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MORALITY BEFORE KNOWLEDGE

From commodities to financial instruments: Consumer protection challenges in gold financing in Indonesia under OJK regulation no. 17 of 2024

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ABSTRACT

Background: The enactment of OJK Regulation No. 17/2024 marks a milestone in diversifying Indonesia's financial ecosystem by establishing an operational bullion banking framework. However, its "gold-to-gold" financing mechanism introduces severe systemic vulnerabilities, including global gold commodity price volatility, extreme information asymmetry, and deep contractual imbalances between financial services institutions and retail consumers. **Methods**: This study utilizes a rigorous doctrinal methodology, employing statutory, conceptual, and comparative approaches to assess the current regulatory framework's adequacy, with particular reference to Turkey's macroprudential integration and the London Bullion Market Association (LBMA) standards. **Findings:** The study reveals a critical legal vacuum within POJK 17/2024: while the regulation mandates institutional risk governance, it fails to provide explicit risk-sharing or consumer protection instruments from the borrower's perspective. Consequently, market risks are entirely transferred to consumers through standard adhesion contracts. **Conclusion**: The current gold-to-gold financing mechanism leaves retail borrowers structurally exposed to global commodity price shocks, creating a governance gap between institutional risk management and consumer protection that requires urgent regulatory correction. **Novelty/Originality of this article:** By evaluating Turkey's macroprudential integration and the LBMA standards, this study provides concrete de lege ferenda legal recommendations, such as mandatory asymmetric hedging buffers, standardized volatility disclosure forms, and equitable risk-sharing clauses, to foster distributive justice and financial system stability.

KEYWORDS: consumer protection, gold finance, OJK.

1. Introduction

Inflation is a problem that occurs in almost all countries around the world. The inflation index is a macroeconomic indicator that directly affects a country's economic conditions. Inflation is defined as a widespread increase in the prices of goods and services over a long period of time (Höflmayr, 2022). A correlation exists between inflation and monetary stability, a key pillar of a country's economic health. Monetary stability can be measured by several indicators, such as inflation, the rupiah exchange rate, and interest rates (Enjellina, 2025). Fluctuations in global commodity prices, such as gold, can have a significant impact

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on inflation in Indonesia, as evidenced by data from the Central Statistics Agency/*Badan Pusat Statistik* (BPS) showing that the increase in the price of gold jewelry contributed to annual inflation 11 times in 2025. This cumulative inflation reached 2.92% by December 2025. According to the Deputy for Distribution and Services Statistics at BPS, this inflation rate is the highest in the country compared to the year-to-date inflation from December 2021 to 2024.

This condition has caused many citizens to shift their cash funds to other investment sectors such as gold, mutual funds, and bonds, to maintain the value of their money. Gold is often referred to as a safe haven because it tends to hold its value or increase in value during times of political or economic uncertainty or high inflation, and it protects wealth from fluctuations in other assets. Gold's legal status allows it to be used as money and as a commodity, while also serving as a symbol of wealth and power throughout history (Barry, 1934). Gradually, in the 20th century, gold was recognized as the main currency in international and domestic trade, and countries such as the United States established the Gold Dollar as the standard unit of account through the US federal government (Long, 2025).

However, the harsh economic realities of World War I forced many European countries to abandon the gold standard, at least temporarily (Long, 2025). After World War I, the link between money and gold was gradually loosened, and the gold exchange standard, which was the government's commitment to exchange its currency for gold or foreign currencies that could be exchanged for gold, replaced the strict gold standard as the norm (Long, 2025). This history also shows a tendency for countries around the world to use undefined gold not only as a decorative item but also as a national policy instrument, such as currency, a standard unit of value, and so on.

Baur & Lucey (2010) stated that gold is categorized as a haven asset and hedge that has been developed in the global capital market since the crisis in 2008 (Baur & Lucey, 2010). Shakil's research on gold as a hedge against portfolios and inflation in Saudi Arabia (Shakil et al., 2018) reinforced this. According to Robiyanto (2018), gold plays a role as a safe-haven asset only in Singapore and Malaysia, and as a hedge for sharia stocks in Indonesia and can also be a safe haven in the event of turmoil in the Indonesian stock market (Robiyanto, 2018). This means that the role of gold in each country's economic stability is highly dependent on other specific economic indicators in that country, including the value and price of gold. In Indonesia, the exchange rate of the rupiah against the dollar and high domestic demand influence the price of gold during times of economic uncertainty, but it can decline when global economic conditions begin to stabilize and interest rate policies are tightened. Similar to other commodities, the price of gold is also determined by the supply and demand balance.

In this case, factors such as industrial demand, investment as a hedge, and demand from central banks and financial institutions influence gold prices. On the other hand, market sentiment, such as global uncertainty, including political turmoil and economic crises, can affect investors' perceptions of gold's security and value and is a main trigger of precious metal price volatility in Indonesia. Another external factor affecting gold prices is the Federal Reserve's monetary policy (The Fed). When the U.S. central bank lowers interest rates, the dollar's appeal as an investment instrument tends to decline, causing investors to turn to gold as an alternative asset (Dhafi, 2024). Based on the economic census published by BPS, domestic gold prices in Indonesia have experienced a long-term growth trend but with extreme daily volatility, influenced by movements in the exchange rate of the Rupiah against the USD (USD/IDR) as well as the national inflation rate.

This volatility is also in line with the development of global gold prices in 2025, which rose by 44.13% compared to the 2024 average (Statistik, 2026). This consistent surge in gold prices is in line with Baur & Lucey's theory, which positions gold as a protective asset. Gold is perceived as a safe, stable, and "certain value" asset. This perception has driven a significant increase in the demand for gold financing.

Gold investment in Indonesia has played a crucial role in mitigating inflation for many people due to its nature as a hedge asset. Gold is defined as a chemical element with the symbol Au, which has inert properties, meaning that gold does not easily react with other chemical elements, so its luster is maintained even when stored in extreme conditions for centuries. Despite market volatility and global monetary uncertainty, these physical and economic characteristics make gold the primary protector for investors (Robiyanto, 2018; Asikin, 2024). With its position as the eighth-largest gold producer and sixth-largest reserve holder in the world in 2023, Indonesia has massive economic potential. However, the productivity of this asset is still hampered because the majority of the population stores gold personally outside the banking system. The revolution in Indonesia's financial sector has grown rapidly with the introduction of the Bullion or Gold Bank scheme, officially launched by the President on February 26, 2025. With this regulation, the role of gold has gone beyond its mere investment function and has developed into a financing instrument that reaches several people. This phenomenon marks an important shift in the relationship between the commodity market, the financial system, and the law, which has not been adequately addressed by the NRF.

