SDSEPS
Strengthening Dynamic System: e-Government and Public Services
SDSEPS 3(2): 88–102
ISSN 3089-6401

Institute for Advanced Science, Social and Sustainable Future
MORALITY BEFORE KNOWLEDGE

Digital financial governance and the preventive role of bullion services against Ponzi scheme fraud

Guruh Tio Ibipurwo[1,2,*]
[1] *Regional Development Planning, Research, and Innovation Agency (BAPPERIDA) of Mojokerto City, Mojokerto, East Java 61321, Indonesia;*
[2] *Faculty of Law, Social and Political Sciences, Universitas Terbuka, South Tangerang, Banten 15437, Indonesia.*
*Correspondence: guruhtio94@gmail.com

Received Date: February 10, 2026 Revised Date: April 17, 2026 Accepted Date: June 15, 2026

ABSTRACT
Background: The rapid growth of digital financial services has increased public access to investment opportunities but has also intensified the risk of Ponzi scheme fraud. Strengthening digital financial governance requires preventive mechanisms that promote transparency, accountability, and consumer protection. Bullion services have emerged as asset-backed investment alternatives with the potential to reduce public exposure to fraudulent investment schemes. **Methods:** This study employs a normative juridical approach using statutory, conceptual, and comparative legal analyses. Relevant laws and regulations concerning financial services, consumer protection, and bullion-based investment products in Indonesia were examined. Comparative analysis was conducted to evaluate regulatory practices and Ponzi scheme prevention mechanisms in selected jurisdictions. **Findings:** The study finds that bullion services contribute to digital financial governance by supporting transparency, regulatory compliance, institutional accountability, and asset-backed investment practices. Unlike Ponzi schemes, bullion services are supported by tangible underlying assets and supervised financial operations. The findings also indicate that the integration of digital technology, legal oversight, and financial literacy enhances the preventive capacity of bullion services against investment fraud. Comparative analysis shows that effective regulatory supervision strengthens protection against fraudulent financial schemes. **Conclusion:** Bullion services represent an important preventive instrument within digital financial governance by providing legally protected and asset-based investment mechanisms. Strengthening regulatory supervision, institutional accountability, and digital financial literacy is essential to maximizing their role in preventing Ponzi scheme fraud and enhancing consumer protection. **Novelty/Originality of this article:** This study offers a novel legal perspective by positioning bullion services not merely as investment products but as preventive governance instruments against Ponzi scheme fraud. It contributes to the literature by linking digital financial governance with bullion-based investment as a legal and institutional mechanism for improving financial security and consumer protection in the digital era.

KEYWORDS: bullion services; consumer protection; digital financial governance; financial regulation; Ponzi scheme fraud.

1. Introduction

The digitalization of financial services has revolutionized access to investment opportunities, enabling wider participation while simultaneously expanding exposure to fraudulent practices, especially Ponzi schemes proliferating through online platforms (Ozili, 2018). Digital transformation enhances efficiency and inclusion but also generates

Cite This Article:
Ibipurwo, G. T. (2026). Digital financial governance and the preventive role of bullion services against Ponzi scheme fraud. *Strengthening Dynamic System: e-Government and Public Services, 3* (2), 88-102. https://doi.org/10.61511/sdseps.v3i2.2026.3367

regulatory blind spots exploited by perpetrators of financial fraud (Maleh et al., 2024). The integration of mobile-based applications, peer-to-peer lending, and crypto-based assets in financial markets has created new layers of complexity that traditional financial law often fails to anticipate (Wiwoho et al., 2022).

A Ponzi scheme represents a deceptive investment model where returns to existing investors are paid from the capital of new investors rather than legitimate profits (Herdina et al., 2025). In Indonesia, such fraudulent schemes frequently emerge under the guise of "digital investments" or "community profit-sharing programs," which promise unrealistic returns and exploit low public financial literacy (Irawan & Christianto, 2025). The massive reach of social media and the increasing digital penetration rate further accelerate their spread. The Financial Services Authority (*Otoritas Jasa Keuangan*, or OJK) has identified more than 1,500 illegal financial entities between 2020 and 2024, most of which use Ponzi-like mechanisms (Otoritas Jasa Keuangan, & Asosiasi Perusahaan Penjaminan Indonesia, 2024).

Legal scholars argue that reactive law enforcement alone is insufficient to curb digital financial crimes (Atrey, 2023). Instead, there is a growing emphasis on preventive legal protection—a concept rooted in legal realism and institutional governance theory—wherein the law operates not only to punish but to preemptively protect citizens from foreseeable economic harm (Shaffer, 2015). Preventive legal frameworks require transparent institutional systems that channel public investment into legitimate, state-supervised instruments.

In this context, Pegadaian, a State-Owned Enterprise (*Badan Usaha Milik Negara*, or BUMN), occupies a strategic role. Historically established as a pawn service provider, Pegadaian has evolved into a diversified financial institution offering microloans, digital pawn services, and, most notably, Bullion Services—a gold-based investment platform regulated under Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector and OJK Regulation No. 17/POJK.04/2024 on Digital Financial Innovations (Irawan & Christianto, 2025). The Bullion Services program integrates digital investment accessibility with legal certainty, positioning Pegadaian as a credible alternative to unregulated, high-risk investment products (Askandar et al., 2021).

The theoretical foundation of this study rests on five principal theories: the Institutional Trust Theory, the Financial Governance Theory, the Preventive Legal Protection Theory, the Regulatory Compliance Theory, and the Rule of Law Theory. Collectively, these theories provide a comprehensive analytical framework for understanding the legal and institutional relevance of Pegadaian, particularly through its Bullion Services, in preventing investment fraud based on Ponzi schemes in the digital era. The Institutional Trust Theory, asserts that public trust in financial institutions is built through consistent, transparent, and accountable institutional behavior, reinforced by credible regulatory systems. In the context of Pegadaian, such institutional trust is embedded through its status as a State-Owned Enterprise (SOE), its legal supervision by the OJK, and the provision of Bullion Services as a legally regulated and transparent gold-based investment platform (Ghazmi & Amedi, 2021).

