

Analysis of Legal Protection for Investors Through The *Securities crowdfunding (SCF)* Mechanism Based on Law No. 8 of 1995 Concerning Capital Markets (A Study of MBG Funding Through Danamart)

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Abstract.

The rapid development of Securities Crowdfunding (SCF) as a digital financing mechanism has transformed capital market practices by expanding access to investment and funding. However, this innovation raises critical concerns regarding investor protection, particularly in relation to information disclosure and asymmetry. This study is grounded in the theory of information asymmetry proposed by Akerlof, as well as legal protection and legal certainty theories developed by Hadjon and Mertokusumo, which emphasize the importance of transparency and clear legal standards in safeguarding investor interests. This research employs a descriptive-analytical legal method using a normative juridical approach supported by limited empirical analysis. The study examines the synchronization between Law Number 8 of 1995 on Capital Markets and Financial Services Authority Regulation Number 57/POJK.4/2020, as well as evaluates the quality of material information disclosure in SCF prospectuses, particularly in the funding of the Free Nutritious Meal Program (MBG) through the Danamart platform. The findings reveal that although SCF regulations have formally adopted the disclosure principle, the level of regulatory synchronization remains incomplete. The SCF framework lacks detailed standards for material information disclosure, creating legal uncertainty and reducing the effectiveness of investor protection. Empirical analysis further indicates that disclosure practices tend to emphasize potential returns while providing insufficient detail on risks, thereby sustaining information asymmetry and limiting informed decision-making by retail investors. In conclusion, while SCF enhances financial inclusion and investment opportunities, its effectiveness in protecting investors depends on strengthening disclosure standards, improving transparency, and ensuring regulatory alignment with broader capital market principles.

Keywords: *Securities Crowdfunding; Investor Protection; Disclosure Principle; Information Asymmetry and Legal Certainty.*

I. INTRODUCTION

The capital market constitutes a fundamental institution within modern economic systems, functioning as a financial intermediary between surplus units and deficit units. Through this mechanism, funds from investors are allocated to productive sectors, thereby supporting economic growth and capital formation. In the context of economic law, transactions in the capital market are not merely commercial exchanges but are grounded in fiduciary relationships. This is because the objects traded are not tangible goods, but rather representations of future economic value embodied in securities. Consequently, the sustainability and credibility of the capital market are highly dependent on the availability of accurate, complete, and timely information for investors [1]. The principle of information disclosure plays a central role in maintaining this trust. In capital market doctrine, this principle is widely known as the full and fair disclosure principle, which requires issuers to provide material information that is truthful, complete, and not misleading. Disclosure should not be understood as a mere administrative obligation. It serves as a substantive mechanism to ensure that investors can make rational and informed investment decisions. Without adequate disclosure, investment decisions become speculative, and market prices may fail to reflect the true value of securities. The importance of disclosure is closely linked to the problem of information asymmetry. George A. Akerlof, in his seminal work *The Market for Lemons*, demonstrates that markets may fail when one party possesses superior information compared to others [2].

In such circumstances, less-informed parties are unable to distinguish between high-quality and low-quality assets, leading to inefficient market outcomes. Within the capital market, this issue is particularly relevant for retail investors, who typically have limited access to strategic and internal information. As a result, inadequate or misleading disclosure may lead to distorted investment decisions and undermine overall market efficiency. Normatively, the Indonesian legal system has incorporated the disclosure principle as a core element of investor protection. Law Number 8 of 1995 concerning the Capital Market requires all parties conducting public offerings to disclose material information accurately, completely, and in a non-misleading manner. This legal framework establishes disclosure not only as a regulatory requirement but also as a preventive legal protection mechanism aimed at balancing the position between investors and issuers [3]. Furthermore, the law imposes legal liability on directors, commissioners, and other responsible parties for the accuracy of the information presented, thereby reinforcing accountability within the capital market regime.

