

Juridical Review of Sharia Technology Financial Dispute Resolution in Indonesia

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Abstract

The development of sharia-based financial technology in Indonesia has experienced significant growth in line with the increasing need for digital financing services that operate in accordance with Islamic sharia principles. Data from the Financial Services Authority notes that until early 2025 there are dozens of Information Technology-Based Joint Funding Service (LPBBTI) operators operating based on sharia principles, while consumer complaints in the financial services sector processed to the Financial Services Sector Alternative Dispute Resolution Institution (LAPS SJK) also contain a significant portion of the fintech sector. The default cases and restrictions on business activities that befell sharia co-funding fintech operators by the end of 2025 confirm that an effective dispute resolution mechanism is still an urgent issue. This study aims to analyze laws and regulations, examine dispute resolution mechanisms, and assess the effectiveness of sharia technology fintech regulations and dispute resolution institutions in Indonesia. The research uses normative juridical methods with a statutory and conceptual approach, supported by secondary data in the form of laws and regulations, fatwas of the National Sharia Council of the Indonesian Ulama Council (DSN-MUI), decisions of the Constitutional Court, and legal literature that is analyzed qualitatively-descriptively. The results of the study show that the legal framework for sharia fintech dispute resolution is spread across Law Number 4 of 2023, Financial Services Authority Regulation Number 40/POJK.03/2024, and Financial Services Authority Regulation Number 61/POJK.07/2020, with a tiered mechanism ranging from internal dispute resolution, mediation and arbitration at LAPS SJK, to litigation channels in Religious Courts. This study also found the problem of unclear institutional competence, limited sharia-certified human resources, and low executive power of alternative dispute resolution decisions that hinder the effectiveness of legal protection for sharia fintech consumers.

INTRODUCTION

Digital transformation has fundamentally changed the landscape of the financial industry in Indonesia, including in the Islamic finance sector. One form of this transformation is the emergence of financial technology based on sharia principles that offers co-funding, financing, and investment services without elements of usury, gharar, and maysir (Rafi'uddin et al., 2025). The presence of sharia fintech was initially expected to be a solution to the low inclusion of Islamic finance, especially for micro, small, and medium enterprises that have had difficulty accessing conventional banking financing. The Financial Services Authority noted that until January 2025 there are 97 legal online loan providers that have been licensed, some of which operate with business models based on sharia principles or through sharia business units (Financial Services

Authority. 2025, December 11). This growth is in line with the achievements of the Islamic financial industry in general, where total national Islamic banking assets reached IDR 1,028.18 trillion in October 2025, growing 11.34 percent annually (Financial Services Authority. 2025, December 11). The emergence of financial technology services refers to technology that provides financial efficiency, is easily accessible, and innovative. According to Pricewaterhouse Coopers (PwC), Fintech is a part of the financial services and technology industry that focuses on start-ups, namely creating industrial product and service innovations. As a result of technological developments, the economic sector has been affected and the combination of the economic and technology sectors is known as fintech (Tambunan, S. P. M. & Zulfam, Z, 2023).

Disputes between sharia fintech operators and consumers are increasingly frequent. Based on consumer complaint data in the financial services sector, of the 11,195 complaints that came in through the Consumer Protection Portal Application (APPK), as many as 1,320 complaints were forwarded to be processed at the Financial Services Sector Alternative Dispute Resolution Institution (LAPS SJK), with fintech sector disputes accounting for a portion of 12.01 percent, the highest number compared to the working capital financing, credit cards, motor vehicle financing, and savings sectors (Prastyanti, R. A. (2023). This problem became more evident when the Financial Services Authority imposed a Business Activity Restriction (PKU) sanction on one of the providers of sharia-based Information Technology-Based Joint Funding Services (LPBBTI) on October 15, 2025 due to ongoing governance and default issues, resulting in losses for thousands of lenders who had to take legal steps to defend their rights (BP Lawyers. 2025, November 19). The case shows that although regulations have strengthened the mechanism for monitoring and regulating the liquidation of LPBBTI operators, legal certainty for lenders is still limited due to the nature of the separate legal relationship between the parties and the position of the organizer as an intermediary (Adikresna, A. K. A. P. 2026).

Institutionally, the settlement of sharia fintech disputes in Indonesia cannot be separated from the legal framework for sharia economic dispute resolution in general. The ratification of Law Number 3 of 2006 concerning Amendments to Law Number 7 of 1989 concerning Religious Courts has expanded the absolute competence of the Religious Courts to adjudicate sharia economic disputes, including disputes between sharia financial institutions (Rasmuddin, 2025). However, the provisions of the Explanatory Article 55 paragraph (2) of Law Number 21 of 2008 concerning Sharia Banking open the choice of forum space for the parties to choose dispute resolution through deliberation, banking mediation, the National Sharia Arbitration Board (Basyarnas) or other arbitration institutions, as well as the General Court, thus giving rise to a competency dualism that has just been declared contrary to the constitution through the Constitutional Court Decision Number 93/PUU-X/2012 (Feriyanto, 2025). This competency issue becomes even more complex when applied to sharia fintech disputes that have cross-jurisdictional characteristics, without face-to-face, and involving a third party in the form of an electronic system operator.

Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law) is an important milestone because it provides a stronger legal foundation for LPBBTI, including further regulatory orders which are then outlined in Financial Services Authority Regulation Number 40/POJK.03/2024 concerning Information Technology-Based Joint Funding Services (POJK 40/2024), which replaces Financial Services Authority Regulation Number 77/POJK.01/2016 and Financial Services Authority Regulation Number 10/POJK.05/2022 (Financial Services Authority, 2024). POJK 40/2024 explicitly regulates the

establishment of Sharia Business Units (UUS) in Articles 20 to 27, consumer protection obligations in Article 179, and prohibitions on the practice of *zhulm* and *riba nasiah* in the explanation of Article 134 (Akobiarek et al., 2025). However, the provisions regarding dispute resolution in the POJK basically still refer to one official door, namely the Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK) which was formed based on Financial Services Authority Regulation Number 61/POJK.07/2020 and has been operating since January 1, 2021 as a replacement for the previous six sectoral dispute resolution institutions (BAPMI, BMAI, BMDP, LAPSPI, BAMPPI, and BMPPVI) (Mega Syariah Bank Team, 2025).

The problem is that LAPS SJK as the sole institution for resolving disputes in the financial services sector has not fully accommodated the peculiarities of sharia principles in the mediation and arbitration process, while Basyarnas as a sharia arbitration institution that is more experienced in sharia economic disputes is actually outside the structure of the SJK LAPS (Irawan & Syafira, 2025). This condition has the potential to cause unclear division of authority between the Religious Court, Basyarnas, and LAPS SJK in resolving sharia fintech disputes. In addition, the implementation of arbitration awards and mediation results still face various obstacles in practice, so that the effectiveness of dispute resolution has not been optimally able (Mukhlas & Ziaharah, 2025). Therefore, a comprehensive juridical study of the regulations, mechanisms, and institutional effectiveness of sharia technology fintech dispute resolution is important to be carried out, both as a policy evaluation material and as an academic foothold for the development of sharia economic law in Indonesia in the future.

Several previous studies have examined the legal aspects of sharia fintech from different perspectives. Rafi'uddin et al. (2025) in their study of sharia fintech lending concluded that the legal basis of sharia-based LPBBTI rests on two main instruments, namely the Financial Services Authority Regulation and DSN-MUI Fatwa Number 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles, but has not touched much on specific dispute resolution aspects (Rafi'uddin et al., 2025). Meanwhile, Njatrijani and Oktaviana (2026) through a normative juridical study on the role of the Financial Services Authority found that the legal framework for the protection of sharia fintech consumers still faces challenges in effectiveness, especially related to dispute resolution mechanisms that are not yet fully integrated and easily accessible to ordinary consumers (Njatrijani & Oktaviana, 2026).

Another study published in *Causa: Journal of Law and Citizenship* (2026) regarding legal certainty for funders after the liquidation of LPBBTI operators based on POJK 40/2024 emphasizes that even though regulations have strengthened supervision, funders still have to pursue civil lawsuits and dispute resolution mechanisms in the financial services sector to maintain their rights (Adikresna, 2026). The study on non-litigation legal settlement in Islamic financial institutions by Qanuniya: *Journal of Law* (2025) shows that non-litigation channels such as sharia mediation and arbitration are able to accelerate dispute resolution and maintain the principle of justice, although it is still constrained by socialization and limited capacity of sharia-certified mediators (Mukhlas & Ziaharah, 2025). In contrast to these studies which generally focus on conventional sharia fintech lending or consumer protection alone, this study provides novelty by specifically analyzing the juridical problems of overlapping institutional competencies in dispute resolution and evaluating the effectiveness of regulations after the issuance of POJK 40/2024 and the actual case of restrictions on business activities of sharia fintech operators by the end of 2025.

METHODS

This research is a normative legal research that aims to examine the rules, principles, and legal doctrines related to the settlement of sharia financial technology disputes in Indonesia. Normative legal research was chosen because the problems studied are conceptual-doctrinal, namely about the suitability, consistency, and empirical absence of norms in the laws and regulations that govern the settlement of sharia fintech disputes, not about the empirical social behavior of the community. The approaches used in this study are the statute approach and the conceptual approach. The legislative approach is used to examine and compare various relevant regulations, including Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector, Financial Services Authority Regulation Number 40/POJK.03/2024 concerning Information Technology-Based Joint Funding Services, Financial Services Authority Regulation Number 61/POJK.07/2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector, Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, and Law Number 3 of 2006 concerning Amendments to Law Number 7 of 1989 concerning Religious Courts. A conceptual approach is used to analyze the legal concepts of sharia economics, such as the principle of justice (*al-'adalah*), the prohibition of usury, gharar, and maysir, as well as the concept of absolute competence of the judiciary which is the philosophical basis for the regulation of sharia fintech dispute resolution.

The type of data used in this study is secondary data consisting of primary legal materials, secondary legal materials, and tertiary legal materials. Primary legal materials include laws and regulations, Fatwa of the National Sharia Council of the Indonesian Ulema Council Number 117/DSN-MUI/II/2018, and Constitutional Court Decision Number 93/PUU-X/2012. Secondary legal materials include books, scientific journals, results of previous research, as well as official publications of the Financial Services Authority and LAPS SJK that are relevant to the research object. Tertiary legal materials are in the form of legal dictionaries and encyclopedias that are used to clarify technical terms. The method of collecting legal materials is carried out through library research by tracing laws and regulations, official documents of authority institutions, and accredited journal articles published in the latest time frame to maintain the actuality of the data. The processing of legal materials is carried out through the identification, classification, and systematization stages based on the subject of research, while the analysis of legal materials is carried out qualitative-descriptive with a deductive method, namely drawing conclusions from general premises in the form of norms and legal theories to special premises in the form of answers to problems in the form of sharia fintech dispute resolution in Indonesia.

