Edelweiss Applied Science and Technology
ISSN: 2576-8484
Vol. 9, No. 9, 1034-1046
2025
Publisher: Learning Gate
DOI: 10.55214/2576-8484.v9i9.10041

Liability of limited liability companies through the single economic doctrine

Raminda Unelly Maret Sembiring[1*], Tarsisius Murwadji[2], Nyulistiowati Suryanti[3]
[1,2,3]Faculty of Law, Padjajaran University, Indonesia; ramindasembiring80@gmail.com (R.U.M.)

Abstract: The existence of business groups is currently growing rapidly because they can serve as a solution for companies to strengthen their defenses in facing various challenges of free trade. The Single Economic Entity Doctrine theory views the relationship between parent and subsidiary companies, where the subsidiary does not have independence in determining the company's policy, as a single economic entity. The degree of independence of a subsidiary can be assessed through various factors, including the parent company's control over the subsidiary's board of directors, the profits enjoyed by the parent company from the subsidiary, and the subsidiary's compliance with policies set by the parent company, such as those related to marketing and investment. The application of the Single Economic Entity Doctrine in Indonesian competition law has sparked considerable controversy, mainly because Indonesia does not yet recognize this doctrine. Additionally, Law No. 40 of 2007 on Limited Liability Companies (UUPT) adheres solely to the principle of independent legal entities and does not mention business groups, nor does it incorporate extraterritoriality.

Keywords: *Abuse of legal entity, Corporate law, Corporate liability, Economic integration, Group of companies, Joint liability, Limited liability companies, Piercing the corporate veil, Shareholder protection, Single economic entity doctrine.*

1. Introduction

ASEAN's economic growth after the COVID-19 pandemic shows a stable trend, with Indonesia as the main driving force. In the first quarter of 2025, Indonesia's GDP growth reached 4.87%, making it the largest economy in the ASEAN region. The development of the digital economy has also been significant, with the value of digital transactions in Southeast Asia reaching USD 263 billion in 2024, an annual increase of 15% [1]. The *fintech* industry has become an important sector in Indonesia, with a valuation of USD 40 billion in 2019 and an estimated value of over USD 130 billion in 2025. The main driving factors are government policy support and changes in consumer behavior. The government, through the OJK and Bank Indonesia, has relaxed interest rate regulations and registration requirements to encourage economic recovery [2]. Demographic conditions, with a predominantly young population, further strengthen the prospects for the fintech market [3].

Indonesia has a large demographic bonus with half of its population under the age of 30. According to a report by DailySocial, 69.3% of young people are classified as *"digital* natives" and are very enthusiastic about technology-based financial consumption [4]. This change in digital consumption patterns is an important factor in accelerating the development of national fintech. However, this rapid development also poses regulatory challenges. The government has responded by strengthening the compliance framework to prevent financial risks. For example, the 2022 Personal Data Protection Law mandates the principles of data minimization, notification of violations within 72 hours, and requirements for cross-border data transfers with protection standards equivalent to those in Indonesia. Penalties for non-compliance can reach USD 3.8 million [5].

Amidst these great opportunities, companies that fail to adjust their business strategies to comply with regulations could potentially suffer significant losses. Meanwhile, China has controlled

History: Received: 11 July 2025; Revised: 2 September 2025; Accepted: 5 September 2025; Published: 16 September 2025
* Correspondence: ramindasembiring80@gmail.com

more than half of the global *fintech* patent market share in 2022, making international expansion a strategic priority [6]. Southeast Asia, particularly Indonesia, has become a prime investment destination due to its market appeal and government incentives. Indonesia established Special Economic Zones (SEZs) that provide tax breaks for foreign investors based on Law No. 39 of 2009 [7]. However, the complexity of Indonesia's legal system poses its own challenges. Indonesian law is influenced by written law, customary law, Islamic law, religious law, and the Dutch colonial legal heritage based on the Pancasila ideology. This situation requires foreign companies to pay attention to local religious and customary norms in their business operations [8].

Regulatory differences among Southeast Asian countries further complicate the expansion of foreign companies. For example, Indonesia transferred the supervision of crypto from Bappebti to OJK, while Singapore distinguishes between payment tokens and security tokens [9]. These differences require comparative analysis so that compliance strategies can be adjusted effectively. From a research perspective, it is important to highlight the compliance difficulties faced by Chinese *fintech* companies in Indonesia. Case analysis and regional comparisons are the main approaches to identifying business solutions. This research is not only academically relevant, but also has direct practical implications for the sustainability of *fintech* expansion. Thus, the research is directed at finding the right strategy for Chinese digital finance models to adapt to the complexity of Indonesian law.

The development of digital finance in Indonesia continues to increase, especially in the electronic payment and P2P lending sectors. In 2021, the volume of electronic payment transactions jumped 52% with OVO, GoPay, and DANA as the main players [10]. Since the introduction of QRIS in 2019, more than 52.55 million consumers and 33.77 million businesses have been connected as of 2024. Transactions increased by 226.54% annually in 2023. The government also launched the 2021–2024 Digital Indonesia roadmap and formed the P2DD Working Group to strengthen digital policy coordination [11]. As a result, the climate for *fintech* growth has become more conducive. In 2023, 26 *fintech* companies successfully raised collective funding of USD 494 million. The influx of Chinese capital into this sector has further strengthened Indonesia's digital structure [12].