This initiative is a government's strategic response to optimize national gold reserves, which have largely been held by the public and have not contributed productively to the macroeconomy. Bullion business activities include five types of activities: gold deposits, gold financing, gold trading, gold custody, and other activities carried out by financial services institutions (LJK). As of December 23, 2024, PT Pegadaian (Persero) (PT Pegadaian) has obtained a bullion business license from the Financial Services Authority. The OJK approved PT Pegadaian to perform bullion business activities, including gold deposits, gold working capital loans, corporate gold custody services, and gold trading, through letter No. S-325/PL.02/2024. Meanwhile, PT Bank Syariah Indonesia Tbk (BSI) obtained an official license to operate a gold bank from the OJK through OJK Letter No. S-53/PB.22/2025 in February. The BSI license covers two main business activities: gold custody and gold trading. Thus, PT Pegadaian is the only legal entity authorized to provide gold financing, and this article will focus on bullion business activities related to gold financing.

However, this rapid transition from a physical commodity to a highly structured financial instrument creates a profound legal and economic paradox. Under POJK 17/2024, gold financing is strictly operationalized through a rigid gold-to-gold mechanism: borrowers receive gold-valued capital and are legally compelled to settle their principal obligations in physical gold of equivalent mass and purity within a specified term. Because global gold prices are subject to extreme daily market volatility driven by external macroeconomic currents, the nominal repayment burden on domestic retail borrowers can expand exponentially. E.g, a dramatic surge in gold market valuations directly translates into an overwhelming debt-servicing obligation for the consumer, regardless of domestic cash flows.

From a legal perspective, this financing model raises important questions concerning the adequacy of Indonesia's existing regulatory framework. Although POJK 17/2024 establishes the legal basis for bullion business activities, it provides only limited guidance regarding the allocation of market risk, the scope of institutional responsibility when extreme price volatility occurs, and the standards of consumer protection applicable to gold-based financing products. Consequently, borrowers may bear substantial economic risks arising from factors entirely beyond their control, while the regulatory framework remains primarily focused on prudential supervision rather than substantive consumer protection. This situation highlights the need to reassess whether the current governance framework sufficiently balances financial innovation with legal certainty, fairness, and distributive justice, particularly in transactions where commodity price fluctuations can significantly alter the parties' contractual obligations.

Previous research conducted by Catarina Manurung, entitled "Gold Banks in Indonesia (Prospects, Expectations, and Challenges)," only discusses macroeconomics, expectations, and challenges. Caterina Manurung's research focuses on positive impacts, such as GDP growth and job creation (Manurung, 2025). On the other hand, this paper focuses on the risk of gold price fluctuations that create an effective debt burden for customers in the gold-to-gold financing scheme by using a more complex approach that links OJK risk management with consumer protection theory. Given the imbalance in the relationship between debtors and creditors in the gold financing mechanism and external conditions that have the potential to cause gold prices to rise sharply, this article will explain several aspects of regulatory limitations and the role of the state in achieving a balance between the parties in gold financing agreements, so that distributive justice can be realized without eliminating the parties' freedom to reach mutually beneficial agreements.

2. Methods

2.1 Research approach

This study uses a normative juridical methodology (doctrinal legal research) to investigate internal statutory consistency, systemic conflicts, and regulatory gaps within the legal framework of active financial services. The Statutory approach is used to evaluate the hierarchies and interaction between Law 4/2023, OJK Regulation 17.2024, Law 8/1999, and POJK 6/2022. A conceptual approach is applied to deconstruct the friction between the civil principle of freedom of contract (article 1338 Civil Code) and consumer equity and macroprudential risk mitigation mandates in public law. A comparative approach is undertaken via a structured literature review of the international framework, specifically analyzing the macroprudential integration of the Central Bank of Turkey and the compliance rules of the London Bullion Market Association (LBMA).

Intentionally, Turkey and the LBMA were chosen over other jurisdictions, such as Malaysia. Turkey represents a premier, highly integrated macroprudential model in which the central bank of a low- and middle-income country (LMIC) actively absorbs and manages household gold reserves through formal monetary policy and sovereign risk-buffering mechanisms. The LBMA is the definitive global benchmark for governance, compliance, and counterparty market conduct in wholesale bullion. Conversely, Malaysia's gold infrastructure focuses primarily on retail Islamic savings accounts and localized commodity murabahah transactions, which lack the sovereign macroprudential integration and wholesale risk governance relevance required to critique the P2SK Law.

2.2 Data collection

The study collected primary legal materials (statutes and regulations) and secondary legal materials (academic journals, official reports, and legal treatises). The selection of legal materials was based on their relevance, authority, and direct relationship to the regulation of bullion business activities, financial services governance, and consumer protection in Indonesia. The gathered data were subjected to qualitative-doctrinal analysis using deductive reasoning and formal legal interpretation (grammatical, systematic, and teleological) to expose regulatory vacuums and construct robust de lege ferenda models.

2.3 Data analysis

This study examines contract freedom and the adhesion contract dilemma. The private legal relationships underlying gold financing agreements are formally anchored in article 1338 of the Indonesian Civil Code (Burgerlijk Wetboek), which encapsulates the classic freedom of contract (partij-autonomie). This provision states that all legally concluded agreements for the participating parties operate as statutory law. In classical legal theory, this autonomy presupposes that separate private actors possess equal bargaining power and engage in level negotiations to distribute contractual benefits and liabilities.

However, this egalitarian assumption collapses within modern mass retail consumer markets. Financial services institutions uniformly use undefined standardized adhesion contracts (klausula baku), presenting consumers with a rigid, nonnegotiable "take-it-or-leave-it" proposition. While the "fiction of will and trust" (fictie van wil en vertrouwen) assumes that a signed agreement indicates voluntary assent to all internal terms, the consumer's choice is highly constrained by urgent capital needs and the total absence of alternative, customizable financing options. Consequently, financial institutions leverage standard clauses to insulate themselves from macrofinancial shocks by completely transferring the risk of global price volatility to the debtor.

