A Deep Dive into LAPS SJK Cases: A Qualitative Study on Case Types, Resolution Duration, and Party Compliance

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Abstract

This study comprehensively analyzes the effectiveness of the Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK) through a juridical-empirical approach that integrates semi-structured interviews, observation, and document analysis of annual reports from 2022–2024. The findings reveal that the composition of disputes is consistently dominated by the banking sector and fintech lending, with mediation serving as the overwhelmingly dominant settlement mechanism. On the other hand, the institution faces significant challenges, including a high case-rejection rate, primarily due to non-compliance with the Internal Dispute Resolution (IDR) process and indications of fraud. In terms of timeliness, LAPS SJK has demonstrated remarkable efficiency by compressing its Service Level Agreement (SLA)driven by digital transformation and process optimization. The most substantive achievement is reflected in the increase in voluntary compliance with decisions, indicating strengthened legitimacy and trust in the institution. This research provides an original contribution through empirical evidence of the paradox between procedural justice in mediation and the role of arbitration in ensuring legal certainty, as well as a projective analysis of the integration of Artificial Intelligence (AI) in the development of ADR systems in Indonesia.

Keywords: Alternative Dispute Resolution; Financial Services Sector; Settlement Duration; Decision Compliance.

Introduction

The Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK/LAPS SJK) provides out-of-court dispute resolution solutions within the financial services sector. Established on September 22, 2020, by several Self-Regulatory Organizations (SROs) and related associations, LAPS SJK

commenced its official operations on January 1, 2021, after obtaining a license from the Financial Services Authority (Otoritas Jasa Keuangan/OJK). LAPS SJK supersedes the role of six previous dispute resolution institutions and expands its scope to include the fintech sector in response to the evolving digital financial ecosystem. In 2020, the OJK replaced Regulation Number 1/POJK.07/2014 with Regulation Number 61/POJK.07/2020 to enhance the effectiveness of this dispute resolution body, aligning it with technological advancements and the increasing complexity of financial products. LAPS SJK provides mediation, arbitration, and binding opinions for resolving disputes between consumers and financial service providers.[1]

LAPS SJK accepts disputes that meet three primary criteria: (1) complaints that have been handled by a Financial Services Business Actor (Pelaku Usaha Jasa Keuangan/PUJK) but were rejected by the consumer or have not been responded to in accordance with OJK regulations, (2) disputes that are not currently under process or have been adjudicated by a court or another dispute resolution institution, and (3) disputes of a civil nature. Furthermore, LAPS SJK may also handle other disputes with the OJK's approval. Following the enactment of Law Number 4 of 2023, the name of LAPS SJK was changed to the Alternative Dispute Resolution Institution for the Financial Sector (Lembaga Alternatif Penyelesaian Sengketa di Sektor Keuangan/LAPS SK).[2]

Global trends indicate that modern financial systems are becoming increasingly complex, triggering disputes between users and financial service providers. The demand for swift, accessible, and affordable dispute-resolution mechanisms has consequently risen. In response to the limitations of conventional courts, Alternative Dispute Resolution (ADR) has emerged, offering a more efficient and user-friendly process. Countries with advanced financial markets, such as the United Kingdom, Australia, and Singapore, have long implemented ADR to maintain financial system stability and address unfair business practices. In

[1] LAPS SJK, "Tentang Kami," LAPS SJK, 2025, https://lapssjk.id/page/about-us.
[2] Setiyono Setiyono dkk., "The establishment of LAPS SJK in the trajectory of history viewed from the politics of Indonesian law," *Jurnal Hukum Novelty* 15, no. 1 (April 2024): 106, https://doi.org/10.26555/novelty.v15i1.a28385.

Indonesia, LAPS SJK (now LAPS SK) aims to enhance public trust in the financial sector and contribute to systemic financial stability by providing a more efficient alternative to litigation for dispute resolution.[3]

LAPS SJK (now LAPS SK) serves not only to resolve disputes but also functions as an early warning system for harmful business practices. It plays a crucial role in fostering a more harmonious relationship between consumers and financial service companies by providing a swift, cost-effective, and easily accessible dispute-resolution mechanism. LAPS SJK contributes to safeguarding corporate reputation, preventing financial losses, and ensuring a fair settlement for both parties. The institution's success is contingent on its effectiveness in handling cases, as measured by factors such as case type, resolution duration, and the compliance rate of the involved parties.[4]

LAPS SJK (now LAPS SK) also constitutes an integral part of a broader legal-political framework, reflecting the state's efforts to establish an effective and equitable dispute-resolution system within the financial sector. Grounded in the OJK Law and the Arbitration Law, this institution supports consumer protection and fosters a sound investment climate. It strengthens independent and professional non-judicial bodies to ensure accessible, swift, and affordable justice. Its establishment also embodies the values of deliberation (*musyawarah*) and peaceful settlement, which are inherent to Indonesia's legal culture, thereby reinforcing a national legal system focused on consumer protection and financial sector stability.[5]

Although numerous studies have been conducted on LAPS SJK (LAPS SK) and dispute resolution mechanisms in Indonesia's financial sector, there remains a lack of empirical data on the effectiveness of their on-the-ground implementation.

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[3] Ibtisam A.K.A Ilyana Ilias dkk., "A Comparative Assessment of Alternative Dispute Resolution for Financial Consumer Protection in Malaysia and Indonesia," *Environment-Behaviour Proceedings Journal* 8, no. SI13 (September 2023): 23–29, https://doi.org/10.21834/e-bpj.v8iSI13.5041.