The Financial Governance Theory, as explained by Shleifer & Vishny (1997), emphasizes that the effectiveness of financial markets depends largely on governance structures that uphold investor protection, market integrity, and institutional accountability (Shleifer & Vishny, 1997). The implementation of these financial governance principles is reflected in Pegadaian's digital gold investment system, which integrates legal compliance, internal audit mechanisms, and risk management processes to prevent financial fraud. Aligned with the preceding theories, the Preventive Legal Protection Theory, underscores that law should not operate solely in a repressive capacity after violations occur but also play a preventive role in protecting society from potential harm (Aulia, 2018). In this sense, Pegadaian functions as a preventive legal instrument by offering a state-supervised, lawful investment alternative that guides public investment behavior toward safe and legitimate practices.

Furthermore, the Regulatory Compliance Theory, as advanced by Parker & Nielsen (2009), explains that compliance with legal norms and regulatory enforcement systems constitutes a vital prerequisite for the stability of the financial system(Parker & Nielsen, 2009). Pegadaian's adherence to Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector and to OJK Regulation No. 17/POJK.04/2024 on Digital Financial Innovation reflects the institution's alignment between regulatory behavior and national legal norms. Finally, the Rule of Law Theory, pioneered by Fuller (1964) and further developed, affirms that the legitimacy of legal institutions rests on the principles of legal certainty, transparency, and procedural justice (Fuller, 1964). Within the Pegadaian framework, the application of the rule of law is evident in the administration of Bullion Services, a digitally based gold investment platform that is formally regulated, ensures legal certainty, and safeguards the public from illegal investment practices such as Ponzi schemes. Taken together, these five theories complement one another in explaining that Pegadaian's Bullion Services represent not merely a financial innovation but a manifestation of a preventive legal instrument integrating institutional trust, sound financial governance, regulatory compliance, and the rule of law. This theoretical synthesis reinforces Pegadaian's position as a strategic state-owned financial institution that plays a crucial role in building public trust and preventing investment fraud in the digital era.

Nevertheless, a significant research gap remains. Previous studies on Ponzi schemes in Indonesia have primarily focused on criminal enforcement or regulatory sanctions (Yuspin & Fadhlulloh, 2022), while limited attention has been given to preventive institutional mechanisms that redirect investment behavior. Few analyses have examined how state-owned financial institutions can serve as preventive legal instruments in curbing fraud. Consequently, this study investigates the legal and institutional relevance of Pegadaian's Bullion Services as a preventive mechanism against Ponzi scheme fraud in the digital era. The objective of this study is to develop a conceptual model situating Pegadaian's Bullion Services as a legally grounded, preventive institutional framework that safeguards public investment from digital financial fraud. The central hypothesis asserts that the integration of legal supervision, digital transparency, and institutional legitimacy in bullion services significantly mitigates the potential for Ponzi scheme proliferation in Indonesia's financial ecosystem. In relation to the aforementioned background, the research problems in this study are formulated as follows: How do bullion services contribute to digital financial governance in preventing Ponzi scheme fraud in the digital era; what legal and institutional mechanisms make bullion services an effective preventive instrument against Ponzi scheme fraud.

2. Methods

2.1 Research approach

This study adopts a normative juridical approach combined with institutional analysis to examine the legal and organizational dimensions of Pegadaian's Bullion Services in preventing Ponzi scheme fraud within Indonesia's digital financial ecosystem. The normative juridical method is grounded in the analysis of statutory and regulatory frameworks governing financial institutions, gold investment schemes, and consumer protection. It involves a systematic examination of primary legal sources, including Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Financial Services Authority Regulation (OJK) No. 17/POJK.04/2024 on Digital Financial Innovations, and internal legal instruments of Pegadaian that regulate its bullion services. These materials are complemented by secondary legal sources such as academic articles, commentaries, and comparative studies in financial law.

2.2 Analytical framework

The normative juridical analysis aims to identify the coherence between national financial legislation and the preventive legal principles designed to mitigate fraud risks. It employs a statutory approach to interpret the hierarchical interaction among laws and regulations, a conceptual approach to clarify legal constructs such as "preventive legal protection" and "institutional trust," and a comparative approach to contextualize Pegadaian's model vis-à-vis similar bullion-based investment institutions in other jurisdictions.

Institutional analysis focuses on the functional transformation of Pegadaian as a state-owned enterprise (SOE) from a traditional pawn institution into a hybrid financial intermediary integrating bullion investment services. This analysis draws upon the theory of institutional governance and regulatory trust, emphasizing how institutional legitimacy and oversight mechanisms enhance investor confidence and reduce susceptibility to Ponzi-type fraud (Irawan & Christianto, 2025).

2.3 Data collection and analysis

Data for this study were collected through literature review and doctrinal analysis, relying on official publications, government documents, and peer-reviewed journals. Relevant sources were selected based on their credibility, relevance to the research objectives, and contribution to understanding the legal and institutional dimensions of bullion services. The analysis procedure follows a qualitative interpretive model, which synthesizes normative legal findings with institutional realities to construct a theoretical framework explaining the preventive legal role of bullion services in the digital economy.

2.4 Methodological orientation

The methodological orientation of this study is analytical and prescriptive. Analytically, it seeks to map the intersection between digital investment law and institutional preventive mechanisms. Prescriptively, it aims to propose a conceptual model of preventive legal protection applicable to state-regulated bullion investments as a lawful alternative to high-risk digital schemes. The working hypothesis derived from this approach asserts that a well-regulated and legally supervised bullion service can serve as a preventive institutional instrument, reinforcing public trust and mitigating Ponzi scheme vulnerabilities in Indonesia's rapidly digitalizing financial sector.

3. Results and Discussion

3.1.1 The legal relevance of Pegadaian's bullion services as a preventive effort to combat investment fraud based on Ponzi schemes in the digital era

Pegadaian's bullion services hold significant legal standing as an officially regulated gold investment instrument. Their existence serves as a potential preventive measure against the proliferation of Ponzi scheme-based investment fraud in the digital space, given their operations are subject to stringent regulatory frameworks and direct oversight by the Financial Services Authority (*Otoritas Jasa Keuangan*, OJK). Thus, this arrangement provides a safer and more credible investment option compared to illegal Ponzi schemes often disseminated through digital platforms without legitimate licensing (Lorien & Tantimin, 2022).

