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Legal Protection for Creditors in the Bankruptcy of Fintech Lending Platforms Arising from Mass Default Events

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A R T I C L E I N F O

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A B S T R A C T

This study examines legal protection for creditors in the bankruptcy of fintech lending platforms arising from mass default events. The research focuses on the relationship between bankruptcy regulations, the obligations of fintech platform operators, and principles of user protection in financial services. The study employs normative legal research with statute, conceptual, and case approaches, using secondary data from primary, secondary, and tertiary legal materials. The findings indicate that creditor protection remains general and requires specific regulatory reinforcement for collective schemes and platform risk mitigation. The study's implication is to enhance legal clarity and the effectiveness of creditor protection in the fintech lending ecosystem.

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INTRODUCTION

The rapid expansion of financial technology has transformed the structure of business financing by enabling credit intermediation to occur through digital platforms rather than conventional financial institutions. Peer-to-peer fintech lending has become an important alternative source of financing for individuals and micro, small, and medium enterprises, particularly in jurisdictions where access to bank credit remains limited. At the global level, the growth of platform-based lending has created new legal questions concerning risk allocation, investor protection, platform accountability, and the boundaries between technological innovation and financial regulation. The risks are not merely operational, because platform failure may affect large numbers of creditors simultaneously when borrower defaults occur on a significant scale. In this context, Bao et al. (2023) emphasized that the sustainability of peer-to-peer lending platforms is strongly influenced by platform design, risk mitigation structures, and regulatory architecture.

In Indonesia, fintech lending has developed into a regulated financial services activity under the supervision of the Financial Services Authority. The current regulatory basis is Financial Services Authority Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Co-Funding Services, which remains in force and revoked the earlier POJK Number 77/POJK.01/2016. This regulation requires platform operators to obtain a business license, maintain institutional governance, provide electronic systems, and facilitate contractual relationships between funders and borrowers. Nevertheless, the growth of fintech lending also indicates increasing exposure to credit risk, as reflected in the relevance of the 90-day default indicator or TWP90 in assessing platform performance. According to OJK data, Indonesian fintech peer-to-peer lending outstanding financing reached IDR 77.02 trillion in December 2024, while the aggregate TWP90 stood at 2.60%, showing that the sector remains significant even though default risk continues to require regulatory attention.

The legal urgency becomes more complex when mass default events are followed by the financial distress or bankruptcy of the platform operator. Under Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, Article 2 paragraph (1) provides that a debtor may be declared bankrupt if it has two or more creditors and fails to pay at least one due and collectible debt. Article 1 point 1 of the same law defines bankruptcy as a general seizure over all assets of the bankrupt debtor, managed and settled by a curator under the supervision of a supervisory judge. These provisions are relevant for assessing whether fintech lending platform operators can be treated as debtors in bankruptcy proceedings when their obligations to creditors become due and unpaid. However, the application of general bankruptcy norms to fintech lending is not straightforward because creditors in this ecosystem may have claims against borrowers, claims against platform operators, or both, depending on the contractual structure and the nature of the platform's conduct.

Previous studies have discussed lender protection and default risk in peer-to-peer lending, but most of them have not specifically examined creditor protection in the bankruptcy of fintech lending platforms caused by mass default events. Annisa (2023) focused on lender protection against standard clauses in peer-to-peer lending agreements and found that certain contractual provisions may weaken the legal position of lenders. Sudharma et al. (2023) examined the settlement of non-performing loans in fintech peer-to-peer lending and emphasized litigation and non-litigation mechanisms for resolving bad-loan disputes. Meanwhile, Tanri (2023) discussed legal certainty for lenders in peer-to-peer lending transactions within Indonesia's financial institution system, particularly in relation to regulatory adequacy and creditor certainty. These studies are important, but they mainly address default, contractual protection, and dispute resolution, rather than the collective position of creditors when a platform itself enters bankruptcy.

International literature also shows that fintech lending risk cannot be understood only as individual borrower default, because platform incentives, credit scoring quality, and systemic interdependence may intensify creditor losses. Dömötör et al. (2023) found that platform-based lending may involve high-risk borrowers and that high interest rates do not necessarily compensate investors for default exposure. Yeo and Jun (2020) further explained that peer-to-peer lending may affect financial risk structures because platforms operate in segmented credit markets, especially among borrowers with weaker credit profiles. In the Indonesian context, Rahmawan and Dewanto (2024) argued that peer-to-peer lending platforms may create systemic risk because lenders often depend heavily on platform-generated credit ratings and transaction facilitation. This shows a research gap: existing scholarship has not sufficiently integrated insolvency law, fintech regulation, and mass-default risk into one legal framework for assessing creditor protection.

