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Validity of the AFPI Code of Conduct under Contract and Competition Law

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Abstract

AFPI's association-wide ceiling on online-lending charges raises a difficult question at the intersection of contract and competition law. This normative legal study examines whether the AFPI Code of Conduct creates valid private-law obligations and when its lending-rate provision may constitute a prohibited horizontal price-fixing agreement. Using statutory, conceptual, and case approaches, it examines Articles 1320 and 1337 of the Indonesian Civil Code, Articles 1(7), 5(1), 5(2)(b) and 50(a) of Law No. 5 of 1999, AFPI instruments issued in 2021 and 2023, OJK regulation and KPPU Decision No. 05/KPPU-I/2025. The analysis distinguishes association-member obligations from agreements among competitors, and the validity of an association instrument from that of an individual pricing clause. A common maximum rate may become a coordinating reference point even without identical final prices, but regulatory compliance must be distinguished from independent competitor coordination. OJK's reported direction does not, by itself, establish the availability of statutory exemptions. The article proposes a sequential assessment of organisational authority, horizontal commitment, competitive pricing content, statutory mandate and legal consequences. This approach protects the distinct functions of consumer protection and competition law.

Keywords

AFPI, code of conduct, competition law, contract law, contract validity.

1. Introduction

Indonesia's financial-services sector has been transformed by information technology, particularly through information technology-based joint funding services (layanan pendanaan bersama berbasis teknologi informasi, LPBBTI), commonly referred to as peer-to-peer (P2P) lending. These electronic platforms connect lenders and borrowers and offer alternative access to finance. Their growth also raises legal questions concerning lending rates, consumer protection, and potentially anticompetitive business conduct. Lending-rate rules shape not only the relationship between a platform and its users but also the competitive relationships among providers (Annas & Anshori, 2021; Fauzi et al., 2021). A regulatory framework must therefore protect users without unduly restricting lawful competition. In this sector, the Financial Services Authority (OJK) exercises regulatory and supervisory functions under OJK Regulation No. 40 of 2024 on Information Technology-Based Joint Funding Services (OJK, 2024).

To promote responsible lending, the Indonesian Joint Funding Fintech Association (AFPI) developed a Code of Conduct for its members. As an instrument of industry self-regulation, the Code establishes standards intended to improve governance and protect consumers. One especially contentious measure concerns maximum interest and related loan charges. The association's limit was initially 0.8% per day and was reduced to 0.4% per day under an association regulation effective on 5 November 2021. Its stated purpose was to discourage excessive lending charges and predatory lending. Nevertheless, a common ceiling imposed through an association of competing providers raises questions about the legal character and competitive effects of that measure (AFPI, 2023).

The status of AFPI's Code is complicated by the sectoral regulator's role. In a press release dated 20 May 2025, OJK stated that the association's maximum economic-benefit limit, adopted before the issuance of OJK Circular Letter No. 19/SEOJK.06/2023, reflected OJK's direction at that time to protect consumers from excessive charges (OJK, 2025b) The association-based limit nonetheless predated that circular. OJK subsequently issued Circular Letter No. 19/SEOJK.06/2025, replacing the 2023 circular and further regulating LPBBTI operations, including maximum economic benefits (OJK, 2025a) The legal question is whether a regulator's direction, as distinct from a binding legislative or delegated rule, can provide a sufficient basis for collective industry restrictions.

The Business Competition Supervisory Commission (KPPU) reached a different legal assessment. In Decision No. 05/KPPU-I/2025, announced on 26 March 2026, the Commission found 97 online-lending providers in violation of Article 5 of Law No. 5 of 1999, which prohibits price-fixing agreements (KPPU, 2026b). According to the Commission's published reasoning, an association-wide interest ceiling could facilitate price coordination even if individual providers remained free to charge rates below the ceiling. The Commission also rejected the argument that the disputed arrangement qualified automatically for an exemption as an implementation of state policy, pointing to the absence, in its assessment, of sufficiently explicit regulatory authorization and substantive active supervision (KPPU, 2026a). OJK's account of its consumer-protection role and KPPU's competition-law assessment therefore create an important question about the boundary between legitimate sectoral oversight and horizontal coordination among competitors. The present analysis treats the KPPU decision as the Commission's decision, without presuming the outcome of any judicial challenge. The analysis therefore relies on KPPU's published decision brief and announcement, without inferring the outcome of any subsequent judicial proceedings or treating the Commission's determination as a verified final court judgment.