[4] Setiyono Setiyono dkk., "Indonesia and Malaysia's Alternative Models of Dispute Resolution in the Financial Sector," *Jurnal Hukum Bisnis Bonum Commune*, 28 Agustus 2025, 450–79, https://doi.org/10.30996/jhbbc.v8i2.12890.

[5] Setiyono dkk., "The establishment of LAPS SJK in the trajectory of history viewed from the politics of Indonesian law."

Setiyono et al.[6] this research his research demonstrates that both LAPS SJK (LAPS SK) and the Financial Ombudsman in Malaysia aim to provide a fair and efficient alternative to litigation for dispute resolution. However, the study is solely normative-descriptive, analyzing regulations without investigating the direct impact of these mechanisms on concrete dispute-resolution outcomes. This indicates that, while LAPS SJK possesses a clear procedural framework, its effectiveness in resolving financial disputes has yet to be substantiated by empirical data.

Similarly, the research conducted by Setiyono et al.[7] research examining the history and politics behind the establishment of LAPS SJK (LAPS SK) tends to focus more on consumer protection theory and objectives yet fails to provide field evidence regarding the types of cases handled by LAPS SJK or the duration of dispute resolution. These studies highlight the institution's importance for consumer protection but do not delve deeper into how it functions in practice to resolve financial disputes in Indonesia. This gap forms a critical foundation for your research, which aims to identify the types of disputes processed by LAPS SJK and assess the speed of resolution and compliance with its decisions.

In addition, the research by Setyowati and Prabowo[8] which highlights the disharmony between OJK regulations and sharia principles in dispute resolution within the Islamic banking sector, similarly does not provide empirical evidence regarding its impact on ADR implementation. This study reveals weaknesses in protecting consumers' spiritual rights but does not examine how this regulatory incongruence affects the performance of dispute-resolution institutions such as LAPS SJK. Additionally, the research by Mulyati and Fakhriah[9] notes that dispute

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[6] Setiyono dkk., "Indonesia and Malaysia's Alternative Models of Dispute Resolution in the Financial Sector."

[7] Setiyono dkk., "The establishment of LAPS SJK in the trajectory of history viewed from the politics of Indonesian law."

[8] Ro'fah Setyowati dan Bagya Agung Prabowo, "Sharia Principles in the Financial Services Authority Regulation on Dispute Settlement Alternatives," *Sriwijaya Law Review*, 31 Januari 2021, 56–70, https://doi.org/10.28946/slrev.Vol5.Iss1.864.pp56-70.

[9] Etty Mulyati dan Efa Laela Fakhriah, "Banking Dispute Resolution: Indonesian and Japan Practice," *Revista de Questões Legais, Éticas e Regulatórias* 22, no. 2 (2019), https://portuguese.abacademies.org/abstract/banking-dispute-resolution-indonesian-and-japan-practice-8171.html.

resolution in Indonesia proceeds through a two-stage process: internal settlement by the bank, followed by resolution through LAPS SJK (LAPS SK). However, they do not present data concerning the duration of resolution or the satisfaction of the parties involved.

Most other studies, such as the one by Hendrawan et al.[10] n ADR in investment dispute resolution, similarly focus on normative and legal aspects without providing empirical data on implementation outcomes in practice. This study underscores the importance of ADR mechanisms for fostering a better investment climate but does not measure their effectiveness in resolving concrete disputes. Likewise, the research by Sriwidodo et al.[11] In their research on medical dispute resolution, they highlight the importance of non-litigation mechanisms, yet their work remains normative and does not present empirical data measuring the institution's performance in addressing medical disputes.

Consequently, the gap identified in the literature is the lack of empirical data on how the mediation, arbitration, and binding opinions implemented by LAPS SJK (LAPS SK) function in practice. This research aims to address this lacuna by identifying the types of disputes handled by LAPS SJK, tracing the duration of resolution, and describing the level of compliance with its decisions. The findings from this study are expected to provide a significant contribution to the development of ADR policy in Indonesia and strengthen public trust in out-of-court dispute resolution mechanisms.

Research Method

This research adopts a juridical-empirical approach, combining legal analysis with empirical research to investigate the dynamics of LAPS SJK's (LAPS SK's) implementation in resolving financial services sector disputes. This approach

[10] Daniel Hendrawan, Hamid Mukhtar, dan Lindawaty Suherman Sewu, "Effectiveness of alternative dispute resolution in resolving investment disputes in developing countries: Analysis of ICSID cases in Indonesia and Nigeria," *IKENGA International Journal of Institute of African Studies* 25, no. 2 (Juni 2024): 1–25, https://doi.org/10.53836/ijia/2024/25/2/011.

[11] Joko Sriwidodo, Soleh Hasan Wahid, dan Anjar Kususiyanah, "Toward Equitable Healthcare: A Medical Dispute Resolution Framework to Address Medical Supply Delays in Health Law," *Journal of Legal Affairs and Dispute Resolution in Engineering and Construction* 17, no. 3 (Agustus 2025): 04525040, https://doi.org/10.1061/JLADAH.LADR-1298.

enables the study not only to analyze applicable legal provisions but also to gain a deeper understanding of on-the-ground practices through data obtained from interviews and observations. By integrating doctrinal analysis with empirical data, this research aligns with modern legal research methodologies that emphasize the relationship between legal theory and the social realities encountered in practice. The units of analysis for this research include documents related to LAPS SJK. Data collection is conducted through semi-structured interviews with LAPS SJK staff. Additionally, document analysis will be performed on LAPS SJK statistics and relevant annual reports. Observation is also employed to enrich the data. The analysis techniques used are thematic analysis of interview data and content analysis of documents, with triangulation applied to ensure the validity and accuracy of the data.

