

## Supervisory Role of The Financial Services Authority in Utilizing Equity Crowdfunding in Indonesia

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### ABSTRACT

In order to provide legal certainty and protection for those involved in investment in Indonesia, the Financial Services Authority has officially issued regulations relating to the collection of funds through information technology-based stock offers or equity crowdfunding. This article aims to review the role of supervision by the Financial Services Authority and the form of mitigation risks to obstacles and problems in utilizing Equity Crowdfunding in Indonesia. The research method used is normative juridical with, using secondary data which is then analyzed qualitatively. The results showed that the Financial Services Authority in conducting supervision of the use of Equity Crowdfunding can be done off site, or On Site. Risk mitigation must be carried out by the Financial Services Authority both through regulations and concrete steps. In the implementation of risk mitigation, the Financial Services Authority can also involve the Indonesian Fintech Association to address risks in order to provide a sense of security for investors and publishers in the use of the Equity Crowdfunding platform in Indonesia.

Keywords :Equity Crowdfunding; Supervision; Risk Mitigation.

### ABSTRAK

Dalam rangka memberikan kepastian hukum dan perlindungan bagi yang terlibat dalam investasi di Indonesia, Otoritas Jasa Keuangan telah resmi menerbitkan peraturan terkait layanan urun dana melalui penawaran saham berbasis teknologi informasi atau equity crowdfunding. Artikel ini bertujuan untuk mengkaji peranan pengawasan oleh Otoritas Jasa Keuangan serta bentuk mitigasi risiko terhadap kendala dan permasalahan dalam pemanfaatan Equity Crowdfunding di Indonesia. Metode penelitian yang digunakan adalah yuridis normatif dengan, menggunakan data sekunder yang kemudian dianalisa secara kualitatif. Hasil penelitian menunjukkan bahwa Otoritas Jasa Keuangan dalam melakukan pengawasan terhadap pemanfaatan Equity Crowdfunding dapat dilakukan secara off site, maupun On Site. Mitigasi risiko harus dilaksanakan oleh Otoritas Jasa Keuangan baik melalui regulasi maupun langkah konkrit. Dalam pelaksanaan mitigasi risiko, Otoritas Jasa Keuangan juga dapat melibatkan Asosiasi Fintech Indonesia untuk menanggulangi risiko agar dapat memberikan rasa aman bagi investor maupun penerbit dalam pemanfaatan platform Equity Crowdfunding di Indonesia.

Kata Kunci : Equity Crowdfunding; Pengawasan; Mitigasi Risiko

#### A. INTRODUCTION

Financing is one of important factors in running a business. The definition of financing is the provision of money or anything equal to it based on financing

agreement or other agreement between the party who provide the fund (a bank, a company or a person) and the debtor party (the fund receiver).

However, even though business finance has been maximally used through the existence of banking and financial services institutions, society as consumers still have to deal with difficulty in fulfilling their needs of capital.

Nowadays, technology has developed fast. Countries around the world including Indonesia can feel the impact of technology advancement which changes significantly day by day. This continuous change occurs because technology develops fast every day. It has been a part of various sectors, one of the sector is financial sector (Sugiarti, Diana & Mawardi, 2019).

In the last few years, the world has been introduced to an alternative way to get financial access in the form of funding apart from common financial funding such banking and capital market. The funding alternative is known as crowdfunding. This term is popularly used now amid the development of information and communication technology as a part of innovation in the field of finance.

The Financial Services Authority (OJK) so far has grouped Crowdfunding into 4 (four) types which consist of equity based Crowdfunding (Crowdfunding based on equity/ share holding), lending based Crowdfunding (Crowdfunding based on credit/ debts), reward based Crowdfunding, and donation based Crowdfunding.

In Indonesia, Crowdfunding includes in Digital Financial Innovation. In general, the regulation of Digital Financial Innovation has been issued by The

Financial Services Authority in The Regulation of The Financial Services Authority of Republic of Indonesia Number 13 /Pojk.02/2018 on Digital Financial Innovation in financial service sector.