A first question is whether AFPI's Code of Conduct constitutes a valid agreement under Indonesian private law. Article 1313 of the Indonesian Civil Code concerns the notion of an agreement, while Article 1320 establishes four validity requirements: consent, legal capacity, a definite subject matter, and a lawful cause. Article 1337 further provides that a cause is unlawful when prohibited by law or contrary to morality or public order. Accordingly, the mere existence of a written instrument that binds association members does not settle whether the relevant obligations constitute an enforceable contract. The legal relationships involved, the identity of the parties, and the substance of their commitments must be examined separately. Membership obligations do not necessarily prove that every member entered into a horizontal agreement with every other member.

Competition law applies a broader, functional concept of agreement. Article 1(7) of Law No. 5 of 1999 defines an agreement as an act by one or more business actors to bind themselves to one or more other business actors, under any name, whether written or unwritten. Article 5(1) prohibits competitors from agreeing to fix the price of goods or services in the same relevant market (Azizah, 2026). Article 5(2)(b) excludes agreements based on applicable laws, while Article 50(a) provides an exemption for acts or agreements intended to implement applicable legislation. These exceptions have different wording and require careful attention where an association claims to implement regulatory

guidance. The legal analysis must therefore connect contract validity, competition-law prohibitions, and the scope of sectoral regulatory authority.

Earlier scholarship on P2P lending interest rates has generally focused on the association's regulatory authority, the legal construction of rate setting, and legal certainty in applying prohibitions on anticompetitive agreements. Collective interest-rate rules have been criticized for their potential to facilitate cartel-like conduct, especially where they apply to firms competing in the same market. AFPI's position as a self-regulatory organisation, the uncertain basis for its power to set interest limits, and the application of Articles 5 and 11 of Law No. 5 of 1999 have also been examined (Pratomo et al., 2024).

More recent studies discuss the legality of lending-rate ceilings, allegations of price fixing, and the relationship between OJK sectoral measures and competition-law restrictions. They address AFPI's authority, the element of agreement between businesses, and the application of Article 5, sometimes drawing on Article 1320 of the Civil Code to assess consent (Arfah et al., 2025); (Arfah et al., 2025; (Islami & Chairani, 2026; Arfah et al., 2025). A more integrated assessment of the four requirements of contract validity in relation to prohibited horizontal price coordination remains valuable. This article's particular contribution is to distinguish the internal binding effect of AFPI rules from their possible characterisation as an agreement among competitors and then to examine the lawfulness of the interest-rate provision itself.

The study addresses two questions: (1) Can AFPI's Code of Conduct be characterised as a valid agreement under Indonesian contract law? (2) Can its interest-rate restrictions be characterised as a prohibited price-fixing agreement under Article 5 of Law No. 5 of 1999? The objective is to assess the legal relationships and requirements of contractual validity while analysing the compatibility of the contested rule with competition law. By integrating private-law and competition-law perspectives, the article aims to clarify the limits of industry self-regulation in a financial-services sector supervised by a public regulator.

The proposed contribution is an integrated five-question legality test: (i) which instrument creates the obligation and who has authority to issue it; (ii) whether a legally attributable horizontal commitment exists between competitors; (iii) whether the rule governs a competitively material price component in the same relevant market; (iv) whether an applicable legislative mandate or exemption specifically covers the conduct; and (v) which legal consequence attaches to the contested provision, as distinct from the association instrument as a whole. This test is a doctrinal synthesis developed in the present article, not an empirical finding or a substitute for the statutory tests imposed on adjudicators.

