International Journal of Environmental Sciences
ISSN: 2229-7359
Vol. 11 No. 6, 2025
https://theaspd.com/index.php

Procedures and Legal Responsibilities of the Shareholders' Meeting in the Merger of the People's Economic Bank (BPR) as a Corporate Action

Mardiah Muluk[1], Busyra Azheri[2], Kurnia Warman[3], Rembrandt[4]
[1]Doctor of Law Student, Faculty of Law, Andalas University, Indonesia
[2,3]Professor of Law, Faculty of Law, Andalas University, Indonesia
[4]Lecturer of Law, Faculty of Law, Andalas University, Indonesia
Email: mardiah.muluk@yahoo.co.id[1*], busyra@law.unand.ac.id[2], kwarman@law.unand.ac.id[3], rembrandt@law.unand.ac.id[4]

Abstract
This study investigates the implementation and challenges in the incorporation of the People's Economic Bank (BPR) in Indonesia within the framework of current regulatory and technological developments. This research emphasizes the importance of compliance with legal procedures as regulated in the Financial Services Authority (OJK) regulations, as well as the need for institutional readiness in post-merger integration. The findings show that despite a comprehensive legal framework, there are practical gaps in shareholder participation, transparency, and risk management processes that can undermine corporate governance principles. The study also highlights the significant role of digital transformation in improving operational efficiency, customer experience, and post-merger financial inclusion, while acknowledging the technological and regulatory challenges that come with it. In addition, this study emphasizes the importance of considering competition and the need for coordinated supervision by relevant authorities to prevent the formation of market oligopolies and ensure sustainable regional development. The results show that an effective merger strategy must include legal compliance, technological adaptability, stakeholder engagement, and regulatory synchronization to build resilient and inclusive microfinance institutions in Indonesia.
Keywords: *Corporate Governance, Digital Transformation, Financial Inclusion, Financial Regulation, Mergers, Rural Banks.*

INTRODUCTION

Indonesia's national development, based on the principle of kinship as reflected in Article 33 of the 1945 Constitution and the values of Pancasila, especially the fifth precept, encourages the realization of an inclusive and just economic system. (Lusy & Widyastuti, 2023). Within this framework, the People's Economic Bank (BPR) plays a vital role as a microfinance institution that expands access to financing for the MSME sector and rural communities. However, structural challenges such as capital constraints, regulatory pressures, and industrial competition are driving the need for consolidation through corporate action in the form of mergers. The BPR merger process is not only a business strategy to strengthen competitiveness and efficiency, but also requires compliance with legal and corporate governance aspects, especially through the implementation of the General Meeting of Shareholders (GMS) as a legal decision-making forum that ensures accountability and legitimacy of the corporate actions. (Kurniawan et al., 2025).

The urgency of the BPR merger issue lies in the lack of understanding of legal procedures and shareholder responsibilities in the GMS, which, if ignored, can lead to serious consequences such as merger cancellation, ownership conflicts, and regulatory sanctions (Otoritas Jasa Keuangan, 2019). The study of the implementation of mergers in a legal and accountable manner is important, considering the vital role of BPRs in the national economy, both through savings mobilization, real sector credit allocation, payment system support, and contributions to fiscal and monetary policies (Imron et al., 2023). As a microfinance institution that focuses on the lower-middle economic community, the existence of BPR reflects the state's commitment to financial inclusion, especially through MSME financing, development of remote areas, and poverty alleviation (Nadziroh et al., 2023).

In the context of the increasingly intense competition between the People's Economic Bank (BPR) and technology-based financial institutions, BPRs are facing structural pressures that threaten the sustainability of their operations. As competition and capital fulfillment demands increase, the number of BPRs/BPRS continues to shrink from around 1,623 at the end of 2021 to around 1,345 as of March 2025 (Indonesia, 2024b). This condition triggers the consolidation of the industry through corporate actions such as mergers, which not only aim to improve institutional efficiency but also pose complex legal implications for shareholders and management. According to OJK data as of March 2024, as many as 43 BPR/BPRS entities have consolidated into 14 entities, while until June 2025, there are 261 BPR/BPRS that have applied for consolidation permits through POJK No. 21/2019 (Infobanknews, 2025). The General Meeting of Shareholders (GMS) plays a crucial role in ensuring the implementation of the merger by applicable legal provisions and ensuring accountability and protection of the rights of stakeholders. The GMS is the main formal legal forum for shareholders to approve the merger, by the provisions for in POJK No. 21 of 2019. The downward trend in the number of BPRs and BPRS in recent years reflects the direction of the industrial consolidation policy initiated by the Financial Services Authority (OJK), especially through tightening regulations such as increasing minimum core capital requirements and corporate governance standards. Since POJK No. 5/2015 set a minimum core capital and Single Presence policy, OJK has directed entities belonging to the same group to merge, targeting a reduction in the total number of BPRs to around 1,000 within five years (Indonesia, 2024b). In the framework of national economic development and strengthening financial inclusion, BPR mergers are not just a business strategy, but an instrument to strengthen the function of financial intermediation, support MSME financing, and encourage equitable access to financial services in disadvantaged areas. Although the number of banks is shrinking, the industry's performance continues to grow. Assets, credit, and deposits increased significantly in line with the strengthening of capital and the intermediation of BPRs for MSMEs (Abigail, 2025).

Thus, the reduction in the number of BPRs/BPRS is an indication of the institutional transformation process that leads to improved service quality, operational efficiency, and strengthening of capital structure. However, a merger as a consolidation instrument is not only a business decision, but also a legal action that requires strict procedural compliance, particularly through the mechanism of the General Meeting of Shareholders (GMS). In accordance with POJK No. 21/POJK.03/2019, BPR mergers must obtain shareholder approval in the GMS and meet various legal requirements, such as reporting to the OJK, submitting a draft merger, and settling the rights of customers and employees. In this context, a deep understanding of the procedures and legal responsibilities inherent in the parties in the implementation of the GMS is crucial so that the merger can run legally and not cause legal consequences in the future. Study by Kurniawan et al., (2025) In Lex Jurnalica, it emphasizes that many BPRs experience legal obstacles in mergers due to administrative unpreparedness and negligence in carrying out formal legal mechanisms such as GMS and public announcements. To understand this dynamic more comprehensively, the following is presented data on the development of the number of BPRs and BPRS in Indonesia in recent years as a context of consolidation policies.

