

## THE EFFECT OF FINANCIAL SERVICES AUTHORITY REGULATORY IMPLEMENTATION CONCERNING FINANCIAL CONSUMER PROTECTION ON BANKING FINANCIAL PERFORMANCE

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### ABSTRACT

*This study aims to analyze the effect of consumer protection implementation on financial performance of national commercial banks in Indonesia in the 2017-2021 period. The method used is a descriptive method and regression analysis with a sample of 92 national commercial banks. The research found that consumer protection at these banks has improved significantly, but there is still room for improvement, particularly in the handling and resolution of complaints. This research takes an innovative approach to explain the vital role of consumer protection in maintaining the financial performance of the banking industry. By focusing on five key aspects of consumer protection - Data Confidentiality and Security, Education, Service and Complaint Resolution, Information Submission (Product Marketing), and Standard Agreements. This research reflects how effective implementation of these principles contributes to improved financial performance. Through statistical methods, including multicollinearity tests, heteroscedasticity tests, and fixed effect tests on panel data, this study found an influence between consumer protection and financial performance. In particular, data security, information delivery, and standard agreements have proven to have a very positive influence on financial performance. Meanwhile, the education and complaint resolution aspects did not show a significant relationship in this context. By highlighting the crucial role of consumer protection in maintaining financial stability, the study offers valuable recommendations for regulators and banking practitioners to strengthen consumer protection policies and practices. While important, this study has some limitations and acknowledges the need for more research to understand more deeply the complex dynamics between consumer protection and financial performance.*

### KEYWORDS

*Consumer Protection; Financial Performance; Return On Assets (ROA); Return On Equity (ROE); Capital Adequacy Ratio (CAR); Non-Performing Loan (NPL); Third Party Funds (DPK).*

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## INTRODUCTION

Consumer protection has expanded in the worldwide financial sector. Consumer protection began with business practises including fraud, counterfeiting, and selling low-quality items (Febriandika et al., 2022). Laws and regulations were initially prioritised in consumer protection (Ip & Marshall, 2015).

Consumer protection is essential for banking security, confidence, and stability. Consumer protection in the financial business has protected clients against fraud and low-quality items (Lusardi & Mitchell, 2014). The Indonesian Financial Services Authority (FSA/OJK) regulates banks and other financial services (OJK, 2013).

Indonesia's financial sector gained 5.5 percent annually between 2000 and 2021, according to World Bank data. Consumer protection is important when banking goods and services become more complicated. Consumer protection includes correct information, protection from unfair financial practises, and protection from new hazards (OJK, 2013).

OJK Regulation Number 1/POJK.07/2013 on Financial Services Consumer Protection (OJK, 2013) governs consumer protection. Rofikoh (2017) found that consumer protection in the banking business is still plagued by public misunderstanding, opaque procedures, and credit risk. Consumer protection measures can help banks provide better credit and reduce bad loans (Beck et al., 2013). According to Orevi and Orevi (2015), consumer protection regulations in Serbia reduced credit risk over time.

Consumer protection may lower bank earnings, raise operating expenses, and increase reputational risk (Choudhury et al., 2019). These implications require strong bank policy and risk management. They must also routinely evaluate their systems and processes (BCBS, 2015).

Consumer protection keeps the banking industry safe, reliable, and stable. Even though consumer protection can complicate regulation execution and good banking practises, they can minimise credit risk and strengthen banks (Beck et al., 2013).

The study's obvious goal is to determine how introducing consumer protection will affect bank financial performance and credit risk. The study's findings can offer banks advice on how to better implement effective consumer protection in order to improve their financial health and stability through the analysis of specified variables.

The findings of this study also add to the body of knowledge on organizational behavior as it relates to consumer protection and bank soundness, which will be useful to academics, regulators, practitioners, and other researchers who are interested in this subject.

The study's policy proposals could benefit banking regulators like OJK by enhancing consumer protection and bank financial performance, and they might also help the Indonesian banking sector grow in a favorable way.

The findings of this study can be used by banks to optimize the application of consumer protection laws, thereby enhancing bank financial performance and lowering credit risk. Research can also assist banks in coming up with profitable and long-lasting business plans.

Proper and efficient implementation can result in better consumer protection since it can deter unethical business activities, safeguard consumers' interests, and boost public confidence in the banking sector.

