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Legal Protection for Foreign Lenders in Indonesia's Peer-to-Peer Lending Market: Borrower Default Risk under the LPBBTI Framework

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Abstract
Indonesia's technology-based joint funding service (Layanan Pendanaan Bersama Berbasis Teknologi Informasi, LPBBTI) has become an important channel of digital credit, while simultaneously exposing fund providers to borrower-default, platform, operational, and enforcement risks. This article examines the legal position and protection of foreign parties that provide funds through Indonesian LPBBTI platforms, with particular attention to borrower default. It uses normative doctrinal legal research, combining statutory and conceptual approaches and examining the Indonesian Civil Code, the investment framework, financial-sector legislation, OJK Regulation No. 40 of 2024, OJK Circular Letter No. 19/SEOJK.06/2025, and relevant legal and fintech scholarship. The analysis makes a distinction that is often blurred in Indonesian discussion: a foreign lender who supplies funds to a borrower through an LPBBTI platform is not legally identical to a foreign equity investor who owns shares in the platform operator. This distinction changes the applicable rights, obligations, regulatory limits, and remedies. The article finds that legal protection is layered. Preventive protection rests on licensing, risk disclosure, credit scoring, funding-performance transparency, contractual risk allocation, portfolio diversification, data governance, and prudential platform conduct. Repressive protection arises through contractual claims, default remedies, dispute resolution, and platform liability where loss is attributable to the operator's own breach or negligence. The regulatory framework provides substantial legal certainty, but it does not guarantee repayment and should be strengthened through clearer cross-border contractual clauses, standardized disclosures, and continuity arrangements for distressed platforms.

Keywords:
Foreign lender; LPBBTI; peer-to-peer lending; borrower default; legal protection; fintech regulation; Indonesia

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INTRODUCTION

Financial technology has altered the institutional structure of credit markets by combining digital distribution, automated or data-assisted screening, and platform-based intermediation. The literature commonly treats fintech lending as a technology-enabled form of credit provision that can reduce transaction costs and widen access to finance, while also generating new information, conduct, operational, and regulatory risks (Arner et al., 2016; Berg et al., 2022; Bruton et al., 2015; Morse, 2015). The central regulatory challenge is therefore not simply whether innovation should be permitted, but how the law should allocate risk, responsibility, and information duties among actors whose functions do not fit neatly within conventional banking categories (Chiu, 2016; Magnuson, 2018; Omarova, 2020; Zetzsche et al., 2017).

Indonesia provides a particularly important setting for this inquiry. The Indonesian regulatory category is Layanan Pendanaan Bersama Berbasis Teknologi Informasi (LPBBTI), a technology-based joint funding service generally associated with online peer-to-peer lending. At the end of June 2026, the Financial Services Authority (Otoritas Jasa Keuangan, OJK) reported outstanding online-loan financing of approximately IDR 105.14 trillion and an aggregate 90-day default-risk indicator (TWP90) of 4.26%. These figures illustrate both the scale of the market and the continuing materiality of credit risk (OJK, 2026). The governing framework has also evolved. OJK Regulation No. 40 of 2024 (POJK 40/2024), effective from 27 December 2024, replaced the earlier regulatory architecture, and OJK Circular Letter No. 19/SEOJK.06/2025 supplies more detailed operational rules on funding, risk warnings, fund-provider classification, credit scoring, performance disclosure, and portfolio-transfer arrangements (OJK, 2024, 2025).

LPBBTI can enhance financial inclusion, particularly for borrowers and micro, small, and medium enterprises that may face constraints in conventional credit channels. However, digital intermediation does not eliminate the economic problem of asymmetric information. Research on peer-to-peer markets shows that lender decisions remain sensitive to signals of borrower quality and to the quality of screening mechanisms (Iyer et al., 2016; Lin et al., 2013). Indonesian studies similarly identify credit quality, data protection, collection practices, illegal operators, consumer protection, platform governance, and regulatory compliance as recurrent problems in the sector (Hidajat, 2020; Kharisma, 2021; Suryono et al., 2021; Tan, 2023). Comparative evidence from China further demonstrates that rapid P2P growth without robust risk governance can produce platform failures and significant investor losses (Ding et al., 2021).