Despite promising growth, the financial challenges facing Indonesians remain significant. A recorded 95 million people do not have bank accounts, indicating low access to traditional financial services [13]. In addition, MSMEs face a credit gap due to the limitations of conventional financial institutions. This situation has created high demand for technology-based lending services. P2P lending has become a flexible and quick solution to fill this gap. However, this rapid development requires regulatory revisions to maintain market stability. Since 2020, Indonesia has updated its internet finance legal framework. The reforms cover personal data protection, data subject rights, and litigation and criminal sanction mechanisms [14].

The 2023 P2SK Law brings significant changes to *fintech* governance. This regulation confirms that starting in 2025, the OJK will become the main authority in overseeing technological innovation in the financial sector, including crypto [15]. The transfer of authority from Bappebti to OJK will take place within 24 months after the law is passed. In addition, POJK No. 40/2024 relaxes foreign ownership limits in the *fintech* industry, but adds minimum capital requirements, disclosure of ultimate beneficial owners, and a ban on aggressive collection practices [16]. Indonesia is also strengthening its *anti-fraud* strategy through a special 2024 regulation that requires the establishment of a *fraud* control unit. This step creates a more systematic and effective prevention framework to maintain financial sector stability.

Foreign investment access policies are also increasingly complex. Indonesia applies the principles of business isolation, data localization requirements, and restrictions on share ownership structures [17]. For example, foreign ownership of electronic money institutions is limited to 49%, while for P2P lending it can reach 85% under certain conditions. The licensing process involves a minimum capital of IDR 100 billion, a 6-12 month *sandbox* trial, and a formal license application. This procedure takes around 18 months, but it still attracts investors due to the size of the domestic market. Thus, foreign investment must go through a long and strict process in order to enter Indonesia's digital financial sector. This shows the high compliance standards set by the government.

Given the complexity of these regulations, this study emphasizes the importance of comparing Indonesia with other countries such as China, Singapore, and Malaysia. Differences in legal and regulatory systems provide an overview of the various models of digital finance supervision. For example, China implemented strict regulations after 2017 with a "*risk prevention*" approach, while Indonesia adopted a more open but still supervised "*risk* mitigation" approach [18]. Singapore prioritizes institutional rationalism with an integrated MAS-based framework, while Malaysia emphasizes financial inclusion through a flexible innovation sandbox [19]. This comparative analysis is crucial for identifying the right strategy for Chinese fintech companies in Indonesia. In this way, an adaptive compliance model can be found that is in line with the legal, cultural, and social context of Indonesia.

The complexity of regulations in the digital finance sector also highlights the significant challenge of striking a balance between innovation and oversight. On the one hand, countries want to encourage the growth of the digital industry as a new economic engine, but on the other hand, there are concerns about systemic risk, consumer protection, and market stability. China's experience shows how the dominance of giant technology companies can lead to monopoly risks and threats to monetary authority. Meanwhile, Singapore has proven that a consistent and transparent regulatory framework can provide space for innovation without sacrificing stability. From this comparison, Indonesia needs to formulate a more balanced approach so that innovation can flourish while risks are effectively controlled.

In addition to regulatory challenges, legal culture and social structure also play an important role in determining the effectiveness of policy implementation. In Indonesia, the varying levels of digital literacy among the population mean that supervision of the fintech sector requires a more inclusive approach. Regulations are not enough to be written in legal norms, but must also be able to be applied in practice through socialization, education, and institutional strengthening. Unlike Singapore, whose people have a high level of financial literacy, or China, which has strong state control, Indonesia needs a layered and adaptive supervisory model. This condition confirms that comparative analysis cannot be separated from the socio-cultural context of each country.

Another urgent issue that has arisen is the need for synergy between institutions in regulating the *fintech* sector. The OJK, Bank Indonesia, and the Ministry of Communication and Information Technology have different roles, but all intersect in the digital financial ecosystem. Regulatory fragmentation can lead to legal uncertainty and potentially hinder industry growth. Therefore, comparisons with other countries provide valuable lessons about the importance of strong institutional governance. For example, MAS in Singapore has successfully become the sole authority that regulates and supervises all fintech activities, thereby maintaining policy consistency. Indonesia can learn from this model to strengthen coordination between institutions and create more cohesive regulations.

Cross-country analysis also helps to understand how regulations affect investment attractiveness. Regulations that are too strict can hinder the inflow of foreign capital, while regulations that are too loose can pose a risk to market integrity. Singapore has succeeded in striking a balance with clear regulations, thereby attracting many global investors. Malaysia uses an innovation sandbox as a way to attract capital while testing the safety of new products. Indonesia, with its large digital market, has the potential to become a regional investment hub, provided it can formulate credible, adaptive, and consistent regulations. Thus, this study is expected to contribute to the formulation of policies that strengthen the national fintech ecosystem without sacrificing financial system stability.

A comparison of regulations in Indonesia, China, Singapore, and Malaysia shows that there is no single model that can be applied universally. Each country has its own context, needs, and challenges. However, a common pattern that can be drawn is the need for a balance between strict supervision, support for innovation, and protection of the public interest. For Indonesia, adaptation to international best practices needs to be carried out by taking domestic characteristics into account. In this way, fintech regulations will not only function as a legal instrument, but also as an economic development strategy that is inclusive, sustainable, and competitive at the global level.

Cross-country comparisons show that regulatory flexibility is key to supporting the development of the fintech industry. Countries that have successfully maintained a balance between openness to innovation and consumer protection have been able to create a robust digital ecosystem. In this context, Indonesia faces the challenge of avoiding two extremes: overly lax regulations that could pose systemic risks, or overly strict regulations that could stifle innovation. Therefore, Indonesia needs to develop an adaptive, risk-based regulatory framework that is capable of adapting to highly dynamic technological developments.

