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CREDIT UNION BUSINESS PROSPECTS IN INDONESIA

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ABSTRACT: The Credit Union shall be a financial institution in the form of a cooperative. Credit unions have activities such as banking activities. Data for 2017 shows that the number of individual members is 3,045,786 and the assets are 30 trillion. This asset has proliferated from 27 trillion in 2016. On the other hand, licensing and supervisory mechanisms have not been properly regulated to ensure that the potential for conflict is immense. Conflicts have a source of protection for service users and the Credit Union as an institution. Legal issues that arise are how the prospects of credit union business move forward to address these emerging legal issues. The results of the study show that it is necessary to draw up legal instruments providing equal opportunities for the Credit Union to obtain legal provisions and protection under the authority of the Monetary Authority in Indonesia. This research is a legal study, and secondary data becomes primary data. The data analysis technique used was a qualitative data analysis technique — deductively constructed conclusions

KEYWORDS: Banking; Credit; Financial; Institution; Legal

I. INTRODUCTION

The main problem in rural economic development is the acquisition of funds as venture capital. As intermediary institutions in the channeling of funds to the public, banks must comply with collateral and administrative requirements. One of the savings and lending institutions that is widely trusted by the public is the Credit Union (CU). Possible conflicts will arise as a result of the existence of two institutions which have the authority to license and supervise a financial institution. The supervision and regulation of the financial services sector as a whole, as part of its regulation, has become the authority of the Indonesian Financial Authority, based on the ASF Act. On the other hand, there are arrangements and supervision which are the responsibility of the Governor, Regent or Mayor or Village / Village Owned Enterprises for financial institutions in the form of cooperatives. The impact of the potential conflict will not be appropriate for the Community and the Institutional Credit Union. Data for 2017 shows that the number of individual members is 3,045,786 and the assets are 30 trillion. This asset has increased from 27 trillion in 2016 (<http://www.cuindo.org>, 2020). This fact shows that many people use financial institutions that are socially accepted by the community. On the other hand, the presence of financial institutions that were accepted sociologically did not provide legal protection to the community because there were two institutions in the licensing and supervision of financial institutions. On the basis of the legal facts, the legal issues that arise are how the prospects of the credit union business move forward in dealing with these emerging legal issues. The aim of this study is to find the ideal legal concept for the regulation and supervision of the Credit Union. It is intended that, from a legal perspective, the Credit Union has a secure business perspective. The legal security situation will provide protection for the Community and for the existence of the Credit Union itself.

II. LITERATURE REVIEW

2.1. Financial Institutions From Juridical Aspects

Non-bank financial institutions in Indonesia may be divided into the capital market and the non-bank financial industry. Next is the Financial Industry of Non-Banks. Consisting of insurance, pension funds, financial institutions. Institutions for special financial services and micro finance. As Jing Jiye said, the development of a country's financial sector plays a significant role in the formation of a structured industry. (Jing Jing Ye, 2019) The economy, which is the driving force of development, requires financial institutions. Financial Institutions Banks are the financial institutions most widely used in society. An intermediary function is needed for the

community to move the financial sector. Bank institutions are institutions that are substantially formed in order to achieve these objectives. Public preference for banking institutions is higher than the Community preference for formal financial institutions that are not in the form of banks. Banking regulations are enacted in Law No. 10 of 1998. Banks are institutions with these intermediary functions. Non-bank financial institutions in Indonesia may be divided into the capital market and the non-bank financial industry. In addition, the non-bank financial industry consists of insurance, pension funds and financial institutions. Institutions for special financial services and micro-finance. The problem in Indonesia today is that the activities of non-bank financial institutions are similar to those of bank institutions. The next issue is that the existing and accepted financial institutions in the community carry out their activities in the same way as the banking institutions. The problem is that the Agency operates without the permission of the Financial Services Authority. This is due to the absence of mandatory regulations.