In the digital era, Pegadaian's bullion services address Ponzi investment fraud by offering regulated real gold investment alternatives, reducing consumer losses from illegal platforms as governed by Article 378 of the Criminal Code (KUHP), the Capital Markets Law, and the Electronic Information and Transactions Law (UU ITE). As a state-owned enterprise (BUMN) with extensive experience in gold pawning (90% of core business), Pegadaian leverages digital infrastructure for easy access, financial literacy education via OJK, and prevention through the Investment Alert System (*Sistem Waspada Investasi*, SWI), shielding the public from false return promises typical of Ponzi schemes. This development aligns with financial sector reforms under the Law on the Development and Strengthening of the Financial Sector (UU P2SK) for stability and inclusion, where bullion banks like Pegadaian can channel illicit funds into secure instruments.

3.1.2 Legal framework of Pegadaian bullion services

PT Pegadaian (Persero) is recorded as the first business entity in Indonesia to obtain a bullion business activity license on December 23, 2024, as stated in OJK Letter No. S-325/PL.02/2024. This licensing is based on Financial Services Authority Regulation No. 17 of 2024 concerning the Implementation of Bullion Business Activities, as an implementation of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK). The establishment of this regulatory framework represents a significant milestone in formalizing bullion services, providing greater legal certainty while promoting transparency, consumer protection, and sustainable development within Indonesia's financial system.

The scope of Pegadaian's bullion services includes gold deposits (including unallocated account schemes), gold-based working capital financing, physical and digital gold trading transactions, and gold custody or custodian services for corporations. All activities are under direct OJK supervision to ensure good corporate governance, comprehensive risk management, and consumer protection through principles of transparency and accountability. Furthermore, the regulation explicitly requires gold purity standards compliant with Indonesian National Standards (*Standar Nasional Indonesia* or SNI) or international London Bullion Market Association (LBMA) standards, accompanied by provisions on adequate capital, secure infrastructure, and compliance with related POJK regulations, including POJK No. 39 of 2024 on Pawnshops, POJK No. 42 of 2024 on Risk Management, and POJK No. 48 of 2024 on Governance and Anti-Money Laundering and Terrorism Prevention Programs. This regulatory framework clearly distinguishes legally compliant and supervised bullion services from illegal investment practices, such as Ponzi schemes, which operate without permits and pose high risks to the public.

From a juridical perspective, the implementation of bullion business activities by PT Pegadaian (Persero) is positioned within Indonesia's integrated national financial services sector legal framework. Its constitutional foundation rests on the state's function to guarantee legal certainty and consumer protection in the financial sector, operationalized through Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK). This law provides explicit mandates to the Financial Services Authority to expand regulation and supervision of commodity-based financial instruments and business activities, including gold as an investment asset (Irawan & Christianto, 2024).

The implementation of these statutory norms is realized through Financial Services Authority Regulation No. 17 of 2024 concerning the Implementation of Bullion Business Activities, which establishes prudential principles, licensing requirements, operational standards, and ongoing supervision mechanisms. This legal framework is reinforced by other sectoral regulations, including POJK No. 39 of 2024 on Pawnshops, POJK No. 42 of 2024 on Risk Management Implementation, and POJK No. 48 of 2024 on Governance and Anti-Money Laundering and Terrorism Prevention Programs (Manurung, 2025). Through this normative construction, bullion business activities not only gain legal legitimacy but are also embedded in a comprehensive risk control and consumer protection system, distinctly differentiating them from illegal investment practices like Ponzi schemes operating outside state licensing and supervision regimes (Askandar et al., 2021).

3.1.3 Characteristics of digital Ponzi schemes

Digital-era Ponzi schemes fundamentally exhibit a classic pattern of public fund collection without legitimate licensing, packaged through information technology media to create an impression of legality and modernity. Collected funds are not invested in productive business activities but circulated to pay returns to earlier investors via continuous recruitment of new investors. In several cases, including those promoted through digital applications like Alimana, these schemes promise high returns in short periods with risks deliberately minimized or omitted in marketing narratives. The case involving the "Alimama" platform, widely reported in Indonesia in 2020, exemplifies investment fraud. The application falsely claimed affiliation with China's Alibaba Group to lure victims but lacked OJK licensing.

Table 1. Comparison between the Fraudulent Alimama Investment scheme and the Genuine Alimama platform

Operating method	Case overview	Difference from Genuine Alimama
Users are required to deposit money (top-up) starting from hundreds of thousands to millions of rupiah into the app. In return, they are promised large commissions via fictitious "smart shopping" or clicking ads up to 60 times daily. Deposited funds are not actually spent but circulate within the Ponzi scheme.	The app offered far greater profits than other e-commerce platforms, initially enticing users with successful withdrawals. Thousands across Indonesia (e.g., East Java, West Java, Bali) became victims, with losses estimated at Rp24 billion from thousands of complaints. Issues began around September 2020 under "maintenance," rendering the app inaccessible and wiping out balances. Victims reported to police.	Genuine Alimama is Alibaba's ad monetization platform for online merchants' marketing, where users pay for services, not receive money

Legally, such actions fall under criminal fraud as per Article 378 of the Criminal Code, involving deceitful tricks and lies for unlawful gain. If resembling unlicensed securities trading, Article 103 of Law No. 8 of 1995 on Capital Markets applies. Use of electronic media invites Article 28 of Law No. 19 of 2016 on Electronic Information and Transactions for disseminating misleading information causing consumer harm. The absence of specific legislation defining Ponzi schemes in positive Indonesian law results in fragmented enforcement relying on general and sectoral instruments. Consequently, handling remains reactive, failing to prevent recurrences in varied forms. This contributes to massive cumulative public losses since the 1970s. Digital Ponzi indicators include lack of authority licensing, reliance on new member inflows for payouts, irrational return claims, and opaque digital platforms hard to hold accountable—conceptually and juridically distinguishing them from legitimate regulated investments.