In Indonesia, the practice of Crowdfunding is mostly in the form of donation based and lending based crowdfunding. Consumers in Indonesia, in this case entrepreneurs, still have low interest in using equity Crowdfunding as a source of capital. Equity based, in this scheme the fund from the people, gets the compensation in the form of percentage of share of the project held by three main parties as stakeholders, the entrepreneur, the platform crowdfunding, and the investor (backers) (Sugiarti, Diana & Mawardi, 2019).

In some countries, the practice of Equity Crowdfunding has been used widely and has regulated legally. The role of government is necessary here in order to help increase investment in Indonesia.

In order to provide legal certainty and legal protection for any parties involved in investment in Indonesia, The Financial Services Authority (OJK) has officially issued a regulation concerning fund collecting service through information technology based share offer or equity crowdfunding. This regulation was issued in POJK Number 37/POJK.04/2018 on 31 December 2018. The issuance of The Financial Services Authority Regulation particularly regulating Equity Crowdfunding is one of the efforts made by The Financial Services Authority to provide protection for

any parties involved in the practice of equity crowdfunding.

Indonesian language still has not had the word for the term "crowdfunding". If the word "crowdfunding" is translated literally, it means funding by people. Meanwhile, many crowdfunding platforms in Indonesia define it as "resource sharing" or in business activities it called fund sharing (Aziz, Nurwahidin & Chailis, 2019).

The term and concept of Crowdfunding, according to Hemer, is derived from similar widely known term, which is crowdsourcing, as his statement stating that (Joachim, 2014) "The term Crowdfunding is derived from the better known term crowdsourcing, which describes the process of outsourcing tasks to a large, often anonymous number of individuals, a crowd of people (here: the Internet community) and drawing on their assets, resources, knowledge or expertise. In the case of Crowdfunding, the objective is to obtain money."

The difference between Crowdsourcing and Crowdfunding is that Crowdsourcing expects the donators or investors involved deeper in the project they help by giving ideas and advices for the completion of the project. Meanwhile, Crowdfunding only collects fund from investors without expecting their involvement in the project.

Crowdfunding is a model for an individual, an organization, and a company which collect money from a great number of people to fund certain product/project. Bernardo Nicoletti explained that:

"Crowdfunding is the practice of funding a project or venture by rising money from a large number of people. This takes place most often via online platform." (Nicoletti, 2017). He explained that Crowdfunding is a practice of funding a project or business by collecting money from a number of people. Commonly, this happens through online platform.

Fund raising startup uses Crowdfunding in the form of an internet based application through website page. There are four types of Crowdfunding website according to its system. The four types are rewards-based, equity based, donation based, dan lending based.

The potential of growth and development of business capital by utilizing Equity Crowdfunding in Indonesia is expected to contribute positively to entrepreneurs to develop their business through capital addition which is based on online share offering. The policy made through The Regulation of The Financial Services Authority Number 37/POJK.04/2018 concerning Crowdfunding through technology-based share offering is expected to be able to give protection for users and investors involved in Equity Crowdfunding in Indonesia.

Regulation concerning Equity Crwodfunding is necessary in order to attract interest from entrepreneur and businesses in the form of limited liability companies to make share offer information technology based platform in Indonesia. The problem that needs to be addressed in this study is concerning the implementation of Supervision of the

utilization of Equity Crowdfunding based on Regulation of The Financial Services Authority concerning Crowdfunding service through share offering which is based on information technology in Indonesia. The author, then, will discuss the role of The Financial Services Authority in risk mitigation for Equity Based Crowdfunding in Indonesia. To support the discussion of both issues, the author will also discuss a policy concerning Equity Crowdfunding in other countries such as Malaysia as a comparison.