Based on this gap, this study aims to analyze the legal protection of creditors in the bankruptcy of fintech lending platforms arising from mass default events. The analysis focuses on the relationship between bankruptcy law, fintech lending regulation, platform operator obligations, and the legal position of funders as creditors in digital financing transactions. This study also examines whether the current Indonesian legal framework provides adequate mechanisms for claim recognition, asset administration, risk mitigation, and collective creditor recovery when a platform fails. The research is directed toward identifying normative weaknesses in the intersection between Law Number 37 of 2004, POJK Number 10/POJK.05/2022, and Financial Services Authority Regulation Number 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector. Therefore, the contribution of this study lies in developing a more coherent legal analysis of creditor protection in fintech lending bankruptcy and proposing a regulatory direction that is more responsive to platform failure and mass default risk.

LITERATURE REVIEW

Creditor Rights and Legal Protection in Digital Finance

Legal protection for creditors is a foundational concept in financial and commercial law that aims to ensure enforceability of debt obligations and recovery of claims when debtors default. In traditional credit markets, creditor rights are often mediated through insolvency law to balance debtor relief and creditor recovery (Silviani, 2023). As financial intermediation evolves with technology, creditor protection must adapt to incorporate digital contract enforcement, algorithmic risk assessment, and platform accountability—factors which extend beyond conventional creditor-debtor relationships and influence creditor confidence in digital finance markets (Hu et al., 2023). This conceptual grounding suggests that safeguarding creditor interests in fintech lending must reconcile contractual, institutional, and regulatory dimensions to address risks that emerge specifically from platform-based lending.

Regulation of Fintech Lending and Its Implications for Creditors

Peer-to-peer fintech lending has been subject to increasing regulatory reform intended to govern platform operations, protect stakeholders, and mitigate systemic risk. In Indonesia, Financial Services Authority Regulation No. 10/POJK.05/2022 remains the principal legal regime for LPBBTI (Information Technology-Based Co-Funding Services), obligating platform operators to maintain licensing, governance, risk controls, and reporting standards. Despite these regulatory advances, scholars note that existing frameworks emphasize consumer protection and transparency, with limited explicit prescriptions addressing creditor remedies in distressed situations or platform insolvency (Sulubara & Iskandar, 2026). This suggests that while fintech lending regulation establishes a governance baseline, it does not yet provide granular legal remedies tailored to creditor recovery in extreme loss events.

Normative Legal Research on Fintech Default and Insolvency

Academic studies in Indonesia have examined various aspects of legal protection and risk management in fintech lending, primarily focusing on default consequences, lender risk, and dispute mechanisms. For instance, Faqi and Jamila (2026) analyzed mechanisms for debt settlement in fintech lending through bankruptcy and PKPU institutions, noting procedural challenges for creditors seeking redress under Law No. 37 of 2004 (Bankruptcy and Suspension of Debt Payment Obligations) (Faqi & Jamila, 2026). Similarly, research by Febriani and Pranoto (2026) highlights the weak legal protection for lenders facing borrower default risk due to regulatory ambiguities regarding platform responsibility (Febriani & Pranoto, 2026). Heriyanto's recent study (2026) also observes that legal protections, while present in statutory law, face challenges in application due to the unique characteristics of electronic contracts and insufficient guarantee mechanisms in fintech lending agreements (Heriyanto, 2026). Together, these normative studies reveal that creditor protection under current legal frameworks often lacks clarity in addressing creditor claims arising from platform default and insolvency.

Credit Risk and Systemic Concerns in Fintech Lending

Beyond domestic normative studies, international literature underscores critical systemic risks in fintech lending that affect creditor exposure. Specifically, empirical research has pointed to algorithmic decision-making in digital credit evaluation, which may inadvertently bias credit assessments and influence default outcomes (X. Hu et al., 2023). These algorithmic risk governance issues further emphasize the importance of legal and regulatory safeguards that address not only contractual rights but also structural risk factors that contribute to credit losses. Although these studies do not directly focus on insolvency law, they highlight a broader context in which creditor risk is shaped by technological, institutional, and market variables—all of which have implications for legal frameworks aimed at protecting creditors in digital finance environments.