Results and Discussion

Portrait of Disputes: Case Variety and Their Characteristics

An analysis of the Annual Reports of the Alternative Dispute Resolution Institution for the Financial Services Sector (LAPS SJK) from the 2022 to 2024 period reveals a comprehensive portrait of dispute dynamics within Indonesia's financial industry. During this timeframe, the composition of complaints demonstrates a consistent and revealing sectoral hierarchy. In 2022, among a total of 1,794 complaints, the banking sector was the dominant contributor, accounting for 45.8% (822 cases). This was followed by fintech lending (358 complaints, 19.9%), financing institutions (302 complaints, 16.8%), and insurance (266 complaints, 14.8%). Other sectors, such as capital markets, pawnshops, and pension funds, contributed only a very minor share.

Table 1 Percentage of Complaints by Financial Services Sector in 2022

No.	Financial Services Sector	Number of Complaints (2022)	Percentage (%)
1	Banking	822	45,82%
2	Fintech	358	19,96%
3	Financing	302	16,83%
4	Insurance	266	14,83%
5	Capital Market	31	1,73%
6	Others	15	0,84%

Total	1.794	100%

This pattern not only persisted but even intensified alongside a drastic increase in the number of complaints, which rose to 2,501 cases in 2023 an increase of approximately 39% from the previous year. In 2023, banking remained the primary contributor with 1,183 complaints (47.3%), while fintech demonstrated the fastest growth rate, accounting for a share of 22.7%.

Table 2 Percentage of Complaints by Financial Services Sector in 2023

No.	Financial Services Sector	Number of Complaints (2023)	Percentage (%)
1	Banking	1.183	47,28%
2	Fintech P2P Lending	569	22,74%
3	Financing	438	17,51%
4	Insurance	260	10,39%
5	Capital Market	23	0,92%
6	Pension Funds	13	0,52%
7	Special Finacial Instituions	10	0,40%
8	Guarantee	4	0,16%
9	Pawnshops	1	0,04%
10	Venture Capital	0	0,00%
	Total	2.501	100,00%

The stability of this composition was reaffirmed in 2024, where banking and fintech collectively accounted for over 70% of the total complaints, with projections of 47.4% for banking and 24.3% for fintech. This configuration indicates two parallel realities: first, the extensive customer base and operational complexity of the banking sector are inherently correlated with a high volume of disputes; second, the rapid disruption and adoption of digital financial services logically lead to conflicts, reflecting persistent issues such as product complexity, regulatory gaps, and challenges related to digital financial literacy.

Table 3 Percentage of Complaints by Financial Services Sector in 2024

No	Financial Services Sector	Number of Complaints (2024)	Percentage (%)
1	Banking	1.276	47,39%
2	Fintech	652	24,25%

3	Financing	438	16,36%
4	Insurance	274	10,19%
5	Capital Market	19	0,70%
6	Pension Funds	9	0,33%
7	Guarantee	9	0,34%
8	Special Financial Institutions	6	0,22%
9	Pawnshops	4	0,14%
10	Venture Capital	3	0,11%
	Total	2.688	100%

The characteristics of dispute resolution at LAPS SJK are marked by two highly prominent primary patterns: the absolute hegemony of the mediation mechanism and a consistently very high proportion of rejected cases. In 2022, out of 1,794 incoming complaints, only 337 (18.8% of the total) were successfully resolved, while 664 (37%) were rejected for various reasons. Among the resolved cases, mediation specifically designed for small/retail claims on a pro bono basis accounted for 99.1%, leaving arbitration for commercial disputes with a mere 0.9%.

Table 4 Analysis of the Proportion of Dispute Resolution Mechanisms and Rejected Cases in the 2022 LAPS SJK

Category	**Mechanism/Reason**	**Number of cases**	**Percentage**
Cases Resolved	Mediation (small/retail claims-pro bono)	334	99,1%
	Arbitration	3	0,9%
	Binding Opinion	0	0%
	Total Resolved	337	100%
Cases Rejected	Berindikasi pidana	215	32,4%
	Indicative of Criminal Offence	126	19,0%
	Not Having Undergone the IDR Proses	95	14,3%
	Indicative Of Market Conduct Violation	67	10,1%
	Under Investigation/adjudication by another institution	57	8,6%

	Involving a third party aoutside the Financial Services Sectors (SJK)	61	9,2%
	No Prior Agreement to choose LAPS SJK	20	3,0%
	Unconfirmed complaint	18	2,7%
	Mass Nature/cannot be resolved	5	0,7%
	Total Rejected	664	100%

Note:

Total complaints received in 2022: 1,794 cases
Total cases handled (resolved + rejected): 1,001 cases (337 + 664)

The same pattern became even more crystallized in 2023, where mediation accounted for 98.5% of the 478 cases successfully resolved, while arbitration saw a marginal increase to 1.7%. Meanwhile, the characteristics of rejected cases reveal procedural and substantive root causes. In 2022, the primary reasons for rejection were indications of criminal activity (32.4%) and failure to complete the mandatory prerequisite of the Internal Dispute Resolution (IDR) process (14.3%). This configuration underwent a seismic shift in 2023, where "failure to undergo the IDR process" surged to 40.5% of the total 2,023 rejections, followed by indications of external fraud at 30%. This shift highlights two crucial issues: a significant gap in consumer understanding and compliance with prerequisite dispute-filing stages, and the vulnerability of the financial system to increasingly sophisticated fraudulent practices. Projections for 2024 anticipate an intensification of this trend, with the total number of rejected complaints expected to reach 2,906, of which 40.5% are still predicted to fail to meet the IDR prerequisite, indicating the need for broader, more systematic public education efforts.