2.2 Supervising and Regulation of Financial Institutions Under the Financial Services Authority

At the time, the mandate for the establishment of the Financial Services Sector Oversight Institution, which was firmly defined as the legal basis for the establishment of the Financial Services Sector Oversight Institution, was inspired by various circumstances. The legal reality is that there is a disparity in regulation of financial services institutions. The situation can be seen as an example of an insurance company being supervised by the Ministry of Finance; the Stock Market Supervisory Authority being regulated by the capital market company. Banking institution, on the other hand, is under the oversight of Bank Indonesia. Such a situation is disadvantageous to the results of the supervision carried out.

The purpose of developing Indonesian financial services is to ensure, on the basis of the Financial Services Authority Act, that all operations in the financial services sector are carried out equally, transparently and responsibly. Additionally, in order to be able to establish a sustainable and stable financial framework. Thirdly, to protect the rights of consumers and of society. The duties and authority of the Financial Services Authority shall be defined in order to achieve these objectives. The Financial Services Authority is empowered to regulate and supervise financial services activities in the banking sector, financial services activities in the capital market sector and financial services activities in insurance, pension funds, financial institutions and other sectors in order to achieve the objectives of the Financial Services Authority. The Financial Services Regulator needs to make decisions around the financial services market.

The creation of the Financial Services Authority causes the lack of control of institutions that have historically had the power to monitor and supervise. For example, prior to the issuance of Law Number. 21 of 2011, Bank Indonesia. Bank Indonesia has one of the roles of governing and overseeing financial institutions with a view to achieving and preserving the stability of the value of the rupiah. The responsibility of controlling and overseeing financial institutions shall be assigned to the Financial Services Authority pursuant to Law Number. 21 of 2011. In the performance of those tasks, the authority governed in Article 7 through Article 9 of Law No 21 of 2011 shall be entrusted to the Financial Services Authority. The regulatory and supervisory authority for financial services in the banking sector is laid down in Article 7 of Law No 21 of 2011. The authority of the Financial Services Authority to control and supervise the operations of financial services in the banking sector consists of four authorities, namely, first, the regulatory and supervisory authority for banking institutions. Secondly, regulation and supervision of banking safety, thirdly, regulation and supervision of prudential banking elements, and fourthly, supervision of banks.

It is understood that the issuance of Law No. 21 of 2011 concerning the Financial Services Authority had a significant impact on the role of controlling and overseeing financial institutions until the Financial Services Authority Act became part of the duties of Bank Indonesia. The framework of micro prudential regulation and supervision, which is the responsibility of the Financial Services Authority, is the duty of the Financial Services Authority to control and monitor the activities of the financial sector in the banking sector. The macro-prudential authority does not apply to the regulatory and supervisory authority on the financial, health, prudential and banking aspects. The authority provided for in Articles 8 and 9 of Law Number 21 of 2011 shall be responsible for carrying out the duties of the Food Arrangement Financial Services Authority. This authority includes the authority to lay down regulations It is stated in Articles 8 and 9 that the authority of the Financial Services Regulator is to lay down the regulations required for the implementation of this legislation. The Financial Services Authority has the power provided for in Article 9 of the Financial Services Authority's Law to exercise its supervisory functions. The goal of the Financial Services Regulator is to protect their wellbeing.

The other hand, with a sound financial institution, the public would be free to create legal or economic ties with such financial institutions. The authority of the Financial Services Authority, among others, states that it is responsible for the development of operational control policies for financial services activities. The Financial Services Authority has the authority to oversee the enforcement of legislation relating to the overall operations of the financial services industry, including the power to enforce penalties and to revoke business licenses. The Financial Services Authority has responsibilities and powers under the terms of Law No. 21 of 2011.

