



# Comparison of Non-Execution Auctions on Fiduciary Guarantees in Indonesia and Malaysia

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**Abstract:** This study discusses the implementation of non-execution fiduciary auctions in Indonesia and Malaysia in the context of effectiveness, legal certainty, and protection of the parties. The approach used is normative-comparative jurisprudence, by analysing primary legal materials in the form of laws, court decisions, and legal documents in both countries, as well as secondary legal materials in the form of related scientific literature. The results of the study show that Indonesia, with its civil law system, considers fiduciary auctions to be public legal actions supervised by the state through administrative mechanisms and Constitutional Court Decision No. 18/PUU-XVII/2019. while Malaysia, with its common law system, implements contractual repossession and public auctions based on the Lease Purchase Act 1967 and the Draft Act on Security Rights over Movable Property. These differences reflect Indonesia's focus on substantive justice and debtor protection, while Malaysia excels in procedural efficiency and legal certainty for creditors. This study concludes that the ideal model for non-execution fiduciary auctions in Indonesia needs to integrate the efficiency of the Malaysian system with Indonesian legal protection through regulatory reform, digitisation of fiduciary registration, and strengthened supervision. This hybrid model is expected to create a balance between legal certainty, justice, and economic efficiency in national security law practice.

**Keywords:** Comparative Law, Fiduciary Security, Non-Execution Auction.

## 1. Introduction

The rapid development of modern financing in the global economic environment has made fiduciary guarantees a strategic instrument for economic actors, particularly the banking sector, financing institutions, and consumers. Through fiduciary mechanisms, debtors can retain control over collateral, while creditors obtain legal protection against the risk of default (Jamil, 2021). However, when debtors fail to meet their obligations, an important challenge arises for the legal system: the execution of fiduciary collateral must be carried out quickly and efficiently, while at the same time ensuring legal certainty and justice for all parties. One mechanism that has been widely discussed is non-execution auctions (parate execution), which are auctions conducted without a prior court decision, which are relevant to examine from the perspective of procedural and substantive effectiveness and fairness (Neo, 2025; UNCITRAL, 2016).

In Indonesia, the implementation of fiduciary security execution auctions is regulated in Law Number 42 of 1999 concerning Fiduciary Security and its implementing regulations issued by the Directorate General of State Assets (DJKN) and the Ministry of Finance. Research shows that after the Decision of the Constitutional Court of the Republic of Indonesia Number 18/PUU-XVII/2019, the execution of fiduciary guarantees has become more complex and time-consuming because requirements such as an agreement between the debtor and creditor and the voluntary surrender of the collateral

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are now positioned as prerequisites for execution (Fitri et al., 2025; Constitutional Court of the Republic of Indonesia, 2019). In financing practice, various studies also confirm that financing transactions with fiduciary collateral raise issues of fairness due to the imbalance in bargaining power between creditors and debtors, where contract clauses tend to favour creditors (Bahar et al., 2023; Salvia & Putri, 2024).

This article argues that the most significant factor contributing to the inefficiency of non-execution auctions in Indonesia after Constitutional Court Decision No. 18/PUU-XVII/2019 is the transformation of the character of *parate execution* from an automatic direct execution mechanism to a *quasi-contentious* execution mechanism, because: (i) it requires a new agreement and voluntary surrender from the debtor as a condition for execution; (ii) it is not adequately followed by harmonisation of implementing regulations at the administrative level (DJKN and related ministries); and (iii) it adds to the burden of proof and documentation for creditors before the auction can be carried out. The combination of these three factors has led to 'systemic delays' in the non-execution auction process, even though the legal norms were originally designed to provide convenience and speed for creditors.

On the other hand, Malaysia, as a common law country, has developed a legal framework for security over movable property through various instruments, including the Hire Purchase Act 1967, the National Land Act 1965, and the Movable Property Security Interests Bill (MPSI Bill) currently being developed to strengthen regulations on the creation, registration, and enforcement of security interests in movable property (Susilo & Abd Aziz, 2023; UNCITRAL, 2016). However, a number of studies show that the specific mechanisms for conducting non-execution auctions of movable property security in Malaysia are still not fully transparent and have not achieved the expected level of efficiency, particularly with regard to the synchronisation of regulations and technical implementation in the field (Secured Transactions Law Reform Project, 2020; UNCITRAL Regional Centre for Asia and the Pacific, 2022).

