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# THE DETERMINATION OF MARKET CONDUCT SUPERVISION IN INCREASING CUSTOMER TRUST AND SENSE OF SECURITY MEDIATED BY THE CUSTOMER SATISFACTION INDEX

## ABSTRACT

The objective of this research is to find out how the determinants of market conduct monitoring contribute to fostering customer trust and security, supported by the mediating variable customer satisfaction index. The researcher used quantitative research methods from customers of financial service products in DKI Jakarta, then data analysis techniques used SMART PLS 4.0 application and CSI score calculations. The results of this research show that market conduct monitoring has a significant positive determination in increasing customer confidence by 50.2% and customer sense of security by 25.2%, and can be mediated by a customer satisfaction index of 31.4%.

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**Keywords** : Market Conduct, Trust, Sense of Security, Customer, CSI

**JEL** : M310, M380

## I. INTRODUCTION

The global dynamic condition in 2023 that is currently occurring in various countries in the world do not currently affect the stability of the financial services sector in Indonesia. This is due to an increase in the intermediation performance of financial service institutions, adequate capital and liquidity (OJK Press Release, 2023). However, as more and more various financial service products emerge online and offline, it turns out that this also creates problems faced by customers. This problem arises not only because of customers' mistakes in choosing goods, but sometimes related financial services business actors are less aware of their obligations to respect customer rights, provide quality goods and services, are safe to use, follow applicable standards and at appropriate prices DJKN (2015). Based on data revealed in the Kontan (2023), the problems experienced by customers have reached 418,381 from 2013 to March 10, 2023. The complaints were made to the banking, fintech, finance companies, insurance, and capital markets sectors. This includes the behaviour of billing officers, financing restructuring, skimming and phishing fraud, objections to admin or transaction fees, claim difficulties, services or products that do not match those offered, as well as product licensing. These various complaints show the weak position of customers in various sectors, so that adequate legal regulations are needed that guarantee legal certainty, as well as customer literacy and education regarding financial products. This condition is also the basis for this research to be conducted in Indonesia, because the practice of PUJK behaviour in Indonesia is quite complex and intersects with many parties who have their own interests.

This was also stated by (OJK, 2023) that so far, the most complaints from customers have been related to issues of conduct or behaviour of financial service actors. So, as an effort to protect customers in the financial services sector, there are OJK regulation Number 6/POJK.07/2022 concerning Customer and Community Protection in the Financial Services Sector, as well as POJK 4 (2023) concerning Development and Strengthening of the Financial Sector (P2SK) towards its duties and OJK's Supervision Function, particularly through Market Conduct Supervision of Financial Services Business Actors OJK (2023). With this market conduct supervision, OJK requests that financial services businesses provide customer protection with a series of product life cycles, starting from the product design stage to handling complaints and disputes with customers (Friderica, 2023). This is very important because in the OJK Press Release (2023) if customers are well protected through the 'strike the right balance' principle, the financial services industry will further develop with greater customer confidence in financial products and services. Apart from that, when given attention, the implementation of market conduct supervision is not only on the side of customers, but also takes into account the costs and benefits for financial service actors, where the expected result is that the number of complaints from the public regarding these

financial products or services will gradually decrease as with the implementation of the rules Rizki (2022). Thus, through this article, researcher wants to know the determination of market conduct monitoring in increasing customer trust and sense of security in financial services institutions in Indonesia. Apart from that, researchers also added the Customer Satisfaction Index variable as a mediating variable to support the assessment of OJK's performance in implementing market conduct regulations.

The discussion regarding market conduct regulations was previously studied by O'brien (2014) who revealed that in initial trials, this regulation had succeeded in achieving a combination of five ideal political economic factors, one of which was being able to restore public trust. This is also similar to Situmorang's (2021) statement in his article that the principle of customer trust plays an important role in realising the financial services sector grows sustainably and stably, which can be realised by implementing the principles of customer protection starting from product design, launching, marketing, after sales services to resolving complaints or disputes that arise. On the other hand, research by Lannoo (2017) revealed another thing where the implementation of market conduct regulations through MiFID II (Market in Financial Instruments Directive and Regulation) can increase transparency in the financial sector because there are stricter requirements for financial service actors with higher frequency. This is also confirmed by the statement in the research of Muhdar et al. (2019) that market conduct supervision aims to ensure that financial services actors can provide good and honest service to customers, so that customers can correctly follow the rules determined by the company and customers understand everything that is intended in the agreement to purchase the financial product or service appropriately.

However, in its implementation in the field, sometimes customers' rights are not fully resolved properly, thus causing problems between customers and PUJK which are conveyed to the OJK through complaints OJK (2016). Meanwhile, according to Tambunan, et al (2023) the increasing number of complaints is like a double-edged sword, where on the community side, this shows that people already understand how to report when they experience fraud. However, on the OJK side, it certainly does not expect the number of complaints to increase over time. Because of the large number of complaints received, the OJK must be able to forward them to the PUJK and facilitate both parties to resolve the disputes that occur. Moreover, if the complaint is not resolved properly, it will ultimately cause losses to customers and have an impact on decreasing customers' trust in PUJK and OJK. So, through various tools that have been prepared by the OJK, one of which is market conduct, which is an effort to protect customers and the public to increase customers' trust. Apart from that, through the Internal Dispute Resolution mechanism that has been provided by OJK (2021), it can help resolve customer complaints by reporting disputes that occur with PUJK, so that to

fulfill the interests of customers, PUJK must monitor customers' perceptions of the complaint handling services provided, with monitoring methods through surveys, feedback, interaction with customers and so on to determine the level of customers' satisfaction with the services provided in order to avoid disputes with customers. The indicators for measuring the level of customers' satisfaction include the speed of handling complaints, the competence of employees who handle complaints and the ease of submitting complaints. So, by measuring customers' satisfaction, it will show how much trust customers or the public have in PUJK and OJK institutions that protect customers.

There are several domestic and foreign researchers who are interested in researching market conduct, but to the researcher's knowledge, this article is the first to discuss the relevance of market conduct monitoring in increasing customer trust and security using survey data collected from 350 selected respondents as representatives of customers of the financial services in DKI Jakarta. This article is different from Van Vuuren's (2017) research which focuses on analysing the historical and developmental aspects of market conduct regulations with case studies on the insurance market, while this article focuses on customer trust and sense of security that is built due to the market conduct regulations implemented in Indonesia. In addition, this article uses structural equation modeling (SEM) analysis techniques which have not been applied in previous research analysing similar topics, such as the research of Samantha, et al (2022) who analysed the implementation of market conduct supervision from a P2P Lending perspective using literature review analysis techniques.