Table 5 Analysis of the Proportion of Dispute Resolution Mechanisms and Cases Rejected by the LAPS SJK in 2023

Category	Mechanism/Reason	Jumlah Kasus	Presentase
Cases Resolved	Mediation (small/retail claims-pro bono)	470	98,5%
	Arbitration	8	1,7%
	Binding Opinion	0	0%
	Total Resolved	478	100%
Cases Rejected	Not having undergone the IDR process	820	40,5%
	Indicative of criminal offense/external fraud	607	30,0%
	Under investigation/adjudication by another institution	405	20,0%
	No prior agreement to choose LAPS SJK (PUJK Refuses)	162	8,0%
	Not of a civil nature	81	4,0%
	Does not meet the definition of a dispute	81	4,0%
	Pertaining to industry policy/ standartds	40	2,0%
	Involving a third party outside the Financial Service Sector (SJK)	40	2,0%
	Uncorfirmed Complaint	20	1,0%
	Mass Nature/ cannot be resolved	10	0,5%
	Total Rejected	2.023	100%

Note:
Total Complaints Received in 2023: 2,501 complaints
Service Effectiveness: 19.1% of complaints were successfully resolved; 80.9% were rejected/not eligible
Performance Improvement: Compared to 2022, the number of resolved cases increased by 54.1% (from 305 to 478 cases)
Improved SLA (Service Level Agreement): The average resolution time decreased from 104 days (2022) to 82 days (2023)

Table 6 Analysis of the Proportion of Dispute Resolution Mechanisms and Cases Rejected by the LAPS SJK in 2024

Category	Mechanism/Reason	Total Resolved	Presentage
Cases Resolved	Mediation (small/retail claims-pro bono)	640	98,7%
	Arbitration (commercial disputes)	11	1,7%
	Binding Opinion	0	0%
	Total Resolved	651	100%
Cases Rejected	Not having undergone the IDR process	1.050	40,5%
	Indicative of criminal offense/external fraud	778	30,0%
	Under investigation/adjudication by another institution	519	20,0%
	No prior agreement to choose LAPS SJK (PUJK Refuses)	208	8,0%
	Not of a civil nature	104	4,0%
	Does not meet the definition of a dispute	104	4,0%
	Pertaining to industry policy/ standartds	52	2,0%
	Involving a third party outside the Financial Service Sector (SJK)	52	2,0%
	Uncorfirmed Complaint	26	1,0%
	Mass Nature/ cannot be resolved	13	0,5%
	Total Rejected	2.906	100%

Note:
Total Complaints Received in 2024 (Projection): Approximately 3,557 complaints (based on an assumed 42% growth following the 2022-2023 trend)
Resolution Target: 651 cases (+38% from the 2023 realization)
Projected Service Effectiveness: Approximately 18.3% of complaints are projected to be resolved
Performance Improvement Target: A 38% increase from the 2023 realization
Target SLA (Service Level Agreement): Projected to improve to approximately 70-75 days

The selection of a dispute resolution mechanism is, in essence, not a random phenomenon but rather the outcome of a complex interaction among internal and external determinants.[12] Internal factors, such as explicitly agreed-upon contractual clauses established from the outset and considerations of cost and time efficiency, often serve as the primary determinants in guiding the resolution path. Mediation, with its voluntary, cooperative, non-binding, and short-term nature (up to 30 days), is the ideal choice for preserving harmonious business relations and resolving small claims in a peaceful, confidential manner.[13] Conversely, the complexity of legal substance, the high value of claims, and the imperative need for legal certainty through a final and binding decision render arbitration the preferred option for intricate commercial disputes[14] Beyond these internal factors, the external framework established by the Financial Services Authority (OJK) regulations and LAPS SJK's operational policies significantly shapes and constrains the choices available to the parties. These regulations not only provide an umbrella but also, to a certain extent, guide and even mandate disputing parties to use alternative channels outside the courts as a first step. Furthermore, the level of understanding and access to information about the available mechanisms is a crucial variable; low legal and financial literacy often explains why many complaints fail to meet procedural eligibility, as evidenced by the high rate of rejections due to not having undergone IDR or the absence of a prior agreement to resolve the dispute at LAPS SJK.[15]

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[12] Benedetto Utomo, "Upaya Mediasi Melalui Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan (LAPS SJK): (Studi Kasus Sengketa Rehabilitasi Daftar Hitam Nasional (DHN) PT X dan BRI)," *Jurnal Hukum & Pembangunan* 53, no. 3 (September 2023): 494–512, https://doi.org/10.21143/jhp.vol53.no3.1585.

[13] Mhd Dicky Safii Harahap dkk., "Yurisdiksi LAPS dalam Penyelesaian Sengketa Konsumen Sektor Jasa Keuangan," *Locus Journal of Academic Literature Review*, 12 Desember 2022, 465–80, https://doi.org/10.56128/ljoalr.v1i8.411.

[14] Ni'ma Ulinihayati dan Yunus Husein, "Penyelesaian Sengketa Perasuransian Melalui Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan (LAPS SJK)," *Masalah-Masalah Hukum* 51, no. 3 (Juli 2022): 209–21, https://doi.org/10.14710/mmh.51.3.2022.209-221.

