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# Capital Market Products and Investor Protection

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***Abstract:***

*Consumer protection is an important issue in the commercial domain. In particular, consumer goods and services should receive protection.*

*This study deals with consumer securities protection. Consumer securities protection has been applied in the US because of the financial crisis and fraud. Indonesia has experienced a huge case of financial fraud that involved the Bank Century-Antaboga.*

*This article shows that a separate surveillance on the financial industry weakens, instead of integrating, this particular industry. Moreover, the role of authority is influential in governing the banking-securities industry.*

*The Bank Century-Antaboga case shows a factual absence of disclosure in offering and selling securities instruments. Bapepam-LK should play its role in applying the disclosure principle. Otherwise, the Bank Century-Antaboga case will occur again.*

***Keywords:*** *Consumer Protection, Financial Industry, Commercial Domain*.

***JEL code:*** *G21, G29*

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## 1. Introduction

The financial industry is a service industry that continues to innovate various products. For example, the capital market industry has derivative and securitization instruments, while banks have deposit products combined with insurance and insurance with unit link, among others. The financial industry in Indonesia is undergoing development because companies from foreign countries come to the country to trade their financial products. The activities of these foreign companies are followed by domestic companies as well. Hence, the development happening in the world is influencing Indonesia. Subsequently, the integration of the financial industry has become a reality.

The capital market industry is an important component of a country's financial system. Outside of banking, the capital market industry manages funds in substantial amounts (Husein, 2003). Law Number 8 Year 1995 on Capital Market (Indonesia, 1995) states that the capital market is a means to conduct economic democratization, thereby implying the need of capital market investors for legal protection. This need is critical given that the capital market manages large funds.

Capital market regulation initially relies on the establishment and protection of the law in general. Indonesia's capital market is inseparable from world development. Hence, the role of Bapepam-LK (Supervisory Bodies Capital Market and Financial Institution) in regulatory enforcement is becoming considerably important. The existence of Bapepam-LK is based on the implementation of its role in fostering and supervising the capital market. The response to developments and cases that occur illustrates the performance of Bapepam-LK and the actual impact on the capital market.

The role of Bapepam-LK (Bapepam, 2003) when conducting supervision and enforcement of regulations is not observed in the Bank Century-Antaboga letters. When Century Bank customers were persuaded to transfer funds to the Antaboga discretionary fund products of a capital market product (Harris, 2010), the product agent failed to provide complete information except on profit gains. When Century Bank was liquidated, PT Antaboga Delta Sekuritas became bankrupt because its shares were generally owned by PT. Century Bank customers were not entirely guaranteed by the Deposit Insurance Corporation (LPS). Even more disturbing is the fate of PT Antaboga Delta Sekuritas (ADS) customers, who lost their funds because of fraud in PT Bank Century.

Another important issue on the legal protection of investors is the vulnerability of capital markets to crisis. The debate is in the realm of investor protection, implementation of the protection, and source of funds. Hence, a crisis could occur in the unattached components of the capital market and the financial industries in general. A crisis is a lesson that leads to the need for regulation (Chaffee, 2009). For example, the US already has established capital markets, but still went through and (eventually) overcome several crises, such as those in 1930 (Tornedon, 2009; 1997; 2008; Chaffee, 2010). The experience of the US facing the crisis in 1930 has prompted the intervention of the capital market, particularly that concerning investor protection, as written in paragraph 604.

*In the wake of this crisis, just as in the aftermath of the banking collapse of the 1930s, Congress has an opportunity to restructure a broken financial regulatory system. More than band-aids are required. If the reforms Congress now adopts are to secure the term of the New Deal era of re-envisioning of financial regulation, consumer protection can not continue to be marginalized.*

The existence of capital markets is due mainly to investors, thereby making investor protection an important factor in the regulation of capital markets and the financial industry. To optimize investor protection, the capital market industry needs special authority. Accordingly, the financial crisis has resulted in the establishment of a special authority in the financial industry (Sparrow, 2000).

The special authority in capital markets aims to provide legal protection for investors in terms of regulation and enforcement. Investor protection is a crucial and vital aspect in developing a country's capital market. Moreover, investor protection is based on corporate law and capital market regulations, which should exist and complement each other. Investor protection illustrates how a capital market of a country is managed. Thus, the role of authority is key in the implementation of investor protection.