2.3 Regulating and Supervision of Non-Formal Financial Institutions

Financial institutions in the form of banks and non-banks are previously classified. Other classifications used include formal financial institutions and non-formal financial institutions. In this classification, financial institutions which are now the supervisory and regulatory authorities of the Financial Services Authority may be classified as formal financial institutions. Non-formal financial institutions are financial institutions that grow in society in the form of legal entities such as cooperatives or only associations. The existence of these financial institutions depends on the trust of the people. Several factors have an impact on public confidence in financial institutions in the form of banks and non-banks. Financial institutions with all the characteristics that the community needs to drive the economic sector in Indonesia. From the point of view of the legal protection mechanism, both the establishment and supervision of formal financial institutions are carried out by the Financial Services Authority. The Financial Services Authority is an institution which, since 2011, has been responsible for the supervision and regulation of all financial institutions in Indonesia (Th. Anita, 2014). Empirical facts show that the public is widely trusted by non-formal financial institutions. On the other hand, non-formal financial institutions are financial institutions that carry out their activities as intermediary institutions that have not been specifically affected by government regulations.

III. METHODOLOGY

It work is a legal study that uses secondary data in the context of laws and regulations and data that are not extracted from primary data. The analysis does not use the data of the respondents. The data collected will then be sorted and identified and analyzed using qualitative data analysis techniques. Performance data analysis methodology is a way of evaluating non-statistical data.

IV. RESULTS AND FINDINGS

4.1 Credit Union From the Juridical Aspect

The Credit Union is an institution engaged in savings and loans, which seeks to improve the welfare of its members. As Ginta Railene & Lina S have said: Credit Union financial institutions are institutions which have characteristics as financial institutions and which also have social objectives. (Ginta, 2015) As also stated by Carol Power, Ray O Connor, Olive McCarthy & Michael Ward, who stated that there is one key feature of the Credit Union compared to other financial institutions, namely the aim of giving priority to social responsibility and public responsibility. (Ray O, 2012) These characteristics are realized by providing training and education in such a way that members have excellent financial management skills. The relationship element of the members is the dominant element. This distinguishes between the savings and loan cooperatives in general and the credit union. And when Member Values are discussed, they tend to be limited to key product aspects such as an increased range of services and better rates rather than relational aspects. (Noreen Byrne, 2012) Credit unions are in the form of cooperative legislation.

There are currently no laws in Indonesia that explicitly provide for credit union arrangements. The current laws which may be related to the life of the Credit Union shall be the Cooperative Act, that is, Act Number 25 of 1992. The formal structure of the Credit Union is a cooperative. The law provides for the creation, direction and oversight of the Minister for Cooperatives and Small and Medium Enterprises. As a result, the legal form of the Credit Union is Cooperatives, and the functioning of credit unions is under the jurisdiction of the Department of Cooperatives and Small and Medium Enterprises.

Law No. 25 of 1992 states that cooperatives shall, upon approval by the Government of their founding act, acquire the status of legal entity. In addition, Article 3 PP No. 4 of 1994 on the conditions and procedures for the adoption of the act of creation and the revision of the Articles of Association regulating the status of a cooperative legal entity. The article states that after the Minister has signed the founding act, cooperatives are given legal status. The Minister is now referring to the Ministry of Cooperatives and Small and Medium Enterprises. The law means that the credit union is under the control of the Cooperatives and Small and Medium Enterprises Department.

Credit Unions or credit unions in Indonesia are governed by a number of legal and regulatory arrangements. Credit union arrangements for microfinance institutions are issued by the Ministry of Cooperatives and the Financial Services Authority. These two institutions jointly regulate credit unions. Institutionally, the existence of a Savings and Credit Cooperative is governed by Law 25 of 1992 on Cooperatives. Article 44 provides that financial institutions, in the form of legal cooperatives, may carry out activities to raise funds and return them to their members through savings and loan undertakings. These activities may be carried out by and for the members of the cooperative concerned and other cooperatives and their members. Article 44 provides that savings and lending activities are one of the areas of activity that can be carried out by a cooperative form of business. Savings and lending activities are money management activities in the form of collecting funds from the community and then channeling them back to the cooperative members in the form of a loan.

