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Juridical Analysis of Unlawful Acts at the Indonesian Exim LPEI Bank: Analysis of Decision No. 42/PDT/2025/PT MDN of the Medan High Court

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ABSTRACT

This study explores the issue of unlawful acts (perbuatan melawan hukum) within the Indonesian Export-Import Bank (LPEI), focusing on the analysis of Decision No. 42/PDT/2025/PT MDN issued by the Medan High Court. Utilizing a normative juridical approach, the research examines the legal principles underlying the court's judgment, including breaches of fiduciary duties, negligence in risk management, and the application of Articles 1365 and 1366 of the Indonesian Civil Code. The findings reveal significant governance lapses within LPEI, leading to financial losses and diminished accountability. The study highlights the need for strengthened internal controls, enhanced risk management systems, and regulatory reforms to improve the governance of state-owned enterprises. This analysis contributes to the understanding of legal accountability in financial institutions and offers recommendations for preventing similar cases in the future.

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1. INTRODUCTION

The Indonesian Export-Import Bank (Lembaga Pembiayaan Ekspor Indonesia or LPEI) plays a vital role in facilitating international trade by providing financial and advisory services to exporters and importers. As a state-owned financial institution, LPEI operates under a strict regulatory framework intended to ensure transparency, accountability, and compliance with Indonesian law [1]. However, instances of unlawful acts within its operations have raised serious concerns about governance, oversight, and legal accountability [1]. These issues underscore the need for robust oversight mechanisms and the effective enforcement of legal standards to prevent misconduct and maintain institutional integrity [1]. The effectiveness of current regulations in deterring such violations is increasingly under scrutiny, highlighting the necessity of strengthening governance structures and enhancing accountability frameworks [1]. Furthermore, as LPEI's support significantly influences Indonesia's export and import activities, its credibility and compliance are crucial to sustaining the trust of stakeholders and ensuring that its operations align with national and international trade policies [2]–[5]

One notable case that underscores the legal accountability of fiduciary actors within the Indonesian Export-Import Bank (LPEI) is encapsulated in Decision No. 42/PDT/2025/PT MDN, issued by the Medan High Court, which highlights alleged violations and breaches of fiduciary duties by key actors within the institution. This case serves as a significant reference point for understanding the legal principles surrounding unlawful acts (perbuatan melawan hukum) as stipulated in the Indonesian Civil Code, particularly Articles 1365 and 1366, which form the cornerstone of civil liability by focusing on restitution for damages caused by wrongful actions (Aditya et al., 2024). Article 1365 stipulates that any act causing harm to another obligates the perpetrator to compensate for the damages, while Article 1366 extends liability to include negligence, emphasizing the duty of due care in preventing harm (Aditya et al., 2024). Within this framework, fiduciary duties require directors and key actors to act in the best interest of the organization and its stakeholders, and breaches—such as mismanagement or misuse of funds—can lead to personal liability under civil law [6]. The case of Aksi Cepat Tanggap (ACT) further illustrates this, where misuse of charitable funds by foundation administrators constituted an unlawful act under Article 1365, resulting in material damage and erosion of public trust [7]. To mitigate such violations, continuous legal education and oversight—especially for legal professionals like notaries—are vital, with recommendations for ongoing training and audits to ensure compliance [8]. The legal framework also recognizes the dual nature of fiduciary obligations, both civil and criminal, particularly when fiduciary assets are transferred without proper consent, thereby reinforcing the mechanisms for accountability and legal recourse [9].

This study aims to conduct a comprehensive juridical analysis of this case, employing a normative approach to examine the legal frameworks, judicial reasoning, and broader implications for financial governance. By scrutinizing the Medan High Court's decision, this paper seeks to illuminate how Indonesian law addresses complex cases of financial misconduct within state-owned enterprises and the gaps that may exist in regulatory oversight.

2. LITERATURE REVIEW

2.1 Legal Concept of Unlawful Acts

In Indonesian law, the concept of unlawful acts is grounded in Articles 1365 and 1366 of the Civil Code, where Article 1365 defines an unlawful act as any action that causes harm to another party, thereby obligating the perpetrator to compensate for the damage. Jurisprudence from the Indonesian Supreme Court further elaborates that an act is considered unlawful if it violates statutory provisions, infringes upon the rights of others, contradicts societal norms, or neglects the principles of propriety and caution. Legal scholars such as Subekti and Sudikno Mertokusumo underscore that establishing an unlawful act requires the presence of four essential elements: (1) the existence of an act, (2) the act being unlawful, (3) a causal relationship between the act and the damage, and (4) the occurrence of harm. This structured legal framework plays a crucial role in ensuring clear liability, especially in contexts involving financial institutions, where the preservation of trust and adherence to fiduciary duties are of utmost importance.