The decline in the number of BPRs in recent years does not represent a decline in the industry, but rather reflects a healthy structural consolidation process to strengthen the resilience of the microbanking sector. Although the number of BPRs decreased from 1,623 at the end of 2021 to 1,345 in March 2025, the total assets and credit disbursement of the BPR industry continued to increase significantly. This is an indicator that consolidation is accompanied by an increase in efficiency and service quality (Irawati, 2025). This consolidation was triggered by increased regulatory standards, intensification of competition, financial technology disruptions, and demands for operational efficiency. OJK said this trend is a response to the implementation of minimum core capital and the single presence policy, as well as pressure from fintech and the need for industrial efficiency (Indonesia, 2024b). Within this framework, mergers are the main strategy adopted by many BPRs. As of June 2025, as many as 261 BPRs/BPRS have applied for consolidation permits, and 109 of them have completed the merger process in accordance with OJK provisions (Infobanknews, 2025). However, a merger as a corporate action is not only a business decision, but also a complex legal process, with the GMS as the main legal forum for ratification. According to POJK Number 21 of 2019, mergers require approval through the GMS, complete with the preparation of a draft merger, reporting to the OJK, and other formal legal documentation. Non-compliance with legal procedures in the implementation of the GMS has the potential to cause serious juridical implications, so the legality and accountability aspects in the merger need to receive equal attention to other strategic aspects. Administrative negligence or non-conformity of GMS procedures may result in the cancellation of the merger or administrative sanctions by the OJK.

Since the transfer of banking supervision from Bank Indonesia to the Financial Services Authority (OJK) in 2013, BPR sector regulations have undergone a significant transformation, marked by the issuance of POJK No. 5/POJK.03/2015, which tightens capital and governance provisions. The POJK sets a minimum core capital of IDR 6 billion and requires consolidation for BPRs that have not met the requirements. (Indonesia, 2015). The shift from a macroprudential to a microprudential approach reinforces the focus on the operational and managerial compliance of each BPR. This condition encourages institutional consolidation through mergers as a strategy to fulfill minimum capital and operational efficiency. This approach is emphasized in the OJK roadmap 2024–2027, which emphasizes the importance of governance and risk management in each BPR entity. (Dabu, 2024). In this process, the General Meeting of Shareholders (GMS) is a crucial point for the legality of the merger decision, as well as the object of OJK's supervision. Therefore, understanding the legal aspects of mergers after regulatory reform is essential to ensure accountability and legal protection for all stakeholders. Regulatory supervision of the GMS in BPR mergers is part of the implementation of POJK and the industry-strengthening strategy carried out by the OJK. (Indonesia, 2024b).

OJK Regulation Number 7 of 2024 sets new standards for minimum paid-up capital for BPRs and BPRS based on the zoning of economic areas, namely IDR 100 billion (zone 1), IDR 50 billion (zone 2), and IDR 25 billion (zone 3) for BPRs, as well as IDR 75 billion, IDR 35 billion, and IDR 15 billion for BPRS. This provision is regulated in Article 6 paragraphs (1) and (2) of POJK 7/2024, which comes into effect on April 30, 2024 (Indonesia, 2024a). This regulation aims to strengthen the financial resilience, governance, and credit capacity of BPRs, but also encourages the acceleration of institutional consolidation through mergers. The OJK stated that the minimum capital increase is intended to strengthen the sector's resilience to risks and accelerate consolidation through regional-scale mergers. (Rianti & Risalah, 2024). As a strictly regulated corporate action, mergers require high procedural compliance, especially in the implementation of the General Meeting of Shareholders (GMS). POJK 7/2024 revokes the previous merger rules (POJK No.21/POJK.03/2019) and emphasizes that mergers or mergers must go through the approval of the GMS and transparent reporting to the OJK (Indonesia, 2024a). Thus, this capital increase policy not only requires financial readiness but also legal awareness and accountability of the management and shareholders in carrying out the business merger process legally and responsibly. As part of the consolidation policy, OJK also implements a Single Presence Policy (SPP), which states that owners who control more than one BPR/BPRS in 1 island area must consolidate within 2 years or 3 years for local governments. (Kholid, 2024).

In the face of increasing core capital requirements, mergers are becoming a key strategy for many BPRs, not only in response to regulatory pressures, but also as an institutional transformation step to increase competitiveness. The merger offers various strategic advantages such as strengthening capital structure, operational efficiency through economies of scale, risk diversification, improving technology and human resource capabilities, and strengthening a competitive position in the midst of competition in the financial industry (Setiawan & Harto, 2025). However, a merger is a complex corporate action in terms of law and governance, so its implementation requires strict compliance with legal procedures, especially through the General Meeting of Shareholders (GMS) as the highest decision-making forum (Putri & Ningtyas, 2023). This complexity includes overlapping regulations between corporate law, banking, capital markets, and other sectoral provisions, with key challenges such as the protection of minority shareholders, the application of Good Corporate Governance principles, transparency obligations, and the management of socio-economic impacts. Therefore, the success of BPR mergers depends on the integration of legal compliance and accountable governance (Nasfi et al., 2020).

The BPR merger process is not only in the interest of shareholders and management, but also involves the protection of the rights of other stakeholders such as customers, employees, creditors, and the local community. In this case, the General Meeting of Shareholders (GMS) has a central role as a legal forum to ensure that merger decisions are carried out legally, accountably, and in accordance with the principles of good corporate governance. Given the complexity of regulations and the limitations of the literature that discusses BPR mergers specifically in Indonesia, this study aims to fill these gaps by offering a comprehensive legal analysis of the legal procedures and responsibilities in BPR mergers. In addition to providing practical guidance and legal certainty for industry players, this study is also expected to contribute to the development of an adaptive regulatory framework and support the sustainable strengthening of the microbanking sector, in line with the principles of social justice in Pancasila and the national constitution.