RESULTS AND DISCUSSION

A. Characteristics of Sharia Financial Technology Disputes in Indonesia

Islamic financial technology disputes in Indonesia have distinctive characteristics that distinguish them from conventional Islamic financial disputes in general. The first characteristic lies in the nature of the legal relationship between the parties that is tripartite, namely involving LPBBTI, organizers, lenders, and borrowers, where the organizers basically only serve as intermediaries and do not play a role as a party that collects public funds or bears financing risks directly (BP Lawyers, 2025, November 19). This position as an intermediary then creates its own complexity when a default occurs, because the funder cannot immediately sue the organizer for the failure to pay the recipient, while the organizer is also not a party to the financing contract itself (Adikresha, 2026).

The second characteristic is related to the object of dispute, which is generally in the form of default, late payment, incompatibility of electronic information with real conditions, billing that is not in accordance with the code of ethics, and the problem of misuse of user personal data. In financing fintech services, the legal relationship formed is based on a contract that is adjusted to the characteristics and type of services provided. Thus, the validity of the transaction is not only seen from the use of technology as a transaction medium, but must also pay attention to the suitability of the contract, the object of the transaction, the costs, and the rights and obligations of each party. This is important because inconsistencies in the implementation of the contract and the determination of service fees can cause legal problems, especially if it is contrary to sharia principles (Baihaqi and Rokan, 2024). Data collected from the Consumer Protection Portal

Application shows that fintech sector disputes occupy the highest portion compared to other financial services sectors, which is 12.01 percent of the total complaints processed to LAPS SJK, outperforming working capital financing disputes by 7.79 percent and credit cards by 6.82 percent (Prastyanti & Habib, 2023). The high number of fintech disputes is also influenced by the characteristics of transactions that take place electronically without face-to-face, so that the potential for information asymmetry between operators and users is greater than conventional financial transactions.

The third characteristic lies in the dimension of sharia compliance which is the main differentiator between sharia fintech and conventional fintech. Sharia fintech disputes not only have the potential to arise from the civil aspect alone, but can also be related to alleged deviations from sharia principles, for example the practice of *zhulm* or *riba nasiah* which is expressly prohibited in the explanation of Article 134 of POJK 40/2024 (Akobiarek et al., 2025). The inconsistency of the contract with DSN-MUI Fatwa Number 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles has the potential to become the basis for a lawsuit for cancellation of the contract (*fasakh*) in addition to ordinary default claims, so that the settlement of sharia fintech disputes requires a double understanding, both from the positive legal aspects and sharia economic law (Rafiuddin et al., 2025).

The fourth characteristic is the relatively small scale and value of disputes but the number of small claims, so that LAPS SJK classifies retail disputes in the financing, pawnshop, and fintech sectors with a value limit of up to IDR 200,000,000.00, much lower than the retail dispute limit in the banking, capital market, and life insurance sectors which reaches IDR 500,000,000.00 (Bank Mega Syariah Team, 2025). This characteristic confirms that the majority of Islamic fintech consumers are individuals or micro and small business actors who are economically vulnerable, so the design of the dispute resolution mechanism should ideally be oriented towards the principle of fast, cheap, and accessible.

The fifth characteristic arises from the actual event in the form of a continuous default that leads to a Business Activity Restriction (PKU) by the Financial Services Authority against one of the sharia-based LPBBTI operators in October 2025, which prohibits the collection of new funds from lenders and the distribution of new funding through applications and websites (BP Lawyers, 2025, November 19). The case shows that sharia fintech disputes can evolve from individual disputes to collective disputes (class action-like) involving thousands of funders at once, thus demanding a dispute resolution mechanism that is able to accommodate collective and coordinated handling, rather than solely case-by-case settlement (BP Lawyers, 2025, November 19).

B. Laws and Regulations related to Sharia Technology Financial Dispute Resolution

The legal framework for sharia fintech dispute resolution in Indonesia is multi-layered, spread across various cross-sector laws and regulations. At the legal level, Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law) is the highest legal basis that mandates further regulation of LPBBTI through the Financial Services Authority Regulation, as stipulated in Article 106 paragraph (6), Article 111 paragraph (2), to Article 282 paragraph (3) of the P2SK Law (Financial Services Authority, 2024). The P2SK Law also emphasizes that dispute resolution in the financial services sector is carried out through a dispute resolution institution or body that has received approval from the financial sector authority, in this case LAPS SJK (Financial Services Authority).

