

Regional Government Responsibility as A Controlling Shareholder in The Collapse of BPR Aceh Utara

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Abstract

The North Aceh Regency Government established BPR Aceh Utara as a means of public service for PAD sources. BPR Aceh Utara runs a conventional business in accordance with the Banking Law. In 2018, the Aceh Government formed the Qanun LKS, which stipulates that financial institutions operating in Aceh are based on Sharia Principles. In OJK Letter Number: S-29 / KO.05011 / 2018, it is emphasized that all financial institutions in Aceh are required to switch from conventional to sharia, the Qanun LKS. However, BPR Aceh Utara cannot be transferred to the sharia system because the North Aceh Government, as the Controlling Shareholder, did not make capital participation and restructuring, so that its business license was revoked by the OJK with its decision Number KEP-27 / D.03 / 2024 concerning the Revocation of BPR Aceh Utara Business License. This is very detrimental to customers, employees, local governments, and the community. This study uses normative and empirical legal research methods, incorporating a statutory approach, a conceptual approach, and a comparative approach. Data collection was carried out through library research, including an analysis of primary, secondary, and tertiary legal materials as well as non-legal sources. Additionally, field research was carried out through interviews with respondents and informants who can provide relevant information about BPR Aceh Utara. The results of the study indicate that: First, efforts to improve the health of BPR Aceh Utara are not optimal because the Controlling Shareholder does not make capital participation as determined by the OJK and regulated in the Qanun on Capital Participation. Second, legal protection for customers is carried out by LPS by making savings payments that meet the requirements. Third, the Regional Head as the Controlling Shareholder is not responsible for the bankruptcy of BPR Aceh Utara. It is recommended that the regional head strengthen capital, foster BUMD management so that they are able to provide public services and PAD income.

Keywords: Responsibility, Shareholders, Business Entity, Regional-Owned, Enterprise, Conventional, Sharia System.

1. INTRODUCTION

Regional-Owned Enterprises (BUMD) are Companies established by the Regional Government to contribute to regional development and, more broadly, to national economic growth.¹ The presence of BUMD is intended to meet the needs of the people to realize a just and prosperous society as mandated in the Preamble to the 1945 Constitution of the Republic of Indonesia (UUD 1945). The establishment of BUMD is initiated by the Regional Government, which holds

¹ M. Jafar, "Legal Accountability of Regional Companies with the Character of Convergence between Private Law and Public Law and Its Development" (Faculty of Law, University of North Sumatra, 2016).100

full or majority ownership of its shares and capital. The Regional Government provides direct capital investment originating from regional assets. As a legal entity, a BUMD has assets that are separate from regional assets, granting it operational independence, budgetary flexibility, and financial accountability.

The existence of BUMD as a business institution owned by the Regional Government has a strategic role in regional economic development. With the existence of BUMD in a region, it is expected to provide a large influence (*multiplier effect*) on the community's economy.² This is because BUMD can run a business effectively, efficiently, and accountably, so that it is able to provide quality products at affordable prices for the people. In addition, BUMD is expected to be relied on as the main source of funding for the regional government.³ In addition to their function of optimizing regional resources to boost Regional Original Income (PAD), BUMDs contribute to reinforcing regional economy governance, in accordance with the mandate of the 1945 Constitution.⁴ Therefore, it is necessary to strengthen economic institutions in the context of implementing broad, real, and responsible regional autonomy.

One of the goals of regional autonomy is to improve people's welfare.⁵ Improvement of people's welfare will be realized if the region can maximize all its potential to increase PAD. By enhancing corporate potential, BUMDs are expected to create wider opportunities for revenue generation, thereby stimulating regional economic growth and ultimately contributing to public welfare. Improvement reception area can be done through serious and professional BUMD management based on the principles of *Good Corporate Government (GCG)*, which include: *transparency, accountability, responsibility, independence, and fairness (abbreviated as TARIF)*.⁶ Furthermore, the implementation of GCG needs to be supported by three main pillars that are interconnected, namely: (1) the state and its apparatus as regulators; (2) the business world as basic actors; (3) society as product users or consumers.⁷

BUMD can operate in the field that is under its household affairs according to the laws and regulations governing the Regional Government. Types of BUMD business activities include providing facilities and infrastructure, markets, ports, education, health, transportation, trade, livestock, and banking. The banking sector is the primary driving force behind national economic development, and therefore, no country's financial system lacks a banking sector. Banks are part of the financial and payment systems of countries.⁸ The North Aceh Regency Government established the North Aceh People's Credit Bank (BPR Aceh Utara) as a means of public service and also as a source of PAD.⁹ Initially, BPR Aceh Utara was named BPR Sabe Meusampe, which was established in 1990 in the Lhoksukon District. Since 2000, the BPR Sabe Meusampe

2 Endang Suratminingsih, "The Strategic Role of BUMD as a Profit-Oriented Regional Company," *Top Business*, 2023, <https://www.topbusiness.id/73363/peran-strategis-bumd-sebagai-perusahaan-daerah-yang-berorientasi-prof-it.html>. Accessed February 4, 2025