[15] Otoritas Jasa Keuangan, "Lembaga Alternatif Penyelesaian Sengketa," ojk.go.id, diakses 31 Oktober 2025, https://ojk.go.id/id/kanal/edukasi-dan-perlindungan-konsumen/pages/lembaga-alternatif-penyelesaian-sengketa.aspx; Riri Lastiar Situmorang, "Penetapan Lembaga Penyelesaian

From a broader comparative perspective, the characteristics of Indonesia's dispute resolution system through LAPS SJK present intriguing philosophical, structural, and operational differences when contrasted with the Ombudsman for Financial Services (OFS) model in Malaysia. LAPS SJK operates on three main pillars forming a tiered system: mediation, arbitration, and binding opinions. In this model, mediation functions as the first line of defense, which is non-binding; arbitration serves as the ultimate resolver, producing a binding award; and binding opinions serve as a preemptive option for legal interpretation. Conversely, the Malaysian OFS implements a broader, differently weighted spectrum of mechanisms, encompassing negotiation, mediation, conciliation, and, most crucially, adjudication. It is in this adjudication stage that the fundamental difference lies: the Malaysian Ombudsman possesses semi-judicial authority to issue legally binding decisions for financial institutions (though not for consumers), thereby granting consumers a significantly stronger bargaining position. Another fundamental difference lies in their institutional positioning. LAPS SJK operates under the strict administrative oversight of the OJK, a configuration aligned with Indonesia's civil law tradition, which emphasizes the regulator's central role. In contrast, the OFS, while under the purview of Bank Negara Malaysia, enjoys a greater degree of operational independence, a characteristic feature of the common law tradition that upholds the principle of an arm's length relationship. Despite their fundamentally different approaches and mandates, both institutions ultimately share the aspiration to offer swift, fair, affordable, and legally certain dispute resolution for consumers within their respective financial services jurisdictions.[16]

Time as Justice: An Analysis of Resolution Duration

In the context of dispute resolution, the axiom "justice delayed is justice denied" affirms that temporal efficiency is not merely an administrative concern, but the very substance of justice itself. The Alternative Dispute Resolution

Sengketa di Luar Pengadilan Oleh Otoritas Jasa Keuangan," *PROSIDING SERINA* 1, no. 1 (Desember 2021): 243–52, https://doi.org/10.24912/pserina.v1i1.16373.

[16] Setiyono dkk., "Indonesia and Malaysia's Alternative Models of Dispute Resolution in the Financial Sector."

Institution for the Financial Services Sector (LAPS SJK), with its mandate to provide a swift, fair, and efficient mechanism, considers resolution duration a critical indicator that reflects the subtle balance between adherence to due process and service efficiency. Analysis of the 2022-2024 period reveals a significant transformation in its temporal performance, driven by initiatives such as business process restructuring, the widespread adoption of digital technology, and the implementation of management systems such as the Case Management System (CMS) and Online Dispute Resolution (ODR). This evolution has directly impacted the aggregate reduction of the Service Level Agreement (SLA), although the core duration of each mechanism, mediation, arbitration, and binding opinions, exhibits distinct dynamic patterns.

In the initial phase of the observed period, specifically in 2022, the dispute resolution process was still characterized by substantial systemic inefficiency. The overall average resolution time (SLA) was recorded at 107 working days. This inefficiency primarily stemmed from protracted pre-mediation processes, where confirming the willingness of Financial Services Business Actors (PUJK) to participate could take over 35 days. Coupled with administrative mechanisms and mediator appointment procedures that still relied on manual processes and were not fully digitized, the preparatory stages constituted a significant bottleneck. It is noteworthy that although the overall SLA reached 107 days, the active mediation process, from the appointment of a mediator, remained within a maximum timeframe of 30 working days. This condition illustrates a wide disparity between the duration of the core process and the total dispute resolution cycle time.

Table 7 Average Completion Time

Year	Mediation (Working Days)	Arbitration (Working Days)	Binding Opinion (Working Days)
2022	30	107	107
2023	30	82	82
2024	30	65	65

Entering 2023, LAPS SJK achieved a dramatic efficiency leap by reducing the overall SLA to 82 working days. This accomplishment was the result of

consolidating acceleration policies and the maturation of the implemented digital system. Enhanced effectiveness in tripartite coordination among the mediator, the institution's secretariat, and the disputing parties significantly reduced administrative time and hearing processes. Once again, the formal duration of the mediation process was maintained at a maximum of 30 working days, indicating that the improvement in timeframe was achieved by optimizing phases outside of substantive examination, such as document verification, scheduling, and inter-party communication.

This positive trend accelerated further in 2024, as the institutional transformation and the maturity of information technology utilization reached a momentum. Through the integration of verification and secretarial functions and the operationalization of the Dispute Management Information System (SIAGA 1.0), the dispute resolution process became more measurable, predictable, and transparent. Policy innovations, such as strictly limiting the mediation confirmation period to only 10 working days and implementing a special acceleration program for arbitration, successfully reduced the overall SLA to 65 working days. This achievement in temporal efficiency was not attained at the expense of quality; on the contrary, it was accompanied by an increase in the mediation success rate surpassing the 50% threshold.