The legal problem becomes more complex when the party supplying funds is foreign. Existing Indonesian discussion frequently uses the broad term 'foreign investor' for different legal positions. Yet a foreign person or entity that provides a loan through an LPBBTI platform acts primarily as a fund provider or lender and is exposed to the borrower's contractual default. By contrast, a foreign person or entity that acquires equity in the LPBBTI operator is a shareholder or foreign direct investor and is governed by a different body of corporate and investment rules. Tritto et al. (2020) show that foreign capital has been important to the Indonesian P2P sector, but foreign capital can enter through different legal channels. Conflating these channels can lead to incorrect conclusions about standing, liability, foreign-ownership limits, and available remedies.

This distinction is not merely terminological. If a foreign party is a lender, its core legal concern is the enforceability of the funding agreement, the allocation of borrower credit risk, the operator's disclosure and servicing obligations, and the remedies available after default. If the same party is also a shareholder in the platform company, the Investment Law, corporate law, and foreign-ownership restrictions become additionally relevant. A rule on foreign ownership of an LPBBTI provider does not, by itself, define the creditor rights of a foreign lender. Similarly, legal certainty regarding the validity of a digital funding relationship cannot be treated as a guarantee that a borrower will repay.

Against that background, this article asks three questions. First, what is the legal position of a foreign fund provider in Indonesia's LPBBTI structure, and how does it differ from that of a foreign equity investor in the platform operator? Second, what preventive and repressive legal protections are available when the borrower defaults? Third, where do regulatory and contractual gaps remain despite the strengthening of the LPBBTI framework? The article contributes by integrating the Indonesian law of contract and default with current OJK regulation and by correcting the categorical ambiguity between foreign lenders and foreign equity investors. It also develops a risk-allocation framework that preserves the substantive concern of investor protection without overstating what the law can guarantee.

METHOD

This study employs normative doctrinal legal research. The object of analysis is law as a system of rules, principles, legal relationships, and institutional responsibilities rather than as a set of statistically observed causal relationships. The study uses two complementary approaches. The statutory approach identifies and interprets the hierarchy of rules governing LPBBTI, contractual default, financial-sector supervision, investment, consumer protection, and data governance. The conceptual approach examines legal protection, legal certainty, contractual responsibility, intermediary liability, and risk allocation in digital lending.

Primary legal materials include the Indonesian Civil Code, Law No. 25 of 2007 on Investment, Presidential Regulation No. 10 of 2021 on Investment Business Fields as amended by Presidential Regulation No. 49 of 2021, Law No. 27 of 2022 on Personal Data Protection, Law No. 4 of 2023 on Financial Sector Development and Strengthening as amended by Law No. 4 of 2026, OJK Regulation No. 22 of 2023 on Consumer and Public Protection in the Financial Services Sector, POJK 40/2024 on LPBBTI, and SEOJK 19/SEOJK.06/2025. OJK supervisory and statistical publications current to August 2026 are used only to contextualize the contemporary market and implementation environment.

Secondary materials consist of peer-reviewed legal, finance, and information-systems scholarship on fintech regulation, P2P lending, information asymmetry, borrower screening, consumer protection, and platform failure. The materials are analyzed qualitatively through systematic, grammatical, and purposive interpretation. The analysis proceeds deductively from general contract and regulatory principles to the specific legal relationships among the fund provider, fund recipient, and platform operator. Where a rule concerns the platform's corporate ownership rather than the lending relationship, the article treats the two issues separately. This methodological separation is essential because the original legal category of 'investor' can otherwise conceal distinct rights and liabilities.

The method has an inherent limitation: it establishes the content and coherence of legal protection, but it does not measure actual recovery rates, litigation outcomes, borrower behavior, or the empirical effectiveness of credit-scoring models. Consequently, statements concerning legal certainty are confined to the clarity and enforceability of the regulatory-contractual framework and are not presented as evidence of guaranteed repayment or causal risk reduction.

RESULTS AND DISCUSSION

1. Regulatory architecture and legal relationships in LPBBTI

The LPBBTI structure creates a tripartite operational environment but not a single undifferentiated legal relationship. The principal actors are the platform operator (Penyelenggara), the fund provider or lender (Pemberi Dana), and the fund recipient or borrower (Penerima Dana). The operator supplies the regulated electronic infrastructure, performs onboarding and risk-management functions, facilitates the formation and administration of funding relationships, and carries regulatory duties imposed by OJK. The economic exposure to borrower non-payment, however, principally falls on the party that supplies the funds unless another party has validly assumed that risk.