3 Samsul Hadi, *Jakarta Incorporation, New Paradigm of BUMD* (Surabaya: Jagat Teras Semesta, 2007).340

4 Suratminingsih, "The Strategic Role of BUMD as a Profit-Oriented Regional Company."

5 Indra J. Piliang et al., *Regional Autonomy, Evaluation @ Projection, Local Democracy Studies Division* (Jakarta: Harkat Bangsa Foundation, 2003).76

6 Adrian Sutedi, *Good Corporate Governance* (Jakarta: Sinar Grafika, 2011).p.88

7 Pandji Santosa, *Public Administration: Theory and Application of Good Governance* (Bandung: Refika Aditama, 2008).18

8 Putri Anggia et al., "Legal Justice : The Abolition of the Principle of Bank Secrecy for Tax Interests in Indonesia," *Jambura Law Review* 5, no. 02 (2023): 314–331, <https://doi.org/DOI : 10.33756/jlr.v5i2.18793>.

9 "Law Number 4 of 2023 Concerning the Development and Strengthening of the Financial Sector (UUP2SK), the Term Rural Credit Bank Was Changed to People's Economic Bank. According to Article 331 of Law Number 23 of 2014 Concerning Regional Government, BUMD Can".

office has been moved to Lhokseumawe City due to the escalation of armed conflict between the Free Aceh Movement (GAM) and the Government of the Republic of Indonesia. Furthermore, on August 20, 2018, its name was officially changed to BPR Aceh Utara.¹⁰

BPR Aceh Utara runs its business conventionally in accordance with Law Number 7 of 1992 concerning Banking, as amended by Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking (Banking Law). Then, in 2018, the Aceh Government formed Aceh Qanun Number 11 of 2018 concerning Sharia Financial Institutions (Qanun LKS). Article 2, paragraph (1) of the Qanun LKS states that “financial institutions operating in Aceh are based on Sharia Principles”. Furthermore, Article 65 emphasizes that financial institutions operating in Aceh are required to comply with the Qanun LKS no later than January 4, 2022. This provision was followed up by OJK Letter Number: S-29/KO.05011/2018, dated August 20, 2018, that all financial institutions in Aceh are required to switch from conventional to sharia in accordance with Qanun (Regional Regulation) No. 11 of 2018 concerning Sharia Financial Institutions. However, BPR Aceh Utara, until the specified deadline, could not be converted to the sharia system because it did not have sufficient core capital, which was at least IDR 6 billion (six billion rupiah).

The inability of BPR Aceh Utara to have sufficient core capital was due to the regional financial crisis. In 2019, Qanun Aceh Utara Number 6 of 2019 concerning the Addition of Capital Participation of the Aceh Utara Regency Government in PT. BPR Aceh Utara (Capital Participation Qanun) was formed. Article 3, paragraph (1) states that the authorized capital of PT. BPR Aceh Utara is set at IDR 30 billion. In paragraph (2), the capital participation of the Aceh Utara Regency Government in PT. BPR Aceh Utara has been paid up to 2018, amounting to IDR 6 billion. Furthermore, paragraph (3) stipulates that the remaining authorized capital that has not been paid by the Aceh Utara Regency Government, as referred to in paragraph (1), is IDR 24 billion. In paragraph (4), it is emphasized that the amount of the remaining authorized capital, as referred to in paragraph (3), is a maximum of 5 (five) budget years and is budgeted starting from the 2020 budget year.

If the capital participation provisions can be implemented, then BPR Aceh Utara will have sufficient core capital. However, the capital participation plan was not realized, so it cannot be transferred (converted) from the conventional system to the sharia system.¹¹ In addition, both the Regional Financial Institutions, the Qanun LKS, and the OJK Circular, also prohibit BPR Aceh Utara from carrying out business activities with a conventional system since January 4, 2022. Regarding this regulatory mandate, Marzuki (2022) clarified that should the North Aceh Regency Government provide capital participation following the provisions of the Capital Participation Qanun, then BPR North Aceh can be transferred to the sharia banking system. This conversion would require approximately IDR 6 to IDR 10 billion in funds.¹² If these funds are available, the bank's operations will be healthier and smoother. However, the failure to materialize this capital participation has led to operational stagnation. Consequently,

10 PT. Bpr Aceh Utara, “<https://www.instagram.com/bpracehutama/>,” PT. Bpr Aceh Utara, 2024, <https://www.instagram.com/bpracehutama/>. Accessed 28 July 2025

11 Muhammad Saleh, “*Diduga Jadi Bancakan Para Elit Penambahan Modal Rp 3 Miliar Masih Misteri*,” *Modusaceh.Co*, 2024, <https://modusaceh.co/news/diduga-jadi-bancakan-para-elit-penambahan-modal-rp3-miliar-masih-misteri/index.html>. Accessed 28 July 2025

12 “Marzuki, Commissioner of BPR North Aceh , Modusaceh.Co, January 24, 2024,”

the bank has experienced progressive capital decreasing over time due to being used for the company's operational costs.