From the perspective of legal protection theory, as articulated by Philipus M. Hadjon, legal protection encompasses both preventive and repressive dimensions. Preventive protection aims to avoid disputes and potential losses through regulatory frameworks, obligations of due care, and supervisory mechanisms, while repressive protection focuses on resolving disputes and restoring rights when harm has occurred [4]. In the context of capital markets, disclosure functions primarily as a preventive instrument that minimizes the risk of investor losses arising from incomplete or misleading information. The rapid development of financial technology has introduced new forms of capital raising, particularly through Securities Crowdfunding (SCF). SCF enables businesses, especially micro, small, and medium enterprises, to raise funds from the public through digital platforms. In Indonesia, this mechanism is regulated under Financial Services Authority Regulation Number 57/POJK.4/2020 concerning Securities Offering through Information Technology-Based Crowdfunding Services. This regulation reflects the state's effort to adapt to digital economic developments and expand financial inclusion [5]. Despite its advantages, SCF introduces new legal challenges, particularly in relation to information disclosure. Unlike conventional capital market transactions, SCF operates entirely through electronic systems, where interactions between issuers and investors occur without direct contact.

Investors rely exclusively on information presented on digital platforms, limiting their ability to conduct independent verification. This condition amplifies the risk of information asymmetry and increases the importance of the quality of material information disclosed. A critical issue arises from the lack of synchronization between the disclosure standards in the Capital Market Law and those in the SCF regulatory framework. While the Capital Market Law imposes strict requirements on the accuracy and completeness of material information, POJK Number 57/POJK.4/2020 primarily regulates procedural aspects of securities offerings and does not provide detailed parameters regarding the minimum quality standards of information disclosure. This regulatory gap potentially weakens investor protection, particularly for retail investors who depend heavily on the information provided. From the perspective of legal certainty theory, as developed by Sudikno Mertokusumo, the law must be clear, consistent, and predictable in order to guide legal subjects effectively [6]. The absence of clear standards for material information in the SCF framework creates normative ambiguity, making it difficult for investors to assess whether the disclosed information meets substantive disclosure requirements. This lack of clarity may reduce trust in the legal system and hinder the effectiveness of investor protection. In addition to regulatory issues, the role of SCF platform providers as gatekeepers presents further challenges. Platform operators are responsible not only for providing technological infrastructure but also for verifying and assessing the feasibility of the information disclosed by issuers. This role positions them as critical actors in maintaining the integrity of information disclosure.

However, platform providers often derive revenue from listing fees or successful fundraising outcomes, which may create economic incentives that compromise their independence. John C. Coffee Jr. argues that gatekeeper failure in financial systems frequently occurs when economic incentives outweigh the risks of legal liability [7]. In the SCF context, this potential conflict of interest may reduce the effectiveness of information verification processes. The issue becomes more complex when SCF is used to finance projects linked to public policy, such as the Free Nutritious Meal Program (Program Makan Bergizi Gratis or MBG).

Such projects involve complex contractual relationships between business actors and government institutions, introducing specific risks such as policy changes, payment delays, and contract termination. Despite these risks, projects associated with government programs are often perceived as low-risk investments by retail investors, which may lead to biased risk assessments. If these risks are not adequately disclosed in offering documents, investors may make decisions based on incomplete or misleading information. In this context, the Danamart platform serves as a relevant case study to examine the implementation of disclosure principles in SCF practices.

As a licensed SCF provider, Danamart plays a gatekeeping role in facilitating securities offerings and presenting prospectus information to investors. Analyzing the quality of material information disclosed on this platform is essential to assess whether disclosure practices meet minimum standards of completeness, accuracy, clarity, relevance, readability, and measurability. This study is essential due to the growing need to evaluate whether the expansion of SCF in Indonesia is accompanied by adequate legal protection for investors. While digital innovation enhances access to capital, it also introduces new risks that must be addressed through robust regulatory frameworks and effective implementation. The existing gap between the Capital Market Law and SCF regulations raises concerns regarding the consistency and adequacy of disclosure standards. Therefore, this research aims to analyze the synchronization of disclosure principles between Law Number 8 of 1995 and POJK Number 57/POJK.4/2020, as well as to evaluate the effectiveness of material information disclosure in SCF practices, particularly in the context of MBG project funding through the Danamart platform. By focusing on the quality of material information as a key indicator, this study is expected to contribute to the development of investor protection and legal certainty within Indonesia's digital capital market ecosystem.