On the other hand, the rapid development of the *fintech* industry must also be seen as a strategic opportunity to strengthen financial inclusion. Most Indonesians still do not have access to formal banking services, so fintech is a relevant alternative to bridge this gap. However, sustainable financial inclusion can only be achieved if supervision is carried out in a fair and balanced manner. Thus, fintech regulations should not only be aimed at financial system stability, but also support a more equitable national economic development agenda.

From an economic geopolitical perspective, the presence of Chinese *fintech* companies in Southeast Asia, particularly Indonesia, underscores the importance of regulation as a state control mechanism. China's dominance in patents and technology in this sector shows that their expansion is strategic and has the potential to greatly influence the direction of the domestic market. If Indonesian regulations are able to manage foreign investment wisely, then the presence of global capital can be directed to strengthen the national ecosystem. However, if regulations are weak, there is a risk of high dependence on foreign companies, thereby reducing Indonesia's digital sovereignty.

Thus, this study confirms that the challenges of fintech regulation in Indonesia cannot be separated from the regional and global contexts. The dynamics occurring in China, Singapore, and Malaysia provide valuable references regarding effective supervision models. Indonesia needs to choose a regulatory path that is not only responsive to technological developments but also in line with national social, cultural, and legal conditions. With a credible and consistent regulatory framework, Indonesia has a great opportunity to become a center of digital financial innovation in the ASEAN region, while strengthening the competitiveness of the national economy in the era of globalization.

1.1. The Concept of Single Economy Entity Doctrine and Its Regulation in Indonesia

The Single Economy Entity Doctrine (SEE) is a doctrine that arose as a result of globalization and the increasingly complex practices of corporate groups in cross-border business activities. This doctrine highlights the potential for monopoly when a parent company establishes a subsidiary in another jurisdiction to control the local market. In this context, a subsidiary that is fully controlled by the parent company is viewed as part of a single economic entity [20]. This means that substantive control is more important than the formal legal form attached to the company.

In Indonesia, SEE regulations are still limited and have not been explicitly stated in Law No. 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition. However, this doctrine has begun to be used by the KPPU in several business competition case decisions [21]. The concept of business actors in Law No. 5 of 1999 itself emphasizes a functional approach, which focuses on economic activities rather than legal status. Thus, even though the parent and subsidiary companies have different legal entities, economic relations and control are considered the main measures [22].

The application of SEE in Indonesia paves the way for extraterritorial competition law. This means that foreign companies operating through their subsidiaries in Indonesia can be held accountable even if their parent companies are domiciled abroad [23]. This provides scope for the KPPU to reach out to monopolistic practices carried out by global business groups. This concept is also in line with international developments, where competition law emphasizes the substance of economic relations rather than legal formalities.

The legal form of an SEE is not the main factor in identifying business actors, but rather the extent to which the parent company controls its subsidiaries. Thus, although SEEs are not explicitly regulated in Indonesian legislation, their application has become an important instrument for the KPPU in assessing and taking action against cross-border competition violations [24].

Given the developments in international competition law, the application of SEE in Indonesia is an urgent necessity to prevent increasingly sophisticated monopolistic practices. Without clear recognition, there is a risk of legal uncertainty that could be exploited by global corporate groups. Therefore, affirming this doctrine in legislation could strengthen the KPPU's capacity to pursue cross-jurisdictional cases.

More stringent regulations on the SEE Doctrine will greatly benefit Indonesia's business competition system. Not only will it provide legal certainty, but it will also align national practices with international standards. This is important so that Indonesian competition law can respond to the challenges of globalization while ensuring a fair, healthy, and highly competitive business climate.

The application *of the Single Economic Entity Doctrine* also has implications for the protection of the interests of consumers and small businesses. With this doctrine, KPPU can prosecute group companies that collude internally to control prices, restrict distribution, or close market access to new competitors. This is important because a healthy market structure will ensure that consumers obtain reasonable prices, diverse products, and quality services. Such protection not only maintains market balance but also provides room for growth for domestic businesses to compete more fairly.

In addition, the SEE Doctrine has a strategic function in maintaining national economic stability. The dominance of global business groups without adequate supervision can pose systemic risks to the domestic market. With this doctrine, regulators can ensure that every entity that significantly influences the Indonesian market remains subject to national law. This condition will strengthen the country's economic sovereignty, while also affirming Indonesia's position in facing the dynamics of globalization, which often weaken traditional jurisdictional boundaries.

From a legal perspective, strengthening the SEE Doctrine can also address the dualism between the principle of independent legal entities as stipulated in the Limited Liability Company Law and the functional needs of competition law. Without this doctrine, there will continue to be legal loopholes that multinational companies can exploit to avoid responsibility. Thus, explicit regulations regarding the SEE Doctrine in the future will clarify the legal position of business groups and provide direction for the development of a more modern competition law doctrine in Indonesia that is responsive to global developments.

Thus, the application *of the Single Economic Entity Doctrine* should be viewed not merely as an instrument of law enforcement, but also as a public policy that supports economic development. With clear, consistent regulations that are in line with international practices, Indonesia will be able to create a fair business ecosystem. This will strengthen national competitiveness, protect consumers, and encourage the creation of a more inclusive market. Therefore, the integration of the SEE Doctrine into the national legal framework is an important step in strengthening the foundations of Indonesian business competition in the global era.

