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Regulatory Gaps in Buy Now Pay Later Consumer Protection

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Abstract. *The rapid development of Buy Now Pay Later (BNPL) services in Indonesia has created new challenges for consumer protection in the digital financial ecosystem. This study aims to analyze the effectiveness of regulatory oversight of BNPL services and to examine the reconstruction of providers' legal responsibilities in protecting consumers from potential losses. This study uses a normative juridical method with statutory, conceptual, and analytical approaches by examining regulations, legal doctrine, and contemporary fintech legal issues. The novelty of this study lies in the integration of consumer protection principles with risk-based financial supervision in evaluating BNPL regulations, particularly in identifying structural gaps between regulatory compliance and substantive legal protection. This study finds that existing BNPL regulations do not fully provide effective consumer protection due to the dominance of a compliance-based supervisory approach, weak accountability mechanisms, and the absence of a clear compensation framework for consumer losses. Furthermore, the use of standard digital agreements tends to create an imbalance between providers and consumers. This study concludes that the BNPL problem in Indonesia is a structural legal issue that requires regulatory reconstruction through adaptive risk-based supervision, clearer allocation of responsibilities, operational compensation mechanisms, and stronger integration between financial services law, consumer protection law, and personal data protection regulations.*

Keywords: *Consumer; Digital; Liability; Paylater; Regulation.*

1. Introduction

Digital transformation in the financial services sector has spurred the emergence of various technology-based financing innovations, one of which is the Buy Now, Pay Later (BNPL) scheme. This scheme offers easy access to instant financing without conventional banking procedures, quickly gaining widespread adoption in

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Indonesia's digital economy ecosystem. In practice, BNPL serves not only as an alternative payment method but has also evolved into a massive consumer credit instrument, particularly in the e-commerce and digital services sectors.

Empirical data shows that BNPL growth in Indonesia is on an exponential trend. The Financial Services Authority (OJK) noted that the outstanding value of banking BNPL reached IDR 24.33 trillion with more than 29 million users in August 2025.[1] In fact, by February 2026, the number of users had increased to approximately 30.55 million accounts, indicating rapid expansion in a short period of time.[2] Furthermore, total consumer liabilities in BNPL services are estimated to reach IDR 29.59 trillion in 2025, reflecting a significant increase in digital-based debt exposure.[3] This growth is also accompanied by a high financing rate, with the BNPL sector of finance companies recording annual growth of over 69%.[4]

On the one hand, this development contributes to increased financial inclusion and credit access for previously underserved communities (unbanked). However, on the other hand, BNPL's characteristics, based on ease of access, minimal conventional credit analysis, and integration with digital consumption, actually pose potential structural risks to consumer protection. The Financial Services Authority (OJK) itself noted that the quality of BNPL financing requires attention, given the increasing ratio of non-performing financing and the dominance of users from the productive age group who tend to be consumptive. [5] This phenomenon indicates that BNPL is not only an instrument for financial inclusion, but also has the potential to create systemic over-indebtedness if not balanced with effective supervision.

In response to these developments, the OJK issued Financial Services Authority Regulation Number 32 of 2025 concerning the Implementation of Buy Now Pay Later (BNPL), which came into effect on December 15, 2025. This regulation

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[1] Infobanknews. (2026). *Utang warga RI di paylater perbankan tembus Rp27,8 triliun per Februari 2026*. Accessed on https://infobanknews.com/utang-warga-ri-di-paylater-perbankan-tembus-rp278-triliun-per-februari-2026/ (accessed on 2 May 2026)

[2] Infobanknews. (2026). *Utang paylater warga RI di bank tembus Rp26,20 triliun per November 2025*. Accessed on https://infobanknews.com/utang-paylater-warga-ri-di-bank-tembus-rp2620-triliun-per-november-2025 (accessed on 2 May 2026).

[3] Dewan Pertimbangan Presiden. (2025). *Utang paylater masyarakat Indonesia capai Rp29,59 triliun*. Accessed on https://wantimpres.go.id/id/issue/utang-paylater/ (accessed on 2 May 2026).

[4] Otoritas Jasa Keuangan. (2025). *Siaran pers: Sektor jasa keuangan tetap stabil (RDK September 2025)*. Accessed on https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/RDKB-September-2025.aspx (accessed on 2 May 2026)

[5] Katadata. (2025). *OJK catat paylater tembus Rp21,89 triliun, kualitas pembiayaan jadi perhatian*. Accessed on https://katadata.co.id/digital/fintech/686ce4029195f/ojk-catat-pay-later-tembus-rp21-89-t-per-mei-generasi-muda-paling-banyak-pinjam (accessed on 2 May 2026)

stipulates that BNPL can only be implemented by commercial banks and finance companies, and requires the implementation of prudential principles, risk management, and consumer protection. [6] This regulation marks a significant shift from a general fintech-based approach to a more specific regulatory regime for BNPL as a financing product.