In his article entitled Equity Crowdfunding in Malaysia, Wan Amir Azlan Wan Haniff focuses his discussion on Equity Crowdfunding concerning : Legal and Sharia Challenges which discusses Equity crowdfunding (ECF) emerging as an alternative for SMEs (Small and medium-sized enterprises), however, this article focuses more on legal challenges and Sharia potential which may be applied by using Equity Crowdfunding ( Wan Haniff, Ab Halim, & Ismail, 2019). In addition, Mónica Kuti in her article entitled Equity Based Crowdfunding explained that Equity Based Crowdfunding offers chances of fund raising through online platform for SMEs which look for an alternative form of funding to grow and innovate in this digital era. By doing this, Equity Based Crowdfunding is expected to give solution of fund insufficient in capital market (Kuti, Bedo, & Geiszl, 2017). An article written by Soonpeel Edgar Chang entitled Regulation Of Crowdfunding In Indonesia discusses how law and regulation in Indonesia halts the birth of Equity Based Crowdfunding businesses, however, when this article

was written, the regulation of The Financial Services Authority concerning Crowdfunding has not yet been made(Chang,2018). An article entitled Legal Protection for Investors in Equity Crowdfunding Activities by I Kadek Ade Safera and Ida Bagus Putra Atmadja discusses about things that are required to be included in the agreement between the stakeholders and investors in implementing Equity Based Crowdfunding (Safera & Atmadja 2018). Furthermore, an article by Febrina Nur Ramadhani entitled Equity-Based Crowdfunding discusses about Equity Based crowdfunding as an alternative of the implementation of nonbank-based mudharabah contract (Ramadhani, 2019). This article has clearly different topic to the one the author discusses here.

This article will discuss the role of The Financial Services Authority in overcoming risks of utilizing Equity Crowdfunding as one of alternatives to improve capital gain for entrepreneurs who have business in the form of LLC in Indonesia.

## B. RESEARCH METHOD

This study used normative legal research. Normative legal research is also called doctrinal research, a research which analyzes law either law as it is written in the book, or law as it is decided by the judge through judicial process (Amirudin,2016). Data used were secondary data, a data whose source is obtained indirectly, or research object is primary, secondary, and tertiary law matter. Data collecting was conducted by interview and documentary study or library research. These data

were then analyzed qualitatively. The technique of analysis was conducted by studying materials or literatures about related law and regulations in order to get the pictures of Equity Crowdfunding utilization as the topic of discussion and to finally draw conclusion of the matter discussed.

### C. RESULT AND DISCUSSION

#### 1. The Implementation of The Financial Services Authority Supervision of Equity Crowdfunding Utilization in Indonesia.

Equity Crowdfunding is a new system of funding in Indonesia. Few years ago this system was not widely known by people in Indonesia. Nevertheless, Equity Crowdfunding has become one of funding systems which is popular and develops well in some countries such as Canada and United Kingdom.

Equity crowdfunding has become popular nowadays in Indonesia. This is supported by the existence of companies providing platforms which can be used as a media where investors and the owner of the project and company who needs the fund meet. Researches show that Equity Based Crowdfunding has high level of success in capital development with the right choice of strategies (Wati & Winarno,2018).

In order to build healthy investment climate in equity crowdfunding, the role of proper law in Indonesia is necessary to protect all aspects involved in equity crowdfunding. The Financial Services Authority has such an important role in maintaining

the development of investment climate through digital technology in Indonesia.

For that reason and to avoid illegal practice of Equity Crowdfunding and the high risks of loss, as a party who supervises the growth of financial technology in Indonesia, on 31 December 2018 The Financial Services Authority or OJK officially issued a regulation concerning Crowdfunding Services through information technology based share offering, Equity Crowdfunding), in OJK Regulation Number 37/POJK.04/2018.

In the formulizing of OJK Regulation Number 37/POJK.04/2018, OJK has involved Indonesian Financial technology Association since the initiation process and rule making process to the stage of Draft of OJK Regulation concerning Equity Crowdfunding.

