

Rethinking Indonesia's Capital Market Reform Through Economic Analysis of Law

Amerta Mardjono, Gunardi Lie

Faculty of Law, Tarumanagara University, West Jakarta, Indonesia
mardjonoa@gmail.com

Abstract

This study aims to evaluate the impact of Indonesia's Law No. 4 of 2023 on Financial Sector Development and Strengthening (the P2SK Law) on capital market efficiency, transparency, and investor protection through an integrative framework that combines Economic Analysis of Law (EAL), Cost-Benefit Analysis (CBA), and classical legal philosophy. Employing a normative-qualitative method, the research examines primary legal materials, including the P2SK Law, implementing regulations of the Financial Services Authority (OJK), and Indonesia Stock Exchange (IDX) rules, supported by secondary literature in law and finance and jurisprudential theory. The analysis focuses on institutional design, enforcement quality, disclosure obligations, and the legal implications of OJK's expanded authority in capital market governance. The findings indicate that strengthened supervisory authority and enhanced disclosure requirements under the P2SK Law contribute to reducing transaction costs, mitigating information asymmetry, and improving investor confidence, thereby supporting regulatory coherence and deeper market liquidity. From a normative perspective, the reform strengthens investor protection and broadens retail participation, aligning with Aristotelian distributive and corrective justice as a foundation for fair market access and remedial enforcement. The novelty of this study lies in proposing an integrative evaluation model that bridges efficiency-based legal assessment with philosophical legitimacy, demonstrating that regulatory efficiency and moral justice can function synergistically in shaping sustainable capital market governance. These results imply that the long-term effectiveness of the P2SK framework depends on risk-based and proportionate supervision to prevent excessive compliance burdens while maintaining credible enforcement and legal certainty in a rapidly evolving financial market.

Keywords: Capital Market; Economic Analysis of Law; Investor Protection; Legal Efficiency

1. INTRODUCTION

Indonesia's financial sector reform reached a significant milestone with the enactment of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law), which serves as a comprehensive omnibus framework for modernizing financial regulation in Indonesia.¹ Commonly referred to as the Financial Sector Omnibus Law, this legislation consolidates more than seventeen existing financial statutes, grants expanded supervisory authority to the Financial Services Authority (Otoritas Jasa Keuangan, OJK), and strengthens the coordination mandate of the Financial System Stability Committee (Komite Stabilitas Sistem Keuangan, KSSK).² The primary focus of the law is to enhance financial system stability, investor protection, and the digital financial-innovation ecosystem, reflecting global trends in adaptive and risk-based financial regulation. In the context of Indonesia's capital market, the P2SK Law introduces mandatory disclosure

¹ P. Albar, R.A.H., Karo Karo, R., & Nindyatami, "Indonesia's Law No. 4 of 2023 and Consumer Protection in Digital Financial Services," *Transnational Business Law Journal* 3, no. 1 (2023): 66–76, <https://doi.org/DOI:10.23920/transbuslj.v3i1.1217>.

² T Puspita, R.E., Iskandar, I., & Tandio, "The Impact of the Law No 4/2023 on the Development and Strength of the Financial Sector (P2SK): Is Crypto Getting Brighter?," *He International Journal of Financial Systems* 2, no. 1 (2023): 91–112, <https://doi.org/DOI:10.61459/ijfs.v2i1.39>.

requirements, promotes governance grounded in Environmental, Social, and Governance (ESG) principles, and regulates innovative instruments such as security-token offerings and securities-crowdfunding platforms.³ These regulatory advancements are designed not only to boost investor confidence but also to deepen the capital market as a sustainable source of long-term financing for national development.

Recent studies examining Indonesia's financial-sector regulation illustrate various efforts to strengthen governance, investor protection, and digital-market infrastructure. Albar highlights the importance of regulatory consolidation under the P2SK Law to enhance consumer and investor protection in digital finance.⁴ The strength of this study lies in its comprehensive assessment of regulatory gaps before the P2SK Law and its analysis of institutional challenges in OJK supervision. However, the study primarily focuses on digital financial services and does not extensively analyze the broader implications of the P2SK Law for capital market efficiency or its philosophical underpinnings. As a result, the work remains predominantly descriptive and does not offer a theoretical bridge between legal philosophy and economic analysis. Complementing this perspective, Puspita analyzes the impact of the P2SK Law on crypto-asset regulation and financial-sector modernization.⁵ The study's advantage is its emphasis on digital-innovation governance and the transition of crypto oversight from Bappebti to OJK. Nonetheless, its scope remains sectoral, focusing narrowly on crypto markets without evaluating how the P2SK Law transforms transaction-cost structures, disclosure regimes, or market enforcement in the capital market. The study also lacks a normative or philosophical evaluation regarding whether the reform aligns with principles of justice or legal efficiency.

Existing scholarship on Indonesia's Financial Sector Development and Strengthening Law (P2SK Law) demonstrates growing academic attention to financial-sector reform, yet the literature remains fragmented in both scope and analytical orientation.⁶ Broadly, prior studies may be grouped into three main streams. The first stream consists of sectoral analyses of the P2SK Law, focusing on specific domains such as digital finance, crypto-asset regulation, and securities crowdfunding.⁷ While these studies contribute valuable insights into regulatory adaptation and innovation, their analyses are largely confined to particular financial subsectors and do not evaluate the systemic implications of the P2SK Law for capital market efficiency and governance. The second stream comprises normative legal studies on capital market regulation, which emphasize statutory compliance, legal

³ N Mutiara, Y.M., Kurniawan, W., & Mentari, "Securities Crowdfunding: Kajian Regulasi Pasar Modal Di Indonesia," *JIL: Journal of Indonesian Law* 5, no. 1 (2023): 38–60, <https://doi.org/DOI: 10.18326/jil.v5i1.1855>.

⁴ Albar, R.A.H., Karo Karo, R., & Nindyatami, "Indonesia's Law No. 4 of 2023 and Consumer Protection in Digital Financial Services."

⁵ Puspita, R.E., Iskandar, I., & Tandio, "The Impact of the Law No 4/2023 on the Development and Strength of the Financial Sector (P2SK): Is Crypto Getting Brighter?"

⁶ Ahmad Rifa'i, "Normative Legal Research and Its Methodological Implications," *USM Law Review* 4, no. 2 (2021): 215–30.