The contractual foundation remains important. Article 1338 of the Indonesian Civil Code embodies the binding force of a valid agreement and the duty to perform agreements in good faith. In the LPBBTI setting, POJK 40/2024 requires the relevant relationships to be documented electronically and imposes substantive obligations on the operator concerning information, governance, risk management, and system integrity. The result is a hybrid structure: the parties' rights originate partly from private agreement and partly from mandatory financial-services regulation. This structure is consistent with broader fintech scholarship, which observes that digital platforms do not eliminate intermediation; rather, they redesign intermediation and redistribute its functions (Berg et al., 2022; Chiu, 2016).

A valid electronic contract therefore has two dimensions. First, it allocates private rights and duties among the contracting parties. Second, it operates within a regulated platform whose conduct is constrained by licensing, disclosure, consumer-protection, credit-assessment, data-protection, and supervisory rules. A clause that seeks to transfer all regulatory responsibility to a user cannot displace mandatory obligations imposed on an OJK-regulated provider. Conversely, the existence of OJK supervision does not convert the platform into a guarantor of every borrower's debt.

This allocation of functions matters for default. The platform facilitates funding, but the borrower is the party whose promised payment constitutes the principal performance under the funding agreement. The operator may undertake servicing, collection, communication, record-keeping, or agency functions, yet its liability must be traced to its own contractual or regulatory breach rather than inferred automatically from the borrower's failure to pay. This approach is also consistent with Indonesian scholarship that distinguishes the legal relations of the parties and the consequences of default in P2P lending (Dewanthara & Resen, 2020; Lubis & Putra, 2022; Rahmahafida, 2020).

2. Foreign lenders and foreign equity investors are legally distinct

The most important conceptual correction is to separate a foreign lender from a foreign equity investor. The expression 'foreign investor' is understandable in ordinary economic language because both actors deploy foreign capital. Legally, however, their positions are different. A foreign lender supplies funds through the LPBBTI mechanism and holds the contractual position of Pemberi Dana. Its primary claim is against the borrower under the funding agreement, subject to the operator's regulatory and contractual duties. A foreign equity investor, by contrast, acquires ownership in the Indonesian legal entity that operates the platform and thereby enters the domain of investment, company, licensing, and ownership regulation.

The distinction explains why rules in the Investment Law, Presidential Regulation No. 10 of 2021 and its amendment, and POJK provisions concerning the provider's foreign ownership and paid-in capital should not be used as if they determine the lender's creditor status. Those rules matter when foreign capital takes the form of share ownership in the operator. POJK 40/2024, for example, contains limits concerning foreign ownership of an LPBBTI provider and minimum capital requirements. These are prudential and corporate-ownership rules for the regulated intermediary. They do not transform a foreign lender into a shareholder, nor do they make shareholder rules the source of the lender's right to repayment.

The current OJK implementing framework further supports direct treatment of the fund-provider role. SEOJK 19/SEOJK.06/2025 differentiates professional and non-professional fund providers and imposes operational standards intended to ensure that users understand the risks of funding. The legal analysis should therefore begin with the party's actual function in the transaction. Nationality may affect onboarding, classification, cross-border documentation, taxation, or conflict-of-laws considerations, but nationality does not erase the basic creditor-debtor structure of the funding agreement.

This functional classification also improves legal reasoning. Tritto et al. (2020) document the role of foreign-backed capital in Indonesia's P2P market, while Tan (2023) emphasizes the regulatory challenge created by the rapid proliferation of online lending. Read together, these studies show why 'foreign capital' cannot be treated as a single category. Regulatory analysis should ask whether the foreign capital is invested in the platform company, lent to borrowers through the platform, or deployed through another arrangement. Each route creates different exposures, rights, and regulatory concerns.

3. Borrower default and the allocation of legal risk

Borrower default (wanprestasi) is the central private-law risk examined in this article. Under the Indonesian Civil Code, default may arise when a debtor fails to perform the promised obligation, performs it late, or otherwise fails to comply with the agreed performance. Article 1238 provides the framework for placing a debtor in default, including circumstances in which default follows from notice or from the agreement itself, while Article 1243 provides a basis for claiming costs, loss, and interest when the debtor remains in breach after being placed in default. The precise remedy depends on the agreement, the character of the obligation, and the facts of the breach.

From a risk-allocation perspective, default risk cannot be removed by describing P2P funding as an 'investment'. The economic return exists because the lender bears credit risk. The information-asymmetry literature demonstrates why borrower quality is difficult to observe and why screening and soft information can materially affect lending outcomes (Iyer et al., 2016; Lin et al., 2013; Morse, 2015). Fintech can improve the speed and granularity of assessment, but technology does not make default impossible (Berg et al., 2022). The Indonesian regulatory system appropriately requires risk warnings and credit-assessment processes; those safeguards reduce information deficits but do not create a repayment guarantee.