In addition, the guidelines for cooperatives engaged in saving and borrowing in carrying out their activities are

set out in Regulation Number 9 of 1995 on the implementation of savings and loan business activities by Cooperative .

The Regulation sets out guidelines for the establishment of savings and loan cooperatives (Article 3). The Regulation stipulates that the Savings and Loan Cooperative shall be established in accordance with the requirements and procedures for the ratification of the Deed of Establishment and the amendment of the Articles of Association of the Cooperative. Promulgation of the act of establishment which is considered to be valid if approved by the Minister of Cooperatives and Small and Medium Enterprises. The Minister's authorization shall apply as a business permit. The important thing related to cooperative legal entities that will carry out savings and loan activities, to the ratification of cooperative legal entities, including amendments to the Articles of Association, and at the same time to the business permit. As legal entities, cooperatives need to have legal aspects as legal entities. Ratification, as a legal entity, confers the validity of the cooperative as a legal entity. In order for a legal entity to be declared capable of taking legal action, it is necessary to have a business license which sets out aspects of the legality of the legal acts carried out.

There is no need for two types of management to run the savings and credit cooperative. However, they both become one, legalizing the legal entity of the cooperative as well as obtaining a business license. Legality aspects of cooperatives engaged in savings and loan business activities are further regulated by Regulation No 15/Per/ IX/15 of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia on cooperative savings and loans.

Article 3, which provides for the establishment of the Cooperative Save Article 3, explicitly emphasizes that the ratification of the Cooperative as a legal entity as well as the Cooperative holds a license to carry out business activities in such a way that the Cooperative legal entity has the power to conduct business activities. Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 15/IX/2015 on Savings and Loans Enterprises by the Cooperatives Granting Authority at the stage of granting permits on the basis of the Cooperative Membership Area.

The Regent / Mayor, Governor or Minister shall be the official responsible for issuing the permit. Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, No 15/IX/2015 on Savings and Loans by the Cooperative in 2017, has been amended by Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No 02/P II/2017 Amending the Regulation of the Republic of Indonesia

The amendments to the ministerial regulation are set out in Article 3, Article 4, Article 7, Article 8, Article 9, Article 10a, Article 19, Article 20, Article 22, Article 30 and Article 31. These changes are changes that constitute changes to the technical aspects and requirements. Article 3 consisted initially of three verses, followed by the addition of six paragraphs. The addition of the paragraph does not alter the essence of the 2015 Ministerial Regulation. Additional paragraphs relate to the technical aspects of the ratification requirements for a cooperative legal entity.

The amendment does not alter the fact that, at the same time, the ratification of the Cooperative Legal Entity is issued by two documents, namely the ratification of the legal entity and the Savings and Credit Cooperative Business License document. The Ministry of Cooperatives and Small and Medium Enterprises was then issued Regulation No 11 of 2018 on Cooperative Savings and Loan Business Licensing. In the transitional provisions of Regulation No 11 of 2018 of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia on Licensing for Savings and Loans for Cooperatives and Regulation of the Minister of Cooperatives and Small and Medium Enterprises No. 11/XII/2017 on the implementation of the Cooperative Savings and Loan and Sharia Financing Activities (State Gazette of the Republic of Indonesia No. 86 Year 2018) revoked and declared invalid. Regulation of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 11 Year 2018 for Licensing of Cooperative Savings and Loan Enterprises. This ministerial regulation is intended to implement Article 88(1) of Government Regulation No 24 of 2018 on electronically integrated business licensing services. In addition to regulating the technical aspects of the online single submission licensing procedures, there are significant changes related to the licensing of savings and loan cooperatives. Permit pursuant to this Ministerial Regulation Article 3. The license shall include a commercial license for cooperatives performing savings and lending business activities. Operational permits are required for savings and loan cooperatives to open branch offices; to open sub-branch offices; and to open a cash office. In addition, the acquisition of a business license is made by registration, by accessing the NIB Online Single Submission page. How to access the Online Single Submission page is done by entering the number of endorsements by a cooperative legal entity. Although this ministerial regulation regulates online single submissions, the provisions of Article 10 of this ministerial regulation make very significant changes to the licensing of savings and loans to cooperative enterprises. Licensing of savings and loan cooperatives that had previously been merged with the legal entity of the cooperative has been changed to be separate from the procedure for establishing a legal entity with a business permit or operating permit. Subsequently, the Ministerial Regulation 2018 was amended by Article 5, 6 and 12 of the Ministerial Regulation of the Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No 05 of 2019 on the amendment of Regulation