⁷ Albar, "Regulatory Consolidation under the P2SK Law and Digital Finance Governance," *Jurnal Hukum Ekonomi* 12, no. 1 (2023).

certainty, and investor protection from a doctrinal perspective.⁸ Although these studies enrich the understanding of regulatory structure and institutional authority, they tend to treat legal norms as autonomous constructs and rarely assess their economic consequences, such as transaction costs, enforcement efficiency, or market behavior.⁹

The third stream includes economic and financial studies on market efficiency and regulatory impact, which examine capital market development and investor confidence through empirical and quantitative approaches.¹⁰ However, these studies generally lack a jurisprudential or philosophical foundation and do not engage with legal theory, particularly classical conceptions of justice that underpin legitimate governance. Despite this expanding body of literature, no existing study has integrated classical legal philosophy, specifically the ethical theories of justice articulated by Socrates, Plato, and Aristotle, with Richard Posner's Economic Analysis of Law in evaluating Indonesia's capital market reform following the enactment of the P2SK Law.¹¹ As a result, the research gap is not merely empirical but theoretical and paradigmatic, reflecting the absence of an integrative framework capable of assessing financial regulation through the combined lenses of moral justice and legal efficiency. This study addresses that gap by developing an interdisciplinary evaluative model that bridges classical philosophical jurisprudence and the Economic Analysis of Law.¹² By integrating justice-based reasoning with efficiency-oriented legal analysis, this research contributes to the development of law-and-economics scholarship in Indonesia and offers a holistic assessment of whether the P2SK Law establishes a regulatory architecture that is simultaneously just, efficient, and economically coherent.

2. METHOD

This study adopts the Economic Analysis of Law¹³ framework to evaluate law based on its capacity to maximize social welfare and minimize transaction costs. EAL assesses each regulatory provision of the Financial Sector Development and Strengthening Law (P2SK Law) using metrics such as supervisory effectiveness, legal certainty enhancement, and reduction of systemic risk. For instance, the study examines whether empowering the Financial Services Authority (OJK) can reduce regulatory overlap, simplify reporting procedures, and improve inter-agency coordination, thereby lowering transaction costs.¹⁴ In addition to EAL, this study employs Cost–Benefit Analysis (CBA) to evaluate the balance between regulatory costs and socioeconomic benefits. The cost components include compliance systems, reporting technologies, KYC/AML-CFT obligations, and governance

⁸ Bismar Nasution, "Legal Certainty and Investor Protection in Capital Market Regulation," *Jurnal Hukum IUS QUIA IUSTUM* 28, no. 3 (2021): 401–20.

⁹ Achmad Irwan Hamzani, "Socio-Legal Research in Normative Legal Studies," *USM Law Review* 1 (5AD): 45–60.

¹⁰ R La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Legal Determinants of External Finance," *Journal of Finance* 52, no. 3 (2012): 1131–50, <https://doi.org/https://doi.org/10.1111/j.1540-6261.1997.tb02727.x>.

¹¹ Richard A Posner, "Economic Analysis of Law. Aspen Law Business.," 1998.

¹² Rifa'i, "Normative Legal Research and Its Methodological Implications."

¹³ Posner, "Economic Analysis of Law. Aspen Law Business."

¹⁴ K. S Haeberle, "Marginal Benefits of the Core Securities Laws," *Journal of Financial Regulation* 7, no. 2 (2021): 254–283, <https://doi.org/https://doi.org/10.1093/jfr/fjab008>.

training expenses. The benefits considered include greater capital market liquidity, higher market capitalization, reduced incidents of insider trading and market abuse, and an increased number of small and medium investors. The CBA is conducted qualitatively using secondary data such as Indonesian capital market statistics from OJK and annual reports from the Indonesia Stock Exchange (IDX). Furthermore, the analysis incorporates empirical findings that demonstrate a positive correlation between financial market depth and investor protection.¹⁵¹⁶ This study also adopts a socio-legal approach to identify the relationship between legal norms and the behavior of economic actors, as the effectiveness of regulation largely depends on the level of compliance and market participants' perceptions. According to, motivation for compliance arises from both normative (value internalization) and instrumental (fear of sanctions) grounds. Accordingly, this study examines whether the P2SK Law fosters voluntary compliance or relies primarily on punitive mechanisms, as this distinction has implications for the long-term sustainability of the regulation.

3. RESULTS AND DISCUSSION

3.1 Economic Analysis of the Institutional Design of the P2SK Law and Its Implications for Capital Market Efficiency

This study adopts the Economic Analysis of Law¹⁷ framework to evaluate law based on its capacity to maximize social welfare and minimize transaction costs. EAL assesses each regulatory provision of the Financial Sector Development and Strengthening Law (P2SK Law) using metrics such as supervisory effectiveness, legal certainty enhancement, and reduction of systemic risk. For instance, the study examines whether empowering the OJK can reduce regulatory overlap, simplify reporting procedures, and improve inter-agency coordination, thereby lowering transaction costs.¹⁸ In addition to EAL, this study employs Cost–Benefit Analysis (CBA) to evaluate the balance between regulatory costs and socioeconomic benefits. The cost components include compliance systems, reporting technologies, KYC/AML-CFT obligations, and governance training expenses. The benefits considered include greater capital market liquidity, higher market capitalization, reduced incidents of insider trading and market abuse, and an increased number of small and medium investors. The CBA is conducted qualitatively using secondary data such as Indonesian capital market statistics from OJK and annual reports from the Indonesia Stock Exchange (IDX). Furthermore, the analysis incorporates empirical findings that demonstrate a positive correlation between financial market depth and investor protection.¹⁹²⁰ From the perspective of this study's objectives, classical legal philosophy provides a normative benchmark for

¹⁵ R La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Investor Protection and Corporate Governance," *Journal of Financial Economics* 58, no. 1–2 (2000): 3–27, [https://doi.org/https://doi.org/10.1016/S0304-405X\(00\)00065-9](https://doi.org/https://doi.org/10.1016/S0304-405X(00)00065-9).

¹⁶ D Basak, S., Chabakaury, G., & Yavuz, M., "Investor Protection and Asset Prices.," *Review of Financial Studies* 32, no. 12 (2019): 4905–4949, <https://doi.org/https://doi.org/10.1093/rfs/hhz038>.

¹⁷ Posner, "Economic Analysis of Law. Aspen Law Business."

¹⁸ Haeberle, "Marginal Benefits of the Core Securities Laws."

¹⁹ La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Investor Protection and Corporate Governance."

²⁰ Basak, S., Chabakaury, G., & Yavuz, M., "Investor Protection and Asset Prices."

assessing the legitimacy of the P2SK Law beyond formal legality. Socratic obedience to law, Platonic moral education, and Aristotelian distributive and corrective justice collectively frame capital market regulation as a moral instrument aimed at sustaining social order and fairness. When examined through the Economic Analysis of Law (EAL), these philosophical principles complement efficiency-based evaluation by ensuring that legal reforms do not sacrifice justice for economic expediency. Accordingly, this subsection establishes that the ethical foundation of the P2SK Law is essential to understanding its role in shaping compliant and trust-based market behavior.