As a result, the findings of this thesis research not only benefit a number of parties but also make a significant contribution to the improvement and sustainability of the Indonesian banking sector. To better understand consumer protection and bank financial performance, it is crucial that this research be sustained and enhanced. Moreover, the study aims to examine how the OJK regulation's implementation on financial services consumer protection affected national commercial banks' financial performance from 2017 to 2021.

## RESEARCH METHOD

### **Independent variable**

The Value of Consumer Protection Implementation submitted to OJK with the following details:

- 1) Implementation of Education Implementation in the Framework of Increasing Financial Literacy of Consumers and/or Society
- 2) Service Implementation and Complaints at PUJK
- 3) Implementation of Submission of Information in the context of product marketing and/ or financial services
- 4) Implementation of Standard Agreements
- 5) Implementation of Confidentiality and Security of Consumer Data and/or Personal Information

### **Dependent variables**

NPL, DPK, CAR, ROA, and ROE

### **Control variable**

Total Asset

### **Data collection method**

Report on the implementation of consumer protection carried out by the National Commercial Bank for the 2017-2021 model year

### **Data analysis method**

multiple linear regression analysis to find out the effect of independent variables on dependent variables. Apart from that, a descriptive analysis was also carried out to see an overview of the data obtained.

### **Research hypothesis**

A bank's financial performance is an important concept in measuring the success of a bank in managing its portfolio. One indicator of a good bank's financial performance is the bank's ability to manage credit risk so that the risk of bad credit or Non-Performing Loans (NPL) can be minimized, which in turn affects the bank's overall financial health. Implementation of OJK regulations regarding consumer

protection in the banking sector can affect financial performance by affecting the quality of a bank's credit portfolio.

Several studies regarding financial performance have been carried out. [Dehghani \(2018\)](#) in "Bank Risk Management: Theory" states that credit risk is the main risk faced by banks and greatly affects the financial health of banks. Therefore, credit risk management is very important to maintain financial performance. Furthermore, [Fitriyah and Huda \(2020\)](#) in "Banking Regulations and Bank Performance: Evidence from Indonesia" found that strict banking regulations affect bank performance through credit quality. In this context, OJK regulations regarding consumer protection in the banking sector can be a factor affecting credit quality, which in turn affects financial performance.

Other studies that support the relationship between credit risk and financial performance, such as [Tripathi \(2019\)](#) which found a significant effect of credit risk on financial performance in India, [Hasan et al. \(2018\)](#) concluded that the significant effect of credit risk on bank profitability in Bangladesh.

The effect of implementing consumer protection on financial performance is an important aspect to understand in this study. In the theory of consumer protection and financial performance, there are several arguments showing a positive relationship between the two variables. First, effective consumer protection can increase consumer confidence in banking or financial institutions. The Consumer Trust Theory explains that high trust can influence consumer decisions to use banking products or services, which in turn can improve financial performance. For example, when consumers feel that their personal information is safe and confidential, they will be more likely to use banking products or services and have the potential to increase banking revenue. Second, good consumer protection can also increase consumer satisfaction. Customer Satisfaction Theory shows that customer satisfaction has a positive correlation with customer loyalty and customer retention. In the context of financial performance, high customer satisfaction can have a positive impact on ROA and ROE, because satisfied consumers tend to use banking products or services for a longer time.

In addition, implementing good consumer protection can also help reduce credit risk and NPLs. This is supported by Risk Management Theory, which emphasizes the importance of risk management in achieving good financial performance. By minimizing credit risk, banks can maintain adequate CAR and avoid losses caused by bad loans.

Finally, effective consumer protection can have a positive impact on credit growth and Third-Party Funds (DPK). Customer Value Theory explains that good consumer protection can increase perception. This encourages the growth of Third-Party Funds because consumers will be more inclined to use customer value and increase consumer confidence in banking, the financial services offered by banks. In addition, consumers who feel protected will also be more likely to save and invest their funds in banking, which can increase DPK.