At the implementing regulatory level, Financial Services Authority Regulation Number 40/POJK.03/2024 concerning Information Technology-Based Co-Funding Services promulgated on December 27, 2024 is the main sectoral regulation that replaces Financial Services Authority Regulation Number 77/POJK.01/2016 and Financial Services Authority Regulation Number 10/POJK.05/2022 (Financial Services Authority, 2024). POJK 40/2024 specifically regulates the mechanism for converting conventional operators into operators based on sharia principles in Articles 14 to 19, the establishment of Sharia Business Units in Articles 20 to 27, minimum equity obligations of IDR 25,000,000,000.00 in Article 7, the prohibition of auto-funding in Article 158, risk mitigation mechanisms through insurance or guarantees in Article 148 paragraphs (6) and paragraph (7), and the obligation to apply the principles of consumer protection in Article 179 (Akobiarek et al., 2025). However, POJK 40/2024 does not regulate in detail a separate dispute resolution mechanism for sharia fintechs, but still refers to the general dispute resolution mechanism in the financial services sector.

The aspect of sharia compliance is regulated through the Fatwa of the National Sharia Council of the Indonesian Ulema Council Number 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles, which is a reference for contracts and prohibitions of *riba*, *gharar*, and *maysir* elements in sharia fintech transactions

(Rafi'uddin et al., 2025). This fatwa is morally and religiously binding for sharia business actors, but does not have the same executorial power as a court decision, so its enforcement depends on its integration into the regulations of the Financial Services Authority and contracts agreed upon by the parties.

The consumer protection aspect of the financial services sector is regulated in the Financial Services Authority Regulation Number 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector, which updates the Financial Services Authority Regulation Number 6/POJK.07/2022 (Tobing & Dukuy, 2025). This regulation requires Financial Services Business Actors (PUJK) to provide internal dispute resolution services before disputes can be forwarded to LAPS SJK, and stipulates that out-of-court dispute resolution is carried out through a single institution, namely LAPS SJK (Financial Services Authority).

The institution of alternative dispute resolution is regulated through Financial Services Authority Regulation Number 61/POJK.07/2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector, which is the legal basis for the establishment of LAPS SJK as a single institution to replace the previous six sectoral dispute resolution institutions (Aini, 2025). Meanwhile, dispute resolution through litigation is subject to Law Number 3 of 2006 concerning Amendments to Law Number 7 of 1989 concerning Religious Courts which gives absolute competence to Religious Courts to adjudicate sharia economic disputes (Rasmuddin, 2025), as well as Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution which is the legal umbrella of arbitration, including sharia arbitration through Basyarnas (Irawan & Syafira, 2025).

C. Scholars' Views on the Validity of Shariah Technology Financial

The use of technology in muamalah activities can be allowed because technology only functions as a means of carrying out transactions. Therefore, legal assessment is not solely based on the use of digital technology, but on the contracts and transaction mechanisms used. The National Sharia Council-Indonesian Ulema Council (DSN-MUI) has issued Fatwa No. 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles. The fatwa stipulates that information technology-based financing services must not contradict sharia principles and must be avoided from *riba*, *gharar*, *maysir*, *taḍlis*, *dharrar*, *zhulm*, and *haram* objects. The fatwa also acknowledges the use of several contracts, including *al-bai'*, *ijarah*, *mudharabah*, *musyarakah*, *wakalah bi al-ujrah*, and *qardh* in information technology-based financing services (DSN-MUI, 2018).

The ability of fintech from a sharia perspective is not absolute. If the transaction contains prohibited elements, such as usury, then the law is not allowed. Ijtima Ulama MUI emphasizes that loans, both offline and online, that contain *riba* are still *haram* even if they are done on the basis of the willingness of the parties. Borrowing and borrowing is basically a *tabarru'* contract that aims to help, not to gain profits through *riba* (Ijtima Ulama MUI, 2021). The problem of sharia in fintech does not lie in the use of technology, but in the contract and the transaction mechanism. Hidayatulloh explained that the additional (*ziyadah*) required in debts due to payment suspension includes *riba*. On the other hand, sharia financing can use contracts such as *murabahah*, *ijarah*, *mudharabah*, and *musyarakah* (Hidayatulloh, 2021).

The rules of *fiqh* can be used as a basis for understanding the terms of transactions in sharia financial technology (fintech) as follows:

الأصل في المعاملات الإباحة إلا أن يدل دليل على تحريمها

It means: "Basically, all forms of muamalah are allowed, unless there is evidence that shows its haram. "

The rule shows that in principle, the development of forms of transactions in the field of muamalah, including the use of technology in financial services, is allowed as long as there are no elements that are contrary to sharia principles. Therefore, the use of technology as a means of transaction does not automatically make a transaction prohibited. The legal assessment must still pay attention to the contract, the object of the transaction, the implementation mechanism, and the presence or absence of elements that are prohibited in sharia. In the context of sharia fintech, this rule is the basis that technological innovation in financial services can be applied as long as the transactions carried out comply with sharia principles and provisions (Firmansyah et al., 2024, pp. 67–68).

The scholars' view of fintech is basically conditional, which depends on the contract and transaction mechanism used. Satibi Darwis explained that paylater services are basically allowed as long as they are in accordance with sharia principles and do not contain usury. However, if there is ziyadah or additional requirements for loan transactions, then the additional can be included in riba and the law is haram (Satibi Darwis, 2023).