This study also adopts a socio-legal approach to identify the relationship between legal norms and the behavior of economic actors, as the effectiveness of regulation largely depends on the level of compliance and market participants' perceptions. According to, motivation for compliance arises from both normative (value internalization) and instrumental (fear of sanctions) grounds. Accordingly, this study examines whether the P2SK Law fosters voluntary compliance or relies primarily on punitive mechanisms, as this distinction has implications for the long-term sustainability of the regulation. The theoretical framework of this study is built upon three main pillars: (1) classical philosophy of law, (2) ²⁴Economic Analysis of Law (EAL), and (3) empirical law-and-finance literature exploring the relationship between legal quality, investor protection, and capital market development. The integration of these three pillars enables a comprehensive analysis of the Financial Sector Development and Strengthening Law (P2SK Law), both from a normative legal perspective and through the lenses of economic efficiency and social justice. In relation to the research objective, this subsection demonstrates that the Economic Analysis of Law offers a functional framework for evaluating whether the P2SK Law produces net social benefits. By focusing on transaction costs, regulatory certainty, and enforcement incentives, EAL reveals that effective disclosure obligations and supervisory mechanisms contribute directly to market efficiency and investor confidence. This finding reinforces the argument that legal efficiency and investor protection are mutually reinforcing rather than competing goals. Thus, the P2SK Law can be normatively justified insofar as it aligns regulatory design with economically rational outcomes.

Classical philosophy of law provides an ethical foundation for understanding the meaning of law as a vehicle for achieving social order. Socrates, as recorded by Plato in *Crito*, regarded law as a moral contract between citizens and the state; he refused to escape his death sentence because disobeying the law would destroy order and betray the social contract. This perspective aligns with the context of the P2SK Law, where compliance by issuers, securities companies, and investors with requirements on disclosure, risk management, and reporting obligations represents not only a legal duty but also a moral commitment to uphold order and integrity in the financial system. In *The Republic*, Plato viewed law as a means of moral education and the foundation of a just social order. For Plato, the law should guide citizens toward virtue to achieve an ideal society. In the context

²⁴ Posner, "Economic Analysis of Law. Aspen Law Business."

of the P2SK Law, the mandatory implementation of corporate governance, information disclosure, and the integration of ESG principles can be seen as instruments of legal education, encouraging market participants to act ethically, transparently, and with a sustainability orientation. Meanwhile, Aristotle offered a nuanced understanding of justice through two dimensions: distributive justice (the proportional distribution of rights and resources) and corrective justice (the restoration of balance following wrongdoing). In the *Nicomachean Ethics*, Aristotle emphasized that the law must ensure fair distribution and correct injustice. The P2SK Law reflects these principles by expanding access for small investors to the capital market, introducing securities crowdfunding for micro and small medium enterprises (MSME) financing, and strengthening capital market dispute resolution mechanisms to ensure both preventive and corrective justice. This analysis confirms that the institutional design of the P2SK Law has concrete normative and economic implications for capital market behavior. From an EAL perspective, the strengthening of OJK authority reshapes legal incentives by increasing enforcement credibility and reducing regulatory uncertainty. As a result, market participants are encouraged to internalize compliance obligations rather than merely respond to punitive sanctions. This institutional configuration supports the study's conclusion that the P2SK Law operates not only as an administrative reform but as a governance mechanism that aligns legal norms with efficient market conduct.

Richard Posner pioneered the Economic Analysis of Law (EAL) in 1998, proposing that legal rules should be evaluated based on their ability to maximize social wealth and promote efficiency.²² According to Posner, the essence of EAL lies in the notion that good legal rules minimize transaction costs, including negotiation, compliance, and enforcement costs, thus fostering legal certainty that enables economic agents to make optimal investment decisions and allocate resources to their highest-valued uses. Within the P2SK Law framework, EAL provides a tool for assessing whether the enhancement of OJK's authority, the imposition of disclosure obligations, and the regulation of digital financial innovation yield social benefits that outweigh the compliance costs. In this regard,²³ finds that core securities laws generate significant marginal benefits for market efficiency and investor confidence, primarily through reducing information asymmetry. Beyond Posner's framework, this study also draws on the utilitarian school of legal thought, particularly the ideas of Jeremy Bentham and John Stuart Mill, which evaluates the legitimacy of law based on its ability to achieve "the greatest happiness of the greatest number".²⁴ Posner modernized this principle by substituting "happiness" with social wealth maximization as a proxy for collective welfare.²⁵ Hence, EAL can be understood as a form of utilitarian consequentialism within a neoclassical economic framework, asserting that good law efficiently allocates

²² Posner.

²³ Haerberle, "Marginal Benefits of the Core Securities Laws."

²⁴ J Bentham, *The Principles of Morals and Legislation*. Amherst, NY: Prometheus Books, 2000.

²⁵ Richard A Posner, "The Ethical and Political Basis of the Efficiency Norm in Common Law Adjudication," *Hofstra Law Review* 8, no. 3 (1980), <https://doi.org/https://scholarlycommons.law.hofstra.edu/hlr/vol8/iss3/2>.

resources and generates the most significant social surplus. In the context of capital market regulation, the utilitarian principle translates into legal objectives aimed at maximizing social welfare through public prosperity, systemic stability, and efficient capital allocation while minimizing losses from information asymmetry and legal uncertainty.²⁶ Under the P2SK Law, the implementation of information disclosure, ESG-based governance, and inclusive financing innovations represents utilitarian legal instruments designed to maximize collective welfare through a fair and efficient capital market. Thus, the utilitarian school reinforces the philosophical foundation of the P2SK Law as a social engineering instrument oriented toward public benefit. The findings of this subsection indicate that enhanced disclosure obligations and ESG-based governance under the P2SK Law play a critical role in reducing information asymmetry. Within the EAL framework, transparency lowers transaction costs and mitigates moral hazard, thereby strengthening investor confidence. Normatively, these mechanisms reflect Aristotelian corrective justice by preventing market abuse and restoring balance when violations occur. Consequently, the disclosure regime under the P2SK Law supports both economic efficiency and ethical market governance.