## 2. Literature Review

Legal protection is one of the elements to improve law enforcement in a country. The state provides legal protection to realize stability in any case, such as in economics and legal matters. The definition of legal protection can be divided into two cncepts, namely, protection and law. Linguistically, Garner (2009) stated that the word “protection” in English is called “protection.” Black's Law Dictionary defines protection as the act of protecting (Black *et al.*, 1999). Kelsen explained that the law is a normative science and not a natural science (Asshiddiqie and Safa'at, 2006). He further explained that the law is a social technique for regulating people's mutual behaviour (Kelsen, 2008).

The understanding of the law develops in accordance with the growth of the surrounding community. For example, the laws that exist among the continental European family groups were heavily influenced by the Roman law, whereas the common law was strongly influenced by the Anglo–Saxon law.

In the Journal of Financial Economics, La Porta explained that the form of legal protection provided by a country has two traits, namely, prohibited and sanction (Shleifer *et al.,* 2000). The most evident form of legal protection is the existence of law enforcement institutions, such as the courts, the police, and other non-litigation agencies. Legal protection is closely related to the aspect of justice. Kartohadiprodjo (1996) explained that the purpose of the law is to achieve justice. Therefore, the existence of legal protection is one medium to uphold justice, such as the enforcement of justice in the economy and capital market. Law enforcement in the form of legal protection in business and economic activities, particularly in the capital market, cannot be separated from the legal aspect of the company, specifically in terms of limited liability companies. The protection of law in the capital market involves the party of capital market actors, such as issuers, investors, and institutions, supporting capital market activities, in which the parties are dominated by legal subjects or legal entities in the form of limited liability companies (Hadhikusuma and Sutantya, 1996; Permana, 2017; Suryanto, 2016).

One aspect or consideration in the establishment of a financial services authority as a regulator and supervisor of the integrated financial services industry in Indonesia is to protect the rights and interests of parties who are consumers in the financial service industry. In particular, the regulator aims to improve the performance of the financial service industry in Indonesia, specifically the capital market services industry. In addition, the regulation of the consumer service industry in Indonesia is contained in two laws and regulations, namely, Law Number 8 Year 1999 on Consumer Protection and Law Number 21 Year 2011 on Financial Service Authority (Balfas, 2012).

The Oxford Law Dictionary (2009) defines the term consumer as *"a private individual acting instead of in a course of a business. Consumers are often given legal protection when entering into a contract. Many regulations define consumer in a particular manner"* (Law and Martin, 2009). Hence, "consumer" does not constantly mean end user but depends on the placement of consumer status in a transaction activity. Moreover, understanding consumers means considering their experiences in the development owing to many influential factors. In the US, the notion of a consumer was originally a worker. Hence, workers should be protected by legal rights, conditions of safety at work, and minimum duration of time to work. Thereafter, the term "consumer" eventually referred to experiencing the development of a "buyer" or buyer of goods. To date, no agreement has been reached on the meaning of "consumer." Hence, understanding the meaning of "consumer" is influenced by many factors, one of which is the law.

The concept of consumer protection was explicitly stated first by US President John F. Kennedy on March 15, 1962 in a speech in Congress. In particular, Kennedy said that consumers should be protected. Consumer rights should include the right to security, vote, information, and be heard. The recognition of consumer rights was made through the adoption of the UN Guidelines for Consumers Protection . In the UN-Guidelines for Consumer Protection (UN), Guidelines for Consumers (UN) 39/248 were signed on April 9, 1985 (Sulastri, 1995).

The Oxford Law Dictionary defines consumer protection as the protection, particularly by legal means, of consumers who contract in the court of business of obtaining goods or services from suppliers.

Transactions involve three major actors, namely, producers or entrepreneurs, buyers or consumers, and intermediaries (Purwosutjipto, 1978). Manufacturers are parties who conduct business activities and produce and sell goods to parties who need or want to use such products. Producers in the capital market manufacture goods in the form of securities (issuers) and producers offer products in the form of financial services that perform an intermediation function (stock exchange). The production of securities or securities by the issuer, or commonly known as the issuance of securities or securities, aims to increase profits for the producers (issuers) of securities.

Transactions conducted by a company in a capital market aim to exercise divestment or transfer of shareholders. This action takes the transfer of shares from the old to the new shareholders. An investor community is commonly referred to as a party that invests capital in the form of money in a company that has issued securities in the capital market and circulated the securities in the stock exchange to earn within a period. Therefore, the consumer in the capital market is an investor who can either be foreign or domestic. Evidently, investors in business activities in the capital market are classified as non-end consumers.