Both Indonesia and Malaysia ultimately face a similar dilemma: how to balance procedural efficiency—so that credit distribution and default risk management can be carried out quickly—with the need for legal certainty and adequate protection for potentially aggrieved debtors [(see in particular the post-Constitutional Court ruling dynamics in Indonesia and secured transactions framework reform efforts in Malaysia, 2023)]. Normative and empirical studies in Indonesia reveal various real obstacles, such as the disharmony between legal norms and implementation practices, weak protection for debtors in the execution process, and the potential for abuse of authority by creditors or auction officials (Jamil, 2021; Karna et al., 2023). Research also shows that in many fiduciary financing agreements, the legal enforcement structure gives creditors a much stronger position than debtors, which raises issues of contractual fairness (Bahar et al., 2023; Salvia & Putri, 2024).

On the other hand, the literature on Malaysia shows that the secured transactions framework still faces structural challenges, such as the absence of a fully integrated registration system covering security over movable assets owned by individuals, as well as the need for further harmonisation with international standards [(and best practices recommended by UNCITRAL and other international institutions)] (Ho, 2019; Omar, 2014; UNCITRAL, 2016). Therefore, despite progress in legal and economic integration, there is still room for critical debate: [(whether the shift to a *parate execution* design re-

quiring re-approval and voluntary surrender in Indonesia, without being balanced by institutional and procedural reconstruction, is in fact a major factor that sacrifices the efficiency of non-execution auctions;]] or conversely, whether an excessive emphasis on legal protection slows down credit recovery and increases the economic burden.

In this context, comparative studies between countries are relevant because they can provide lessons across legal systems: how one country regulates and implements non-execution auctions of fiduciary guarantees more efficiently, while another emphasises formal legitimacy and debtor protection (Soekanto & Mamudji, 2019; Susilo & Abd Aziz, 2023). This study assesses the extent to which the principles of legal certainty, fairness, and efficiency are applied in the practice of non-execution fiduciary collateral auctions in both countries. By analysing practices in Indonesia and Malaysia, this study aims to identify normative weaknesses, structural weaknesses, and opportunities for legal reform in the non-execution fiduciary guarantee auction system that can be adopted in Indonesia (Jamil, 2021; Bahar et al., 2023; Fitri et al., 2025).

Specifically, this study has three main objectives. First, to analyse the similarities and differences in the legal norms governing non-execution fiduciary collateral auctions in Indonesia and Malaysia. Second, to evaluate the effectiveness of the implementation of this mechanism in providing legal protection for creditors and debtors. Third, to identify and explain the most significant factors contributing to the inefficiency of non-execution auctions in Indonesia following Constitutional Court Decision No. 18/PUU-XVII/2019, with an emphasis on the changing nature of *parate execution* and its implications for collateral execution governance. Based on these findings, this study then formulates an ideal model for the implementation of non-execution fiduciary collateral auctions in Indonesia by learning from best practices and normative experiences in Malaysia as well as recommendations from international frameworks (UNCITRAL, 2016).

Through a comparative legal-normative approach, it is hoped that the results of this study can contribute to the development of collateral law in Indonesia, particularly in the context of regulatory reform that is more adaptive to global challenges and national economic needs. Initial findings show that Malaysia places greater emphasis on procedural efficiency and the role of financial institutions in enforcing guarantees, while Indonesia, which is oriented towards debtor protection and formal state legitimacy, still relies heavily on administrative intervention, which often slows down the execution process. These differences form the basis for the formulation of policy recommendations to harmonise fiduciary security regulations in Indonesia so as to achieve a more proportional balance between economic efficiency and legal justice.

## 2. Materials and Methods

This study uses a normative-comparative legal approach, which is a method that focuses on analysing positive legal norms and legal principles applicable in the legal systems of Indonesia and Malaysia. This approach aims to examine in depth the legal basis, procedures, and practices of unexecuted fiduciary security auctions in both countries. In line with the views of (Soekanto and Mamudji, 2019), the normative legal approach was chosen because it allows researchers to conduct a systematic review of primary and secondary legal materials, while the comparative approach is used to identify similarities and differences in the principles, foundations, and implementation of fiduciary law between

two different legal systems, namely the civil law system (Indonesia) and the common law system (Malaysia). Through this research design, the researcher attempts to formulate an ideal model for the implementation of unexecuted fiduciary auctions in Indonesia based on best practices from Malaysia.