OJK as an institution which permit and supervise stakeholders of Equity Crowdfunding in Indonesia has given limitation as regulated in Article 5 OJK Regulation Number 37/POJK.04/2018 stating that share offering by each issuer through Crowdfunding service is not public offering as stated in Law Number 8 Year 1995 concerning Stock Market.

This means that the implementation of Crowdfunding service in the form of share offering meant by the government is that the service of share offering which is different from provisions accommodated in Stock Market Regulations. Thus, the implementation of Equity Crowdfunding is not through the mechanism implemented by Indonesia Stock Exchange.

In the scope of digital financial innovation stated in OJK Regulation Number 37/POJK.04/2018 that Equity Crowdfunding includes in funding collecting and distributing Category. Social networks and online platforms create new opportunities to raise funds for businesses and enable nonprofessional investors to place their funds without the use of financial intermediary systems (Kuti,Bedo&Geiszl,2017). The existence of Equity Crowdfunding platform can create a new opportunity to collect fund in business activity as well as allowing non professional investors to invest their money without financial system broker.

Although the scheme of equity crowdfunding is similar to Initial Public Offering (IPO), it is in fact different. In OJK Regulation Number 37 Year 2018, share offering scheme applied is different from what is written in the terms of capital market. The scheme of equity crowdfunding utilization can simply be done with the following stages :

- a) The issuer hands in the completion of the document along with share offering to Stakeholder Company to be checked.
- b) The stakeholders company providing platform for equity crowdfunding displays share offering in their equity platform.
- c) Investors register in the stakeholder's equity crowdfunding platform, then buy the issuer's share through the stakeholder and do the payment through escrow account.

d) The stakeholders will give investors' fund to the issuer and give the share to the investors according to the fund their invested.

The utilizing of Equity Crowdfunding can be done by SMEs or start up LL companies without involving stock exchange. Meanwhile, Initial Public Offering (IPO) is conducted by making first general offering through stock exchange of settled limited liability company's share. IPO is done by companies with open limited liability status. Thus, OJK can be sure that the products of equity crowdfunding will not clashed with the products in stock exchange.

OJK or The Financial Services Authority as an authorized institution to permit Equity Crowdfunding stakeholders or to supervise its utilizing. OJK stated that up to now, according to its authorization, OJK supervises sectors and financial institutions in capital market, banking, and non-bank financial institution (Indriasari, Suryanti & Afriana, 2017). The mechanism of how OJK issues permit to stakeholder companies of Equity Crowdfunding is as follows :

- a) Examining the completion of the documents which must be submitted by the prospective Equity Crowdfunding Stakeholders to OJK as regulated in POJK Nomor 37/POJK.04/2018 concerning Crowdfunding Service through information technology-based share offering (Equity Crowdfunding);
- b) Examining substances of documents submitted by prospective Equity Crowdfunding Stakeholders;

- c) Presenting the business process and business system by Equity Crowdfunding Stakeholder (live demo); and
- d) Site visit OJK to the office of Equity Crowdfunding Stakeholders.

In the process of permit issuance for Equity Crowdfunding Stakeholders, the representatives of Indonesia Stock Exchange help OJK to check the preparedness of Crowdfunding system by prospective Equity Crowdfunding stakeholders. Therefore, the mechanism of permit issuance for Equity Crowdfunding Stakeholders is not solely the role of OJK. This mechanism also involves another party which is the representatives of Indonesia Stock Exchange. In this case, Stock Exchange actively involves in assisting OJK to check the documents and requirements which must be fulfilled by prospective Equity Crowdfunding Stakeholders. Stock Exchange also gives advices to OJK concerning the issuance or refusal of the permit for Equity Crowdfunding Stakeholders.

Each process of issuing permit for Equity Crowdfunding Stakeholders takes quite long time. In this case, OJK admits that the process of issuing permit for Equity Crowdfunding Stakeholders is not free from problems. The following is some problems dealt with by OJK in relation to giving permit:

- a) The business process proposed by the prospective Stakeholders is not based on business process meant in POJK Regulation Number 37 year 2018, thus there must be a significant adjustment.