Fahrurrazi similarly reported that BPR Aceh Utara incurred consistent financial losses, rendering it unable to contribute to the PAD income of the North Aceh Government. Lastly, PAD was deposited into the regional treasury in 2016. Furthermore, remissions were suspended due to both operational losses and failure to meet the minimum core capital requirements.¹³ Lack of capital caused the financial condition of BPR Aceh Utara to become unhealthy. Therefore, the Financial Services Authority (OJK), as an institution that regulates and supervises the financial services sector, especially banking, assigned the board of directors and controlling shareholders to restore BPR Aceh Utara to financial health. However, until the specified deadline, BPR Aceh Utara could not be restored to financial health, so that its business license was revoked by OJK with its decision Number KEP-27 / D.03 / 2024 concerning the Revocation of BPR Aceh Utara Business License. This is very detrimental to customers, employees, local governments as capital owners, and the community.

Based on the description and problems above, it is interesting to examine three critical dimensions of PT.BPR Aceh Utara's institutional recovery: (1) financial rehabilitation strategies to restore Bank health, (2) legal protection for customers, and (3) the accountability framework for regional heads as controlling shareholders. This study uses normative legal research (normative *juridical*) and empirical legal research (empirical *juridical*).¹⁴ Normative legal research with the consideration that the starting point of the study is the analysis of positive legal norms in Indonesia concerning BUMD, both those contained in laws and regulations and those contained in court decisions. This study is *prescriptive in nature* to examine the responsibilities of regional heads as controlling shareholders in BUMD.¹⁵

This study uses a statute approach, a conceptual approach, and a comparative approach. The statutory approach is an approach used to study and analyze: a) laws and regulations related to BUMD; and b) regulations related to the legal issues being handled.¹⁶ This analysis encompasses the fundamental principles, legal norms, and laws and regulations governing BUMD, including: (1) their substantive legal material, (2) ontological basis, (3) *ratio legis*, and (4) the coexistence of provisions regarding BUMD, BPR, and LKS.¹⁷ Furthermore, the conceptual approach is used to gain a deeper understanding of the concepts contained in the laws of BUMD, BPR, and Qanun LKS within the Indonesian legal system. By understanding the concept correctly, emerges accurate interpretation and appropriate application of these legal constructs emerge.

This study uses secondary data which consists of primary, secondary, and tertiary legal materials.¹⁸ Data collection is carried out through library research *with* a literature

13 Muhammad Saleh, "BPR Aceh Utara, Duh! Dari Sabe Meusampe Jadi Sabe Meupalo (Bagian Dua)," Modusaceh.Co, 2024, <https://modusaceh.co/news/bpr-aceh-utara-duh-dari-sabe-meusampe-jadi-sabe-meupalo-bagian-dua/index.html>, Salinan ini telah tayang di. Accessed 28 July 2025

14 Amiruddin and Zainal Asikin, *Introduction to Legal Research Methods*, Modusaceh.Co (Jakarta: PT Raja Grafindo Persada, 2006).18

15 M. Solly Lubis, *Philosophy of Science and Research* (Medan: PT Sofmedia, 2012).107-108

16 Salim HS and Erlies Septiana Nurbani, *Application of Legal Theory in Thesis and Dissertation Research* (Jakarta: Raja Grafindo Persada, 2013).17-18

17 Ermanto Fahamsyah et al., "The Problem of Filing for Bankruptcy in Indonesian Law : Should the Insolvency Test Mechanism Be Applied?," *Jurnal Volksgeist* VII, no. 1 (2024):199-218, <https://doi.org/10.24090/volksgeist.v7i1.10079>.

18 Mukti Fajar and Yulianto Achmad, *Dualism of Normative Legal Research @ Empirical* (Yogyakarta: Pustaka Pelajar, 2013).156

study of legal materials, primary, secondary, tertiary, and non-legal materials.¹⁹ The search for these legal materials can be done by reading, watching, listening, or through the internet.²⁰ This study is intended to obtain a theoretical or doctrinal conception, opinion, or conceptual thinking related to the legal responsibility of regional heads as controlling shareholders in the Indonesian legal system.

Furthermore, this study employed field research methods, conducting interviews with respondents and informants possessing relevant knowledge of BPR Aceh Utara's operations. The field research was conducted using interview guidelines and submission of questionnaires to informants and sources who were considered competent or understood the problems being studied. The processing of secondary data or legal materials collected is carried out through selection and classification activities according to their classification and arranged systematically and logically.²¹ This systematic organization of data and legal materials serves to facilitate sequential and systematic analysis. As a crucial component of scholarly inquiry, data analysis enables researchers to address the study's research questions. The data is analyzed qualitatively (*content analysis*), followed by logical and systemic interpretation. After the data is analyzed, conclusions are drawn using deductive thinking logic and subsequently presented in descriptive form to explain the previously identified research problems.