II. METHODS

This study employs a descriptive-analytical legal research design to systematically examine the legal framework governing investor protection in the Securities Crowdfunding (SCF) mechanism. The descriptive component aims to present a structured and factual account of the regulatory regime related to disclosure principles, while the analytical component seeks to evaluate the coherence and effectiveness of such regulations in light of applicable legal norms and theoretical frameworks. This approach is commonly applied in normative legal research, which focuses on the examination of law as a system of norms rather than empirical social behavior [8]. The research adopts a normative juridical approach, which is centered on the analysis of statutory regulations and legal doctrines. This approach is complemented by a limited empirical dimension through document-based analysis, allowing the study to bridge the gap between law in the books and law in action. The combination of normative and empirical elements enables a more comprehensive evaluation of how disclosure principles are regulated and implemented within the SCF framework. The normative analysis is conducted through three main approaches. First, the statutory approach is applied to examine relevant legal instruments governing disclosure obligations, investor protection, and SCF operations. The primary legal sources analyzed include Law Number 8 of 1995 concerning the Capital Market and Financial Services Authority Regulation Number 57/POJK.4/2020.

This approach is used to assess the consistency, hierarchy, and synchronization of legal norms within the capital market regime. Particular attention is given to the extent to which SCF regulations align with the disclosure standards mandated under the Capital Market Law [3], [5]. Second, the conceptual approach is employed to construct the analytical framework of the study by examining key legal concepts relevant to investor protection. The concept of legal protection is analyzed based on Philipus M. Hadjon's theory, which distinguishes between preventive and repressive legal protection mechanisms [9]. Preventive protection is particularly relevant in the context of disclosure obligations, as it aims to prevent investor losses by ensuring access to adequate information. Meanwhile, the concept of legal certainty is examined through the framework developed by Sudikno Mertokusumo, which emphasizes clarity, consistency, and predictability as essential characteristics of a functioning legal system [6]. In addition, the issue of information asymmetry is analyzed using Akerlof's theoretical perspective, which highlights how unequal access to information can lead to inefficient market outcomes and distort investment decisions [2]. These conceptual tools are used to

establish normative benchmarks for evaluating disclosure practices in SCF. Third, the analytical approach is applied to assess the practical implementation of disclosure principles.

This is conducted through a detailed examination of prospectus documents published on the Danamart platform, particularly those related to the funding of the Free Nutritious Meal Program (MBG). The analysis focuses on evaluating the quality of material information disclosed, based on indicators such as completeness, clarity, relevance, readability, and measurability. These indicators serve as operational criteria to determine whether the information presented is sufficient to support rational investment decision-making and to mitigate information asymmetry among retail investors. The study relies on secondary data, which are categorized into primary, secondary, and tertiary legal materials. Primary legal materials consist of binding legal instruments, including the 1945 Constitution of the Republic of Indonesia, Law Number 8 of 1995 concerning the Capital Market, Law Number 4 of 2023 concerning Financial Sector Development and Strengthening, and Financial Services Authority Regulation Number 57/POJK.4/2020. In addition, prospectus documents from the Danamart platform related to MBG funding are treated as primary sources for empirical evaluation. Secondary legal materials include academic books on capital market law, legal protection, and legal certainty, as well as scholarly articles, journals, theses, and dissertations relevant to Securities Crowdfunding and investor protection. Tertiary legal materials, such as legal dictionaries and encyclopedias, are used to support conceptual clarification.

Data collection is carried out through library research and document study. Library research involves a systematic review of legal sources to establish the normative and theoretical foundations of the study. Document study is conducted by examining prospectus documents available on the Danamart platform, enabling the researcher to directly assess how material information is presented in practice. This method is particularly relevant for evaluating disclosure quality in digital investment platforms, where documentation serves as the primary medium of communication between issuers and investors. The data are analyzed using a qualitative juridical method, which emphasizes interpretative and normative analysis. The analytical process consists of several stages. First, relevant legal regulations are identified and classified to establish the normative framework governing SCF and investor protection. Second, the synchronization between the Capital Market Law and SCF regulations is examined to identify inconsistencies or regulatory gaps. Third, the quality of material information disclosed in Danamart prospectuses is evaluated based on established disclosure indicators. Fourth, the effectiveness of disclosure practices is assessed in terms of their ability to reduce information asymmetry and enhance investor decision-making.