Number 11 of 2018 of the Minister of Cooperatives and Small and Medium Enterprises concerning the Licensing of Cooperative Savings and Loan Enterprises. In addition, the Arrangement on Savings and Loans Cooperatives has an irregular arrangement with the Law of the Republic of Indonesia Number 1 of 2013 on Microfinance Institutions.

As regards the establishment of a Microfinance Institution, Article 4 provides that: it can be stated that microfinance institutions may be made up of cooperative legal entities. The legal entity's thinking here is certainly not the same as the savings and credit cooperative, as stated above. This difference is even more apparent when we look at the licensing provisions. It has been stated that the Microfinance Institution must have a business license from the Financial Services Authority. The licensing aspect is juxtaposed, there is a clear difference that a Cooperative Permit is granted by the Regent / Mayor or the Governor or Minister, but when it comes to Microfinance Institutions, that license is granted by the Financial Services Authority. As mandated by Regulation No 14/05/2014 of the Financial Services Authority on the Development and Supervision of Microfinance Institutions, the Regional Government shall have the authority to provide guidance and supervision.

4.2. Making Good Prospects for Credit Union Financial Institutions from a juridical aspect

The concept proposed to ensure that the Credit Union as a bank institution has good prospects is based on the needs of the community. According to Bentham, (Mertokusumo, 2010) this concept is based on the theory of utilitarianism, with the aim of providing as many citizens as possible with the most significant benefit and happiness. Thus, the concept puts expediency as the primary objective of the law. The size is as much happiness as possible for as many people as possible. Judgment of good-bad, fair or not, this law depends very much on whether or not the law can make people happy.

Use is interpreted in the same way as happiness (happiness); the essence of happiness is pleasure and life free from misery. Legislation recognizes the happiness of individuals and society. Four objectives must be achieved by legislation. (Marzuki, 2008) In other words, to provide subsistence (to provide a living); to provide abundance (to provide abundant food income); to provide security (to provide protection) and to achieve equity (to achieve equality). This concept is proposed as a solution to potential conflicts. This potential conflict arises because the cooperatives that operate Savings and Loans undertakings in their activities are subject to the rules laid down in two different regulations. The two Regulations are the Microfinance Institutions Act and the Cooperative Law. On the basis of the law on microfinance institutions and the co-operative legislation, the implementing regulations were then adopted. The next potential conflict that arises as a result of the savings and loan cooperatives regulated by the two institutions is the conflict that arises at the level of implementation, namely the managerial aspect, which directly involves the relationship between the savings and loan cooperatives and their members. As stated in the previous chapter, the historical existence of the Credit Union and Savings. There is a substantial difference in the history of cooperation between the Credit Union and the Cooperatives. According to Robert Owen, Dr. William King, the Cooperative is a community association whose function is to run a "productive business" by selling products to members with capital from their members. (Fei, 2019) It is different in comparison to the Credit Union, which is a community association that carries out the function of "Developing Community Capital," which collects capital from members who are sources of capital for their members.