- b) The prospective Stakeholders' system and business process is not well prepared.
- c) Data server, system server, and application server of Equity Crowdfunding Stakeholders are still outside Indonesia so that it must be moved to Indonesia. This may occur if the Stakeholders are companies which are headquartered in another country so that the center of the data is not in Indonesia.
- d) The adjustment of Articles of Association of the prospective Equity Crowdfunding in order to comply with Indonesia Standard Industrial Classification (KBLI, Klasifikasi Baku Lapangan Usaha Indonesia).

In order to overcome those potential problems, The Financial Services Authority of OJK conducts live demo and site visit in permit issuance process so that there is room for OJK and prospective Equity Crowdfunding Stakeholders to discuss technically further concerning the solution of the problem. Besides live demo forum and site visit, prospective Equity Crowdfunding Stakeholders may request a consultation with OJK concerning problems they face during the process of permit proposal.

The Financial Services Authority's supervision on Equity Crowdfunding activities is conducted off-site. Off-site supervision is conducted by The Financial Services Authority by monitoring and analyzing every form of report which must be submitted by the Stakeholders to The Financial Services Authority. These reports are in the form of annual mid-year report, annual report, and incidental

report. Incidental report is a report which must be made over any actions or certain changes related to Equity Crowdfunding activities. However, the supervision may also be done on-site which covers any forms of general examination and/or particular examination which is not only limited to the reports submitted by Equity Crowdfunding Stakeholders. This is done in order to for OJK to get clear pictures of Stakeholder's company condition and to monitor the level of Stakeholder's compliance to positive rules and regulations. In addition, the on-site supervision is also conducted in order to find out whether there is illegal practice that may harm the continuity of stakeholder's business.

When an on-site supervision needs to be done in certain condition in the Stakeholder's Equity Crowdfunding company, direct examination in the form of site visit can be done by The Financial Services Authority.

## 2. Risk mitigation of equity based Crowdfunding utilization by The Financial Services Authority in Indonesia.

The background of regulation of Equity Crowdfunding activities is to provide easy access for the funding of small-sized and mid-sized businesses as well as for startup companies.

By collecting fund from Equity Crowdfunding activities, investors will have share of an issuer while the issuer who gains fund from Equity Crowdfunding can use the fund as business capital. In addition, the issuer may also use the fund for business expansion and other activities that support the issuer's business.

The development of crowdfunding concept in Indonesia is expected to be able to stimulate Indonesia economic growth. Unfortunately, not many people in Indonesia are familiar with this concept. This is a common issue that Asian countries including Indonesia most often face (Nugroho & Rachmaniyah, 2019).

Equity Crowdfunding is potential to help entrepreneurs raise fund for their business (Stemler,2013). However, despite its potential development, Equity Crowdfunding also contains risks for both investors and issuers.

The funding method in Equity Crowdfunding is a method that can easily attract people interest especially if the investment offered only needs small amount of money. There are some risks or disadvantages investing in equity crowdfunding platform. Here are some of them (Hutomo, 2019) :

- a) The Risk of payment failure. This may happen if the debtor does not fulfill his/her obligation to pay;
- b) The risk of fraud. This may happen whenever there is bad intention from either stakeholders or share issuers to collect fund as much as they can from public without clear responsibility;
- c) The risk of platform failure. There is possibility that the platform may not function well, even the risk of being hacked;
- d) Asymmetric information and information quality. The stakeholders give data which are not accurate or not transparent ;
- e) The risk of liquidity. The absence of secondary market particularly to resell the equity that has



been bought through Equity Crowdfunding platform.