A Ponzi scheme is an investment fraud in which the profits paid to existing investors are derived from funds deposited by new investors, rather than from legitimate business profits. The scheme is named after Charles Ponzi, who famously used this method in the 1920s. The term Ponzi scheme refers to the name of Charles Ponzi, the figure who first popularized this investment fraud method in the early 20th century. In 1920, Ponzi offered an investment scheme promising returns of 40 percent within 45 days or up to 100 percent within 90 days, an offer that was economically difficult to justify (Zuckoff, 2005). For his actions, Charles Ponzi was later prosecuted and sentenced to life imprisonment after being found guilty of dozens of fraudulent acts. This case set a significant precedent in the study of economic criminal law, particularly in the context of investor protection and the prevention of modern financial crime.

A Ponzi scheme is a form of financial fraud characterized by the offer of unreasonable returns to investors. In its mechanism, the promised profits do not come from productive business activities or real investments, but rather from funds deposited by other investors. Consequently, investors who join at the final stage are most vulnerable to losses because there is no longer a cash flow to sustain the scheme (Frankel, 2012). Although these schemes have repeatedly resulted in large-scale financial losses, the fact remains that some people are still trapped in similar practices. This situation is influenced by low financial literacy and the tendency of individuals to be tempted by promises of high returns in a short period of time, without considering the prudent principle that high returns are always commensurate with the inherent risk.

Nevertheless, Ponzi's ability to construct a convincing business narrative, supported by an aggressive promotional strategy and the use of success stories, successfully created a perception of legality and credibility in the eyes of the public. This led to a significant increase in investors, making the scheme appear to be operating normally and sustainably (Meyer & Hinchman, 2007). As it progressed, Ponzi expanded its operations by establishing large-scale offices, recruiting marketing agents, and offering high commissions. However, profit payments to existing investors continued to come from new investors' funds. When investor growth could no longer sustain the scheme, the system collapsed completely, resulting in significant losses for investors (Frankel, 2012).

Table 2. Some cases of Ponzi schemes

Country	Main case	Loss	Special digital features
Indonesia	Alimama, MeMiles	Billions of Rp	Fake e-commerce app, recruitment via referral link
US	Bernie Madoff (2008), FTX (2022)	US$65 billion+	Securities/crypto platforms, hedge fund manipulation
India	Korvio/Gainify (2025)	$254 million	Crypto MLM, illegal platform rebranding

Pegadaian's bullion services, such as Digital Gold Savings, Gold Deposits, and Corporate Gold Deposits, have strong legal relevance as a preventative measure against digital Ponzi investment fraud, as they operate under an official OJK license (S-325/PL.02/2024) as the first bullion bank pioneer in Indonesia. Unlike illegal Ponzi schemes like Alimama, which lack a license and promise fictitious returns, Pegadaian's services offer real-time transparency, physical LBMA gold backing, and OJK regulations that prevent the circulation of pyramid scheme funds. Legally, this aligns with Law No. 4/2023 Article 53 concerning the Development and Strengthening of the Financial Sector (P2SK), the OJK Bullion POJK, and OJK/Bappebti supervision, protecting consumers from fraud through safe financial inclusion (Ulya et al., 2023).

Advantages of Pegadaian bullion services include OJK Permit (2025) covering Gold Deposits, Gold Working Capital Loans, and Gold Deposits, making Pegadaian the first institution in Indonesia to provide these services in synergy with insurance for non-LPS guarantees. In addition, the services are supported by Bappebti Regulation No. 3/2025 concerning Physical Trading of Digital Gold, registration as an Electronic System Provider (PSE) with the Ministry of Communication and Information Technology, and compliance with the ITE Law and Consumer Protection regulations. Furthermore, the services ensure legality through physical gold certification, independent audits, and real-time price transparency, in contrast to fictitious Ponzi schemes.

Table 3. How it works and characteristics of a Ponzi Scheme

How a Ponzi scheme works	Main features
Tempting Offer: The perpetrator promises high returns in a short time with low risk;	Unreasonable Profit Promises: Consistently offering interest or profit sharing rates that are far above the market average;
Initial Payout: Early investors actually receive a "payout" to build trust and attract more people;	Mandatory Member Recruitment: Investors are often encouraged to invite others to join to keep the scheme running;
Dependence on New Members: Money from new investors is used to pay "profits" to old investors;	Unclear Products: Often there is no real product being sold, or the product is just a front (e.g., Umrah package scams or fake crypto investments);
Collapse: The scheme will collapse when no more new members join or when many investors withdraw their money simultaneously, because the available funds are not actually there.	Questionable Legality: Companies usually do not have official permits from relevant authorities, such as the Financial Services Authority (OJK) in Indonesia.

Digital Ponzi schemes and Pegadaian Bullion Services differ fundamentally in legal legitimacy, economic substance, and social impact. While Digital Ponzi schemes operate through deception and redistribution of funds without real assets, Pegadaian Bullion Services function within a regulated legal framework supported by tangible gold assets and state supervision. From the perspective of Gustav Radbruch's theory, Digital Ponzi schemes fail to meet the requirements of justice, legal certainty, and social utility, whereas Pegadaian Bullion Services represent a lawful financial innovation that integrates these three fundamental legal values in Indonesia's financial system.

Table 4. Differences between digital Ponzi and Pegadaian bullion services

Criteria	Aspect/Legal Value (Radburch)	Digital Ponzi	Pegadaian bullion services
Legal Status and Regulatory Framework	Legal status	Illegal and prohibited under financial and criminal law	Legal and formally licensed
	Regulatory basis	No valid legal framework; operates outside regulation	Regulated under POJK No. 17 of 2024
	Supervisory authority	None	Supervised by the Financial Services Authority (OJK)
Source of Profit and Business Model	Profit source	Funds from new participants are used to pay earlier participants	Profit derived from legitimate bullion activities (gold trading, storage, financing)
	Economic substance	No real underlying asset or productive activity	Based on real physical gold (bullion)
	Sustainability	Unsustainable and collapses once recruitment stops	Sustainable and asset-backed
Risk and Consumer Protection	Risk disclosure	Risks are hidden or misleading	Risks must be disclosed transparently
	Consumer protection	None	Protected under consumer protection and financial services regulations
	Dispute resolution	No formal mechanism	Formal complaint and dispute resolution mechanisms
Transparency and Governance	Transparency	Opaque operations and unclear fund management	Transparent reporting and governance
	Governance standards	No corporate governance	Subject to Good Corporate Governance (GCG) principles
	Audit and reporting	No audit obligations	Mandatory audits and regulatory reporting