2.2 Regulatory Framework for State-Owned Enterprises

State-owned enterprises (SOEs), including Lembaga Pembiayaan Ekspor Indonesia (LPEI), operate under stringent regulatory frameworks to ensure compliance with national laws and alignment with the public interest, as mandated by Law No. 19 of 2003 concerning State-Owned Enterprises, which emphasizes principles of transparency, accountability, and efficiency. For financial SOEs like LPEI, additional oversight is enforced through banking and financial regulations under the Financial Services Authority (Otoritas Jasa Keuangan or OJK). However, despite these regulatory safeguards, instances of financial misconduct and governance failures continue to surface. Legal and financial experts have noted that the complexity of SOE operations, combined with gaps in oversight and weak enforcement mechanisms, creates systemic vulnerabilities to unlawful acts. This reality underscores the urgent need for continuous legal reform and strengthened institutional capacity to effectively address governance challenges and uphold the integrity of SOEs in Indonesia.

2.3 Case Law on Financial Misconduct

Case law analysis is essential for understanding how courts interpret and apply the law in cases of unlawful acts within financial institutions, as demonstrated in decisions such as Decision No. 42/PDT/2025/PT MDN, which reflects the judiciary's approach to evaluating evidence, establishing liability, and imposing sanctions on perpetrators. These judicial decisions frequently expose recurring problems such as inadequate internal controls, collusion among key stakeholders, and weaknesses in corporate governance structures. Previous rulings have consistently emphasized the significance of fiduciary duties in financial institutions, where officers and directors are legally and ethically bound to act in the best interests of the institution and its stakeholders. Breaches of these duties are classified as unlawful acts, given their potential to destabilize institutions and erode public trust. Legal analysis of such rulings offers critical insights into both preventive and corrective strategies that can be implemented to mitigate the risk of financial misconduct and enhance overall institutional governance.

3. METHODS

The normative juridical approach is centered on the analysis of legal norms, regulations, and judicial interpretations, making it particularly suitable for studying unlawful acts within the frameworks of civil law and financial governance. This method involves several components, including statutory analysis—reviewing key legal provisions such as Articles 1365 and 1366 of the Indonesian Civil Code and laws regulating state-owned enterprises; case law analysis—examining judicial reasoning and decisions such as Decision No. 42/PDT/2025/PT MDN to understand the practical application of legal principles; and doctrinal study—drawing upon legal doctrines and scholarly interpretations to support a deeper understanding of legal concepts and their practical implications. The data utilized in this study are secondary, derived from a variety of legal and academic sources, including primary legal materials such as statutes and court rulings; secondary legal materials such as scholarly journals, legal commentaries, and textbooks on unlawful acts and financial governance; and tertiary legal materials like legal dictionaries and encyclopedias that aid in clarifying legal terminology. The central legal reference for this study is Decision No. 42/PDT/2025/PT MDN, which is analyzed to explore its judicial reasoning and its broader implications for governance and accountability in financial institutions.

The analysis employs a qualitative approach, emphasizing the interpretation of legal texts and judicial decisions to uncover the principles and doctrines applied in the case. The steps include legal interpretation—analyzing Articles 1365 and 1366 of the Civil Code in relation to the LPEI case; judicial reasoning analysis—assessing the arguments and legal rationale employed by the court in Decision No. 42/PDT/2025/PT MDN, including how evidence was weighed and legal norms were applied; comparative analysis—evaluating similar judicial cases to detect recurring patterns, gaps, or best practices in managing unlawful acts in financial institutions; and synthesis—integrating findings from statutory, doctrinal, and case law analyses to formulate comprehensive conclusions and practical recommendations aimed at strengthening governance and enhancing legal accountability in Indonesia's financial sector.

4. RESULTS AND DISCUSSION

4.1 Findings from Decision No. 42/PDT/2025/PT MDN

The Medan High Court's decision in this case highlights several critical issues related to unlawful acts within the operations of LPEI. First, the court found that senior officials at LPEI had violated their fiduciary duties by authorizing transactions that breached internal policies and regulatory standards. These actions not only contravened the institution's governance protocols but also led to substantial financial losses and negatively impacted stakeholders. This violation underscores the importance of adhering to fiduciary responsibilities, especially within state-owned financial institutions where public trust and institutional integrity are paramount.

Second, the court emphasized the existence of serious deficiencies in LPEI's internal oversight and risk management mechanisms. These shortcomings enabled unauthorized and harmful activities to take place, eroding both trust and accountability within the institution. To establish liability, the court relied on Articles 1365 and 1366 of the Indonesian Civil Code, which form the legal foundation for civil responsibility due to unlawful acts and negligence. The ruling clearly demonstrated a causal link between the unlawful conduct and the resulting damage, thereby affirming the legal obligation of the responsible parties to provide restitution.