## 3. Research Methodology and Results

This study employed the normative juridical research method. Normative juridical research refers to the legal norms contained in legislation and court decisions relating to the transfer of risks and responsibilities of business actors from the consumer protection perspective. This research was conducted through a comparative study of other countries, such as the US and the UK.

The following steps were followed to obtain accurate data. First, the related materials in the literature review were read, studied, cited, and compared, while legal materials were connected for ease in processing. Second, interviews were conducted with parties related to the problem studied. Data processing was performed in three stages: (1) In editing, data were carefully checked to avoid error; (2) In classification, the collected data were classified based on their respective subjects to avoid errors in grouping; (3) In organizing, the obtained data were sorted in accordance with the grouping to avoid errors related to the systematization of materials.

## 4. Results

### 4.1 Consumer Protection and Product in the Capital Market

In this era of economic globalization or free trade, the flow of goods and services should not be hampered by entry or exit barriers. Moreover, the same situation should be followed for capital flow. The capital market is naturally an investment that promises prospects of profit for its investors. The capital market of a country will only gain an investment inflow upon trading of the securities of a prospective business. Accordingly, the capital market should run regularly, reasonably, and efficiently. Thus, the arrangements in the capital markets include the following ideas:

*... government intervention aimed at coping with failures in market securities by means of laws, economic policies, administrative orders, and self-regulation. According to the statements of securities market regulation of securities markets from an institutional economics perspective, such as Kahn (1970), Stigler and Friedland (1962), Stigler (1964; 1971) and Peltzman (1976; 1993). A necessary and efficient method of dealing with "market failures" if regulatory activities are properly defined and carried out*.

Regulations in the capital market are designed to respond to market problems, including crises. Investor protection is identified with consumer protection. Consequently, investors are customers in certain capital markets and financial industry. Therefore, investor protection of capital market products is also known as consumer protection. The cases and crises that affected the US in the 2000s have resulted in the need for consumer protection of capital market products.

At present, the consumer protection authority in financial services is divided between the federal and state governments. Consumer protection, including that concerning financial services, is traditionally part of the general police power of the state. States are focused on anti-fraud and unfair-and-deceptive acts and practices through the exclusion of insurance. Moreover, states have been federalized as the result of preemption by legislation, agency regulation, or court rulings. Although these states have become increasingly excluded from consumer financial services regulation, preempted state protections have yet to be replaced with the equivalent federal protections.

Consumer protection of capital market products depends on the supervision and enforcement of capital market regulations by capital market authorities. At least four areas need attention in consumer protection settings: “[1] consumer protection is a so-called 'orphan' mission; [2] consumer protection conflicts with, and is subordinated to, safety-and-soundness concerns; [3] no agency has developed an expertise in consumer protection in financial services; and [4] regulatory arbitrage of the current system fuels a regulatory race to the bottom.” The US recognizes the need for general consumer protection of the capital market and financial products.

In the paradigm of consumer protection arrangements with respect to consumer goods, Law Number 8 Year 1999 on Consumer Protection covers the following:

definition, business actor, standard clauses, acts prohibited by consumer protection agency, business actor responsibility, guidance and supervision, consumer protection conservation agencies, dispute resolution, settlement body disputes, investigations, and sanctions. The framework of the Consumer Protection Law shows that Indonesia is exerting effort to realize the consumer protection of goods and services. Consumer protection under Article 3 of the Consumer Protection Law aims to:

a. increase awareness, ability, and independence of consumers to protect themselves;
b. raise the consumer's dignity by avoiding the negative excesses of the use of goods and/or services;
c. increase consumer empowerment in choosing, determining, and applying its rights as consumer;
d. create a consumer protection system that contains elements of legal certainty and information disclosure and access to information;
e. foster business acknowledgment of the importance of consumer protection to develop an honest and responsible attitude in the business;
f. improve the quality of goods or services that ensure the continuity of the production of goods or services, health, convenience, security, and safety of consumers.

The purpose of the existence of Consumer Protection Law implies ethical and moralistic behavior through honest and complete information dissemination of the capital market products offered to investors. The core of capital market product transactions is based on the implementation of information disclosure.

At present, consumer protection in financial services involves a combination of disclosure requirements, supervisory feedback, product and practice prohibitions, and enforcement actions. However, the centerpiece of the current regime is disclosure. The basic concept of consumer financial services regulation is that disclosure is the best guarantor of consumer protection. Markets rely on information. Hence, if all material information is readily available to consumers in a form, then they will be able to make intelligent, informed decisions that will presumably maximize consumer welfare and discipline product and practice offerings. The disclosure regime is managed through supervisory feedback, enforcement actions, and occasional prohibitions on terms, products, and practices that are deemed inherently unfair and deceptive and, therefore, not conducive to a disclosure-based regime. However, disclosure is at the center of consumer protection, while other regulatory tools are merely designed to enhance its operation.