Criteria	Aspect/Legal Value (Radburch)	Digital Ponzi	Pegadaian bullion services
Impact on Financial System and Society	Impact on financial stability	Creates systemic risk and public losses	Supports financial stability and inclusion
	Effect on public trust	Erodes trust in financial institutions	Strengthens trust in formal financial services
	Role in financial inclusion	Exploitative	Inclusive and educative
Compliance with Gustav Radbruch's Theory of Law	Justice (Justice)	Inherently unjust; exploits participants	Promotes fairness and equitable access
	Legal certainty	No legal certainty	High legal certainty through regulation
	Utility (Benefit)	Short-term benefit for organizers only	

Pegadaian's bullion license has a significant impact on digital investment consumer protection by providing a legal alternative based on physical gold assets, reducing vulnerability to illegal Ponzi schemes that are rampant in Indonesia (Fajriawati, 2022). Services like Gold Deposits and Digital Gold Savings, regulated by POJK No. 17/2024, guarantee real-time price transparency, LBMA gold backing, and OJK supervision. This protects consumers from illegal gold apps (such as the Alimama case) through education, biometric verification, and fraud prevention. A bullion license allows Pegadaian to implement OJK-compliant prudent principles: risk management, strong capital, and transparent reporting, unlike Ponzi schemes without tangible assets. Consumers receive non-LPS guarantees but are secure through insurance and independent audits, reducing the number of victims of digital fraud who suffer billions of rupiah in annual losses.

Pegadaian's bullion license (issued at the end of December 2024) brings a significant transformation in digital investment consumer protection, moving from high vulnerability to Ponzi schemes to a secure ecosystem based on physical assets. Previously, consumers were vulnerable to illegal apps without real gold backing (Badar & Mandala, 2025). Since then, Pegadaian has recorded a 30.84% year-on-year increase in assets (Rp119.43 trillion as of May 2025) and 28.78 tons of gold under management as of October 2025, encouraging migration to legal services (Kontan, 2026).

The granting of a bullion business license to Pegadaian marks a paradigm shift in gold management from a mere physical commodity to an integrated financial services instrument. Prior to this license, gold activities were in a regulatory gray area, potentially posing legal risks and financial crimes. Following the granting of the license under POJK No. 17 of 2024, Pegadaian serves as an official institution strengthening legal certainty, consumer protection, financial system stability, and preventing illegal gold investment practices (Oktavia & Arifin, 2026).

Tabel 5. Analysis before and after the issuance of the bullion permit

Criteria	Before bullion permit	After bullion permit (pawnshop)
Regulatory aspects and legal certainty	Gold buying and selling and saving activities are carried out within the framework of conventional gold pawning and trading businesses, without special regulations regarding bullion banking.	Pegadaian has obtained an official permit as a bullion business operator based on POJK Number 17 of 2024, so that all bullion activities are under the supervision of the OJK.
	There are no specific legal standards regarding physical gold management, storage, clearing and gold recording.	There are operational standards and prudential principles that must be adhered to, including governance, risk management, and reporting.

Criteria	Before bullion permit	After bullion permit (pawnshop)
	The potential for multiple legal interpretations of gold savings and gold trading activities.	Legal certainty is increased because bullion activities are qualified as official financial services activities.
Consumer protection and public trust aspects	Consumer protection is limited to the general mechanisms of the pawn business.	Consumer protection is strengthened through transparency obligations, OJK supervision, and financial services sector complaint mechanisms.
	The level of public trust in formal gold investment is not yet optimal.	Public trust has increased because Pegadaian bullion is seen as a safe, legal, and guaranteed gold investment instrument.
	The rise of illegal gold investment practices and gold-based Ponzi schemes.	Pegadaian Bullion serves as a legal alternative that reduces the scope for illegal gold investment.
Financial system stability aspects	Gold activities are not yet integrated with the national financial system.	Pegadaian Bullion is part of a financial services system that is supervised macro and microprudentially.
	Systemic risks from gold trading are not optimally detected.	Systemic risks can be monitored and mitigated through structured reporting and oversight.
	Gold is more of a passive asset for people.	Gold is transformed into a productive financial instrument.
Financial literacy and inclusion aspects	Public literacy regarding formal gold investment is relatively low.	Literacy is increased through official Pegadaian education regarding bullion products.
	Public access to gold services is limited to physical transactions.	The public has access to structured gold savings, financing and trading.
	Community participation tends to be informal.	Financial inclusion is increasing, especially for the unbanked and underbanked.
Financial crime prevention aspects	Weak supervision opens up loopholes for money laundering and gold-based fraud.	The implementation of Anti-Money Laundering and Counter-Terrorism Financing (AML-CFT) principles is stricter.
	It is difficult to distinguish between legal and illegal gold investments.	The public has an official reference to legal gold investment.
	Law enforcement is reactive.	Preventive approach through active regulation and supervision.
Economic aspects and the national gold market	The domestic gold market is fragmented.	There is integration of the national gold market through official institutions.
	Dependence on foreign physical gold is relatively high.	Pegadaian Bullion encourages the strengthening of national gold reserves and the efficiency of the domestic market.
	The economic added value of gold is not yet optimal.	Gold provides added value through its financial intermediation function.

Viewed from the perspective of justice theory (Gustav Radburch), the granting of a bullion business permit to Pegadaian reflects the state's efforts to provide a fairer distribution of access to the management and utilization of gold as a strategic economic asset, particularly for small communities and vulnerable groups who have previously operated in the informal sector (Radbruch, 2006). From the perspective of legal certainty theory, the regulation of bullion activities through POJK Number 17 of 2024 emphasizes clear boundaries of authority, operational standards, and oversight mechanisms, thereby reducing regulatory gray areas that previously had the potential to give rise to disputes, fraud, and legal uncertainty for consumers. Meanwhile, based on the theory of utility, the existence of Pegadaian bullion provides real utility value for society and the national financial system by increasing financial literacy and inclusion, strengthening financial system stability, and preventing illegal gold investment practices. Thus, Pegadaian's bullion permit can be viewed as a legal policy that not only fulfills the normative dimension but also is able to integrate justice, legal certainty, and utility proportionally within the framework of national legal and economic development.