Then, with implications for OJK agencies/institutions, it is hoped that the results of this research can be used as a brief overview of the response from the public or customers of financial services, with the market conduct monitoring carried out by the OJK for all financial service providers in Indonesia. Then, for financial services companies in Indonesia, the results of this research can be used as a reference that the implementation of market conduct regulations can also benefit companies, because in the eyes of customers, these regulations can strengthen trust in financial services companies and they feel protected by the existence of regulations. This means that the decision to continue using financial products or services will also be created as customers' confidence increases. Then, for academics, the results of this research can be used as a literature review to modify this research with other variables with different perspectives, because so far the studies that have raised market conduct variables have not been diverse in Indonesia. Furthermore, for the public, especially customers of financial services, the results of this research can show that the OJK has attempted to protect customer rights in Indonesia through a series of consistent market conduct regulations so that the public can be wiser in choosing financial products or services that comply with the regulations provided by OJK. Besides that, the researcher divides this

paper into six parts: the first part is the introduction, the second part is a literature review, the third part is data and methodology, the fourth part is result and analysis, the fifth part is conclusion, and the sixth part is policy recommendation.

## **II. LITERATURE REVIEW**

### **A. Market Conduct Supervision Mechanism**

Before the term market conduct regulation became widespread in Indonesia, The World Bank (2013) once stated that market conduct was a juridical term that referred to how companies should interact with customers, starting from product distribution, sales, advertising, advice to handling claims. This is also similar to the introduction of the term market conduct contained in POJK Number 1/POJK.07/2013 (2013) and Law Number 4 (2023) which is explained as the behaviour of financial services business actors in designing, compiling, conveying information, offering, making agreements on products or services, to resolving disputes and handling complaints in an effort to realise customers' protection. So, it can be considered that this market conduct regulation seeks to establish internal controls, codes of ethics, rules, behavioural guidelines and appropriate business practices when dealing with customers Goodhart et al. (2013). This regulation is a characteristic that reflects the 'fit and proper' requirements for market players to protect customers and carry out the steps contained in the regulations Fulbright (2014). Even so, this regulation remains flexible with various new problems that arise, where the rules will be enforced according to what is happening Van Vuuren (2017).

However, another opinion from Vivian (2015) stated that nothing can replace the rules of contract law that have been agreed upon by customers and business actors. Stoop (2015) also considered that market conduct laws and regulations mean that commercial and contractual certainty has been hindered by standard rules. This means that the implementation of market conduct regulations will eliminate the value of the contract law that has been established, thereby having an impact on the business's financial system. Thus, Vivian (2015) and Stoop (2015) criticised that market conduct regulations are only destructive. Researchers see that the destructive nature of these regulations can be seen from how business actors must voluntarily provide their obligations beyond what is stated in the agreed contract law. Thus, this regulation is seen as having the potential to be difficult to develop in the financial services sector.

On the other hand, this regulation can also be directed at achieving profits for business actors, as stated in POJK Number 1/POJK.07/2013 (2013) that market conduct regulations are directed at achieving two main objectives, namely increasing the trust of investors and customers, and provide opportunities for

business actors to demonstrate fair, efficient and transparent business values for customers, which, in the long term, will have a positive impact on providing excellent service in the financial services industry. Research from Satory (2015) also emphasises that business actors in the financial services sector have a mutually beneficial position if they show good faith. Not only focusing on profits, but trust, integrity and responsibility must also be demonstrated, because a business based on injustice will only provide temporary benefits and cause real losses in the end. So, these destructive concerns will not occur, if business actors can view this regulation from a profitable perspective to gain customer trust and increase the potential of customers who will choose the business.

Therefore, the researcher leads to a hypothesis that the implementation of market conduct regulations is assumed to be able to increase consumer trust and sense of security in financial services institutions in Indonesia, through business actors' compliance in following the rules set by the Indonesian Financial Services Authority in the market conduct supervision mechanism.

## **B. Customer Trust**

In balance, the implementation of this market conduct will develop the financial services sectors and fulfill the rights and obligations of increasing customer trust POJK No 1/POJK.07/2013 (2013). Customer trust shows a person's willingness to decide on certain behaviour because they believe that the service or product chosen will provide what is expected through trustworthy words and promises, where customer trust is a prerequisite for maintaining stable growth in the long term OJK (2014). The need to increase customer trust is reinforced by the confirmation from the Chairman of the OJK Board of Commissioners, OJK (2022), who ensures that the OJK will continue to develop an innovative fintech ecosystem and make customer protection aspects a priority. And, to build digital trust, all aspects are needed such as human resources, business processes, governance and regulations with technological support as the main support for creating a solid digital trust system Rudiantara (2022). Therefore, this market conduct regulation is a very important form of protection given to customers, because it is a basic need to create customer trust Musyafah (2019).

Apart from that, customer trust can also be seen through several indicators, including first, the consistency of business actors from the past until now through a series of measurements that show the reliability of the business, second, how business actors offer products or services that are in accordance with the information provided to customers at the beginning, third, business actors serve their customers well, by always responding to complaints submitted by customers and making customers their priority, and fourth, credibility is demonstrated through the quality and strength of business actors given to their customers Sulle (2021).

Researchers see that these four indicators, namely reliability, honesty, care, and credibility of business actors, can be reflected through the application of market conduct in the series of product life cycles created. For example, business actors who provide information and provide services regarding the use of their financial products or services to customers in a clear and detailed manner will show indicators of business actors' concern, because it reflects how concerned business actors are about the financial education and literacy that customers will receive after choosing a product or financial services offered. Apart from that, business actors who are responsible for handling complaints and resolving disputes experienced by customers will show indicators of honesty and credibility of their business in the eyes of customers as well as other indicators that can be created implicitly or explicitly through market conduct regulations. This customer trust is certainly not only on the side of the customer, but will have a positive impact on the sustainability of the business. As stated in research by Agung & Yustine (2020) that customers or customers who trust a company means they have high confidence in the company so that they will continue to maintain a relationship with the company and establish a strong emotional bond, then the customers' decision to continue using the company's products or services are becoming more widely available, and customers are satisfied with what they receive.

### **C. Customer Sense of Security**

The rapid growth of companies in the financial services industry in Indonesia today is due to the variety of services offered which really help people run their economy more effectively and efficiently Margaretha (2015). On the other hand, this business model also has potential risks for customers. This risk consists of security risk and transaction error risk, where both risks will result in losses for each party involved OJK (2017). For example, online crimes such as cybercrime in banking financial transactions have raised public doubts about carrying out financial transactions, especially online ones Christmastianto (2017). Then, the emergence of various security problems experienced by customers, ranging from skimming and phishing fraud, to the behaviour of billing officers increasingly disturbed customers (OJK, 2023). This can happen because the more connected the information technology system is with various financial institutions, the more vulnerable the system will be, so the security of personal data and savings becomes very important in financial technology services Salam & Irsyad (2020). Meanwhile, problems related to the theft of personal data can have an impact on misuse of data, misuse of customer profiles, and the risk of customer distrust in the services of the financial services industry in Indonesia Fidhayanti (2018). Apart from that, customer complaints such as billing behaviour carried out by PUJK to their customers are also issues related to market conduct. The reason is that the regulations regarding this matter are stated in Article 7 and Article POJK Number 6/POJK.07/2022 (2022). Referring to this article, PUJK must be responsible for

losses experienced by customers due to directors, employees or third parties who represent PUJK's interests (OJK, 2023).