Finally, conclusions are drawn by integrating normative legal analysis with empirical findings, thereby providing a comprehensive assessment of investor protection within the SCF framework. The research is conducted through library and document-based study at several institutions, including the Faculty of Law Library of Universitas Kristen Indonesia and the National Library of the Republic of Indonesia. In addition, electronic access to prospectus documents and securities offering information on the Danamart platform is utilized to obtain empirical data. These sources provide both doctrinal and practical insights necessary for the analysis. The originality of this research lies in its integrative methodological approach, which combines normative legal analysis with empirical document examination. Unlike previous studies that primarily focus on procedural aspects of SCF or post-loss liability, this research emphasizes the quality of material information as a central variable in assessing investor protection. Furthermore, it examines the synchronization of disclosure principles between the Capital Market Law and SCF regulations, while also evaluating their practical implementation in the context of MBG project funding. By adopting this approach, the study contributes to the development of a more robust framework for legal protection and legal certainty in Indonesia's digital capital market ecosystem.

III. RESULT AND DISCUSSION

Regulatory Synchronization and Disclosure Standards in Securities Crowdfunding

The findings indicate that the regulatory framework governing Securities Crowdfunding (SCF) in Indonesia has formally adopted the disclosure principle as a core mechanism for investor protection. POJK No. 57/POJK.4/2020, requires issuers to disclose information related to business activities, financial

conditions, use of proceeds, and investment risks through digital platforms. This obligation aligns with the disclosure principle embedded in Law No. 8 of 1995 on Capital Markets, which mandates that material information must be disclosed in a complete, accurate, and non-misleading manner [3]. However, the analysis reveals that regulatory synchronization between the SCF framework and the Capital Market Law remains partial. While both share the same normative foundation, the level of regulatory detail differs significantly. The Capital Market Law establishes a strict disclosure regime supported by clear definitions of material information and explicit legal liability for misleading statements. In contrast, POJK No. 57/2020 focuses more on procedural compliance rather than substantive quality standards of disclosure.

This disparity creates a regulatory gap in investor protection. The absence of clear parameters regarding material information in the SCF regime reduces legal certainty and weakens disclosure effectiveness. Disclosure should not only ensure that information is available, but also that it is relevant and meaningful for investors in making rational decisions [10]. Without clear standards, disclosure risks becoming a formal requirement without substantive value. From a hierarchical perspective, Indonesian law requires that subordinate regulations align with statutory provisions. The principle of *lex superior derogat legi inferiori* implies that POJK regulations must not dilute the standards established in the Capital Market Law. However, the simplification embedded in SCF regulation appears to reduce the level of protection provided to investors. Therefore, although regulatory synchronization exists conceptually, it remains insufficient at the substantive level. Strengthening harmonization between SCF regulations and the Capital Market Law is essential to ensure consistent disclosure standards and adequate investor protection across both conventional and digital capital market mechanisms.

Information Asymmetry and Disclosure Effectiveness in the MBG Project

The empirical findings from the MBG project on the Danamart platform show that disclosure practices have not fully eliminated information asymmetry between issuers and investors. In the SCF model, investors depend entirely on digital prospectuses as their primary source of information. This reliance increases the risk of unequal information distribution. Several forms of information asymmetry were identified. First, adverse selection occurs when investors cannot effectively distinguish between high-quality and high-risk projects. The MBG prospectus tends to emphasize projected returns while providing less detailed explanations of underlying risks. This imbalance influences investor perception and may lead to inefficient investment decisions. Information asymmetry allows issuers to present selective information that attracts investors without fully disclosing risks [2]. Second, moral hazard appears in the post-investment stage. After funds are raised, issuers maintain full control over project execution, while investors lack effective monitoring mechanisms. This situation creates a risk that issuers may deviate from the initial business plan.