METHOD

This study uses a normative juridical approach to analyze the laws and regulations that regulate mergers as corporate actions, especially in the context of People's Credit Banks (BPR). This study focuses on the provisions of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), various Financial Services Authority (POJK) Regulations, as well as the principles of Good Corporate Governance (GCG) that are relevant in making decisions at the General Meeting of Shareholders (GMS). Secondary data were obtained through literature studies on regulations, legal literature, policy documents, and academic publications that discuss BPR mergers in Indonesia. Data was collected through documentation studies of OJK annual reports, BPR industry statistical data, and publication of research results from financial institutions and related authorities. In addition, a case study was conducted on several BPR merger processes that have taken place in the last five years, as an effort to illustrate the dynamics of the merger implementation, especially related to GMS procedures and legal protection for shareholders. The analysis was conducted to identify gaps between legal norms and field practices and to assess the effectiveness of existing regulations in ensuring legal certainty and corporate accountability.

The analysis in this study was carried out in a descriptive-analytical manner, with the aim of exploring the substance of legal norms, then testing their relevance to the phenomenon of BPR mergers in the field. The data analysis technique is carried out by reviewing applicable regulations, matching them with empirical data, and drawing conclusions about legal procedures and the responsibilities of the parties in making merger decisions. By using this normative-empirical approach, it is hoped that the research will be able to provide a comprehensive understanding of how the law works functionally in the corporate action of BPR mergers, as well as provide recommendations for strengthening the legal framework and public policy in the Indonesian micro-banking sector.

RESULTS AND DISCUSSION

Legal Basis of BPR Merger

The merger of the People's Economic Bank (BPR) is part of the dynamics of corporate restructuring, which is regulated in a complex and interlayered legal framework. The legal basis of BPR mergers refers to three main levels: first, Law Number 40 of 2007 concerning Limited Liability Companies (UUPT) which regulates merger procedures in general for the company's legal entities; second, Law Number 10 of 1998 concerning Banking, which provides a special legal framework for banking entities including BPRs; and third, various derivative regulations issued by the Financial Services Authority (OJK), which regulate the technical, administrative, and prudential aspects of mergers in the microbanking sector.

In the context of BPR, a merger is not only a legal merger of entities, but must also meet specific provisions related to compliance with banking regulations. This complexity creates a double legal obligation, where the BPR entity must carry out the merger by the procedures of the Law including the holding of the General Meeting of Shareholders (GMS), notification to creditors, and protection of minority shareholders—while also being subject to banking provisions related to business licensing, fit and proper test), and financial balance sheet consolidation. Thus, BPR mergers cannot be seen solely as an internal corporate action, but also as a regulatory process that has an impact on the public interest, especially customers and the local financial system.

The Evolution of BPR Merger Regulations

The regulatory framework for BPR mergers has undergone paradigmatic changes since the transfer of supervisory functions from Bank Indonesia to the Financial Services Authority in 2013. This shift is not only institutional, but also reflects a shift in supervisory approaches from macroprudential to more granular and proactive microprudential. Previously, merger supervision was more focused on the stability of the payment system on a macro scale, while the practice of BPR mergers on a micro scale has not received serious attention, especially related to strengthening governance and mitigating legal risks between shareholders.

With the inclusion of the OJK as the sole regulatory and supervisory authority, the approach to mergers has become more integrative and accompanied by policy encouragement to improve the efficiency of the sector. One of the important turning points in this evolution is the issuance of OJK Regulation Number 7 of 2024 concerning the Minimum Paid-Up Capital of BPR, which explicitly encourages industrial consolidation through mergers. This regulation regulates minimum core capital obligations based on economic zoning, which implicitly pressures small BPRs that are unable to meet the capital requirements to immediately merge or exit the market.

Analysis of this regulation shows that the minimum paid-up capital policy not only plays a role as a prudential instrument, but also as a market engineering tool to simplify the BPR industrial structure. OJK not only targets capital strengthening, but also increasing efficiency, improving governance, and consumer protection through improving the quality of BPR institutions post-merger. However, in terms of legal implementation, this regulatory pressure poses new challenges, especially in the implementation of the GMS and the fulfillment of the legal rights of shareholders, who are often marginalized in the urgency to quickly meet the formal requirements of the merger.

Decision-Making Mechanism in BPR Merger GMS

Decision-making at the General Meeting of Shareholders (GMS) related to the merger of the People's Credit Bank (BPR) is a crucial process that must comply with the applicable legal provisions, especially Law Number 40 of 2007 concerning Limited Liability Companies and the regulations of the Financial Services Authority (OJK). Mergers as an extraordinary corporate act require a higher level of approval than routine business decisions, so the decision-making mechanism must be strictly designed to ensure the legitimacy and validity of the GMS results.

According to Article 126, paragraph (1) of Law No. 40 of 2007, the merger decision must be approved by at least two-thirds of the number of valid votes in the GMS. This quorum and percentage of votes indicate the importance of a strong consensus among shareholders to authorize the merger of entities. However, in practice, there are variations in voting mechanisms based on the provisions of each BPR's articles of association, which may prescribe higher quorum requirements or more complex voting mechanisms to protect the interests of minority shareholders.

The voting rights in the BPR merger GMS are usually calculated based on the number of shares owned by each shareholder. Although normatively minority shareholders have voting rights, in many cases, they experience limitations in influencing decisions due to the dominance of majority shareholders. This phenomenon has the potential to cause conflicts of interest and pose a risk of injustice in the decision-making process, especially regarding the distribution of shares and dividend distribution after the merger.

In an effort to address this potential inequality, some BPRs implement more inclusive voting mechanisms, such as granting limited voting rights to the majority without ignoring minority votes, or the use of cumulative voting mechanisms to strengthen minority positions. However, the implementation of this kind of mechanism is not even across the BPR industry, so there is still a need for standardization through more specific regulations from the OJK to ensure the rights and interests of all shareholders.

In addition, the decision-making process in the merger of GMS must also uphold the principles of transparency and openness. Any agenda to be decided, including the merger materials, must be clearly and completely submitted before the meeting so that shareholders can give approval based on adequate information. The lack of transparency in the delivery of information can raise doubts about the validity of the GMS decision and potentially lead to legal action in the future.