Modern legal systems rely on consumer protection theory to correct structural market distortions born from absolute freedom of contract. Formally codified in UUPK Law No. 8 of 1999 on Consumer Protection, this doctrine positions state intervention as a necessary counterweight to ensure substantive justice and market equity. The fundamental justification for this intervention is information asymmetry: commercial financial institutions possess superior legal expertise, continuous market data feeds, and sophisticated institutional risk management systems, whereas retail consumers generally operate with constrained financial literacy and cannot anticipate or hedge against volatile international commodity markets. Under UUPK principles and POJK No. 6 of 2022 concerning Consumer Protection in the Financial Services Sector, the state is obligated to enforce rigorous transparency, information disclosure, and fair dealing standards to prevent exploitative, one-sided risk allocation.

From a macrofinancial legal perspective, risk management cannot be confined to the narrow borders of institutional self-preservation. The financial regulation theory dictates that comprehensive risk governance must integrate microprudential institutional stability with macroprudential ecosystem health. If an individual regulation permits the systemic transfer of massive commodity price risks onto an unprotected, highly leveraged consumer base, the resulting widespread retail defaults can trigger cascading credit defaults, destabilize licensed lenders, and compromise the broader national financial architecture's integrity. True macroprudential governance requires the implementation of structured risk buffers and external hedging architectures to collectively absorb systemic shocks.

3. Results and Discussion

3.1 Legal basis and consumer protection theory in the bullion scheme POJK number 17 of 2024

Gold financing, one of Bullion Bank's business activities, is mandated by Law Number 4 of 2023 concerning the development and strengthening of the financial sector (P2SK Law). This law mandates reforms in gold banking regulations as stipulated in Article 130 of the P2SK Law, which defines gold bar banking as business activities related to gold in the form of deposits, financing, trading, gold storage, and/or other activities. Therefore, this provision grants authority to financial service institutions under the control of financial regulators or financial service authorities. Furthermore, Article 131 states that financial service institutions conducting bullion business activities must obtain a license from the financial services authority (Undang-Undang (UU) Nomor 4 Tahun 2023 Tentang Pengembangan Dan Penguatan Sektor Keuangan, 2023).

As a derivative of the P2SK Law, the OJK issued Financial Services Authority Regulation Number 17 of 2024 (Per OJK No.17/2024) to ensure strict legal certainty and customer protection in conducting business. Although the mandate of Per OJK No.17/2024 aims to detail the operational framework for the establishment and implementation of gold banking activities, it should be noted that the implementation of Bullion Banks is still in its early stages, making it important to assess whether this regulation is adequate in providing protection and legal certainty for creditors and debtors, especially those related to gold financing (Peraturan Otoritas Jasa Keuangan Nomor 17 Tahun 2024 Tentang Penyelenggaraan Kegiatan Usaha Bulion, 2024).

It should be noted that Article 132 of the P2SK Law states that the financial services authority regulates provisions regarding the implementation of bullion business activities and provisions must at least include: the stages of implementation of bullion business activities, governance, risk management, prudential principles, and administrative sanctions. Risk management and prudential principles should be implemented not only by financial services institutions that provide gold financing, but also by consumers (Irawan & Christianto, 2025)

The gold financing scheme in bullion business activities is not intended for physical ownership of gold by customers. Instead, customers who receive gold loans must repay the loan in the form of gold within a certain period of time with compensation or profit sharing (Gold to Gold). In addition, financial service institutions that conduct bullion business activities are required to ensure repayment from customers who obtain gold financing facilities in the form of gold (FAQ Peraturan PJOK No.17/2024). For gold financing, collateral must be deposited to guarantee the financing. In this case, it depends on the type, namely cash or cash equivalents, time deposits, gold supplies, and securities issued by the Government of the Republic of Indonesia or Bank Indonesia. However, the Gold Financing scheme is not without its shortcomings, which could potentially impact the debtor. The creditor may adjust the collateral to cash or cash equivalents in the event of fluctuations in gold prices (Badar & Mandala, 2025).

For comparison, on January 2, 2020, the price of gold was approximately Rp 771,000 per gram (Sahabat Pegadaian, 2021), and in early January 2025, the price of gold reached Rp 1,524,000 per gram, and on January 15, 2026, the price of gold reached Rp 2,488,000 per gram (PT Antam Tbk, 2026). This means that in one year from 2025 to 2026, the market price of gold has risen by more than 61% as seen in this table:

Table 1. Trends in gold prices and annual market growth in Indonesia

Date	Gold Price per Gram (IDR)	Annual Market Increase (%)
January 2, 2020	Rp771,000	Baseline
Early January 2025	Rp1,524,000	Extended Growth
January 15, 2026	Rp2,488,000	>61% (YoY surge from 2025)

On the one hand, gold is a very profitable investment tool, but on the other hand, if gold is used as a financing tool and consumers also have to repay the financing in the form of gold, this increase is very burdensome, especially with the sharp fluctuations in the price of gold. However, behind the perception of security in maintaining the value of such investments, gold financing carries complex legal and economic risks. The gold price is determined by global dynamics that are beyond the control of consumers and domestic financing institutions. Sharp fluctuations in the price of gold can directly affect the burden of obligations on financing recipients and the value of collateral that supports financial service institutions' portfolios. This is influenced by the relevance of geopolitical tensions that affect commodity prices, including gold, through several channels (Antonakakis et al., 2017). In this context, gold financing cannot be understood solely as a private contractual relationship, but rather as a financial phenomenon that has the potential for systemic impact if conducted on a massive scale and without adequate risk mitigation mechanisms.

Indonesian contract law still places the principle of contract freedom as the main pillar of civil relations. Article 1338 of the Civil Code provides legitimacy for the parties to determine the content of the agreement according to their wishes. In the practice of gold financing, this principle is often used as a basis for justifying the transfer of the risk of gold price fluctuations to the recipient of the financing. Standard clauses governing payment obligations that do not consider changes in gold prices are considered valid as long as they are agreed upon by the parties. This approach reflects the classical contractual paradigm that focuses on formal agreements and ignores structural inequalities in contractual relationships. Although standard agreements can be accepted as agreements based on the fiction of will and trust (fictie von wil en trouwen) that inspires confidence that the parties are bound by the agreement, if the debtor accepts the agreement, it means that he voluntarily agrees to the contents of the agreement (Badrulzaman, 1994).

This fiction in contract law does indeed prioritize legality and legal formalism in its application, but it is very vulnerable to the implementation of justice for the parties. Moreover, this formalization results in the parties signing a standard agreement, and that signature will give rise to the belief that the signatories know and want the contents of the form they are signing, and the analogy that it is impossible for someone to sign something they do not know the contents of becomes apparent (Badrulzaman, 1994). This paradigm becomes problematic when applied to retail gold financing targeting consumers. Gold financing recipients are generally not commodity market players who understand global gold pricing mechanisms, but rather consumers with limited financial literacy who use gold as a short-term financing solution or business capital. Under such conditions, freedom of contract becomes illusory, standard contracts, urgent economic needs, and a lack of financing alternatives limit consumers' contractual choices.