In the context of this research, the effect of implementing consumer protection will be tested on financial performance indicators such as ROA, ROE, CAR, NPL, and DPK. The research hypothesis is:

- 1) H1\_1: There is a significant negative effect between each variable in the implementation of consumer protection submitted to OJK on NPL at National Commercial Banks for the 2017-2021 period.
- 2) H1\_2: There is a significant positive effect between each variable in the implementation of consumer protection submitted to the OJK on DPK at National Commercial Banks for the 2017-2021 model period.
- 3) H1\_3: There is a significant positive effect between each of the implementation of consumer protection variables submitted to OJK on CAR at National Commercial Banks for the 2017-2021 period.
- 4) H1\_4: There is a significant positive effect between each variable of the Implementation of Consumer Protection submitted to OJK on ROA at National Commercial Banks for the 2017-2021 period.
- 5) H1\_5: There is a significant positive effect between each variable of the Implementation of Consumer Protection submitted to OJK on ROE at National Commercial Banks for the 2017-2021 model period.

The following is a regression model for each independent factor:

- ✓  $NPL = SA1 + SA2 + SA3 + SA4 + SA5 + Control$
- ✓  $CAR = SA1 + SA2 + SA3 + SA4 + SA5 + Control$
- ✓  $DPK = SA1 + SA2 + SA3 + SA4 + SA5 + Control$
- ✓  $ROA = SA1 + SA2 + SA3 + SA4 + SA5 + Control$
- ✓  $ROE = SA1 + SA2 + SA3 + SA4 + SA5 + Control$

Clarity:

NPLs : *Non-performing loans* ratio

DPK : Total of Third-Party Funds

CAR : *Capital Adequacy Ratio*

ROA : *Return on Asselts*

ROE : *Return on Equity*

control: *Total Asset*

SA1 : Implementation of Data Confidentiality and Security

SA2: Educational implementation

SA3: Implementation of services and settlement of complaints

SA4: Implementation of Information Submission (Product Marketing)

SA5 : Implementation of BakU Agreement

To do the estimation of parameter coefficients, doubled linear regression estimation is used.

## RESULT AND DISCUSSION

### Descriptive Analysis

**Table 1. Summary of Descriptive Statistics Unit of Analysis (n=460)**

	Means	Median	Maximum	Minimum	Observations
NPL_NEIT	1.34	14,26	9,92	0	460
CAR	32.03	23.56	820.9	9.01	460
ROA	1.15	61.99	6,52	-50.4	460
ROEI	19.33	164,21	97.85	-141.41	459
Total_DPK	63577936	13594384	1127834771	528	460
control	87827732	21504952	1575049662	664673	460

	Means	Median	Maximum	Minimum	Observations
SA1	93.67	98.48	100	0	410
SA2	72,27	76,79	100	0	409
SA3	77,94	81.01	100	0	410
SA4	82.75	85,76	100	0	410
SA5	83,44	90	100	0	410

SA1	Implementation of Data Confidentiality and Security
SA2	Implementation of Education
SA3	Implementation of Services and Complaint Resolution
SA4	Implementation of Information Submission (Product Marketing)
SA5	Standard Agreement Implementation
control	Total Assets

Based on the summary of all the data in this study, this research shows descriptive data for some indicators of consumer protection and protection from 460 observations.

**NPL, or Non-Performing Loans**, is a term used in the banking industry to describe loans that are unable to generate the expected returns or loans whose payments have been delayed for a certain time. In Indonesia, the financial services sector regulator (OJK) sets a minimum NPL limit to ensure that banks have good credit quality, which is around 5%. Based on the NPL\_NET or Net Non-Performing Loans observation data, the average value is 1.34 and the median value is 14.26 which indicates that the data has a distribution that is skewed to the right. This means that most banks have a low NPL\_NET ratio, but there are many banks with much higher ratios. A maximum value of 9.92, owned by PT. PT. Bank Neo Commerce Tbk, shows that this bank has a high level of problem loans. This could be a sign that this bank has problems in credit assessment or risk management. While a minimum score of 0 indicates that there is a bank with very good credit performance. This could be an indication that this bank has a strong and effective credit assessment process for managing risk.