2. ANALYSIS AND DISCUSSION

2.1. North Aceh BPR Rehabilitation Efforts

As a legal entity formed by the regional government, BUMD can carry out commercial activities on behalf of the regional government, whether provincial, district, or city. BUMD is an organization that has an independent corporate status, led by a board of directors and supervised by commissioners appointed by the regional head as the controlling shareholder.²² BUMDs differ from local government bureaucracies in terms of funding, transaction costs, workers' rights, financial oversight, permission to operate outside their jurisdiction, and, in certain circumstances, including the right to profit and declare bankruptcy. BUMDs are also more efficient than government bureaucracies, but have a high rate of losses due to their legal and managerial autonomy.²³

BUMD has an important role in regional development, in particular, and national development in general. In addition to being one of the sources of Regional Original Income (PAD), it also has functions and roles in implementing regional government policies in the field of economy and development, raising funds for development financing, encouraging community participation in the business world, and fulfilling goods and services for the benefit of the community. BPR Aceh Utara, which was established by the North Aceh District Government, is intended for public services and as a source of PAD. The source of PAD is obtained from company profits, which are distributed as *dividends* to its owners. However, in reality, for the past 6 years, BPR Aceh Utara has not made a profit and deposited *dividends* into the regional treasury.

19 Soerjono Soekanto and Sri Mamudji, *Normative Legal Research* (Jakarta: Rajawali Press, 2009).13-14

20 Soerjono Soekanto and Sri Mamudji, p.160

21 Soerjono Soekanto and Sri Mamudji, pp.180

22 Gatot Supramono, *Limited Liability Company Law* (Jakarta: Djambatan, 2007).3

23 Hadi Prabowo, "BUMD Managers Are Bureaucratic and Lack Business Instinct," Kementerian Dalam Negeri, 2018, <https://keuda.kemendagri.go.id/berita/detail/3948-sekjen-kemendagri-pengelola-bumd-birokratis-dan-kurang-miliki-naluri-bisnis>. Accessed 30 July August 2025

This was stated by Dahlan that he did not find any PAD deposits from BPR Aceh Utara in the database of the Aceh Utara Regional Asset and Wealth Management Agency (BPKAD).²⁴ Until now, there have been no deposits for the past six years. If deposits have been made, they will be recorded as PAD in the BPKAD Aceh Utara internal system. Dahlan further explained that he had checked with the BPKAD Accounting Section, but there was no data on PAD deposits from BPR Aceh Utara, as one of the Regionally-Owned Enterprises (BUMD). The inability to deposit PAD is because BPR Aceh Utara experienced losses due to limited capital. Fahrurrazi admitted that the bank he led experienced losses, so that it could not deposit PAD to the North Aceh Government. The last PAD deposit was in 2016, with subsequent remittances discontinued due to the bank's sustained financial losses and failure to meet the minimum core capital requirements. The available capital was subsequently depleted through operational expenditures, rendering insufficient liquidity for core banking functions, especially in the provision of credit facilities and financing products to customers.

On the other hand, Dimas Yuliharto explained that the revocation of the BPR Aceh Utara business license was not caused by poor economic factors or economic impacts on the BPR. However, the main factor was that there was *fraud* within the bank.²⁵ According to Mahyuzar, the financial management performance of BPR Aceh Utara has long declined, while this bank has no capital to develop, and this bank is the only bank that still operates with a conventional system in Aceh.²⁶ Based on the explanation, BPR Aceh Utara's financial distress stems from two principal factors: (1) *fraud* or managerial misconduct perpetrated by bank executives, and (2) the failure of the North Aceh Government as the majority shareholder to fulfil its capital participation obligations. This capital adequacy has prevented the bank's mandated conversion from a conventional system to a sharia system as the institution lacks the requisite financial foundation for such systemic transformation..

OJK has determined that BPR Aceh Utara is in an unhealthy financial condition and has asked the controlling shareholders, directors, and commissioners to conduct bank recovery, including capital additions. Recovery efforts can be carried out through capital participation from controlling shareholders or from other parties.²⁷

Normatively, the North Aceh Regency Government has formed regulations as a legal basis for capital participation in BPR Aceh Utara, namely Qanun Aceh Utara Number 6 of 2019 concerning the Addition of Capital Participation of the North Aceh Regency Government in PT. BPR Aceh Utara (Capital Participation Qanun).²⁸ Nonetheless, Law No. 11 of 2006 on the Aceh Government provides the legal foundation that serves as the legal safeguard for the application of Islamic law in that region. According to legal theory, the rule denotes an expert in the Regional Government Law. Therefore, Aceh Province's application of Islamic law is directed by the legal protection that requires precision in its application, which is further developed by the Aceh Qanun (Regional

24 "Dahlan, Head of Regional Original Revenue Section, Regional Revenue and Finance Management Agency (BPKAD) of North Aceh Regency, September 8, 2022.,".

25 "Dimas Yuliharto, Secretary of the Deposit Insurance Corporation (LPS), January 17, 2024..