In the findings made by Sabatini (2014) that the sense of security of banking services customers can grow due to the professionalism shown by bank employees in handling customer complaints which reflects indicators of politeness. This opinion is also confirmed by Syukri (2014) that a sense of security can be achieved through the dimensions of competence, politeness, and security. If PUJK employees have good abilities to communicate with customers, have broad insight and are able to convey information clearly, this will certainly foster a sense of security in the minds of customers. Likewise with security indicators, if customers feel that their confidentiality can be properly maintained, then customers will have no worries about using the products/services offered by the PUJK. Apart from that, Hadinata's research (2019) also revealed another thing, that the customer sense of security concerns the evaluation given by customers regarding various risks that customers can experience when using PUJK products or services. In other words, if PUJK cannot mitigate potential risks, it will cause customer concern because they feel unsafe.

Hence, these various complaints from the public are also the basis for the opinion of Commission provide a sense of security for customers. Apart from that, researchers also see that this indicator of customer sense of security can be created if PUJK orderly follows the provisions of market conduct. As previously stated by Hadinata (2019), the customer sense of security is like an evaluation from the customers. So, with market conduct supervision carried out by the OJK Press Release (2023) onsite and offsite, this is an effort to mitigate the risks that will be experienced by customers, through thematic checks, special checks, market intelligence, and monitoring.

#### **D. Customer Satisfaction Index (CSI)**

Basically, customer satisfaction is one of the keys to the long-term success of a financial institution, that is, when a customer is satisfied with the services provided, it is likely that the customer will tell other people positive things about the financial institution, and vice versa Siyamto (2017). Considering the importance of various business activities on trust that must be maintained, good service is needed to gain customer trust, in line with market dynamics that continue to develop and business competition that presents competitors who are competing to offer better service Indrajaya (2018). Apart from that, to find out the overall level of customer satisfaction, one of the measurement methods is the Customer Satisfaction Index by paying attention to and considering the level of importance of several service quality attributes or products being measured Fadillah et al. (2020). Moreover, this CSI measurement can also be used to determine the



plans and targets of company management to improve the quality of service to customers in the future Syukri (2014). So, researcher tried to use this customer satisfaction measurement as a mediating variable to assess the performance of market conduct monitoring carried out by the OJK in increasing customer trust and sense of security.

Meanwhile, the CSI survey used is in the form of questions to respondents with a numerical scale of 1 to 5 to obtain assessments from customers, then Pusparini (2023) calculate the CSI score using the following formula:

$$CSI\ VALUE = \frac{T\ (Total\ Score\ for\ all\ Attributes)}{5\ x\ Y} \times 100\% \quad (1)$$

Through the CSI score obtained, if the CSI value is below 50%, it can be said that customers are dissatisfied with the services provided, whereas if the CSI value is above 50% it can be said that customers are satisfied with the services provided (Rizko, 2016). Meanwhile, the steps for calculating CSI Wijaya (2017) include the following:

1. Determining the Mean Importance Score (MIS), coming from the average importance of each customer
2. Creating Weight Factors (WF), namely the percentage of MIS value per attribute to the total MIS for all attributes
3. Creating a Weight Score (WS), namely multiplying WF by the average level of satisfaction (X)
4. Determining the Customer Satisfaction Index (CSI) Score

### III. DATA AND METHODOLOGY

#### A. Data

The data in this study uses primary data, namely a questionnaire (survey) given to respondents using a purposive sampling technique, namely determining the sample by considering certain characteristics Sugiyono (2014). Apart from that, researchers also added the CSI (Customer Satisfaction Index) measurement method as a mediating variable to measure customer satisfaction, understand customer needs or identify customer sentiment towards the products or services offered. Below are the CSI indicators evaluated with descriptive statistics through several questions, namely:

**Table 1:** Attribute Statement Code

No.	Dimension	CSI Indicators	Statement Code
1.	Responsiveness	OJK is responsive in serving customers	RS1
		OJK provides good service to customers	RS2
		OJK helps customers get the services they want	RS3
2.	Reliability	OJK's accuracy provides answers for customers	RL1
		OJK officers have knowledge about various problems	RL2
		Punctuality in service	RL3
3.	Empathy	OJK responds to customer complaints	EM1
		OJK shows concern for customers	EM2
		OJK officers can interact well with customers	EM3
4.	Assurance	OJK provides safe solutions for customers	AS1
		OJK provides accurate solutions	AS2
5.	Tangibles	OJK provides solutions that are in accordance with the problems faced by customers	TN1
		OJK provides comfortable solutions	TN2
		OJK services are easy to access	TN3

Source: Data processed by researcher, 2023

Next, the researcher determined the number of samples to be used using the Slovin formula (Table 1) according to the population size based on the number of active participants in the National Fintech Month (BFN) series which will increase in 2022 by 23,121 people registered via the virtual platform [www.fintechsummit.co.id](http://www.fintechsummit.co.id) by Broadcast Bank Indonesia Press (2022). The sample calculation using the Slovin formula is as follows:

$$n = \frac{N}{1 + Ne^2} = \frac{23.121}{1 + 23.121 (0.05)^2} = 350 \text{ respondents (sample)} \quad (2)$$