Capital Adequacy Ratio (CAR) is a measure used to determine the extent to which banks can bear the risk of losses that may occur. This is usually expressed as a part of the bank's capital with total risk-balanced assets. In Indonesia, financial services regulators (OJK) set a minimum CAR limit to ensure that banks have enough capital to cover 9% risk. The CAR or Capital Adequacy Ratio shows an average value of CAR of 32.03 and a score of 23.56 shows that in general, national commercial banks have sufficient capital to bear risk. Average and median that are far from each other can show a wide variation in capital between banks. The maximum value of 820.9 owned by PT. Bank Digital BCA shows that this bank has very large capital compared to its risk-sensitive insurance. This can be a sign that this bank is able to bear very heavy risks, or it can also show that this bank is not utilizing its capital by efficient. The minimum value of 9.01, owned by PT Bank BPD Pembangunan Banten, Tbk, almost reaches the minimum limit set by the regulator. This could be a sign that the bank is at the threshold of its ability to carry risk and may need to increase capital to ensure its sustainability.

In the context of financial management, this data shows the importance of having sufficient capital to bear risks, but also the importance of utilizing this

capital efficiently. Banks with high CARs may need to find ways to use their capital more efficiently, while banks with low CARs may need to find ways to increase their capital

**Return on Assets (ROA)** is a measure used to determine how efficiently management uses assets to generate profits. ROA is calculated by dividing net profit by total assets. The higher the ROA, the more efficient the bank is in using its assets to generate profits. Based on the test results, it shows that the average value of ROA is greater than 1.15 and the median is 61.99 indicating a large variation in bank performance in using their free assets to generate profits. A median value that is higher than the average can indicate that several banks with very high ROA have increased the median value. The maximum value of 6.52 indicates that there are banks that are very efficient in using their assets to generate profits, and the minimum value is -50.4, owned by PT. Bank KB Bukopin, Tbk, which indicates that this bank experienced a significant loss. This could be a sign that this bank has serious problems in managing assets and/or income.

**Return on Equity (ROE)** is a measure used to determine how efficiently management is using its capital (equity) to generate profits. ROE is calculated by dividing net profit by total equity. The higher the ROE, the more efficient the bank is in using its equity to generate profits. Return on Equity shows an average value of 19.33 and a median of 164.21 indicating a large variation in bank performance in using their equity to generate profits. A median value that is higher than the average can indicate that several banks with very high ROE increase the median value. The maximum value of 97.85 indicates that there are banks that are very efficient in using their equity to generate profits, and the minimum value is -141.41, owned by PT. Bank KB Bukopin, Tbk, Tbk, indicating that this bank experienced a significant loss. This could be a sign that this bank has serious problems in managing equity and/or income.

**Total DPK or Total Third-Party Funds** shows the mean and median values of 63,577,936 and 13,594,384 respectively, indicating a very skewed distribution. The maximum value of 1,127,834,771 far exceeds the average and median, indicating that there are banks capable of attracting large amounts of third-party funds. The minimum value of 528 indicates that there is a bank with a very small DPK, namely PT Bangkok Bank Comp Ltd, which from its business process is not focused on collecting retail consumer funds. Based on the average and median TPF values, the mean and median values are far enough to indicate that the distribution of TPF is not evenly distributed among these banks. This could mean that certain banks can attract much larger amounts of third-party funds than other banks. A very high maximum value indicates that there are banks that are very successful in attracting third-party funds. These banks may have a good reputation, superior customer service, or attractive deposit products. On the other hand, a very low minimum value indicates that there are banks that may face difficulties in attracting third-party funds. This can be caused by various reasons, such as a lack of trust from customers, unattractive products or services, or other financial performance problems. a very low minimum value indicates that there are banks that may face difficulties in attracting third-party funds. This can be caused by various reasons, such as a lack of trust from customers, unattractive products or

services, or other financial performance problems. a very low minimum value indicates that there are banks that may face difficulties in attracting third-party funds. This can be caused by various reasons, such as a lack of trust from customers, unattractive products or services, or other financial performance problems.

**Total assets** are the total value of all assets or ownership owned by a company or bank, including cash, investments, property, and others. This is an important measure of the size and financial strength of a bank. Based on the results of the analysis showing that the average and median values are quite far apart, it can be seen that the distribution of total assets among these banks is not evenly distributed. This could mean that there are large banks that have far more assets than other banks. A very high maximum value indicates a bank with very large assets. Banks with large total assets usually can handle greater financial risks and have advantages on an economic scale, and the minimum value indicates that there are banks with relatively small assets.