The utilisation of Equity Crowdfunding in Indonesia has given positive impact especially for SMEs and startup companies. According OJK, the absence of report from the users of Equity Crowdfunding platform which reports a loss or problem in utilizing Equity Crowdfunding. Until now, there are two Equity Crowdfunding companies that have got permit from OJK. They are PT. Santara daya Inspiratama and PT. Investasi Digital Nusantara. Furthermore, to minimize the occurrence of problems caused by investment risks in equity crowdfunding, OJK has to conduct periodical supervision and monitoring of Equity Crowdfunding Stakeholders in order to be able to minimize the risks or drawbacks of investment in the platform.

Things that need to be taken into account for investors in the implementation of Equity Crowdfunding is that the investors must understand well share return, the execution of rights of shareholders and secondary market of Equity Crowdfunding (Kleinert & Volkmann,2019). Therefore, Equity Crowdfunding has become both opportunity and challenge for users of equity crowdfunding platform to increase their capital in business activity, and to make sure the return of fund to the investors fairly ( Abdullah & Susamto, 2019)

Regulation concerning secondary market in Equity Crowdfunding based on Article 32 section (1) POJK Number 37 year 2018 states that Stakeholders

may provide system for investors to trade issuers' shares which have been sold through crowdfunding.

However, Article 32 section (2) POJK Number 37 year 2018 regulates that trade can only be done among investors who are listed on the Stakeholders (exclusively done in Stakeholder system).

In other countries such as China, the frequent risk is that the stakeholder of Equity Crowdfunding is not a neutral intermediary for the investors and the issuers, In its practice, the intermediary even has interest in it so that protection for the investors is not optimum (Lin Lin,2017).

Investors in equity crowdfunding can try to reduce the risk by choosing a bigger company managed by experienced and educated management who are bale to maintain relatively big equity post-share offering while maximizing the return by choosing project with a better potential to grow (Nitani,Riding & He, 2019).

Regarding the possibility of the presence of the risks, The Financial Services Authority takes concrete steps stating in OJK Regulation Number 37 Year 2018 in Article 46 which regulates risk mitigation in Equity Crowdfunding. This Article states that stakeholders and issuers have to perform mitigation of the risks. The provider of Equity Crowdfunding platform has to comply with Article 48 POJK. This means that Stakeholders have to use escrow account in the bank they use to receive fund generated from share offer through Crowdfunding Service. Moreover, Chapter VIII Education and Protection of Crowdfunding Service Users in Article 53 mentions

that Stakeholders have to apply the basic principle of User Protection consisting of transparency, fair treatment, reliability, secrecy and data safety, and users dispute settlement in a simple, fast, and economical way.

Apart from being a party that facilitates Equity Crowdfunding, Stakeholders also have to implement Article 53. Furthermore, Stakeholders is obliged to provide and/or report the latest information concerning equity crowdfunding which is accurate, clear, and not misleading. In addition, Stakeholders are also required to deliver information to Users about return, delay, or proposal refusal of Crowdfunding Service.

Article 62 POJK states that Stakeholders are not allowed to, in any ways, give data and/or information concerning Users and/or prospective Users to the third party. This means that stakeholders are obliged to keep user data secrecy and not to leak the information to the third party.

Every form of complaint from users of Equity Funding has to be responded and reported to The Financial Services Authority along with its settlement made by stakeholders. To prevent Equity Crowdfunding platform to be used as a means of money laundering or terrorism, Article 64 states that Stakeholders are required to apply anti-money laundering program and prevent the funding of terrorism action by Users based on legal regulation concerning the implementation of anti-money laundering program and prevention of terrorism funding.

Aside from the form of risk mitigation accomodated in POJK Number 37 Year 2018, The Financial Services Authority has begun to apply Supervisory Technology (supTech) by making mini-portal to ease each fintech to record or register to The Financial Services Authority. The presence of these mini site makes it easier for The Financial Services Authority to record and supervise because all the systems are operated electronically. Previously, The Financial Services Authority has also built Innovation Center or Fintech Center (OJK Infinity) as a place for discussion or collaboration for stakeholders of fintech industry.

