

# JURIDICAL PROBLEMS ON COOPERATIVE BANK REGULATIONS ON INDONESIA'S ECONOMIC GOALS

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## **Abstrak**

This paper is concerned with the juridical problems on cooperative banks' regulations on Indonesia's goals stated in the 1945 Constitution Republic of Indonesia. The problems arise due to the absence of commercial banks in the form of cooperative banks. Furthermore, Indonesia has a minimum number of cooperative rural banks (BPR Co). Currently, OJK registered only 19 BPR Co out of 1545 BPRs (0.01%). The study aims to examine the juridical problems of cooperative bank regulation in Indonesia's goals as stated in the 1945 Constitution. It is normative research, analyzed qualitatively and presented in a descriptive. The study reveals that the Government and the Financial Services Authority (OJK) have no intention of further regulating the legal form of Cooperative Banks. We can see it from the non-accommodation of Cooperative Banks in Law on Syariah Banking. In addition, we could also see it from the absence of regulation on Cooperatives Commercial Bank in OJK Regulation. Therefore, it is not surprising that no commercial banks in Indonesia are in the legal form of cooperative.

**Keywords:** Regulation; Bank; Cooperative; Cooperative Bank

## Introduction

Article 33 paragraph (1) of the 1945 Constitution of the Republic of Indonesia, states that "the Indonesian economy should have constructed as a joint effort based on the principle of kinship." In this regard, the proclaimer of Indonesia, Mohammad Hatta, explained that "kinship" is meant "cooperative."<sup>1</sup> The Law on Cooperatives (Law No. 25 of 1992) explains that cooperative means anything that concerns the life of Cooperative Societies. A Cooperative Society is a business enterprise having individuals or registered Cooperative Societies as members whose activities are based on cooperative principles and simultaneously as a people's economic movement based on the principle of brotherhood. Therefore, cooperatives have a significant role in social-economic development in Indonesia. The whole people's economy must base on cooperatives.

Banks are one of the economic organizations that affect many people in Indonesia. The Law on Banking (Law No. 10 of 1998) explains "bank" is a corporate entity mobilizing funds from the public in the form of Deposits and channeling them to the public in the forms of Credit and/or other forms to improve the living standards of the ordinary people. Banks is a financial institution whose function is to mobilize public funds and subsequently channel them for practical use or investment. This function is known as a "financial intermediary."<sup>2</sup> This function makes the bank one of the pillars in driving the wheels of the economy (an agent of development) that supports the implementation of national development.<sup>3</sup>

Referring to Article 33, paragraph (1) of the 1945 Constitution and the role of banking institutions in the Indonesian economy,

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<sup>1</sup> Muhammad Hatta, *Membangun Koperasi dan Koperasi Membangun*. (Jakarta: PT Kompas Media Nusantara, 2015), hlm. 3

<sup>2</sup> Zulkarnain Sitompul, *Perlindungan Dana Nasabah: Suatu Gagasan Tentang Pendirian Lembaga Penjamin Simpanan di Indonesia*. (Jakarta: Universitas Indonesia, 2002), hlm. 1.

<sup>3</sup> Hermansyah, *Hukum Perbankan Nasional Indonesia*, (Jakarta: Kencana, 2004), Hlm 41.

cooperative banks should become organizations that support the Indonesian economy. In other words, cooperative banks are an economic organization aspired to and wanted by the Indonesian people, as stated in the 1945 Constitution.

The implementation of the mandate of Article 33 paragraph (1) of the 1945 Constitution, Article 21 The Law on Banking (Law No. 7 of 1992) as amended by Law No. 10 of 1998 is to regulate that a commercial bank or rural bank may be established in one of the following legal forms: (a) Limited Liability Company, (b) Cooperative, or (c) Regional Government Enterprise. Therefore, cooperative banks have been cleared of legal standing in Indonesia Law.