26 Masrizal Bin Zairi, "BPR Aceh Utara Kolaps, LPS Ambil Alih Manajemen," Serambinews, 2024, <https://aceh.tribunnews.com/2024/01/15/bpr-aceh-utara-kolaps-lps-ambil-alih-manajemen>. Accessed 30 July 2025

27 Umi Khaerah Pati and Anugrah Muhtarom Pratama, "Indonesia's Open Banking Future: Designing Effective Regulatory Approaches," *Jambi Law Journal* 8, no. 1 (2025): 27–60, <https://doi.org/10.22437/jlj.8.1.27-60>.

28 "Qanun Aceh Utara Number 6 of 2019 Concerning the Addition of Capital Participation of the North Aceh Regency Government in PT. BPR Aceh Utara" .

Regulation).²⁹ Article 3, paragraph (1) states that the authorized capital of PT. BPR Aceh Utara is set at IDR 30 billion. In paragraph (2), the capital participation of the North Aceh Regency Government in PT. BPR Aceh Utara, which has been paid up to 2018, amounted to IDR 6 billion. Furthermore, paragraph (3), the remaining authorized capital that has not been paid by the North Aceh Regency Government, as referred to in paragraph (1), is IDR 24 billion. In paragraph 4, it is emphasized; the amount of the remaining authorized capital, as referred to in paragraph (3), is a maximum of 5 (five) budget years and is budgeted starting from the 2020 budget year.

The Capital Participation Qanun is the legal basis for the North Aceh District Government to make capital participation in the BPR North Aceh. In terms of financial technicalities, the capital participation is stated in the Qanun on the Revenue and Expenditure Budget (APBK) of North Aceh. This Qanun must receive joint approval from the North Aceh Regent and the North Aceh District People's Representative Council (DPRK). Capital participation in BPR Aceh Utara, as stipulated in the Capital Participation Qanun, was not followed up with further regulations in the APBK Qanun. On the contrary, the North Aceh Regency Government is seeking a loan or capital participation from PT Bank Aceh Syariah to BPR Aceh Utara.

The North Aceh Regency Government proposed in the GMS that PT Bank Aceh Syariah help inject funds for BPR Aceh Utara.³⁰ The goal is for BPR Aceh Utara to be financially healthy and facilitate its conversion to sharia. However, the request was only responded to by PT Bank Aceh Syariah one day before the deadline set by the Aceh OJK Representative Office on January 12, 2024. Notably, the required funding amount escalated from IDR 1.8 billion to IDR 3.6 billion, and ultimately to IDR 6 billion, reflecting the bank's progressive capital depletion during the negotiation period. Following up on the decision of the GMS of PT Bank Aceh Syariah, the North Aceh Regency Government, as the controlling shareholder, requested direct assistance from PT Bank Aceh Syariah. This was done by sending a letter to PT Bank Aceh Syariah, Number: 500/94/2023, dated February 13, 2023, regarding the Application for Capital Participation in PT BPR Aceh Utara. Based on the letter, the Board of Directors of PT. Bank Aceh Syariah sent a letter Number: 3199/DIR/BA//VIII/2023 dated August 15, 2023, regarding Capital Participation of Bank Aceh in BPR Aceh Utara to the Head of the Financial Services Authority (OJK) Representative Office of Aceh Province. The request for recommendation is intended so that the capital participation does not violate OJK provisions, laws, and regulations, and meets all applicable sharia principles. As further consideration, the opinion of the Sharia Supervisory Board (DPS) of Bank Aceh Number: 002/DPS/2023, dated December 9, 2023, regarding the Application for Capital Participation of Bank Aceh to PT BPR Aceh Utara, and the legal opinion from the Legal Advisory Office of Ampon Dani and Partners Number: 002/LF.AD/LO.BA.PM/I/2024 dated January 10, 2024, regarding the Legal Opinion.

Responding to the letter from the Board of Directors of PT. Bank Aceh, the Head of the OJK Representative Office of Aceh Province, stated that, in Aceh, Aceh Qanun Number 11 of 2018 concerning Sharia Financial Institutions (LKS) is in effect, which has been in effect since January 2002. On the other hand, until then, the status of PT BPR Aceh Utara was still registered as a Conventional Financial Institution and had

29 Nuvazria Achir and Sri Nanang Meiska Kamba, "The Function Of Sharia-Based Regional Regulations On Education And Social Services In The Regions," *Jambura Law Review* 3, no. 2 (2021): 1-17, <https://doi.org/https://doi.org/10.33756/jlr.v3i0.7643>.

30 PT. Bank Aceh Syariah, "Transformation, Spirit to Organize the Future" (Banda Aceh, 2019).56

not converted to a Sharia Financial Institution. In POJK Number 22 of 2022, regarding Capital Participation Activities by Commercial Banks, it is also emphasized that “banks that carry out business activities based on sharia principles are prohibited from making capital participation other than to companies engaged in the financial sector based on sharia principles”.