The research materials consist of primary, secondary, and tertiary legal materials. 1) Primary legal materials include laws and regulations as well as official documents that form the basis of the research, including Law Number 42 of 1999 concerning Fiduciary Guarantees, Indonesian Constitutional Court Decisions No. 18/PUU-XVII/2019 and No. 02/PUU-XIX/2021, and Minister of Finance Regulation No. 213/PMK.06/2020 concerning Guidelines for the Implementation of Auctions. From Malaysia, the 1967 Lease Purchase Act, the 1965 National Land Code, and the 2022 Draft Act on Movable Property Security were used. As an international reference, this study also used the UNCITRAL Model Law on Secured Transactions (2016), which provides a universal comparative framework. 2) Secondary legal materials include relevant scientific works, books, and legal journals, such as research by Bahar et al. (Bahar et al., 2023; Neo, 2025; Salvia & Putri, 2024). This literature is used to enrich the theoretical perspective and support comparative legal analysis between Indonesia and Malaysia. 3) Tertiary legal materials consist of legal dictionaries, legal encyclopaedias, and official online sources from institutions such as the Directorate General of State Assets (DJKN), the Indonesian Ministry of Finance, UNCITRAL, and the Chartered Secretaries Malaysia (MAICSA), which help explain technical concepts and fiduciary legal terms.

The data in this study was obtained through three main techniques, namely literature study, electronic document study, and focused interviews. Literature studies were conducted to track and analyse laws, regulations, court decisions, and official documents from government agencies related to the implementation of fiduciary. Electronic document studies were conducted by searching international scientific repositories such as Scopus, SpringerLink, Oxford Academic, and Sinta to obtain the latest academic publications related to the implementation and comparison of fiduciary guarantee laws.

In addition, semi-structured online interviews were conducted with legal practitioners, DJKN officials, and civil law academics in Malaysia to enrich the normative data with empirical perspectives. All interviews were conducted voluntarily and based on ethical approval.

Data analysis was conducted using qualitative-descriptive methods, with four main stages of analysis. First, primary and secondary legal materials were inventoried and classified to ensure the relevance and consistency of sources. Second, comparative analysis was conducted to assess the differences and similarities in the substance and mechanisms of non-execution auctions in Indonesia and Malaysia. Third, systematic legal interpretation was applied by considering the principles of *lex specialis derogat legi generali*, *lex superior derogat legi inferiori*, and *lex posterior derogat legi priori*. Fourth, an ideal model is reconstructed, namely the formulation of normative recommendations for Indonesia based on the principles of efficiency, fairness, and legal certainty developed in the Malaysian legal system and international practice (Neo, 2025; Bahar et al., 2023).

All legal materials and digital data used in this study have been stored in the researcher's personal repository and the university repository for verification purposes.

Every scientific reference used can be traced through the Digital Object Identifier (DOI) listed in the bibliography. This study did not involve humans as experimental subjects, so there are no restrictions on data access. However, transcripts of interviews with informants can only be accessed upon official request with the written consent of the informant, in order to maintain the principle of confidentiality.

### 3. Results and Discussion

#### 3.1 Research Results

##### a. Implementation of Non-Execution Fiduciary Guarantee Auctions in Indonesia

The implementation of non-execution fiduciary collateral auctions in Indonesia is based on Law Number 42 of 1999 concerning Fiduciary Collateral, which gives creditors the right to execute collateral without going through the courts. This provision is reinforced by Article 29 paragraph (1), which affirms the creditor's right to sell collateral through public auction. However, following Constitutional Court Decision No. 18/PUU-XVII/2019, this practice underwent fundamental changes. The decision emphasised that enforcement can only be carried out if the debtor acknowledges default and voluntarily surrenders the collateral; otherwise, the creditor must take legal action (Indonesian Constitutional Court, 2019).

As a result, the non-execution auction process has become longer and more complex. According to (Fitri et al., 2025) and (Karna et al., 2023), this situation reduces the efficiency of creditor rights enforcement and creates legal uncertainty, as not all debtors are willing to voluntarily surrender collateral. In addition, the DJKN, as the administrator of state auctions, requires a number of additional documents, such as voluntary execution agreements and collateral transfer reports. As a result, the auction process is often delayed or fails to be carried out.

Another aspect that has emerged is the lack of harmony between regulations. Several implementing provisions are not explicitly in accordance with the Constitutional Court's decision, giving rise to different interpretations among auction officials and courts. This condition reinforces the view that Indonesia's fiduciary auction legal system is still formalistic and administrative in nature, rather than substantive (Salvia & Putri, 2024).