Implementation of various aspects of consumer protection (SA 1 to SA5) consisting of implementation of Confidentiality and Data Security, Education, Service and Complaint Resolution, Information Submission, and Standard Agreements, the results of which all aspects have a minimum value of 0 (indicating a bank that does not carry out this implementation at all) and a maximum of 100 (receipts). show that there are banks that carry out this implementation perfectly). However, considering that the estimation is done using panel data, this does not become a problem. In addition, unbalanced panel data construction will be used, as there are many incomplete data (Gujarati, 2004).

The average and median values indicate that most banks carry out consumer protection well, although there is still room for improvement. From the reporting data to regulators, the level of banking compliance with reporting on the implementation of consumer protection is around 84%, so there is room for regulators to increase compliance through enforcement actions regarding the obligation to report on the application of consumer protection so that regulators obtain comprehensive information on the application of consumer protection, especially in the banking sector.

### **Inferential Analysis**

In the financial analysis, the first step is to test the classical assumptions of the OLS estimation model.

#### ***Classic assumption test***

#### ***Multicollinearity Test***

**Table 2. Multicollinearity Test Results**

	SA1	SA2	SA3	SA4	SA5	CONTROL
SA1	1.00	0.38	0.53	0.59	0.40	0.09
SA2	0.38	1.00	0.47	0.49	0.29	0.24
SA3	0.53	0.47	1.00	0.63	0.50	0.25
SA4	0.59	0.49	0.63	1.00	0.55	0.22
SA5	0.40	0.29	0.50	0.55	1.00	0.16
CONTROL	0.09	0.24	0.25	0.22	0.16	1.00



Based on the pair wise correlation test, no pair of variables has a partial correlation of more than 0.85. The highest correlation value we found was 0.63, between SA3 and SA4. This is far below the limit of 0.85 determined by Gujarati, indicating that there is no strong indication of multicollinearity in this model. In addition, based on the test results, it was found that bank size (as expressed by Total Assets or CONTROL) generally has a weak correlation with other operational variables. This shows that bank size does not significantly affect performance in this operational aspect. Thus, based on this multicollinearity test, we decided to retain all variables in our model.

***Heteroscedasticity Test***

**Table 3. Heteroscedasticity Test Results**

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.02	Prob. F(6,402)	0.41
Obs*R-squared	6.14	Prob. Chi-Square(6)	0.40
Scaled explained SS	21.87	Prob. Chi-Square(6)	0.0013

Based on this test, it can be seen that the significance value of the test results is greater than 10 tests. That is, based on the test results, the null hypothesis of the test cannot be rejected. Thus, it can be concluded that the estimation model has a residual which is constant (homoscedasticity).

Furthermore, according to the results of the Breusch-Pagan-Godfrey test, the probability value (p-value) produced is around 0.41 which is greater than the 10% or 0.1 significance level. This shows that there is not enough evidence to reject the null hypothesis which states that the residual of the estimation model is homoscedastic (constant) at a significance level of 10%. With that in mind, it can be concluded that the self-estimation model does not experience heteroskedasticity problems. Based on the results of the Breusch-Pagan-Godfrey test above, it shows that the probability value (p-value) produced is greater than 0.41. This means that there is not enough evidence to reject the null hypothesis which states that the residual of the estimation model is homoscedastic (constant) at a significance level of 10%.

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***Model Feasibility Test***

As previously explained, at this stage a feasibility test of the model is carried out to see what kind of model properties are appropriate to be applied to the regression model of this research panel. The test will be carried out in two stages, namely the Chow test to compare the Fixed Effect Model and the Common Effect Model as well as the Hausman test to compare between the Fixed Effect Model and the Random Effect Model. Considering that there are many models used in this study, for simplification, the Chow and Hausman tests will be carried out on one model which will then be applied to the entire model.

*Chow test***Table 4. Chow test results**

Redundant Fixed Effects Tests  
Equation: ElQ1  
Test cross-selection fixed effects

Effects Test	Statistics	df	Prob.
Cross-selection F	5.96	(91311)	0.00
Cross-selection Chi-square	413,19	91	0.00

The Chow test was carried out to see between the common effect and fixed effect models. If the probability significance value is greater than 0.05, then the common effect model is used. Meanwhile, if the significance value of the probability is less than 0.05, then the fixed effect model is used. Based on the results of the Chou test, a significance value of 0.000 was obtained, which means that the fixed effect model was used.

