

Analysis of Investor Rights in Buying and Selling Shares Through Crowdfunding Services in Indonesia

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Abstract. This research highlights the significant role of POJK Number 57/POJK.04/2020 in establishing a legal framework for equity crowdfunding in Indonesia, aiming to balance investor protection and transaction flexibility. Despite its progress, challenges remain, particularly with restrictions on stock trading and limited investor flexibility. Equity crowdfunding services are rapidly growing in Indonesia as an alternative funding source for micro, small, and medium enterprises (MSMEs). However, the implementation of related regulations, particularly the Financial Services, faces challenges in protecting the rights of investors, especially regarding the restriction on share trading, which can only occur twice a year. This study aims to analyze the implementation of the POJK in accommodating investor rights and evaluate the role of platform providers in safeguarding investors' interests. Using a normative-empirical legal research method, the results show that although the regulation provides protection for investors, liquidity limitations and transparency of project reports remain significant challenges. The study concludes that increasing trading flexibility, technological development, and enhancing financial literacy are necessary to strengthen the equity crowdfunding ecosystem in Indonesia.

Keywords: Equity; Crowdfunding; Investor Protection

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INTRODUCTION

The development of information technology has had a significant impact on various sectors of life, including the financial sector. One of the innovations that has emerged is equity crowdfunding services, which is an alternative funding for Micro, Small and Medium Enterprises (MSMEs). This service allows MSMEs to gain access to financing by involving many financiers who contribute small amounts through a technology-based platform. This system bridges the capital needs of MSMEs with the investment interests of the community in a more inclusive manner. However, equity crowdfunding services face a number of challenges (Mantra & Tanaya, 2023). One of the main issues is the restrictions stipulated in the Financial Services Authority Regulation (POJK) Number 57/POJK.04/2020. The regulation limits the mechanism of buying and selling shares to only two securities trades in a year, which can only be done among investors registered on the same platform. This restriction creates uncertainty for investors in obtaining profits through dividends and capital gains (Indradewi et al., 2022a).

Another issue that needs attention is the aspect of transparency and legal protection for investors. Although equity crowdfunding regulations have been established, the implementation

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has not been able to fully protect the rights of investors optimally. One example is the uncertainty of the stock trading schedule, which can reduce investors' trust in this service. Existing regulations need to be evaluated to ensure fairness and legal protection for all parties involved (Shafirna, 2020). This research aims to analyze the extent to which POJK Number 57/POJK.04/2020 is able to accommodate the rights of investors in equity crowdfunding services. In addition, this study evaluates the role of the www.santara.co.id platform as a service provider in protecting the interests of investors. The implementation of the regulation is also reviewed in the context of Indonesian capital market law, with reference to Law Number 8 of 1995 on Capital Markets.

Previous studies provide valuable insights into equity crowdfunding but reveal certain gaps that this research aims to address. For instance, Nugroho (2023) examined the secondary market's implementation and legal protection for investors in technology-based crowdfunding platforms. Similarly, Azwar & Jamaluddin (2024) explored securities crowdfunding as a capital source and alternative investment through the lens of Maqāṣid al-Sharīah. However, these studies have not fully analyzed the role of specific platforms, such as www.santara.co.id, in ensuring transparency, data security, and legal certainty for investors within the Indonesian regulatory framework. This research contributes by bridging these gaps and offering practical recommendations tailored to the Indonesian context.

This study also emphasizes recency by addressing current regulatory challenges in equity crowdfunding and evaluating the alignment of POJK Number 57/POJK.04/2020 with Law Number 8 of 1995 concerning Capital Markets. The unique focus lies in examining how www.santara.co.id operates as a platform provider and intermediary between businesses and investors, specifically in protecting investor rights. Through a comprehensive legal and practical analysis, this research provides actionable insights for creating a more sustainable and investor-friendly equity crowdfunding ecosystem in Indonesia (Yuspin & Wati, 2022).

Theoretical frameworks underpinning this research include John Rawls' theory of justice, which emphasizes fairness in ensuring equal opportunities and benefits for all parties involved, and Roscoe Pound's theory of legal expediency, which advocates for laws that provide optimal societal benefits. Utrecht's theory of legal certainty highlights the necessity for clear and consistent regulations to foster security and trust in financial transactions, while the theory of legal protection underscores the importance of safeguarding investor interests against potential risks. These theories collectively inform the evaluation of regulatory effectiveness and platform performance in equity crowdfunding.