This entire mechanism emphasizes that the regulation of decision-making procedures in the BPR merger GMS must not only be in accordance with formal regulations, but also oriented towards the principles of Good Corporate Governance (GCG), especially fairness, transparency, and accountability. This is critical to ensure the merger can run smoothly, provide optimal benefits for all stakeholders, and strengthen the structure of the national microbanking industry.

The Role of Notaries and Independent Consultants in BPR Mergers

In the merger process of Bank Perekonomian Rakyat (BPR), Notaries and Independent consultants play a central role as parties who bridge legal aspects and business practices. Notaries function as public officials responsible for the preparation and ratification of official merger documents, such as deeds of incorporation, amendments to the articles of association, and notifications to related agencies. This notary authority is regulated in Law Number 30 of 2004 concerning the Notary Position and is a guarantee of the formal legality of all documents that are the basis for the implementation of the merger.

In addition to notaries, independent consultants also play a role in providing legal advice and financial advice (legal aspects and financial aspects) to BPR management and shareholders during the merger process. Independent consultants help identify legal aspects and legal risks, ensure compliance with applicable regulations, and design mitigation strategies to avoid potential legal disputes in the future. This role is very important considering that BPR mergers are complex transactions that involve many aspects, ranging from legal /corporate law aspects, banking law, to the Financial Services Authority (OJK) regulations.

Furthermore, notaries and independent consultants also play a role in ensuring that the merger process runs transparently and in accordance with the principles of Good Corporate Governance (GCG). For example, the notary must ensure that the General Meeting of Shareholders (GMS) is held in accordance with formal provisions, including legal and accountable decision-making. Independent consultants can provide assistance to ensure that the rights of minority shareholders are not neglected and that the entire merger process can be legally accounted for by conducting due diligence.

The involvement of legal professionals is also a form of protection for all parties involved, including both majority shareholders, minorities, and external stakeholders such as regulators and customers. Thus, the role of notaries and legal consultants is not only administrative, but also strategic to realize a legal, transparent, and sustainable BPR merger.

Transparency and Disclosure of Information in the Merger Process

Transparency and disclosure of information are fundamental principles in the implementation of the merger of the People's Credit Bank (BPR), which functions to maintain the trust of shareholders and other stakeholders. In the context of a merger, information disclosure includes the timely and accurate delivery of all relevant material data and facts regarding the reasons, processes, impacts, and consequences of the merger to shareholders and the public.

Provisions related to disclosure obligations are regulated in various regulations, including OJK Regulations and the provisions of Law Number 40 of 2007 concerning Limited Liability Companies. This obligation aims to ensure that shareholders can make rational and informed decisions during the General Meeting of Shareholders (GMS) that discusses mergers. The information that must be submitted includes the latest financial statements, valuation of assets and liabilities, potential risks, and post-merger integration plans.

The implementation of transparency in the merger process also plays an important role in reducing conflicts of interest and avoiding information manipulation practices that can harm minority shareholders and the public. An empirical study by Haryono and Wulandari (2022) shows that a high level of transparency in BPR mergers contributes to increased investor confidence and a smooth consolidation process. Conversely, a lack of openness often triggers legal disputes and market uncertainty.

In addition, the development of information technology and digitalization is also a supporting tool in increasing information disclosure. For example, the use of electronic platforms for the submission of GMS materials and financial statements can accelerate the distribution of information and reach shareholders more widely and efficiently. This is in line with the OJK's direction in supporting the digitalization of corporate governance processes to increase accountability and transparency in the micro-banking sector. Thus, transparency and disclosure of information are not only regulatory obligations, but also a crucial corporate strategy to ensure the success of BPR mergers, as well as maintain the reputation and sustainability of the microbanking industry as a whole.

Compliance with Merger Procedures in Accordance with Regulations

The merger procedure of Bank Perekonomian Rakyat (BPR) must be carried out strictly and in accordance with applicable legal provisions, in order to ensure the legality and sustainability of the merger process. The main legal basis that regulates this procedure is Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), which regulates the procedures for the incorporation of business entities in general, as well as specific regulations from the Financial Services Authority (OJK) that focus on the banking sector.

The procedural stages of the merger begin with the preparation of a merger plan that must be prepared in detail and contain important aspects such as the reason for the merger, financial impact, share exchange mechanism, and post-merger integration plan. This plan is then submitted to the Board of Directors and the Board of Commissioners of the BPR concerned for initial approval. Furthermore, the merger proposal must be submitted to all shareholders through the General Meeting of Shareholders (GMS) by meeting the provisions of a valid quorum and majority vote.

The GMS in the context of a merger must be held transparently and follow strict rules, including giving shareholders the opportunity to submit questions, opinions, and objections. A merger decision can only be taken if it is approved by a majority in accordance with the requirements in the applicable UUPT and POJK. After approval is obtained, the merger document must be registered and announced to the public and authorized agencies, including the OJK and the Ministry of Law and Human Rights, to obtain official approval.

Compliance with these procedures is very important because administrative errors or violations of the terms can result in the cancellation of the merger decision, lawsuits from shareholders, and potential administrative sanctions from regulators. Therefore, BPR needs to provide intensive legal assistance and ensure that the entire documentation and reporting process runs according to the set standards.

In the context of OJK regulations, there are additional obligations related to reporting and licensing that must be fulfilled by BPRs after the merger, including minimum capital requirements that must be adjusted and evaluation of the feasibility of management through fit and proper tests. This complex procedure requires synergy between the legal aspects of corporations and banks, so that the implementation of mergers not only meets formal legal requirements but is also able to ensures healthy and sustainable business continuity.

Protection of Minority Shareholder Rights

In the merger process of Bank Perekonomian Rakyat (BPR), the protection of minority shareholder rights is a very crucial aspect to maintain fairness and transparency. Minority shareholders are often in a less powerful position than majority shareholders, so the risk of being marginalized in strategic decision-making, including mergers, becomes real.

