

Analysis of Legal Protection for Mutual Fund Investors Against Violations by Investment Managers in Indonesia

Revita Anggi Shelomita¹, Anastasia Lutfun Maghfiroh Dwiatmaja M², and Siti Nur Ulyatin Zumaroh³

¹Faculty of Law, State University of Surabaya, Indonesia, revita.23361@mhs.unesa.ac.id

²Faculty of Law, State University of Surabaya, Indonesia, anastasia.23643@mhs.unesa.ac.id

³Faculty of Law, State University of Surabaya, Indonesia, siti.23644@mhs.unesa.ac.id

Manuscript ID	68571
Article History	Submitted: 13 June 2025 Reviewed: 22 December 2025 Revised: 23 December 2025 Accepted: 29 December 2025
Author(s) Origin	Indonesia
Abstract	Legal protection for mutual fund investors in Indonesia is crucial in dealing with violations committed by investment managers, in order to maintain the trust and integrity of the capital market. Investment is the activity of investing capital or assets into an instrument with the hope of gaining profit in the future. and Mutual funds are investment products consisting of a collection and managed by investment managers. This article analyzes the legal protection of mutual fund investors in Indonesia against violations by investment managers. With a case study of PT Asia Raya Kapital, which was fined IDR 1.57 billion by the OJK for committing various violations including suboptimal management and cross-transactions that harm investors which will be discussed as an illustration. The study uses normative legal methods, analyzing secondary data such as capital market laws and regulations. This article examines existing legal protection mechanisms, evaluates the effectiveness of dispute resolution, and highlights the importance of understanding investment risks.
Keywords	<i>Legal protection, mutual funds, investment managers</i>

INTRODUCTION

Investment is the activity of investing capital or assets into an instrument with the hope of gaining profit in the future. An investor is a person or entity that provides funds to gain

profit in the future. Investment can be done in various ways, such as buying stocks, mutual funds, bonds, or even property in the hope that the value of the asset will achieve capital

growth or provide passive income. It is regulated in article 1 number 1 of Law Number 25 of 2007 concerning investment which explains that investment is all forms of capital investment activities, both by domestic investors and foreign investors to conduct business in the territory of the Republic of Indonesia.

Mutual funds are investment products consisting of a collection and managed by investment managers. The funds are collected from many investors and invested in various investment instruments such as stocks, bonds, and money markets. The purpose of mutual fund investment is to achieve optimal profits in the long term¹.

Mutual and or mutual funds come from the word "reksa" which means to guard or maintain and "dana" which means money. Mutual funds based on Capital Market Law Number 8 of 1995 article 1 paragraph 27 are a vehicle that functions to collect and from the investor community to then be invested in a portfolio of securities by the Investment Manager. The investment manager is the party that manages the portfolio of securities by the investor manager and manages the funds of investors who buy the mutual fund products of the mutual fund investment manager².

The high interest in mutual fund investment is due to the various conveniences provided to the public to invest starting from opening an account online, access to portfolio monitoring, online GMS and so on. In addition, the public chooses mutual funds as a place for professional and competent investment, easy verification of high liquidity and an easy process. Mutual funds can function as an alternative investment for the investor community and the distribution of share ownership will be very wide in the community and help investors who do not dare to face high risks. Various types of mutual funds are distinguished by their investment composition which can provide choices for investors, because each has different risks and different levels of profit³.

In this article, it aims to identify how the legal protection mechanism is available for mutual fund investors in the face of violations committed by investment managers. By understanding the case of PT Asia Raya Kapital where the OJK imposed a fine of IDR 1.575 billion and issued an order to dissolve PT Asia Raya Kapital's mutual fund product because it committed 7 violations, including suboptimal management of sharia mutual funds, cross trading transactions that are not in accordance with market conditions, and mutual fund management that only follows the instructions of one customer, thereby harming other investors. This case illustrates the importance of an effective legal protection mechanism for mutual fund investors in order to avoid detrimental fund management practices and violations by investment managers.

¹ Cecep Galih Pratama, E. J. (2023). *Perlindungan Hukum Terhadap Investor Dalam Investor Reksa Dana*. *Bina Mulia Hukum*, 367-379.

² Ferdian Kowanda, S. (2021). *Perlindungan Hukum Investor Reksadana Terhadap Manajer Investasi Gagal Bayar Dalam Kontrak Investasi Kolektif*. *Jurnal Ilmu Hukum dan Humaniora* , 1057-1066.

³ A, M. P. (2023). *Perlindungan Hak Investor Reksadana dari Pelanggaran yang Dilakukan oleh Manajer Investasi*. *Jurnal Rumpun Ekonomi Syariah*.