This study's findings are expected to contribute to developing a better legal system for equity crowdfunding services in Indonesia. By focusing on justice, expediency, and legal certainty, the research aims to provide relevant recommendations for regulators, platform operators, and investors. Key objectives include fostering public financial literacy to enhance participation, ensuring robust data security measures, and advocating for adaptive regulations that protect investor interests. Ultimately, the goal is to create a technology-based investment ecosystem that is fair, transparent, and inclusive, thereby supporting economic growth and maximizing societal benefits (Salam, 2020).

To achieve these objectives, this study focuses on understanding the extent to which the provisions in the Financial Services Authority Regulation (POJK) Number 57/POJK.04/2020 accommodate investor rights, particularly in terms of the mechanisms for buying and selling shares. It also explores the role of the www.santara.co.id platform in safeguarding investor interests, specifically regarding transparency, data security, and legal certainty. Additionally, the study evaluates whether the implementation of these provisions aligns with the principles set forth in Law Number 8 of 1995 concerning Capital Markets and various legal theories that emphasize investor protection. By addressing these aspects, this research aims to provide a thorough analysis of the challenges and opportunities within equity crowdfunding services while offering practical recommendations to enhance public trust and participation.

METHODS

This research adopts a normative-empirical legal approach to examine the regulatory framework and its practical implementation. The normative aspect focuses on analyzing laws and regulations, particularly the Financial Services Authority Regulation (POJK) Number 57/POJK.04/2020, which governs equity crowdfunding. The empirical approach explores how these legal provisions are applied in practice, with a focus on platforms like www.santara.co.id. Data collection involves interviews with investors, business actors, and platform managers to gain insights into their experiences and perspectives on equity crowdfunding. The purposive sampling method is employed to select respondents with relevant knowledge or experience. Secondary data, including laws, regulations, and academic literature, complements the primary data to provide a comprehensive understanding. Data analysis is conducted using qualitative descriptive techniques to identify patterns and assess the effectiveness of regulations in accommodating investor rights. The findings aim to provide practical recommendations for improving legal protection and fostering trust in equity crowdfunding services.

RESULTS AND DISCUSSION

Analysis of the Provisions of POJK Number 57/POJK.04/2020 in Accommodating Investor Rights

POJK Number 57/POJK.04/2020 concerning Securities Offerings Through Information Technology-Based Crowdfunding Services is a regulation that aims to provide a legal basis for the equity crowdfunding system in Indonesia. One of the main focuses of this regulation is to protect investors who participate in investments through technology-based platforms (Blazinky & Gunandi, 2022). On the other hand, this regulation also serves to maintain market integrity and prevent potential abuses that could harm investors. Despite its noble purpose, the provisions stipulated in the POJK do not escape some challenges in its implementation, which need further attention. One of the most controversial provisions is the restriction on trading of shares purchased through equity crowdfunding platforms. The POJK stipulates that the purchased shares can only be traded twice in one year. This restriction not only limits investors in exploiting their profit potential, but also reduces the flexibility they expect in buying and selling shares. Investors who tend to want the freedom to buy and sell shares quickly are forced to submit to rules that limit market liquidity (Fahmy & Zahra, 2023).

The restrictions on equity crowdfunding platforms, such as limiting stock transactions to only twice a year, may reduce their appeal to investors seeking high liquidity and transaction flexibility. This contradicts the principles of capital markets, which emphasize transaction freedom and liquidity. Investors accustomed to traditional stock markets, where stocks can be traded daily, may find these limitations less attractive. For example, on the Indonesia Stock Exchange, stocks can be traded on any day the exchange is open. While this policy aims to protect issuers from harmful speculation, it could disadvantage investors looking to capitalize on stock price fluctuations.

One way to address this issue is by offering a more flexible trading mechanism, allowing investors to buy and sell shares based on their needs and investment strategies. POJK 57 regulates investor protection, such as requiring platforms to provide clear information about risks, including the possibility of stock dilution and uncertainties in dividend distribution, which is crucial for reducing investor uncertainty. However, despite the regulation of transparency, the limited understanding of the investment process and risks among investors may diminish the effectiveness of the information provided.

Equity crowdfunding platforms like www.santara.co.id must ensure that investors not only have the opportunity to earn profits but are also protected from unexpected losses. Although

POJK 57 seeks to protect investors, such as by using an escrow account system to hold investor funds, the reliance on strict administrative procedures may slow down the transaction process, reducing flexibility for investors wanting to make quick portfolio changes.