Research Gaps and the Need for Integrated Legal Frameworks

Despite progressing fintech lending scholarship, there remains a significant gap in research that comprehensively examines how insolvency law, fintech regulation, and creditor protection intersect when a platform itself becomes insolvent due to mass default events. Most existing studies address default risk, contractual protections, and regulatory compliance in isolation, without integrating these domains into a coherent legal structure that supports creditor recovery in platform bankruptcy. This gap is clearly seen where normative analyses discuss debt settlement mechanisms, creditor rights, and platform responsibilities individually, but fail to connect these to collective creditor remedies under prevailing insolvency regimes. Therefore, there is a pressing need for comprehensive legal research that bridges statutory interpretation, regulatory frameworks, and insolvency law to clarify how creditor protection can be substantively enforced when fintech lending platforms fail, thereby contributing both to legal scholarship and to policy refinement.

METHODOLOGY

Research Design: Normative Legal Inquiry in Digital Finance

This study employs a qualitative approach with a normative legal research design to examine creditor protection in the bankruptcy of fintech lending platforms arising from mass default events. The qualitative approach is appropriate because the research does not measure numerical relationships among variables, but interprets legal norms, regulatory structures, and doctrinal principles governing creditor rights, platform obligations, and insolvency mechanisms (Creswell & Poth, 2023). Normative legal research is used to determine whether the existing legal framework provides adequate protection for creditors when fintech lending platforms experience financial distress or bankruptcy. This design allows the study to analyze the internal coherence of legal rules and to identify gaps between general bankruptcy law and sector-specific fintech regulation. In line with qualitative inquiry, the study

emphasizes contextual interpretation, legal reasoning, and systematic comparison of relevant legal materials (Braun & Clarke, 2021).

Legal Materials and Regulatory Sources

The data used in this study consist of secondary legal materials obtained from official legal documents, financial services regulations, academic literature, and relevant scholarly publications. The primary legal materials include Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, Financial Services Authority Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Co-Funding Services, and Financial Services Authority Regulation Number 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector. Law Number 37 of 2004 is used to examine the general requirements for bankruptcy, creditor claims, debtor assets, curator authority, and debt settlement procedures. POJK No. 10/POJK.05/2022 is used because it remains the main regulatory framework for fintech lending in Indonesia and has revoked the earlier POJK No. 77/POJK.01/2016. POJK No. 22/2023 is also relevant because it regulates principles of consumer and community protection in the financial services sector, including transparency, fair treatment, and dispute resolution mechanisms (Silviani, 2023).

Population, Sampling Technique, and Selection Criteria

The population of this study comprises legal norms, statutory provisions, regulatory instruments, scholarly articles, and institutional documents related to fintech lending, creditor protection, bankruptcy, and mass default risk. Since this research is normative and document-based, it does not involve respondents, informants, or human participants. The sampling technique used is purposive non-probability sampling, selecting materials that are most relevant to the study's objectives, including official regulations and academic literature of high authority. Selected materials must be current, accessible, legally valid, and provide normative or analytical value for understanding creditor recovery in fintech platform insolvency.

Data Collection Strategy: Documentary and Regulatory Analysis

Data collection is conducted through library research and documentary analysis. The study collects primary legal materials from official portals such as the Financial Services Authority and the National Legal Documentation and Information Network. Secondary materials are collected from academic journals, books, and legal commentaries. The instrument used is a legal-document review matrix, which classifies materials according to legal issue, regulatory source, article or provision, creditor-related norm, platform obligation, and relevance to mass default events. This approach allows systematic mapping of relationships between bankruptcy rules and fintech-specific obligations (Elo et al., 2020).

Research Procedure: From Legal Mapping to Normative Evaluation

The research procedure is conducted in stages: (1) identifying the legal problem, particularly creditor protection under platform bankruptcy caused by mass defaults; (2) collecting and verifying relevant regulations to ensure they are current and enforceable; (3) classifying legal provisions into thematic domains, including bankruptcy requirements, creditor status, platform obligations, fund management, risk mitigation, transparency duties, and dispute resolution; (4) examining relationships between general insolvency law and fintech regulation to assess mechanisms for collective creditor recovery; and (5) synthesizing findings into normative arguments for regulatory coordination between bankruptcy law and fintech supervision (Hu et al., 2023).