Based on these provisions and considerations, PT Bank Aceh Syariah conveyed to the Regent of North Aceh with Letter Number 179/DIR/BA/I/2024, dated January 10, 2024, of its inability to provide capital participation to BPR Aceh Utara. This decision caused two critical consequences: (1) BPR Aceh Utara’s inability to meet the core capital requirements for conversion to the sharia system, and (2) insufficient liquidity to maintain basic operational functions, ultimately leading to OJK’s declaration of bankruptcy. The Aceh Provincial OJK handed over the management of BPR Aceh Utara to LPS, deactivating the controlling shareholder, commissioners, and directors. LPS also activated all of its devices by placing several personnel at BPR Aceh Utara. Officially, several LPS Central staff were based at BPR Aceh Utara on January 15, 2024.

Following the takeover, LPS presented several resolution options, namely, financial rescue, business transfer, intermediary bank mediation, or liquidation. During the meeting with the Central LPS, Stakeholders collectively determined that the rescue option constituted the optimal solution. Furthermore, the Central LPS convened a virtual meeting attended by key parties, including: the Acting Regent of North Aceh, the President Director of BAS, the DPS of BAS, the LPS Sharia Committee, the non-active Director of BPR North Aceh, and the Shareholders of BPR North Aceh. Mahyuzar affirmed his commitment to rehabilitate PT. BPR Aceh Utara, and would convert to sharia and develop BPR through the Village-Owned Enterprises (Bumdes) network.³¹ In addition, the LPS Sharia Committee also provided similar advice. However, to save BPR Aceh Utara by hoping for capital participation from Bank Aceh can experience various obstacles.

Nevertheless, the controlling shareholders still requested capital participation from PT Bank Aceh Syariah because the rescue of BPR Aceh Utara had been discussed in the Bank Aceh GMS that BPR Aceh Utara must be rescued. BPR Aceh Utara is owned by the North Aceh Regency Government and is also the second largest capital owner of PT Bank Aceh Syariah after the Aceh Government. However, the regulation does not allow BAS to make a capital participation in BPR Aceh Utara. This is contrary to POJK Number 22 of 2022, concerning Capital Participation Activities by Commercial Banks and the Letter of the National Sharia Council of the MUI, Number U-029/DSN-MUI/I/2011, dated January 24, 2011, concerning Guidance on Sharia Bank Financing to Conventional Financial Services.

Dimas Yuliharto emphasized that the financial condition of BPR Aceh Utara is getting worse and cannot be restored to health by its owner. Consequently, LPS has exercised its statutory authority to assume control of the bank management. Under Law Number 24 of 2004 concerning the Deposit Insurance Agency (UU LPS), LPS has officially determined BPR Aceh Utara as a Bank Under Resolution (BDR) and classified it among systemically unhealthy financial institutions. This determination was based on two key findings: (1) irreversible deterioration of financial condition, and (2) the shareholders’ inability to implement effective recovery measures. As part of this

31 “Mahyuzar, Acting Regent of North Aceh, Serambinews.Com, January 12, 2024.”.

resolution process, LPS took over the management of BPR Aceh Utara.³² LPS prepares various bank handling efforts well to guarantee public savings in the BPR. Furthermore, LPS continuously informs the handling steps of BPR Aceh Utara through official LPS channels such as the LPS website and social media. Banking activities continue to run and are controlled by LPS in accordance with Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law). Customers can withdraw savings and deposit credit as usual.

This condition also caused the business license of BPR Aceh Utara to be revoked by OJK Decision of the Members of the OJK Board of Commissioners Number KEP-27/D.03/2024, dated March 4, 2024, concerning the Revocation of the Business License of PT Bank Perkreditan Rakyat Aceh Utara.³³ This decision explains that the revocation of the business license of PT BPR Aceh Utara is part of the supervisory actions carried out by OJK to continue to maintain and strengthen the banking industry and protect consumers.³⁴

2.2. Protection Savings Customer

A law known as consumer protection ensures fundamental safeguards for everyone to the equitable access to use and consume products and services. Given that consumers are in a poor and vulnerable situation, legal protection for consumers, including bank customers, needs to receive more serious consideration. Often, customers do not understand that they have been hurt by corporate actors owing to a lack of awareness of their rights and the protection of customers as consumers themselves.³⁵ Banking institutions are those whose operations depend on the confidence of the general public. Therefore, the government must work to safeguard the public as bank clients to maintain public confidence in banks. The nation's economy as a whole would suffer greatly if public confidence in banking institutions declines, and this position is hard to recover from.³⁶ After the BPR Aceh Utara business license was revoked by the Financial Services Authority (OJK) on March 4, 2024, the Deposit Insurance Corporation (LPS) ensured that customer deposits could be paid under the provisions of laws and regulations. The implementation of customer deposit payments is carried out after LPS has conducted reconciliation and verification of deposit data and other information to determine the deposits to be paid. The reconciliation and verification will be completed by LPS within a maximum of 90 working days, and payment of customer funds will be carried out in stages during that period.