2. Research Methods

This study employs normative legal research using statutory, conceptual, and case approaches. The statutory approach examines the requirements for contractual validity under the Indonesian Civil Code, the prohibition on price-fixing agreements under Law No. 5 of 1999, and OJK regulations governing information technology-based joint funding services. The conceptual approach assesses the notions of agreement, contractual validity, and the legal status of association codes in competition law. The case approach analyzes KPPU Decision No. 05/KPPU-I/2025 concerning maximum lending-rate limits adopted through AFPI's Code of Conduct.

The primary legal materials comprise legislation, OJK regulatory instruments, the KPPU decision and related official materials, and AFPI's Code of Conduct and association decisions as the objects of analysis. Secondary materials consist of legal scholarship, journal articles, books, and other pertinent literature. Materials were collected through documentary and library research and examined

qualitatively through systematic and grammatical legal interpretation. The analysis distinguishes organisational obligations from horizontal agreements and considers whether the disputed measure satisfies contract-law requirements and falls within the prohibition or any relevant exception under Article 5 of Law No. 5 of 1999. The materials described in the source manuscript do not specify an additional empirical investigation or interviews; none is claimed here.

The analysis follows four transparent steps. First, the relevant provisions and instruments were identified and arranged chronologically: the Civil Code, Law No. 5 of 1999, AFPI Board Decision No. 001/TAP/AFPI/X/2021 and the revised association rules, the 2023 AFPI Code, POJK No. 40 of 2024, and OJK Circular Letters No. 19/SEOJK.06/2023 and No. 19/SEOJK.06/2025. Second, private-law validity and the competition-law concept of agreement were interpreted separately by grammatical and systematic interpretation. Third, the publicly available KPPU press statement and decision brief were assessed against the regulatory position communicated by OJK. Fourth, the results were synthesised into a legality framework with attention to chronology, attribution and the scope of statutory exceptions. Secondary scholarship was used to contextualise, rather than replace, these primary legal sources.

The case approach has a defined evidentiary boundary. The KPPU's published decision brief supplies an official summary of the panel's reasoning, but it is not a substitute for verification of the complete decision's operative and evidentiary passages. No independent dataset of individual lenders' interest rates was collected in this doctrinal study; any characterisation of market behaviour is explicitly attributed to the Commission where appropriate. Likewise, the article does not assert that any appeal or subsequent judicial disposition has been finally resolved unless a corresponding judicial record is produced. These limitations prevent administrative findings, regulatory statements, and the author's own legal inferences from being conflated.

A distinction is maintained among (a) statutes and binding regulatory instruments, (b) internal AFPI resolutions and ethical rules, (c) KPPU adjudicatory findings, and (d) press statements or secondary descriptions. These materials may carry very different normative force even when addressing the same lending-rate practice. The 2025 OJK supervisory statement and the 2026 KPPU brief are used as official statements of institutional positions, not as replacements for the text of legislation or the operative judicial record.

3. Results and Discussion

Validity of AFPI's Code of Conduct under Indonesian Contract Law

AFPI's Code of Conduct must first be examined as a set of behavioral rules governing the relationship between the association and its members. Conceptually, a code of conduct is an instrument of self-regulation that prescribes principles, standards, and obligations intended to support responsible industry governance. Such an instrument is not inherently prohibited in Indonesian law if its adoption and implementation are consistent with applicable legislation (Widjaja & Wibowo, 2023). The difficulty arises when rules designed as internal standards also regulate the maximum interest and loan charges of providers operating in the same market. It then becomes necessary to determine whether the rule establishes a valid contractual relationship, an internal organisational obligation, or conduct that may separately fall within the scope of competition law providers (Annas & Anshori, 2021; Fauzi et al., 2021).

In private law, the validity of an agreement depends on the legal relationship between the parties rather than solely on whether a written document exists. Article 1313 of the Civil Code addresses agreements, and Article 1320 requires consent, legal capacity, a definite subject matter, and a lawful cause. Consent and capacity are generally treated as subjective requirements, while the

subject matter and lawful cause are objective requirements. Failure of a subjective requirement may make an agreement voidable, whereas failure of an objective requirement generally renders it null and void. AFPI's Code must therefore be assessed with reference both to the relationships that generate member obligations and to the substantive legality of what members are required to do.