Cooperative is a form of business entity that plays a significant role in empowering the small business sector. As a forum for people's economic movements to get rid of helplessness, cooperatives become economically capable and independent subjects. Relationships between the subjects of the co-ordinating members become the social capital of the economic development of its members. Personal relations between members become essential in the cooperative movement. This personal relationship is one of the differentiators of other economic structures that have the same objectives. Credit Union is a "group of people" (called members) who agree to form a company or a financial institution as a share capital source. The piecemeal capital that is collected becomes sufficient capital to be distributed back to its members in the form of loans. The money borrowed by members is intended to be used as capital to finance activities that are produced to ensure the well-being of members.

In the Indonesian legal system, the credit union is regulated as a savings and credit union, even though the credit union and ordinary cooperatives are not the same. Ordinary cooperatives still receive assistance from the Government in terms of capital, while the Credit Union is independent and does not receive any assistance from the Government. In the Credit Union, savers are members who are both owners and service users, and members as holders of the authority so that they are called "non-customers" and are subject to the Cooperative Law. As far as credit union services are concerned, it can be referred to as a cooperative whose services are on par with the banks. Besides, Credit Union is taught how to first save (create capital) and then borrow. The relationship between users and the Credit Union shall be based on the rules set out in the articles of association. The relationship between the Cooperative and the depositors of the funds and the borrowers of the money, as well as the relationship between the members of the Credit Union holding the funds by storing the funds, is a purely contractual legal relationship. The position of the two parties is balanced in the contractual relationship.

However, in reality, the relationship between members and financial institutions, both cooperatives and the Credit Union, is in an uneven position. This structural difference in position can be observed from the history of the establishment and development of credit union cooperatives. In a contractual relationship, the potential conflict that arises is the default in the credit contract. The definition of credit in Chapter I Article 1(11) of Law No. 10 Year 1998, which states, 'Credit is the provision of money or money bills, which may be made on the basis of an agreement or agreement to borrow and borrow between banks and other parties requiring the borrower to repay the debt after a certain period of interest. In legal jurisdiction, there are 2 (two) types of agreements or credit obligations used by banks to make their loans available. Namely: Deed/Underhanded Credit Agreement and Credit Agreement made by and before a notary (notary) or an authentic deed, that is, a loan agreement made by a bank to its customers by or before a notary.

The relationship between the debtor and the bank is based on the principle that every loan must be guaranteed, whether in the form of collateral or personal collateral. The existence of collateral is intended to ensure that the payment obligations held by the debtor are fulfilled. This guarantee will also ensure the creditor's position on claims rights. The position of the Cooperative and the Credit Union, in particular, that loans are not accompanied by a material guarantee as is common in credit transactions with banks. The distribution of credit funds by the Credit Union is based on trust alone. The Credit Union shall not bind a specific item as collateral in a credit agreement with its members. This situation has led to many conflicts between the Credit Union as a creditor and a member as a debtor. Credit Union, as a creditor, faces a difficult position if the debtor defaults. As stated above, the contractual relationship between the cooperative or the Credit Union and its members is a contractual relationship that gives rise to the obligation of achievement. Achievement must be done in good faith. If one party fails to perform the obligation of achievement on the basis of an element of error, the default shall be declared. In the absence of a material security guarantee, the credit union will only be able to make use of the public guarantee agency.

Regulations concerning general guarantees are governed by the Civil Code (Civil Code), namely Article 1131 and Article 1132, known as general guarantees. The potential conflict may arise as a result of the inability of the Credit Union to provide benefits to its members. Members' rights will withdraw the funds that have been saved. The historical concept that the Credit Union is a "group of people" (called members) who have agreed to form a company or a financial institution as a source of shared capital. With capital out of their weaknesses, these people invest, lend and develop money among themselves, with a reasonable interest for productive interests to achieve prosperity and financial freedom (finance) together. On the basis of this concept, the position of the members of the Credit Union as depositors plays a significant role in promoting the financial health of the Credit Union.