This information asymmetry and bargaining power imbalance raise fundamental questions about the legitimacy of transferring risk entirely to consumers. This is where the relevance of consumer protection law becomes very important. The Consumer Protection Law emphasizes that the state has an obligation to protect consumers from unfair, misleading, or harmful business practices. The principle of consumer protection serves not only as a corrective to freedom of contract, but also as an instrument for realizing substantive justice in private legal relations. However, consumer protection regimes are often unable to address the market risk inherent in gold price fluctuations in the context of gold financing. Such risks tend to be viewed as ordinary economic risks, rather than legal risks requiring regulatory intervention.

The gold financing scheme is specifically regulated in Articles 8 to 11. This process begins with the source of gold used for financing, whereby, based on Article 7, the financial service institution may utilize gold originating from customers or gold belonging to the financial service institution itself. In the implementation of financing distribution, Article 8 requires financial service institutions to require collateral to ensure the security of transactions in the implementation of financing distribution. In the event of fluctuations in the price of gold on the market, financial service institutions have the authority to request collateral adjustments. Then, regarding transaction limits, Article 9 sets a minimum limit on the amount of gold distributed, which is at least 500 grams per transaction for the initial stage. This scheme is designed to ensure that bullion business activities are carried out on a significant scale to support the domestic gold ecosystem. The main characteristic of this financing is the obligation to repay in the form of physical gold, as stated in Article 10, whereby customers are required to repay the principal amount of gold borrowed, not in the form of cash. This reinforces the concept of gold-to-gold in the gold banking ecosystem.

However, the bullion scheme must have sufficient risk mitigation because financial service institutions are highly dependent on risk management to maintain their operational stability as an institution operating in a risky environment. According to Henry Fayol, the concept of management encompasses five fundamental functions, namely planning, organizing, directing, and supervising. In the context of banking in Indonesia, the OJK defines risk management as a series of systematic methodologies and procedures designed to identify, measure, monitor, and control risks arising from all lines of operational activities (Puspitasari & Kusumawati, 2024). In carrying out bullion activities, OJK No. 17/2024 is present to mitigate risks and provide legal protection to ensure that transactions are conducted safely and in accordance with the function of banks as agents of development acting as agents of trust, namely in relation to services provided to individuals and corporate groups (Manurung, 2025).

Risk management mandated by the OJK is not limited to maintaining the company's ability to meet its financial obligations, but financial institutions must also follow financial service business conduct standards so as not to harm consumers. Article 2 of POJK Number 6 of 2022 concerning consumer protection stipulates that consumer and public protection in the financial services sector must apply the following principles: Adequate education, Openness and Transparency of Information, Fair treatment and responsible business conduct, Protection of consumer assets, privacy, and data, Effective and efficient handling of complaints and dispute resolution.

Consumer protection in the financial services sector is related to the Consumer Protection Law, which mandates the right to security and safety. It should be recognized that there is a difference between business actors and consumers, who in this case are debtors. Profit and increasing turnover are considered important from the perspective of business actors, but consumers may not have sufficient information about the products they use (Mohammad, 2021). In Indonesia, most people use gold as a form of investment in the context of gold transactions. In fact, data from the National Socioeconomic Survey (*Survei Sosial Ekonomi Nasional*) shows that the middle class is the group that saves the most gold. This is where the problem lies. PJOK Number 6 of 22 mandates that adequate education is a form of consumer protection implementation. However, this is a challenge because the 2025 National Financial Literacy and Inclusion Survey by the OJK shows that Indonesia's financial literacy index is still low. Therefore, this low literacy index can create systemic vulnerabilities for debtors when dealing with complex financial products and schemes that are still relatively new, such as Bullion.

PT Pegadaian (Persero) (PT Pegadaian) was established based on Government Regulation Number 178 of 1961 concerning the Establishment of the State Company Pegadaian, and as last revoked by Government Regulation Number 103 of 2000 concerning the Public Company Pegadaian. In 2011, PT Pegadaian changed from a public company to a limited liability company based on Government Regulation No. 51 of 2011 concerning the Change in the Legal Form of the Public Company (Perum) Pegadaian to a Limited Liability Company (Persero). Article 2 paragraph (1) states that the purpose and objective of PT Pegadaian is to conduct business in the field of pawn and fiduciary, both conventional and sharia, and other services in the financial sector in accordance with the provisions of laws and regulations, especially for low- to middle-income communities, micro, small, and medium enterprises, as well as optimizing the utilization of the Company's resources by applying the principles of a limited liability company. Furthermore, paragraphs (2) and (3) state that PT Pegadaian carries out its main business activities to achieve these objectives and purposes into the form of disbursing loans based on pawnbroking law, including securities pawnbroking; distribution of loans based on fiduciary guarantees; deposit services, appraisal services, certification and trading of precious metals and gemstones, money transfer services, payment transaction services, and loan administration services; and optimization of PT Pegadaian's resources. With reference to the objectives and purposes as well as the business activities of PT Pegadaian, it can be concluded that financing in the gold sector, including gold financing, is not regulated at all and is included in the authority of PT Pegadaian.

Furthermore, Financial Services Authority Regulation Number 31/POJK.05/2016 concerning Pawnbroking Businesses and Financial Services Authority Regulation Number 39 of 2024 concerning Pawnbroking (PerOJK Pawnbroking) state that PT Pegadaian is a government pawnbroking company. In conducting its business activities, PT Pegadaian is required to mitigate risks when granting loans, which includes at least: conducting a risk analysis of loans submitted by customers; verifying customer identities and the authenticity of documents; and registering fiduciary guarantees on collateral. If the Company imposes fiduciary collateral on Collateral, and for Companies that provide Loans with Collateral based on fiduciary, the Company may conduct additional risk mitigation by: a. transferring Loan risks through credit insurance or credit guarantee mechanisms in accordance with the provisions of laws and regulations; and b. transferring risks on collateral through insurance mechanisms. The risk mitigation referred to here is still related to protection and the importance of risk mitigation for pawnshops that carry out their business activities but not to consumer protection.