Porta emphasizes that the quality of investor protection and law enforcement determines the depth of financial markets, the cost of capital, and economic growth.²⁷ They further argue that countries with strong legal systems and consistent enforcement tend to exhibit higher firm valuations and broader access to financing.²⁸ Complementing this view, find, through their anti-self-dealing index, that enforcement mechanisms such as disclosure requirements and shareholder approval processes significantly mitigate moral hazard by managers and controlling shareholders²⁹. These studies are particularly relevant for Indonesia, as the P2SK Law not only sets legal norms but also defines the mechanisms for implementation and enforcement quality. Institutions such as the Financial Services Authority (OJK), the Indonesia Stock Exchange (IDX), and the Financial System Stability Committee (KSSK) must ensure that the provisions of the P2SK Law are not limited to a legal text, but are consistently applied, thereby fostering trust among both domestic and international investors. The theoretical framework of this study, therefore, integrates ethical and justice dimensions from classical legal philosophy with the efficiency dimension of EAL. Accordingly, the evaluation of the P2SK Law considers not only whether the regulation is economically efficient but also whether it meets the requirements of justice. In Aristotle's view, just law ensures proportional distribution and corrects inequities, while in Posner's view, good law produces a positive net social benefit. The integration of these perspectives provides a holistic analytical framework, ensuring that the P2SK Law's

²⁶ J. S. Mill, "Utilitarianism. London: Parker, Son, and Bourn," 1863.

²⁷ R La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Law and Finance," *Journal of Political Economy* 106, no. 6 (1998): 1113–55. <https://doi.org/https://doi.org/10.1086/250042>.

²⁸ La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Investor Protection and Corporate Governance."

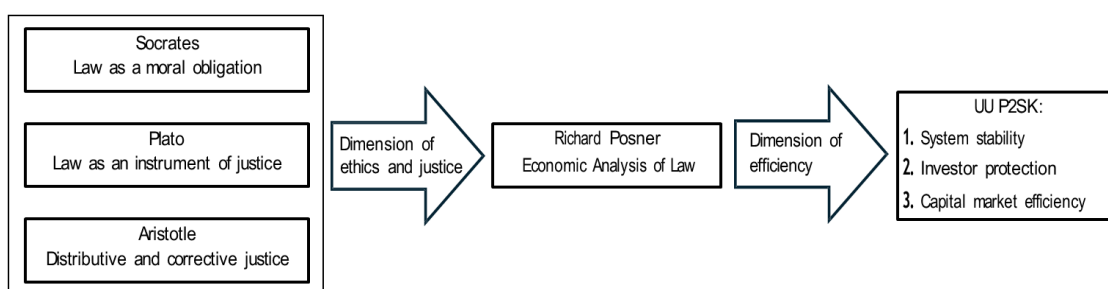
²⁹ A. Djankov, S., La Porta, R., Lopez-de-Silanes, F., & Shleifer, "The Law and Economics of Self-Dealing," *Journal of Financial Economics* 88, no. 3 (2008): 430–465, <https://doi.org/https://doi.org/10.1016/j.jfineco.2007.02.007>.

objectives - financial system stability, investor protection, and capital market efficiency - are achieved in a balanced manner. Taken together, the analysis in this chapter demonstrates that the P2SK Law embodies a regulatory framework that integrates legal efficiency with moral justice. By combining classical legal philosophy and Economic Analysis of Law, this study shows that capital market regulation can simultaneously promote economic welfare, investor protection, and ethical governance. The P2SK Law thus represents a paradigmatic shift in Indonesian financial regulation, where efficiency-driven reforms are normatively anchored in principles of justice and social order.

From an ontological perspective, this study views the P2SK Law not merely as a collection of legal norms but as a social reality that shapes market behavior and influences the distribution of resources within the financial sector. This dimension enables the study to examine how law functions as a tool of social engineering, guiding compliance, enhancing order, and strengthening market integrity.³⁰ From an epistemological standpoint, the study employs a combination of normative-juridical methods³¹, economic analysis of law, and cost-benefit analysis³² to generate knowledge. The information sources include primary legal materials (P2SK Law, OJK regulations, IDX rules), as well as secondary legal materials (philosophical and EAL literature and reputable international journals in law and finance). Finally, from an axiological perspective, the research aims to promote distributive and corrective justice (Aristotle, *Nicomachean Ethics*) while educating market participants toward social order, in line with Plato's vision in *The Republic*.

Figure 1.

The Philosophical Interaction between Classical Legal Thought, Economic Analysis of Law (EAL), and the Financial Sector Development and Strengthening Law (UU P2SK)



Source: Synthesized from Plato (*The Republic*), Aristotle (*Nicomachean Ethics*), Hall (1956), Posner (1998), and the *Financial Sector Development and Strengthening Law (UU P2SK, 2023)*.

This theoretical framework underpins the selection of the cost-benefit analysis method to assess the impact of the Financial Sector Development and Strengthening Law (P2SK Law). By measuring the regulatory costs (compliance, reporting, auditing, technology) and the socioeconomic benefits (market liquidity, investor participation, systemic stability), this

³⁰ H.L.A Hart, *The Concept of Law* (Oxford, United Kingdom: Oxford University Press UK, 1961), <https://doi.org/https://doi.org/10.1093/ajj/7.1.169>.

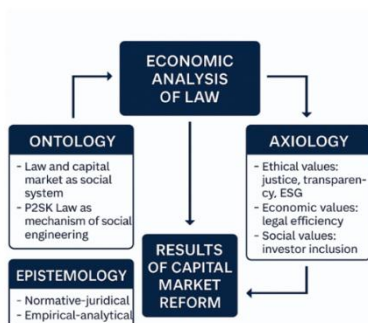
³¹ E Bodenheimer, *Jurisprudence: The Philosophy and Method of the Law* (Harvard University Press, Cambridge, USA, 1974), <https://doi.org/https://doi:10.1017/S000305540029299X>.

³² Posner, "Economic Analysis of Law. Aspen Law Business."

study evaluates whether the overall outcome meets Posner's criterion of legal efficiency. At the same time, the dimensions of distributive and corrective justice ensure that the reform benefits not only specific groups but also distribute capital market gains more inclusively. This study employs a normative-juridical approach combined with the Economic Analysis of Law (EAL) and Cost-Benefit Analysis (CBA). The normative-juridical approach is chosen because the research focuses on examining the legal substance of the P2SK Law, analyzing the implications of its provisions for strengthening the capital market, and assessing their conformity with the principles of the rule of law. This approach utilizes primary legal materials, including Law No. 4 of 2023, the implementing regulations of the Financial Services Authority (OJK), and official documents from the Financial System Stability Committee (KSSK) and the Indonesia Stock Exchange (IDX). Secondary legal materials include literature on legal philosophy,³³ Law and economics theory,³⁴ and empirical studies from reputable international journals.