Data Validity, Reliability, and Legal Trustworthiness

Legal trustworthiness is ensured through source triangulation, regulatory verification, and consistency checking. Triangulation compares statutory provisions, official regulations, academic literature, and institutional reports. Verification confirms the legal status of regulations through official government and OJK sources, ensuring outdated rules are not used. Consistency checks ensure the interpretation of one provision aligns with related legal norms. These procedures strengthen credibility because normative legal research depends heavily on accurate legal sources and coherent interpretation (Creswell & Poth, 2023).

Data Analysis Technique: Qualitative Content and Legal Interpretation

Data are analyzed using qualitative content analysis, supported by statutory and conceptual analysis. Thematic coding identifies legal themes, regulatory gaps, and patterns of creditor protection. Statutory interpretation examines the meaning and scope of relevant provisions under Law Number 37 of 2004 and POJK No. 10/POJK.05/2022. Conceptual analysis clarifies the position of creditors in fintech lending, assessing whether funders are creditors of borrowers, platform operators, or protected users (Braun & Clarke, 2021).

Analytical Tools and Output of the Study

The analysis is supported by NVivo software or manual coding matrices to organize data and visualize relationships among laws, regulations, and creditor rights. The output is a structured assessment of whether Indonesian bankruptcy law and fintech lending regulations provide sufficient protection for creditors during mass default-induced platform bankruptcies. The methodology also identifies regulatory gaps and proposes improvements in claim recognition, asset administration, platform accountability, and collective creditor recovery.

RESULTS AND DISCUSSION

Creditor Protection under Bankruptcy Law in Fintech Lending

The findings show that creditor protection in Indonesian fintech lending still depends primarily on the general mechanism of bankruptcy law rather than on a specific insolvency framework for digital lending platforms. Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment

Obligations provides the basic legal foundation for creditor recovery when a debtor is unable to pay its due and collectible debts. Article 2 paragraph (1) of this law states that a debtor may be declared bankrupt if it has two or more creditors and fails to pay at least one debt that has become due and payable. Article 1 point 1 defines bankruptcy as a general seizure over all assets of the bankrupt debtor, administered and settled by a curator under the supervision of a supervisory judge. In fintech lending, this general rule becomes difficult to apply because the funder's claim may arise from the borrower's default, the platform's operational failure, or both, depending on the contractual structure.

Regulatory analysis indicates that Financial Services Authority Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Co-Funding Services provides a more specific framework for fintech lending operations, but it does not yet establish a special collective recovery mechanism for creditors when a platform becomes insolvent. Article 30 requires that the implementation of fintech lending must at least be based on two agreements, namely an agreement between the platform operator and the funder, and an agreement between the funder and the borrower. Article 31 paragraph (1) requires the agreement between the platform operator and the funder to be made in an electronic document, while Article 31 paragraph (2) requires the document to include, among other things, the rights and obligations of the parties, funding amount, economic benefits, collection mechanism, risk mitigation in the event of non-performing funding, dispute settlement, and the settlement of rights and obligations if the platform can no longer continue its operations. Article 32 paragraph (1) also requires the funding agreement between the funder and the borrower to be made in an electronic document, and Article 32 paragraph (2) requires provisions on rights and obligations, funding amount, installments, security object if any, dispute settlement, and settlement of rights and obligations if the platform cannot continue operating. These provisions demonstrate that the regulation recognizes operational risk and platform discontinuity, but they still leave uncertainty regarding the legal ranking, collective claim recognition, and distribution mechanism for creditors in bankruptcy.

Theoretically, the findings are consistent with the creditor protection perspective in financial regulation, which views creditor recovery not merely as a matter of default prevention but also as a matter of claim recovery when institutional failure occurs. Munari et al. (2021) argue that creditor protection should not only reduce the probability of default, but must also control the extent of recovery on creditor claims when default occurs. This theory is highly relevant to fintech lending because funders face two layers of risk: the borrower's repayment risk and the platform's operational or insolvency risk. In this study, the legal framework provides preventive protection through electronic agreements, disclosure duties, and risk mitigation clauses, but it remains weak in terms of recovery-based protection after platform insolvency. Therefore, the main finding is that Indonesian fintech lending law has developed preventive safeguards, but has not fully developed a recovery-

oriented creditor protection model for mass default-induced platform bankruptcy.