Although there are regulations that regulate cooperative banks in Indonesia, the implementation was unsatisfying. Based on Financial Services Authority (OJK) data, none of the commercial banks in Indonesia are in the form of cooperatives. At least OJK registered 100 national, private, and regional government commercial banks, but none is a Cooperative Bank. All commercial banks are in the legal form of limited liability companies or regional government enterprises.<sup>4</sup>

Supposing that the cooperative commercial bank was difficult to establish because it must have significant capital. In that case, rural cooperative banks should be established much more than rural banks in the legal form of limited liability companies. However, the reality is disappointing. Of the 1545 rural banks, there are only 19 rural cooperative banks registered by OJK, less than 0.01%.<sup>5</sup>

In the history of banking, Indonesia ever had cooperative commercial banking, namely: Bank Umum Koperasi Sumatera Utara (September 10, 1969); Bank Umum Koperasi Kalimantan Selatan (April 13, 1970); Bank Umum Koperasi Kahoeripan (September 12, 1970); Bank Umum Koperasi Jawa Barat (February 11, 1971); Bank Umum

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<sup>4</sup> OJK. *www.ojk.go.id*. Diambil kembali dari Otoritas Jasa Keuangan : <https://www.ojk.go.id/id/kanal/perbankan/data-dan-statistik/Pages/Daftar-Alamat-Kantor-Pusat-Bank-Umum-Dan-Syariah.aspx>, diakses tanggal 27 Januari 2021.

<sup>5</sup> *Ibid.*

Koperasi Indonesia (March 16, 1971); and Bank Umum Koperasi Sulsel (April 10, 1986). Then all those cooperative commercial banks merged into Bank Umum Koperasi Indonesia (Bukopin) as the only Cooperative Commercial Bank in Indonesia. However, on February 25, 1993, Bukopin changed its business legal form from a cooperative to a limited liability company.<sup>6</sup> Therefore, since 1993 there have not been any more cooperative commercial banks in Indonesia.

The absence of cooperatives commercial banks and the minimal number of rural cooperative banks registered by OJK makes it clear that the Indonesians have run away from the economic goals mandated by Article 33 paragraph (1) of the 1945 Constitution. The Indonesian economy should have been structured as a joint effort based on the principles of kinship (cooperatives). However, the Indonesian economy was constructed on a profit-oriented capitalist system (limited liability companies).

In connection with the above explanation, we need a study related to the juridical problem of regulations on cooperative banks. It is worth examining how the impact of regulations on the existence of Cooperative Banks in Indonesia. In addition, it is necessary to analyze the regulator's role so that cooperative banks continue to exist in Indonesia.

Some studies discuss cooperative banks. However, the studies have not examined the juridical problems on the cooperative bank regulation in Indonesia goals as stated in the 1945 Constitution. Ningrum informed that the chance for the cooperative to conduct banking business activities should not be eliminated if the cooperative does not develop. However, it is necessary to make some efforts to make it grow well.<sup>7</sup> Camelia and Hasyim explained that cooperative development has some difficulties because of internal and external

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<sup>6</sup> Bank Bukopin, "Data Pokok Posisi Desember 2013 PT. Bank Bukopin, Tbk," Jakarta, 2013, [www.bukopin.co.id](http://www.bukopin.co.id).

<sup>7</sup> Dian Cahyaningrum, Bentuk Badan Hukum Koperasi Untuk Menjalankan Kegiatan Usaha Perbankan, Negara Hukum: Membangun Hukum, June 20, 2017.

problems.<sup>8</sup> Zain informed that cooperative development goes up and down due to political policy in Indonesia.<sup>9</sup>

### Theoretical Basis of Cooperative Banks

International Cooperative Alliance (ICA) defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." (ICA, 2021). The cooperatives have important roles and become an instrument in the social-economic development of the community by enhancing social protection through job creation, reducing poverty, and providing social protection.<sup>10</sup>

Cooperative movements in Indonesia have been established since the colonialism era (Dutch and Japan). Cooperative was categorized into several types, namely: saving and credit cooperative, consumer cooperatives; producers cooperative; marketing cooperatives; and service cooperatives. All types of cooperatives are also identified as people's cooperatives.<sup>11</sup> In 1952, the Government of Indonesia determined to establish a cooperative credit bank in every province in Indonesia. Such regulation has become the backbone of the people's cooperative in Indonesia.<sup>12</sup>

Cooperative Bank is a business entity that provides services to members and non-members. However, unlike shareholder banks (limited liability companies), cooperatives banks do not seek to

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<sup>8</sup> Camelia Fanny Sitepu and Hasyim, "Perkembangan Ekonomi Koperasi Di Indonesia," *Niagawan*, 2018.

