Shared ownership: rethinking collateral for Indonesia's digital economy

by Hanif Santoso

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A subsidiary of CATL launches a battery production project in partnership with PT ANTAM and the Indonesia Battery Corporation
Photo Credit: Facebook/CATL

Indonesia's transition toward a greener and more digital economy is changing not only what people buy but also how they use and finance assets. Electric vehicles (EVs), subscription-based fleets and digital leasing models are introducing new ways to deploy capital without requiring full ownership. However, Indonesia's current financing framework — built on the notion that every loan must be backed by a tangible, fully owned asset — lags behind these innovations.

Collateral remains central to Indonesia's credit system, particularly for multifinance companies —non-bank financial institutions that provide consumer and productive financing through leasing, factoring and other asset-based arrangements. These firms play a vital role in supporting vehicle ownership, business equipment investment and household spending, especially for borrowers outside the banking system. The Fiduciary Security Law of 1999 has long ensured that lenders can claim specified assets in default, bolstering confidence in car loans, equipment leases and household credit. It has structured a system where one borrower, one lender and one asset — a simple but effective structure for the industrial era.

But the modern economy has grown more complex. Models such as Battery-as-a-Service (BaaS) separate vehicle ownership from battery ownership, allowing consumers to lease only the chassis while renting the battery from a specialised operator. The battery — often up to 40% of an EV's value — remains owned by the operator and is swapped or upgraded across users. This modular structure separates ownership and security interests across components, with each party enforcing rights independently rather than over a single integrated economic unit.

These gaps make transactions cumbersome. Multifinance companies must still register each financing contract under a single-asset title, even when the financed item — such as a ride-hailing vehicle with a leased battery — cannot be neatly registered. This slows credit approval and constrains the expansion of financing for new business models that rely on shared or modular assets. Similarly, small

logistics firms leasing trucks through fleet aggregators struggle to access financing because the vehicle registration remains under the aggregator's name. Lenders treat these assets as weaker collateral, even though the borrower makes payments and bears the operational risk.

In practice, multifinance companies can still finance BaaS arrangements under the current fiduciary framework, but typically only by providing additional collateral beyond the modular asset itself. This may include other assets unrelated to the electric vehicle. While such structures allow transactions to proceed, they raise financing costs and exclude borrowers without surplus collateral. This over-collateralisation does not reflect weak demand for EV financing but rather limitations in the ability to treat modular assets as financeable economic units on their own.

Other economies are already adapting. China has gone further in implementing BaaS, with major automakers such as Nio and CATL operating large-scale battery-swap networks that separate vehicle and battery ownership. This model has expanded financing options for EV buyers and leasing companies, though the legal treatment of modular assets is still evolving. The country's Uniform Personal Property Security Register, launched in 2021, is an online system managed by the People's Bank of China. It modernises registration of security interests in movable property but currently excludes motor vehicles. Legal scholars in China have since debated how collateral rights over separated components — such as a chassis and battery — might be recognised in future reforms.

India, meanwhile, has expanded its government-backed Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI) to record security interests in movable and intangible assets, including receivables, hypothecated equipment and business rights. This broader coverage enables lenders to register collateral beyond land and buildings, giving firms greater flexibility in structuring credit.

Together, these examples show that emerging economies are updating their collateral frameworks to keep pace with new business models. For Indonesia, adopting security rights based on asset use rather than full ownership could provide similar legal certainty without weakening prudence — clarifying financing for EVs, fleet leasing and other digital-asset-based sectors.

Indonesia aims to reach around 13 million electric two-wheelers and 2 million electric cars by 2030. Consumer appetite for EVs is already clear: sales more than doubled in 2024 to about 43,188 units, or roughly 5% of the car market. In the first seven months of 2025 alone, wholesale sales reached over 42,178 units, nearly matching the total for 2024. Demand is accelerating, but financial and legal

frameworks have yet to keep pace — creating potential bottlenecks for Indonesia's EV transition.

As of August 2025, more than three-quarters of multifinance funding consistently came from bank loans. This concentration exposes the sector to higher liquidity and interest-rate risks since most bank loans are short term. A stronger collateral framework would make multifinance receivables more investable, allowing funding diversification through bonds or securitisation.

Reform could begin with practical steps. Updating fiduciary and leasing laws to recognise modular and shared assets — such as leased batteries, shared fleets, or subscription-based machinery — would align legal definitions with evolving markets and give multifinance clearer rights. Indonesia already operates an electronic fiduciary registry under Government Regulation No. 21 of 2015, a cornerstone of secured lending. Expanding it to record modular assets, multiple beneficial interests and real-time updates would enhance transparency and reduce disputes, while integration with supervisory technology tools could improve oversight and analytics. Such adjustments would also reduce the need for additional collateral.

While multifinance firms often use insurance to cover defaults, insurance only compensates losses after the fact. Fiduciary reform, by contrast, offers preventive certainty — enabling receivables to be refinanced or securitised and expanding access to non-bank funding. These updates could be introduced through amendments to the Fiduciary Security Law or its implementing regulation, clarifying that collateral rights may extend to modular, digital or shared-use assets under joint registration or contractual arrangements.

More broadly, Indonesia lacks a comprehensive asset registry for movable or digital property — akin to a land titling system — that can capture shared or modular ownership structures. Establishing such a system, or extending the fiduciary registry to fulfil this function, would provide legal recognition of multiple parties' rights over the same economic asset.

Clear and predictable security frameworks also appeal to institutional investors and those focused on environmental, social and governance (ESG). Recognising shared or modular assets could make multifinance receivables more investable, diversify funding sources and lower the overall cost of credit. Strengthening legal certainty in collateral markets would help channel growing interest in sustainable and impact-driven investment toward productive sectors through non-bank financial institutions.

Updating collateral rules is not about replacing legacy systems but about aligning legal certainty with economic evolution. Indonesia's fiduciary framework was

designed for an industrial era when ownership was tangible and singular. The modern economy values access, sustainability and flexibility. Evolving collateral regulation would strengthen the backbone of inclusive growth and attract capital aligned with ESG principles. Over time, success in financing the future will depend less on what people own and more on how assets are used responsibly, efficiently and transparently.

Disclosures:

The author is currently employed by Indonesia's Financial Services Authority (Otoritas Jasa Keuangan). The views expressed are those of the author only.

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