Based on this background, this study will analyze how the legal protection is available for mutual fund investors in Indonesia in the face of violations by investment managers and evaluate the effectiveness of existing dispute resolution mechanisms, with a case study of PT Asia Raya Kapital as a real illustration of the challenges faced.

The research method used in this article is normative juridical, which is based on secondary data and library research using a statutory approach. This study will analyze and examine secondary data in the form of legal materials such as laws, regulations, and general capital market guidelines.

ANALYSIS & DISCUSSION

1. Legal protection available for mutual fund investors in facing violations by investment managers

In the legal system in Indonesia, mutual funds are known as one type of fund collection as regulated in Article 1 number 27 of the Capital Market Law. A mutual fund is defined as a vehicle used to collect funds from the investing public, which are then invested in the stock exchange by investment managers. Mutual funds play an important role in gathering community funds. The existence of mutual funds is comparable to banks and pawn institutions, which also support housing finance and provide various funding alternatives for investors. Article 1 paragraph (27) of the Capital Market Law emphasizes that mutual funds are one means of establishing the legal basis for the organization of mutual funds, which is a vehicle used to collect funds from the public, which are subsequently invested in a portfolio of securities by investment managers. The main elements of mutual funds include the presence of funds from investors, Funds are invested in a portfolio of securities, and their management is carried out by investment managers.

In practice, several issues related to mutual funds certainly arise, especially those concerning professional relationships in the mutual fund industry with investors. Mutual funds around the world generally have a close relationship with the banking sector, enabling mutually beneficial cooperation in the management of mutual fund assets for the benefit of investors. The funds collected by investment managers in large amounts are managed professionally and invested in the form of mutual fund certificates. The certificate states that the certificate holder entrusts a certain amount of funds to the investment manager in the mutual fund, which will be used as investment capital in the capital market. Investment managers in managing mutual funds are bound by a contract made between the board of directors and the investment manager, while for the management of open-end mutual funds, the contract used is a collective investment contract agreed upon between the investment manager and the custodian bank.

Mutual fund investment managers are not allowed to directly receive or provide loans, forbidden to purchase shares or participation units from other mutual funds, as well as other prohibitions related to mutual fund investments that are further regulated by the Financial Services Authority (OJK). When investing in mutual funds, it is very important to understand the applicable regulations and to choose a reputable investment manager. By complying with existing provisions and managing mutual funds professionally, investors can achieve investment benefits in a safe and reliable manner. However, investors must also be aware that mutual fund investments still carry risks, and past investment performance

cannot be guaranteed for future performance. Therefore, investors are advised to conduct thorough analysis and consult with financial experts before deciding to invest.

To address various challenges and issues related to legal protection for investors in mutual fund investments, investors need to understand the risks inherent in such investments, choose the type of mutual fund that aligns with their risk profile and investment objectives, and conduct due diligence on the investment manager and mutual fund distributor before making an investment. Additionally, investors must also keep up with the developments in regulations governing mutual funds and periodically update their knowledge about mutual fund investments.

There is a case of violation by an investment manager that harmed investors, namely PT Asia Raya Kapital (ARK). PT Asia Raya Kapital is a company established since September 2013 and obtained a business license as an investment manager from the Financial Services Authority (OJK) on December 29, 2014, with Number KEP-62/D.04/2014.

On August 4, 2023, the Financial Services Authority (OJK) announced the results of an examination regarding violations of legislation in the capital market committed by PT Asia Raya Kapital. In announcement Number PENG-4/PM.1/2023, OJK imposed an administrative sanction in the form of a fine of Rp 1.57 billion on PT Asia Raya Kapital. In addition, the company is required to pay the liquidation funds that are the rights of the unit holders and submit a dissolution report to OJK in accordance with the applicable regulations. OJK also issued a written order for PT Asia Raya Kapital to dissolve four mutual funds, namely Asia Raya Syariah Barokah Equity Fund, Asia Raya Syariah Superior Equity Fund, Asia Raya Syariah Amanah Equity Fund, and Asia Raya Emerging Market Equity Fund. The company is required to report the progress of the implementation of the order to OJK within six months, with the threat of revocation of the investment manager's business license if the order is not carried out.