<sup>9</sup> M A Zain, "Politik Hukum Koperasi Di Indonesia (Tinjauan Yuridis Historis Pengaturan Perkoperasian Di Indonesia)," *Jurnal Penelitian Hukum-Fakultas Hukum Universitas Gajah Mada*, 2015.

<sup>10</sup> International Cooperative Alliance (ICA), *Statement of the Cooperative Identity*. 2007, <<http://www.ica.coop/coop/principles.html>> .

<sup>11</sup> Camelia Fanny Sitepu and Hasyim, "Perkembangan Ekonomi Koperasi Di Indonesia."

<sup>12</sup> Muhammad Hatta, *Membangun Koperasi dan Koperasi Membangun*. (Jakarta: PT Kompas Media Nusantara, 2015).

maximize profits for the shareholder but rather increase capital and long-term growth.<sup>13</sup> Cooperative banks are understood as "dual bottom-line institutions" in the sense that the purpose of cooperative banks is to pursue profits (profits) and at the same time to survive and develop without profit as the main goal (primary bottom-line objective).<sup>14</sup>

The four principles of cooperatives that distinguish them from shareholder-based banks are: (a) self-help, cooperatives are owned by members and governed by members to achieve defined economic and social goals. (b) Identity: most cooperatives have memberships concentrated at the local or regional level and meet members' financial needs, individuals, community groups, and small companies (MSMEs). (c) Democracy, each member only has one vote, no matter how much capital (shares) he has. It can suppress the control and influence of one person to control the cooperative institution. (d) Cooperation among cooperatives when viewed individually, financial cooperatives are often small. However, they usually do not compete due to geographical limitations, and they have established cooperative arrangements to succeed in economies of scale and scope.<sup>15</sup>

Referring to the European Association of Cooperative Banks (EACB), some things that distinguish cooperative banks from banks with other legal forms (EACB, 2021) are: First, member ownership. Cooperative banks are owned by participating members whose also cooperative bank debtors. These members can be local entrepreneurs, farmers, or craftsmen. This diversity of members can undoubtedly prevent the dominance of the interests of one person or a particular group, unlike a shareholder bank (limited liability company), which its majority shareholder can control. Second, one person one vote, each member has the same vote in determining the direction of cooperative

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<sup>13</sup> McKillop, Donal, et al. "Cooperative Financial Institutions: A Review of the Literature." *Journal Pre-proof* (2020), hlm. 1.

<sup>14</sup> J.H.E Christensen, E. Hansen and D. Lando. " Confidence Sets for Continuous-Time Rating Transition Probabilities." *Jurnal of Banking and Finance* (2004).

<sup>15</sup> *Ibid.*

bank policies, such as choosing the chairman of the cooperative management. In other words, members and debtors of a cooperative bank are part of the organic structure of the bank. It is different from a shareholder bank (limited liability company) with the principle of one share, one vote. The majority shareholders can control the banks.

Third, maximizing members' benefit/surplus. Cooperative banks focus on maximizing profits for their members in a non-speculative action and long-term plan. Fourth, is resilience. Cooperative banks have a lower risk than shareholder banks (limited liability companies). Since cooperative banks are rooted in the local economy, they could anticipate and adapt to local circumstances. Fifth, strong commitment to social values. Initially, cooperative banks were established as a legal form that resisted financial exclusion. Cooperative banks have strong roots in the local economy and benefit the local community, with a slogan from the members to the members.

As explained in the introduction, Article 33 paragraph (1) of the 1945 Constitution stated that "the economy is structured as a joint effort based on the principle of kinship." Therefore, all laws and regulations in Indonesia's economic sector should regulate and involve the spirit of cooperatives. It is necessary to analyze the regulation of cooperatives banks based on the principle *lex superior derogat legi inferiori*. In a sense, higher-level laws take precedence over lower-level regulations. This principle is identical to the theory of Hans Kelsen, known as "Reine Rechtslehre" or "The pure theory of law."<sup>16</sup> Hans Kelsen's theory stated that every legal system is an arrangement of rules (*stufenbau*). Thus, a legal system is a hierarchical system of rules.<sup>17</sup>

Article 7 paragraph (1) The Law on Establishment of Legislation (Law No. 12 of 2011), the types and hierarchies of laws and regulations consist of: (a) the 1945 Constitution of the Republic of Indonesia; (b)

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<sup>16</sup> A.Wangsawidjaja, Z, *Problem Dan Penyelesaian Pembiayaan Macet Pada Unit Usaha Syariah Bank Umum Milik Pemerintah*, (Jakarta: Disertasi Doktor Universitas Islam Negeri Jakarta, 2011), hlm. 11.