Beyond these aggregate figures, the duration of each resolution mechanism is, in fact, conditioned by a complex set of determining variables. Within the domain of mediation, which is regulated to a maximum of 30-40 working days, with a 14-day extension option based on mutual agreement, the primary determining factors are the parties' level of compliance and good faith. Persistent absenteeism, a defensive stance, or the mediator's inability to foster a constructive dialogue atmosphere can easily derail the process and force extensions. Conversely, full compliance and a genuine intention to negotiate serve as the main catalysts for acceleration. The mediator's capacity and competency are also crucial variables; skills in effective communication, empathy, neutrality, and mastery of mediation techniques directly correlate with process efficiency.

In the arbitration domain, the timeframe regulated by Law Number 30 of 1999 on

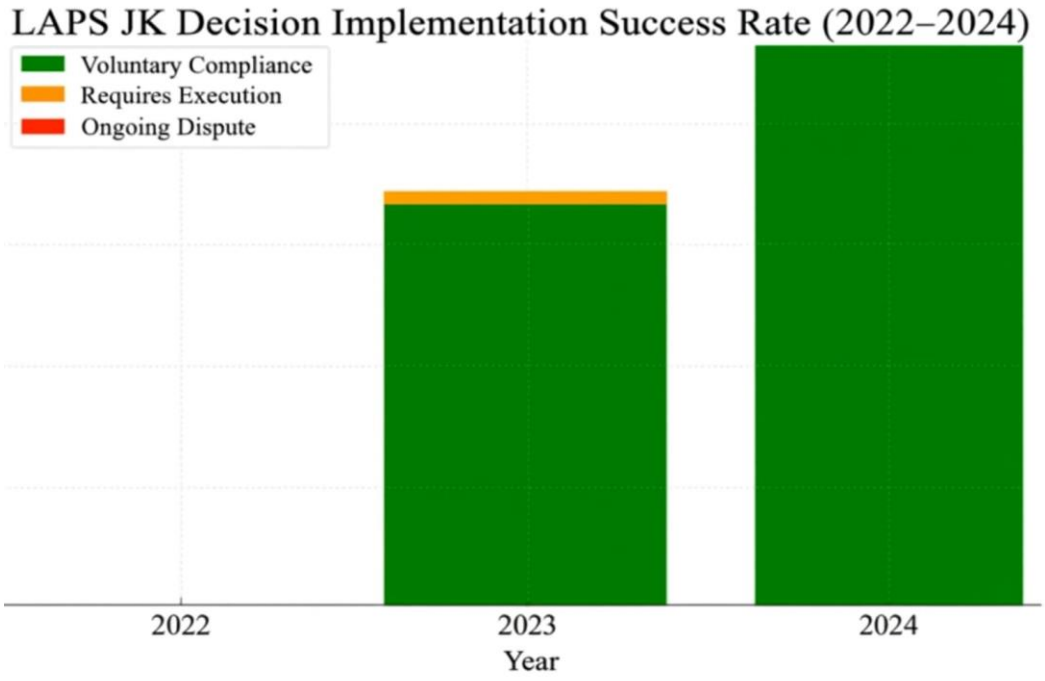
Arbitration sets a maximum examination period of 180 days from the establishment of the arbitral tribunal. However, in practice, the actual duration is heavily influenced by the substantive complexity of the case. Disputes involving large claim values, multiple parties, highly technical and voluminous evidentiary documents, and the need for expert witnesses tend to require longer examination periods. The professionalism and expertise of the arbitrators constitute another determinant; the capacity to manage procedures effectively, maintain neutrality, and conduct hearings efficiently can significantly compress the schedule. Conversely, unprepared arbitrators or suboptimal hearing management can trigger unnecessary delays.

Examining Compliance: The Reality of Decision Implementation

The true effectiveness of a dispute resolution institution is measured not only by its capacity to generate decisions, but by the practical reality of compliance with those decisions. For LAPS SJK, the rate of successful decision implementation functions as a barometer of its credibility and institutional trust, reflecting the extent to which the involved parties, consumers, and Financial Services Business Actors (PUJK) voluntarily adhere to the outcomes of mediation agreements or arbitral awards without requiring coercive external intervention.

A historical transect over the past three years (2022-2024) reveals a narrative of progressive and significant improvement. In 2022, which was a phase of institutional consolidation and capacity building, LAPS SJK remained focused on developing system infrastructure and preparing human resources. Consequently, comprehensive quantitative data regarding compliance with decision implementation was not yet available. A transformative turning point occurred in 2023, when the institution began to demonstrate tangible impact. Of the total cases resolved, 165 decisions were voluntarily implemented by the parties, while only 5 cases stalled and required execution proceedings or faced annulment attempts in court. This high rate of voluntary compliance served as a strong initial indicator of the growing legal awareness and trust in the integrity of LAPS SJK's processes. This positive momentum accelerated in 2024, with all decisions rendered in

approximately 230 cases voluntarily implemented, without a single case requiring execution or triggering further disputes. Furthermore, annulment attempts filed in court against LAPS SJK's arbitral awards were consistently rejected, ensuring all decisions remain legally binding and effective. This achievement is not merely a statistical figure, but empirical proof confirming that LAPS SJK has successfully built epistemic authority and social legitimacy in the eyes of its stakeholders.