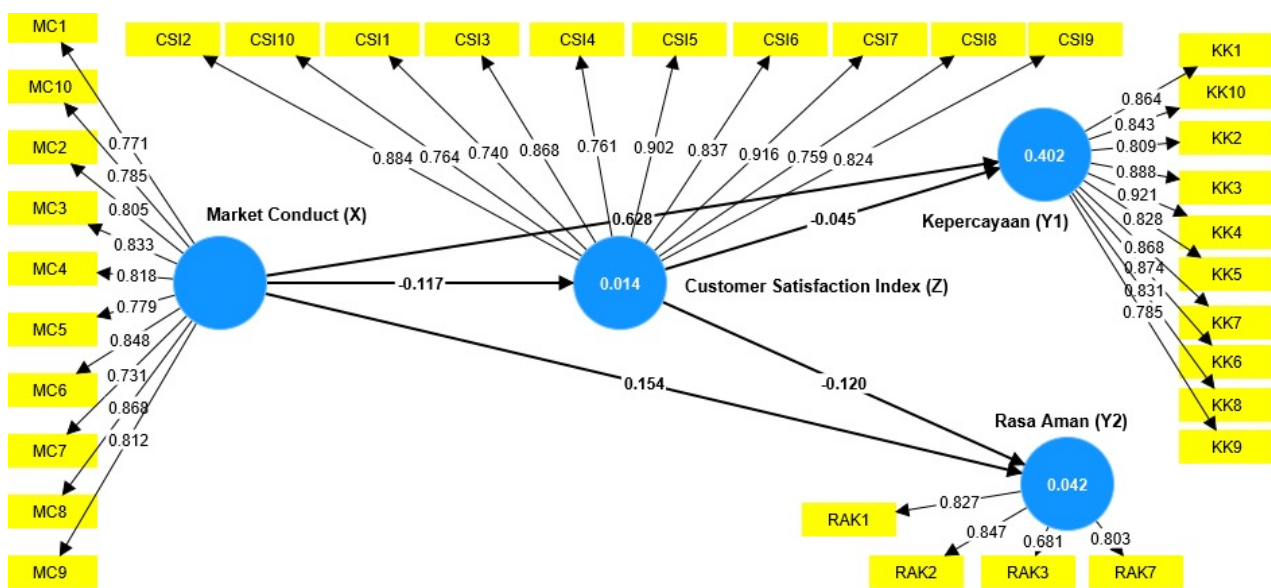
## B. Methodology

This research aims to find out whether the market conduct monitoring mechanism carried out by the OJK for Financial Services Business Actors (PUJK) in Indonesia can increase customer trust and sense of security. The 350 respondents

studied came from financial service consumers in the DKI Jakarta area, because the most active participants in BFN in 2022 came from DKI Jakarta. In addition, respondents also came from a number of different characteristics, including gender, namely male and female, then jobs ranging from private employees, self-employed, housewives, and other jobs, then education levels starting from high school to undergraduate education. However, the most important thing is that the respondents measured are those who have and are currently using financial services.

Then, the type of research used is a correlational quantitative method, to analyse problems that are related to market conduct variables Sugiyono (2014). Furthermore, processing the questionnaire results in this research used SEM (Structural Equation Modeling) analysis techniques with the help of Smart PLS (Partial Least Square) 4.0 software Haryono (2017).

The research model framework described through the Smart PLS 4.0 software is as follows:



**Figure 1:** Research Model Testing Framework

Source: Results Processed by Researcher, 2023 (Smart PLS 4.0)

## IV. RESULT AND ANALYSIS

### A. Result

In this study, researcher gave questionnaires to 350 respondents accompanied by a customer satisfaction index survey with 14 customer satisfaction indicators

by Vetotama et al. (2022). So, below are the CSI Score results which have been processed using Microsoft Excel 2020 as follows:

**Table 2:** Customer Satisfaction Index (CSI) Calculation Results

No.	Attribute Code	Importance Level Score	Importance Weighting Factor (IWF)	Performance Level Median Score	Weighted Score
1.	RS1	4.14	6.83%	3.43	0.23
2.	RS2	4.43	7.31%	3.5	0.26
3.	RS3	4.23	6.98%	3.65	0.25
4.	RL1	4.37	7.21%	3.64	0.26
5.	RL2	4.01	6.62%	3.61	0.24
6.	RL3	4.44	7.33%	3.77	0.28
7.	EM1	4.31	7.11%	3.37	0.24
8.	EM2	4.44	7.33%	3.56	0.26
9.	EM3	4.33	7.15%	3.48	0.25
10.	AS1	4.15	6.85%	3.54	0.24
11.	AS2	4.71	7.77%	3.68	0.29
12.	TN1	4.26	7.03%	3.67	0.26
13.	TN2	4.28	7.06%	3.27	0.23
14.	TN3	4.49	7.41%	3.6	0.27

$$CSI = \frac{3.56}{4.327} \times 100\% = 0.822 (82.2\%)$$

Source: Data processed by researcher, 2023

Next, researcher processed data from the results of the market conduct variable questionnaire, customer trust and customer sense of security which had been given to 350 respondents. It can be seen in the conceptual model in Figure 1 above which shows that all indicators on the three latent variables have factor loading indicator values above 0.6, which means that all indicators on the dependent, independent, and mediating variables have good validity values, so that the data process can continue with convergent validity and reliability tests, discriminant validity tests, and structural model tests (hypothesis testing) on indicators that meet the criteria for good factor loading indicators.

## B. Convergent Validity and Reliability Test Results

**Table 3:** Average Variance Extracted and Reliability Test Results

	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
Customer Satisfaction Index	0.955	0.970	0.956	0.686
Customer Trust	0.958	0.960	0.964	0.726
Market Conduct	0.940	0.945	0.949	0.649
Customer Sense of Security	0.807	0.846	0.870	0.628

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

In table 3 above, the convergent validity value (average variance extracted) shows a value above 0.5. Among them are the customer trust variable with a value of  $0.726 > 0.5$  which shows adequate convergent validity, then the customer sense of security variable which is  $0.628 > 0.5$  which shows adequate convergent validity, the market conduct variable is  $0.649 > 0.5$  which shows adequate convergent validity, and the customer satisfaction index variable is  $0.686 > 0.5$  which shows adequate convergent validity. So, it can be said that all the data collected are valid for further data processing.

Then, researchers also carried out reliability tests through Cronbach's alpha and composite reliability\_c testing. Table 3 shows that the Cronbach's alpha value for the customer trust variable is (0.958), the customer sense of security variable is (0.807), the market conduct variable is (0.940), and the customer satisfaction index variable is (0.955) which meet the criteria above 0.6 which means that the data used is reliable or can be trusted. Apart from that, the composite reliability value (rho\_c) also meets the criteria above 0.7, because the four variables have a value of (0.964) for the customer trust variable, (0.870) for the customer sense of security variable, (0.949) for the market conduct variable, and (0.956) on the customer satisfaction index variable, so the reliability value of the indicators on a variable. Thus, this research data is not only valid but also reliable through SEM test results.

### C. Discriminant Validity Test Results (Classical Assumption)

**Table 4:** Fornell Larcker Test Results

	Customer Satisfaction Index	Customer Trust	Market Conduct	Customer Sense of Security
Customer Satisfaction Index	0.828			
Customer Trust	0.118	0.852		
Market Conduct	0.117	0.633	0.806	
Customer Sense of Security	0.138	0.163	0.168	0.792

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

Next, the researcher continued testing discriminant validity or what could be said to be the classic assumption test. The first test was carried out using the Fornell Larcker test, with the criterion that the value at the top or higher than the value in the lower column means that discriminant validity has been achieved. It can be seen in table 4 above, the discriminant validity value of the customer satisfaction index variable is 0.828 which is higher than the values in the columns below, namely  $0.828 > 0.118$ ;  $0.117$  and  $0.138$ . Then, the discriminant validity value of the customer trust variable is 0.852, where this value is higher than the values in the lower column, namely  $0.852 > 0.633$  and  $0.163$ . Then, the discriminant validity value of the market conduct variable is 0.806, higher than the value in the column below, namely  $0.168$ . Different from the other columns, the discriminant validity value of the customer sense of security variable is compared with the three rows next to it. So, the value of the customer sense of security variable is higher than the values in the next row, namely  $0.792 > 0.168$ ;  $0.163$  and  $0.138$ .

