Indonesia's regulation on the regulatory sandbox, written specifically in Regulations of the Governor Board Members of Bank Indonesia PADG Number 19/14/PADG/2017, concerning the Regulatory Sandbox Financial Technology, is an approach taken by Indonesia, i.e. the regulatory sandbox implemented and supervised by Bank Indonesia as the central bank in Indonesia.

However, the objectives and philosophy of the regulatory sandbox carried out by Bank Indonesia are similar to those in the UK, which are trying to bridge market needs with the rigidity of the regulations. One of the advantages of the principle-based system implemented in the UK is that there is no need to create a regulation to anticipate the dynamics of financial technology innovation. However, the regulations are created in the UK by establishing policies or guidelines by the Financial Services Authority (FCA). Although the structure of regulations established are policy regulations (beleidsregel), the level of compliance of the Fintech organisers in the UK is especially high. Therefore, with only by establishing guidelines, the British Financial Authority is able regulate Fintech perfectly.

Strategic steps by creating legal policies as in the UK are probably imitated by Bank Indonesia by establishing regulations on the regulatory sandbox at the level of Regulations of the Governor Board Members, instead of at the level of Bank Indonesia Regulations (PBI). Therefore, actions taken by Bank Indonesia in regulating Fintech on paper or legally normative deserve appreciation.

Legal certainty is defined as a clarity of norm formulation as a guideline for the public as subject to the regulation. To achieve the certainty, the legal norms must contain an openness aspect, so that everyone can interpret the same meaning of a legal norm provision (Shidarta, 2009).

Legal certainty according to Jan Michiel Otto is that in creating legal certainty the following requirements must be fulfilled:

1. There are clear and consistent regulations.
2. Government agencies consistently apply the regulation and obey it.
3. People adjust their behaviour to the regulation.
4. Judges are independent, do not take sides, and must apply the regulation in a consistent and observant manner when resolving legal disputes.
5. Court decisions are carried out (Hadisiswati, 2014).

Financial Technology and Regulatory Sandbox are new mechanisms in digital finance, thus an explanation and understanding of the process of managing financial technology is necessary in the Sandbox Regulatory mechanism as regulated in Bank Indonesia regulations.

Research Method

This study used the empirical juridical method. This method was a legal research carried out by examining secondary data first, i.e. the regulation and then proceeded by studying primary data using interviews (Marandi & Rahmani, 2017).

This research was a descriptive research by describing various symptoms and facts that occur in daily life. The author aimed to describe the phenomena occurring today concerning the regulatory sandbox and legal certainty on the Fintech organisers in the regulatory sandbox mechanism (Saebandi, 2009).

The data was obtained from primary data and secondary data. The primary data was obtained directly from the community in the form of information through interviews with parties who knew and understood the object of the research (Fajar & Achmad, 2010). While secondary data was obtained from the results of literature reviewers of various literatures related to research problems that were often referred to as legal materials (Fajar & Achmad, 2010).

Legal materials used in this research consisted of primary legal materials and secondary legal materials. Primary legal materials were the written regulations regarding human behaviour carried out by the nation (Susanti & Efendi, 2015). Primary legal materials used were in the form of:

1. POJK No 13/ POJK 02 /2018 on Digital Financial Innovations in the Financial Services Sector
2. PBI No 19/12/PBI/2017 Implementation of Financial Technology
3. PADG No 19/14/PADG/2017 on Regulatory Sandbox Fintech

Whereas secondary legal materials were those that support primary materials, including textbooks, articles, and several scientific magazines or legal journals, papers, and literature opinions of scholars (doctrines) (Muhjad & Nuswardani, 2012).

Financial Technology (Fintech) referred to a form of application of information technology in the financial sector (Barberis & Buckley, 2016). Although there was no standard definition, Fintech can be defined as a start-up segment focusing on maximising the utilisation of technology to change, accelerate, or improve multiple aspects of financial services available today, including payment method, transfer of funds, loans, fund collection, and asset management.

Juridically, the concept of Fintech was found in Bank Indonesia Regulation (PBI) on Fintech. Based on Article 1 Section (1) PBI No. 19/12/PBI/2017, regarding the Implementation of Financial Technology (hereinafter referred to as PBI Fintech):

"Financial Technology is the use of technology in financial systems that produces new products, services, technology and/or business models and is able to have an impact on monetary stability, financial system stability, and/or the efficiency, security and reliability of payment systems."