Figure 2.

Conceptual framework of the philosophical legal analysis of the impact of the Financial Sector Development and Strengthening Law (UU P2SK) on capital market reform



Source: Synthesized from Posner (1998), OJK (2021), UU P2SK (2023)

3.2 Reconstructing Investor Protection Through Legal Philosophy and Economic Analysis of Law under the P2SK Framework

Description According to the ³⁵ efficiency criterion, strengthening the Financial Services Authority (OJK) may initially increase compliance costs due to adjustments in reporting and the integration of supervisory systems. However, it can reduce cross-agency transaction costs and overlapping regulations. At the systemic level, improved coordination among the Financial System Stability Committee (KSSK) members mitigates the risk of regulatory arbitrage and accelerates responses to market shocks. These outcomes are consistent with prior studies on financial regulation, which emphasize the link between regulatory coherence, price stability, and systemic risk indices. Conversely, enhanced investor-protection measures increase disclosure and auditing costs. However, they are theoretically associated with greater market depth, higher valuations, and improved price

³³ S Nicolae, *Plato: The Republic.*, 2022.

³⁴ Posner, "Economic Analysis of Law. Aspen Law Business."

³⁵ Posner, "The Ethical and Political Basis of the Efficiency Norm in Common Law Adjudication."

efficiency, supporting and providing evidence of the connection between legal enforcement quality and asset-price sensitivity to investment.³⁶ Furthermore, the study finds that digital innovation through securities crowdfunding expands governance obligations. While this policy raises compliance costs, it effectively reduces adverse-selection risks and promotes inclusive financing for MSMEs. Similarly, the adoption of Environmental, Social, and Governance (ESG) principles raises reporting and auditing expenditures but yields long-term benefits by attracting institutional investors and driving a transition toward a greener economy.

The connection between classical legal philosophy and the positive legal norms embodied in the P2SK Law can be observed in the manner in which this statute formulates legal obligations that are not merely technocratic in nature, but are also oriented toward the establishment of fair and integrity-based market governance. Disclosure obligations, the strengthening of corporate governance, and the reaffirmation of the role of the Financial Services Authority (OJK) in capital market supervision reflect Socrates' conception of obedience to law as the foundation of social order. In this context, compliance by market participants with the norms of the P2SK Law is understood not merely as the fulfillment of formal legal requirements but as a moral commitment to preserving public trust and financial system stability. Furthermore, the governance principles and reporting obligations reinforced under the P2SK Law are consistent with Plato's view of law as an instrument of moral education that guides citizens' behavior toward virtue. The positive legal norms of the P2SK Law encourage market participants to act transparently, accountably, and responsibly, thereby positioning law as a formative instrument of market ethics. Meanwhile, Aristotle's concepts of distributive and corrective justice are reflected in the expansion of retail investor access, the development of inclusive financing mechanisms, and the strengthening of investor-protection and capital market dispute-resolution mechanisms. Accordingly, classical legal philosophy does not remain in the realm of abstraction, but is internalized within the normative design of the P2SK Law as a legal framework that balances order, justice, and market efficiency.

Overall, the P2SK Law appears beneficial, yet its success largely depends on the quality of legal enforcement, institutional capacity, and the adoption of responsive regulation to avoid excessive rule-making. Demonstrated that a combination of normative compliance motivation (value internalization) and instrumental motivation (sanctions) is most effective for sustaining long-term compliance. The empowerment of OJK and the consolidation of cross-sector supervision have already reduced duplication barriers from earlier regulatory fragmentation. This aligns with existing law-and-economics research, which highlights the importance of legal certainty in reducing negotiation and compliance costs.³⁷ Further finds that enhanced disclosure rules improve market efficiency by mitigating information asymmetry, thereby allowing stock prices to reflect fundamental

³⁶ La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Legal Determinants of External Finance."

³⁷ Posner, "The Ethical and Political Basis of the Efficiency Norm in Common Law Adjudication."

values more accurately.³⁸ Accordingly, post-P2SK regulations strengthen market efficiency, an essential condition for a healthy capital market. Consistent with prior legal and financial scholarship, robust investor protection is positively correlated with financial market depth.³⁹ Through stronger disclosure requirements, improved grievance mechanisms, and stricter sanctions for market abuse, the P2SK Law reinforces the investor-protection framework. The growing number of retail investors registered at KSEI, along with the higher average daily transaction value since 2023, reflects this progress. Demonstrate that investor protection enhances stock valuation and participation, while also lowering firms' cost of capital. Innovations such as securities crowdfunding and security tokenization are also accommodated under the P2SK Law. These innovations provide startups and MSMEs with greater access to funding, reflecting Aristotle's notion of distributive justice.⁴⁰ Nevertheless, moral-hazard and adverse-selection risks must still be managed through risk-based supervision. As argued, effective oversight mechanisms should incentivize compliance without imposing high costs.⁴¹

Although the strengthening of investor protection under the P2SK Law provides significant benefits in enhancing transparency and market confidence, an overly extensive regulatory approach carries the potential risk of over-regulation. Increased reporting, auditing, and compliance obligations may create disproportionate administrative burdens, particularly for small and medium-sized issuers. In certain circumstances, excessive compliance costs may instead hinder market participation, increase the cost of capital, and reduce the competitiveness of domestic business actors. From a normative perspective, investor protection should not be understood merely as an accumulation of legal obligations, but rather as a proportional and risk-based mechanism. Effective investor protection is one that is capable of preventing market abuse without creating economic disincentives for compliant actors. Accordingly, the implementation of the P2SK Law requires a balance between strict law enforcement and regulatory flexibility, so that the objectives of investor protection can be achieved without undermining the efficiency and dynamism of the capital market.

Within the P2SK Law, ESG principles introduce a new dimension to capital-market governance. Research on green finance suggests that sustainability disclosure can reduce reputational risk and attract global institutional investment.⁴² Accordingly, mandatory ESG reporting represents a strategic opportunity to enhance issuers' international competitiveness. The long-term benefits of ESG can be viewed as an increase in social welfare that offsets the costs of compliance. Following Plato's reasoning, this reflects an effort to align corporate behavior with societal virtue. The P2SK Law's effectiveness

³⁸ Haeberle, "Marginal Benefits of the Core Securities Laws."

³⁹ La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, "Legal Determinants of External Finance."

⁴⁰ Basak, S., Chabakaury, G., & Yavuz, M., "Investor Protection and Asset Prices."

⁴¹ C. Pirrong, "The Self-Regulation of Commodity Exchanges: The Case of Market Manipulation," *Journal of Law & Economics* 38, no. 1 (1995): 141–75, <https://doi.org/https://doi.org/10.1086/467328>.