Despite the existence of regulatory intervention through POJK Number 32 of 2025, the rapid development of BNPL services demonstrates that legal regulation alone is not sufficient to ensure effective consumer protection within the digital financial ecosystem. In practice, the expansion of digital financing is often followed by unequal legal relationships between providers and consumers, particularly due to the dominance of standard electronic agreements and the limited bargaining position of users. This condition indicates that the problem of BNPL is not merely related to technological innovation, but also concerns the readiness of legal institutions in responding to new patterns of financial risk within society.

Several contemporary studies have discussed fintech regulation and consumer protection in Indonesia. However, most existing research still places fintech within a general regulatory framework and tends to focus on peer-to-peer lending or electronic transactions broadly. Research specifically examining BNPL supervision remains relatively limited, especially in relation to the effectiveness of regulatory oversight and the reconstruction of legal responsibility for consumer losses. In addition, previous studies have not comprehensively integrated consumer protection principles with a risk-based supervision approach in analyzing BNPL practices within Indonesia's legal system. This situation creates a significant research gap because BNPL possesses unique legal characteristics that differ from other digital financing models, particularly regarding embedded financing systems, automated digital agreements, and platform-based financial transactions.[7]

From a broader legal perspective, the increasing use of BNPL services also reflects a structural challenge in modern financial regulation, where technological innovation develops more rapidly than legal adaptation. As a consequence, supervisory mechanisms often remain administrative and reactive, while consumer risks continue to evolve dynamically alongside digital financial expansion. This imbalance potentially weakens legal certainty and creates regulatory fragmentation, particularly concerning accountability mechanisms, compensation procedures, and consumer rights protection in digital transactions. Therefore, a more adaptive and integrative legal approach is required to ensure

[6] Otoritas Jasa Keuangan. (2025). *OJK terbitkan aturan penyelenggaraan Buy Now Pay Later*. Accessed on https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/OJK-Terbitkan-Aturan-Penyelenggaraan-Buy-Now-Pay-Later.aspx

[7] Wulan, R. R., & Disemadi, H. S. (2022). Perlindungan konsumen dalam layanan fintech lending. Jurnal Pembangunan Hukum Indonesia, 4(2), 199–213. https://doi.org/10.14710/jphi.v4i2.199-213

that financial innovation remains aligned with the principles of justice, legal certainty, and substantive consumer protection.

However, the existence of this regulation does not necessarily address all the legal issues that arise in BNPL practices, primarily because BNPL operates at the intersection of financing law, consumer protection law, and financial technology regulation, thereby creating overlapping regulatory authority and, at the same time, gaps in supervision and enforcement. This hybrid character places BNPL within a complex legal landscape where elements of credit provision, digital platforms, and embedded finance converge, making it difficult to determine clear accountability standards when consumer harm occurs. In many cases, the fragmented nature of these legal regimes results in uncertainty regarding applicable norms, weak enforcement mechanisms, and inconsistent protection for consumers. From an international perspective, this phenomenon reflects a broader structural challenge in digital finance regulation, where technological innovation outpaces legal adaptation, leading to regulatory fragmentation and incomplete liability frameworks. Arner, Barberis, and Buckley highlight that fintech developments, including BNPL, often expose the limitations of traditional regulatory models, particularly in addressing cross sector risks and ensuring effective consumer protection within rapidly evolving digital ecosystems.[8] In this context, the complexity of BNPL regulation is not merely technical but structural, necessitating a more integrated and adaptive legal approach.

Previous studies on fintech and consumer protection generally focus on online lending legality, digital contracts, and financial inclusion. However, limited research specifically examines the effectiveness of supervisory mechanisms and the reconstruction of legal liability in Buy Now Pay Later services under Indonesia's new regulatory framework. Existing studies also tend to emphasize administrative compliance rather than the structural relationship between consumer vulnerability, regulatory fragmentation, and legal accountability in digital finance. Therefore, this research fills the gap by analyzing BNPL not only as a fintech product but also as a structural issue within Indonesia's digital financial legal system. Therefore, this study identifies two key legal issues that are both acute and fundamental.

First, the ineffectiveness of OJK supervision in ensuring substantive protection for BNPL consumers. Although POJK 32/2025 regulates the principles of transparency, creditworthiness assessment, and collection procedures, in practice, there is still a gap between norms and implementation. This is evident in the persistently high growth in financing that is not always accompanied by improvements in credit

[8] Arner, D. W., Barberis, J., & Buckley, R. P. (2021). Fintech and the restructuring of financial regulation. *Northwestern Journal of International Law & Business*, 41(2), 245–276. https://doi.org/10.2139/ssrn.3771294

quality, as well as the prevalence of complaints regarding collection practices and a lack of fee transparency. Furthermore, the existence of illegal providers outside OJK supervision demonstrates the limited effectiveness of compliance-based supervision. From a legal perspective, this situation indicates that OJK's supervisory function does not fully fulfill the principle of consumer protection as a substantive right, but remains administrative and reactive.