The findings also have similarities and differences with previous studies on fintech lending and legal protection. Mahendra et al. (2024) found that fintech customer protection under Indonesian positive law may be divided into preventive and repressive protection, especially in relation to company responsibility toward users. This study supports that view by confirming that preventive protection exists through regulatory duties, electronic agreements, information access, and dispute settlement clauses. However, this study differs because it does not focus generally on customer protection, but specifically examines creditors or funders when the platform itself faces bankruptcy following mass default events. Roza et al. (2024) also emphasize that fintech lending risks are intensified by limited public literacy, illegal lending practices, and the possibility of personal data misuse, while this study shifts the focus from consumer vulnerability to creditor recovery and insolvency consequences. The novelty lies in the argument that creditor protection in fintech lending cannot be sufficiently assessed only from the perspective of consumer protection or borrower default, but must be evaluated through the combined lens of bankruptcy law, platform governance, and collective creditor recovery.

This study further differs from prior research by placing the platform's intermediary position at the center of the legal analysis. Felix and Yustiawan (2023) explain that peer-to-peer lending involves a distinct legal relationship among platform operators, lenders, and borrowers, and that legal protection becomes relevant when default occurs. Hudani and Kurniawan (2024) similarly identify two legal relationships in peer-to-peer lending, namely the relationship between the platform operator and the lender, and the relationship between the platform operator and the borrower, especially when transaction errors or platform negligence occur. The present study agrees with those findings, but extends the discussion by showing that the separation of legal relationships becomes more problematic when multiple borrowers default and the platform itself enters bankruptcy. What makes this study more significant is its finding that mass default transforms fintech lending from an ordinary contractual problem into a collective insolvency problem, where individual claim settlement is no longer sufficient. Thus, the central contribution of this research is the formulation of an integrated legal argument: creditor protection in fintech lending bankruptcy must combine the general rules of Law Number 37 of 2004, the platform obligations under Financial Services Authority Regulation Number 10/POJK.05/2022, and a stronger regulatory mechanism for collective claim recognition, asset administration, and risk-based recovery.

Platform Obligations and Risk Mitigation in Mass Default Events

The findings show that the legal protection of creditors in fintech lending bankruptcy cannot be separated from the obligations of platform operators before insolvency occurs. In mass default events, creditor losses are not caused only by the inability of borrowers to repay their loans, but also by the quality of risk assessment, transparency, fund management, and collection mechanisms performed by the platform. This means that platform obligations function as the

first layer of creditor protection before bankruptcy law becomes relevant. When the platform fails to conduct proper risk mitigation, the legal position of funders becomes more vulnerable because creditors depend heavily on information, electronic records, borrower assessment, and collection processes managed by the platform. Therefore, the main finding of this theme is that platform obligations under fintech regulation operate as preventive legal protection, but they have not yet been sufficiently connected to recovery mechanisms when mass default develops into platform insolvency.

Financial Services Authority Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Co-Funding Services provides several important obligations that are directly related to risk mitigation. Article 35 paragraph (1) requires platform operators to implement risk management effectively. Article 35 paragraph (2) further states that risk management must at least include active supervision by the board of directors, board of commissioners, and sharia supervisory board where relevant; adequate risk management policies and procedures; risk limit determination; adequate processes for risk identification, measurement, control, and monitoring; risk management information systems; and comprehensive internal control systems. Article 35 paragraph (3) also requires platform operators to facilitate risk mitigation for users, while Article 35 paragraph (4) includes several forms of risk mitigation, such as analyzing the risk of proposed funding, verifying user identity and document authenticity, conducting optimal collection of distributed funding, facilitating the transfer of funding risk, and facilitating credit scoring for funding proposals. These provisions show that Indonesian fintech lending regulation already recognizes platform responsibility in preventing risk accumulation, but it still does not expressly regulate how these preventive duties should affect creditor recovery if the platform later becomes bankrupt.