Results and Discussion

A. Regulatory Sandbox Mechanism

Regulatory Sandbox according to POJK NO 13/POJK.02/2018 on digital finance in the financial sector refers to a testing mechanism carried out by the Financial Services Authority to assess the reliability of business processes, business models, financial instruments and provider's management.

According to the PADG Number 19/14/PADG/2017 regarding a secure limited testing room (Regulatory Sandbox), the Regulatory Sandbox is a secure limited testing room for testing financial technology organisers and their products, services, technology, and/or business models.

Regulations on the Regulatory Sandbox are necessary to reduce constraints on innovative financial products and services. They activate financial services of innovators including current users and start-up users to test their products with greater flexibility or even with exemption from applied regulations. As a result, the Regulatory Sandbox is exceptionally valuable for financial services institutions.

Generally, prospective participants of the Regulatory Sandbox at the early stage, place conditions on the company including business size, level of innovation, feasibility of the business model, or contribution to the local economy (Ahn, 2013). However, not all the regulatory sandbox is the same, reflecting different maturity of the individual financial system, regulatory framework, and risk tolerance (Lloyd, She, Gulamhuseinwala).

The existence of the regulatory sandbox was expected to provide better financial access and to create more innovative products to meet market demands enabling companies to manage risk during the testing phase so that it has potential to be introduced to the market.

In addition, the regulatory sandbox is expected to ensure that appropriate consumer protection measures are built for their new products and services before being launched into the market.

In the Regulations of the Governor Board Members No. 19/14/PADG/2017, concerning the limited testing room (Regulatory Sandbox) in Chapter III Article 3 to 7, it regulates the procedures of testing in the regulatory sandbox. Article 3 regulates that Fintech implementation that will test their products, services, technology and/or business models in the Regulatory Sandbox has been determined by Bank Indonesia with the considerations stated in Article 3 Number 2:

- a. The financial technology organiser has been registered with Bank Indonesia
- b. Financial technology contains elements that can be categorised into payment systems
- c. Financial technology contains an element of innovation
- d. Financial technology is beneficial or can benefit consumers and/or the economy
- e. Financial technology is non-exclusive
- f. Financial technology can be used en masse
- g. Financial technology has been equipped with risk identification and mitigation
- h. Other issues considered important by Bank Indonesia

However, in order to obtain clearer information, Fintech organisers must give presentations to Bank Indonesia at least regarding business models and risk management and must submit complete documents. The submission is conducted online through the Bank Indonesia website or if unsuccessful, the documents can be sent to Bank Indonesia (Arner & Barberis,

2015).

Regarding the documents that must be sent to Bank Indonesia, it is stated in Article 5 that the documents include at least:

- a. Data and information on profiles of financial technology organisers;
- b. Data and information on the products, services, technology and/or business model being tested, including at least:
 1. Innovation in products, services, technology, and/or business models to be tested;
 2. Benefits for consumers and/or the economy;
 3. Funding frameworks and working mechanisms for consumer protection implementation;
 4. Explanation that the business activities are non-exclusive;
 5. Results of risk potential identification and risk mitigation efforts that have been or will be conducted;
 6. Specific matters that are requested for a testing (if any);
 7. The plan to be carried out after the testing in the Regulatory Sandbox.

After the documents are received, Bank Indonesia will conduct an examination of the completeness, appropriateness, and correctness of the documents. However, if there are incomplete, inappropriate, and/or incorrect documents, Bank Indonesia will request the Fintech organiser to complete and/or correct the required documents within a period of 5 (five) days from the date of the request from Bank Indonesia which is delivered by electronic mail (Dhar & Stein, 2017).

If the Fintech organiser has given a presentation and an examination of the document is declared complete, appropriate, and correct, Bank Indonesia provides a stipulation delivered by a letter to the Fintech organiser along with its products, services, technology, and/or business models to be tested in the Regulatory Sandbox.