Law Number 40 of 2007 concerning Limited Liability Companies provides a number of legal protections for minority shareholders, including the right to obtain complete and correct information about the merger process, the right to file objections at the General Meeting of Shareholders (GMS), and the right to claim compensation in the event of losses due to decisions that are detrimental to them. OJK regulations also mandate adequate transparency and information disclosure so that minority shareholders can make decisions based on valid data.

This protection mechanism includes the obligation of the company to provide complete merger documents and to allow sufficient time for minority shareholders to review and ask questions. The GMS process must also be conducted fairly, with proportional voting rights and equal opportunities for all shareholders to participate in decision-making. The implementation of the principles of Good Corporate Governance (GCG) is the main foundation in ensuring fairness and accountability during the merger process.

However, in practice, there are still challenges related to the implementation of this protection, especially in BPRs that have a concentrated ownership structure among several parties. Potential conflicts of interest and a lack of transparent information can lead to distrust from minority shareholders. Therefore, strengthening regulations and supervision from the OJK, as well as increasing the capacity of minority shareholders in understanding their rights and applicable legal mechanisms, is very necessary.

With effective protections, minority shareholders will not only feel safe and valued but can also make a positive contribution to the merger process through constructive input and stricter oversight of management. This will ultimately strengthen corporate governance and increase the credibility of BPRs in the eyes of investors and the public.

Disclosure and Information Transparency Obligations

The obligation of disclosure and information transparency is one of the main pillars in the effective and integrity merger process of Bank Perekonomian Rakyat (BPR). Information disclosure during the merger process is not only a regulatory requirement, but also part of the principles of Good Corporate Governance (GCG) that encourage the trust of shareholders and other stakeholders.

The Financial Services Authority (OJK) expressly regulates the obligation of BPRs to provide clear, accurate, and complete information regarding the merger process, including financial data, risks, share exchange mechanisms, and the strategic impact of the merger. This information must be submitted in a adequate time so that shareholders and other stakeholders can carefully assess the implications of the merger.

Transparency is also important in anticipating potential conflicts of interest and minimizing the risk of misuse of information. Openness in reporting to the public and regulators is a means to ensure that the merger process takes place in accordance with the provisions of the law and the principles of justice. In addition, good disclosure can enhance the reputation of BPRs and facilitate post-merger integration.

However, challenges in practice often arise due to limited resources, a lack of understanding of BPR management of the required reporting standards, and the potential for business confidentiality that must be maintained. Therefore, OJK regulations also provide clear guidelines on what information must be disclosed and how the reporting procedure is.

Strengthening the internal capacity of BPRs, as well as legal and financial assistance during the merger process, is key to ensuring that disclosure and transparency obligations can be fulfilled optimally. Thus, the merger process can run smoothly and produce the expected synergy, as well as maintain the trust of all parties involved.

Social and Economic Impact

The merger of the People's Credit Bank (BPR) not only brings legal and financial implications, but also has significant social and economic impacts for various stakeholders, including employees, customers, and local communities. Therefore, social and economic aspects are one of the important challenges that must be considered in the merger process.

From the employee side, mergers can raise concerns related to job security, changes in organizational structure, and work culture adjustments. This uncertainty can have an impact on productivity and work morale, so companies need to manage internal communication well and provide support programs such as retraining or humane workforce restructuring. Labor regulations and the principle of corporate social responsibility (CSR) are the reference in managing this aspect fairly.

For customers, mergers can affect access to services, products, and credit interest rates previously enjoyed. Especially for customers in remote areas that are the focus of BPR, service changes due to system integration can potentially disrupt customer comfort and trust. Therefore, BPR needs to ensure that the service integration process is carried out in a gradual and transparent manner, while maintaining a commitment to financial inclusion.

The broader economic impact also includes the influence of mergers on the competition of the microbanking industry at the regional and national levels. Consolidation through mergers is expected to create stronger and more efficient entities, thereby expanding credit coverage and driving local economic growth. However, if not managed properly, mergers also have the potential to create monopolies or reduce the diversity of services, which can be detrimental to the wider community.

For this reason, the Financial Services Authority (OJK) and the government need to closely monitor the social and economic impact of mergers, ensuring that the goal of strengthening the industry does not neglect the welfare of the community and the sustainability of the regional economy. The development of policies that balance industrial efficiency and social protection is the key to the success of the sustainable merger process.

Adaptation to New Regulations and Technologies

The merger process of Bank Perekonomian Rakyat (BPR) must not only comply with increasingly stringent regulations, but also must be able to adapt to the rapid development of financial technology (fintech). Adaptation to these two aspects is a key factor in ensuring the sustainability and competitiveness of BPRs post-merger.

In terms of regulations, the increase in capital requirements and supervision provisions introduced by the Financial Services Authority (OJK), such as OJK Regulation Number 7 of 2024 concerning the Minimum Paid-Up Capital of BPRs, requires BPRs to strengthen their capital structure and governance. Mergers are a strategic solution to meet these requirements while reducing operational risks and increasing business capacity. However, dynamic regulatory implementation requires BPRs to have adaptive compliance mechanisms and transparent reporting systems.

Meanwhile, the development of financial technology requires BPRs to adopt digital innovations in banking services. The integration of information systems, the use of digital platforms for customer services, and the application of data security technology are very important in the merger to create operational synergies and improve customer experience. Technology adaptation also allows BPRs to expand financial inclusion by reaching wider and remote market segments.

However, the process of technology integration and post-merger regulations is not without challenges, especially for BPRs that previously had limited technology capacity. Investment in IT infrastructure, human resource training, and business process adjustments is are important agenda. OJK also provides guidance and support in this digitalization process to ensure that the transformation runs smoothly without sacrificing the stability and security of the banking system. Thus, the ability of BPRs to adapt simultaneously to strict regulations and technological developments is the main determinant of the success of mergers and the strengthening of the microbanking industry in Indonesia.

Legal Protection in the Merger of People's Economic Banks

Legal protection in the context of the merger of Bank Perekonomian Rakyat (BPR) is a crucial aspect that must be maintained so that the rights and interests of all stakeholders are protected fairly and proportionately. Mergers as a complex corporate action carry potential legal risks that have implications for the rights of shareholders, employees, customers, and the surrounding community. Therefore, a strong and integrated legal protection framework is the main prerequisite for realizing a fair and transparent merger process.