Second, there are gaps and overlapping regulations regarding the legal responsibility of BNPL providers for consumer losses. BNPL regulations do not yet explicitly define the legal liability framework for default, data misuse, or unlawful collection practices. In practice, consumers tend to be in a weak position because BNPL legal relationships are often constructed as standard, digital-based agreements that limit the provider's liability. Furthermore, Indonesia's consumer protection regime, particularly the Consumer Protection Law, has not been fully integrated with the characteristics of digital BNPL transactions. This creates regulatory overlap and gaps that can potentially harm consumers.

2. Research Methods

This research employs a normative juridical method, legal research that positions law as the norm or rule applicable within the legal system. This approach is used because the research focuses on analyzing the effectiveness of the Financial Services Authority's supervision of Buy Now, Pay Later (BNPL) services from a consumer protection perspective, which conceptually relates to the conformity between legal norms (das sollen) and their implementation in practice (das sein). The normative juridical method allows researchers to deeply examine the structure of norms, legal principles, and the consistency of regulations within the positive legal framework.[9]

The approach used in this research encompasses several main approaches. First, the statute approach, which is conducted by examining various relevant regulations, specifically Financial Services Authority Regulation Number 32 of 2025 concerning the Implementation of Buy Now, Pay Later Services, as well as regulations related to consumer protection and the financial services sector. This approach aims to assess the consistency of legal norms, regulatory structures, and the adequacy of substance in providing protection for BNPL consumers.

Second, the conceptual approach, which is carried out by examining legal doctrine and theory, such as the principles of consumer protection and the concept of legal responsibility (liability). In legal doctrine, consumer protection emphasizes the importance of balancing the positions of business actors and consumers and the

[9] Marzuki, P. M. (2021). *Penelitian hukum* (Edisi revisi). Jakarta: Kencana, p. 35–36.

need for state intervention to prevent such imbalances.[10]

Third, the analytical approach is used to evaluate the effectiveness of legal norms through a systematic and critical interpretation of existing regulations and linking them to empirical phenomena developing in BNPL practice. In this context, the research goes beyond textual analysis but also examines whether existing norms are able to address emerging legal issues.

The legal sources in this research consist of:

a. Primary legal materials, namely relevant laws and regulations, particularly OJK regulations related to BNPL and consumer protection;
b. Secondary legal materials, in the form of legal textbooks and scientific journal articles discussing consumer protection law, fintech, and supervision of the financial services sector;
c. Tertiary legal materials, such as official reports and institutional publications that support the analysis.

The legal material collection technique was conducted through library research, exploring relevant legal literature, scientific journals, and official documents. Furthermore, the legal material was analyzed qualitatively using a prescriptive method, providing legal arguments for the researched issues and formulating normative solutions to existing regulatory weaknesses.[11]

The methodological novelty of this research lies in the integration of a normative-juridical approach with an evaluation of the effectiveness of regulatory oversight in the context of digital financial innovation. This research not only examines legal norms statically but also positions BNPL regulations within the dynamic framework of fintech developments, resulting in a more contextual analysis of the gap between norms and practice. Thus, this research seeks to move beyond the conventional, descriptive, normative approach and toward a critical analysis oriented toward policy strengthening and regulatory reformulation.

3. Result and Discussion

3.1. Effectiveness of Financial Services Authority Supervision in BNPL Consumer Protection

The Financial Services Authority's oversight of Buy Now, Pay Later (BNPL) services has been significantly strengthened through Financial Services Authority Regulation Number 32 of 2025, as previously described. This regulation serves not only as a regulatory instrument but also as a risk management tool in the

[10] Shidarta. (2020). *Hukum perlindungan konsumen Indonesia* (Edisi revisi). Jakarta: Grasindo, p.. 52–55.
[11] Marzuki, P.M (2021), Op.Cit, p.171-173.

increasingly complex digital financial system. Article 2 of POJK 32/2025, which limits BNPL providers to commercial banks and finance companies, demonstrates the legislator's efforts to establish a closed regulatory system, ensuring that all BNPL activities fall within the scope of formal supervision.