A first analytical separation concerns the sources of an association member's duties. An association may establish rules through its constitution, membership commitments and competent corporate organs. Such rules can be binding as an internal organisational matter; they do not necessarily have the same legal structure as a contract formed directly among each member of the association. The members' acceptance of the rules upon joining, a board resolution adopted under organisational authority and a subsequent act of horizontal coordination must therefore be identified individually. This distinction does not immunise an association from competition scrutiny: the absence of a conventional multiparty contract does not exhaust the broader concept of agreement used in competition law.

Regarding consent, the fact that AFPI members are bound to observe the Code does not necessarily demonstrate that all members expressly agreed with one another to fix lending rates. The AFPI Code dated 10 November 2023 describes a body of principles, processes, and guidance binding upon association members. The earlier maximum rate of 0.4% per day was prescribed in the AFPI Board Decision No. 001/TAP/AFPI/X/2021, effective on 5 November 2021. That decision invoked the Board's authority under AFPI's Articles of Association and bylaws. These distinct legal instruments indicate that obligations may arise from organisational membership and the lawful exercise of association authority rather than from a directly negotiated contract between each member and every competitor (Sagala, 2020). Nonetheless, the absence of a separately signed agreement is not conclusive under the wider competition-law definition of agreement. The two legal inquiries must remain distinct.

The four requirements of Article 1320 should be evaluated sequentially, but not mechanically. Consent concerns the actor's legally cognisable assent and the source of the duty; capacity requires identification of the corporate entity and its authorised representative; a certain subject matter requires ascertainable performance, here including a defined charge ceiling; and a lawful cause requires compatibility with mandatory law and public order. The 2021 AFPI Board Decision was issued on 27 October 2021, took effect on 5 November 2021, and specified a maximum aggregate interest-and-charge level of 0.4% per day. It also authorised association sanctions, including membership suspension. Those verifiable features establish the concreteness of the rule but do not by themselves resolve the lawfulness of its object or the attribution of horizontal agreement (AFPI, 2021).

Legal capacity under Article 1320 concerns a party's ability to enter into binding obligations. AFPI members are generally corporate entities providing financing services through duly authorised organs or representatives. Capacity accordingly requires attention to the legal personality of each provider and to the authority of the person acting on its behalf. The requirement of a definite subject matter concerns the identifiable obligation or performance. AFPI Board Decision No. 001/TAP/AFPI/X/2021 prescribed an identifiable maximum of 0.4% per day for interest and related charges. It also provided organisational sanctions for non-compliance, including warnings, temporary suspension, and termination of membership. In this respect, the content of the interest-rate rule is sufficiently identifiable to be assessed as a definite obligation. That fact alone, however, cannot establish the validity of the arrangement: consent and a lawful cause must also be considered (AFPI, 2021).

The requirement of a lawful cause raises the more fundamental issue. Articles 1320 and 1337 of the Civil Code limit contractual freedom by prohibiting agreements whose cause conflicts with

legislation, morality, or public order. A consumer-protection objective, however legitimate, does not automatically establish the legality of every method used to pursue it (Astuti & Wirasila, 2019). In particular, an association-wide interest-rate restriction must be examined against statutory prohibitions on agreements between competing businesses. If the price-related provision constitutes an agreement prohibited under Article 5 of Law No. 5 of 1999 and does not qualify for an exemption, its compatibility with the objective requirement of a lawful cause becomes doubtful. The purpose of protecting consumers must be distinguished from the legality of the collective means employed.