The sanction and written order were issued because PT Asia Raya Kapital was proven to have committed several violations, including not managing the Barokah Sharia Mutual Fund and the Sharia Ummah Mutual Fund properly, as well as conducting cross transactions that did not comply with the arm's length principle and applicable market prices, due to directions from specific clients, namely PT Asabri (Persero). PT Asia Raya Kapital conducted securities transactions in the Sharia Ummah Mutual Fund without a rational reason and not under the best conditions available at the time of the transaction, resulting in losses for the mutual fund. In addition, the company held securities from one issuer exceeding 20% of the net asset value in the Asia Raya Sharia Dharma Fund and the Sharia Ummah Mutual Fund without making adjustments in accordance with regulations.

PT Asia Raya Kapital has also been proven to manage mutual funds passively by only following instructions from PT Asabri (Persero), which indicates that the investment manager does not prioritize the interests of all clients, but rather only the interests of one specific client. The company also engages in cooperation without any written agreements and is not responsible for the marketing activities conducted by marketing personnel who promise guaranteed returns to potential clients and existing clients. In addition, PT Asia

Raya Kapital has not submitted the mutual fund dissolution report to OJK because the liquidation process for four of these mutual funds has not yet been completed.

Based on the case of PT Asia Raya Kapital, the form of protection for investors' rights against detrimental actions taken by investment managers is through a liquidation process to return the funds that have been invested by investors in the mutual fund products managed by the company. This liquidation process is carried out by selling all the assets owned by the company, including the portfolio of mutual fund products managed. The proceeds from the sale of these assets will be used to settle any outstanding debts and return funds to the investors.

The case of PT Asia Raya Kapital emphasizes the importance of protection for investors in mutual fund investments. The incident also highlights the need for investors to always pay attention to the credibility and reputation of investment managers before deciding to invest. Additionally, investors must understand the risks inherent in mutual fund investments and choose mutual fund products that align with their risk profile and investment goals⁴.

2. The effectiveness of dispute resolution mechanisms between investors and investment managers in practice

In the implementation of mutual fund investments, disputes frequently arise between mutual fund investors and investment managers. Therefore, effective dispute resolution mechanisms are necessary to handle such cases. Disputes related to mutual fund investments can be resolved through several institutional mechanisms. The following are the available dispute resolution mechanisms for mutual fund investments:

- a) **Arbitration** : Arbitration is one form of Alternative Dispute Resolution (ADR) outside the general courts, agreed upon by the parties through a written agreement. In addition to arbitration, ADR includes mediation, negotiation, and conciliation. ADR aims to resolve disputes more quickly, economically, and flexibly compared to regular court proceedings.
- b) **Consumer Dispute Resolution Agency** : If an investor feels disadvantaged in a mutual fund investment, they may file a complaint with a consumer dispute resolution agency. The agency will mediate between the investor and the investment manager to find a mutually agreeable solution.
- c) **Financial Services Authority (OJK)** : The OJK is the institution responsible for supervising and regulating the capital market in Indonesia. If an investor believes that an investment manager has violated regulations or engaged in harmful conduct, a complaint can be submitted to the OJK. The OJK will carry out an investigation and may impose sanctions on the investment manager if violations are found.
- d) **Court** : If mediation through a consumer dispute resolution agency or the OJK fails to resolve the dispute, the investor may file a lawsuit in court. The court will conduct hearings and decide whether the investor is entitled to compensation. The choice

⁴ Anggraeni, R, *Kasus Asabri, OJK Denda Manajer Investasi Asia Raya Kapital Rp1,57 Miliar*, (2023, Agustus 12). <https://finansial.bisnis.com/read/20230812/215/1684182/ko-asabri-ojk-denda-manajer-investasi-asia-raya-kapital-rp157-miliar>

of resolution depends on the specifics of each case; however, mediation and negotiation are generally quicker and easier than court proceedings.

The effectiveness of these mechanisms depends on various factors, including party agreements, the quality of regulation, and the role of the OJK in facilitating dispute resolution. Overall, the mechanisms for resolving disputes between mutual fund investors and investment managers are diverse and available, but their effectiveness in practice is influenced by procedural factors, investor understanding, and the good faith of the parties involved. The use of alternative avenues such as mediation and arbitration is more recommended for efficiency, while court litigation should be the last resort for more formal and binding settlements.