This provision reflects a regulatory containment approach, a legal strategy to limit risk by controlling the actors involved. However, this approach has inherent limitations when faced with the dynamics of decentralized and platform-based digital innovation. Therefore, while Article 2's norm is textually sound, its effectiveness depends heavily on the regulator's ability to address new business models that do not always take the form of conventional financial institutions. Contemporary international scholarship further explains that rapid fintech innovation often leads to what is termed a "regulatory lag," where legal frameworks struggle to keep pace with evolving digital business models, particularly those embedded within platform ecosystems and operating beyond traditional institutional boundaries. As noted by Gomber, Koch, and Siering (2017), the transformation of financial services through fintech has fundamentally altered market structures, enabling non-financial actors to provide financial functionalities and thereby challenging the adequacy of traditional regulatory approaches centered on institutional classification.[12] Recent international scholarship further explains that the emergence of embedded finance has significantly blurred the distinction between financial institutions and digital intermediaries. Fintech regulation can no longer rely solely on institution-based supervision because financial services are increasingly integrated into digital platforms, marketplaces, and technology ecosystems. Consequently, many digital platforms indirectly conduct financing functions without formally qualifying as financial institutions, thereby creating substantial supervisory gaps within existing regulatory frameworks.[13]

Furthermore, Article 3 of POJK 32/2025, which defines BNPL as unsecured, electronic-based financing, emphasizes that BNPL is a consumer credit product with inherently high risks. Theoretically, BNPL's placement within the formal financing regime requires strict application of the prudential principle. However, in practice, there is a tension between BNPL's characteristics, which prioritize ease of access, and the prudential principle, which demands selectivity in credit

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[12] Gomber, P., Koch, J.-A., & Siering, M. (2017). Digital finance and fintech: Current research and future research directions. *Journal of Business Economics*, 87(5), 537–580. https://doi.org/10.1007/s11573-017-0852-x

[13] Dirk A. Zetzsche, Ross P. Buckley, Douglas W. Arner, dan Janos Nathan Barberis, "Decentralized Finance," *Journal of Financial Regulation* Vol. 6, No. 2 (2020): 172–203, DOI: https://doi.org/10.1093/jfr/fjaa010

distribution.

This tension is further evident in Article 6 of POJK 32/2025 concerning mandatory creditworthiness assessments. Normatively, this provision is the primary instrument for preventing the risk of default. However, the norm does not establish rigid parameters, thus opening room for discretion for providers. From a legal and economic perspective, this situation has the potential to create asymmetric credit assessments and even regulatory arbitrage, where assessment standards can be adjusted to encourage financing expansion. Recent empirical studies also reveal that BNPL business models frequently prioritize rapid market expansion through simplified verification systems and automated algorithmic credit scoring. According to deHann, Ratnovski, and Vlahu, digital lending systems that rely heavily on consumer behavioral data tend to weaken conventional prudential assessment standards, particularly among younger and financially vulnerable consumers. This condition increases the risk of over-indebtedness because financing decisions are often driven more by platform-based consumption patterns than by consumers' actual repayment capacity.[14]

Empirical findings in fintech legal studies indicate that digital financing practices tend to emphasize ease of access over the quality of risk analysis, thus increasing consumers' potential vulnerability to default and excessive debt burdens.[15] This suggests that the existence of norms without substantive oversight has the potential to reduce the effectiveness of legal protection.

From a consumer protection perspective, Article 11 paragraphs (1) and (5) of POJK 32/2025 adopts the principles of transparency and the deterrent effect through administrative sanctions. Theoretically, this provision aligns with consumer protection theory, particularly in reducing information asymmetry between businesses and consumers. However, the effectiveness of transparency depends not only on the availability of information but also on consumers' ability to understand that information.

Legal research shows that in fintech practices, despite transparency obligations, consumers remain weak due to limited financial literacy and the dominance of

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[14] Jakob deHann, Lev Ratnovski, dan Razvan Vlahu, "Fintech Credit, Financial Inclusion and Regulatory Challenges," *IMF Economic Review* Vol. 71, No. 1 (2023): 88–121, DOI: https://doi.org/10.1057/s41308-022-00178-8

[15] Triasih, D., Muryati, D. T., & Nuswanto, A. H. (2021). Perlindungan hukum bagi konsumen dalam perjanjian pinjaman online. *Seminar Nasional Hukum*, 7(2), 592–607. https://proceeding.unnes.ac.id/snh/article/download/732/650

standard agreements that tend to benefit businesses.[16] Thus, formal transparency does not necessarily result in substantive protection, necessitating strengthened, more active oversight. National studies in Indonesia also demonstrate that most BNPL consumers possess limited digital financial literacy, particularly regarding interest calculation systems, late-payment penalties, and the legal consequences of electronic agreements. The consumers frequently approve standard digital contracts without fully understanding their legal implications due to instant approval mechanisms and unequal bargaining positions between providers and consumers. This situation indicates that transparency obligations alone are insufficient without stronger supervisory intervention and consumer education mechanisms.[17]

Systemically, the effectiveness of OJK supervision still faces three main, interrelated issues: First, the dominance of a compliance-based supervision approach. This approach focuses on the fulfillment of administrative obligations by providers, thus tending to be reactive. From the perspective of modern regulatory theory, as proposed by Black (2020), effective supervision should be risk-based, prioritizing proactive risk identification and mitigation.[18] This inconsistency in approach makes BNPL supervision less adaptable to the dynamics of digital innovation.