The distinction between invalidity of a term and the fate of an instrument is especially consequential. Even if the pricing arrangement is found incompatible with Article 5 of Law No. 5 of 1999, a civil-law conclusion about unlawful cause under Articles 1320 and 1337 should be linked to the specific obligation and its juridical relationship. Whether remaining provisions survive requires assessment of their separability, the instrument's purposes and applicable mandatory rules; the entire code should not simply be declared void without that further inquiry. Conversely, an internal association sanction cannot transform an unlawful pricing arrangement into an enforceable obligation merely by virtue of organisational discipline.

OJK's involvement is relevant to this assessment. In May 2025, the regulator described the association's earlier maximum economic-benefit provisions as reflecting OJK's direction to protect users from high lending charges (OJK, 2025a). This statement supports the conclusion that sectoral supervision formed part of the regulatory context. However, regulatory encouragement or administrative direction must be distinguished from an explicit legal delegation of rule-making authority. A privately adopted association rule does not automatically acquire the status of a state regulation merely because the regulator supports its policy objective.

The distinction can also be seen in AFPI's 2023 Code of Conduct. Chapter III, section B(1), requires providers to comply with rates and charges prescribed by OJK regulations. This formulation reflects a movement away from a purely association-set ceiling toward compliance with rules adopted by the public regulator. The authority and legal character of the 2021 association decision must nevertheless be assessed in the legal setting in which that decision was originally made. A later formal regulation does not automatically validate the earlier association measure retrospectively (AFPI, 2021)

These documents must also be kept distinct by date and legal form. The 2021 AFPI measure was an internal board/association decision, and a further association amendment followed in June 2022. The revised 2023 Code describes standards binding on members and generally refers the permissible level of interest and charges to OJK provisions. OJK's 2025 circular took effect on 31 July 2025 under the sectoral regulatory framework. Later instruments may alter the source of present compliance duties, but they do not, simply by their existence, retroactively settle the legal character of the earlier association decision (AFPI, 2021, 2023a; OJK, 2025b).

It follows that AFPI's Code of Conduct may have binding force as an internal association instrument grounded in membership relationships and organisational authority. That binding force does not by itself establish a valid horizontal agreement among all member firms. Validity must be assessed through the identity of the parties, the nature of their obligations, Article 1320's requirements, and conformity with mandatory law. This approach complements scholarship focused on AFPI's self-regulatory authority and the possibility of lending-rate cartels by clarifying the distinction between organisational enforceability and contractual legality (Annas & Anshori, 2021; Arfah et al., 2025). The validity of the Code as a whole must not be conflated with the legality of one potentially anticompetitive provision.

The resulting private-law position is therefore conditional but precise: organisational enforceability arises from valid membership governance; the possible contractual status of a rate-

related duty must be tested through Article 1320; and the substantive legality of a horizontal price-coordination clause remains open to mandatory competition law. This prevents a false dichotomy under which the entire Code must be either universally valid or universally void.

Whether AFPI's Code of Conduct Constitutes a Price-Fixing Agreement under Article 5 of Law No. 5 of 1999

AFPI's maximum interest-rate provisions raise not only private-law questions of validity but also the issue of whether they constitute price fixing under Indonesian competition law. Article 1(7) of Law No. 5 of 1999 defines an agreement broadly as an act by one or more business actors to bind themselves to one or more other business actors, whether in writing or otherwise. Accordingly, a formal contract signed by every party is not a prerequisite for a competition-law agreement (Hartono et al., 2021). Article 5(1) prohibits business actors from agreeing with competitors to set prices for goods or services in the same relevant market. An association policy may fall within that prohibition if, in substance, it records, implements, or facilitates an agreement among competing firms to regulate the prices of their services.

In P2P lending, interest and associated loan charges form part of the economic benefits obtained by financing providers and determine the cost to users. Coordinated rules governing those charges may therefore affect a price element in competition law. AFPI Board Decision No. 001/TAP/AFPI/X/2021 established a uniform ceiling of 0.4% per day for interest and related charges. It did not require every provider to charge exactly the same rate; firms could set rates below that ceiling. Nevertheless, the common ceiling's legal significance depends on how it was formulated and implemented, including whether it constrained independent commercial decisions or furnished a common reference point for competing providers. The fact that a measure takes the form of a maximum, rather than an identical mandatory price, does not eliminate the need to examine coordination among competitors (Annas & Anshori, 2021).