Beneath this encouraging compliance trend lie several structural and behavioral challenges that could impede execution. Economic factors, such as the burden of additional costs arising during the implementation phase, are often cited by the non-prevailing party as a reason for delay. The complexity of procedural regulations, including the obligation to register an arbitral award with the district court and fulfill other administrative requirements, creates friction and prolongs the execution timeline.[17] Furthermore, substantive dissatisfaction on the part of the aggrieved party can trigger legal resistance in the form of annulment (set aside) proceedings

[17] Intan Setiyo Wibowo & Zakki Adlhiyati, "Problematika Pelaksanaan Putusan Arbitrase Internasional Di Indonesia," *Verstek* 8, no. 1 (Februari 2020), https://doi.org/10.20961/jv.v8i1.39624.

in court. Although these are ultimately rejected, they consume significant resources and time. The final and binding nature of arbitral awards is a double-edged sword; while providing certainty, it simultaneously closes nearly all avenues for appeal or correction, thereby creating psychological pressure and potential resistance from the party that perceives itself as disadvantaged.[18]

The theoretical foundation explaining the phenomenon of high compliance can be traced to the concept of procedural justice. The parties' perception of fairness in the process, not just the outcome, is a crucial determinant. When disputing parties feel they have been treated fairly, their views have been heard, and they are convinced that the process is transparent, independent, and managed by competent mediators or arbitrators, the tendency to voluntarily accept and comply with the decision increases significantly.[19] These principles are institutionalized by LAPS SJK through guarantees of independence, accessible procedures, and stringent oversight of processes. Conversely, if the process is perceived as procedurally flawed or non-impartial, the legitimacy of the decision will be called into question, and voluntary compliance will be difficult to achieve.

Within Indonesia's legal ecosystem, the courts' role is supportive rather than competitive. Under the prevailing legal framework, district courts lack the authority to re-examine the substance of a dispute already adjudicated by LAPS SJK. The function of the courts shifts to that of an enforcer, executing an executory role should party default on the voluntary implementation of a decision. By rejecting annulment requests and issuing execution warrants, the courts effectively reinforce the authority and finality of LAPS SJK's decisions. This mutualistic symbiosis between the alternative mechanism and the state judiciary creates a virtuous cycle that fosters compliance: the credible threat of effective court enforcement increases

[18] Messy Yoheni dan Mairul Mairul, "Tingkat Kepatuhan Bank Dalam Menyelesaikan Sengketa Dengan Nasabah Di Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan," *YUSTISI* 12, no. 3 (Oktober 2025): 70–83, https://doi.org/10.32832/yustisi.v12i3.21613; Bagus Gede Ari Rama, "Alternatif Penyelesaian Sengketa Jasa Keuangan Melalui LAPS-SJK : Perspektif Kepastian Hukum," *International Conference Towards Humanity Justice for Law Enforcement and Dispute Settlement* 1, no. 1 (Desember 2022): 22–28.

[19] Jessica L. Collett, "Is Procedural Justice Enough? Affect, Attribution, and Conflict in Alternative Dispute Resolution," dalam *Advances in Group Processes* (Bingley: Emerald (MCB UP), 2008), 25:267–89, https://doi.org/10.1016/S0882-6145(08)25003-4.

the incentive for parties to comply voluntarily, ultimately solidifying LAPS SJK's position as a central pillar within a credible and effective financial services dispute-resolution ecosystem.

Testing Normative Assumptions: Mediation vs. Arbitration vs. Binding Opinions

An analysis of the effectiveness of dispute-resolution mechanisms at LAPS SJK requires a deconstruction of the various normative assumptions inherent to each resolution mode. Empirical reality reveals a far more nuanced complexity than the traditional dichotomy often depicting mediation as a consensual process and arbitration as an adjudicative mechanism. User satisfaction surveys consistently record that over 95% of participants rate the LAPS SJK mediation process as highly effective and efficient, with high levels of satisfaction regarding mediator professionalism. The temporal efficiency of mediation, frequently concluded within a 30-day timeframe, and the flexibility of its online execution are determining factors shaping this positive perception. Beyond mere dispute resolution, mediation at LAPS SJK has evolved into a dialectical space that allows parties not only to settle material conflicts but also to accommodate spiritual and ethical dimensions within a framework of justice, transparency, and a pro-consumer rights orientation. The theoretical foundation for this success can be traced to the concept of procedural justice: when parties feel they have been treated fairly, heard equally, and involved in the agreement-making process, levels of voluntary compliance and satisfaction with the outcome increase significantly.[20]

However, an intriguing paradox emerges when evaluating the long-term impact of each mechanism on the continuity of business relationships. Mediation, with its consensual and inclusive characteristics, fosters a strong perception of procedural justice and is considered ideal for preserving business relations. Yet, in the reality of complex financial disputes, arbitration, with its adjudicative nature, often

[20] Muhammad Bayu Nugroho, Joni Emirzon, Dan Dian Afrilia, "Efektivitas Mediasi Dalam Penyelesaian Sengketa Keuangan Pada Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan Di Sumatera Selatan" (Undergraduate, Sriwijaya University, 2023), Https://Repository.Unsri.Ac.Id/88790/.

contributes more significantly to long-term relational stability. The finality and binding nature of an arbitral award eliminate prolonged legal uncertainty, thereby establishing a clear foundation for parties to resume their business relationship unburdened by unresolved conflict. In other words, while mediation is perceived as more procedurally fair, arbitration provides the substantive certainty necessary for the reconstruction of future business relations. This paradoxical reality has prompted LAPS SJK to develop a dynamic hybrid model, in which parties can commence mediation to preserve the relationship and, if no agreement is reached, transition to arbitration to obtain final and binding legal certainty.[21]

On a broader scale, the legal flexibility of LAPS SJK is also tested through the potential application of ex aequo et bono principle decisions, based on considerations of equity and fairness. According to Article 56 of Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution, arbitrators may exercise this authority only with the parties' explicit written consent. However, in practice, the application of this principle is rare, given the characteristics of financial services sector disputes, which demand high legal certainty and are grounded in specific OJK regulations. Nonetheless, the existence of the ex aequo et bono option represents a space for flexibility within Indonesia's arbitration system, allowing for a more contextually appropriate substantive justice, provided it is supported by the parties' explicit agreement to preserve legitimacy and procedural certainty.[22]