⁴² E Steuer, S. & Hille, "The Role of Disclosure in Green Finance.," *Journal of Financial Regulation* 8, no. 1 (2022): 1–35, <https://doi.org/https://doi.org/10.1093/jfr/fjac001>.

ultimately depends on the quality of law enforcement. As posits, sustainable compliance is driven by both normative motivation (internalization of values) and instrumental motivation (sanctions). Market participants may engage in creative compliance - formally obeying rules while exploiting loopholes if enforcement becomes overly repressive. Conversely, voluntary compliance may decline if enforcement is too lenient. Therefore, the OJK must adopt a regulatory framework that strikes a balance between preventive measures, incentives, and strict enforcement against serious violations. This study suggests that the P2SK Law has significant potential to strengthen Indonesia's capital market; however, its implementation must be carefully monitored to prevent excessive compliance burdens. From a philosophical standpoint of law, the P2SK Law functions not only as a technocratic instrument but also as a tool of social engineering. Aristotle advocates for distributive and corrective justice. Emphasizes economic efficiency, and Socrates regards obedience to the law as a moral duty.⁴³ Collectively, these perspectives suggest that capital market regulation must strike a balance between efficiency and fairness, as well as economic growth and social protection.

Building on these principles, the reconstruction of investor protection under the P2SK framework also requires a holistic understanding of how legal norms shape market behaviour and institutional trust.⁴⁴ Investor protection is not solely determined by the presence of rules, but by the extent to which those rules are internalized by market actors and consistently enforced by regulators.⁴⁵ In this context, the P2SK Law can be viewed as a transformative instrument that recalibrates the incentives, duties, and expectations of issuers, intermediaries, and investors. The integration of classical legal-philosophy perspectives reinforces this transformation: Socratic obedience to law underscores the moral foundation of compliance, while Platonic ideals of virtue support the embedding of ethical governance, especially through ESG-based obligations. Aristotelian corrective and distributive justice, meanwhile, provide the normative basis for strengthening minority-shareholder rights, broadening investor participation, and ensuring fair remediation when market abuses occur.⁴⁶ Furthermore, from an EAL standpoint, the redesign of supervisory architecture under the P2SK Law enhances allocative efficiency by reducing uncertainty and information asymmetry two factors that historically suppressed Indonesia's market competitiveness.⁴⁷ Lower transaction costs and clearer enforcement channels reduce rent-seeking opportunities and encourage more efficient pricing mechanisms. These improvements not only protect investors but also stimulate capital formation and deepen

⁴³ Posner, "The Ethical and Political Basis of the Efficiency Norm in Common Law Adjudication."

⁴⁴ N. M Abdullah, M. & Azmi, "Investor Protection, Governance Quality and Capital Market Development in Emerging Markets," *Global Finance Journal*, 2022.

⁴⁵ X. V Nguyen, Q. T. & Vo, "Financial Market Depth, Legal Enforcement, and Investor Confidence in Emerging Economies," *Pacific-Basin Finance Journal*, 2024, <https://doi.org/DOI: 10.1016/j.pacfin.2024.102312>.

⁴⁶ G Kotsantonis, S. & Serafeim, "ESG Integration in Capital Markets: Evidence and Implications.," *Journal of Applied Corporate Finance*, 2021, <https://doi.org/DOI: 10.1111/jacf.12473>.

⁴⁷ M Wihlborg, C. & Persson, "Regulatory Efficiency, Systemic Risk and Market Stability.," *Journal of Financial Stability*, 2022, <https://doi.org/DOI: 10.1016/j.jfs.2023.100999>.

financial intermediation. Importantly, the introduction of digital-asset supervision, tokenization frameworks, and alternative-fundraising mechanisms represents a forward-looking regulatory stance that aligns with global shifts toward digital capital markets.⁴⁸ However, these innovations also heighten systemic and operational risks, making risk-based supervision indispensable for maintaining market stability.⁴⁹ Legal certainty must evolve at the same pace as technological development to prevent regulatory lag, which could undermine investor confidence and expose the market to new forms of misconduct.

In this light, reconstructing investor protection under the P2SK regime is fundamentally a balancing exercise, one that harmonizes efficiency and justice, innovation and stability, market freedom and regulatory discipline.⁵⁰ The success of this reconstruction depends on the state's ability to maintain a responsive, proportionate, and philosophically grounded regulatory environment. As Indonesia's capital market continues to evolve, the P2SK Law establishes the structural foundation upon which more sophisticated investor-protection mechanisms can develop, ensuring that the legal system not only responds to contemporary financial-sector challenges but also anticipates future complexities in an increasingly digital and globalized economic landscape. The reconstruction of investor protection under the P2SK framework also requires a deeper assessment of how regulatory incentives shape market behaviour in the long run. Economic Analysis of Law posits that legal rules must not only deter misconduct but also promote efficient behaviour by reducing negotiation, monitoring, and enforcement costs. Within this paradigm, the P2SK Law's emphasis on enhancing reporting standards and streamlining supervisory mandates can be interpreted as an effort to internalize market discipline through higher transparency. When issuers and intermediaries face predictable and proportionate rules, the legal environment fosters voluntary compliance, which ultimately contributes to sustainable market integrity.⁵¹

Another essential aspect of this reconstruction lies in the alignment between legal rules and market expectations. Investors, particularly institutional investors, are highly sensitive to governance indicators such as the availability of reliable disclosures, the credibility of sanctions, and the availability of dispute-resolution mechanisms. By strengthening disclosure obligations and expanding OJK's authority, the P2SK Law reduces informational frictions that previously hindered investment flows.⁵² This alignment not only increases investor confidence but also enhances market liquidity, which

⁴⁸ H. Li, X. & Xu, "Tokenization and the Future of Investor Protection: Regulatory Challenges in Digital Securities," *Finance Research Letters*, 2022, <https://doi.org/DOI: 10.1016/j.frl.2022.103012>.

⁴⁹ R Hassan, M. & Rizk, "Risk-Based Financial Supervision and Regulatory Capacity in Emerging Markets," *Journal of Banking Regulation*, 2024, <https://doi.org/DOI: 10.1057/s41261-023-00218-4>.

⁵⁰ S Chen, Y. & Yoon, "Digital Financial Innovation and Regulatory Responses: An Empirical Assessment of Investor-Risk Exposure," *Journal of Financial Regulation and Compliance*, 2023, <https://doi.org/DOI: 10.1108/JFRC-08-2022-0109>.