Three situations should be distinguished. A ceiling directly prescribed in a valid regulatory instrument establishes a public-law compliance obligation; a ceiling independently adopted by rival firms may restrict an element of their commercial discretion; and a ceiling adopted by an association in response to informal regulatory communications requires evidence of both the content of the instruction and the manner of adoption. Price fixing should not be inferred from the numerical ceiling alone, nor should a uniform upper bound be presumed harmless because some providers charge less. The existence of a legally attributable commitment, a competitive nexus and the relevant market remain matters for assessment under the actual text of Article 5.

This issue was examined in KPPU Case No. 05/KPPU-I/2025. In its decision issued on 26 March 2026, KPPU found 97 online-lending business actors in violation of Article 5 of Law No. 5 of 1999 (KPPU, 2026b). The Commission's published reasoning characterised association-based lending-rate restrictions as a potential means of price coordination by creating a shared point of reference. It discussed facilitating practices and the idea of a focal point to explain how the ceiling might shape competitors' behaviour even in the absence of precisely uniform prices. The Commission noted that actual rates in the market were below the ceiling and considered the ceiling not to have operated as an effective upper price constraint, while nevertheless potentially serving as a point of coordination (KPPU, 2026a, 2026b). Those propositions are reported here as findings and reasoning attributed to KPPU, rather than as independently established empirical findings of this article.

KPPU's reasoning concerns the alleged coordinating function of this particular association ceiling, not a general proposition that every consumer-protection price cap is anticompetitive. The Commission considered the ceiling's design, adoption, and relationship with prevailing lending

charges. These propositions are presented as its case-specific analysis rather than independent empirical findings (KPPU, 2026a, 2026b).

The legal characterisation of the Code must nevertheless distinguish the formal rule from the relationship in which it was adopted. On the one hand, a ceiling set by an association of competitors creates a risk of horizontal coordination where the rule reflects collective intentions to influence the price of lending services. On the other hand, a standard imposed directly as a binding requirement by a competent regulator should not automatically be treated as a voluntary agreement among competitors. An Article 5 analysis therefore cannot rest solely on association membership or on the application of common standards to all members. It must assess whether the relevant rule can be attributed to coordination among business actors or instead constitutes compliance with an independent legal obligation prescribed by the state.

AFPI's status as a self-regulatory organisation in the OJK-supervised financial sector is significant but not dispositive. Earlier scholarship describes AFPI's self-regulatory role as one way of managing an industry that developed more rapidly than formal regulation (Fauzi et al., 2021). Other research argues that allowing an association to set interest ceilings independently raises concerns where a clear legal delegation is absent (Arfah et al., 2025). These contrasting accounts show that official recognition of an association, or its cooperation with a regulator, does not by itself settle whether the association may lawfully determine market prices. The relevant distinctions are between original organisational authority, expressly delegated regulatory authority, and collective action by competing providers.

OJK's earlier direction must be analysed against the competition-law exceptions. The regulator stated that the maximum economic-benefit limit in AFPI's earlier Code reflected OJK's consumer-protection direction before Circular Letter No. 19/SEOJK.06/2023 was issued (OJK, 2025a). Article 5(2)(b) of Law No. 5 of 1999 excludes agreements based on applicable laws; Article 50(a) exempts acts or agreements intended to implement applicable legislation. Both provisions allow room for conduct with a valid legislative basis. Yet an administrative direction or expression of supervisory policy does not alone establish that a privately adopted association rule satisfies the terms of either exception. The inquiry requires attention to the legal source of the instruction, the regulated actors, and the scope of what the state required them to do.