The testing process in the regulatory sandbox is regulated in Chapter IV Article 8 to 15. The testing in the regulatory sandbox applies the principles:

- a. Criteria-based process: the principle in the testing is practised by fulfilling the criteria set by Bank Indonesia;
- b. Transparency: this principle is implemented in the form of periodic result publication of the regulatory sandbox;
- c. Proportionality: regulatory sandbox is conducted by considering the type, scale, and risk of the products, services, technology, and/or business model being tested;
- d. Fairness;
- e. Equal treatment;

- f. Forward looking: the regulatory sandbox is carried out by considering the type, scale, and risk of the product, service, technology, and / or business model being tested.

The Fintech organiser that has obtained a stipulation from Bank Indonesia must submit the proposed products, services, technology, and/or business model scenario within 10 (ten) working days from the date of stipulation release, which must at least contain:

- a. Products, services, technology and / or business models that will be tested,
- b. The time needed to conduct the testing,
- c. Targets to achieve,
- d. Regional boundaries, limits on the number of consumers, and other restrictions, and
- e. Reporting mechanism for the testing implementation in the Regulatory Sandbox.

In presenting the proposed Fintech implementation scenario, it is necessary to consider the provisions contained in the regulation (Abolfathi & Taebi, 2019).

After the scenario proposal is submitted by the Fintech organiser, Bank Indonesia will conduct a review. If the proposed scenario submitted still needs improvement, the Fintech organiser must submit the proposed scenario that has been improved within a period of 5 (five) working days from the date the request for an improvement, which is submitted by Bank Indonesia. However, if the Fintech organiser is unable to submit an improvement in the scenario within the specified time, the Fintech organiser is prohibited from marketing it's products, services, technology, and/or business model that will be tested in the Regulatory Sandbox. However, if the proposed scenario is approved by Bank Indonesia, the Fintech organiser must declare that he/she is capable of running the testing scenario that has been approved by signing a statement (Chisti & Barberis, 2016).

The time required for testing in the Regulatory Sandbox is no later than 6 (six) months from the date of stipulation made by Bank Indonesia regarding testing scenario of the products, services, technology and/or business model. However, if necessary, the time can be extended by 1 (one) time for a maximum period of 6 (six) months submitted in a written form by the Fintech organiser to Bank Indonesia no later than 1 (one) month before the end of the testing period. In the submitted written request by the Fintech organiser, contained information on the reasons and the extension period is needed. Bank Indonesia then passes a response to the Fintech organiser on the extension application submitted before the end of the designed period (Haddad & Hornuff, 2016).

In implementing the Regulatory sandbox testing, the Fintech organiser has the obligation to:

- a. Ensure the application of the consumer protection principles and adequate risk and

- prudential management;
- b. Submit reports on testing implementation, both regularly and incidentally according to the request from Bank Indonesia;
- c. Continue to obey the laws and regulations.

Bank Indonesia carries out assistance and reviews during the implementation of the Regulatory Sandbox on products, services, technology, and/or business model that have been tested to fit the previously agreed scenarios, reviews the system's readiness and reliability of Fintech organiser, the application of the consumers' protection principle, risk management, the precautionary principle, and compliance with the regulation. Bank Indonesia conducted assistance and review as a basis for mapping the status of the testing results of the Fintech organiser.

B. Legal Certainty on Technology Financial Organisers in the Sandbox Regulatory Mechanism

The theory of legal certainty stems from juridical-dogmatic teachings which are based on positivism, which tends to view the law as an autonomous and independent matter because according to the practitioners of this theory, law is nothing but a collection of rules and the purpose of the law itself is nothing but to guarantee the realisation of legal certainty. Legal certainty is realised by the law itself with its original nature, which only creates a general rule of law (Swastoro, Fakhriah & Ikhwanisyah, 2017). Legal certainty is needed in the society for the sake of order and justice. Legal uncertainty will trigger chaos in people's lives and people will act on their own beliefs due to the uncertainty.

The purpose of the law is to realise legal certainty and justice for the society according to Aristotle and Aguis Grotius who teach that legal certainty and justice are the objectives of the legal system (Hadisiswati, 2014). In general, the regulations regarding the Regulatory Sandbox have not suited the theory of legal certainty that has been explained by Jan Michiel Otto on point 1, "the existence of clear and consistent legal rules" because in PBI No 19/12/PBI/2017, regarding the Implementation of Financial Technology with PADG No 19/14/PADG/2017, concerning Fintech Regulatory Sandboxes, mentioned a different explanation.