However, normatively, the Indonesian system still guarantees strong legal protection for debtors. This protection reflects the spirit of constitutionalism, which places property rights and contractual justice above short-term economic interests.

##### b. Implementation of Non-Execution Fiduciary Security Auctions in Malaysia

Unlike Indonesia, Malaysia, as a common law country, bases its fiduciary guarantee regulations on contracts and the principle of freedom of contract. The mechanism for fiduciary execution is regulated in the 1967 Lease Purchase Act, the 1965 National Land Code, and the draft Movable Property Security Bill (MPSI Bill) which is being drafted to unify the movable property security system.

Under this system, creditors are permitted to take possession of collateral without a court order, provided that they do not violate the principle of peaceful possession. If debtors object, they may file a legal objection after the collateral has been taken possession of. Once the collateral has been taken over, creditors can sell it through a public

auction or private sale supervised by a financial institution. This procedure ensures time and cost efficiency (Susilo & Abd Aziz, 2023; Neo, 2025).

In addition, Malaysia is developing an electronic movable collateral registration system under the Malaysian Companies Commission (SSM) and MAICSA. This registration system allows for public recording of registered collateral, prevents dual ownership disputes, and increases transaction transparency (UNCITRAL, 2016).

With this mechanism, Malaysia has succeeded in balancing economic efficiency and legal protection. Creditors have certainty regarding collateral assets, while debtors remain protected by administrative and judicial oversight. The weakness, according to (Bahar et al, 2023), lies in the potential imbalance of power between large financial institutions and small consumers, although this is offset by the consumer dispute resolution system mechanism.

### 3.2 Comparative Analysis of Indonesia and Malaysia

#### a. Normative and Philosophical Aspects

Normatively, the main difference between Indonesia and Malaysia lies in the underlying legal philosophy. Indonesia views fiduciary auctions as public legal actions that require state intervention, while Malaysia views them as private actions based on contractual agreements.

In the Indonesian system, parate executie can only be carried out if there is a written agreement and no dispute, so that substantive justice is a priority. In contrast, Malaysia places greater emphasis on market efficiency and contractual trust by granting broad authority to creditors, provided that they remain within the limits of the law (Neo, 2025).

Malaysia's approach reflects the principles of freedom of contract and market efficiency, while Indonesia emphasises the principles of legal protection and fair legal process. These philosophical differences illustrate two different directions of legal development—one oriented towards economic speed, the other towards social justice.

#### b. Structural and Procedural Aspects

In terms of institutional structure, Indonesia entrusts the auction process to the Directorate General of State Assets (DJKN) under the Ministry of Finance, while Malaysia allows licensed financial institutions or private foreclosure agents to carry out the auction process. This difference creates significant variations in the speed and cost of implementation.

Indonesia employs lengthy administrative mechanisms, including verification of fiduciary registration at the Ministry of Law and Human Rights, auction applications to the DJKN, and public announcements. Malaysia, on the other hand, uses a faster and more flexible electronic notification system (default notices and sale notices).

In addition, Malaysia has developed an online collateral registration system, while Indonesia still uses a semi-manual system. This has led to delays in reporting, data inconsistencies, and potential overlaps in collateral objects (Fitri et al., 2025; UNCITRAL, 2016).

### c. Legal Protection and Certainty

Indonesia and Malaysia both seek to balance the interests of creditors and debtors, but in different ways. Indonesia emphasises preventive and corrective legal protection through administrative and judicial oversight mechanisms. Malaysia emphasises efficient protection and transaction transparency, so that disputes can be prevented early on.

Indonesia's strength lies in substantive justice because it involves public institutions, but its weakness lies in low economic efficiency. Conversely, Malaysia excels in speed and commercial certainty, but has the potential to weaken consumer protection if not closely monitored (Susilo & Abd Aziz, 2023; Bahar et al., 2023).

### d. Ideal Model for the Implementation of Non-Execution Auctions

Based on the results of the analysis and research findings, it can be concluded that the ideal model for the implementation of non-execution auctions on fiduciary guarantees in Indonesia must integrate the advantages of the Malaysian system without neglecting the principles of justice and legal protection that characterise the Indonesian legal system.