The protection of investors or consumers of capital market products is based on the implementation of the principles of openness, supervisory authority, product quality of investment, prohibition, and enforcement of regulations.

The implementation of the principle of openness is at the core of the protection of investors or consumers of capital market products. However, this implementation depends on the completeness, accuracy, and timeliness of delivery. If the aspect is covered in the implementation of the principle of openness, then investors can use the submitted information in decision-making.

The enforcement of principle of openness is quite difficult. Moreover, the debate is controversial on how openness covers the interests of issuers and consumers or capital market investors. The 2000s were plagued by lenders in a financial system that relied on inefficiency and ineffectual disclosure. Predatory lending practices, high-interest rates on credit cards, and astronomical penalty fees stifled consumers under a federal regulatory regime that favored profit over protection. However, incentivizing the responsibility by punishing the bankrupting consumers made sense.

### 4.2 Role of Consumer Protection Authority on Capital Market Products

Consumer protection is one of the most important legal issues in legal arrangements. The concept of consumer protection covers regulation and enforcement. In the current context, regulation and enforcement are difficult to implement when the producers are not a single force. Consumers can exhibit “resistance” to the losses they experienced through mass media or even build opinions through social networks. Evidently, consumer protection extends from lawmaking to enforcement.

*... the term “consumer protection” to refer to laws, regulations, and enforcement actions that aim to protect consumers both from unsafe or potentially unsafe products and services and from products, services, or sales methods designed to exploit informational or bargaining-power Asymmetries, including cognitive biases and lack of self-control, such that consumers do not accept what they expect from their bargains. Thus, consumer protection is both about prohibiting or restricting dangerous products and leveling the playing field between consumers and the professional sellers (or purchasers) of goods and services*.

Consumers are entitled to goods or services that may be good, harmless, or harmful. For goods that are not good, consumers can make claims through after sales services. For services that cause losses, consumers could request for replacement products.

Consumer protection of capital market products is performed by Bapepam-LK and Indonesia Consumer Protection Agency (YLKI). The banking industry has a Deposit Insurance Corporation (LPS) that will pay customers money when the bank is liquidated. The capital market industry lacks such an institution. The Century Bank-Antaboga case showed that capital market investors do not get reimbursed (similar to bank customers) in the event of fraud.

The financial regulations that resulted from the Great Depression led to nearly 50 years without a financial crisis. These regulations included policy federal deposit insurance, securities regulations, and banking supervision. However, financial firms and policy makers increased their campaign for deregulation because of their dissatisfaction with the status quo and the burden of regulatory weight as an insuperable impediment to the efficiency of the capital markets (Effendi and Disman, 2017.

Crisis is generally an unattached component of the financial industry. The role of authority is a key aspect in the handling of crisis and maintaining the stock market orderly and reasonable. A crisis could create an awareness of the importance and enforcement of regulations appropriate to crisis situation and conditions.

Consumer protection is within the realm of the responsibilities of authorities in the financial sector in Indonesia. LPS and the Bank Indonesia deal with consumer protection banking services. The Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) plays such a role in the capital market industry. This role is realized by Bapepam-LK through the supervision and enforcement of legal provisions in the capital market sector during normal and crisis states.

The case of a financial scandal in the US forced the Senate to pass a legislation known as the Dodd-Frank Act to protect consumers of financial products, including capital markets. This law encourages debates on the need for specialized agencies to address consumer protection of capital market products and the financial industry. Accordingly, a crucial question related to this idea should be answered: Does Indonesia need new institutions for consumer protection of financial products and capital markets in particular? The answer depends on the effectiveness of problem solving of the existing institutions that operate within the applicable laws.