<sup>17</sup> Soerjono Soekanto, *Pengantar Penelitian Hukum*, (Jakarta: UI-Pres, 1984), hlm 52.

Decree of the People's Consultative Assembly; (c) Laws; (d) Government Regulations; (e) Presidential decree; (f) Provincial Regulation; and (g) Regency/City Regional Regulation. Furthermore, Article 8 of Law 12/2011 also stated that "Types of Legislation other than those referred to in Article 7 paragraph (1) include regulations stipulated by... Bank Indonesia, the Minister, agency, institution, or a commission of the same level established by Constitution". Therefore, the laws and regulations in the banking sector should have the same spirit as the 1945 Constitution as the highest level of law in Indonesia. Cooperative banks should be regulated clearly, thus confirming the existence of cooperatives as a legal form of banking business activities.

### **Analysis of Law on Banking**

The Law that regulates banking and banking activities in Indonesia is the Law on Banking (Law No. 7 of 1992) as amended by Law No 10 of 1998. In addition, there is also a Law that regulates banking related to sharia principles in Indonesia, which is the Law on Sharia Banking (Law No. 21 of 2008). The analysis of the Law on Banking and Law on Syariah Banking could confirm the existence of Cooperative Banks in Indonesia.

Article 21 Law on Banking regulated that a commercial bank or a rural bank may be established in one of the following legal forms: a. Limited Liability Company; b. Cooperative; or c. Regional Government Enterprise. Article 1 paragraph 22 and Article 52 paragraph (2) Law on Banking also mentioned cooperatives bank organs, such as the meeting of cooperative members and board of management. Furthermore, Article 24 Law on Banking regulated "The ownership of a Commercial Bank and a Rural Bank established in the form of a cooperative shall be based on the provisions of the prevailing cooperative law." It means that the ownership of a Cooperative Bank shall be referred to Law on Cooperative (Law No. 25 of 1992). Consequently, Law on Banking is still in line with the 1945 Constitution by providing precise regulation for Cooperative Banks.

On the other hand, Law on Syariah Banking does not regulate and even mentions cooperatives as legal entities for Syaria Banks. Article 7 Law on Syaria Banking explicitly states that "The legal entity form of a Sharia Bank is a limited liability company." Hence, there is no space and possibility for Syaria Banks to take the legal form of a cooperative. Strictly and clearly, Law on Syariah Banking eliminates the existence of cooperative banks in Indonesia. By not accommodating the cooperative bank, Law on Syariah Banking has not fully implemented the mandate of Article 33 paragraph (1) of the 1945 Constitution.

Supposing that we are referring to the regulations under the Law on Banking, some regulations could confirm the existence of cooperative banks in Indonesia. The regulation was issued by Financial Services Authority (OJK). As a regulator, OJK should regulate matters related to the establishment and the capital of cooperative banks. Either it is as cooperative commercial banks or rural cooperative banks. At least several regulations must be analyzed: Financial Services Authority Regulation on Commercial Banks (POJK No. 12 of 2021) and Financial Services Authority Regulation on Rural Banks (POJK No. 62 of 2020).

Taking into account Article 3 POJK No. 12 of 2021, it stated that "The legal entity form of Bank Legal Entities is carried out following the provisions of the legislation." The problems appear when OJK does not explicitly state that one of the legal forms for commercial banks is cooperatives. It looks like OJK intends to eliminate the existence of cooperative commercial banks in Indonesia indirectly.

Whereas previously, the Bank Indonesia Regulation ("PBI") on Commercial Banks explicitly regulated the cooperatives' commercial banks. Article 3 of PBI on Commercial Bank (PBI No. 11 of 2009), as amended with PBI No. 13 of 2011, stated that the legal form of Commercial banks could be the legal form of Cooperatives. Article 7 of PBI No. 13 of 2011 also regulated the principle license for cooperatives commercial banks. Furthermore, Article 1 PBI No. 13 of 2011 defined and equalized the cooperative management as the board of directors

and the cooperative supervisory as the board of commissioners in shareholder banks (limited liability companies).