This model emphasises four main interrelated elements, namely regulatory harmonisation, digitisation of the registration system, strengthening of supervision and debtor protection, and collaboration between the public and private sectors. First, regulatory harmonisation and revision of Law No. 42 of 1999 on Fiduciary Guarantees need to be carried out immediately to bring them more in line with international practices, particularly with the provisions of the UNCITRAL Model Law on Secured Transactions (2016). This revision is important to clarify the provisions regarding the conditions for default, *parate execution* mechanisms, and out-of-court dispute resolution procedures. Comprehensive regulatory adjustments will create greater legal certainty for the parties and prevent differences in interpretation in the implementation of auctions in the field.

Second, the digitisation and integration of fiduciary registration is a strategic step towards modernising the collateral system in Indonesia. The development of a national electronic registration system that records all fiduciary transactions in real time, as has been implemented in Malaysia, will strengthen transparency and accelerate the auction process. This system can also prevent double collateralisation or the use of the same collateral by more than one creditor, while improving the accountability of fiduciary data nationally. Third, strengthening supervision and debtor protection is an important element in maintaining a balance between economic interests and legal justice. To prevent abuse of authority by creditors, the government needs to regulate mechanisms for notification of seizure and pre-auction mediation before the auction is carried out. With the notification and mediation stages in place, debtors receive preventive protection without having to hinder the execution process.

This approach not only guarantees substantive justice but also strengthens public trust in financing institutions. Fourth, collaboration between public and private institutions needs to be developed to improve the effectiveness of auctions.

Auctions can be conducted not only by state institutions such as the Directorate General of State Assets (DJKN), but also by private auction agents that have official licences and are under government supervision. This collaborative model is expected to expand the scope of auction services, accelerate the execution process, and maintain the state's legal legitimacy in overseeing strategic economic activities.

Overall, the implementation of this hybrid model will result in a more modern, transparent, and efficient non-fiduciary auction system, while ensuring fair legal protection for all parties. This reform is an important step for Indonesia to develop a legal guarantee governance system that is adaptive to global economic dynamics, as well as to strengthen public trust in a national legal system that is fair, competitive, and has integrity.

### 3.3 Discussion

A comparison between Indonesia and Malaysia shows that the two countries depart from different legal philosophies but share the same goal: to create a collateral system that can guarantee legal certainty, economic efficiency, and protection for all parties. From a development law theory perspective, the current system in Indonesia reflects the legal stage of a developing country that is still seeking a balance between formal regulation and market needs (Soekanto & Mamudji, 2019). Meanwhile, Malaysia, which is more integrated with the Anglo-Saxon legal system, has adopted market-driven legal principles that promote economic efficiency.

Contextually, both systems demonstrate a close relationship between legal stability and the investment climate. Indonesia's slow auction system can hinder investor confidence, while Malaysia's fast system supports credit expansion and consumer financing. Therefore, reforms to Indonesia's fiduciary guarantee laws need to be directed towards a balance between legal protection and economic efficiency. From a national economic law perspective, this study finds that non-execution auctions are not only a financial instrument but also an instrument of economic justice. By accelerating the resolution of non-performing loans, the state can reduce the level of non-performing loans (NPLs) in the banking sector. On the other hand, overly formalistic legal mechanisms actually incur high social costs, as creditors are reluctant to allocate new funds due to high legal risks.

Furthermore, in the context of the ASEAN region, harmonisation of movable collateral systems is important to promote financial market integration. Malaysia has taken steps in this direction through the MPSI Bill, while Indonesia is still in the process. Fiduciary law reform in Indonesia, if it adopts elements of Malaysia's efficiency, has the potential to make Indonesia a model for a hybrid system that combines the social protection of civil law with the economic efficiency of common law.

## 4. Conclusion

Based on the results of research and comparative analysis regarding the implementation of fiduciary auctions in Indonesia and Malaysia, it can be concluded that the two countries have different but complementary approaches in balancing legal certainty, economic efficiency, and fairness for all parties. Indonesia, with its civil law system, places the implementation of fiduciary auctions as part of a public law mechanism that requires state legitimacy and protection of debtor rights. This approach is reinforced by Law No. 42 of 1999 on Fiduciary Guarantees and Constitutional Court Decision No. 18/PUU-XVII/2019, which emphasises that execution is only valid if it is based on an agreement and voluntary surrender by the debtor. While ensuring substantive justice, this mechanism causes the auction process to be longer and less efficient, especially in practice, which is still marred by administrative and bureaucratic complexities. On the other hand, Malaysia, as a common law country, places the execution of fiduciary collateral auctions within the framework of private contracts. Through the Lease Purchase Act 1967, the National Land Code 1965, and the Movable Property Security Bill, Malaysia provides sufficient space for

creditors to enforce security through seizure and public auction mechanisms without having to go through court proceedings, provided that the principle of peaceful possession is fulfilled. This system demonstrates a high level of efficiency with the support of legal infrastructure such as an integrated and publicly accessible electronic movable security registration system managed by the Malaysian Companies Commission (SSM) and supervised by MAICSA. However, this efficiency is balanced by strict oversight mechanisms to prevent violations of debtor rights, thereby creating a balance between transaction certainty and legal protection.