After the Regulatory Sandbox participant passes the mechanism established by Bank Indonesia, Bank Indonesia will stipulate the status of the testing results in the regulatory sandbox as stated in Article 16 Number 3 PADG No. 19/14/PADG/2017, i.e.:

- a. Successful and categorised as a payment system. Financial technology organisers, whose financial technology is declared successful in the regulatory sandbox and categorised as a

payment system with financial technology, are prohibited from marketing their products before obtaining a permit from Bank Indonesia in accordance with Bank Indonesia regulations, on the implementation of payment transaction processing. However, it necessary to highlight that the permit application can be submitted before the stipulation of the results of the regulatory sandbox. If the application has been submitted and has been received by Bank Indonesia prior to the stipulation of the regulatory sandbox testing results, the financial technology organiser can still implement or market it's financial technology products;

b. Successful and categorised as a non-payment system. Regarding financial technology organisers whose financial technology has been declared successful in the regulatory sandbox and are not categorised as a payment system with financial technology, Bank Indonesia submits the testing results to the authority;

c. Unsuccessful. Financial technology organisers whose financial technology is declared to be unsuccessful in the regulatory sandbox, are prohibited from implementing or marketing their financial technology products.

If the testing is declared successful and the products, services, technology, and/or business model are in the payment system category of financial technology, the Fintech organiser is prohibited from marketing it's products, services, technology, and/or business models that have been tested before applying for a permit and/or approval from Bank Indonesia. After the permit application is received, the Fintech organiser can market it's products, services, technology, and/or business models in accordance with the testing scenario (Chisti & Barberis, 2016).

If the testing is declared unsuccessful and the products, services, technology, and/or business models are in the payment system category of financial technology, the Fintech organiser is prohibited from marketing products and/or services and using the technology and/or business model that have been tested (Chisti & Barberis, 2016).

However, it is different with the testing results in the regulatory sandbox that has been regulated in POJK RI No. 13/POJK.02/2018, concerning digital financial innovation in the financial services sector. Article 11 states that the results of the Regulatory sandbox are declared:

- a. Recommended,
- b. In need of improvement, or
- c. Not recommended.

If the organiser has a recommended status, the Financial Services Authority will provide a



registration recommendation in accordance with the business activities of the organizer. The organizer with the recommended status has the rights to submit a request for registration to the Financial Services Authority (Haddad & Hornuff, 2016).

If the testing result has an in need of improvement status, the Financial Services Authority will provide an extension of time with a maximum period of 6 (six) months from the date of status stipulation, but if the specified period of time does not make adequate improvement until the extended period ends, the testing status is not recommended (Iman, 2016).

If the testing result is not recommended, the organizer may not re-submit the same IKD and will be excluded from the record as a financial technology organizer. According to the Financial Services Authority, for the moment, the Regulatory Sandbox has fulfilled all the provisions and procedures to protect Technology Financial Customers.

The two regulations mentioned are almost identical regarding the testing result that has been declared successful or must obtain permits or applications from Bank Indonesia and the Financial Services Authority. Therefore, the success of technology financial organisers in implementing the Regulatory Sandbox mechanism cannot automatically obtain permits to market their products, services, technology, and/or models freely. In conclusion, there is no guarantee of legal certainty for the financial technology organisers that have succeeded or are recommended after going through the Regulatory Sandbox mechanism. Therefore, the technology financial organisers are considered suffering because they have passed through a long mechanism, but after they have succeeded, they must go through the next process of obtaining permits resulting in legal uncertainty towards the financial technology organisers (Cresswell, 2003).

On the other hand, financial technology organisers whose products are not in the payment system category, generally will end up becoming financial institutions, to which eventually, the appropriate permit or authority will be granted by the Financial Services Authority or an institution other than Bank Indonesia. In this perspective, the regulatory sandbox regulation at the level of Bank Indonesia Board Governor Regulation is still incomprehensible because there is no certainty in granting permits from institutions with relevant authorities (Nicoletti, 2017). The enforcement of the regulatory sandbox as announced by the United States (planned to be regulated as a law), is considered to be able to provide more support, especially related to legal certainty for financial technology organisers. This is due to the possibility of regulatory sandboxes being implemented by different institutions and not limited to central banks such as Bank Indonesia. The faster authorisation will accelerate the entry of financial technology into the Indonesian market and accelerate innovation in the financial technology, in accordance with the objectives of the regulatory sandbox itself.