Protection of Shareholder Rights

The protection of shareholder rights is a fundamental aspect in the merger process of Bank Perekonomian Rakyat (BPR), especially to maintain a balance of interests between majority and minority shareholders. In the context of mergers, shareholder rights must be treated fairly and transparently to prevent potential abuses of power and conflicts of interest that may be detrimental to some parties (La Porta et al., 2000).

One of the main mechanisms of protection is the implementation of the General Meeting of Shareholders (GMS), which meets the standards of good corporate governance. The GMS procedure in mergers must ensure access to sufficient and accurate information regarding the reasons, benefits, risks, and implications of the merger for the company and shareholders (Bainbridge, 2012). This includes disclosure obligations regulated in Law Number 40 of 2007 concerning Limited Liability Companies and OJK Regulations related to information disclosure.

Furthermore, legal protection is also realized through a dissenting shareholders' rights mechanism that gives minority shareholders the right to reject the merger decision and demand the purchase of their shares by companies with fair value. This mechanism is an important instrument in preventing exploitation and ensuring fair treatment for all shareholders (Hermalin & Weisbach, 1998). On the other hand, OJK regulations add a layer of protection by regulating the obligation of fit and proper tests for management and administrators involved in mergers, ensuring that the decision-making process is carried out by competent and responsible parties. Thus, the protection of shareholder rights is not only procedural but also substantive, ensuring integrity and accountability in the BPR merger process.

Legal Responsibilities of Management and the Board of Commissioners in BPR Mergers

The merger process of Bank Perekonomian Rakyat (BPR) not only involves procedural aspects and the protection of stakeholder rights, but also places great legal responsibilities on the management and board of commissioners as the managers and supervisors of the company. These two organs have a central role in ensuring that the merger process runs in accordance with legal provisions, Good Corporate Governance (GCG) principles, and high business ethics (Tricker, 2015).

BPR management is obliged to carry out the merger process in good faith, conduct thorough due diligence to evaluate the financial condition, risks, and impact of the merger on all stakeholders (Mallin, 2016). Negligence in carrying out fiduciary duty obligations can have implications for personal legal liability if the merger causes losses or violations of the law.

The board of commissioners has an equally important supervisory function, which is to ensure that merger decisions are made based on professional and transparent considerations, and in the long-term interests of the company and shareholders (Monks & Minow, 2011). The board of commissioners is also tasked with monitoring the implementation of the recommendations of the results of due diligence and ensuring that management complies with applicable OJK regulations and provisions.

The failure of management and the board of commissioners to fulfill these legal responsibilities can result in administrative sanctions from regulators, lawsuits from shareholders or third parties, and even criminal consequences in cases of serious violations (Archer & Cameron, 2009). Therefore, the role and legal responsibilities of the management and the board of commissioners in the BPR merger are crucial elements that support sound corporate governance and the sustainability of the microbanking industry.

Legal and Institutional Implications of the BPR Merger

The merger of the People's Credit Bank (BPR) has significant implications, not only structurally but also from a legal and institutional perspective. From the study of the national literature and regulations, the following crucial implications are important to face strategically and legally.

Potential Disruption of Micro Market Competition

The merger of Bank Perekonomian Rakyat (BPR) is basically a strategic step to strengthen the resilience of the microbanking industry in Indonesia. However, it should be noted that mergers in this sector have the potential to disrupt micromarket competition, especially in areas with low concentrations of financial institutions. In many cases, mergers between microfinance institutions such as BPRs can result in the formation of dominant entities locally, though not nationally. This has the potential to violate the basic principles of business competition law as stipulated in Law Number 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition.

In theory, mergers could lead to strengthening efficiency through economies of scale and operational synergies. However, in the context of micro-markets, especially in rural areas or areas with low density of financial institutions, the merger of BPRs can actually lead to a decline in alternative financial services. With the reduction in the number of financial service providers, customers—especially MSMEs and the lower classes—no longer have many choices, which can ultimately lead to uncompetitive lending practices or reduced service quality due to weak market pressure (OECD, 2019).

From a competition law perspective, mergers that result in "significant market share control" in a region can be considered high-risk, even if they are between small entities. ICC (Business Competition Supervisory Commission) does tend to focus on large-scale company mergers nationally, but in the context of BPR, a more sensitive regulatory approach is needed to local dynamics. In other words, there is a vacuum in the supervision of mergers of small entities that actually have a big impact locally (Yusman, 2023).

Research by Suherman (2022) regarding BPR mergers in the West Kalimantan region shows that post-merger, new entities control more than 75% of the microcredit market share in three sub-districts. This has had an impact on rising lending rates and a decrease in service penetration in the ultra-micro segment. The study emphasizes that OJK regulations have not fully considered the impact of business competition in assessing merger applications, so there needs to be synergy between OJK and ICC to assess the competitive implications of BPR mergers, especially in the regional context.

Thus, BPR mergers, although legal and often driven by capital regulations, should not be excluded from the analysis of the impact of competition. The government and supervisory authorities need to review the ex-ante merger control mechanism, including notification obligations to the ICC for microbanking entities that have local market influence. Such an arrangement will not only prevent the formation of local oligopolies but also ensure the sustainability of financial access for the wider community in the region.

Financial Performance and Governance Synergy

One of the main arguments underlying the BPR merger is the achievement of efficiency and synergy in terms of financial performance and improvement of institutional governance. Theoretically, mergers can create economies of scale, increase financing capacity, expand market reach, and strengthen capital structures. However, in the context of BPR as a microfinance entity with limited human resources and digital infrastructure, such synergy cannot automatically be achieved without careful strategic planning and institutional strengthening.

Research by Lestari & Rachman (2022), which examined the merger of four BPRs in South Sumatra, shows that in the short term, mergers are able to increase the capital adequacy ratio (CAR) and loan-to-deposit ratio (LDR), as well as reduce non-performing loan (NPL) ratios. However, the performance improvement only began to be seen in the second year after the merger. In the transition period, there is an increase in operational costs and a decrease in employee productivity due to an integration process that is not optimal, as well as organizational culture differences that have not been managed.