Dimas Yuliharto issued a public appeal to PT BPR Aceh Utara customers to remain calm and not be provoked to do things that could hinder the guaranteed deposit repayment and liquidation process.³⁷ In addition, exercise caution against unauthorized

32 Muhammad Saleh, "BPR Aceh Utara Dan Cerita Buruk Rupa Cermin Dibelah (Bagian Satu)," Modusaceh. Co, 2024, https://modusaceh.co/news/bpr-aceh-utara-dan-cerita-buruk-rupa-cermin-dibelah-bagian-satu/index.html#google_vignette. Accessed 30 July 2025

33 Fahmi Ahmad Burhan, "There Are 12 Bankrupt Banks in RI, Here's the Progress of Saving Customer Deposits!," Bisnis.com, 2024, <https://finansial.bisnis.com/read/20240609/90/1772498/ada-12-bank-bangkrut-di-ri-begini-progres-penyelamatan-simpanan-nasabahnya>. Accessed 30 July 2025

34 Arlina Laras, "OJK Bluntly Reveals the Culprit of Bank Bankruptcy in Aceh," Bisnis.com, 2024, <https://finansial.bisnis.com/read/20240304/90/1746407/ojk-blak-blakan-ungkap-biang-kerok-bank-bangkrut-di-aceh>. Accessed 30 July 2025

35 Sitti Khairunisa Burhanuddin et al., "Consumer Protection of Bank Customers in Standard Clause Agreements," Jurnal Hukum Replik 12, no. 2 (2024): 348–63, <https://doi.org/10.31000/jhr.v12i2.10756>.

36 Sri Dewi et al., "Legal Protection Against Bank Customers in Review of Banking Laws," International Journal of Educational Research & Social Sciences 3, no. 2 (2018): 1–6.

37 "Dimas Yuliharto, Secretary of the Deposit Insurance Corporation (LPS), January 17, 2024."

third parties offering expedited claim services in exchange for fees or compensation. If customers need further information related to the implementation of deposit guarantees and liquidation of PT BPR Aceh Utara, customers can contact the LPS Information Service Center (Puslinfo) at 154.

Annas Iswahyudi explained that in managing savings claims, customers must meet the 3T requirements, namely being recorded in the bank's books, the interest rate on savings received does not exceed the guaranteed interest rate, and not committing a crime that is detrimental to the bank. For customers whose savings meet these requirements and are on the list of eligible savings announced by LPS, they must prepare the required documents, namely, personal identity and proof of savings ownership, such as a savings book or deposit slip.³⁸ According to the official LPS website, there are several things that customers need to do so that their savings in a bank that has been declared bankrupt can be withdrawn, namely:³⁹

1. LPS will provide an announcement regarding the payment of guarantees for eligible deposits on the LPS *website* and at the bank office whose business license has been revoked.
2. Customers can check the status of their savings through the Savings Application Worth Paying at this link <https://apps.lps.go.id/kalkulator3T>.
3. If the customer's deposit is declared eligible for payment, the customer needs to bring the following documents to the Paying Bank:
 - a. Original and copy of customer's proof of identity (KTP/SIM/Passport/other)
 - b. Original and copy of proof of savings account ownership (savings book, deposit slip, giro receipt)
 - c. Original and copy of the articles of association and management structure, for customers in the form of organizations/companies
 - d. Other documents/data that may be required by the paying bank as supporting documents/data for payment include:
 - 1) Written information from the management of the organization/company regarding the account number for transfer purposes for the organization/company's customers.
 - 2) Original and copy of the power of attorney, original and copy of proof of identity of the recipient of the power of attorney (if authorized)
 - 3) Certificate of domicile (if you change address).
 - 4) Fill out and submit the Customer Declaration form according to its intended use.
 - 5) Submit a letter of information/statement from another party as supporting evidence for payment.

Based on the documents and data submitted by the customer, LPS will conduct reconciliation and verification of savings data and other information to determine the savings that can be paid. The reconciliation and verification will be completed by LPS within 90 working days. Payment of customer funds will be made in stages during this period. LPS began paying customer deposits of BPR Aceh Utara on March 7, 2024.

³⁸ "Annas Iswahyudi, LPS Institution, Jakarta, June 7, 2024."

³⁹ Hesti Puji Lestar, "12 Bank Bangkrut, Begini Cara Klaim Duit Simpanan Nasabah," *Bisnis.com*, 2024, <https://finansial.bisnis.com/read/20240603/90/1770459/12-bank-bangkrut-begini-cara-klaim-duit-simpanan-nasabah/2>. Accessed 30 July 2025

Dimas Yuliharto said that in less than seven working days, LPS began paying customer deposits of the closed bank. LPS will pay customer deposits in stages. For the first stage of payment, LPS has begun paying customer deposits with a nominal deposit of IDR 538.82 million and a total of 2,782 accounts.⁴⁰ Customers can view their savings status at the PT BPR Aceh Utara office or through the LPS website (www.lps.go.id) after LPS announces the payment of PT BPR Aceh Utara customer deposit guarantee claims. Bank debtors can still make installment payments or loan settlements at the PT BPR Aceh Utara office by contacting the LPS Liquidation Team.