1.2. KPPU Decisions Related to the SEE Doctrine

The Business Competition Supervisory Commission (KPPU) has made *the Single Economic Entity Doctrine* (SEE) the basis for a number of important decisions. The 2007 Temasek case is one example, in which the cross-ownership of PT Indosat and PT Telkomsel by Temasek's subsidiaries was deemed to violate Articles 27 and 17 of Law No. 5 of 1999 [25]. The KPPU assessed that this ownership reduced the level of healthy competition in the telecommunications sector, as it had the potential to create market dominance that was detrimental to consumers.

The application of *the* SEE *Doctrine* was also seen in the 2008 English Premier League Broadcasting Rights Case. This case ( ) involved PT Direct Vision, Astro All Asia Networks, and its business partners who entered into an exclusive agreement for the broadcasting rights of soccer matches [26]. The KPPU concluded that there had been a violation of Articles 16 and 19 of Law

ISSN: 2576-8484
Vol. 9, No. 9: 1034-1046, 2025
DOI: 10.55214/2576-8484.v9i9.10041

No. 5 of 1999 because the agreement created barriers for other businesses to enter the broadcasting market. Through the SEE approach, foreign companies can be held accountable for influencing market conditions in Indonesia.

The use of *the* SEE *Doctrine* became even clearer in the Pfizer–Dexa Medica case in 2010. The KPPU found price fixing and marketing practices for anti-hypertension drugs involving collaboration between local and global companies [27]. These actions were deemed to violate Articles 5, 11, and 25 of Law No. 5 of 1999 because they created price agreements, abused a dominant position, and regulated the distribution of drugs. This case confirms that the KPPU considers parent and subsidiary companies operating together as a single economic entity.

This series of decisions demonstrates the strategic role of *the* SEE *Doctrine* in expanding the jurisdiction of Indonesian competition law. Although the 2007 Limited Liability Company Law still adheres to the principle of independent legal entities, the KPPU assesses business groups as a single economic entity based on actual control and function [28]. On this basis, the KPPU can transcend the boundaries of legal formalism to ensure healthy competition in the domestic market.

The use of *the* SEE *Doctrine* in Indonesia also demonstrates the urgent need for more explicit provisions in legislation. Regulatory ambiguities often give rise to debates, both among academics and practitioners, regarding the legitimacy of applying this doctrine. Nevertheless, the KPPU's practice proves that an economic substance approach is more effective than relying solely on the concept of formal legal entities.

In a global context, the KPPU's move is also in line with international practices that recognize SEE as an important instrument in combating monopolies and anti-competitive practices. A stronger affirmation in national law will provide greater legal certainty and support a healthy business climate. Thus, the application of the SEE Doctrine not only protects consumers but also strengthens Indonesia's economic competitiveness amid globalization.

The KPPU's application of *the Single Economic Entity Doctrine* in various decisions proves that this doctrine can be an important instrument in dealing with modern monopoly practices. By penetrating the formal boundaries of legal entities, KPPU can uncover the strategies of corporate groups that often disguise internal coordination as independent business relationships. This shows that KPPU does not merely enforce the law textually, but also emphasizes substantive justice in maintaining a healthy market structure.

Experience from major cases such as Temasek, the English Premier League, and Pfizer–Dexa Medica also shows that the SEE Doctrine can be applied across sectors. From telecommunications and broadcasting to pharmaceuticals, this doctrine has proven relevant in limiting the dominance of corporate groups that have the potential to harm consumers. With this basis, the application of SEE is not only legal in nature, but also has a direct impact on economic stability and social justice. This confirms that KPPU has a strategic role as the guardian of market balance in the era of globalization.

The KPPU's practice of using the SEE Doctrine sends a strong signal to both domestic and multinational companies. The message is that attempts to avoid legal scrutiny through formal legal separation are no longer effective. As long as there is real economic control, entities within a business group can still be held accountable. Thus, this doctrine also serves as *a deterrent* for companies planning to engage in unfair competition practices.

Thus, the KPPU's use of the SEE Doctrine underscores Indonesia's need to strengthen competition law regulations. This doctrine is not only in line with international practices but also meets domestic needs to deal with the increasingly complex structure of modern corporations. If explicitly accommodated in legislation, the SEE Doctrine can strengthen the legitimacy of the KPPU, create legal certainty, and enhance Indonesia's credibility in international cooperation in the field of competition law. In this way, Indonesia's can ensure that the domestic market is protected while remaining attractive for investment based on the principles of fair competition.

1.3. Cross-Shareholding Practices as a Means of Monopoly

Cross-shareholding is one of the main instruments in business group strategies to strengthen market dominance. Controlling shareholders, namely those who own ≥25% of shares or are proven to have substantial control, can significantly influence the direction of company policy [29]. Conversely, non-controlling shareholders usually have limitations, although under certain conditions they can still hold voting rights [30].

Bank Indonesia Regulation No. 14/24/PBI/2012 on Sole Ownership was actually designed to prevent excessive dominance through cross-ownership [31]. However, in practice, group companies are still able to use cross-ownership structures to control the market. This creates loopholes for the emergence of monopolistic practices that are difficult to deal with using only a formal legal approach. Cross-ownership also provides opportunities for companies to strengthen each other's positions through financial support, both in times of profit and loss [32]. In this way, business groups can regulate internal competition dynamics to remain profitable for the group. This situation shows that economic control is more decisive than the formal number of shares owned.

Cross-ownership practices not only affect the internal structure of companies, but also have broad implications for the market. When several companies within a group own shares in each other, the competition that should exist between independent entities is drastically reduced. As a result, the prices of goods or services can be controlled jointly, and consumers lose the opportunity to obtain more competitive prices [33].