- 1) **Cross-section F:** The F-statistic is tested with the null hypothesis that all individual elves are zero. The value of the F-statistic is 5.96 with degrees of freedom (91.311). The probability associated with this test is 0.00, which is less than the 0.05 significance level. Therefore, we reject the null hypothesis and conclude that individual elves are significantly different from zero.
- 2) **Chi-square cross-sections:** This Chi-square test also evaluates the null hypothesis that all individual elves are zero. The Chi-square value is 413.19 with a freedom of 91. The probability associated with this test is also 0.0000, which is also less than the 0.05 significance level. Therefore, we also reject the null hypothesis in this test and conclude that individual elves are significantly different from zero.

Overall, the results of the Redundant Fixed Elbows Test show that the model with fixed attitudes is better than the model without fixed elves. In other words, individual fixed elf makes a significant contribution to the explanation of variation in the data.

*Hausman test***Table 5. Hausman Test Results**

Correlated Random Effects - Hausman Test  
Equation: ElQ1  
Test cross-selection random effects

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Cross-selection random	58,42	6	0.00

Cross-selection random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
SA1	-0.0040	-0.0044	0.0000	0.71
SA2	0.0009	0.0000	0.0000	0.05
SA3	-0.0036	-0.0028	0.0000	0.33
SA4	0.0050	0.0041	0.0000	0.42
SA5	0.0038	0.0038	0.0000	0.95
LOG(CONTROL)	0.2637	-0.0410	0.0016	0.00

The Hausman test was carried out to see between random effect and fixed effect models. If the probability significance value is greater than 0.05, then the fixed effect model is used. Meanwhile, if the significance value of the probability is less than 0.05, then the random effect model is used. Based on the results of the Hausman test, a significance value of greater than 0.05 was obtained, which means that the model with a fixed effect was still used.

With that in mind, the estimation model used in this research will all use the fixed effect model.

### Hypothesis testing

**Table 6. Output Model Control Variables (Total Assets)**

	NPLs	CAR	ROA	ROE	DPK
SA1	0.0004430	-0.005624***	0.0003460	0.0009340	-0.0018650
SA2	-0.0002090	-0.0008050	0.0007430	0.0011120	0.0037690
SA3	0.0003200	-0.0019920	-0.0008850	-0.0009360	0.0073500
SA4	0.0003610	0.003478*	-0.000555**	-0.002088***	-0.0027480
SA5	-0.000629**	0.003497**	0.0000236	0.001543**	-0.005041*

Based on the results of the correlation test, it can be explained as follows:

The implementation of consumer protection through the implementation of confidentiality and data security has an efficiency coefficient of 0.0004430 for NPL, -0.005624 for CAR (significant at the 1% level), 0.0003460 for ROA, 0.0009340 for ROE, and -0.0018650 for DPK.

Implementation of confidentiality and security of data (SA1), shows a significant and negative impact on CAR. According to agency theory, companies with a more dispersed ownership structure require better internal control mechanisms, such as data security (Jensen and Meckling, 1976). At the same time, CAR is a measure used to evaluate a bank's ability to absorb potential losses. A study by Sullivan (2006) shows that better data security practices can strengthen data integrity, which can positively affect CAR. However, this effect is not significant on NPL, ROA, ROE, and DPK.

Implementation of education (SA2), shows coefficients of -0.0002090 for NPL, -0.0008050 for CAR, 0.0007430 for ROA, 0.0011120 for ROE, and 0.0037690 for DPK. In this context, the effect of the implementation of education on NPL, CAR, ROA, ROE, and DPK is not significant. Implementation of education does not show a significant effect on learning variables. Nevertheless, the financial literature views education as a tool to strengthen financial literacy. According to Lusardi and Mitchell (2014), financial education can increase customer understanding of financial management and has the potential to affect

financial performance in the long term. In this context, it may take longer to see the significant effect of education on the deletion variables. Nonetheless, financial education can help increase customer understanding of financial management, which can have a positive impact on other financial indicators. The study by Hastings et al. (2013) supports this, finding that good financial education can improve financial risk management.