The challenges and future of dispute resolution mechanisms at LAPS SJK are growing increasingly complex with the advent of technological disruptors such as Artificial Intelligence (AI). The potential for AI to rapidly analyze legal documents and evidence, identify patterns of dispute, and provide predictive legal recommendations offers revolutionary efficiency gains. More than just an

[21] Mutiara Pramesti, Rinitami Njatrijani, dan Herni Widanarti, "Perlindungan Konsumen Dalam Penyelesaian Sengketa Sektor Keuangan (Studi Komparatif LAPS-SJK Dan BPSK)," *Law, Development and Justice Review* 8, no. 1 (April 2025): 52–68, https://doi.org/10.14710/ldjr.8.2025.52-68; Harahap dkk., "Yurisdiksi LAPS dalam Penyelesaian Sengketa Konsumen Sektor Jasa Keuangan."

[22] Michael Herdi Hadylaya, "Harmonizing Arbitration: Clarity, Consistency, and Consent in the Application of Ex Aequo Et Bono," *Jambura Law Review* 6, no. 1 (Januari 2024): 88–101, https://doi.org/10.33756/jlr.v6i1.19703.

administrative tool, AI could evolve into a decision-support system that enhances the objectivity and consistency of arbitral awards. However, integrating AI also presents significant challenges, particularly regarding algorithmic bias, transparency in decision-making, and legal accountability for algorithmic errors. From the perspective of Islamic law, relevant to sharia financial disputes, the position of AI is even more complex; while this technology is not prohibited as long as it provides benefit (*maslahah*), AI cannot fully replace the role of a human arbitrator because the assessment of justice inherently requires moral judgment, intention (*niyyah*), and juristic reasoning (*ijtihad*) that remain within the human domain. Therefore, the future implementation of AI at LAPS SJK requires a clear regulatory framework, comprehensive ethical guidelines, and robust human oversight mechanisms to ensure that technological efficiency does not compromise the fundamental principles of procedural and substantive justice.[23]

In conclusion, an evaluation of the dispute-resolution mechanisms at LAPS SJK reveals that no single mode is superior across all aspects. The strength of each mechanism is context-dependent, depending on the complexity of the dispute, the dynamics of the parties' relationship, and the need for legal certainty. Mediation excels in creating psychological satisfaction and preserving relationships, arbitration provides superiority in legal certainty and finality, while binding opinions and the potential application of *ex aequo et bono* offer flexibility in achieving substantive justice. The convergence of these three, supported by future technologies, ultimately creates a comprehensive dispute-resolution ecosystem where parties can find the path most aligned with their specific needs.

Conclusion

Comprehensively, this research captures the dynamics and effectiveness of LAPS SJK as an institution that has not only evolved but also demonstrated

[23] Rania S. Azab dan Hosameldin H. Ismail, "AI as a tool to enhance digital arbitration effectiveness (Analytical study under silicon valley arbitration center guidelines)," *Edelweiss Applied Science and Technology* 8, no. 6 (Oktober 2024): 1723–34, https://doi.org/10.55214/25768484.v8i6.2333; Mohammad Azam Hussain dkk., "The Potential Prospect Of Artificial Intelligence (Ai) In Arbitration From The International, National And Islamic Perspectives," *Journal of International Studies* 19 (2023), https://doi.org/10.32890/jis2023.19.1.4.

significant performance improvement during the 2022-2024 period. Three key findings have been successfully identified. *First*, in terms of case variety, LAPS SJK consistently navigates a dispute landscape dominated by the banking and fintech lending sectors, reflecting both their extensive customer base and vulnerabilities within the digital financial ecosystem. The absolute dominance of the mediation mechanism substantiates the institution's philosophy prioritizing consensual resolution, although the high rate of case rejections, primarily due to non-compliance with the Internal Dispute Resolution (IDR) prerequisite, poses a significant challenge for public financial education and literacy.

Second, in terms of resolution duration, LAPS SJK has demonstrated its commitment to the principle that "time is justice" through impressive temporal efficiency. The institution successfully compressed its overall Service Level Agreement (SLA) from 107 working days (2022) to 65 working days (2024), a leap facilitated by digital transformation, business process optimization, and policy consolidation, all without compromising the integrity of the mediation process, which remains maintained within a 30-working day framework.

Third, and most substantially, is the reality of party compliance, which shows a positive trend and serves as a barometer of LAPS SJK's legitimacy. The surge in voluntary compliance from 165 cases (2023) to 230 cases (2024), without a single case culminating in forced execution, constitutes irrefutable empirical proof that trust in the integrity of LAPS SJK's processes, and the quality of its decisions has been firmly established among consumers and Financial Services Business Actors (PUJK). The foundation of this compliance is the positive perception of procedural justice throughout both mediation and arbitration.

Holistically, the effectiveness of LAPS SJK is a multi-dimensional narrative woven from its capacity to handle dispute complexity, its achievement of temporal efficiency, and its cultivation of a compliance culture. The institution's future sustainability will be determined by its capacity to strengthen consumer education, refine preliminary verification processes, and adopt technological innovations such as Artificial Intelligence (AI) wisely and responsibly, while continuously upholding the independence and professionalism of its mediators and arbitrators as its

foundational pillars.

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