Cross-ownership can also create barriers to entry for new companies. Business groups that are integrated through cross-ownership have much stronger access to capital and distribution networks than potential competitors. Under these conditions, new businesses find it difficult to penetrate the market because the competitive structure is already dominated by large business groups [34]. This situation ultimately leads to an oligopolistic or even a covert monopoly market structure.

In addition, cross-ownership practices have the potential to cause conflicts of interest. Shareholders who have interests in several companies can influence strategic decisions for the benefit of the group, rather than for the benefit of each individual company [35]. This can be detrimental to minority shareholders and other stakeholders who do not have direct influence over policy.

In the context of competition law, cross-ownership often poses difficulties in terms of evidence. The KPPU and other regulators must thoroughly investigate whether such ownership relationships actually lead to anti-competitive coordination or are merely passive relationships [36]. This challenge highlights the need for stricter regulations, including mechanisms for transparency of cross-company ownership.

In many jurisdictions, including Indonesia, cross-ownership often goes hand in hand with business concentration practices. Without strict supervision, market concentration will become increasingly consolidated in the hands of a handful of large business groups. For this reason, the SEE Doctrine approach is relevant because it views companies connected through cross-ownership as a single economic entity that can be held accountable [37].

Considering these practices, it is clear that cross-ownership is not only a corporate governance issue, but also an important part of competition law analysis. More comprehensive and consistent regulations are needed to prevent large business groups from exploiting legal loopholes. The strict application of the SEE Doctrine can strengthen competition law instruments in Indonesia in maintaining a healthy and fair business climate [38].

1.4. SEE Regulations in Several Countries

SEE regulations in various jurisdictions show a consistent view that parent and subsidiary companies can be considered a single economic entity. In the United States, the Supreme Court in the case of Prell [20] emphasized that wholly owned parent and subsidiary companies cannot be treated as two separate business entities [33]. This ruling reinforced the SEE doctrine in American antitrust law. The Supreme Court's main reasoning was that the relationship between parent and subsidiary companies did not give rise to coordination between different entities, but rather the internalization of policies within a single economic unit. This doctrine was then used as the basis for American antitrust agencies to take action against group companies that attempted to disguise internal coordination as independent agreements.

In the European Union, the SEE doctrine has a very important position in competition policy. The cases of Imperial Chemical Industries Ltd v Commission [21] and Ahlstrom Osakeyhtio and Others v Commission [22] confirmed that parent companies can be held liable for the behavior of their subsidiaries in the European market [34]. The European Court of Justice held that the legal separation between parent and subsidiary companies does not preclude the application of the principle of economic unity. On this basis, the European Commission can enforce competition law across borders without being hindered by national legal formalities. This doctrine also allows for the imposition of significant fines on parent companies that play a role in the anti-competitive policies of their subsidiaries.

South Africa has also adopted the SEE Doctrine through *the Competition Act 1998 Section* 4(5). The application of this doctrine can be seen in the *Distillers* and *Loungefoam* case, where companies with the same shareholders were considered a single economic entity [35]. The South African court ruled that formal differences between legal entities are irrelevant if the economic interests and control originate from the same entity. Thus, coordination practices between companies within a group can still be prosecuted as a violation of competition law. This decision shows that the SEE Doctrine is used to prevent companies from exploiting legal loopholes based on formal legal entity differences.

India is also not behind in recognizing *the* SEE *Doctrine. The Competition Commission of India* (CCI) has confirmed that internal agreements between companies within a group are not considered anti-monopoly agreements. This is evident in the case of Competition Commission of India (CCI) [27], in which the CCI ruled that relationships between group companies cannot be classified as independent agreements that restrict competition [36]. Using this logic, the CCI distinguishes between internal coordination within a group of companies and external agreements between market entities. The application of SEE in India reinforces the belief that the main objective of competition law is to protect market structures from agreements between independent business actors, not to restrict inherent internal coordination.

Singapore regulates SEE through the Competition Act (Ch. 50B) Section 34, which adopts European Union and UK provisions. *The Singapore Competition Appeal Board* affirms that subsidiaries that do not have real independence are considered part of their parent company even though they are legally separate entities [37]. This demonstrates the alignment between Singapore's approach and international best practices. With this framework, Singaporean regulators are able to identify entities that actually control business policy even if they are formally hidden within a business group. The application of SEE in Singapore also demonstrates the flexibility of competition law in dealing with the complexity of modern corporate structures.

Table 1.
Comparative Fintech Regulatory Models in Selected Jurisdictions.

Country	Approach to Fintech Regulation	Supervisory Authority	Key Focus Area
Indonesia	Risk mitigation + adaptive compliance	OJK, BI, Kominfo	Consumer protection, inclusion, anti-fraud
China	Risk prevention (strict post-2017)	PBoC, CBIRC	Monopoly control, systemic risk
Singapore	Institutional rationalism	MAS	Integrated supervision, innovation balance
Malaysia	Flexible sandbox approach	BNM, SC	Financial inclusion, innovation testing

ISSN: 2576-8484
Vol. 9, No. 9: 1034-1046, 2025
DOI: 10.55214/2576-8484.v9i9.10041

In general (Table 1; Table 2), the application of SEE in various jurisdictions confirms a global consensus that legal form is not a determining factor in assessing competitive behavior. More important are the substance of economic relationships and actual control. The United States, the European Union, South Africa, India, and Singapore show consistency in using SEE as a basis for addressing monopolistic practices. This cross-border application shows that the SEE Doctrine is not merely a theory, but has become an established legal principle in international practice. For Indonesia, learning from these jurisdictions is very important to strengthen the position of national competition law in order to face the challenges of globalization.