3.1.4 International comparative study: Ponzi schemes and the relevance of bullion services

The phenomenon of Ponzi schemes in various countries exhibits a similar pattern: the exploitation of public trust through pseudo-investment schemes often disguised as financial innovation. In the Indonesian context, research by Anggriawan (2023) in the Lex Scientia Law Review reveals that the development of Ponzi schemes has undergone a significant transformation into the digital realm, particularly through instruments such as cryptocurrencies and trading robots. This situation is exacerbated by the absence of specific regulations comprehensively governing Ponzi schemes, low public financial literacy, and suboptimal law enforcement. As a result, various illegal investment schemes are easily disguised as innovative financial products in the digital era. In this context, the bullion service offered by Pegadaian holds strategic relevance as an investment instrument based on real assets (physical gold) that can reduce speculation and build institutional trust.

In contrast to Indonesia, Malaysia's experience demonstrates that even gold-based instruments can be misused in Ponzi schemes. A study in the Journal of Financial Crime examined the cases of Genneva Gold and Swisscash, which leveraged the legitimacy of gold to attract investors through buyback guarantee schemes and promises of fixed returns. These findings confirm that gold as an underlying asset does not automatically guarantee investment security; rather, it depends heavily on the business model implemented. Therefore, legitimate bullion services must adhere to transparency principles, including audits of physical gold, and must not promise speculative fixed returns (Kasim et al., 2020). This is a fundamental distinction between legitimate bullion services and gold-based Ponzi schemes.

In Africa, the Menzgold case in Ghana provides important lessons regarding the role of institutional oversight. Research in the Journal of Financial Crime indicates that the proliferation of gold-based Ponzi schemes in Ghana was due to weak regulatory oversight and a lack of coordination between financial institutions. These schemes offered investors high returns without adequate asset backing, thus having a broad impact on national economic stability. From this perspective, bullion services can only function effectively as a fraud prevention instrument if they are integrated into the state's oversight system and strictly supervised by financial authorities such as the central bank or capital market regulator. Without institutional trust, even gold-based instruments are vulnerable to misuse (Mohammed, 2021).

Meanwhile, the classic Ponzi scheme in the United States involving Bernard Madoff demonstrates another dimension of this phenomenon: psychological factors and social trust. A study in the Journal of Money Laundering Control revealed that the long-term success of Madoff's scheme was due not only to weaknesses in the oversight system, but also to high levels of investor trust and minimal due diligence. The absence of a tangible underlying asset is a key characteristic of this scheme. In this regard, physical gold-based bullion services offer the advantages of verifiability and auditability, which can reduce information asymmetry and serve as a counterpoint to the pseudo-trust model of Ponzi schemes (Monaghan & O'Flynn, 2013).

Global literature on gold-based fraud indicates that many modern Ponzi schemes use the concept of "virtual gold" or paper gold as an investment guise. Research published in the Journal of Financial Crime confirms that returns in these schemes generally come from new investor funds, not from real assets. Moreover, bullion platforms can be abused if they do not implement adequate transparency and oversight (Prabowo & Cooper, 2016). Therefore, the success of bullion services in preventing Ponzi schemes depends heavily on three key aspects: a secure custody system, a transparent audit mechanism (auditability), and regulatory compliance. Therefore, physical gold is not an absolute guarantee of fraud-free investment; it must be supported by strong institutional governance.

3.1.5 Relevance to fraud prevention

Pegadaian's bullion services stand out as a preventive instrument against digital-era Ponzi investment fraud through strict OJK regulation, offering transparency in real gold assets that differentiates them from unsupervised illegal schemes. Licensed status ensures prudential compliance, while digital products like Gold Savings reduce appeal of bogus platforms via secure access and literacy education (Nurlaela et al., 2024). Pegadaian's bullion services hold particular relevance in the prevention of digital-era investment fraud, especially Ponzi schemes that exploit technological platforms and low levels of public financial literacy. Numerous studies emphasize that digital Ponzi schemes thrive in environments characterized by weak regulation, information asymmetry, and unrealistic return expectations. In contrast, Pegadaian's bullion activities are embedded within a formal regulatory framework under the supervision of the Financial Services Authority (OJK), positioning bullion services not merely as investment products, but as preventive legal instruments that reinforce trust, legality, and accountability within the financial system. From a regulatory perspective, the enactment of POJK No. 17 of 2024 on Bullion Business Activities establishes explicit standards on licensing, governance, disclosure obligations, and risk management. These provisions directly address structural weaknesses commonly exploited by digital Ponzi schemes, such as opaque fund management and unverifiable assets. Legal certainty created through sector-specific regulation reduces normative ambiguity and strengthens consumer protection, aligning with the broader objectives of financial system stability as mandated under Law No. 4 of 2023 on Financial Sector Development and Strengthening (UU P2SK).

Substantively, Pegadaian's bullion model is grounded in real and verifiable physical gold ownership, implemented through allocated and unallocated accounts that comply with London Bullion Market Association (LBMA) and Indonesian National Standard (SNI) requirements. Asset-backed investment structures have been widely recognized as effective safeguards against fraudulent financial schemes, as they eliminate fictitious value creation and reduce dependency on continuous participant recruitment (Sadiraj & Schram, 2018). This feature sharply differentiates bullion services from Ponzi schemes, which rely solely on fund circulation without underlying economic substance. From a technological standpoint, Pegadaian's digital Gold Savings services provide a credible, state-backed alternative within the same digital ecosystem frequently exploited by illegal investment platforms. Research indicates that the availability of regulated digital financial products significantly lowers public exposure to fraudulent schemes by offering secure, transparent, and institutionally accountable options (Barrell & Davies, 2011). Supported by BUMN infrastructure and strong capital adequacy, Pegadaian's digital services redirect public participation toward lawful financial instruments while simultaneously promoting financial literacy.

Institutional coordination further enhances the preventive capacity of bullion services. OJK's collaboration with the Investment Alert Task Force (*Satgas Waspada Investasi*) enables early detection of illegal investment patterns, dissemination of public warnings, and continuous education initiatives. This layered governance approach—integrating regulation, supervision, technology, and literacy—reflects international best practices in fraud prevention and aligns with risk-based supervision models advocated by global financial regulators. Normatively, this approach operationalizes Article 132 of UU P2SK, which emphasizes preventive measures and consumer protection as core elements of financial governance.