In the US, consumer protection is the domain of the Office of the Comptroller of the Currency (OCC). However, this institution is criticized because the preemptive action of OCC has weakened the protection of consumers of financial products in article 1274 as follows:

*In their 2008 article, Bar-Gill and Warren argued that a new consumer financial protection agency was needed because, among other reasons, existing federal financial regulators were insufficiently motivated to focus on consumer protection. Bar-Gill and Warren also alleged that the aggressive preemption of state consumer financial protection laws by the Office of the Comptroller of the Currency("OCC") in the 2000s weakened consumer financial protection at the state level. Throughout the past decade, consumer advocates, attorneys general, and academics have agreed, criticizing the OCC and the Office of Thrift Supervision ("OTS") for their use of preemption to prevent states from cracking down on predatory lending.*

However, OCC and other agencies that deal with consumer protection argue that their existence and actions are needed to drive efficiency. Debates over the roles and actions of consumer protection agencies (e.g., OCC) and other federal agencies in the US revolve around the effectiveness of institutional roles and the use of preemptive action.

*For their part, the OCC and other federal regulators have defended their use of preemption, arguing that the U.S. Constitution requires preemption where state law conflicts with federal law, and that preemption is an important tool for promoting the efficient operation of credit markets. As developed more fully below, both sides of the debate make a compelling argument, creating a preemption dilemma: preemption of state consumer financial protection laws could both harm and benefit consumers.*

The implementation of consumer protection of capital market and financial products has positive and negative impact. The establishment of new institutions for consumer protection of financial products and capital markets adds cost, while the need for new institutions shows that the existing legal system is not operating optimally. In particular, finance and capital market authorities assume the role of supervisors, builders, and law enforcement agencies. Hypothetically, if the role is running the related agencies, then other institutions do not need to implement consumer protection of financial products and capital markets. Hypothetically, the implementation of consumer protection of financial products and capital markets in particular involves the implementation of the principle of information disclosure. If the application of information disclosure is in accordance with the essence of submission in full, timely, accurate, and accessible to all parties, then authorities can monitor the trading of financial products and capital markets.

The positive impact of the consumer protection of capital market products includes several aspects, such as fair business competition and increased efficiency.

*There are several economic benefits alleged to result from federal preemption of state regulations of national banks and thrifts. First, preemption can promote competition by preventing states from protecting certain kinds of domestic industries and companies. For example, the OCC has sent letters to states warning them of conflicts with federal laws when states have tried to restrict out-of-state national banks from selling annuities, acting as fiduciaries, and opening ATMs. Each of these restrictions would have likely caused increased cost or inconvenience to consumers as a result of limiting the ability of out-of-state national banks to compete with local banks. Second, as a result of the nature of interstate banking, various OCC officials have argued for uniform, nationwide banking laws in order to promote efficiency by reducing compliance costs. A senior economic advisor at the OCC has presented empirical evidence that preemption has been especially beneficial for smaller interstate national bank holding companies.*

Fair business competition and efficiency are two important aspects that the financial industry is constantly attempting to realize. Healthy competition includes business actors' honesty in conveying information and withholding information on other companies, let alone incorrect information or exploiting negative information on other companies. Efficiency is manifested in the aspect that information submitted to the public is decisive information for sound decision-making.

In the financial industry, the banking sector has the infrastructure for consumer protection. Moreover, the rules of this sector require banks to perform a series of actions and procedures to ensure the safety of customers' money and the deposit insurance agency (article 1283):

*Although this researcher acknowledged that there are relatively few empirical studies on the cost effects of banking regulations, there is evidence that banks have substantial compliance costs when they must respond to state regulation. Even Professors Warren and Bar-Gill, who criticized the effects of federal preemption over the past decade, have acknowledged that "[i]n an era of interstate banking, uniform regulation of consumer credit products at the federal level may well be more efficient than a litany of consumer protection rules that vary from state to state.*

Indonesia has the infrastructure to implement consumer banking sector protection. However, the political and business aspects of such implementation should be separated.

The federal system of the US necessitates dividing the role of institutions at the state and federal levels to implement consumer protection in the financial sector. The regulation covers the national scale (article 1308):

*Dodd-Frank creates a structure of "dynamic federalism" in consumer financial protection regulation: it creates a new federal agency charged with protecting consumers and adopting nationwide regulation, and it gives states more powers to protect their own citizens than existed before the legislation. The new relationship that Dodd-Frank creates between states and the federal government can be seen most clearly in the ways that it helps resolve the preemption dilemma. This dilemma arises because federal preemption of state consumer financial laws does provide consumers with economic benefits, but at the same time, preemption may also hurt consumers. Both sides of the debate about federal preemption that has occurred over the past decade have had an element of truth in their arguments. However, because of Dodd-Frank's changes to preemption, the emergence of the CFPB, and the new powers that Dodd-Frank provides the states, this debate is now likely to become much less pronounced.*

The establishment of new institutions, to the extent of effectiveness, is aimed at optimizing consumer protection of financial products and capital markets. The US follows such a path. That is, the establishment of such an institution does not appear to pose a problem in funding institutional operations for such a country as the US, where the financial industry has been established.