Table 1. Regulatory Weaknesses and Consumer Protection Challenges in BNPL Services

Aspect	Regulation	Problem	Implication
Provider Supervision	POJK No. 32/2025	Illegal providers remain	Weak supervision
Credit Assessment	Article 6 POJK 32/2025	No strict standards	Risk of over-indebtedness
Transparency	Article 11 POJK 32/2025	Low financial literacy	Information asymmetry
Liability	Consumer Protection Law	No clear compensation mechanism	Legal uncertainty
Digital Agreements	Standard contracts	Exoneration clauses	Consumer imbalance
Enforcement	OJK sanctions	Mostly administrative	Weak deterrent effect
Data Protection	General regulations	Data misuse risk	Consumer vulnerability

[16] Zulkarnain, P. F. (2022). Perlindungan konsumen bagi debitur dalam sistem pinjaman online. Skripsi Ilmu Hukum, P. 85–87. https://repository.unissula.ac.id/25434/1/30301800306_fullpdf.pdf

[17] Intan Permata Sari dan Budi Nugroho, "Perlindungan Konsumen dalam Layanan Buy Now Pay Later di Indonesia," *Jurnal Hukum IUS QUIA IUSTUM* Vol. 31, No. 1 (2024): 55–74, DOI: https://doi.org/10.20885/iustum.vol31.iss1.art4

[18] Black, J. (2020). Regulatory effectiveness and risk-based supervision in financial services. *Modern Law Review*, 83(5), 1022–1045. https://doi.org/10.1111/1468-2230.12534

Second, there is a structural enforcement gap. Although the Financial Services Authority Regulation (POJK) has established restrictions on providers, in practice, some BNPL services still operate through embedded finance schemes outside of direct regulatory oversight. This demonstrates that an entity-based regulatory approach is inadequate to regulate the cross-sectoral digital ecosystem. Legal research also indicates that weak oversight of fintech business actors is a major factor in suboptimal consumer protection.[19]

Third, the low effectiveness of norms in shaping public legal behavior. From a socio-legal perspective, the rapid growth of BNPL usage also reflects a transformation in modern consumer culture, where digital financing facilities encourage impulsive and short-term consumption behavior. Appleyard, Rowlingson, and Gardner found that BNPL systems psychologically reduce consumers' perception of debt because payment obligations are fragmented into smaller installments.[20] As a result, consumers tend to underestimate long-term financial risks, thereby increasing their vulnerability to financial distress and excessive debt accumulation. From the perspective of legal effectiveness theory, a norm is considered effective if it can influence the behavior of legal subjects. However, in the context of BNPL, the increase in usage accompanied by consumptive tendencies indicates that prudential norms have not been internalized. National studies show that fintech consumer protection remains normative, but ineffective in implementation.[21]

Furthermore, from a legal and economic perspective, this situation reflects a failure to create an appropriate incentive structure. When the benefits of financing expansion outweigh the risks of sanctions, business actors are encouraged to take higher risks. This creates a moral hazard that has the potential to harm consumers. International studies also show that easy access to BNPL without strict supervision is correlated with increased consumer debt and financial vulnerability.[22]

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[19] Suwondo, D. (2021). Rekonstruksi regulasi perlindungan hukum terhadap konsumen financial technology. Disertasi Ilmu Hukum, p.. 120–125. https://repository.unissula.ac.id/25032/

[20] Lindsey Appleyard, Karen Rowlingson, dan Zoe Gardner, "Buy Now Pay Later Credit and Consumer Vulnerability in the Digital Economy," *Journal of Consumer Policy* Vol. 47, No. 1 (2024): 91–113, DOI: https://doi.org/10.1007/s10603-023-09566-5

[21] Disemadi, H. S., & Prananingtyas, P. (2020). Perlindungan hukum terhadap konsumen fintech di Indonesia. *Jurnal Pembangunan Hukum Indonesia*, 2(2), 143–158. https://doi.org/10.14710/jphi.v2i2.143-158

[22] Fook, J., & McNeill, L. (2022). Buy now pay later: Implications for consumer credit regulation. Journal of Consumer Policy, 45(3), 567–584. https://doi.org/10.1007/s10603-022-09511-9

Furthermore, the novelty of this research lies in its integrated analysis of BNPL supervision through the perspectives of legal effectiveness theory, risk-based regulation, and digital platform governance simultaneously. Previous studies generally discuss BNPL only from the standpoint of consumer protection or fintech regulation separately. In contrast, this research emphasizes that the fundamental weakness of BNPL supervision in Indonesia originates from the incompatibility between conventional institution-based supervisory models and the characteristics of platform-based digital finance ecosystems. Therefore, this study offers a new conceptual approach by proposing adaptive and function-based supervision mechanisms that focus not merely on the legal status of providers, but also on the digital financing functions embedded within digital platforms and e-commerce ecosystems.