The same logic limits platform liability. A borrower's default, standing alone, is evidence of the borrower's non-performance, not necessarily of wrongdoing by the platform. The operator may nevertheless be liable if the lender's loss is attributable to the operator's own breach: for example, material misrepresentation, failure to perform a mandatory risk-management duty, misuse of funds, violation of data or operational obligations, or negligent execution of an expressly assumed servicing or agency function. This distinction preserves accountability without imposing strict liability on an intermediary for risks that the regulatory model allocates to funding activity.

The practical importance of this distinction is visible in the experience of other P2P markets. China's rapid P2P expansion and subsequent platform failures show that weak governance and opaque risk transfer can produce losses that are not equivalent to ordinary borrower default (Ding et al., 2021). Indonesian regulation has developed partly in response to similar concerns regarding illegal operators, consumer harm, aggressive collection, and governance weaknesses (Hidajat, 2020; Kharisma, 2021; Suryono et al., 2021). A sound legal framework must therefore distinguish borrower credit risk from operator misconduct and platform-continuity risk.

4. Preventive legal protection for foreign lenders

Preventive legal protection seeks to reduce the probability and impact of disputes before loss crystallizes. Hadjon's distinction between preventive and repressive legal protection remains useful as an organizing device, provided it is applied to the current regulatory environment rather than treated as a substitute for specific rules (Hadjon, 1987). In LPBBTI, preventive protection operates through regulation, platform governance, contract design, and lender due diligence.

First, funds should be provided only through an operator that holds the required authorization and remains under OJK supervision. Licensing is not a certification that each loan is safe; its legal significance is that the operator is subject to minimum governance, capital, reporting, conduct, and supervisory requirements. The broader fintech literature supports this calibrated approach: regulation should address identifiable market failures and institutional risks without assuming that licensing eliminates business risk (Magnuson, 2018; Minto et al., 2017; Omarova, 2020; Zetzsche et al., 2017).

Second, risk disclosure is a substantive protection. SEOJK 19/SEOJK.06/2025 requires the operator to display warnings concerning LPBBTI business risks and to ensure that users understand the risks before providing funds. It also requires publication of funding-performance information, including indicators of funding quality. For a foreign lender, disclosure should be assessed not merely by formal availability but by intelligibility: the lender must be able to understand the language, calculation basis, limitations, and implications of the disclosed performance data. A risk warning that is technically visible but practically incomprehensible does little to support informed consent.

Third, credit scoring and risk management are essential but should be described accurately. The current OJK framework permits credit scoring to draw on internal data and data from authorized or registered information providers and public institutions. Traditional 5C analysis - character, capacity, capital, collateral, and conditions - can remain a useful credit heuristic, but it should not be inaccurately presented as if POJK 40/2024 mechanically mandates that exact checklist for every LPBBTI loan. The legal requirement is better understood as an obligation to maintain adequate assessment and risk-management processes. The empirical literature on P2P screening reinforces the importance of information quality and borrower assessment (Iyer et al., 2016; Lin et al., 2013).

Fourth, the lender should conduct contractual due diligence. The funding agreement should clearly identify the borrower, principal, return, maturity, events of default, notice requirements, collection authority, fees, use of data, dispute-resolution mechanism, governing law, consequences of restructuring, and allocation of recovery costs. Where the operator acts under a power of attorney or other agency arrangement, the scope of authority should be explicit. Article 1792 of the Civil Code provides the general basis for authorization to act on another's behalf; in the LPBBTI context, the contractual text should specify what the operator may do in collection, restructuring, settlement, or enforcement.

Fifth, diversification remains a rational risk-management technique. Because default is an inherent feature of credit portfolios, concentrating all funds in a single borrower can magnify loss severity even when all legal formalities have been satisfied. Diversification does not create legal protection in the strict remedial sense, but it is a preventive measure that complements the regulatory objective of informed and prudent funding. The evolution of alternative finance supports viewing P2P funding as a portfolio-risk decision rather than a guaranteed deposit substitute (Bruton et al., 2015; Morse, 2015).

Sixth, data governance forms part of legal certainty in a digital environment. The operator handles identity, financial, transaction, and behavioral information that may affect both credit decisions and enforcement. POJK 40/2024, sectoral consumer-protection rules, and Law No. 27 of 2022 on Personal Data Protection create overlapping obligations concerning security, confidentiality, lawful processing, and protection of personal information. For foreign lenders, contractual arrangements should also identify what data can lawfully be accessed, transferred, retained, or disclosed during cross-border servicing and dispute resolution.