The absence of strong governance and supervision increases the potential for opportunistic behavior. Third, the study finds that the presentation of information in digital prospectuses often emphasizes persuasive narratives. Business opportunities are framed in an attractive manner, while risk disclosures are less prominent. Investor decision-making is often influenced by how information is presented rather than by its substance (Langevoort, 2009). This behavioral bias increases the vulnerability of retail investors in SCF platforms. In addition, the digital format of disclosure introduces structural challenges. While digital platforms improve accessibility, they may simplify complex financial information. Over-simplification reduces analytical depth, while excessive technical detail can lead to information overload. Both conditions reduce disclosure effectiveness. These findings suggest that the current disclosure framework in SCF has not yet achieved meaningful disclosure. Although information is available, it does not always provide sufficient clarity for investors to understand risks comprehensively. As a result, information asymmetry persists and limits the role of disclosure as an effective investor protection mechanism.

Legal Certainty and Investor Protection in SCF Practices

Legal certainty is a fundamental principle that ensures predictability and clarity in the application of law. In the context of SCF, legal certainty is closely linked to the clarity of disclosure standards and the allocation of legal responsibility among parties involved. Investors require clear legal frameworks to assess risks and anticipate legal consequences of their investment decisions [6]. The findings indicate that POJK No.

57/2021 does not provide detailed standards for material information disclosure. Unlike the Capital Market Law, which clearly defines material information as information that influences investment decisions, the SCF regulation provides only general disclosure obligations. This ambiguity creates multiple interpretations among issuers and reduces predictability for investors. Another critical issue concerns the allocation of legal responsibility between issuers and platform providers.

Platforms are required to verify issuer information, but their role as gatekeepers is not supported by a strong liability framework. In capital market theory, gatekeepers are expected to ensure the credibility of disclosed information and maintain market integrity [11]. However, in SCF practices, platform providers often face conflicts of interest due to their dependence on successful fundraising outcomes. This condition weakens the accountability structure within the SCF ecosystem. When misleading information leads to investor losses, determining liability becomes complex. The absence of explicit legal consequences reduces the deterrent effect of disclosure obligations and undermines investor confidence. Moreover, the effectiveness of disclosure is influenced by the financial literacy gap among investors. Many SCF participants are retail investors with limited financial knowledge. Even when information is disclosed, it may not be fully understood. This gap reduces the practical effectiveness of disclosure as a preventive legal protection mechanism. Overall, the findings demonstrate that while SCF regulations provide a basic framework for investor protection, they do not yet ensure strong legal certainty. Strengthening disclosure standards, clarifying liability mechanisms, and enhancing the accountability of platform providers are necessary steps to align SCF practices with the broader principles of capital market regulation.

IV. CONCLUSION

This study examines investor protection within the Securities Crowdfunding (SCF) framework by analyzing the synchronization of disclosure principles and the effectiveness of material information disclosure in practice. The findings reveal both normative and empirical challenges that affect the quality of investor protection in Indonesia's digital capital market ecosystem. From a normative perspective, the disclosure principle regulated under Financial Services Authority Regulation Number 57/POJK.4/2020 has formally adopted the framework established in Law Number 8 of 1995 concerning the Capital Market. The regulation requires issuers to disclose essential information, including business activities, use of funds, and investment risks prior to offering securities through SCF platforms. However, the analysis indicates that the level of synchronization between these two regulatory frameworks remains incomplete. The Capital Market Law provides clearer and more stringent standards regarding material information and legal liability for misleading disclosures, whereas POJK Number 57/POJK.4/2020 regulates disclosure obligations in a more general manner without specifying detailed parameters for the quality of material information.

This discrepancy creates a regulatory gap that may lead to legal uncertainty, particularly in assessing whether disclosure obligations have been substantively fulfilled. From an empirical perspective, the analysis of prospectus documents related to the funding of the Free Nutritious Meal Program (MBG) through the Danamart platform shows that the disclosed information generally covers fundamental aspects of investment, such as the issuer's business profile, investment structure, and projected returns. While this provides a basic understanding for investors, the effectiveness of disclosure in reducing information asymmetry remains limited. This limitation is caused by insufficient depth in risk disclosure, a tendency to emphasize potential returns over potential losses, and the limited financial literacy of retail investors in interpreting technical information. Overall, this study concludes that SCF has expanded access to financing and investment opportunities, but its effectiveness in protecting investors is still constrained by the quality of disclosed information. Strengthening disclosure standards, particularly by establishing clear parameters for material information and improving transparency in risk communication, is essential to enhance legal certainty and reduce information asymmetry in SCF practices.

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