⁵¹ Y Han, S. & Shin, "Voluntary Compliance and Legal Predictability in Capital Markets," *International Review of Law and Economics*, 2023, <https://doi.org/DOI: 10.1016/j.irle.2023.106204>.

⁵² R Bedendo, M. & Garcia, "Disclosure Credibility and Investor Reaction in Emerging Capital Markets," *Journal of Corporate Finance*, 2021, <https://doi.org/DOI: 10.1016/j.jcorpfin.2021.102079>.

in turn supports the deepening of Indonesia's capital market in accordance with global benchmarks. The philosophical dimension also plays a significant role in strengthening the normative foundation of investor protection. Classical thought suggests that law is effective only when it is perceived as legitimate and morally grounded. Socrates emphasized that compliance arises from respect for law, not fear of punishment. Applying this to the P2SK framework, ethical governance and transparent regulatory practices serve as moral signals that encourage compliance.⁵³ This reinforces the idea that regulatory legitimacy is a prerequisite for sustainable enforcement, especially in markets characterized by information asymmetry and rapid financial innovation.

Furthermore, Plato's view that law must guide societal behaviour toward virtue supports the incorporation of ESG principles within the P2SK regime. ESG-based governance not only addresses investor demands for ethical and sustainable corporate behaviour but also aligns financial performance with long-term social welfare. By mandating sustainability disclosures, the P2SK Law positions Indonesia's capital market to attract global investors who prioritize environmental and social accountability.⁵⁴ This integration of ethical governance into market operations reflects a philosophical commitment to harmonizing profit motives with broader societal obligations. Aristotle's notion of distributive and corrective justice also underpins key provisions in the P2SK Law. Distributive justice is reflected in expanded retail-investor access and the development of inclusive financing mechanisms such as securities crowdfunding. These initiatives democratize participation in the capital market, enabling small investors and MSMEs to access opportunities previously dominated by large institutional players. Meanwhile, corrective justice is reinforced through stronger enforcement mechanisms designed to protect minority shareholders from fraud, market manipulation, and insider trading.⁵⁵

The emergence of digital assets, tokenized securities, and alternative investment instruments adds further complexity to investor protection. While technological innovations offer speed, accessibility, and lower transaction costs, they also introduce novel risks such as cyber-fraud, algorithmic manipulation, and valuation opacity. The P2SK Law's expansion of OJK's supervisory mandate to include digital financial assets reflects a proactive regulatory stance aimed at mitigating these vulnerabilities. However, the law must remain adaptive, as rigid regulation may hinder innovation, while insufficient oversight may jeopardize market trust. A central challenge lies in maintaining proportionality between regulatory burdens and market benefits. Excessive compliance costs may discourage market participation, especially among small issuers and emerging platforms. Therefore, the implementation of the P2SK Law must incorporate risk-based

⁵³ J Wallace, "Legal Legitimacy and Compliance in Modern Financial Regulation," *Law & Policy*, 2023, <https://doi.org/DOI: 10.1111/lapo.12305>.

⁵⁴ G. et al Serafeim, "Sustainability Disclosure and Global Capital Allocation," *Review of Accounting Studies*, 2022, <https://doi.org/DOI: 10.1007/s11142-022-09724-0>.

⁵⁵ Z. Ahmad, "Minority Shareholder Protection and Enforcement Quality," *International Journal of Law and Management*, 2022, <https://doi.org/DOI: 10.1108/IJLMA-03-2022-0062>.

supervision to ensure that regulatory intensity is calibrated according to the risk profile of each entity. The implementation of Environmental, Social, and Governance (ESG) principles within the framework of the P2SK Law carries significant normative implications, yet it also requires balanced critical assessment. Increasingly complex sustainability reporting obligations and ESG standards have the potential to heighten compliance burdens, particularly for issuers with limited resource capacity. In practice, the risk of ESG formalism may arise when such obligations are fulfilled merely in an administrative manner without being accompanied by substantive changes in corporate behavior, ultimately leading to the phenomenon of greenwashing. Therefore, from both legal and economic perspectives, the implementation of ESG should be designed in a proportional and contextual manner. Effective ESG regulation is one that encourages the internalization of sustainability values through market incentives and sound corporate governance, rather than relying solely on expanded administrative obligations. This approach is consistent with the objectives of the P2SK Law to establish a capital market that is sustainable, efficient, and equitable, without imposing excessive burdens on market participants.

4. CONCLUSION

This article concludes that Law No. 4 of 2023 on Financial Sector Development and Strengthening (the P2SK Law) represents a pivotal reform of Indonesia's capital market governance by strengthening both regulatory efficiency and normative legitimacy. By integrating Economic Analysis of Law (EAL), Cost-Benefit Analysis (CBA), and classical legal philosophy, the study demonstrates that the expanded authority of the Financial Services Authority (OJK), the consolidation of supervisory mandates, and enhanced disclosure obligations contribute to lower transaction costs, reduced information asymmetry, and stronger investor confidence, thereby supporting market liquidity and long-term capital market deepening. At the same time, the reform advances justice-based governance by reinforcing investor protection and widening access for retail investors, reflecting Aristotle's distributive and corrective justice as a normative foundation for fair market participation and remedial enforcement against market abuse. The novelty of this study lies in the development of an integrative evaluation model that bridges efficiency-oriented legal analysis with philosophical justice, demonstrating that efficiency and justice are not competing objectives but can operate synergistically in designing sustainable capital market regulation. Accordingly, the study recommends that OJK prioritize risk-based and proportionate supervision to prevent regulatory overreach that may impose excessive compliance burdens on small and medium issuers, while simultaneously strengthening a balanced enforcement strategy combining preventive measures, incentives, and credible sanctions. Such an approach is essential to maintain legal certainty, foster voluntary compliance, and ensure that emerging regulatory domains—particularly digital financial innovation (e.g., tokenization and crowdfunding) and ESG implementation—contribute

substantively to market integrity, stability, and the global competitiveness of Indonesia's capital market.