Seventh, continuity planning has become more explicit under the 2025 implementing framework. SEOJK 19/SEOJK.06/2025 requires the funding agreement to address a mechanism for portfolio transfer where a provider is subject to business restrictions and/or cannot be restored to health and the portfolio is transferred to another provider or a specially established institution. This is a significant development because the lender's risk is not limited to borrower default; platform distress can impair servicing, records, communications, and collection. Contractual continuity provisions therefore constitute a distinct layer of preventive protection.

5. Repressive protection, remedies, and platform responsibility

When preventive mechanisms fail and the borrower defaults, legal protection becomes repressive in the sense that it seeks to restore or enforce an existing right. The first source of the lender's remedy is the funding agreement read together with the Civil Code. Depending on the contractual design and the nature of breach, the lender may demand performance, pursue contractual damages, and use the dispute-resolution mechanism stipulated in the agreement. Articles 1238 and 1243 provide central doctrinal anchors for default and compensation, while Article 1338 reinforces the binding force and good-faith performance of lawful agreements.

For a foreign lender, the practical effectiveness of a remedy depends heavily on procedural design. The contract should specify the law governing the funding relationship, the competent forum or agreed alternative-dispute-resolution mechanism, the method of serving notices, the authority of the platform or collection agent, and the treatment of costs and recovered funds. These clauses matter because cross-border parties can otherwise face uncertainty even where the substantive debt is clear. The issue is not whether Indonesian law recognizes the lender's claim in the abstract, but whether the contractual and procedural pathway allows the claim to be asserted efficiently.

The operator's responsibility requires separate analysis. If the borrower alone fails to pay, the operator should not automatically be treated as the substitute debtor. If, however, the operator has violated an OJK duty, breached its own contract, mishandled funds, supplied materially misleading information, failed to execute agreed collection functions with reasonable care, or otherwise caused or aggravated the lender's loss, a separate basis of responsibility may arise. The original distinction between intentional wrongdoing, negligence, and strict responsibility remains conceptually relevant, but LPBBTI liability should be grounded in the specific duty breached and the causal connection to loss rather than in generalized labels (Muhammad, 2010).

Dispute resolution can proceed through litigation or a valid non-litigation mechanism, depending on the agreement and applicable financial-sector dispute-resolution framework. From a regulatory-policy perspective, effective redress is part of the credibility of fintech markets. Kharisma (2021) and Tan (2023) both emphasize the importance of a coherent legal framework for fintech development and consumer confidence. Repressive protection is therefore not only an ex post private remedy; it also contributes to market discipline by making regulatory and contractual duties enforceable.

A further complication arises where platform distress coincides with borrower default. The 2025 rules on portfolio-transfer mechanisms improve continuity, but they also demonstrate that 'default risk' should be disaggregated. A lender may face (a) borrower credit risk, (b) platform operational or governance risk, and (c) enforcement or recovery risk. Different legal tools respond to each category. A borrower claim does not cure a platform record-keeping failure, and a platform sanction does not itself produce repayment from an insolvent borrower. Accurate classification therefore improves both legal analysis and practical recovery strategy.

6 Legal certainty, regulatory coherence, and remaining gaps

Legal certainty is frequently invoked in Indonesian legal analysis, but it should be used with precision. Radbruch treated legal certainty as an important value of law while insisting that law also relates to justice and purposive ordering (Radbruch, 2006). In the LPBBTI context, legal certainty means that the parties can identify the relevant legal status, contractual framework, regulator, risk-allocation rules, and pathways for redress. It does not mean that the law can eliminate credit risk or guarantee a favorable economic outcome.

On that measure, the Indonesian framework is substantially clearer than it was during the early expansion of P2P lending. POJK 40/2024 and SEOJK 19/SEOJK.06/2025 strengthen risk warnings, fund-provider classification, performance publication, credit-scoring governance, and platform-continuity mechanisms. The 2026 amendment to the Financial Sector Development and Strengthening Law also forms part of the current supervisory environment. This evolution is consistent with the pattern described by Arner et al. (2016): fintech regulation tends to move from accommodation of innovation toward more differentiated, risk-sensitive oversight as markets mature.