However, OJK revoked PBI No. 11 of 2009 and PBI No. 13 of 2011 as stated in Article 158 letter (a) POJK No. 12 of 2021. With the unclear and unequivocal setting of cooperative commercial banks in POJK No. 12 of 2021, it could be concluded that regulation has not fully implemented the mandate of Article 33 paragraph (1) of the 1945 Constitution and Law on Banking.

On the other hand, POJK No. 62 of 2020 explicitly regulated Cooperative Banks as a legal form of rural banks. These arrangements include: (a) Article 1 number 13 and number 14 of POJK No. 62 of 2020 mentions the organs of management and supervisors of cooperatives. (b) Article 4 of POJK No. 62 of 2020 explicitly stated that rural banks could be in the legal form of a cooperative. (c) Article 6 of POJK No. 62 of 2020 regulated the capital of rural cooperative banks. (d) Article 42 of POJK No. 62 of 2020 expressly stipulated the limits on the ownership of the rural cooperatives banks.

It explains that OJK is inconsistent in regulating the cooperative banks in Indonesia. POJK No. 62 of 2020 stipulated that one of the legal forms of rural banks is cooperatives, but POJK No. 12 of 2021 did not explicitly mention the cooperative commercial bank. Of course, this raises a question mark. Did OJK intentionally remove a cooperative commercial bank from its regulation? If so, the existence of cooperative commercial banks is increasingly fading in Indonesia.

Therefore, it is not surprising that there are no cooperative commercial banks in Indonesia. From the 1545 rural banks registered by the OJK, there are only 19 rural cooperative banks, less than 0.01%. As data below:

No	Nama BPR	Kabupaten/Kota
1	KOP. BPR Tanjung Raya	Kota Bandung
2	KOP. BPR Bara Ujungberung	Kota Bandung
3	KOP. BPR Wedariyaksa	Kab. Pati

No	Nama BPR	Kabupaten/Kota
4	KOP. BPR Bank Pasar Patma	Kab. Klaten
5	KOP. BPR Jetis	Kab. Ponorogo
6	KOP. BPR Wijaya Kusuma	Kota Madiun
7	KOP. BPR Babadan	Kab. Ponorogo
8	KOP. BPR Arta Kencana	Kab. Madiun
9	KOP. BPR Surya Kencana	Kab. Jember
10	KOP. BPR Eka Usaha	Kab. Jember
11	KOP. BPR Tanggul Makmur	Kab. Jember
12	KOP. BPR Sejahtera	Kab. Mojokerto
13	KOP. BPR Bumi Arta	Kab. Jombang
14	KOP. BPR Abang Pasar	Kab. Gowa
15	KOP. BPR Semanding	Kab. Tuban
16	KOP. BPR Takeran	Kab. Magetan
17	KOP. BPR Tawang Alun	Kab. Banyuwangi
18	KOP. BPR VII Koto	Kab. Padang Pariaman
19	KOP. BPR Ingin Jaya	Kab. Aceh Besar

Since 1952, the Government had a big plan to establish a cooperative credit bank in every province in Indonesia (Hatta, 2015), but the realization is still far from it. The plan had been implemented from 1969 to 1993. However, the dreams ended when the Government let or "push" Bank Umum Koperasi Indonesia (Bukopin) to change its legal form from a cooperative to a limited liability company (Bank Bukopin, 2013). The situation happened because the Government did not intend to regulate cooperative banks further and seriously. It could be seen that there is no explicit regulation of the cooperative banks, either in Law on Syariah Banking or POJK No. 12 of 2021.

### **The Roles of Government and OJK in the Existence of Cooperative Banks**

Of course, Cooperative Banks have various weaknesses. These weaknesses can be related to its capital, human resources, regulation, supervision, or dissolution. The Government explained this weakness

in the meeting with Commission XI of the Indonesian House of Representatives and Bank Indonesia (Now as OJK) in 2013 (Cahyaningrum, 2017).<sup>18</sup> The meeting stated that cooperatives have many weaknesses when applied to banks due to various factors. First, cooperatives are to lack of reliable capital. Second, a lack of qualified human resources that can become managers or sit in the managerial ranks of the bank because the management was taken from members of the cooperative.