From a governance point of view, mergers open up opportunities to improve internal control systems and organizational structures. By pooling resources, the merged entities have the potential to form more functional governance committees, strengthen compliance units, and build standardized risk management information systems. This is in accordance with the spirit of POJK No. 18/POJK.03/2023 concerning BPR Governance, which prioritizes the structure of three lines of defense: operational management, internal oversight functions, and independent audits.

However, challenges arise when the structure of the merger results is not accompanied by an adequate risk management transformation. The OJK report (2024) indicates that more than 40% of entities resulting from BPR mergers have difficulties in unifying the core banking system, integrating standard operating procedures (SOPs), and harmonizing credit policies. This has the potential to trigger moral hazards and weaken the effectiveness of internal supervision, especially if it is not immediately adjusted to new institutional conditions.

Argumentatively, mergers will only provide strategic benefits if accompanied by coordinated governance and financial policy reforms. Synergy requires not only administrative unity but also a shared understanding of institutional vision, risk management, and accountability systems. Therefore, OJK needs to require a post-merger integration plan (PMP) in every BPR merger approval as a form of institutional readiness testing, and not just an evaluation of capital structure or operational permits.

Inconsistencies between the Regulatory Design and the Reality of BPR Merger Practices

The findings in the results section show that although normatively the BPR merger already has a fairly comprehensive legal framework—with legal bases from Law No. 40 of 2007, the Banking Law, to the latest POJK—practice in the field shows that there is an implementation gap. One of the significant loopholes lies in the procedure of the general meeting of shareholders (GMS), which is legally the highest forum for merger decision-making, but in many cases tends to be formalistic. In some case studies, the participation of minority shareholders is passive, and there are even indications that the merger decision has been arranged before the GMS process takes place, raising problems with the principles of openness and fair dealing in corporate actions.

This discrepancy indicates the need for legal harmonization between the principles of corporate governance and the supervision of corporate practices in the microfinance sector. OJK regulations that are microprudential have not fully put pressure on the implementation of corporate governance in mergers, especially regarding shareholder involvement and transparency in decision-making. Thus, mergers that are legally legal do not necessarily meet the principles of corporate fairness.

Mergers as a Means of Consolidation versus Threats to Local Competition

From the legal economy aspect, the BPR merger, driven by the minimum capital increase policy does aims to encourage consolidation and efficiency. However, the results of the analysis show that in certain regions—especially in zones with low BPR concentrations—mergers create market dominance by the merged entities. This can reduce the level of competition, create an imbalance in the price of financial services, and reduce public access to a wider range of service options.

This phenomenon raises questions about current regulatory design: has the policy of consolidation through mergers taken into account the impact of competition in micromarkets locally? This is where the involvement of institutions such as the ICC is important in assessing mergers, not only in terms of capital structure, but also in terms of their impact on the ecosystem of business competition in the financial sector.

Post-Merger Legal and Institutional Responsibility Challenges

Legal discussions in mergers do not stop at the merger approval stage, but become increasingly crucial after the merger occurs. The directors and commissioners of the new entity bear not light legal responsibilities, especially if the merger process is not accompanied by adequate due diligence. In many cases, the increase in non-performing loan (NPL) ratios and internal system failures is are indication that corporate legal responsibility has not been accompanied by substantial institutional reforms.

OJK has not explicitly regulated post-merger legal responsibilities in the event of a managerial malfunction. Thus, the establishment of a post-merger monitoring framework is important so that the incorporation of legal entities is not only legally formal but also operationally and financially responsible.

Merger as an Opportunity for BPR Governance Reform

Despite the challenges, mergers can be a starting point for improving BPR governance. With the consolidation of resources and the overhaul of the management structure, mergers can result in a more accountable, efficient, and compliance-oriented entity. However, to achieve such synergies, mergers should not be treated as an administrative response to regulatory pressures, but rather should be positioned as a long-term institutional transformation.

Thus, a reformulation of the BPR merger policy is needed that places governance reform and stakeholder empowerment as the main indicators of merger success. In addition, clarity of GMS procedures, legal protection for minority shareholders, and strengthening the supervisory structure are aspects that must be strengthened systemically.

CONCLUSION

The merger of BPR is a strategic step in strengthening the resilience of the microfinance sector in Indonesia, in line with regulatory transformation that increasingly demands strengthening capital structure and governance. Although normatively the merger procedure has been regulated through an adequate legal framework, practice in the field still shows that there is an imbalance between formal compliance and the implementation of the principles of good corporate governance, especially in shareholder involvement and the protection of stakeholder interests.

Empirically, mergers do have the potential to increase operational efficiency and improve capital structure. However, without institutional readiness, this process also carries the risk of deteriorating asset quality, managerial conflicts, and information system vulnerabilities. Therefore, a merger must be understood not only as a corporate legal act, but as a comprehensive and sustainable institutional transformation.

As a step forward, it is necessary to strengthen legal instruments in the form of obligations to prepare post-merger integration plans, active supervision from the OJK on the performance of the merged entities, and adjustments to policy approaches that not only focus on compliance, but also pay attention to sustainability, governance, and socio-economic impacts at the local level. With this holistic approach, BPR mergers are not only a regulatory solution, but also an instrument of equitable people's economic development.