Theoretically, these findings are aligned with the concept of platform governance in digital finance, which emphasizes that digital platforms are not neutral intermediaries when they control information flows, transaction architecture, and risk assessment mechanisms. Bao et al. (2024) argue that the sustainability of peer-to-peer lending platforms is influenced by platform design, regulatory structures, transaction characteristics, and interdependence among organizational components. This view is relevant because mass default is rarely an isolated event; it may reflect deeper weaknesses in credit curation, borrower screening, risk disclosure, and platform monitoring. In this study, the platform's obligation to verify identity, assess funding risk, and perform collection under Article 35 of Financial Services Authority Regulation Number 10/POJK.05/2022 becomes a crucial legal indicator for evaluating whether creditor losses arise merely from borrower default or from inadequate platform governance. Thus, creditor protection should not be understood only as a post-bankruptcy claim process, but also as a governance-based duty to prevent platform failure before insolvency occurs.

The findings are also related to previous research on risk mitigation in fintech lending, although this study develops the issue in a more insolvency-

oriented direction. Amelia (2023) explains that Financial Services Authority Regulation Number 10/POJK.05/2022 improves the earlier regulatory framework by strengthening risk mitigation arrangements in fintech lending. Noor et al. (2023) similarly found that the regulation is more comprehensive than Financial Services Authority Regulation Number 77/POJK.01/2016 because it introduces broader provisions on governance, supervision, sharia funding, and handling of funding default. This study supports those findings by confirming that the current regulation is stronger in preventive governance than the previous framework. However, this study differs because it examines whether those preventive obligations are sufficient when risk mitigation fails and creditor claims must be addressed through bankruptcy or collective recovery. The difference is important because previous studies mainly assessed regulatory development, while this study evaluates the legal consequences of regulatory failure in mass default-induced platform bankruptcy.

This study further shows that mass default creates a transition point between operational risk management and insolvency law. Kaihatu and Sukmaningrum (2024) explain that effective risk management in peer-to-peer lending requires a structured process of risk identification, evaluation, monitoring, and control to reduce the possibility of losses to platform users. Sanz-Guerrero and Arroyo (2024) also show that credit risk assessment in peer-to-peer lending increasingly depends on data-driven models, but such models may raise transparency and trust concerns when lenders cannot fully understand the basis of risk classification. The present study agrees that risk mitigation is central to fintech lending, but it adds a legal dimension by showing that weak or opaque risk mitigation may affect creditor protection when platform insolvency occurs. What makes this study more significant is its finding that platform risk management should not be treated merely as an internal compliance matter, but as part of the legal infrastructure for creditor protection. Therefore, the contribution of this theme is the argument that Indonesian fintech lending law should connect Article 35 of Financial Services Authority Regulation Number 10/POJK.05/2022 with bankruptcy procedures, so that failures in platform risk management can be assessed when determining creditor recovery, claim recognition, and platform accountability.

Regulatory Gaps and the Need for Collective Creditor Recovery

The findings show that the most significant weakness in creditor protection lies in the regulatory gap between general bankruptcy law and sector-specific fintech lending regulation. Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations provides a general mechanism for declaring a debtor bankrupt, administering the bankruptcy estate, and distributing assets to creditors. However, the law does not specifically address the legal complexity of fintech lending platforms, where the platform operates as an intermediary between multiple funders and multiple borrowers through electronic agreements. In mass default events, the problem is no longer limited to individual borrower default, because the accumulation of unpaid loans may disrupt the platform's operational capacity and create

collective creditor losses. Therefore, the main finding of this theme is that Indonesian law still lacks an integrated framework that connects insolvency procedures, platform obligations, and collective creditor recovery in fintech lending bankruptcy.

The regulatory gap becomes clearer when Law Number 37 of 2004 is read together with Financial Services Authority Regulation Number 10/POJK.05/2022 and Financial Services Authority Regulation Number 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector. Article 2 paragraph (1) of Law Number 37 of 2004 only provides general bankruptcy requirements, namely the existence of two or more creditors and at least one due and collectible debt that remains unpaid. Meanwhile, Article 30, Article 31, and Article 32 of Financial Services Authority Regulation Number 10/POJK.05/2022 regulate the contractual structure between platform operators, funders, and borrowers, but they do not determine how creditors should be ranked or collectively represented when the platform becomes bankrupt. Financial Services Authority Regulation Number 22 of 2023 strengthens consumer and community protection by emphasizing transparency, fair treatment, complaint handling, and dispute resolution in the financial services sector. Nevertheless, these provisions remain more preventive and service-oriented, while the problem of collective creditor recovery after platform insolvency remains insufficiently regulated.