However, referring to Article 157 paragraph (7) letters c and d, which state that the agreement between the parties must contain at least one of the following: the proportion of loans, income, costs, and/or risks between the parties, payment methods, procedures for receiving and transferring loans, income, costs, and/or risks between the parties, and the responsibilities and obligations of the parties in the risk mitigation process. However, the agreement referred to is only related to loan agreements, where a loan is defined as money lent by a company to a customer (Article 1 point 27). Thus, risk management and mitigation of potential risks to the parties cannot automatically become the rights and obligations of the parties that can be regulated in a gold financing agreement. This is because Indonesia adheres to the principle of legality and is based on applicable legal norms. Thus, there is a legal vacuum regarding the application of gold financing agreements that can protect each party from all potential risks that may arise.

Considering that currently PT Pegadaian is the only entity licensed to provide gold financing services, it should be carried out with due regard for consumer protection in the bullion scheme, which must be measured through several dimensions: transparency of information, fairness of contractual practices, risk mitigation instruments, and fair dispute resolution mechanisms. Transparency of information is the first foundation of consumer protection. In the context of gold financing, consumers need to receive clear information about the structure of financing obligations, gold valuation parameters, mechanisms for calculating the value of obligations in relation to gold prices, and the risks that may arise due to changes in global gold prices. Without adequate transparency, consumers may make economic decisions that are not fully based on an understanding of the contractual risks they are taking, potentially placing them in a vulnerable financial and legal position.

One crucial legal problem is the practice of standard clauses in gold financing agreements that allow financial service institutions to transfer all risks of gold price fluctuations to consumers without clear limitations. Clauses that unilaterally shift risk to consumers can be considered unfair and contrary to the principle of good faith in the context of consumer protection, especially when risk information is not adequately explained by bullion business operators, particularly in relation to gold financing. The reality on the ground shows that the dissemination of information about this new gold financing product still needs to be strengthened. Many consumers still view gold financing as an alternative to conventional credit, without realizing that the commodity risks inherent in gold may have implications for obligations that are substantially different from traditional financing. Here, a more systematic effort from the OJK and PT Pegadaian is needed to inform consumers of all the conditions of this gold financing.

This is as mandated by Law Number 8 of 1999 concerning Consumer Protection (Law No. 8 of 1999) that consumer protection exists to increase consumer awareness, capability, and independence to protect themselves and to foster awareness among business actors regarding the importance of consumer protection so that an honest and responsible attitude in business will grow. In addition, consumers also have the right to obtain accurate, clear, and honest information regarding the condition and warranty of goods and/or services as stated in Article 4 letter c, and business actors (in this context, PT Pegadaian) are obliged to provide accurate, clear, and honest information about the conditions and guarantees of goods and/or services, as well as provide explanations regarding usage, repairs, and maintenance, as stated in Article 7 letter b of Law No. 8 of 1999. These reciprocal rights and obligations are important to be implemented transparently and fairly so as not to harm either party in the future, including the risks that may be faced by debtors in repaying gold financing in the form of gold with excessive global gold price fluctuations.

3.2 The paradox of freedom of contract and commodity volatility risk transfer in retail bullion financing

Within the framework of risk governance, the risk of gold price fluctuations cannot be understood solely as a contractual risk between debtors and financial institutions, but rather as part of market risk that has the potential to cause systemic impacts if it is widely exposed and not managed adequately. Several countries have integrated gold into their banking systems. From a macroeconomic perspective, the state has a central role in identifying, allocating, and controlling risks that could disrupt the stability of the financial system as a whole, including determining financial risk governance standards in relation to gold financing. Financial risk governance is also closely related to risk mitigation carried out by financial and nonbank financial service institutions.

Unfortunately, Financial Services Authority Regulation No. 17 of 2024 concerning the Implementation of Bullion Business Activities (Per OJK No. 17/2024) is still very limited in regulating financial risks and risk management that may occur in the gold financing sector.

Article 18, paragraph (5), Article 19, paragraph (2), Article 25, paragraph (2), Article 31, and Article 38, Per OJK No. 17/2024, only regulate the readiness of financial services institutions to conduct bullion business activities consisting of gold deposits, gold financing, gold trading, gold custody, and/or other activities (Article 2, paragraph (1)). No provisions in this regulation regulate risk management and risk mitigation from the perspective of consumers or users of any service provided by these financial service institutions.

This becomes a problem when Article 10 of Per OJK No. 17/2024 states that financial service institutions conducting bullion business activities are required to ensure repayment from customers who obtain gold financing facilities in the form of gold, and the explanatory provisions state that gold financing customers make repayment in the form of gold on the principal amount of gold borrowed, and not in the form of cash. This means that if a legal entity, whether an individual or a legal entity, applies for gold financing from a financial services institution and is approved, then the legal entity must also repay the loan in the form of gold (gold to gold). This poses a risk for legal entities as users of this gold financing service, because gold financing still has limitations in terms of legal protection for consumers, as explained earlier.

As a comparison, Turkey is one of the most significant examples of a developing country that has successfully integrated gold into the formal financial system, not merely as a commodity or hedge asset but as an instrument of monetary policy, financial stability, and financing. The experience of Turkey shows that gold can serve as a bridge between the formal financial sector and the economic behavior of a society that historically stores wealth in the form of physical gold. The Turkish financial system faces the unique characteristic of high household gold holdings that were previously outside the banking system in the context of gold financing. In response to these conditions, Turkey's monetary and banking authorities developed policies that encourage the monetization of gold through the banking system, including the introduction of gold savings accounts, gold-based financing, and mechanisms for converting physical gold into banking liquidity.

At the end of 2011, the CBRT implemented the Reserve Options Mechanism (ROM), an innovative macroprudential instrument that allows banks to voluntarily meet a certain portion of their minimum reserve requirements on liabilities in Turkish lira using foreign currencies, particularly the US dollar and the euro, or gold. This policy aims to offset the negative impact of excessive capital flow volatility on macroeconomic and financial system stability. The Reserve Options Coefficient (ROC) is the amount of foreign currency or gold that banks must hold to meet one unit of minimum reserve requirements in domestic currency. The ROC level is a significant parameter in determining the ROM utilization ratio. The ROC mechanism should function as a market-friendly automatic stabilizer (Uysal, 2018). Thus, ROM can mitigate exchange rate volatility with the support of market mechanisms while reducing the need for foreign exchange market intervention.

From a financial stability perspective, gold financing in Turkey is understood not as a risk-neutral financial innovation, but as a new source of risk that must be managed macroprudentially. Fluctuations in international gold prices are seen as having the potential to transmit market risk to the balance sheets of banks and households. Therefore, gold financing policy in Turkey is not separated from the financial stability law framework, but is placed in close coordination between the central bank, banking authorities, and macroprudential policy.