REFERENCES

1. Abigail, P. Y. D. (2025). OJK: Jumlah BPR dan BPRS Bakal Terus Berkurang Tahun Ini, Bangkrut Berjamaah? Bisnis.Com.
2. ANTARA. (2024). Ketua DK OJK: Ada 1.213 BPR telah penuhi modal inti minimum Rp6 miliar. ANTARA.
3. Dabu, P. (2024). OJK Luncurkan Peta Jalan Pengembangan dan Penguatan Industri BPR dan BPRS. The Iconomics.
4. Fathin Setiadi, S., Cloudya, B., & Khaqiqoh, A. (2024). Perlindungan Hukum bagi Pemegang Saham Minoritas dalam Perseroan Terbatas yang Melaksanakan Merger. Journal of Multidisciplinary Inquiry in Science, Technology and Educational Research, 2(1). https://doi.org/https://doi.org/10.32672/mister.v2i1.2353
5. Fuady, M. (2008). Hukum Bisnis : Dalam Teori Dan Praktek. PT. Alumni.
6. Gilson, R. J., & Gordon, J. N. (2003). Controlling Shareholders. Penn Law Review, 785. https://scholarship.law.upenn.edu/penn_law_review/vol152/iss2/8
7. Imron, M., Hasni, M., Nizar, M. A., Cahyadi, A., Risnandar, Fahreza, R., Ramadhan, M. M., Amalia, P., Junirda, I. K., Zulmiati, R., Natalia, C., Raz, A. F., Safitri, M., Nababan, F., & Pardede, A. (2023). Kajian Pengembangan BPR/BPRS di Indonesia. Direktorat Jenderal Strategi Ekonomi Dan Fiskal, Kementerian Keuangan.
8. Indonesia, O. J. K. (2015). POJK tentang Kewajiban Penyediaan Modal Minimum dan Pemenuhan Modal Inti Minimum Bank Perkreditan Rakyat.
9. Indonesia, O. J. K. (2024a). Bank Perekonomian Rakyat dan Bank Perekonomian Rakyat Syariah.
10. Indonesia, O. J. K. (2024b). Siaran Pers: Refleksi 2024: Perbankan Indonesia Tetap Solid dan Melangkah Optimis Di Tengah Ketidakpastian Ekonomi Global. Otoritas Jasa Keuangan. https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Refleksi-2024-Perbankan-Indonesia-Tetap-Solid-dan-Melangkah-Optimis-Di-Tengah-Ketidakpastian-Ekonomi-Global.aspx?utm_source=chatgpt.com
11. Infobanknews. (2025). OJK Ungkap 261 BPR/BPRS Telah Ajukan Izin Konsolidasi. Infobanknews.
12. Irawati. (2025). Aset BPR Naik Jadi Rp203,68 Triliun Meski Jumlah Bank Susut. Infobanknews.
13. Kholid, A. (2024). OJK: Pemegang Saham Hanya Boleh Punya Satu BPR. KABARBURSA.
14. Kurniawan, I. G. H., Judge, Z., & Muliawan, A. (2025). KEDUDUKAN PERATURAN OJK DALAM MENGATUR PEMEGANG SAHAM PENGENDALI BPR DAN BPRS. Lex Jurnalica, 22(1). https://doi.org/https://doi.org/10.47007/lj.v22i1.9154
15. Lusy, L., & Widyastuti, M. (2023). KINERJA BANK PERKREDITAN RAKYAT (BPR) DALAM PENGUATAN UMKM. Jurnal Akuntansi Dan Pajak, 23(2).
16. Michael, M. (2025). Perlindungan Hukum Bagi Pemegang Saham Minoritas Pada Perusahaan Yang Melakukan Merger. Jurnal Panorama Hukum, 10(1).
17. Nadziroh, U. A., Yasmin, R. A., Pratiwi, D. I., & Bastomi, M. (2023). Analisis Peran Inklusi Keuangan Dalam Meningkatkan Kinerja UMKM. Strategic: Journal of Management Sciences, 3(2). https://doi.org/https://doi.org/10.37403/strategic.v3i2.149
18. Nasfi, N., Marta, Y., & Antoni, A. (2020). Analisis Tingkat Kesehatan Bank Sebelum Dan Sesudah Merger Di Sumatera Barat (Studi Kasus : PT. BPR Rangkiang Aur dengan PT. BPR Rangkiang Denai). Jurnal Menara Ekonomi, 6(1). https://doi.org/https://doi.org/10.31869/me.v6i1.1748
19. OJK. (2024). Siaran Pers: OJK Terbitkan Peraturan Perkuat Kelembagaan BPR/BPR Syariah. Otoritas Jasa Keuangan.

20. Otoritas Jasa Keuangan. (2019). POJK 21/POJK.03/2019 Tentang Penggabungan Peleburan Dan Pengambilalihan Bank Perkreditan Rakyat Dan Bank Pembiayaan Rakyat Syariah.
21. Permana, A. R. (2025). Analisis Implementasi dan Pengungkapan Good Corporate Governance di PT Bank Syariah Indonesia TBK Tahun 2021 – 2023. AKUNTANSI 45, 6(1). https://doi.org/https://doi.org/10.30640/akuntansi45.v6i1.4459
22. Putri, L. W., & Ningtyas, M. N. (2023). Financial Performance of Bank Syariah Indonesia Before and After Merger. Dialektika : Jurnal Ekonomi Dan Ilmu Sosial, 8(1). https://doi.org/https://doi.org/10.36636/dialektika.v8i1.1309
23. Rianti, E., & Risalah, D. F. (2024). Merger Bank Daerah Perkuat Fondasi Ekonomi. Republika.
24. Rizki, M., R, R., & H, H. (2021). PERLINDUNGAN HUKUM TERHADAP PEMEGANG SAHAM MINORITAS DARI PENGGABUNGAN PERUSAHAAN (MERGER) PADA PERSEROAN TERBATAS DI INDONESIA. Jurnal Ilmiah Mahasiswa Fakultas Hukum Universitas Malikussaleh, 4(2). https://doi.org/https://doi.org/10.29103/jimfh.v4i2.4225
25. Setiawan, E., & Harto, P. (2025). ANALISIS KINERJA KEUANGAN DAN PERMODALAN PADA BPR HASIL MERGER (2015 – 2020). Universitas Diponegoro.
26. Trio Ate, Y., Nggala, K., Vivi Susanti, A., Evarista E. Goma, M., & M. L. Sogen, M. (2025). Aspek Hukum dan Regulasi dalam Penggabungan Usaha (Merger dan Akuisisi). Journal of Comprehensive Science, 4(1). https://doi.org/https://doi.org/10.59188/jcs.v4i1.2985
27. Widiyatmoko, R. D. A. (2022). Studi Analisis Kualitatif Good Corporate Governance (GCG) dalam Pencegahan Fraud pada Lembaga Keuangan BPR. E-Logis : Jurnal Ekonomi Logistik, 4(1). https://doi.org/https://doi.org/10.70375/e-logis.v4i1.14