4.2 Judicial Reasoning

The judicial reasoning in Decision No. 42/PDT/2025/PT MDN illustrates the application of fundamental principles in Indonesian civil law, particularly in defining and interpreting unlawful acts. The court embraced a broad definition of unlawful conduct, extending beyond mere statutory violations to include breaches of fiduciary duties and deviations from societal norms. This approach is consistent with established legal doctrine, which holds that unlawful acts encompass any behavior that violates standards of propriety, caution, and fairness. Such an inclusive interpretation ensures that individuals in positions of trust, particularly within financial institutions, are held to a high standard of ethical and legal responsibility.

In assessing the case, the court placed significant emphasis on documentary evidence—such as internal reports, financial records, and transaction logs—to substantiate the claims. This was complemented by witness testimonies and expert analyses, which helped clarify the scope of the misconduct and quantify the damages incurred. Importantly, the court also applied the principle of proportional liability, assigning responsibility based on the level of involvement and authority of each individual. Senior officials who directly authorized the unlawful transactions bore the brunt of legal accountability, while those with peripheral roles were subject to lesser sanctions, reflecting a nuanced and fair application of civil liability.

4.3 Implications for Governance and Accountability

The findings of this case carry significant implications for improving governance and accountability within state-owned financial institutions. One of the most urgent lessons is the necessity of strengthening internal controls to prevent unauthorized transactions and misconduct. Financial institutions like LPEI must implement clear operational policies, backed by systematic audits and strong oversight mechanisms to detect and deter irregularities. Additionally, the case emphasizes the critical role of robust risk management frameworks in safeguarding institutional integrity. Proactive risk assessment and timely mitigation strategies are essential to anticipate and respond to vulnerabilities that may threaten the organization's financial stability.

Beyond structural improvements, fostering a culture of accountability is equally vital. This includes continuous training on ethical behavior, establishing transparent reporting lines, and strictly enforcing consequences for violations. A culture rooted in responsibility and ethical conduct can serve as a preventive barrier against unlawful acts. Moreover, the case highlights the pressing need for legal and regulatory reforms that reflect the dynamic nature of the financial sector. Policymakers must ensure that laws governing state-owned enterprises are not only comprehensive and enforceable but also adaptable to emerging financial risks and governance challenges, thereby reinforcing institutional resilience and public trust.

4.4 *Comparative Analysis with Similar Cases*

A comparison with similar cases reveals recurring themes in financial misconduct within state-owned enterprises (SOEs), including weak governance structures, inadequate oversight, and conflicts of interest. These systemic issues are evident across various countries and sectors, emphasizing the urgent need for the adoption of best practices in governance to mitigate risks and enhance institutional integrity. Implementing international standards for financial reporting and compliance, such as the King Code, has been shown to improve transparency and accountability, thereby reducing the risk of mismanagement and corruption [10]. Establishing independent oversight bodies is equally critical, as demonstrated in the cases of Brazil and Portugal, where the absence of effective oversight mechanisms contributed to persistent governance failures [11], [12]. These bodies serve as essential checks and balances, ensuring that SOEs function ethically and efficiently. Furthermore, encouraging whistleblower protection is vital for uncovering misconduct early. Without such mechanisms, corruption and mismanagement may remain undetected and perpetuate institutional decline [13]. Promoting a culture of transparency and legal safeguards for whistleblowers enhances the ability of institutions to detect and address financial irregularities [12]. Collectively, these strategies underscore the importance of aligning governance practices with global standards to foster accountability and prevent financial misconduct within SOEs.

5. CONCLUSION

The analysis of Decision No. 42/PDT/2025/PT MDN provides critical insights into the challenges of addressing unlawful acts within state-owned financial institutions in Indonesia. The court's ruling highlights breaches of fiduciary duties, inadequate risk management, and governance failures within the Indonesian Export-Import Bank (LPEI). By applying Articles 1365 and 1366 of the Indonesian Civil Code, the Medan High Court emphasized the legal principles of causation, liability, and restitution, setting a precedent for similar cases. To prevent future occurrences, the study underscores the importance of implementing robust internal controls, enhancing risk management frameworks, fostering a culture of accountability, and pursuing legal and regulatory reforms tailored to the unique challenges of state-owned enterprises. These measures are essential for ensuring the stability and integrity of financial institutions, safeguarding public trust, and promoting good governance. This research contributes to the broader discourse on improving accountability and legal compliance within Indonesia's financial sector.

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