**Table 5:** HTMT Test Results

	Heterotrait-monotrait ratio (HTMT)
Customer Trust (Y1) <-> CSI (Z)	0.109
Market Conduct (X) <-> CSI (Z)	0.126
Market Conduct (X) <-> Customer Trust (Y1)	0.654
Customer Sense of Security (Y2) <-> CSI (Z)	0.146
Customer Sense of Security (Y2) <-> Customer Trust (Y1)	0.215
Customer Sense of Security (Y2) <-> Market Conduct (X)	0.183

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

Then, the second test that can be carried out to assess discriminant validity is the HTMT test. The HTMT testing criteria, the value must be less than 0.9 to ensure the discriminant validity value between the two constructs is reflective. In table 5 above, the HTMT value between variables in the six variable constructs is less than 0.9. For example, the market conduct variable on customer trust is  $0.654 < 0.9$ , and other variable constructs. So, the six variable constructs above show that the HTMT value has been achieved because it is below 0.9.

**Table 6:** Cross Loadings Test Results

	Customer Satisfaction Index (Z)	Customer Trust (Y1)	Market Conduct (X)	Customer Sense of Security (Y2)
CS11	0.740	0.012	0.053	-0.135
CS110	0.764	0.010	-0.052	0.002
CS12	0.884	-0.066	-0.068	-0.096
CS13	0.868	-0.032	-0.097	-0.078
CS14	0.761	0.080	0.079	-0.036
CS15	0.902	0-150	-0.125	-0.168
CS16	0.837	-0.071	-0.047	-0.128
CS17	0.916	-0.156	-0.144	-0.101
CS18	0.759	-0.009	-0,020	-0.115
CS19	0.824	-0.094	-0.112	-0.095
KK1	-0.150	0.864	0.505	0.166
KK10	-0.112	0.843	0.563	0.093
KK2	-0.188	0.809	0.505	0.102
KK3	-0.022	0.888	0.582	0.136
KK4	-0.133	0.921	0.523	0.136
KK5	-0.088	0.828	0.615	0.145
KK6	-0.156	0.874	0.461	0.160
KK7	-0.105	0.868	0.559	0.179
KK8	-0.116	0.831	0.574	0.198
KK9	-0.120	0.785	0.458	0.066
MC1	-0.104	0.479	0.771	0.141
MC10	-0.100	0.407	0.785	0.105

	Customer Satisfaction Index (Z)	Customer Trust (Y1)	Market Conduct (X)	Customer Sense of Security (Y2)
MC2	-0.113	0.534	0.805	0.144
MC3	-0.128	0.542	0.833	0.164
MC4	-0.016	0.540	0.818	0.174
MC5	0.036	0.522	0.779	0.213
MC6	-0.106	0.609	0.848	0.104
MC7	-0.127	0.376	0.731	0.051
MC8	-0.128	0.544	0.868	0.157
MC9	-0.170	0.483	0.812	0.072
RAK1	-0.105	0.080	0.198	0.827
RAK2	-0.116	0.055	0.120	0.847
RAK3	-0.026	0.248	0.108	0.681
RAK7	-0.166	0.203	0.083	0.803

Then, the next discriminant validity test is the cross loadings test which is in table 6 above. If an indicator has a higher correlation than other latent variables, then there is model fit. Based on the cross-loading estimation results above, it shows that the value of each indicator item has a higher cross loading than the construct cross loading value on other variables. For example, the MC1 indicator has a loadings value of 0.864 which is higher than other variable indicators, namely  $0.864 > 0.505; 0.166; -0.150$ . So, all constructs or latent variables have better discriminant validity compared to the indicators in the other blocks.

**Table 7:** VIF Test Results

	VIF
CSI (Z) -> Customer Trust (Y1)	1.014
CSI (Z) -> Customer Sense of Security (Y2)	1.014
Market Conduct (X) -> CSI (Z)	1.000
Market Conduct (X) -> Customer Trust (Y1)	1.014
Market Conduct (X) -> Customer Sense of Security (Y2)	1.014

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023



Next, the researchers carried out a multicollinearity test with the inner model using the VIF test. The VIF test results are said to be achieved with the test criteria that the VIF value must be below 5. From the test results in table 7 above, the VIF value of the market conduct variable on customer confidence is  $1,014 < 5$ , the VIF value of the market conduct variable on customer sense of security is equal to  $1,014 < 5$ , and the VIF value of the market conduct variable on the customer satisfaction index is  $1,000 < 5$ . So, it can be said that there is no multicollinearity between variables that are influenced by market conduct.

#### D. Structural Model Test Results (Hypothesis Testing)

**Table 8:** R Square Test Results (Goodness of Fit)

	R-square	R-square adjusted
Customer Satisfaction Index	0.314	0.303
Customer Trust	0.502	0.490
Customer Sense of Security	0.252	0.232

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

After going through previous convergent and discriminant validity testing, the researcher continued data processing by testing the research hypothesis to prove whether the market conduct variable can increase customer trust, customer sense of security and the mediating variable customer satisfaction index. Table 8 above is the result of the R Square test to find out whether the independent variable can influence the dependent variable (coefficient of determination). This R Square value is proven by the testing criteria according to Hair et al. (2017), if the R Square value is 0.75 (strong), 0.50 (moderate) and 0.25 (weak). Through the R Square test that has been carried out, the value shows 0.502 or 50.2% for the market conduct variable on customer trust. This means that the influence of the market conduct variable on customer confidence is included in the moderate category. Meanwhile, this market conduct variable only has a weak influence, because it only gets an R Square value of 0.252 or 25.2%. Then, the market conduct variable mediated by the customer satisfaction index variable has a weak to moderate influence in increasing customer trust and sense of security, namely 0.314 or 31.4%. Apart from that, the remaining 24.6% of the influence is explained by other variables outside of this research.