The source and scope of regulatory authority are thus central. In its decision brief on Case No. 05/KPPU-I/2025, the Commission rejected an argument framed by reference to the state action doctrine. Its published reasoning stated that there was no sufficiently explicit regulatory basis authorising AFPI to set the maximum interest rate and no substantive OJK supervision of the association's price-setting process. The Commission considered the ideas of clear articulation of state policy and active regulatory supervision (KPPU, 2026a). These concepts may be useful analytical comparisons, but they do not replace the text and interpretation of the exceptions contained in Indonesian Law No. 5 of 1999. Their relevance must be tested within the domestic statutory framework rather than treated as free-standing exemptions.

The Commission's account of the state-action argument should accordingly be distinguished from a direct application of Indonesian statutory exceptions. The comparative concepts of clear articulation and active supervision help explain its reasoning but cannot substitute for proof that the disputed conduct falls within Article 5(2)(b) or Article 50(a) (KPPU, 2026a).

From a normative perspective, an interest ceiling independently adopted by an association must be distinguished from one imposed directly by OJK under a legally authorised regulatory instrument. In the first situation, the association's governing powers and possible horizontal coordination are central to determining whether Article 5 applies. In the second, providers'

compliance derives from a source of public regulatory obligation rather than necessarily from a voluntary agreement to set prices among competitors. The 2023 AFPI Code's requirement to comply with OJK-prescribed rates illustrates this change in regulatory orientation. The legal situation before and after the adoption of binding sectoral rules must therefore be evaluated separately; later legal developments should not obscure the question of authority at the earlier time (AFPI, 2023a; OJK, 2025a, 2025b).

Article 5(2)(b) and Article 50(a) must not be collapsed into one generic defence. Article 5(2)(b) concerns an agreement based on applicable law, whereas Article 50(a) concerns acts and/or agreements intended to implement applicable legislation. Each requires a source of normative authority and an appropriate fit between the legal mandate and the challenged conduct. General consumer-protection objectives, institutional recognition of AFPI, a supervisory communication or a later OJK rate cap may all be contextually relevant without establishing that the exact earlier association arrangement was legislatively required. The temporal and substantive limits of any state instruction are decisive (OJK, 2025a, 2025b).

The economic effect of a maximum interest-rate rule also requires nuance. In principle, an upper ceiling still permits firms to compete by offering lower rates. However, where the ceiling is the product of coordination among competitors and operates as a common pricing reference, it may raise a problem under Article 5. Conversely, where the limit is imposed through a binding regulation adopted by an authorised regulator, the legal basis and content of that regulatory requirement must be considered. Not every price ceiling is automatically a prohibited price-fixing agreement, just as a consumer-protection purpose cannot by itself justify every collective rule designed by an association.

The central conclusion is that characterisation under Article 5 depends on the legal source of the measure, the existence and form of any horizontal commitment, and the substance of the pricing rule. Compared with research chiefly concerned with alleged interest-rate cartels, regulatory uncertainty, or conflicts of authority between AFPI and OJK, this article distinguishes the binding effect of association membership rules from the legality of coordinated price restrictions (Pratomo et al., 2024; Arfah et al., 2025). AFPI's Code of Conduct cannot be classified in its entirety as a prohibited price-fixing agreement merely because it establishes obligations for members. Nevertheless, an interest ceiling formed through coordination between competing firms may fall within Article 5 when its elements are satisfied and no statutory exception applies. The distinction establishes a more precise boundary between permissible industry self-regulation and interference with competition (Wahyuningtyas, 2019).

The present article does not equate the KPPU decision with a universally binding court precedent, nor does it assume that its administrative findings predetermine civil-law invalidity. Rather, the decision demonstrates the need to determine who adopted the disputed measure, why it was adopted, which business actors were bound, and whether the price restriction was legally attributable to horizontal commitment or public-law obligation. This analytical distinction makes the two research questions mutually informative without treating private law and competition law as interchangeable.

A five-stage legality framework for association-based lending-rate rules

Synthesising the two legal regimes produces a sequential framework. Its purpose is not to replace judicial fact-finding but to direct that fact-finding toward distinct questions rather than treating the organisational form of the instrument as dispositive.