Table 2.
SEE Doctrine in Comparative Jurisdictions.

Jurisdiction	Landmark Case / Statute	Principle Established
US	Prell [20]	Parent & wholly-owned subsidiary = one entity
EU	Imperial Chemical Industries Ltd v Commission [21], Ahlstrom Osakeyhtio and Others v Commission [22]	Parent liable for subsidiary's anti-competitive acts
South Africa	South African Competition Appeal Court [25]	Substance > legal form in ownership/control
India	Competition Commission of India (CCI) [27]	Internal group coordination ≠ independent agreement
Singapore	Republic of Singapore [30]	Subsidiaries lacking independence = parent entity

The experience of various jurisdictions shows that the application of *the Single Economic Entity Doctrine* (SEE) plays a very strategic role in overcoming the complexity of transnational corporate groups. The similarity in views between the United States, the European Union, South Africa, India, and Singapore confirms that modern competition law can no longer be fixated on formal legal entity separation. By prioritizing the substance of economic relationships, these countries are able to maintain healthy competition even when faced with giant multinational companies. This model teaches us that adaptive regulations oriented towards market realities are more effective than rules that only emphasize formalities.

In addition to consistency in principles, international jurisdictions also show variations in their approach to applying the SEE Doctrine. The United States emphasizes *internal coordination* in the Copperweld case, while the European Union places greater emphasis on the parent company's responsibility for the behavior of its subsidiaries. South Africa prioritizes the prevention of corporate structure manipulation to avoid legal supervision, while India makes a clear distinction between internal group coordination and external agreements between companies. Singapore then offers a more integrative regulatory model by adopting best practices from Europe and the United Kingdom. This variation in approach shows that the SEE Doctrine is universal in principle but flexible in implementation according to national needs.

For Indonesia, learning from international practices is highly relevant given the increasing number of global companies operating through local subsidiaries. Without clear regulations, foreign parent companies have the potential to exploit legal loopholes to dominate the domestic market. By emulating the application of SEE in other jurisdictions, Indonesia can strengthen its competition law instruments while adapting them to the national social, cultural, and economic context. Integrating the SEE Doctrine into the Indonesian legal system will increase legal certainty, protect consumers, and promote healthy competition.

The global consensus on the SEE Doctrine also provides stronger legitimacy for Indonesia to formally adopt this principle in national law. By joining the international competition law movement, Indonesia can strengthen its credibility in global forums and increase investor confidence. Moreover, consistent application of the SEE will be an important step in maintaining Indonesia's economic sovereignty amid increasingly complex globalization.

Therefore, explicit recognition and regulation of the SEE Doctrine is an urgent need that is not only legal but also strategic for national economic development.

1.5. Implications of the Application of the SEE Doctrine on Competition Law in Indonesia

The application of *the Single Economic Entity Doctrine* (SEE) in Indonesia's competition law system has significant consequences for how regulators assess relationships between companies. With this doctrine, the KPPU has a basis for penetrating the formal boundaries between parent and subsidiary companies when examining business competition cases. The main focus is no longer on separate legal entities, but on actual economic control within a business group [38]. This makes SEE an instrument capable of expanding competition law jurisdiction to cover foreign companies operating through their subsidiaries in Indonesia.

From a legal certainty perspective, the application of SEE provides a stronger footing in dealing with monopolistic practices by global business groups. Multinational companies often use legal entity separation as a shield to avoid liability for anti-competitive practices [39]. By recognizing the economic unity between parent and subsidiary companies, KPPU can assess actions that substantially harm the market and consumers. This mechanism creates legal clarity so that there are no longer loopholes for large companies to hide behind corporate formalities.

The presence of the SEE Doctrine also emphasizes the importance of harmonization between competition law and corporate law. Law No. 5 of 1999 emphasizes the functional aspects of business actors, while the 2007 Limited Liability Company Law still adheres to the principle of independent legal entities [40]. This difference often leads to contradictions in law enforcement, especially when business groups operate across jurisdictions. By explicitly integrating the SEE Doctrine into national regulations, Indonesia can build a legal system that is more consistent and responsive to the complexities of modern corporate structures.

From the perspective of consumer protection, this doctrine plays an important role in suppressing internal collusion between companies within a single group. Price fixing, barriers to entry for competitors, and control of distribution can be prosecuted as violations of competition law [41]. This ensures that consumers are no longer disadvantaged by unreasonable prices or limited choices of goods and services. The application of the SEE ensures that the market remains competitive and provides direct benefits in the form of increased efficiency, service quality, and continuous innovation.

In addition, the implications of the SEE Doctrine are highly relevant in strengthening national economic competitiveness. A more competitive market structure opens up more space for small and medium-sized enterprises to grow [42]. When the dominance of large business groups can be suppressed, a more equitable distribution of economic opportunities is created. This will increase national productivity while improving the investment climate, as a healthy market is always a major attraction for domestic and foreign investors. In a global context, the application of the SEE Doctrine brings Indonesia more in line with international standards. Developed countries such as the United States, the European Union, and Singapore have already adopted this approach to protect their markets from monopolistic practices [43]{. By following a similar path, Indonesia strengthens its position in international cooperation in the field of competition law and demonstrates its commitment to market integrity. This step not only protects national interests but also builds global confidence that Indonesia has a modern, adaptive competition law system that is ready to face the challenges of globalization.

The application of *the Single Economy Entity Doctrine* also has important consequences for the direction of legal policy in Indonesia. This doctrine requires regulatory reforms that are capable of accommodating global developments without neglecting local characteristics. With stricter regulations, KPPU not only gains stronger legitimacy, but is also able to consistently uphold the principles of fair competition. This is an important foundation for ensuring that the public interest, particularly consumers and small businesses, is protected from increasingly complex monopolistic practices on a global and domestic scale.