In line with that, Jaih Mubarak, Fathurrahman Djamil, and Hasanudin in the DSN-MUI discussion regarding the prospects and challenges of sharia fintech placed fintech as a new development in financial activities that needs to be studied based on sharia principles. Thus, the use of technology as a means of transaction is not a problem as long as the contract, object, party to the transaction, and the mechanism of obtaining profits remain in accordance with sharia provisions (Jaih Mubarak, 2020; Fathurrahman Djamil, 2020; Hasanudin, 2020). Jaih Mubarak also explained that riba an-nasiah, which is an additional related to payment deferral, needs to be considered in financing transactions, including fintech lending (Jaih Mubarak, 2025).

This view is strengthened by the Ijtima Ulama MUI which emphasizes that borrowing is a tabarru' contract that aims to help, so it must not contain usury. Online and offline loans that contain usury are legally haram even though they are carried out on the basis of the willingness of the parties (Ijtima Ulama MUI, 2021). Normatively, this provision is in line with DSN-MUI Fatwa No. 117/DSN-MUI/II/2018 which allows information technology-based financing services as long as they comply with sharia principles and are free from riba, gharar, maysir, tadlis, dharar, zhulm, and haram objects. The fatwa also regulates several contracts that can be used, such as al-bai', ijarah, mudharabah, musyarakah, wakalah bi al-ujrah, and qardh (DSN-MUI, 2018).

D. The Role of AFSI in the Regulation and Development of Sharia Fintech in Indonesia

The Indonesian Sharia Fintech Association (AFSI) is a forum for actors and stakeholders in the development of the sharia fintech ecosystem in Indonesia. AFSI was initiated in October 2017 and obtained legalization as a legal entity through the Decree of the Minister of Law and Human Rights of the Republic of Indonesia Number AHU-0001911. AH.01.07 of 2018. Its membership includes business actors, institutions, academics, communities, and sharia experts (OJK, 2023). AFSI also plays a role as a partner in the development of the sharia fintech industry and builds coordination between industry players and regulators (Bank Indonesia, 2020).

However, AFSI has a different position from the OJK. AFSI is an industry association, while OJK is a regulator and supervisor of the financial services sector. Therefore, AFSI does not have

the authority to form laws and regulations, but can play a role in the development of industry standards, education, improving sharia compliance, and coordination between fintech players and regulators.

AFSI's Role in Encouraging Compliance with Sharia Principles As an association that focuses on sharia fintech, AFSI has a role in encouraging industry players to carry out their business activities based on sharia principles. This compliance is related to the use of contracts, transaction mechanisms, risk management, and protection of service users. Sharia principles in information technology-based financing services have previously been outlined in DSN-MUI Fatwa No. 117/DSN-MUI/II/2018, which regulates information technology-based financing services based on sharia principles.

In its implementation, the development of sharia fintech also requires synergy between regulators and industry players. This can be seen from AFSI's involvement with the OJK in various fintech ecosystem development activities. In 2023, the OJK together with AFSI and other fintech associations launched a code of ethics guidelines for the responsible and trusted use of artificial intelligence in the financial technology industry. The guide emphasizes the principles of beneficial, fair and accountable, transparent and explicable, and robustness and security as part of risk mitigation efforts in the use of technology (OJK, 2023). Thus, the role of AFSI in the context of compliance can be understood as part of strengthening industrial governance, while legally binding provisions still come from applicable regulators and laws and regulations. Code of Ethics and Fintech Industry Guidelines, The code of ethics is one of the important instruments in building fintech industry governance. In industries that use digital technology, a code of ethics is needed to provide guidelines regarding operator behavior, transparency, security, accountability, and user protection. OJK together with AFSI and other fintech associations in 2023 launched the Responsible and Trusted Artificial Intelligence (AI) Code of Conduct Guide in the Financial Technology Industry. The guide is intended as a reference for associations in drafting a code of conduct for the use of AI in the fintech industry, as well as an instrument to optimize the benefits of technology and mitigate risks that may arise (OJK, 2023).

The existence of these guidelines and codes of ethics is relevant to sharia fintech because the use of technology must still pay attention to the principles of transparency, justice, security, and accountability. Thus, industry guidelines can function as one of the supporting instruments in building responsible fintech practices, even though their existence does not replace laws and regulations or fatwas that are the basis for sharia compliance.

Consumer Protection and Fraud Prevention is an important part of the implementation of fintech because transactions are carried out through digital systems that have risks such as data misuse, fraud, information manipulation, and various forms of fraud. In order to reduce these risks, OJK together with AFSI and AFTECH launched the Anti-Fraud Strategy Guide for Financial Sector Technology Innovation Providers (ITSK) on May 18, 2024. The guide is intended to help mitigate fraudulent practices while building public trust in the fintech industry (OJK, 2024).

For Islamic fintech, consumer protection also has a relationship with the principle of justice (al-'adl) and the prohibition of doing harmful acts (dharar). Therefore, fraud prevention is not only related to the aspect of technological security, but also to the fulfillment of ethical and legal principles in sharia transactions. In addition, increasing public literacy is an important part of consumer protection. OJK together with AFSI and other fintech associations also held activities in order to increase public understanding of the benefits and risks of digital financial technology.

These activities are directed so that people can use fintech services more productively and responsibly (OJK, 2023).