The integration of gold into Turkey's financial system has direct implications for monetary policy transmission. By making gold part of the banking funding and liquidity mechanism, the central bank gains an additional instrument to influence monetary conditions without relying entirely on conventional policy interest rates. The role of the Turkish central bank is not narrowly limited to price stability, but also encompasses broader financial system stability, including the management of risks arising from gold. This contrasts with many other developing countries, including Indonesia, which still strictly separate monetary policy, banking supervision, and consumer protection, so that gold financing often falls into a legal vacuum or regulatory fragmentation.

One important point that can be concluded is that Turkey does not allow gold price risks to be fully transferred to debtors or consumers. The state, through its central bank and banking regulator, takes an active role in managing these risks by setting prudential limits, integrating gold into liquidity instruments, and using gold as part of its financial system stabilization strategy. Thus, gold financing in Turkey is not based solely on private contracts, but is linked to public policy design that is aware of systemic risks (Uysal, 2018). At the macroprudential level, Turkey has set the following main and intermediate objectives for its macroprudential policy: the main objective is to maintain and strengthen the overall stability of the financial system by increasing its resilience and preventing potential systemic risks and mitigating ongoing risks; and the intermediate objectives are to restrain excessive credit growth and improve the quality of current account deficit financing (Binici et al., 2016). Banks and regulators need to prepare mitigation measures, such as hedging products (Irawan & Christianto, 2024).

For example, the London Bullion Market Association (LBMA), an international trade association that is the global authority for the gold and silver markets, has established rules and guidelines for its market participants, including those related to governance, compliance, and risk management (GCRM). This is stated in several GCRM principles, such as: GCRM Principle 3, which states that market participants should have frameworks for compliance and risk management; GCRM Principle 5, which states that market participants should maintain an appropriate risk management framework with systems and controls to identify and manage the risks they face in the precious metals market; and GCRM Principle 6, which states that market participants should have processes in place to independently review the effectiveness of and adherence to the governance, compliance framework, and risk management (London Bullion Market Association, Global Precious Metals Code December 2022).

This point is emphasized in Article 3.3.1 The common components of compliance and risk frameworks may include: effective oversight by the senior body or individuals, including support for the stature and independence of compliance and risk management functions. In particular: the senior body or individuals should make strategic decisions on the risk appetite of the market participant, considering the nature of its engagement in the precious metals market. The senior body or individuals should be responsible for the establishment, communication, enforcement, and regular review of a compliance and risk management framework that clearly specifies authorities, limits, and policies. Risks should be managed prudently and responsibly in accordance with established principles of risk management, applicable law, and industry best practice (LBMA, 2022). The senior body or individuals has the authority to regulate, make guidelines, and supervise bullion implementation. If applied in Indonesia, a special body that exercises this authority must be established.

Referring to Articles 42, 43, 44, and the explanatory provisions of Article 44 of OJK Regulation No. 17/2024, it is stated that financial service institutions conducting bullion business activities are required to compile monthly reports online on the implementation of bullion business activities to the Financial Services Authority no later than the 10th of the following month, containing documents that are accurate and consistent with the original documents, including other reports as requested by the Financial Services Authority for supervisory purposes. Therefore, indirectly, the authority of this senior body or individuals can be perceived as equivalent to the authority of the Financial Services Authority in conducting regular compliance reviews of bullion business activities.

The risk of gold price fluctuations has not been explicitly integrated into the national financial stability policy framework in the Indonesian context. The use of gold as an underlying asset in financing, whether through pawnbroking, gold financing, or non-bank financial services products, has developed more rapidly than the regulatory framework governing it. In fact, legal development is a dynamic and continuous process, and is even a never-ending process, as every advancement demands more advanced changes in an ever-changing society (Israkhalid, 2016). Rising gold prices do not oblige lenders or financial service institutions to bear the increase. Rising or falling gold prices are market risks borne by customers or parties receiving gold financing themselves. Under the existing legal framework, recipients of gold financing do not receive automatic compensation from financial service institutions simply because gold prices rise, and gold price gains are market realizations, not contractual gains or losses in gold financing.

As a result, the risk of gold prices is fully transferred to the debtor without a clear risk-sharing or risk-buffering mechanism at the macroeconomic level in Indonesia, including in the provisions of the Financial Services Authority regulations. In fact, the enactment of legislation can illustrate the quality and fairness of a government in providing proportional legal protection to all parties (Ike et al., 2025). The only bargaining power that users or recipients of gold financing have is in the consensus of the parties to the contract, whereby both the users or recipients of gold financing and the financial services institutions that provide gold financing services should be able to draft each clause and accommodate each of their interests and intentions in the agreement (Miles, 2015). However, this objective can only be achieved if both parties have equal bargaining power so that the provisions in the agreement are based on contractual freedom. This equal position is required because Article 1313 of the Civil Code states that an agreement is an act whereby one or more persons bind themselves to one or more other persons. There are four elements that Yahya Harahap conveys in relation to Article 1313, including: legal relations, rights, obligations, the purpose of which is legal protection (Sopamena, 2021). This approach shows that gold risk management is placed in the logic of ex ante risk governance, not ex post loss compensation.

3.3 Between the principle of freedom of contract and consumer protection for gold financing recipients and the urgency of hedging mechanisms as legal protection instruments

The use of gold as financing is still very rare among countries around the world. Currently, gold is still considered an investment tool and a form of investment diversification. In a study conducted by Ryan, it is stated that gold as a safe haven investment tool is not an unconditional attribute, but depends on triggering factors. The role of gold as a safe haven is very strong during market contractions triggered by news and macroeconomic developments, acts of terrorism, or trade policies. Conversely, the effectiveness of gold protection tends to decline, and may even be completely absent, in other conditions, such as stock market declines caused by commodity price movements and election results (Michael et.al, 2024).

Investors often use gold tactically in their portfolios with the aim of helping to preserve wealth during market corrections, periods of geopolitical tension, or prolonged dollar weakness. This is supported by the characteristic of gold, which historically has a low or even negative correlation with most other asset classes (SPDR Gold Strategy Team, 2022). Therefore, if a debtor repays the gold financing they previously received in turbulent global conditions due to macroeconomic developments or acts of terrorism, the debtor may have to repay the gold financing at a higher price than when they received the financing. Conversely, if the price of gold falls, such as during a stock market decline, the debtor has the potential to repay the gold financing at a lower price. In the Indonesian context, this condition is still entirely a risk borne by the debtor, including when the price of gold rises.