In addition, the existence of the SEE Doctrine is an important tool for closing legal loopholes that have

ISSN: 2576-8484
Vol. 9, No. 9: 1034-1046, 2025
DOI: 10.55214/2576-8484.v9i9.10041

often been exploited by multinational business groups. The separation of formal legal entities is often used as a strategy to avoid supervision, when in reality these companies continue to operate as a single economic entity. With the recognition of SEE in the national legal system, any entity that has real economic control can be held accountable. This will strengthen the integrity of Indonesia's competition law and prevent the recurrence of market dominance abuses that are detrimental to society.

Therefore, the application of the SEE Doctrine must be understood as part of a long-term legal development strategy. Strengthening this doctrine will not only increase the effectiveness of law enforcement, but also support an inclusive and sustainable economic development agenda. Indonesia, which is facing the challenges of globalization, needs legal instruments that are modern, adaptive, and in line with international practices. In this way, competition law will not only be a normative tool, but also a strategic instrument for maintaining economic sovereignty while increasing national competitiveness at the regional and global levels.

2. Conclusion

The Single Economic Entity Doctrine (SEE) shows that this doctrine arose from a global need to address the complexity of corporate group structures. This doctrine views parent and subsidiary companies as a single economic entity when the subsidiary does not have real independence in policy-making. The application of this approach confirms that the form of a legal entity is no longer the main factor, but rather the substance of the economic relationship and control that occurs in practice. In Indonesia, although there are no explicit provisions in Law No. 5 of 1999 or the Limited Liability Company Law of 2007, the KPPU has utilized SEE in a number of important decisions. This indicates that SEE has become part of competition law practice, even though normatively it still raises debate and requires stronger legal legitimacy.

KPPU decisions such as the Temasek, English Premier League, and Pfizer–Dexa Medica cases show that SEE is effectively used to prosecute foreign companies operating in Indonesia through their subsidiaries. With this doctrine, KPPU is able to transcend formal legal boundaries to prove the existence of anti-competitive practices that harm the market. These cases show that Indonesian competition law jurisdiction can be applied extraterritorially, so that parent companies domiciled abroad can still be held accountable for the behavior of their subsidiaries. Although this practice has pros and cons, the KPPU's courage in applying the SEE shows its commitment to maintaining a healthy and competitive domestic business climate.

In addition to the KPPU's decision, cross-ownership practices also demonstrate the relevance of the SEE Doctrine. Cross-ownership structures are often used by business groups to strengthen their market dominance, either through controlling shareholdings or financial coordination mechanisms between companies. Although regulations such as PBI No. 14/24/PBI/2012 have set limits on single ownership, in practice, cross-ownership remains a loophole for the creation of monopolies. This condition indicates that competition law needs to adapt to economic realities, where companies that are legally separate actually operate as a single economic entity. With the SEE approach, KPPU has a basis for addressing covert monopolistic practices that are often hidden behind complex ownership structures.

A comparison with various international jurisdictions shows that the application of the SEE Doctrine is not new, but has become established practice in many countries such as the United States, the European Union, South Africa, India, and Singapore. The similarity of views in these countries reinforces the fact that modern competition law must prioritize the substance of economic relations over the formalities of corporate law. For Indonesia, this has important implications. First, regulatory harmonization is needed so that competition law and corporate law do not conflict with each other. Second, explicit regulations on SEE are needed to strengthen legal certainty. Third, the application of SEE must be directed not only to protect domestic business actors, but also to provide broader protection to consumers and maintain national economic competitiveness. Thus, the integration of the SEE Doctrine into the Indonesian legal system is a strategic step to respond to the challenges of globalization while strengthening the country's economic sovereignty.

Considering all these aspects, it can be asserted that the Single Economic Entity Doctrine (SEE) is a highly relevant legal instrument for Indonesia in facing the challenges of economic globalization and the complexity of corporate groups. This doctrine not only expands the scope of competition law jurisdiction but also provides a basis for consumer protection, strengthening the business climate, and enhancing national competitiveness. Although its implementation is still controversial, the existence of SEE has provided a new direction for the enforcement of competition law in Indonesia. Therefore, the integration of SEE into national regulations is not only a normative requirement but also a strategic step to ensure that Indonesia is able to keep pace with the dynamics of international competition law while maintaining economic sovereignty in the long term.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

Copyright:

References

[1] D. Lev, *Colonial law and its legacy in Indonesia.* Leiden, The Netherlands: KITLV Press, 2019.
[2] K. Hansen, et al., *Competition law perspectives on enterprise groups.* Oxford, UK: Hart Publishing, 2018.
[3] Business Competition Supervisory Commission, *Annual report 2020.* Jakarta, Indonesia: KPPU, 2021.
[4] Republic of Indonesia, *Law No. 5 of 1999 concerning prohibition of monopolistic practices and unfair business competition.* Jakarta: State Secretariat of the Republic of Indonesia, 1999.
[5] S. Lenggogeni, "Extraterritoriality in competition law: A Southeast Asian perspective. ," *Journal of ASEAN Law Studies*, vol. 12, no. 2, pp. 211–229, 2022.
[6] J. Basedow, *The law of economic groups in competition policy.* Berlin: Springer, 2017.
[7] KPPU, *Decision No. 07/KPPU-L/2007, temasek case.* Jakarta, Indonesia: Business Competition Supervisory Commission (KPPU), 2007.
[8] KPPU, *Decision No. 03/KPPU-L/2008, English premier league broadcasting rights case.* Jakarta, Indonesia: Business Competition Supervisory Commission (KPPU), 20208.
[9] KPPU, *Decision No. 17/KPPU-L/2010, Pfizer–dexa medica case.* Jakarta, Indonesia: Business Competition Supervisory Commission (KPPU), 2010.
[10] M. Andi, "Single economic entity doctrine and its extraterritorial application in Indonesia," *Indonesian Law Review*, vol. 8, no. 1, pp. 33–49, 2018.
[11] Republic of Indonesia, *Law No. 40 of 2007 concerning limited liability companies.* Jakarta: State Secretariat of the Republic of Indonesia, 2007.
[12] Indonesian Institute of Accountants, *PSAK No. 4: Consolidated financial statements and separate financial statements.* Jakarta: IAI, 2017.
[13] A. Rahman, "Corporate shareholding structures and competition policy in Indonesia," *Asian Journal of Law and Economics* no. 3, pp. 99–117, 2021.
[14] Bank Indonesia, *Bank Indonesia regulation No. 14/24/PBI/2012 concerning sole ownership.* Jakarta, Indonesia: Bank Indonesia, 2012.
[15] Otoritas Jasa Keuangan (OJK), *Guidelines on share ownership and corporate control.* Jakarta, Indonesia: OJK, 2019.
[16] DailySocial, *Indonesian digital consumption behavior report 2016.* Jakarta, Indonesia: DailySocial, 2016.
[17] OECD, *Competition issues in cross-shareholding.* Paris, France: OECD Publishing, 2019.
[18] F. Giglio, "Fintech: A literature review," *European Research Studies Journal*, vol. 24, no. 2B, pp. 600-627, 2021.
[19] World Bank, *Indonesia corporate governance report.* Washington, DC: World Bank, 2020.
[20] O. T. Prell, "Copperweld corp. v. independence tube corp.: An end to the intraenterprise conspiracy doctrine," *Cornell L. Rev.*, vol. 71, p. 1151, 1985.
[21] Imperial Chemical Industries Ltd v Commission, "Imperial Chemical Industries Ltd v Commission, Case 48/69," European Court of Justice, Luxembourg, 1972.
[22] Ahlstrom Osakeyhtio and Others v Commission, "Ahlstrom osakeyhtio and others v commission, Case 89/85," European Court of Justice, Luxembourg, 1988.
[23] South Africa, *Competition Act No. 89 of 1998.* Pretoria: Government Printer, 1998.

[24] South African Competition Tribunal, *Distillers corporation (SA) ltd v bulmer (SA) (Pty) ltd*, . Pretoria: Competition Tribunal of South Africa, 2001.
[25] South African Competition Appeal Court, *Loungefoam (Pty) ltd and others v competition commission.* Pretoria: Competition Appeal Court of South Africa, 2012.
[26] N. Mackenzie, et al., "The single economic entity doctrine in South Africa and its implications for competition policy.," *South African Journal of Economic Law*, vol. 22, no. 1, pp. 55–78, 2020.
[27] Competition Commission of India (CCI), *Automobili Lamborghini S.p.A. v Volkswagen Group Sales Pvt. Ltd.* New Delhi: Competition Commission of India, 2012.
[28] Competition Commission of India (CCI), *Shamsher Kataria v Honda Siel Cars India Ltd.* New Delhi: Competition Commission of India, 2012.
[29] Competition Commission of India (CCI), *Association of third party contractors v general insurers' association.* New Delhi: Competition Commission of India, 2017.
[30] Republic of Singapore, *Competition act (chapter 50B) (as amended 2020).* Singapore: Singapore Statutes Online, 2005.
[31] Competition Appeal Board (Singapore), *Decision on express bus operators No. 3, CAB case No. 3/2015.* Singapore: Competition Appeal Board, 2015.
[32] United Kingdom, *Competition act 1998* London: UK Government, 1998.
[33] R. Whish and D. Bailey, *Competition law*, 10th ed. ed. Oxford, UK: Oxford University Press, 2021.
[34] A. Ezrachi, *EU competition law: An analytical guide to the leading cases* 7th ed. ed. Oxford, UK: Hart Publishing, 2022.
[35] J. Faull and A. Nikpay, *The EU law of competition*, 3rd ed. ed. Oxford, UK: Oxford University Press, 2014.
[36] S. Rodger, *Competition law: Comparative and economic approaches.* London, UK: Routledge, 2019.
[37] D. Geradin and N. Petit, "Judicial review in EU competition law," *World Competition* vol. 29, no. 1, pp. 65–98, 2006.
[38] H. Kusumo, "The application of the single economic entity doctrine in Indonesia: A comparative study with the European Union," *IUS QUIA IUSTUM Law Journal*, vol. 27, no. 3, pp. 433–452, 2020.
[39] T. Cottier and P. C. Mavroidis, *International trade regulation and competition policy.* Cambridge: University Press, 2019.
[40] 41Ministry of Law and Human Rights, *Republic of Indonesia. law No. 40 of 2007 on limited liability companies.* Jakarta: Government of Indonesia, 2007.
[41] 42Komnas Perlindungan Konsumen Indonesia "Report on Competition Law Enforcement and Consumer Protection in Indonesia," 2015.
[42] T. 43Tambunan, "Small and medium enterprises in Indonesia: Their role and contribution to national economic development," 2008.
[43] OECD, *Competition law and policy in Indonesia: Alignment with International Standards.* Paris: Organisation for Economic Co-operation and Development, 2016.