Therefore, it can be concluded that although normatively, the Financial Services Authority (OJK) has a strong legal basis for BNPL supervision, its substantive effectiveness remains limited. The main problem lies not in a lack of norms, but rather in the mismatch between the supervisory design and the characteristics of digital financial innovation. Therefore, a transformation towards more adaptive, integrative, and responsive risk-based supervision is needed to ensure effective consumer protection.

3.2. Reconstruction of BNPL Organizers' Legal Responsibility for Consumer Losses

The fundamental problem with Buy Now, Pay Later (BNPL) services lie not in a regulatory vacuum, but rather in the unclear legal liability framework governing the relationship between providers and consumers. As previously explained, POJK Number 32 of 2025 does regulate various provider obligations, but it does not explicitly formulate a comprehensive legal liability regime in the event of consumer losses. This raises a fundamental issue within Indonesian positive law: the lack of synchronization between the financial service's sectoral regulatory regime and general principles of civil law and consumer protection.

Normatively, Article 11 of POJK 32/2025 positions transparency as the primary instrument of consumer protection. However, this norm is more preventive than remedial in nature, thus providing no concrete mechanism for redressing consumer losses. Within the legal framework of consumer protection, this situation demonstrates an imbalance between ex ante and ex post protection. In fact, in modern consumer protection doctrine, effective legal protection must encompass both dimensions simultaneously.[23]

This imbalance is even more apparent when compared to Indonesian positive law,

[23] Micklitz, H.-W. (2020). The politics of consumer protection in the EU. *Journal of Consumer Policy*, 43(1), 1–20. https://doi.org/10.1007/s10603-019-09437-9

particularly the Consumer Protection Law, which in principle recognizes consumers' right to compensation for losses incurred by business actors. However, in the context of BNPL, the integration between the POJK and the consumer protection regime has not been systematically established. As a result, legal fragmentation has occurred, with consumers having to navigate various, unintegrated legal regimes.

This condition reflects a broader phenomenon known in digital financial regulation as *regulatory lag*, namely a situation in which technological development progresses more rapidly than the adaptation of legal norms. In the BNPL ecosystem, the rapid expansion of digital financing models has created complex triangular legal relationships involving platform providers, financing institutions, merchants, and consumers. However, Indonesian regulations still tend to view legal relationships conventionally through a bilateral contractual perspective. Consequently, the existing legal framework has not fully accommodated the multi-party risk structure inherent in digital financial transactions. This demonstrates that the weakness of BNPL consumer protection is not merely caused by incomplete regulations, but also by the incompatibility between conventional legal paradigms and the characteristics of platform-based financial systems.[24] Furthermore, comparative studies indicate that countries with adaptive fintech governance frameworks generally integrate consumer protection, digital accountability, and data governance into a unified regulatory architecture, thereby reducing regulatory overlap and legal uncertainty.[2]

Furthermore, Article 15 of POJK 32/2025, which regulates the maximum limit for economic benefits (interest and fees), only addresses cost control, not legal liability. This provision demonstrates that the regulatory approach is still oriented toward price control, rather than liability allocation. From an economic law perspective, price control without being accompanied by strengthened legal liability will result in partial protection, as it fails to address the root of the problem: the distribution of risk between business actors and consumers (Posner, 2021).[25]

In practice, BNPL legal relationships are formed through standard digital agreements, which often contain exoneration clauses. These clauses implicitly shift risk to consumers, thus contradicting the principle of contractual fairness. In modern contract theory, this condition is known as contractual imbalance, where freedom of contract no longer reflects the equality of the parties. Empirical studies show that in the fintech sector, standard agreements tend to strengthen the

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[24] Douglas W. Arner, Janos Barberis, and Ross P. Buckley. (2020). "FinTech and RegTech in a Nutshell, and the Future in a Sandbox." Research Foundation Briefs, 4(4), 1–16. https://doi.org/10.2139/ssrn.3540885

[25] Posner, R. A. (2021). Economic analysis of law in financial regulation. *Journal of Law and Economics*, 64(2), 305–328

position of business actors and weaken the position of consumers.[26]

The dominance of standard agreements in BNPL transactions also reflects the emergence of *digital adhesion contracts*, where consumers are structurally positioned only as passive recipients of contractual terms drafted unilaterally by providers. In digital transactions, consumer consent often becomes merely procedural because approval is granted through automated click-based mechanisms without meaningful negotiation space. This phenomenon raises questions regarding the substantive validity of consent within electronic contracts. In modern consumer law discourse, formal consent alone can no longer be interpreted as genuine contractual freedom when significant inequality exists in bargaining power and information access between parties.[27] Therefore, the reconstruction of BNPL liability should not merely focus on post-dispute compensation mechanisms, but also on ensuring substantive fairness at the contract formation stage.[28]