**Table 9:** Path Coefficient Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (IO/STDEVI)	P-values
CSI (Z) -> Customer Trust (Y1)	0.345	0.334	0.384	2.534	0.001
CSI (Z) -> Customer Sense of Security (Y2)	0.320	0.318	0.349	2.807	0.002
Market Conduct (X) -> CSI (Z)	0.277	0.152	0.215	2.756	0.004
Market Conduct (X) -> Customer Trust (Y1)	0.628	0.633	0.080	7.808	0.000
Market Conduct (X) -> Customer Sense of Security (Y2)	0.254	0.272	0.231	2.177	0.000

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

The next hypothesis test is to test it partially with the path coefficient test. This test is measured through several results, namely p-value, T statistics, and original sample. Meanwhile, according to Ghozali (2017), the p-value testing criteria is that if the value is below 0.05, it can be said to be influential. In table 9 above, it shows that the p-value of the market conduct variable on customer trust and the market conduct variable on customer sense of security has a p-value of  $0.000 < 0.05$ . Apart from that, the p-value of the mediating variable also shows an influence with a p-value of  $0.001$ ;  $0.002$ ;  $0.004 < 0.05$ . So, it can be said that the market conduct variable influences the customer trust and customer sense of security variables. Also, it also influences the mediating variable customer satisfaction index on customer trust and sense of security. Then, the test looks at the T Statistics value, with the criterion that if the value is more than 1.96, then it means it is significant.

Table 9 shows the T Statistics value of the market conduct variable on customer trust, namely  $7.808 > 1.96$ , then the T Statistics value of the market conduct variable on customer sense of security is  $2.177 > 1.96$ . Then, the mediating variable customer satisfaction index is market conduct on customer trust and sense of security with a T Statistics value of  $2.534$ ;  $2.807$ ;  $2.756 > 1.96$ . So, it can be said that the influence of the market conduct variable on customer trust is significant, then the market conduct variable on customer sense of security is significant,

and the market conduct variable mediated by the customer satisfaction index on customer trust and sense of security is also significant. Next, look at the original sample value which shows the direction of the relationship between variable X and Y.

If the original sample value is positive, then the direction of the relationship is also positive, and vice versa. In table 9 above, the original sample market conduct value for customer trust is 0.628, which is positive, then market conduct for customer sense of security is 0.254 (positive), and the customer satisfaction index mediates market conduct for customer trust and sense of security at 0.345; 0.320; and 0.277 which means positive. So, it can be said that the two independent variables on the dependent variable and the mediating variable on the independent variable on the dependent variable have a positive relationship.

**Table 10: F Square Test Results**

	<b>f-square</b>
CSI (Z) -> Customer Trust (Y1)	0.253
CSI (Z) -> Customer Sense of Security (Y2)	0.265
Market Conduct (X) -> CSI (Z)	0.264
Market Conduct (X) -> Customer Trust (Y1)	0.650
Market Conduct (X) -> Customer Sense of Security (Y2)	0.124

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

Next, the researcher carried out an F Square test to find out how much these two independent variables influence the dependent variable with effect size. The F Square value is seen through testing criteria Hair et al. (2017), that if there is a value of 0.02 (low category), then a value of 0.15 (moderate category) and a value of 0.35 (high category). So, the F Square value in table 10 below shows that the market conduct variable on customer trust is 0.650, which means that the influence of the market conduct variable on customer trust is in the high category. Then, the F Square value for the market conduct variable regarding customer sense of security is 0.124, which is in the low category. Meanwhile, the mediation variable has a greater influence on the market conduct variable on customer trust and sense of security, with an F Square value of 0.253; 0.265 and 0.264 in the moderate category.

**Table 11:** SRMR Test Results

	Saturated model	Estimated model
SRMR	0.077	0.078
d_ULS	3.549	3.623
d_G	2.238	2.239
Chi-square	1.001.981	1.002.371
NFI	0.712	0.712

Source: Data processed by researcher using the SMART PLS 4.0 application, 2023

Then, the final hypothesis test in this research was carried out using the SRMR test to conclude how many differences occurred between the data tested. According to Hair et al. (2017), the SRMR test criteria are said to be accepted if the SRMR value obtained is below 0.1. So, in table 4.10 below shows the SRMR value of  $0.077 < 0.1$ , which means that this research is still acceptable.

## E. Analysis

The analysis in this research will be discussed based on the research results described above. Data collection was carried out through distributing questionnaires containing variable statements and customer satisfaction surveys using the customer satisfaction index method. Data processing starts from calculating the CSI score in table 2 above, which is calculated by looking at positive responses from customers to financial products or services registered with the OJK. This positive response is measured through five dimensions and fourteen indicators (statement attributes), namely the dimensions of responsiveness, reliability, empathy, assurance, and tangibles. Based on the results of the research conducted, the satisfaction index value obtained was 0.822, which is in the value interval range of 0.81 – 1.00, meaning that overall customers who were respondents in this research felt "Very Satisfied" with the quality of performance carried out by the OJK. Apart from that, referring to other criteria according to Voxco (2023), if the average CSI score is in the range of 80-90%, it is considered that customer satisfaction at OJK agencies is in the very good category. Measurements using the CSI method like this have been carried out to assess the quality of bank services in research conducted by Siyamto (2017), it is known that the CSI value produced in this research was 80.8%, meaning that the bank's performance has almost reached customer expectations, so that many customers who are satisfied with the services provided by the Bank. Apart from that, other research from Utami & Prasetyo (2021) also measured the CSI method in digital wallet services, where

the CSI results obtained were 79.5% and were included in the "Satisfied" category, so it can be said that digital wallet customers are satisfied with the product or services provided. If you look at it, the two previous studies on financial services and this research obtained CSI scores that are not much different, so it can be said that the perception of customer satisfaction with financial services in Indonesia shows more or less the same level of satisfaction. So, when performance meets customer expectations, this will make customers feel satisfied, and then when performance exceeds expectations, this will make customers feel very satisfied. Customer expectations can be formed from past experiences, comments from relatives, as well as promises and information from product or service providers or other competitors.

Then, after processing the data on the results of the CSI survey which was the mediator in this research, the researcher continued processing the data using the SEM (Structural Equation Modeling) method on the three variables, namely market conduct, customer trust and customer sense of security. This SEM method begins by testing the outer model, to specify the relationship between variables and their indicators. The first measurement was carried out with a discriminant validity test, which consisted of a factor loading test, AVE (average variance extracted) test and reliability test. Meanwhile, through the results of the factor loading test on the indicators, the three variables have values above 0.6, where according to Ghazali (2017) the loading value  $> 0.6$  shows a correlation between the indicators and their constructs or in other words, the indicators can work well in the measurement model. Then continued with the AVE test which produced a customer trust value of 0.726, customer sense of security of 0.628, market conduct of 0.649, and a customer satisfaction index of 0.686. These four variables have values above 0.5, which means that one latent variable in this study is able to explain more than half of the variance of the indicators on average. This AVE value illustrates adequate convergent validity. The third test for convergent validity is to carry out a reliability test with Cronbach's alpha and composite reliability ( $\rho_c$ ). The results of this reliability test show that the variables customer trust, customer sense of security, market conduct and customer satisfaction index have values above 0.6 on the Cronbach's alpha scale and values above 0.7 on the composite reliability<sub>c</sub> scale. So, it is stated that all variable constructs have good reliability, that is, they can prove the accuracy, consistency and correctness of the instruments in measuring the variable constructs in this research Hair et al. (2014).