The position of the depositors should therefore be considered in such a way as to ensure the sustainability of the credit union business. Facts in practice show that the position of the users of the credit union is the same as that of the clients of the formal financial institutions. The bank is the formal institution in question. In the bank, the depositing customer is protected by the Deposit Insurance Corporation, so far as the members of the depositor in the Credit Cooperative and the Credit Union have not received the protection as the customer of the bank.

Insurance guarantees are provided by the mechanism of financial institutions when the depositing customer dies. A refund guarantee can not be granted to users of the Credit Union if the institution of the Credit Union ceases to pay. The position of users of credit unions from a civil point of view is entirely subject to the terms of the agreement they have entered into. Deficiencies in the existence of savings and loan cooperatives and the credit union. First, in terms of credit distribution, there are no material guarantees as a bank financial institution, so the potential for losses on loans is enormous.

Second, the position of the members of the depositors of the funds in credit cooperatives and credit unions that are not institutionally guaranteed by the State (Indonesian Deposit Insurance Corporation) so that the potential losses to the members of the depositors of the funds are substantial. Based on the above description, the impact will not be beneficial to the community if the situation described continues. The trust of people who use credit unions is likely to decline. This situation will make the prospect of a credit union financial institution weak. The poor business prospects of the Credit Union Financial Institutions will be detrimental to people who have limited guarantees. The needs of people who need funds but are limited in the provision of collateral require legal efforts to encourage the development of good business prospects for the existence of credit union financial institutions. On the basis of the above description, a legal concept can be proposed to form a good business perspective on the sustainability of the financial institutions of the Credit Union.

On the basis of the normative arrangements referred to above, the credit unions in the form of cooperatives have not become the domain of supervision and regulation of the OJK. A form of legal protection is provided to the public for the funds entrusted to financial institutions. The domain of the Financial Services Authority, namely, first, preventive legal protection in the form of the financial services authority's obligations to provide financial literacy and inclusion through related financial institutions. The existence of the authority of the Financial Services Authority to perform regulatory and supervisory duties as provided for in the Law on the Financial Services Authority. Second, repressive legal protection in the form of the authority of the Financial Services

Authority to provide dispute resolution facilities to people who do not have their rights or feel disadvantaged by the functioning of financial institutions. Because the credit unions were not subject to the supervision and regulation of the Financial Services Authority. The Financial Services Authority is responsible for regulating and overseeing all financial services sectors in the form of banks or non-banks.

Users of this credit union service can not benefit from the consequences of the legal protection mechanisms provided to the public by the Financial Services Authority as users of financial services institutions. Credit union users will not be able to enjoy preventive legal protection or repressive legal protection. If the legal obligation of the Credit Union can not be met by users of the Credit Union service due to bank health factors or other external factors. Users of the credit union service can not use the dispute resolution mechanism provided by the Financial Services Authority Credit Union Service Users can provide repressive legal protection through criminal and civil proceedings on the basis of agreed agreements. The proposed concept that the arrangements and supervision of the Credit Union are united within the framework of the Financial Services Authority. This is because, legally, it is very much based on the fact that the Financial Services Authority with Law No. 21 of 2011 is an institution empowered to carry out the task of regulating and overseeing all financial services sectors in Indonesia

V. CONCLUSION

There are barriers to the provision of Community guarantees that formal banks are required to obtain the need for funds. The existence of credit union institutions is the answer to the problem of limited guarantees by the credit union. On the other hand, there are legal issues in the legal activities of the financial institutions of the Credit Union. The weak regulatory and supervisory mechanisms that do not fall within the jurisdiction of the financial authority are the source of the problem. The concept of granting the authority to regulate and supervise the credit union institutions under the Financial Services Authority is a proposal that the credit union institution should have good prospects in the future. The technical supervisory mechanism and the OJK regulation of the Credit Union and the necessary coordination with other agencies became the subject of further research.

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