Unlike a sovereign consumer, a weak consumer has limited capability in focusing on his own affairs because he lacks information, education, awareness, or negotiation power. Thus, removing market failures that obstruct consumers' "right to choose" is insufficient to protect the weak consumer. From this perspective, the primary role of consumer law is to intervene where consumers suffer harmony or are treated unfairly by suppliers in business relationships. Corrective justice plays a central role in European consumer law and is an important justification that underlies consumer sales law, rules on unfair commercial business practices, and rules on contracts. Disclosure of information means conveying information as clearly as possible. The clarity of information includes word usage, clear sentences, and the size of letters (fonts).

*For disclosures to be meaningful, the consumer must be able to read, understand, and appreciate the information disclosed. A real problem occurs when individuals receiving the disclosures do not understand them. This can happen for a number of reasons - for example, everyone is familiar with the credit card disclosures printed in a font size almost too small to be legible. And disclosures are often written in complicated legalese. For instance, many individuals do not understand the difference between a simple interest rate and an APR. Other disclosures are vague or not written in a way that is meaningful. Although Minnesota payday lenders must post notices informing borrowers that they will pay high charges, the law does not require that these charges be disclosed as interest or as an APR. While tiny fonts and terms of art can ruin a disclosure's effectiveness, they are not the only problem*.

Disclosure of information concerns all aspects from the time of delivery, information placement, and use of letter size, language, and sentence.

Capital market is a platform where product innovation is immediately launched. Derivative instruments are solutions for issuers to reach the potential consumers of certain capital market products. However, several negative issues are raised against derivative instruments. First, derivative instruments are misused and detrimental to the consumer. The case of securities credit securities instruments in the US is an example of the use of derivative instruments that are disadvantageous to the holder. Teaser rate, "loans were re-priced to become unaffordable. Predatory loan terms and practices - including loan flipping, fee packing, equity stripping, and steering low income and minority borrowers to expensive, unsuitable mortgage loan products" - have become standard.

Second, failure to convey the relevant information tends to be a form of manipulation. Antaboga product customers were not provided with complete, clear, and accurate information on relevant matters, such as risks associated with the product, legal issues, and legal relationship between Bank Century and ADS. The Kasus subprime mortgage in the US and ADS in Indonesia share similarities, such as incomplete and inaccurate information that resulted in fraud. Consequently, consumer investment was lost because of the failure to pay the issuer for the product published.

The financial industry and capital markets rely on trust. The case of the subprime mortgage in the US has resulted in a global financial crisis, while the case of ADS in Indonesia, although it did not cause a crisis, affected the credibility of the Indonesian capital market. The implementation of the openness principle and the role of authority in the finance and capital markets become important and the solution to the problem.

*Harvard Law Professor Elizabeth Warren, Chair of the Congressional Oversight Panel and an early proponent of an independent consumer financial protection agency, explains the need for a consumer financial protection agency in five words: "The Credit Market Is Broken." Warren says, "The broken credit market caused the current crisis, is perpetuating the crisis, and will cause future crises--unless we fix it." One of the most basic failures of the credit market, which could be remedied by an effective consumer financial protection agency, results from the fact that financial products are designed to preclude meaningful comparison and consumer choice. Disclosures in incomprehensible terminology and fine print lure consumers to succumb to "tricks and traps." The lack of understandable credit term disclosures harms both individual consumers and our economy as a whole. Beyond inflicting economic damage on individual borrowers, deceptive terms in financial products negatively impact the operation of the free market system.*

Information disclosure is a debatable terminology from the point of view of each party. Manufacturers understand the implementation of the principle of information disclosure within the framework of thinking and interests. Evidently, consumers want transparency of information that empowers decision-making.

## 5. Conclusions

The capital market industry relies on investor confidence. The credibility of the capital market is a factor that consumers consider prior to investing in capital market products. The role of authorities in overseeing, nurturing, and enforcing the law contributes to the creation of a regular, efficient, and fair capital market. The implementation of the principle of information disclosure is key to the consumer protection of capital market products. Indonesia only needs to rely on the role of Bapepam-LK and YKLI and the community to maintain the credibility of the Indonesian capital market. Capital market authorities can detect the "peculiarities" of capital market products by monitoring the implementation of the openness principle, thereby preventing the recurrence of the ADS cases.

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