The role of AFSI also has relevance to the resolution of sharia fintech disputes, especially in the context of dispute prevention and strengthening industrial governance. The existence of associations can be a means of coordination between industry players, regulators, and stakeholders in identifying problems that arise in the implementation of sharia fintech. However, it should be emphasized that AFSI is not a dispute resolution institution that replaces the SJK LAPS or the courts. Dispute resolution still follows the mechanism specified in laws and regulations, agreements of the parties, and the provisions of the authorized dispute resolution institutions. In this context, AFSI is more relevant to be placed as part of the industrial ecosystem that plays a role in encouraging compliance, violation prevention, education, governance strengthening, and industry coordination.

This relevance is increasingly visible because the OJK currently has provisions regarding associations of providers of technological innovations in the financial sector through SEOJK No. 8/SEOJK.07/2024 concerning the Association of Providers of Technology Innovation in the Financial Sector. These provisions regulate, among others, the application for associations, membership, duties and authorities of associations, sources of funding, monitoring, and revocation of association designation (OJK, 2024).

Thus, AFSI has an indirect relevance to the settlement of sharia fintech disputes. The better the implementation of governance, sharia compliance, consumer protection, and fraud prevention carried out by industry players, the greater their role in preventing disputes from arising. If disputes persist, they are resolved through dispute resolution mechanisms that have authority under applicable law.

E. Sharia Technology Financial Dispute Resolution Mechanism

The mechanism for resolving sharia fintech disputes in Indonesia basically adheres to the tiered dispute resolution principle, starting from internal efforts to external efforts, both through non-litigation and litigation channels. The first stage is internal dispute resolution (IDR), as required in the Financial Services Authority Regulation on Consumer and Community Protection in the Financial Services Sector. Consumers who feel aggrieved are required to first file a complaint with the organizer, and if the complaint is rejected or does not receive a response within a certain period of time, then the consumer can proceed to the next stage of dispute resolution (Financial Services Authority).

The second stage is settlement through the SJK LAPS, which can be accessed either directly or through the OJK Consumer Protection Portal (APPK) Application in kontak157.ojk.go.id. The SJK LAPS provides three main mechanisms, namely mediation, arbitration, and binding opinions. Mediation is a negotiation process between the parties to the dispute with the assistance of a LAPS SJK mediator to find a peace agreement that is a win-win solution, while arbitration is a settlement of civil disputes outside the general court based on a written arbitration agreement, which is examined by a single arbitrator or arbitration panel to produce a final and binding award (Bank Mega Syariah Team, 2025). The binding opinion is used to obtain an official opinion on the interpretation of unclear contract clauses or changes in provisions due to new conditions (AASI Secretariat, 2023).

The provisions of Article 34 paragraph (1) of the Financial Services Authority Regulation Number 61/POJK.07/2020 allow dispute resolution at LAPS SJK to be carried out face-to-face

in front of a mediator or arbitrator, as well as through electronic media (Online Dispute Resolution / ODR), so that sharia fintech consumers who are outside Jakarta or even abroad can still access dispute resolution services without geographical constraints (AASI Secretariat, 2023). This ODR feature is relevant considering the characteristics of sharia fintech transactions that take place online, so that the alignment between transaction modes and dispute resolution modes is a distinct added value for LAPS SJK compared to conventional litigation mechanisms.

Online Dispute Resolution (ODR) is basically a development of the Alternative Dispute Resolution (ADR) mechanism that utilizes information technology as a dispute resolution medium. Unlike conventional ADR which is generally carried out through direct meetings, ODR allows negotiation, mediation, and arbitration processes to be carried out online through digital platforms without compromising the applicable dispute resolution principles. This resolution model is becoming increasingly relevant in Islamic financial technology disputes because the legal relationship between the parties has taken place electronically since the beginning, starting from the registration process, the formation of contracts, to the implementation of financial transactions. (Permata, Lubis, & Harahap, 2026).

The use of ODR in sharia fintech dispute resolution provides a number of advantages compared to conventional mechanisms. In addition to being able to reduce dispute resolution costs, ODR also speeds up the case investigation process, expands access to justice for parties in different regions, and provides flexibility in the submission of electronic evidence and communication between mediators, arbitrators, and parties. These characteristics are in line with the needs of the sharia fintech industry that prioritizes efficiency, ease of access, and information technology-based transactions so that dispute resolution can be carried out faster, simpler, and more effectively. (Permata, Lubis, & Harahap, 2026).

The development of the Online Dispute Resolution (ODR) mechanism also poses new legal challenges in sharia fintech dispute resolution. Although online dispute resolution offers time and cost efficiency, the lack of uniform procedural standards and unclear regulations regarding the legal force of electronic dispute resolution results have the potential to cause legal uncertainty. In addition, aspects of information system security, personal data protection, and the validity of electronic evidence are important issues that require the attention of regulators so that the implementation of ODR can run effectively and still meet the principles of justice and legal certainty.

The third stage is settlement through sharia arbitration at the National Sharia Arbitration Board (Basyarnas), which although institutionally outside the structure of the SJK LAPS, can still be the forum of choice for the parties if it is expressly agreed upon in the financing contract (arbitration clause). Basyarnas has the advantage of being an arbitrator who understands in depth the principles of sharia economic law, so the resulting awards tend to consider aspects of sharia compliance more than general arbitration institutions (Irawan & Syafira, 2025). This arbitration mechanism is an alternative to non-litigation dispute resolution in sharia economic activities, especially when the parties want to settle disputes outside the court (Pasaribu and Hasanah, 2025).