From the perspective of legal liability theory, the ambiguity of the liability model in BNPL is a major source of legal uncertainty. In modern legal systems, the choice of liability model is crucial for the effectiveness of consumer protection. The fault liability model places the burden of proof on consumers, which in the digital context becomes extremely difficult. In contrast, strict liability and presumption of liability models are more progressive because they shift the burden of proof to business actors. International studies show that in the fintech sector, a presumption-based or strict liability model is more effective in protecting consumers (Fook & McNeill, 2022).[29]

The ambiguity of the liability model in Indonesia's BNPL ultimately creates legal uncertainty, which directly impacts consumers' weak position in disputes. This situation is exacerbated by the complexity of digital systems, where proving fault often involves technical aspects that are difficult for consumers to access. Furthermore, from a legal and economic perspective, the ambiguity of legal liability creates moral hazard and inefficient risk allocation. When business actors do not bear risks proportionally, there is no incentive to increase prudential standards.

[26] Disemadi, H. S., & Prananingtyas, P. (2020). Perlindungan hukum terhadap konsumen fintech di Indonesia. *Jurnal Pembangunan Hukum Indonesia*, 2(2), 143–158. https://doi.org/10.14710/jphi.v2i2.143-158
[27] Ryan Calo dan Alex Rosenblat, "The Taking Economy: Uber, Information, and Power," *Columbia Law Review* Vol. 117, No. 6 (2017), hlm. 1623–1690, DOI: https://doi.org/10.2139/ssrn.2929643
[28] Shidarta, "Perlindungan Konsumen dalam Perjanjian Baku di Era Digital," *Jurnal Hukum Ius Quia Iustum* Vol. 29, No. 2 (2022), hlm. 237–255, DOI: https://doi.org/10.20885/iustum.vol29.iss2.art2
[29] Fook, J., & McNeill, L. (2022). Buy now pay later: Implications for consumer credit regulation. *Journal of Consumer Policy*, 45(3), 567–584. https://doi.org/10.1007/s10603-022-09511-9

Instead, risks are shifted to consumers who have a lower capacity to bear them. Studies show that BNPL encourages consumer behavior and increases household debt, especially when not balanced by adequate protection mechanisms.[30]

At the national level, legal research also indicates that consumer protection in fintech still faces serious implementation challenges, particularly related to weak accountability mechanisms and the dominance of business actors in contractual relationships. This situation demonstrates that the BNPL issue cannot be understood simply as a technical regulatory issue, but rather as a structural problem within the Indonesian legal system, particularly related to the imbalance between the development of financial technology and the readiness of legal instruments to regulate it. Research shows that consumer protection in fintech services remains partial and has not been systematically integrated into a comprehensive legal framework, thus impairing legal certainty for consumers. [31]

Furthermore, legal studies show that in fintech practices, consumers tend to be in a weaker position due to the dominance of business actors in determining the content of contractual relationships through standard digital agreements. This situation reinforces the inequality in legal relations and leaves consumers with insufficient room for negotiation. [32]

Furthermore, other research shows that consumer protection in fintech in Indonesia still places more emphasis on prevention than repression, resulting in suboptimal recovery mechanisms when losses occur. This indicates that the legal system is still oriented toward administrative compliance (a compliance-based approach), rather than substantive accountability. [33]

This problem is also related to weak regulation and oversight of personal data protection in fintech services. Studies show that consumer data leakage and misuse remain a serious issue due to suboptimal accountability mechanisms for providers. [34]

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[30] Guttman-Kenney, B., Firth, C., & Gathergood, J. (2023). Buy now, pay later credit: Consumer usage and financial outcomes. *Review of Financial Studies*, 36(5), 1800–1835.
[31] Disemadi, H. S., & Prananingtyas, P. (2020). Perlindungan hukum terhadap konsumen fintech di Indonesia. *Jurnal Pembangunan Hukum Indonesia*, 2(2), 143–158. https://doi.org/10.14710/jphi.v2i2.143-158
[32] Nugroho, A. S. (2021). Kedudukan perjanjian baku dalam transaksi elektronik dan perlindungan konsumen. *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, 10(3), 389–404. https://doi.org/10.33331/rechtsvinding.v10i3.789
[33] Wulan, R. R., & Disemadi, H. S. (2022). Perlindungan konsumen dalam layanan fintech lending. *Jurnal Pembangunan Hukum Indonesia*, 4(2), 199–213. https://doi.org/10.14710/jphi.v4i2.199-213
[34] Santoso, B., & Putri, N. K. (2022). Perlindungan data pribadi dalam layanan financial technology di Indonesia. *Jurnal Legislasi Indonesia*, 19(3), 321–335. https://doi.org/10.54629/jli.v19i3.8

On the other hand, the rise of illegal fintech practices and weak law enforcement indicate a gap between legal norms and their implementation. In many cases, the sanctions imposed are still administrative in nature and do not provide an adequate deterrent effect, thus failing to effectively protect consumers. [35]

Based on these conditions, it can be concluded that the BNPL issue is part of a structural problem in Indonesia's digital economy legal system, characterized by regulatory fragmentation, weak accountability mechanisms, and an imbalance between businesses and consumers.