REFERENCES

- Abdullah, M. & Azmi, N. M. "Investor Protection, Governance Quality and Capital Market Development in Emerging Markets." *Global Finance Journal*, 2022.
- Ahmad, Z. "Minority Shareholder Protection and Enforcement Quality." *International Journal of Law and Management.*, 2022. <https://doi.org/DOI: 10.1108/IJLMA-03-2022-0062>.
- Albar, R.A.H., Karo Karo, R., & Nindyatami, P. "Indonesia's Law No. 4 of 2023 and Consumer Protection in Digital Financial Services." *Transnational Business Law Journal* 3, no. 1 (2023): 66–76. <https://doi.org/DOI: 10.23920/transbuslj.v3i1.1217>.
- Albar. "Regulatory Consolidation under the P2SK Law and Digital Finance Governance." *Jurnal Hukum Ekonomi* 12, no. 1 (2023).
- Basak, S., Chabakaury, G., & Yavuz, M., D. "Investor Protection and Asset Prices." *Review of Financial Studies* 32, no. 12 (2019): 4905–4949. <https://doi.org/https://doi.org/10.1093/rfs/hhz038>.
- Bedendo, M. & Garcia, R. "Disclosure Credibility and Investor Reaction in Emerging Capital Markets." *Journal of Corporate Finance.*, 2021. <https://doi.org/DOI: 10.1016/j.jcorpfin.2021.102079>.
- Bentham, J. *The Principles of Morals and Legislation*. Amherst, NY: Prometheus Books, 2000.
- Bodenheimer, E. *Jurisprudence: The Philosophy and Method of the Law*. Harvard University Press, Cambridge, USA, 1974. <https://doi.org/https://doi:10.1017/S000305540029299X>.
- Chen, Y. & Yoon, S. "Digital Financial Innovation and Regulatory Responses: An Empirical Assessment of Investor-Risk Exposure." *Journal of Financial Regulation and Compliance.*, 2023. <https://doi.org/DOI: 10.1108/JFRC-08-2022-0109>.
- Djankov, S., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. "The Law and Economics of Self-Dealing." *Journal of Financial Economics* 88, no. 3 (2008): 430–465. <https://doi.org/https://doi.org/10.1016/j.jfineco.2007.02.007>.
- Haeberle, K. S. "Marginal Benefits of the Core Securities Laws." *Journal of Financial Regulation* 7, no. 2 (2021): 254–283. <https://doi.org/https://doi.org/10.1093/jfr/fjab008>.
- Hamzani, Achmad Irwan. "Socio-Legal Research in Normative Legal Studies." *USM Law Review* 1 (5AD): 45–60.
- Han, S. & Shin, Y. "Voluntary Compliance and Legal Predictability in Capital Markets." *International Review of Law and Economics.*, 2023. <https://doi.org/DOI: 10.1016/j.irl.2023.106204>.
- Hart, H.L.A. *The Concept of Law*. Oxford, United Kingdom: Oxford University Press UK, 1961. <https://doi.org/https://doi.org/10.1093/ajj/7.1.169>.
- Hassan, M. & Rizk, R. "Risk-Based Financial Supervision and Regulatory Capacity in Emerging Markets." *Journal of Banking Regulation*, 2024. <https://doi.org/DOI: 10.1057/s41261-023-00218-4>.
- Kotsantonis, S. & Serafeim, G. "ESG Integration in Capital Markets: Evidence and Implications." *Journal of Applied Corporate Finance*, 2021. <https://doi.org/DOI:>

10.1111/jacf.12473.

- Li, X. & Xu, H. "Tokenization and the Future of Investor Protection: Regulatory Challenges in Digital Securities." *Finance Research Letters.*, 2022. <https://doi.org/DOI:10.1016/j.frl.2022.103012>.
- Mill, J. S. "Utilitarianism. London: Parker, Son, and Bourn," 1863.
- Mutiara, Y.M., Kurniawan, W., & Mentari, N. "Securities Crowdfunding: Kajian Regulasi Pasar Modal Di Indonesia." *JIL: Journal of Indonesian Law* 5, no. 1 (2023): 38–60. <https://doi.org/DOI:10.18326/jil.v5i1.1855>.
- Nasution, Bismar. "Legal Certainty and Investor Protection in Capital Market Regulation." *Jurnal Hukum IUS QUIA IUSTUM* 28, no. 3 (2021): 401–20.
- Nguyen, Q. T. & Vo, X. V. "Financial Market Depth, Legal Enforcement, and Investor Confidence in Emerging Economies." *Pacific-Basin Finance Journal*, 2024. <https://doi.org/DOI:10.1016/j.pacfin.2024.102312>.
- Nicolae, S. *Plato: The Republic.*, 2022.
- Pirrong, C. "The Self-Regulation of Commodity Exchanges: The Case of Market Manipulation." *Journal of Law & Economics* 38, no. 1 (1995): 141–75. <https://doi.org/https://doi.org/10.1086/467328>.
- Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R La. "Investor Protection and Corporate Governance." *Journal of Financial Economics* 58, no. 1–2 (2000): 3–27. [https://doi.org/https://doi.org/10.1016/S0304-405X\(00\)00065-9](https://doi.org/https://doi.org/10.1016/S0304-405X(00)00065-9).
- . "Law and Finance." *Journal of Political Economy* 106, no. 6 (1998): 1113–55. <https://doi.org/https://doi.org/10.1086/250042>.
- . "Legal Determinants of External Finance." *Journal of Finance* 52, no. 3 (2012): 1131–50. <https://doi.org/https://doi.org/10.1111/j.1540-6261.1997.tb02727.x>.
- Posner, Richard A. "Economic Analysis of Law. Aspen Law Business.," 1998.
- . "The Ethical and Political Basis of the Efficiency Norm in Common Law Adjudication." *Hofstra Law Review* 8, no. 3 (1980). <https://doi.org/https://scholarlycommons.law.hofstra.edu/hlr/vol8/iss3/2>.
- Puspita, R.E., Iskandar, I., & Tandio, T. "The Impact of the Law No 4/2023 on the Development and Strength of the Financial Sector (P2SK): Is Crypto Getting Brighter?" *He International Journal of Financial Systems* 2, no. 1 (2023): 91–112. <https://doi.org/DOI:10.61459/ijfs.v2i1.39>.
- Rifa'i, Ahmad. "Normative Legal Research and Its Methodological Implications." *USM Law Review* 4, no. 2 (2021): 215–30.
- Serafeim, G. et al. "Sustainability Disclosure and Global Capital Allocation." *Review of Accounting Studies.*, 2022. <https://doi.org/DOI:10.1007/s11142-022-09724-0>.
- Steuer, S.& Hille, E. "The Role of Disclosure in Green Finance." *Journal of Financial Regulation* 8, no. 1 (2022): 1–35. <https://doi.org/https://doi.org/10.1093/jfr/fjac001>.
- Wallace, J. "Legal Legitimacy and Compliance in Modern Financial Regulation." *Law & Policy*, 2023. <https://doi.org/DOI:10.1111/lapo.12305>.
- Wihlborg, C. & Persson, M. "Regulatory Efficiency, Systemic Risk and Market Stability." *Journal of Financial Stability.*, 2022. <https://doi.org/DOI:10.1016/j.jfs.2023.100999>.