Table 1. Five-stage legality framework for AFPI association-based lending-rate rules

Analytical stage	Question to determine	Legal consequence or evidentiary focus
Authority	Who adopted the provision, under which instrument, and with what delegated or organizational power?	Public regulation, member governance and informal instruction must be distinguished.
Commitment	Is a horizontal commitment attributable to competing firms, directly or through an association?	Article 1(7) reaches written and unwritten arrangements; membership alone is not the whole test.
Pricing content	Does the arrangement concern a price component among rivals in the same relevant market?	A common cap may coordinate expectations without imposing a single identical price.
Exception	Does a specific legislative basis cover the disputed conduct under Article 5(2)(b) or Article 50(a)?	The exact mandate, scope and time of operation must be established.
Consequences	What follows for the price clause, member sanctions and the remaining code?	Do not assume an infringement automatically invalidates every separate ethical obligation.

Applied to AFPI, the framework explains how a 2021 internal price ceiling, a 2023 professional code referring to OJK prescriptions, and a 2025 regulator-issued circular may have different juridical foundations. It also accommodates the institutional disagreement: OJK emphasised consumer protection and its previous guidance, whereas KPPU focused on a price-coordination arrangement and the absence, in its assessment, of an express exemption. Both positions can be represented accurately without assuming that either instrument has the same status as legislation (AFPI, 2021, 2023a; OJK, 2025a, 2025b; KPPU, 2026a, 2026b).

Limits of the analysis and implications for further legal research

The discussion is a normative appraisal of statutes, AFPI texts and published institutional materials. It does not independently reconstruct the full evidentiary record of the approximately 9,000-page KPPU decision, test transaction-level rates, or determine the merits of a pending or completed court challenge. Further legal research should verify the full operative decision and any final judicial disposition, examine proof of how AFPI members authorised or accepted the rate cap, and compare the competitive impact of binding public caps with association-origin rules. These inquiries would complement, rather than undo, the doctrinal distinctions developed here.

4. Conclusion

The Code of Conduct of AFPI is, in principle, a set of behavioral rules with binding force in an association-membership relationship. Its internal applicability does not, however, establish automatically that every provision constitutes a valid civil-law agreement. The requirements under Article 1320 of the Indonesian Civil Code, particularly consent and a lawful cause, must be assessed in relation to the parties and their actual commitments. Organizational membership obligations are analytically distinct from horizontal agreements between competing providers. The enforceability of the Code as an internal governance instrument must accordingly be separated from the legal validity of the interest-rate provision if that provision conflicts with mandatory competition law.

Under competition law, a common interest-rate ceiling may amount to a price-fixing agreement prohibited by Article 5 of Law No. 5 of 1999 where it results from an agreement among competitors to regulate service prices and does not fall within a statutory exception. The fact that providers could offer rates below the maximum does not necessarily rule out the possibility of an infringement. Equally, OJK's stated direction does not by itself establish a competition-law exemption in the absence

of a sufficient legal basis. The assessment must consider the authority under which the rule was established, the nature of the business actors' commitments, and the legal provisions in force at the relevant time.

A practical implication is that AFPI and comparable associations should keep consumer-protection standards distinct from collectively chosen commercial prices. Where a sectoral cap is needed, the public regulator should state the relevant norm, authorised subjects, effective date and supervision mechanisms through a legally appropriate instrument; associations may then facilitate compliance, transparency and member education without independently coordinating the price that rivals will charge. Institutional cooperation is compatible with competition law only to the extent permitted by applicable statutory authority.

Closer coordination between OJK and KPPU would promote legal certainty by clarifying the scope of sectoral mandates while preserving enforcement against unauthorised price coordination. The central recommendation is therefore to locate any binding economic-benefit ceiling in an appropriate public regulatory instrument and reserve association governance for compliance, ethical standards, and member education.

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Data Availability : The materials supporting this study consist of publicly accessible legislation, regulatory instruments, institutional documents, judicial and competition-authority decisions, and relevant scholarly publications cited in the manuscript. These materials may be accessed through their respective official or published sources. Further information regarding the legal sources examined and the analytical approach may be requested from the author.

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