An Example of a Dispute Resolution Case: PT Asia Raya Kapital An example of a dispute resolution mechanism between mutual fund investors and investment managers is the case of PT Asia Raya Kapital. Following an investigation by the OJK, PT Asia Raya Kapital was found to have violated laws in the capital market sector. The violations included:

- a) Failing to manage the Barokah Sharia Mutual Fund and the Umat Sharia Mutual Fund appropriately and not conducting transactions under the best conditions. Specifically, they engaged in cross-transactions that did not meet arm's length conditions at prevailing market prices due to directives from a specific client, PT Asabri (Persero).
- b) Conducting securities transactions in the Umat Sharia Mutual Fund without rational justification and not under the best conditions available at the time, resulting in losses to the fund.
- c) Holding securities issued by a single entity in excess of 20% of the in both the Asia Raya Syariah Darma Saham Mutual Fund and the Umat Sharia Mutual Fund, and failing to adjust according to the regulations.
- d) Managing mutual funds passively by following the instructions of PT Asabri (Persero), which indicated that PT Asia Raya Kapital, as an investment manager, prioritized the interests of a single client rather than all investors.
- e) Collaborating without a written agreement between PT Asia Raya Kapital, represented by Mr. Wisnuaji Wibowo, and Mr. Benny Tjokrosaputro—an unauthorized party for mutual fund distribution—in providing marketing personnel for several Sharia mutual funds.
- f) Failing to take responsibility for the marketing activities of mutual fund agents who marketed and/or sold mutual funds while promising guaranteed returns to prospective and existing investors.
- g) Not submitting dissolution reports of mutual funds to the OJK due to the incomplete liquidation process of four mutual funds: Asia Raya Growing Equity Fund, Barokah Sharia Equity Fund, Leading Sharia Equity Fund, and Amanah Sharia Equity Fund.

Due to these violations, on August 4, 2023, the OJK imposed several sanctions on PT Asia Raya Kapital, including An administrative fine of IDR 1,575,000,000. A written order requiring PT Asia Raya Kapital to dissolve four mutual funds (Barokah, Leading, Amanah,

and Growing Equity Funds), pay the liquidation proceeds to entitled unit holders, submit dissolution reports to the OJK as per the applicable regulations, and dissolve the Asia Raya Balanced Sharia Mutual Fund for Economic Empowerment in accordance with existing rules. These sanctions were issued due to violations of provisions in Point 3 letter b subpoint 1) letters g) and h) of Regulation No. V.A.3, Annex to the Decree of the Chairman of Bapepam and LK No. Kep-479/BL/2009 dated December 31, 2009, concerning the Licensing of Securities Companies Engaged in Investment Management Activities. The administrative and written sanctions imposed by the OJK are considered effective in deterring PT Asia Raya Kapital, considering the severity and scope of the violations committed.

CONCLUSION (bold, 14 pt)

A mutual fund is a vehicle used to pool funds from the investing public. In practice, mutual funds are invested in securities portfolios by investment managers. These managers are prohibited from accepting or giving direct loans, from purchasing shares or units of other mutual funds, and from other restricted activities as regulated by the Financial Services Authority (OJK). Legal protection for investors is crucial to help them understand the risks involved in mutual fund investments, select fund types that align with their risk profiles and investment goals, and conduct due diligence on investment managers and mutual fund distributors before committing capital.

A case in point is the violation by PT Asia Raya Kapital (ARK), which harmed investors. This company violated capital market laws and, as a result, was fined IDR 1.57 billion as announced in Notice No. PENG-4/PM.1/2023. Additionally, the company was required to return the liquidation proceeds to unit holders and submit dissolution reports to the OJK in accordance with applicable regulations. These sanctions were deemed effective in providing a deterrent effect to PT Asia Raya Kapital, considering the violations it committed as an investment manager.

REFERENCES

- A, M. P. (2023). *Perlindungan Hak Investor Reksadana dari Pelanggaran yang Dilakukan oleh Manager Investasi. Jurnal Rumpun Ekonomi Syariah.*
- Anggraeni, R. (2023, Agustus 12). *Kasus Asabri, OJK Denda Manajer Investasi Asia Raya Kapital Rp1,57 Miliar.* Retrieved from Bisnis.com: <https://finansial.bisnis.com/read/20230812/215/1684182/ko-asabri-ojk-denda-manajer-investasi-asia-roya-kapital-rp157-miliar>
- Cecep Galih Pratama, E. J. (2023). *Perlindungan Hukum Terhadap Investor Dalam Investor Reksa Dana. Bina Mulia Hukum, 367-379.*
- Djafar, R. (2016). *Efektivitas Penerapan Sanksi Terhadap Penanaman Modal Asing Di Indonesia Menurut Undang-Undang Nomor 25 Tahun 2007. Lex Privatum.*
- Ferdian Kowanda, S. (2021). *Perlindungan Hukum Investor Reksadana Terhadap Manajer Investasi Gagal Bayar Dalam Kontrak Investasi Kolektif. Jurnal Ilmu Hukum dan Humaniora, 1057-1066.*
- Undang-Undang Nomor 25 tahun 2007 tentang Penanaman Modal.