Conclusion

The mechanism of Regulatory Sandbox implementation is regulated in PADG Number 19/14/PADG/2017, regarding the limited testing room (Regulatory Sandbox) and POJK Number 13/POJK.02/2018, concerning digital finance in the financial sector. The time for implementing the Regulatory Sandbox mechanism is no later than 6 (six) months from the date of stipulation from Bank Indonesia on testing scenario of products, services, technology, and/or business model. After that, Bank Indonesia will help and review during the implementation of the Regulatory Sandbox.

After the financial technology implementation is passed through the Regulatory Sandbox mechanism, Bank Indonesia stipulated the status of the testing results as:

- a. Successful
- b. Unsuccessful
- c. Other status set by Bank Indonesia

While the status of the testing results stipulated by the Financial Services Authority are:

- a. Recommended
- b. In need of improvement
- c. Not recommended

However, after the technology financial organisers have been declared successful or recommended, these organisers have yet able to market their products, services, technology, and/or business models to the market freely; they must obtain a permit to market their products. The government should be able to simplify the existing bureaucracy in granting business permits for Fintech, so that the objective of establishing a regulatory sandbox that is to provide legal certainty for Fintech to properly operate, can be accomplished perfectly.

REFERENCES

- Aaron, M., Rivadeneyra, F., & Sohal, S. (2017). Fintech: Is This Time Different?: A Framework for Assessing Risks and Opportunities for Central Banks. Bank of Canada.
- Abolfathi, E., & Taebi, P. (2019). Modern Analysis of Financial Statements: Pharmaceutical companies in Iran. *Journal of Management and Accounting Studies*, 7(02), 19-23.
- Ahn, I. (2013). Deconstructing the Economy of Debt: Karl Marx, Jürgen Habermas, and an Ethics of Debt. *Trans Humanities*, 6 (1).
- Aliya. R., Muhammad. S. A. & Putri. I. (2018). diakses pada <https://kliklegal.com/regulatory-sandbox-sebagai-upaya-akselerasi-hukum-terhadap-inovasi-dalam-financial-technology-quo-vadis-ailrc/>
- Amalina. F. The Fintech Book: The Financial Technology Handbook for Investor, Entrepreneurs And Visionaries. *Journal of Indonesian Economy and Business*, 31(3).
- Ansori, M. (2019). Perkembangan dan Dampak Financial Technology (Fintech) terhadap industry keuangan syariah di Jawa Tengah. *Jurnal studi keislaman*, 5(1).
- Saurykova, Z. M., Ybyrainzhanov, K., & Mailybaeva, G. (2018). Implementation of interdisciplinary relationships in education on the basis of science integration. *Opción*, 34(85-2), 353-385.
- Arner, D. W., & Barberis, J. (2015). Regulating FinTech Innovation: A Balancing Act. *Asian Institute of International Financial Law*.
- Arner, D. W., Barberis, J., & Buckley, R. P. (2016). Fintech, Regtech and the Reconceptualization of Financial Regulation. *Northwestern Journal of International Law and Business*.
- Chattha, J. A. (2017). FinTech and Islamic Finance: A Regulatory Perspective. *Global halal investing journal*.
- Chisti, S., & Barberis, J. (2016). *The Fintech Book: The Financial Technology Handbook for Investors, Entrepreneurs and Visionaries*. West Sussex: John Wiley & Sons Ltd.
- Cresswell, J. W. (2003). *Research Design: Qualitative, Quantitative, and Mixed Method Approaches* (2nd ed.). California: SAGE Publications.