Next, testing continued on discriminant validity, where the researcher chose four types of testing, namely the Fornell Larcker test, HTMT test, cross loadings test, and VIF test. Meanwhile, discriminant validity testing is aimed at finding out whether the entire combination of indicators is unidimensional or not. The Fornell Larcker test carried out produced a latent variable value that was higher than the value of other latent variable blocks Sekaran (2016). For example, the variable

value of customer trust is higher than the variable customer sense of security and market conduct, namely  $0.852 > 0.633$  and  $0.163$ . So, it can be said that the discriminant validity is considered good, because the latent variable construct has a higher correlation with the construct with other latent variables. Then, proceed with the HTMT test to determine the mean value of all indicator correlations that measure different constructs Hult, et al. (2017). This correlation can be perfectly relied upon if the HTMT value between two constructs is no more than 0.9 or away from the value of 1. The HTMT value obtained for the customer trust and market conduct variables is 0.215, then the customer sense of security and market conduct variables is 0.183, and the customer satisfaction index variable as a mediating variable for market conduct is 0.126. All constructs of this variable show a value of  $<0.9$  or away from the value of 1, so that discriminant validity is not reduced. Then, the test continued to test the cross loadings to find out whether there was a suitability of the model for each construct of the latent variable, where the cross loadings value of the indicators was greater when compared with the indicators in the other variable blocks. Further results can be seen in table 6 above. After the cross loadings test, the next test is to find out whether the variables in this study contain multicollinearity or not. This multicollinearity test is known as the VIF test, where the VIF value category is said to have no multicollinearity between variables, if the VIF value is  $< 5$ . In this research, the VIF value of the variable customer trust and customer sense of security regarding market conduct has a value of  $1,014 < 5$ , so that there was no multicollinearity among the variables in this study.

Next, the final test is the hypothesis test in this research through structural model testing or in the SEM method, inner model testing. This test was evaluated in the perspective of the strength and significance of the path relationships in this study. Several structural model tests carried out include the R Square test, Path Coefficient test, F Square test, and SRMR test. The first test is the R Square test or goodness of fit test to determine the correlation between the market conduct variable and customer trust at 50.2% in the moderate category, then towards the customer sense of security variable at 25.2% in the weak category, and simultaneously the mediating variable customer satisfaction index at market conduct towards customer trust and security was 31.4% in the weak to moderate category. Then, testing was carried out partially through the path coefficient, to determine the direction of the relationship between the variable constructs in this research. Through this test, the customer trust and market conduct variables obtained a p-value of  $0.000 < 0.05$ , a T statistics value of  $7.808 > 1.96$ , and an original sample value of 0.628. Based on these values, it can be concluded that the market conduct variable can influence customer trust positively and significantly. Then, for the customer sense of security and market conduct variables, the p-value was  $0.000 < 0.05$ , the T statistics value was  $2.177 < 1.96$ , and the original sample value was 0.254. Through this test, it was concluded that market conduct can influence customer sense of security positively and significantly. Apart from that, testing

was also carried out on the mediating variable customer satisfaction index on the market conduct variable, obtaining a p-value of  $0.004 < 0.005$ , a T statistics value of 2.756, and an original sample value of 0.277. Based on these values, it can be concluded that this customer satisfaction index variable can mediate the market conduct variable in influencing customer trust and sense of security positively and significantly. Next, the next hypothesis testing is through the F Square test, to determine the regression value on the variables in this research. The regression value of the market conduct variable influencing customer confidence is 0.650, which means that the influence given is included in the high category because it is above 0.35. Then, there is a regression value for the market conduct variable influencing customer sense of security of 0.124, which means that the influence given is included in the low category because it is below 0.15. Also, the regression value on the customer satisfaction index variable in mediating market conduct on customer trust and sense of security is 0.253; 0.265 and 0.264 in the moderate category because the regression value is above 0.15.

The results of this research on market conduct on customer trust support the findings in research conducted by et al Widijantoro (2019) that the aim of market conduct supervision which focuses on the behaviour of business administrators towards their customers, is to increase public confidence in supporting financial system stability, thereby providing a positive climate for the progress of the financial services. This is in accordance with the results of this research, where monitoring market conduct can have a positive influence on customer confidence with a regression value of 50.2%. OJK's market conduct efforts also require hard work and goodwill, the quality of which needs to be improved from time to time to meet public expectations in line with future financial challenges that will not be easy Prabowo & Harsono (2021). Therefore, customer trust also needs to be increased with quality service as a reflection of public expectations regarding market conduct supervision from the OJK. Apart from that, efforts to protect the interests of customers or society like this are carried out based on regulations or policies that are effective and integrated between prudential and market conduct Santoso, et al. (2020), where prudential reflects the health level of financial service institutions quantitatively and market conduct reflects interactions between customers and financial service institutions qualitatively Salam & Irsyad (2020). Thus, the integration of these two things helps convince customers that OJK can provide protection to customers who use financial products or services in Indonesia.

In addition, the results of this research also direct market conduct supervision in increasing customer sense of security. Dewantara (2019) also emphasised that the OJK needs to increase supervision through market conduct, especially in financial service institutions that use artificial intelligence (AI) systems which really require the principle of prudence from various aspects. Meanwhile, the

results of this research found that market conduct supervision by OJK which has been implemented in Indonesia can increase customer sense of security in using financial products or services in Indonesia even though it is still in the low category, as seen from the regression value of 25.2%. Apart from that, Rahmayani (2018) added that market conduct must be able to map various potential vulnerabilities for actions by financial service institutions that could harm customers or society so that it will foster a sense of security among customers. In the OJK book (2015) it is also revealed that to protect customers through market conduct, OJK carries out thematic surveillance activities including through mystery calling, mystery shopping, in-depth interviews, and customer testimonials to map potential vulnerabilities in the behaviour of financial institutions that will cause losses for customers or society. Responding to this, research by (Samantha, 2022) revealed that this understanding on customer protection is still just a call, in line with a statement from the World Bank which concluded that market conduct supervision in Indonesia does not yet fully reflect customer supervision and protection in the financial services sector. Therefore, market conduct regulations must be regulated more clearly and integrated so that they can be implemented well so that customers will feel safer with this market conduct supervision in Indonesia.

Furthermore, what is different about this research is that the researcher added a mediating variable, namely the customer satisfaction index (CSI) to see whether customer satisfaction with the protection provided by the OJK will help increase customer trust and sense of security. From the results of this research, a regression value of 31.4% was obtained in the moderate category, so the researcher saw that this customer satisfaction index variable could positively mediate market conduct monitoring in increasing customer trust and sense of security. This is possible because, if customers feel satisfied with the performance provided by the OJK through monitoring market conduct, then this will also foster customer confidence and customer sense of security in using financial services in Indonesia. Supporting this research, the last hypothesis test carried out was the SRMR test, shows the willingness to state that the SRMR value obtained was 0.071 less than 0.1, which means that all the results of this research were acceptable and there were not many differences between the data that had been tested in this research.