Third, there is a dualism in banking implementation and supervision regulation between OJK and the Ministry of Cooperatives and Small and Medium Enterprises. Fourth, it is difficult to make decisions on a cooperative bank that is a combined legal entity, especially if the number of cooperative members is quite significant because the meeting of cooperative members as the highest organ of the cooperative is challenging to hold at any time. Fifth, the transfer of a bank incorporated as a cooperative into a savings and loan cooperative if it is dissolved by OJK for any reason, for example, being sanctioned or the bank is bankrupt so that it is feared that it could harm the customers.

If the Government or OJK wants to develop Cooperative Banks, they can regulate Cooperative Banks individually. Separate from other banks' regulations. If the problem is related to capital, OJK must regulate the capital of the cooperatives' banks to be more flexible. Capital regulation for the cooperative bank cannot be the same as shareholder bank (limited liability company). OJK can make rules and conduct a proper fit test for cooperative management if the problem is with human capital. OJK does it to the director or the commissioner shareholder bank (limited liability company). When the problem is regarding decision-making, it can be resolved with precise regulation. Even in the Revolution 4.0 era, all things can be decided quickly.

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<sup>18</sup> Dian Cahyaningrum, "Bentuk Badan Usaha Koperasi untuk Menjalankan Kegiatan Usaha Perbankan," (Negara Hukum 2017), hlm, 2.

Therefore, the Government's reason for abolishing the existence of Cooperative Banks seems far-fetched. As regulators, the Government and OJK have the authority to make unique and individual rules to regulate the bank cooperatives.

The weaknesses of Cooperative Banks are not appropriate reasons for the Government or OJK to abolish cooperative bank arrangements in Indonesia. Even it is getting sadder if the government "indirectly" through regulations issued to force the Cooperative Banks that exist today to become limited liability companies. If this happens, then the Government has abolished the existence of Cooperative Banks in Indonesia. The action contradicts the mandate of Article 33, paragraph (1) of the 1945 Constitution.

The facts prove that Cooperative Banks can develop rapidly in other parts of the world. Even in a country that is quite well known as a capitalist country. Based on the 2020 Annual Report of the European Association of Co-operative Banks ("EACB"), Cooperative Banks could survive and develop well. In 2020, EACB represented nearly 2,700 Cooperative Banks of small, regional, or large scale in Europe or internationally. EACB members have spread across Europe: Austria, Bulgaria, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, United Kingdom. EACB members also exist outside Europe, such as Canada, Japan, and Switzerland. EACB published that the number of members of Cooperative Banks is 85 million people. One in five Europeans is a member of a Cooperative Bank. As members of the EACB, Cooperative Banks in Europe have 705,000 employees in 41,521 branches. Meanwhile, the total deposits at the cooperative bank are EUR 4,153,902 million, with total assets of EUR 7,932,356 million (EACB, 2021).

Thus, it is clear that Cooperative Banks can thrive and survive in developed countries like Europe, Canada, Japan, and Switzerland. Then, why do cooperative banks not survive in Indonesia? Although, The Indonesian Constitution in Article 33 paragraph (1) of the 1945

Constitution explicitly states that the economy is structured based on kinship (cooperatives). For this reason, the Government must provide clear and detailed rules regarding the legal form and the business activities of the Cooperative Banks so that the existence of Cooperative Banks in Indonesia will be maintained and even better developed.

### **Conclusion/Concluding Remarks**

The Government and the Financial Services Authority (OJK) have no intention of further regulating the legal form of Cooperative Banks. It can be seen from the non-accommodation of Cooperative Banks in Law on Syariah Banking. In addition, it could be seen from the absence of regulation on Cooperatives Commercial Bank in OJK regulations. It is not surprising that no commercial banks in Indonesia are in the legal form of cooperative. Of the 1545 rural banks registered by the OJK, there are only 19 rural cooperative banks, not up to 0.01%. The Government's reason for abolishing the existence of Cooperative Banks seems far-fetched. As regulators, the Government and OJK have the authority to make unique and individual rules to regulate Cooperative Banks. The weaknesses of Cooperative Banks were not appropriate reasons for the Government or OJK to abolish the regulation on Cooperative Bank in Indonesia. Even sadder if the government "indirectly" through the regulations issued to force the existing Cooperative Banks today to become limited liability companies. If it happens, then the Government has abolished the existence of Cooperative Banks in Indonesia. The action contradicts the mandate of the Constitution of the Republic of Indonesia.

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