The last stage is settlement through the litigation route at the Religious Court, which has absolute competence to adjudicate sharia economic disputes based on Article 49 of Law Number 3 of 2006 concerning Amendments to Law Number 7 of 1989 concerning Religious Justice (Rasmuddin, 2025). The litigation route is generally taken if non-litigation efforts do not yield results, the value of the dispute is relatively large, or there is a need for complex proof, for example in the case of alleged criminal acts of fraud or embezzlement of funds accompanying a sharia

fintech civil dispute. Consumers or funders who are harmed by the liquidation of LPBBTI operators, as happened in the case of PKU in 2025, must ultimately go through a combination of civil lawsuits, financial services sector dispute resolution mechanisms, and simultaneous consumer protection efforts to maintain their rights (Adikresna, 2026).

F. Juridical Problems for Sharia Technology Financial Dispute Resolution in Indonesia

A juridical study of the sharia fintech dispute resolution mechanism found a number of significant legal problems. The first problem is the overlap of institutional competencies between the Religious Court, Basyarnas, and LAPS SJK. Although the Constitutional Court Decision Number 93/PUU-X/2012 has nullified the validity of the Explanation of Article 55 paragraph (2) of Law Number 21 of 2008 concerning Sharia Banking which opens the choice of forum to the General Court, in practice there is still uncertainty regarding the limit of authority between LAPS SJK as a dispute resolution institution based on the Financial Services Authority Regulation and the Religious Court as the holder of absolute competence in sharia economic disputes based on the law (Rasmuddin, 2025). This inconsistency has the potential to cause forum shopping, namely the parties choose the forum that is considered the most profitable without paying attention to the consistency of judicial competence.

The second problem lies in the position of Basyarnas which is outside the structure of the LAPS SJK, even though the LAPS SJK is designed as a single window institution for dispute resolution in the financial services sector after the merger of the six previous dispute resolution institutions (Aini, 2025). This condition raises questions about the legal position of Basyarnas' decision within the framework of the supervision of the Financial Services Authority, considering that Basyarnas is not included in the OJK-approved LAPS list, so that dispute resolution through Basyarnas has the potential to not be recognized as part of a formal dispute resolution mechanism in the financial services sector, even though it is substantially more competent in handling aspects of sharia compliance (Irawan & Syafira, 2025).

The third problem is the weak executory power of the LAPS SJK and Basyarnas decisions in practice. Although normatively the arbitration and adjudication decisions of the LAPS SJK have the same binding legal force as court decisions that have permanent legal force, in line with Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (Aini, 2025), the implementation of the execution still requires an application for fiat execution to the district court or religious court if the losing party does not voluntarily implement the judgment. This fiat execution process often takes additional time and costs, thus reducing the comparative advantages of LAPS SJK and Basyarnas in terms of time and cost efficiency compared to conventional litigation.

The fourth problem is related to the limitation of human resources who have dual competence, namely understanding the procedural law of dispute resolution as well as the principles of sharia economic law in depth. Research on non-litigation legal settlement in Islamic financial institutions shows that the non-litigation route is still constrained in the aspect of socialization and the capacity of sharia-certified mediators, so that the mediation and arbitration process is not fully optimal in reaching and convincing the parties to choose this path over litigation (Mukhlas & Ziaharah, 2025).

The fifth problem arises from the characteristics of LPBBTI sharia business model as an intermediary that does not bear the risk of financing directly. When there is a continuous default that leads to liquidation, such as the case of the Restriction of Business Activities in October 2025,

lenders face a legal vacuum regarding a collective mechanism to claim their rights, so that legal remedies that can be taken tend to be individual and inefficient when involving thousands of lenders at once (Adikresna, 2026). The absence of a collective redress mechanism specifically designed for large-scale sharia fintech disputes is a legal loophole that needs to be filled immediately by policymakers.

G. The Effectiveness of Regulations and Dispute Resolution Institutions in Sharia Technology Financial Cases

The effectiveness of sharia fintech regulations and dispute resolution institutions can be analyzed through the theory of legal effectiveness that emphasizes four elements, namely legal substance, legal structure, legal culture, and supporting facilities. In terms of legal substance, the issuance of POJK 40/2024 as a replacement for the previous two regulations shows the regulator's commitment to strengthening the governance of LPBBTI, including sharia-based operators, through minimum equity regulation, risk mitigation mechanisms, and prohibition of practices that are contrary to sharia principles (Akobiarek et al., 2025). The effectiveness of regulations is also greatly influenced by the implementation of supervision of the parties who are the object of regulation. (Syadiki and Sativa, 2025) However, the regulation has not been followed by dispute resolution arrangements that specifically accommodate the peculiarities of sharia fintech, so that from the aspect of legal substance, its effectiveness can still be categorized as partial.

In terms of legal structure, the existence of LAPS SJK as a single institution for dispute resolution in the financial services sector since January 1, 2021 is basically a step forward compared to the previous system spread across six different sectoral institutions, because it provides one-stop certainty for consumers to seek financial justice (Bank Mega Syariah Team, 2025). This structural effectiveness is also supported by the scope of LAPS SJK services that reach all financial services sectors, both conventional and sharia, including the sharia financial technology sector explicitly (Financial Services Authority). However, data shows that of the 11,195 complaints received through the APPK, only 1,320 complaints or about 11.8 percent were further processed to the SJK LAPS (Prastyanti & Habib, 2023), which indicates that there is significant screening at the internal dispute resolution stage before the dispute can be forwarded to alternative dispute resolution institutions, thus leaving the question of how much the dispute is resolved fairly at the screening stage.