Therefore, the reconstruction of BNPL legal responsibility must be carried out systematically by integrating financial services sector law and consumer protection law. This reconstruction is not sufficient simply by adding norms; it must address the fundamental design of the liability framework, particularly regarding risk distribution and accountability mechanisms.

First, a clear legal responsibility model is needed in BNPL regulations. The presumption of liability model is relevant because it can address information asymmetry in digital transactions. In the Indonesian legal context, this approach aligns with consumer protection principles, which place business actors as responsible for risks arising from their business activities.

Second, an operational and measurable compensation mechanism is needed. In national legal practice, consumers' rights to compensation are often ineffective due to the lack of clear procedures. Therefore, BNPL regulations need to specify in detail the types of losses, claims procedures, and compensation obligations.

Third, strict limitations are needed on standard clauses in BNPL contracts. In practice, exoneration clauses are often used to limit the liability of providers, thus contradicting the principle of contractual fairness in consumer protection law.

Fourth, integration across legal regimes is an urgent need. BNPL regulations must be linked to consumer protection and personal data protection laws to create legal certainty and avoid regulatory fragmentation.

From a theoretical perspective, the reconstruction of BNPL legal responsibility should also incorporate the principle of *digital fiduciary responsibility*. In the digital economy, platform providers no longer function solely as intermediaries, but also as entities exercising significant control over algorithmic decision-making, consumer data processing, and financing accessibility. This position creates a

[35] Prasetyo, D., & Wibowo, R. (2023). Penegakan hukum terhadap fintech ilegal di Indonesia. *Jurnal Hukum Ekonomi Syariah*, 7(1), 55–70. https://doi.org/10.30595/jhes.v7i1.15432

higher ethical and legal obligation to ensure fairness, transparency, and proportional risk allocation. Several contemporary legal scholars argue that fintech providers should bear enhanced duties of care because algorithmic systems possess the capacity to influence consumer financial behavior in ways not fully understood by users themselves.[36] In this context, the novelty of reconstructing BNPL liability in Indonesia lies not only in strengthening compensation mechanisms, but also in shifting the regulatory paradigm from merely compliance-based supervision toward technology-accountability-based governance. Such an approach is important to create a more adaptive legal framework capable of balancing innovation, financial inclusion, and consumer justice simultaneously.[37]

Thus, the reconstruction of BNPL's legal responsibilities must be directed at shifting from an administrative approach to a substantive approach oriented towards justice, legal certainty, and effective consumer protection, thereby being able to address the complexity of risks in the digital financial ecosystem.

4. Conclusion

This research confirms that the development of Buy Now, Pay Later (BNPL) services in Indonesia presents a dualism between increased access to financing and emerging risks to consumer protection. Although the Financial Services Authority (OJK), through Regulation No. 32 of 2025, has provided a relatively comprehensive normative framework, encompassing restrictions on providers, transparency requirements, and the application of prudential principles, the effectiveness of supervision remains limited. This is due to the dominance of a compliance-based approach that has not fully adapted to the characteristics of financial technology, creating a gap between norms and implementation, including an increased risk of consumer over-indebtedness and practices that fall outside formal oversight. Furthermore, this research found that the legal liability framework for BNPL services in Indonesia remains partial and does not provide adequate legal certainty. Existing regulations emphasize preventative measures through transparency and cost control, without being balanced by clear and operational loss recovery mechanisms. In practice, the use of standard digital agreements containing limitation of liability clauses further weakens the consumer's position and creates an imbalance in the legal relationship between businesses and consumers. This situation indicates that the BNPL issue is part of a structural problem in Indonesia's digital economy legal system, characterized by regulatory fragmentation and weak legal accountability structures. Therefore, substantive regulatory reconstruction is needed through a transformation of supervision

[36] Dirk A. Zetzsche, Douglas W. Arner, Ross P. Buckley, and Robert P. Weber. (2020). "Decentralized Finance." *Journal of Financial Regulation*, 6(2), 172–203. https://doi.org/10.1093/jfr/fjaa010

[37] Niken Prasetyawati and Rinitami Njatrijani. (2023). "Legal Protection for Consumers in Financial Technology Transactions in Indonesia." *Jurnal Media Hukum*, 30(1), 45–60. https://doi.org/10.18196/jmh.v30i1.17245

toward a risk-based approach, a strengthening of the legal responsibility model that positions business actors as responsible parties, a clear and enforceable compensation mechanism, strengthened oversight of standard agreements, and cross-legal integration between the financial services sector, consumer protection, and personal data protection. With these steps, consumer protection in BNPL services is expected to be not only normative but also effective in addressing the complexity of risks in the digital financial ecosystem in a sustainable manner.

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