Nevertheless, the effectiveness of bullion services as a fraud prevention mechanism remains conditional. Persistent low levels of financial literacy, rapid dissemination of misinformation through digital platforms, and increasing cybersecurity risks continue to constrain public capacity to distinguish legal investments from fraudulent schemes. Moreover, prior to the issuance of POJK No. 17 of 2024, the absence of a comprehensive regulatory framework governing bullion activities created legal gray areas that were exploited by fraudulent actors masquerading as legitimate digital gold trading platforms. These limitations underscore that regulatory innovation alone is insufficient without parallel strengthening of literacy programs, supervisory technology (*suptech*), and criminal law enforcement (Hastasari & Suharini, 2025).

Accordingly, the relevance of Pegadaian's bullion services to fraud prevention must be understood as part of a broader systemic strategy. While bullion services significantly reduce the structural vulnerabilities exploited by Ponzi schemes, their preventive function depends on sustained regulatory enforcement, technological resilience, and legal certainty. This analytical conclusion logically connects to the Conclusion section, which emphasizes the need for enhanced public literacy, strengthened supervisory mechanisms, and renewal of economic criminal law—particularly the formulation of explicit legal provisions addressing Ponzi schemes—to ensure that regulated bullion services operate optimally as state-backed alternatives in protecting the public from digital investment fraud.

4. Conclusion

This study concludes that bullion services play an important role within the framework of digital financial governance by providing a secure, transparent, and asset-backed investment alternative to Ponzi scheme fraud. Supported by regulatory supervision, legal certainty, and institutional accountability, bullion services offer greater consumer protection than fraudulent investment schemes that rely on speculative returns and continuous recruitment of new participants. The findings demonstrate that the integration of digital technology, financial literacy, and effective regulatory oversight strengthens the preventive function of bullion services against investment fraud. Consequently, bullion services should be positioned not only as investment products but also as governance instruments that support financial stability, consumer protection, and public trust in the digital financial ecosystem. The novelty of this study lies in offering a new legal and governance perspective that positions bullion services as preventive instruments against Ponzi scheme fraud. Unlike previous studies that primarily focus on criminal law enforcement or financial regulation, this research links digital financial governance with bullion-based investment as a legal and institutional mechanism for enhancing financial security, consumer protection, and fraud prevention in the digital era.

Acknowledgement

The author would like to express sincere gratitude to all institutions and researchers whose publicly available legal documents, regulations, official publications, and scholarly works contributed to this study. The author also appreciates the constructive feedback from the editors and reviewers, which helped improve the quality of this manuscript.

Author Contribution

The author contributed to the conceptualization, literature review, legal analysis, methodology, interpretation of findings, writing of the original draft, and revision of the manuscript. The author has read and approved the final version of the manuscript.

Funding
This research received no external funding.

Ethical Review Board Statement
Ethical review and approval were waived for this study because it is based exclusively on normative legal research using publicly available laws, regulations, official documents, and published literature, without involving human participants, animals, or identifiable personal data.

Informed Consent Statement
Not available.

Data Availability Statement
The data supporting the findings of this study are derived from publicly available legal documents, government regulations, official publications, and peer-reviewed literature cited in the reference list. No primary dataset was generated during this research.

Conflicts of Interest
The author declares no conflict of interest.

Declaration of Generative AI Use
No generative artificial intelligence (AI) tools were used in the design, analysis, interpretation, or writing of this manuscript.

References
Anggriawan, R. (2025). Countering transnational digital Ponzi schemes in Indonesia: Legal frameworks, institutional challenges, and reform pathways. *Law and Justice, 10*(2), 101–129. https://doi.org/10.23917/laj.v10i2.13243

Askandar, A., Reihansyah, M., & Kusuma, R. L. (2021). Understanding the legal framework of bullion in Indonesia. *Journal of Financial Sector Law & Policy, 1*(1), 55–69. https://jurnal.hkhsk.id/index.php/jfslp/article/view/112

Atrey, I. (2023). Cybercrime and its legal implications: Analysing the challenges and legal frameworks surrounding cybercrime, including issues related to jurisdiction, privacy, and digital evidence. *International Journal of Research and Analytical Reviews, 10*(3), 183. https://doi.org/10.1729/Journal.35277

Aulia, M. Z. (2018). Hukum progresif dari Satjipto Rahardjo. *Undang: Jurnal Hukum, 1*(1), 159–185. https://doi.org/10.22437/ujh.1.1.159-185

Badar, M. Y. Y., & Mandala, S. (2025). The existence of PT Pegadaian as a bullion bank business player in Indonesia. *Jurnal Greenation Sosial dan Politik, 3*(4), 1280–1288. https://doi.org/10.38035/jgsp.v3i4

Barrell, R., & Davies, E. P. (2011). Financial regulation. *National Institute Economic Review, 216*(1), F4–F9. https://doi.org/10.1177/0027950111411368

Fajriawati. (2022). Perlindungan hukum terhadap investasi emas online. *Jurnal SOMASI (Sosial Humaniora Komunikasi), 3*(2), 70–76. https://doi.org/10.53695/js.v3i2.842

Frankel, T. (2012). *The Ponzi scheme puzzle: A history and analysis of con artists and victims*. Oxford University Press. https://doi.org/10.1093/acprof:osobl/9780199926619.001.0001

Fuller, L. L. (1964). *The morality of law* (Rev. ed.). Yale University Press.