In terms of legal culture, the level of public literacy regarding the existence of LAPS SJK and Basyarnas as dispute resolution forums is still relatively low compared to the awareness to directly file a lawsuit with the court or even allow losses without legal remedy at all. This condition is in line with the finding that mediation in sharia economic disputes should ideally be carried out by certified mediators and judges who have absolute competence, as is the model applied in the Religious Court environment, in order to build investor and consumer trust in the sharia-based dispute resolution process (Supriyatni & Fariana, 2017). The low legal culture with ADR (Alternative Dispute Resolution) is one of the factors inhibiting the effectiveness of regulations even though the normative legal framework is quite adequate.

In terms of supporting facilities, the implementation of Online Dispute Resolution by LAPS SJK is a means that is relevant to the characteristics of sharia fintech transactions that take place digitally, so that it theoretically increases the accessibility of dispute resolution for consumers throughout Indonesia without being constrained by distance (AASI Secretariat, 2023). However, the effectiveness of this facility also depends on the digital literacy of the parties, the availability of

adequate information technology infrastructure, and the institutional readiness of LAPS SJK in handling the increasing volume of disputes in line with the growth of the sharia fintech industry, considering that the total national sharia banking assets that have reached IDR 1,028.18 trillion in October 2025 also indicate the larger scale of Islamic financial transactions and has the potential to produce higher volumes of disputes in the future (Financial Services Authority, 2025).

Overall, the effectiveness of sharia fintech regulations and dispute resolution institutions in Indonesia can be considered to be at the developing stage, where the legal and institutional framework has been adequately formed from the normative side, but its implementation still faces structural challenges in the form of overlapping competencies, limited capacity of sharia-certified human resources, low executory power of alternative decisions, and lack of community legal literacy. The case of Business Activity Restrictions against sharia LPBBTI operators in October 2025 is an evaluative momentum that shows that the effectiveness of regulations cannot be measured solely by the existence of written norms, but also by the ability of enforcement and dispute resolution institutions to respond to collective losses quickly, fairly, and in accordance with sharia principles (BP Lawyers. 2025, November 19).

CONCLUSION

Based on the results of normative juridical analysis, the settlement of sharia financial technology (fintech) disputes in Indonesia is supported by a multi-layered legal foundation that is spread across various regulations, such as Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector, POJK Number 40/POJK.03/2024 concerning Information Technology-Based Joint Funding Services, POJK Number 61/POJK.07/2020 concerning Alternative Institutions for Dispute Resolution in the Financial Services Sector, DSN-MUI Fatwa Number 117/DSN-MUI/II/2018, and Law Number 3 of 2006 concerning Religious Courts. From a sharia perspective, the use of fintech is basically allowed as long as the contract, object, transaction mechanism, and profit obtained are in accordance with sharia principles and are free from *riba*, *gharar*, *maysir*, *tadlis*, *dharar*, *zhulm*, and prohibited objects. Thus, the technology used is not the main factor in determining the validity of the transaction, but rather the substance of the contract and its application. However, the existing legal framework has not fully accommodated the characteristics of sharia fintech disputes, especially regarding the division of authority between institutions and dispute resolution involving many parties. In the implementation of the industry, AFSI acts as a forum for associations and partners in the development of the sharia fintech ecosystem through strengthening governance, compliance with sharia principles, drafting guidelines and codes of ethics, consumer protection, fraud prevention, and improving public literacy. However, AFSI's position is different from the OJK, which has a function as a regulator and supervisor of the financial services sector, because AFSI is not a regulatory and regulatory institution or a dispute resolution institution. The dispute resolution mechanism can be taken in stages, starting from internal complaints to the organizers, settlement through the SJK LAPS with mediation, arbitration, binding opinions, including the use of Online Dispute Resolution (ODR), sharia arbitration through Basyarnas based on arbitration clauses, to settlement through the Religious Court as an institution that has absolute authority in sharia economic cases. However, its implementation still faces a number of obstacles, including the potential for overlapping authority between LAPS SJK, Basyarnas, and the Religious Court, limited human resources who master legal aspects as well as sharia principles, and the implementation of alternative dispute resolution results has not been optimal. The effectiveness of regulations and institutions for sharia

fintech dispute resolution is still in the development stage. The existence of legal tools and dispute resolution institutions has not fully guaranteed fast and effective legal protection, especially in dealing with the problem of defaults and disputes involving many funders. The case of the Restriction of Business Activities against the organizers of sharia LPBBTI in October 2025 shows the need to strengthen the protection and loss settlement mechanism for affected parties. Therefore, it is necessary to strengthen coordination between the OJK, DSN-MUI, AFSI, LAPS SJK, Basyarnas, and Religious Courts, improve the competence of mediators and arbitrators in the field of sharia economic law, and develop a collective dispute resolution mechanism. These efforts are important to create a more integrated sharia fintech dispute resolution system, provide legal certainty, strengthen user protection, and remain based on sharia principles.

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