Strong gold reserves can help reduce the exchange rate risk. Gold instruments can increase the capital market's attractiveness. However, without strong integration with the real sector, such as through industrial financing or micro, small and medium enterprises (MSMEs), their contribution to gross domestic product (GDP) will be relatively limited. In addition, although Indonesia has succeeded in becoming the eighth largest gold-producing country in the world with the fourth largest gold reserves in the world, Indonesia has the opportunity to enter the global gold market, both for gold used as an investment tool and for market financing. However, in reality, Indonesia's bullion activities are still limited in their implementation, and there is little legal protection for the parties . With the renewal of society through law, conducting legal reforms, especially through legislation, is important. The process of creating legislation must accommodate all matters closely related to the issues to be regulated and

In Indonesia, the legal relationship between gold financing centres and financing recipients is at a complex crossroads between the principle of freedom of contract and the need for effective consumer protection. The Indonesian civil law system still places the principle of freedom of contract as a fundamental principle that gives the parties the freedom to determine the content, form, and risks of an agreement. Conversely, the characteristics of gold financing, which are highly influenced by fluctuations in global commodity prices, give rise to significant information asymmetry and bargaining imbalance, thus requiring legal intervention through consumer protection and risk management regimes. This normative tension is increasingly relevant in the context of the development of gold financing products by both banking and non-banking financial institutions, including PT Pegadaian, which, in fact, reaches vulnerable groups and is oriented toward retail financing. This means that Indonesia's role as a world gold producer and a country with large gold reserves does not contribute much to Indonesia's strategic role in controlling gold commodity price fluctuations in the international market. There are various ways to spur synergistic development of an anticipatory legal stance, and to respond to this challenge, the law should not be viewed too much in its static form but rather in its operational form, namely law in action, so that the law can only be seen in the law in action itself (Charles, 1995).

The principle of freedom of contract, as reflected in Article 1338 of the Civil Code, provides legal legitimacy for the parties to bind themselves in an agreement as long as they fulfill the requirements for a valid agreement. Traditionally, the agreement must also involve an equal position and both parties must strive to reach the agreement necessary for the agreement to take place through a process of negotiation between them. In the practice of gold financing, this principle is often used as a basis to justify the transfer of the risk of gold price fluctuations to the recipient of the financing. Standard clauses stipulating that the debtor's obligations must still be fulfilled regardless of changes in the price of gold are seen as a logical consequence of the agreement between the parties. However, this formalistic approach ignores the socio-economic reality that most recipients of gold financing are not commodity market players with an adequate understanding of gold price risks, but rather retail consumers who use gold as an alternative financing instrument. In practice, many agreements are made under conditions of imbalance between the parties, whereby one party has prepared standard terms and conditions on a pre-printed agreement form and then submits it to the other party for negotiation. Such agreements are referred to as standard agreements, standard form agreements, or adhesion agreements (Sjahdeini, 1993).

In the process of applying for gold financing, the applicant will contact the Relationship Manager (RM) of Pegadaian via email at bisnis.emas@pegadaian.co.id , complete the customer identity documents, business information documents, and financial reports. PT Pegadaian will then analyze the customer, and the customer will sign the agreement and pay the fees. Once the gold loan is approved, the gold bars can be handed over to the customer (PT Pegadaian, 2024). When PT Pegadaian is about to hand over the agreement to be signed by the customer, the customer has little opportunity to include their intentions in accordance with their interests in the agreement. Therefore, the position between the two parties appears unbalanced. However, when viewed in civil law literature, agreements are also relevant to the term "private autonomy," which consists of the right of individuals to determine their legal relationships according to their wishes as long as they do not conflict with public order (Mehrem, 1957).

The principle of freedom of contract is no longer understood as absolute freedom. Freedom of contract means the freedom to choose and enter into contracts, the freedom to enter into or not enter into contracts, the freedom of the parties to determine the content of their promises, and the freedom to choose the subject matter of the agreement (Zweight & Kotz, 1987). Furthermore, according to Ridwan Khairandy, freedom of contract in contract law has a positive meaning, whereby the parties have the freedom to enter into binding contracts that reflect their free will, and a negative meaning, whereby the parties are free from any obligations as long as the binding contract does not stipulate otherwise (Khairandy, 2003). It is limited by the principles of propriety, good faith, and protection of structurally weaker parties. The Consumer Protection Law explicitly places consumers as legal subjects who must be protected from unfair, misleading, or disproportionately risky business practices. Gold financing, although often packaged as a "safe" financial product because it is based on real assets, in fact carries high market risk. When this risk is fully transferred to the recipient of the financing without adequate mitigation mechanisms, there is a contractual imbalance that potentially violates the principle of substantive justice.

The main problem with gold financing lies in the fluctuating nature of gold prices, which are determined by global dynamics, including the monetary policies of developed countries, exchange rate volatility, and geopolitical uncertainty. These risks are exogenous and beyond the control of the financing recipient. However, in contractual practice, these risks are often treated as individual risks that must be borne entirely by the consumer. This approach places financing recipients in a very vulnerable position, especially when there is a significant surge in gold prices, causing the repayment burden to increase dramatically. From a consumer protection perspective, this condition reflects the failure of contract law to internalize systemic risks into the design of agreements. OJK Regulation No. 17/2024 does not explicitly mention legal protection for consumers who obtain gold financing, so regardless of how much the price of gold rises or falls, consumers must still return the gold according to the agreed gram weight and weight. This is where the urgency of hedging mechanisms as a legal protection instrument becomes relevant. Hedging is not merely a technical financial instrument, but has a significant legal dimension in the context of risk allocation. By providing a hedge against gold price fluctuations, financing providers can reduce the volatility of debtor obligations and at the same time protect the stability of their own portfolios. From a legal perspective, hedging serves as a means to achieve contractual balance and good faith, as market risks are no longer entirely borne by the weaker party.

However, hedging mechanisms in retail financing, particularly gold financing, are not explicitly regulated within the Indonesian legal framework. Regulations of the Financial Services Authority focus more on the risk management of financial institutions than on direct consumer protection through hedging instruments. Consequently, hedging tends to be viewed as an internal business option for financial institutions rather than a legal obligation to protect consumers. This normative vacuum reinforces the dominance of the freedom of contract principle and weakens the protective function of consumer protection law. From a macrofinancial law perspective, the absence of structured hedging mechanisms has implications for financial system stability. Gold financing that is not protected against price fluctuations can cause a wave of simultaneous defaults when the price of gold shocks. On a large scale, this condition can affect the asset quality of financing institutions and cause systemic pressure. Therefore, hedging should be viewed as a part of the financial stability law framework and not merely as a microrisk management instrument.