Nevertheless, three gaps remain particularly relevant to foreign lenders. The first is contractual standardization for cross-border funding. Platform agreements should use clear, consistent clauses on governing law, dispute forum, service of notices, collection authority, data processing, restructuring, portfolio transfer, and distribution of recoveries. The second is disclosure comparability. Performance and risk indicators should be presented in a form that allows lenders to compare portfolios and understand whether figures refer to delinquency, funding quality, write-offs, restructurings, or realized recovery. The third is operational continuity. A legally valid borrower claim can still be difficult to exercise if records, servicing, or access to the platform are disrupted.

These gaps do not justify treating foreign lenders as a specially guaranteed class. A more defensible policy is functional equivalence: foreign and domestic lenders should receive clear information, enforceable contracts, fair treatment, and access to redress, while remaining responsible for ordinary credit risk. Where the foreign party is also an equity investor in the provider, the additional investment and corporate rules should be applied in their proper domain. Such separation improves both regulatory coherence and the rationality of legal protection.

The broader comparative lesson is that fintech regulation is most credible when it separates risks rather than obscures them. The collapse of poorly governed P2P markets can result from platform misconduct, liquidity mismatches, weak underwriting, or regulatory arbitrage rather than from ordinary isolated borrower default (Ding et al., 2021). Indonesia's regulatory trajectory has increasingly moved toward differentiated governance, a development that should be reinforced by more precise contracts and enforcement architecture rather than by assumptions of implicit guarantees.

7 Practical and policy implications

For foreign lenders, the principal implication is that legal due diligence should begin with classification. The lender should verify that it is entering the transaction as Pemberi Dana, identify whether any separate equity or affiliated relationship exists, and avoid relying on corporate-ownership rules as a substitute for reviewing the funding agreement. Before funding, the lender should verify OJK authorization, review risk and portfolio-quality disclosures, understand credit-scoring limitations, assess concentration, and examine the operator's continuity and collection arrangements.

For platform operators, contract design should make risk allocation explicit. A high-quality agreement should state that borrower credit risk remains with the fund provider unless a legally valid risk-transfer mechanism expressly provides otherwise; it should avoid language that implies a guaranteed return where none exists. It should also define the operator's servicing standard, collection authority, data responsibilities, complaints process, dispute forum, and portfolio-transfer procedure. Multilingual or bilingual disclosure should be considered where foreign fund providers are accepted, because comprehension is central to meaningful risk disclosure.

For OJK and policymakers, the regulatory priority should be consistency between disclosure, supervision, and redress. Standardized presentation of funding-quality metrics, stronger continuity testing, clearer treatment of recovery and restructuring data, and guidance on cross-border contractual clauses could reduce interpretive uncertainty without changing the basic allocation of credit risk. Such measures would align with the principle of smart regulation: targeted intervention directed at identifiable risks rather than indiscriminate restriction of financial innovation (Zetzsche et al., 2017).

CONCLUSION

This article concludes that the legal protection of foreign parties in Indonesian LPBBTI is best understood by first identifying the legal capacity in which the foreign capital enters the market. A foreign lender or Pemberi Dana is a creditor in the technology-facilitated funding relationship. A foreign equity investor is a shareholder in the platform operator. These positions can coexist in a single economic group, but they are not legally interchangeable.

For foreign lenders, protection against borrower default is layered rather than absolute. Preventive protection is created by authorization and supervision of the operator, mandatory risk warnings, credit scoring and risk management, disclosure of funding performance, contractual due diligence, diversification, good-faith performance, data protection, and platform-continuity provisions. Repressive protection becomes relevant after default through contractual enforcement, claims for performance or damages, and agreed dispute-resolution mechanisms. The operator is not automatically liable for the borrower's non-payment, but separate liability can arise where the operator breaches its own contractual or regulatory duties or negligently causes loss.

The current framework provides greater legal certainty than the earlier regime, particularly after POJK 40/2024 and SEOJK 19/SEOJK.06/2025. Yet legal certainty must not be equated with guaranteed repayment. Borrower credit risk remains a defining feature of lending. The remaining policy task is to improve cross-border contractual clarity, disclosure comparability, and continuity mechanisms so that a foreign lender can understand ex ante what risk is being assumed and can exercise remedies ex post without ambiguity.

Accordingly, the most rational model of protection is not to shield foreign lenders from every commercial loss, but to ensure informed risk-taking, enforceable rights, accountable intermediation, and effective redress. This approach preserves the substantive objective of protecting foreign capital while remaining consistent with the legal and economic structure of peer-to-peer lending.

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