## **V. CONCLUSION AND RECOMMENDATIONS**

### **A. Conclusion**

Based on the analysis carried out in this research, it can be concluded that monitoring market conduct as stated in the POJK Law of 2013 and Law Number 4 of 2023 can be an effective strategy that is trusted by customers in providing protection from various aspects that will harm financial services customers in Indonesia, through the establishment of internal controls, codes of ethics, rules,



guidelines, and appropriate business practices for all Financial Services Business Actors. This conclusion is supported by the results of primary data in this research obtained from a survey conducted on 350 respondents (customers of financial service products in DKI Jakarta) which were processed quantitatively with the SMART PLS 4.0 analysis tool. This test shows that OJK's market conduct supervision has a positive and significant influence on customer trust with a percentage increase of 50.2%, as well as a positive and significant influence on customer sense of security by 25.2%. The results of this research were measured through several indicators that customers responded positively to, including: first, customers considered that OJK could provide strict rules for PUJK when registering their legality, second, OJK supervised PUJK in designing products before offering them to customers, third, OJK created the SPIKE program for protecting customers from financial product advertisements that could be detrimental, fourth imposing sanctions by the OJK on PUJKs that are illegal and endanger customers, fifth handling complaints submitted by customers swiftly, sixth providing education about supervision and protection of the OJK to the public at large, and seventh accountability from OJK to customers who are harmed by PUJK. These positive responses show that market conduct monitoring carried out by the OJK can increase customer trust and sense of security, even though it is still in the low to medium correlation category. Apart from that, researchers also added a mediating variable, namely the Customer Satisfaction Index (CSI) to measure customer satisfaction in assessing OJK performance through monitoring market conduct. The CSI score obtained through this research was 82.2%, which indicates that customer satisfaction with the services provided by OJK is in the very good category. Then, this CSI variable can also positively and significantly mediate market conduct monitoring in increasing customer trust and sense of security by 31.4%. Customer satisfaction is measured through indicators of responsiveness, reliability, empathy, assurance, and tangibility demonstrated by OJK in protecting customers. So, if customers feel satisfied with the services provided by OJK through monitoring market conduct, then customer trust and sense of security will increase as evidenced by the correlation percentage in the medium category.

The results of this research also provide several implications, the first for the OJK which plays the role of implementing market conduct regulations in Indonesia. Even though market conduct has been quite successful in growing customer trust that protection from OJK really exists, OJK still needs to pay close attention to various potentials that make it difficult for this market conduct to continue to be developed in the financial services sector in Indonesia, one of which is the perspective that market conduct regulations is destructive because it is considered to eliminate the legal value of contracts that have been agreed between PUJK and its customers. In this case, OJK must be able to convince PUJK that this regulation is not only in favor of customers, but also provides opportunities for PUJK to demonstrate fair, efficient, and transparent business values for customers, one of

which is through the contractual agreements that are made. Second, for Financial Services Business Actors (PUJK), as the main subject of implementing this market conduct, they also need to see that the existence of this market conduct does not make it difficult for PUJK to carry out their business operations, but is actually beneficial for PUJK in the long term. Because, through these regulations, a sense of trust, security and other aspects will grow in customers, thus having a positive impact on business development in the financial services industry in Indonesia in the future. Besides, PUJK also has the opportunity to provide excellent service to customers and show its integrity and responsibility, because businesses based on injustice will only cause losses to the business itself in the future. Then, third, for the public as customers of financial products and services in Indonesia, the current market conduct in Indonesia is certainly a quite effective solution to overcome various problems that are currently occurring related to financial products or services being offered offline or online. However, it is important to remember that regulations will not work without support from the community itself. So, as a smart customer, it is still necessary to always be alert and equip ourselves with an understanding of the various financial transactions or investments that will be carried out, so that losses that will befall customers due to a lack of literacy about these matters can be avoided.

This research of course still has many limitations, including first, the respondents sampled for this research are only limited to the DKI Jakarta area and its surroundings, so this research does not yet describe the responses from customers in all regions of Indonesia, especially in areas of Indonesia where the condition of financial literacy and inclusion is still low. Second, the analysis in this research only uses quantitative data, so researchers have not been able to dig deeper into previous research on market conduct using qualitative data. Third, the researcher only used two dependent variables to measure, namely customer trust and security, where there are still many other variables which may have a related effect with market conduct monitoring, apart from that the mediating variables used are also limited to the customer satisfaction index method only. Meanwhile, other research is usually supported by the importance performance analysis method to measure the quadrants on the Cartesian diagram to complete the results of customer satisfaction scores.

## **B. Recommendations**

Regarding the regulations in Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK) regarding the Duties and Functions of OJK Supervision, which emphasises that the financial services industry has an obligation to provide protection for customers starting from product planning, services to dispute resolution. However, regulators also need to be careful with the implementation of this system of market conduct regulations,

because it is feared that the existence of these regulations will actually hinder PUJK from carrying out innovation, cause product prices to increase or even marginalise the lower end of the market in accessing financial products. Thus, a careful balance is needed between customer protection and complex regulations so that PUJK can implement these regulations well without affecting the core business model of the financial services business.

Then, based on the complaint data received by the OJK in March 2023, there were 261,790 complaints only for the banking sector, one of the most complaints was due to skimming and phishing fraud experienced by customers. Meanwhile, forms of skimming and phishing that have occurred recently often occur through online electronic media. This shows that customers do not feel safe because of the many losses they receive when using banking services in Indonesia, especially in financial institutions that use artificial intelligence (AI) systems, where in this research the customer sense of security which was measured only obtained a low correlation percentage. Therefore, there is a need for a regulatory impact assessment in addition to the main OJK regulations, which are based on contract law as the basis for this banking institution to carry out its operations, so that the precautionary principle in customer protection can prevent problems with misuse of customer personal data, money laundering crimes and other cyber crimes.

Furthermore, based on the statement conveyed by the OJK Board of Commissioners, Wimboh Santoso in an offline activity with Financial Services Sector Leaders last July 2022, the importance of market conduct is implemented so that financial services institutions have responsibility for the financial instruments or investments they offer. However, the implementation of these market conduct provisions will not run smoothly if it is not balanced with customers' understanding of the potential risks that will arise in the future. So, it is the responsibility of PUJK as a provider of financial products or services, to provide education and outreach to the public in order to increase the literacy and inclusion skills of potential customers regarding the risks of the financial products or services they will choose, so that in the future there will be no disputes between customers and PUJK.

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