2.3. Responsibilities of the Regional Head as Controlling Shareholder

PT BPR Aceh Utara is a BUMD in the form of a Regional Company (Perseroda), all of its capital is divided into shares, and is entirely owned by the North Aceh District Government (Article 339 paragraph (1) of the Regional Government Law in conjunction with Article 3 of the BUMD PP in conjunction with Article 3 of the Capital Participation Qanun). From the percentage of share ownership, North Aceh Regency is the majority shareholder. Majority share ownership will affect its position in the GMS of BPR Aceh Utara, especially in terms of capital and decision-making.⁴¹ Through the GMS, the Regional Head can control the management carried out by the board of directors as well as the assets and management policies implemented by the company's management.⁴² The Head of North Aceh Region is the controlling shareholder of BPR North Aceh. However, in practice, this authority is delegated with the right of substitution to Officials within the North Aceh District Government. These officials represent the regional head to attend and make decisions at the BPR North Aceh GMS.

In every Annual GMS, the management will submit the company's annual report (financial report, profit, capital changes, and company activities). From this report, it should be known that the financial condition and performance of BPR Aceh Utara have been declining; since 2017, it has no longer generated profit as dividends that must be deposited into the regional treasury. In regional management, the regional head also plays a very important role; this is due to his role as the holder of general authority for regional financial management. In his position, the regional head has the authority to organize the entire management of regional finances and has the obligation to convey accountability for the implementation of his authority to the DPRK of North Aceh.

As the manager of regional finances, the regional head can allocate and submit a proposal for capital participation of BPR Aceh Utara in the Qanun APBK Aceh Utara. However, this was not done even though it had been ordered in the Qanun on Capital Participation.⁴³ In this qanun, it is determined that the basic capital of BPR Aceh Utara is IDR 30 billion, which must be paid in stages from 2019 to 2023. In 2019, capital participation of IDR 6 billion must be made. The capital participation of IDR 6 billion is intended to meet the core capital needs, enabling its mandated transition from the conventional to Sharia-compliant banking system. The revocation of the BPR Aceh Utara permit not only harms customers, employees, and the community but also harms

40 Asprilla Dwi Adha, "IDIC Starts Paying Deposits of BPR North Aceh Customers, the First Phase of More than Rp 500 Million," *tempo*, 2024, <https://www.tempo.co/ekonomi/lps-mulai-bayar-simpanan-nasabah-bpr-aceh-utara-tahap-pertama-lebih-dari-rp-500-juta-80012>. Accessed 31 July 2025

41 "The Regional Head Acts as a Regional Representative as the Owner of Capital (Article 335 Paragraph (1) of the Regional Government Law),"

42 Ryan Surya Pradhana, "The Authority Of The District Head In To Manage Regional Owned Enterprises," *Jurnal Hukum Peratun* 2, no. 2 (2019): p. 1-14, <https://doi.org/https://doi.org/10.25216/peratun.222019.235-258>.

43 "In the 2017 BPK RI Opinion Report, Pp. 15-16, There Is a Lack of Attention from Local Governments in the Aspect of BUMD Capital.,"

the North Aceh District Government due to the absence of dividend payments from the company's profits to the regional treasury. The regional government also suffered losses due to the reduction in regional assets placed in BPR Aceh Utara. The Regional Head, as the controlling shareholder of BPR Aceh Utara, can be asked to make efforts to restore BPR Aceh Utara, but cannot be held responsible for its losses. This is because the regional head, as a shareholder, is not personally responsible for the company's debts other than the capital invested in the company.⁴⁴ As a legal entity, the company's assets are separate from the assets of the company's owner, in this case, the North Aceh Regency Government.

3. CONCLUSION

The restructuring of BPR Aceh Utara faced significant challenges due to inadequate support from key stakeholders. As the controlling shareholder, the Government of North Aceh Regency neglected its statutory obligation to provide capital participation as mandated by Qanun Aceh Utara Number 6 of 2019 concerning additional Capital Participation. This failure to comply with regulatory requirements severely undermined the bank's rehabilitation efforts. Further complicating matters, PT Bank Aceh Syariah's delayed response to the capital assistance request, which was submitted just one day before the deadline set by the Financial Service Authority (OJK) Aceh Representative Office that left insufficient time for proper evaluation and implementation. The LPS provides legal protection to depositors by disbursing guaranteed funds to eligible customers in accordance with established procedures, stages, schedules, and regulatory requirements. While the regional head, as controlling shareholder, bears responsibility for capital participation and coaching the company, this accountability does not extend to the bankruptcy declaration of BPR Aceh Utara. To prevent similar occurrences, it is recommended that regional authorities strengthen capital adequacy and enhance the development of BUMD management. Such improvements would enable these institutions to both deliver public services effectively and produce sustainable locally-generated revenue.

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⁴⁴ M. Jafar, "Legal Accountability of Regional Companies with the Character of Convergence between Private Law and Public Law and Its Development."

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