A comparison between the two systems shows that Indonesia excels in providing legal protection for debtors, while Malaysia excels in procedural efficiency and legal certainty for creditors. Based on these findings, this study concludes that the ideal model for implementing non-execution fiduciary collateral auctions in Indonesia needs to integrate elements of efficiency from Malaysia with the distinctive legal protection characteristics of Indonesia. This model can be realised through four main pillars, namely regulatory harmonisation, digitisation of the registration system, strong supervision, and balanced debtor protection. Thus, the implementation of fiduciary auctions will not only be an effective economic tool, but also a fair and transparent legal protection mechanism.

In response to the question of the most urgent regulatory reforms, this study confirms that the top priorities are (1) revising Law No. 42 of 1999 on Fiduciary Guarantees to explicitly codify the parameters of default (*default*), the requirement for 'agreement' and 'voluntary surrender' as interpreted by Constitutional Court Decision No. 18/PUU-XVII/2019, including confirmation of objective indicators of when a debtor is considered in default and the procedures that must be followed before a non-execution auction can be carried out; as well as (2) harmonising and adjusting implementing regulations—particularly the Minister of Finance Regulation, the DJKN auction guidelines, and the provisions on fiduciary registration at the Ministry of Law and Human Rights—to be in line with the new construction of *parate execution*. This disharmony between statutory norms, Constitutional Court decisions, and administrative procedures has been identified as the most significant source of inefficiency in non-execution auctions in Indonesia.

To realise this ideal model, several strategic steps need to be taken. First, the government needs to revise and harmonise Law No. 42 of 1999 on Fiduciary Guarantees to bring it into line with the Constitutional Court's ruling and international principles such as the UNCITRAL Model Law on Secured Transactions (2016). This harmonisation will provide greater legal certainty for the parties and avoid overlap between legal norms and implementation practices. More operationally, it is necessary to formulate comprehensive implementing regulations (e.g. in the form of government regulations or joint regulations of relevant institutions) that consolidate standard execution procedures, the types and formats of required documents, and clear deadlines for creditors and auction officials. Second, an integrated electronic registration system needs to be developed to record all fiduciary transactions online, connected to financial institutions, notaries, the DJKN, and the courts. This registration will accelerate the execution process, increase transparency, and prevent double collateral.

In addition, strengthening the capacity of auction houses and supervision is an important aspect of ensuring that non-execution auctions are carried out more efficiently

and accountably. The DJKN needs to develop an IT-based auction monitoring system that includes an electronic auction platform (*e-auction*), real-time tracking of case status and auction items, and an integrated reporting system between the DJKN, creditors, and courts, as well as opening up opportunities for collaboration with private financing institutions to expand the scope of auction services. On the other hand, improving public legal literacy is also very important.

A good understanding of the rights and obligations in fiduciary agreements will help prevent conflicts between creditors and debtors and foster a culture of legal compliance in financial transactions. From a broader perspective, Indonesia also needs to play an active role in harmonising fiduciary guarantee laws in the ASEAN region. This effort is important to support regional economic integration and strengthen Indonesia's position as a country with a modern and credible guarantee law system. By learning from Malaysian practices and adapting them to the national social and legal context, Indonesia has the potential to create a fiduciary guarantee legal system that is adaptive, transparent, and globally competitive. Overall, this study confirms that the implementation of non-execution auctions on fiduciary guarantees not only serves as a mechanism for resolving bad debts, but also as a reflection of the quality of a country's legal system and economic governance.

Targeted and integrated reforms to fiduciary guarantee law will strengthen public trust in the law, improve economic efficiency, and realise the idealism of national law that upholds certainty, justice, and benefits for all citizens. Thus, the main normative answer offered by this study is that the reform of the disharmony between norms and fiduciary execution procedures in Indonesia must begin with the synchronisation of the regulatory framework—not merely from an institutional aspect—so that non-execution auctions can once again function as an efficient instrument of execution without sacrificing debtor protection.

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