From a theoretical perspective, this finding is consistent with the concept of regulatory fragmentation in digital finance, where different legal regimes govern different parts of the same transaction but do not always operate coherently when systemic failure occurs. Zetzsche, Arner, and Buckley (2020) explain that financial technology creates regulatory challenges because innovation often develops across institutional boundaries, while regulation remains divided by sector, function, or legal category. This theory is relevant to fintech lending bankruptcy because the transaction involves contract law, financial services regulation, consumer protection law, and insolvency law at the same time. In the Indonesian context, the legal framework already contains rules on platform licensing, electronic agreements, risk mitigation, and bankruptcy procedures, but these rules do not yet form one coherent recovery pathway for creditors. Thus, the study finds that the weakness is not the absence of regulation, but the absence of regulatory integration when mass default transforms fintech lending into a collective insolvency problem.

The findings also correspond with previous studies, but this research develops the issue further by focusing on collective recovery. Noor et al. (2023) found that Financial Services Authority Regulation Number 10/POJK.05/2022 was issued to replace Financial Services Authority Regulation Number 77/POJK.01/2016 and to create a more comprehensive regulatory structure for fintech lending. This study supports that finding because the current regulation is indeed more advanced in licensing, governance, supervision, and contractual arrangements. However, this study differs by showing that regulatory comprehensiveness in operational matters does not automatically create effective creditor protection in bankruptcy. Antono and Saputra (2025) also

argue that Financial Services Authority Regulation Number 22 of 2023 strengthens consumer protection through transparency, fair treatment, and responsive complaint mechanisms. The present study agrees with that conclusion, but it shifts the focus from consumer protection during normal service delivery to creditor protection after platform failure, where complaint handling alone is no longer adequate to resolve collective losses.

This study further shows that collective creditor recovery should become a central element in future fintech lending regulation. Pistor (2020) argues that legal systems shape the distribution of financial risk because legal coding determines who receives protection, priority, and enforceable claims in moments of financial distress. This insight is important for fintech lending because creditor losses in mass default events are not merely economic losses, but also the result of how legal rules classify claims, allocate responsibility, and structure recovery. The novelty of this study lies in its finding that creditor protection must move beyond preventive transparency and individual dispute settlement toward a collective insolvency model that recognizes funders as a vulnerable creditor group within platform failure. What makes this theme significant is that it identifies a missing regulatory bridge between Law Number 37 of 2004, Financial Services Authority Regulation Number 10/POJK.05/2022, and Financial Services Authority Regulation Number 22 of 2023. Therefore, this study contributes to legal scholarship by proposing that fintech lending regulation should include clearer rules on creditor representation, claim verification, recovery priority, asset segregation, and platform accountability when mass default leads to bankruptcy.

CONCLUSION AND RECOMMENDATIONS

This study concludes that legal protection for creditors in the bankruptcy of fintech lending platforms arising from mass default events remains largely dependent on the general mechanism of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, while the sector-specific framework under Financial Services Authority Regulation Number 10/POJK.05/2022 primarily provides preventive protection through platform governance, electronic agreements, risk mitigation, transparency, and operational obligations. The findings show that the existing legal framework recognizes the position of funders, the obligations of platform operators, and the need for risk mitigation, but it has not yet established a clear collective recovery mechanism when mass default leads to platform insolvency. Therefore, creditor protection in fintech lending should not be limited to contractual disclosure and complaint handling, but must be strengthened through clearer rules on claim recognition, creditor representation, asset segregation, platform accountability, and recovery priority in bankruptcy proceedings. This study recommends that policymakers strengthen the integration between bankruptcy law, fintech lending regulation, and financial consumer protection rules to ensure that funders receive effective, fair, and systematic legal protection when platform failure occurs. In practical terms, fintech platform operators should also improve risk assessment, reporting

accuracy, escrow management, and contingency planning so that mass default events can be anticipated before they develop into collective creditor losses.

FURTHER STUDY

This study is limited to normative legal analysis based on statutory provisions, regulatory documents, and scholarly literature. Further research may use empirical methods by interviewing regulators, curators, fintech platform operators, funders, and legal practitioners to examine how creditor protection is implemented in real bankruptcy or default-related disputes. Comparative studies with jurisdictions such as Singapore, the United Kingdom, or the European Union may also provide deeper insight into collective recovery models for fintech lending creditors.

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