- Dahlberg, T., et al. (2007). Past, present and future of mobile payments research A literature review. *Electronic Commerce Research and Applications*.
- Dhar, V., & Stein, R. M. (2017). *FinTech Platforms and Strategy*. MIT Sloan School Working Paper 5183-16.
- Dhar, & Stein, R. (2017). *FinTech Platforms and Strategy: Integrating Trust and Automation in Finance*. *Communications of the ACM*, 60(10).
- Fajar, M., & Achmad, Y. (2010). *Dualisme Penelitian Hukum Normatif dan Empiris*. Yogyakarta: Pustaka Pelajar.
- Fakhriah, S., & Ikhwansyah. (2017). Permohonan upaya hukum peninjauan kembali kedua kali. *jurnal Berkala fakultas hukum UGM*, 29(2).
- Financial Conduct Authority. *Regulatory Sandbox*. Financial Conduct Authority. November 2015.
- Haddad, C., & Hornuff, L. (2016). *The Emergence of the Global Fintech Market: Economic and Technological Determinants*. CESIFO Working Paper, 6131.
- Hadisiswati, I. (2014). *Kepastian Hukum Dan Perlindungan Hukum Atas Tanah*. *jurnal hukum islam*, 2(1).
- Hadisiswati, I. (2014). *Kepastian hukum dan perlindungan hukum ha katas tanah*. *jurnal hukum islam*, 2(1).
- Hapsari, R. A., Maroni. Satria. I., & Ariani. N. D. (2019). *The Existence of Regulatory Sandbox to Encourage the Growth of Financial Technology in Indonesia*. *Fiat Justisia Jurnal Ilmu Hukum*. ISSN 1978-5186, 13(3).
- Iman, N. (2016). *Financial Technology dan Lembaga Keuangan*. Paper disajikan pada Gathering Mitra Linkage Bank Syariah Mandiri. Yogyakarta. 22 November 2016.
- Jenik, I., & Lauer, K. (2017). *Regulatory Sandboxes and financial Inclusion*. Working Paper. Washington DC: CGAP.
- Kotarba, M. (2016). *New Factors Inducing Changes in the Retail Banking Customer Relationship Management (CRM) and Their Exploration by the Fintech Industry*. *Foundations of Management Journal*, 8.
- KSII. (2017). *Evaluation of Mobile Application in User's Perspective: Case of P2P Lending Apps in FinTech Industry*. *Transactions on Internet and Information System*, 11 (2).



- Leong, C., Tan, B., Xiao, X., Tan, F. T. C., & Sun, Y. (2017). Nurturing a Fintech ecosystem: The case of youth microloan startup in China. *Internasional Journal of Information Management (ELSEVIER)*, 37(2).
- Lloyd, J., She, A., & Gulamhuseinwala, I. the emergence and impact of regulatory sandboxes-in the UK and across Asia-Pacific.
- Marandi, M. R., & Rahmani, M. (2017). The Study of the financial effects of divorce on Iran's Law. *Journal of Social Sciences and Humanities Research*, 5(04), 1-4.
- Muhjad, H., & Nuswardani, N. (2012). *penelitian hukum Indonesia kontemporer*. Yogyakarta : Genta Publishing.
- Nicoletti, B. (2017). *The Future of Fintech (Integrating Finance and technology in Financial Services)*.
- Ordanini. A. D. (2011). Crowd-funding transforming customers into investors through innovative service platforms. (A. d. Ordanini, Penyunt.) *Journal of Service Management*, 22(4).
- Rahma, T. I. F. (2018). Persepsi Masyarakat Kota Medan Terhadap Penggunaan Financial Tekhnology (Fintech). *Jurnal At-Tassawuth*, 3(1).
- Saebandi, B. A. (2009). *Metode Penelitian Hukum*. Bandung : Pustaka Setia.
- Shidarta. (2009). *Moralitas Profesi Hukum Suatu Tawaran Kerangka Berfikir*. Bandung : PT Refika Aditama.
- Shoust, P., & dan Ryabkova, E. (2016). *Analytical Report: Regulatory Sandboxes. Regulation as a Service*. Russian ElectronicMoney Association
- Sofalia, I. (2019). diakses pada 15 April 2019. <https://www.finansialku.com/kelebihan-dan-kelemahan-fintech>.
- Susanti, D. O., & Efendi, A. (2015). *penelitian hukum (legal research)*. Jakarta: Sinar Grafika.
- Swantoro, H., Fakhriah, E. L., & Ikhwanasyah, I. (2017). Permohonan Upaya Hukum Peninjauan Kembali Kedua Kali Berbasis Keadilan dan Kepastian Hukum. *Mimbar Hukum-Fakultas Hukum Universitas Gadjah Mada*, 29(2), 189-204.
- Varga, D. (2017). *FinTech, The New Era of Financial Services*. *Budapest Management Review*, 48(11).



Weir, C. S. (2006). On the role of metaphore and language in design of third party payments in eBanking: Usability and quality. *International journal of Human-Computer Studies*, 64(8).