Ghazmi, S. F., & Amedi, A. M. (2021). VTube Indonesia's business activities: How can OJK's Investment Task Force take action against illegal investments? *The Lawpreneurship Journal, 1*(2), 139–157. https://doi.org/10.21632/tlj.1.2.139-157

Hastasari, R., & Suharini, S. (2025). The role of bullion banks as a market risk management instrument in Indonesia's gold sector. *Jurnal Ilmiah Multidisiplin, 4*(4), 114–119. https://doi.org/10.56127/jukim.v4i04.2195

Herdina, T. A., Hadiwibowo, I., & Aziz, M. T. (2025). The evolution of Ponzi schemes: From traditional frauds to digital money games. *Journal of Auditing, Finance and Forensic Accounting, 13*(1), 41–66. https://doi.org/10.21107/jaffa.v13i1.29535

Irawan, G. Y., & Christianto, H. (2025). Legal regulations on gold banks post-UUP2SK and POJK 17/2024: Normative review and comparison with international practices. *Journal of Social Research, 4*(8), 2133–2143. https://doi.org/10.55324/josr.v4i8.2726

Kasim, E. S., Zin, N. M., Padil, H. M., & Omar, N. (2020). Ponzi schemes and its prevention: Insights from Malaysia. *Management & Accounting Review, 19*(3), 89–118. https://doi.org/10.24191/mar.v19i3.1381

Kontan. (2026). *OJK ungkap tantangan LJK dalam memenuhi syarat usaha bullion*. https://keuangan.kontan.co.id/news/ojk-ungkap-tantangan-ljk-dalam-memenuhi-syarat-usaha-bullion

Lorien, N., & Tantimin, T. (2022). Investasi bodong dengan sistem skema Ponzi: Kajian hukum pidana. *Jatayu, 5*(8), 356–366. https://ejournal.undiksha.ac.id/index.php/jatayu/article/view/46113

Maleh, Y., Zhang, J., & Hansali, A. (2024). Advances in emerging financial technology and digital money. In *Advances in emerging financial technology and digital money* (pp. 335–379). CRC Press. https://doi.org/10.1201/9781032667478

Manurung, C. (2025). Bank emas di Indonesia: Prospek, harapan dan tantangan. *Journal of Capital Markets and Banking (JCMB), 13*(2), 94–111. https://doi.org/10.63607/jcmb.v13i2

Meyer, T., & Hinchman, L. P. (2007). *The theory of social democracy*. Polity Press.

Mohammed, U. (2021). Effect of Ponzi schemes on a country: The case of Ghana. *Journal of Financial Crime, 28*(3), 926–939. https://doi.org/10.1108/JFC-09-2020-0177

Monaghan, L. F., & O'Flynn, M. (2013). The Madoffization of society: A corrosive process in an age of fictitious capital. *Critical Sociology, 39*(6), 869–887. https://doi.org/10.1177/0896920512446760

Nurlaela, S., Siswanto, V. K., Santoso, E. B., Setyaningsih, Y., Prasetyo, F. H., Saputro, R. A., Dyaksa, G. A. P., Pramesti, G. A., & Kurniawan, A. A. (2024). Pengembangan jalur wisata budaya Majapahit, Trowulan, Kabupaten Mojokerto berbasis network strategy. *Sewagati, 8*(3), 1575–1589. https://doi.org/10.12962/j26139960.v8i3.851

Otoritas Jasa Keuangan, & Asosiasi Perusahaan Penjaminan Indonesia. (2024). *Peta jalan pengembangan dan penguatan industri penjaminan Indonesia 2024–2028*.

Oktavia, S. D., & Arifin, S. (2026). Keunggulan kompetitif investasi emas syariah Pegadaian Syariah Cabang Blauran. *Maslahah: Jurnal Manajemen dan Ekonomi Syariah, 4*(1), 59–71. https://doi.org/10.59059/maslahah.v4i1.2858

Ozili, P. K. (2018). Impact of digital finance on financial inclusion and stability. *Borsa Istanbul Review, 18*(4), 329–340. https://doi.org/10.1016/j.bir.2017.12.003

Parker, C., & Nielsen, V. L. (2009). The challenge of empirical research on business compliance in regulatory capitalism. *Annual Review of Law and Social Science, 5*, 45–70. https://doi.org/10.1146/annurev.lawsocsci.093008.131555

Prabowo, H. Y., & Cooper, K. (2016). Re-understanding corruption in the Indonesian public sector through three behavioral lenses. *Journal of Financial Crime, 23*(4), 1028–1062.

https://doi.org/10.1108/JFC-08-2015-0039

Radbruch, G. (2006). Statutory lawlessness and supra-statutory law (1946). *Oxford Journal of Legal Studies, 26*(1), 1–11. https://doi.org/10.1093/ojls/gqi041

Sadiraj, K., & Schram, A. (2018). Inside information in Ponzi schemes. *Journal of the Economic Science Association, 4*(1), 29–45. https://doi.org/10.1007/s40881-018-0047-4

Shaffer, G. (2015). The new legal realist approach to international law. *Leiden Journal of International Law, 28*(2), 189–210. https://doi.org/10.1017/S0922156515000035

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance, 52*(2), 737–783. https://doi.org/10.1111/j.1540-6261.1997.tb04820.x

Ulya, W., Afifah, H., & Setyanugraha, R. S. (2023). Perlindungan hukum dalam transaksi tabungan emas digital (Studi perbandingan pada aplikasi Pluang dan Indogold). *Perwira Journal of Economics & Business, 3*(1), 69–80. https://doi.org/10.54199/pjeb.v3i01.177

Wiwoho, J., Kharisma, D. B., & Wardhono, D. T. K. (2022). Financial crime in digital payments. *Journal of Central Banking Law and Institutions, 1*(1), 47–70. https://doi.org/10.21098/jcli.v1i1.7

Yuspin, W., & Fadhlulloh, Q. H. (2022). Ponzi scheme: Risk and regulation in Indonesia. *International Journal of Social Science Research and Review, 5*(10), 339–345. https://doi.org/10.47814/ijssrr.v5i10.599

Zuckoff, M. (2005). *Ponzi's scheme: The true story of a financial legend*. Random House.

Biography of Author

Guruh Tio Ibipurwo, is affiliated with the Regional Development Planning, Research, and Innovation Agency (BAPPERIDA) of Mojokerto City, Mojokerto, East Java, Indonesia, and the Faculty of Law, Social and Political Sciences, Universitas Terbuka, South Tangerang, Banten, Indonesia.

- E-mail: guruhtio94@gmal.com
- ORCID: 0009-0001-5898-495X / 0009-0007-4167-9039
- Web of Science ResearcherID: N/A
- Scopus Author ID: N/A
- Homepage: https://www.researchgate.net/profile/Guruh-Ibipurwo?ev=hdr_xprf