Discussion done by Fintech Stakeholders is supported by Indonesian Fintech Association which has begun some initiations to support the development of fintech industry in Indonesia especially for equity crowdfunding. Among the initiations are :

- a. Initiating Equity Crowdfunding Task Force which is a place for Equity Crowdfunding Stakeholders to help develop Equity Crowdfunding and identify the problems it caused in the practice. This Task Force also serves as a bridge with the regulators.
- b. Building industrial standard and thought leadership.
- c. Boost industrial growth and sustainability.

Based on information from Department of Digital Financial Innovation and The Development of Micro Finance, since 2019, The Financial Services Authority Infinity (Fintech Center) has served 397 consultations and accepted more than 800 visitors

related to Fintech utilization. Thus, users of Equity Crowdfunding Platform do not need to feel worry to invest using this service. The Financial Services Authority has, to such an extent, tried to mitigate the risks through the implementation of regulations and through some concrete steps in order to protect both investors and issuers.

In European countries, for the last ten years, Equity Crowdfunding has earned a lot of success, but there are still some failure cases occurred (Schwienbacher, 2019). Countries in Europe up to now still have to deal with various challenge related to the development of Equity Crowdfunding. Some of the challenges are how to maintain platform profitability and the possibility of investors pulling out of the platform (Schwienbacher, 2019).

In Malaysia, Equity Crowdfunding has also been widely known as one of instruments of Financial Technology which has a role in improving investment in business activities. Malaysia is the first country in ASEAN which initiated the enactment of law and regulation concerning Equity Crowdfunding. The law started when Malaysia Security Commission as the regulators issued Public Consultation Paper No.2/2014 on the Proposed Regulatory Framework for Equity Crowdfunding pada 21 Agustus 2014 (Hasan & Zainudin, 2016). Then, in 2017, Security Commission in Malaysia introduced a new regulation concerning the registration of Equity Crowdfunding Platform and provision of proper management for Equity Crowdfunding. Wan Amir Azlan Wan Haniff et.al in his article stated that Regulations concerning

Equity Crowdfunding in Malaysia are issued in order to manage and regulate equity crowdfunding activities and to protect the interest of the parties involved, particularly the investors (Wan Haniff, Ab Halim, & Ismail, 2019).

#### D. CONCLUSION

OJK supervision for Equity Crowdfunding/ECF activities is conducted off-site based on a report that must be submitted by Stakeholders to OJK in the form of annual mid-year report, annual report, and incidental report. However, if on-site supervision is necessary to be performed to Stakeholders in certain condition, direct examination in the form of site visit can be done. In addition during the process of issuing business permit for Stakeholder Company, representatives of Indonesia Stock Exchange have also assisted OJK to check the readiness of Crowdfunding Service system used by prospective Stakeholders of Equity Crowdfunding.

The form of risk mitigation of Equity Crowdfunding utilization in Indonesia is by requiring Stakeholders to upload transparent information to their website, at least information concerning business risk; Investment; Liquidity; scarcity of dividend sharing; share ownership dilution; and Electronic System Failure. Sedangkan dari sisi Penerbit, dalam dokumen dan/atau informasi yang wajib disampaikan kepada Penyelenggara, Meanwhile, issuers are required to inform the main risk faced by issuers and the risk of the possibility that the share offered may not be liquid (it there is

any). OJK has also built Innovation Center or fintech Center (The Financial Services Authority Infinity) as a forum for fintech industry stakeholders to discuss and collaborate. This forum also serves to overcome the risks that may occur in utilizing Equity Crowdfunding.

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#### LAWS

- Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 13 /Pojk.02/2018 Tentang Inovasi Keuangan Digital Di Sektor Jasa Keuangan.
- Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 37/POJK.04/2018 Tentang Layanan Urun Dana melalui Penawaran Saham Berbasis Teknologi Informasi (Equity Crowdfunding).