Implementation of services and settlement of complaints (SA3), shows an efficiency coefficient of 0.0003200 for NPL, -0.0019920 for CAR, -0.0008850 for ROA, -0.0009360 for ROE, and 0.0073500 for DPK. Implementation of services and settlement of complaints did not show a significant impact on NPL, CAR, ROA, ROE, and DPK. However, in this context, performance may not be direct or significant to financial performance indicators but has the potential to provide long-term performance in terms of customer retention and growth. A study by Gelbrich and Roschk (2011) found that effective complaint resolution can have a positive impact on customer satisfaction, but in this context, the effectiveness is not significant enough to affect the leisure indicators mentioned above.

Implementation of information delivery - product marketing (SA4), has an efficiency coefficient of 0.0003610 for NPL, 0.003478 for CAR (significant at 10% level), -0.000555 for ROA (significant at 5% level), -0.002088 for ROE (significant at 1% level), and -0.0027 480 for DPK. The implementation of information dissemination and product marketing has a significant positive effect on CAR and a significant negative effect on ROA and ROEL. Disclosure theory (verifiability theory) by Feltham and Xie (1992) suggests that the delivery of honest and accurate information can help customers make better decisions. A study by Thakor and Merton (2018) shows that transparency in the delivery of product information can have an impact on financial indicators such as CAR, ROA, and ROE.

Furthermore, the implementation of the standard agreement (SA5), has an efficiency coefficient of -0.000629 for NPL (significant at 5% level), 0.003497 for CAR (significant at 5% level), 0.0000236 for ROA, 0.001543 for ROE (significant at 5% level), and -0.005041 for DPK (significant at the 10% level). The significant negative effect on NPL and DPK shows that increasing the implementation of standard agreements can reduce the level of NPL and DPK. Meanwhile, the significant positive effect on CAR and ROEL shows that the implementation of standard agreements can increase CAR and ROEL. This is in line with a study by Shalev (2004) which found that clear and fair contracts can increase trust between banks and customers, which has an impact on financial performance.

## CONCLUSION

Conclusions obtained Based on research results, (1) Consumer Protection at National Commercial Banks in Indonesia (2017-2021) has experienced a significant increase. In general, banks have made considerable efforts to ensure consumer protection, marked by an increase in consumer protection variables, such as data confidentiality and security, financial education, complaint handling and resolution, information transparency, and standard agreements. However, there are variations in the level of improvement between these variables, with the smallest increase occurring in the handling and resolution of complaints, indicating that there is still

room for improvement in this aspect. and (2) the implementation of consumer protection has a significant impact on the financial performance of national commercial banks in Indonesia during the 2017-2021 period. Consumer protection has a significant impact on financial performance indicators such as Capital Adequacy Ratio (CAR), ROA and ROE, Non-Performing Loans (NPL), and Total Third-Party Funds (DPK). In this way, it can be concluded that the implementation of consumer protection, through the various aspects that have been described, as a whole has had a significant impact on increasing the financial performance of national commercial banks in Indonesia. Non-Performing Loan (NPL) and Total Third-Party Funds (DPK). In this way, it can be concluded that the implementation of consumer protection, through the various aspects that have been described, as a whole has had a significant impact on increasing the financial performance of national commercial banks in Indonesia. Non-Performing Loan (NPL) and Total Third-Party Funds (DPK). In this way, it can be concluded that the implementation of consumer protection, through the various aspects that have been described, as a whole has had a significant impact on increasing the financial performance of national commercial banks in Indonesia.

Recommendations and suggestions for further research are; (1) bearing in mind the significant positive relationship between several aspects of consumer protection and bank financial performance, national commercial banks in Indonesia must focus on increasing the implementation of consumer protection. Banking management needs to consider how to improve policies, and procedures, and implement consumer protection, including maintaining confidentiality and security of data, handling complaints, and resolving disputes, transparency of information, and fair standard agreements implemented under the provisions and consistency to be able to improve consumer satisfaction and ultimately has a positive impact on financial performance, (2) from research results, it appears that the implementation of consumer protection has a significant impact on bank financial performance. Therefore, regulators need to be more active in encouraging and ensuring that banks implement consumer protection in an elective manner. This could involve increasing oversight and imposing sanctions if necessary, (3) further research is also needed to dig deeper into the specific aspects of consumer protection and how this might impact the financial performance of banks in Indonesia.

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