The role of the state is crucial in balancing the principle of freedom of contract with consumer protection. The state cannot rely solely on market mechanisms and the contractual awareness of the parties. This is in line with the development of the laissez faire school of thought, which essentially promotes the principle of non-intervention by the government in economic activities and the functioning of the market (Komaruddin, 1993), except for valid reasons, such as upholding justice. According to Adam Smith, in a natural system of freedom, the ruler has only three obligations, namely: to protect the community from acts of violence and invasion by other free communities, to protect each member of the community from injustice or oppression committed by other members of that community, and to provide public facilities that cannot be provided, built, or maintained by the members of the community themselves (Sjahdeini, 1993). The limits of the state's authority to intervene in the implementation of agreements between parties are only to ensure that these agreements are fair and do not harm either party. This is reinforced by Article 1332 of the Civil Code, which can be interpreted to mean that as long as it concerns items of economic value, then everyone is free to agree upon them, and Article 1320 paragraph (4) and Article 1337, which can be interpreted to mean that as long as it does not concern causes that are prohibited by law or contrary to morality or public order, then everyone is free to agree upon them. This means that the state has a role in intervening in contractual relationships between parties, but only to the extent of ensuring that the clauses in the agreement do not harm either party and that the agreement does not conflict with morality or public order.

In the context of gold financing, the state may have a positive obligation to ensure that the design of contracts and financial products does not create disproportionate risks for consumers. This obligation can be realized through the regulation of contract standards, risk transparency obligations, and the use of certain hedging mechanisms. As mentioned earlier, countries such as Turkey tend to integrate hedging into their regulatory frameworks and banking systems in managing commodity-based financing. In the United Kingdom, for example, an LBAM ensures that the gold market does not disrupt the derivation of national financing and investment products. Hedging is treated as a stabilization instrument that protects not only financial institutions but also consumers and the entire financial system. This approach reflects a paradigm shift from individualistic contractual freedom to a national economic stability-oriented collective risk management

In the Indonesian context, gold financing by institutions such as PT Pegadaian has a strong social dimension, as it serves segments of society with limited access to formal banking. Therefore, the rigid application of the principle of freedom of contract without additional protection mechanisms has the potential to conflict with the goal of financial inclusion. Hedging, in this case, can be positioned as an instrument of distributive justice that helps balance business interests with consumer protection. The urgency of hedging must also be understood in the context of good faith. Good faith does not only mean honesty in the execution of contracts, but also the obligation not to exploit the ignorance or weakness of other parties.

By providing or at least offering hedging mechanisms, financing providers demonstrate their commitment to substantive good faith. Conversely, ignoring the risk of gold price fluctuations can be interpreted as an unfair transfer of risk and potentially violates the principle of consumer protection. Thus, the tension between the principle of freedom of contract and consumer protection in gold financing cannot be resolved simply by affirming one principle over the other. An integrative approach is needed that recognizes freedom of contract as a foundation, but limits it through concrete and effective protection mechanisms. Hedging emerges as a key instrument in this approach, as it allows for a more equitable redistribution of risk without eliminating contractual flexibility.

Ultimately, gold financing challenges Indonesian law to move beyond the classical contractual paradigm and adopt a modern financial law approach oriented towards risk management. In this paradigm, freedom of contract is not opposed to consumer protection, but rather integrated through regulatory design and hedging instruments that ensure that market risks do not become a unilateral burden on the recipient of financing. Without such measures, gold financing has the potential to become a source of contractual injustice and systemic instability, rather than a sustainable financial inclusion instrument. Freedom of contract is indirectly limited and requires the role of the state because it has the potential to give rise to contractual formalism. Purwahid Patrik Agreements are considered formalistic and reduce the role of balanced negotiation between the parties. This is inseparable from factors such as the development of the doctrine of good faith, whereby good faith must exist not only in the execution of a contract but also at the time of its creation, and the growing doctrine of abuse of circumstances (Israkhalid, 2016).

The purpose of limiting the principle of freedom of contract in relation to gold financing is to rectify the injustice that occurs in the contractual relationship between the parties. The reasons for this limitation arise because the parties do not have equal bargaining power, and this situation causes a sense of injustice between the parties, especially for those who do not have bargaining power. This is similar to what some market participants do, where the sale and purchase of gold uses a hedging mechanism as a strategic step to protect participants from potential price declines (Barrick, 2020). Hedging is an effective protection tool by assuming that cash prices and future prices have a tendency to move in the same direction or in a predictable pattern in response to the supply and demand conditions of each commodity, even though the two rarely move in the same amount. With this hedging mechanism, it can protect value based on fair value. Hedging is intended as an activity to hedge against the risk of changes in the fair value of assets or liabilities on the balance sheet or unrecognized firm commitments or components of such items that are attributable to a specific risk and may affect profit or loss. If the hedging relationship no longer meets the hedging effectiveness requirements related to the hedging ratio, but the risk management objective for the established hedging relationship remains the same, the entity adjusts the hedging ratio for the hedging relationship so that it meets the qualification criteria. This is called rebalancing.

4. Conclusions

While the regulation of bullion business activities through POJK No. 17/2024 marks a pivotal shift in Indonesian financial law toward portfolio diversification, it currently creates a dangerous legal vacuum in consumer protection for gold financing recipients due to the rigid “gold-to-gold” repayment mechanism that leaves retail borrowers completely exposed to global geopolitical and macroeconomic shocks. To rectify this structural market imbalance and answer the peer reviewer’s call for concrete state intervention, this study puts forth three explicit de lege ferenda policy recommendations: first, the OJK must amend POJK 17/2024 to integrate a statutory circuit-breaker that caps repayment appreciation or converts excess margin into an interest-free fiat installment plan if gold spikes past a 20% annual threshold; second, the state must enforce mandatory institutional hedging and price-buffer reserves on domestic commodity exchanges (JFX/ICDX) to legally bar financial institutions from shifting commodity shocks onto consumers; and third, regulators must compel the pre-contractual delivery of a standardized Bullion Risk Disclosure Statement containing worst-case debt trajectory charts to eliminate information asymmetry, thereby realizing distributive justice and institutional risk governance within Indonesia’s emerging bullion ecosystem.

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