The restriction that stock transactions can only be conducted through the same platform also reduces liquidity desired by investors. Unlike traditional stock markets, where investors can buy and sell shares quickly through various channels, equity crowdfunding limits transactions to one platform, reducing its appeal. Therefore, the regulations regarding stock transaction limitations need to be re-evaluated to create a more dynamic and attractive market for investors. The government and relevant parties could consider developing a secondary market that allows share trading outside the predetermined schedules, without compromising issuer stability and protection.

The evaluation of this policy should involve input from various stakeholders, including regulators, platform operators, investors, and issuers, to find solutions that address liquidity constraints while considering market stability and the sustainability of issuers' businesses. Improving liquidity will not only benefit investors but also help issuers attract more investors, creating a healthier ecosystem that is mutually beneficial for all parties. This approach can strengthen the platform's position as a competitive and innovative investment alternative.

The Role of www.santara.co.id in Protecting Investor Rights

Equity crowdfunding platforms hold a strategic position in connecting investors with business operators in need of funding. As intermediaries, they are not only technically responsible for ensuring smooth transactions but also tasked with protecting investors' rights. The regulations stipulated in POJK Number 57/POJK.04/2020 require platforms to provide various protection mechanisms, such as information transparency, transaction security, and safeguards for invested funds. This significant responsibility makes the role of platform providers crucial in building public trust in this technology-based investment system. The information provided by platform operators serves as an essential tool to protect investors (Waluyo et al., 2022). Issuers' profiles, financial conditions, intended use of funds, and potential risks are presented in detail to enable investors to make informed investment decisions. This comprehensive information provision not only reduces the risk of information asymmetry but also encourages issuers to be more transparent about their business conditions (Indramayu & Barlinti, 2022). However, the diverse levels of financial literacy among investors pose a challenge. Some investors, particularly those with less experience, often face difficulties understanding the financial documents provided, leaving their investment decisions vulnerable to uncertainty (Mamma, 2020).

Equity crowdfunding platforms provide risk analysis to help investors assess the feasibility of projects, covering financial, operational, and legal aspects of the issuer. This analysis offers an overview of potential losses; however, many investors struggle to convert risk information into concrete investment strategies (Rismajayanti & Santosa, 2022). Additionally, an escrow system is implemented to ensure that funds deposited by investors can only be accessed by the issuer once specific conditions are met. By involving an independent third party, the risk of fund misappropriation can be minimized, providing a sense of security for investors. However, the administrative process within the escrow system is sometimes perceived as slowing down investment execution, which becomes a challenge for investors seeking faster transactions.

Project monitoring reports are also a service provided by equity crowdfunding platforms, where investors are given access to periodic reports that include financial, operational, and project development information (Choirunnisa & Fadilah, 2020). While these reports offer transparency, delays in reporting information can affect investor trust, especially when funded projects face issues that are not immediately disclosed. Transaction security is also a primary focus, with the use of data encryption technologies and two-factor authentication to protect investors' personal and financial information (Fahmi & Zahra, 2023). Nevertheless, concerns about data breaches remain a topic of discussion, given the increasing number of security incidents in the digital sector.

Investor education plays a crucial role in improving the investment experience. Educational programs such as webinars and investment guides are designed for investors with varying levels of understanding (Indradewi et al., 2022b). Through increased financial literacy, investors can feel more confident in making informed investment decisions. However, the success of these programs heavily depends on effective delivery methods and the platform's ability to engage investors. Direct interaction with investors is also important in building trust, where responsive and friendly customer service can help resolve technical issues or explain platform policies quickly. However, inconsistent customer service quality indicates the need for further improvements in managing the support team.

CONCLUSION

This research highlights the significant role of POJK Number 57/POJK.04/2020 in establishing a legal framework for equity crowdfunding in Indonesia, aiming to balance investor protection and transaction flexibility. Despite its progress, challenges remain, particularly with restrictions on stock trading and limited investor flexibility. Platform organizers like www.santara.co.id have made strides in providing transparency, security, and financial literacy

programs, but further improvements are necessary, especially in trading flexibility and real-time project reporting. To address these issues, integrating technologies like blockchain and artificial intelligence could enhance transparency, risk analysis, and personalized services. Additionally, boosting financial and legal literacy through educational initiatives can bridge the knowledge gap and empower investors. The study recommends ongoing adjustments to regulations and practices in equity crowdfunding, emphasizing collaboration among regulators, platform organizers, investors, and issuers to support economic growth and financial inclusion. By adapting to market needs and technological advancements, the equity crowdfunding ecosystem can contribute significantly to a safer, more transparent, and sustainable investment landscape in Indonesia.

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