

(Research) Article

The Role and Responsibilities of Creditors in Handling Debtor Bankruptcy Cases: Ensuring Justice and Balance in The Legal Process

Jandi Mukianto *

¹ Doctoral Program in Law, Faculty of Law, Universitas Indonesia, Depok, West Java, Indonesia, 16424)

* Corresponding Author: e-mail : jandimkt@gmail.com

Abstract: Business entities often face bankruptcy risks due to various factors, including accounting errors, limited experience, or small-cap transactions. The COVID-19 pandemic exacerbated financial conditions for many companies, such as PT Garuda Indonesia (Persero) Tbk., which experienced a significant revenue decline. Additionally, individuals may face bankruptcy due to reasons like job termination or business failures. The primary cause of bankruptcy lies in the imbalance between debt and income, often worsened by poor financial planning. Government regulations can help mitigate bankruptcy risks, such as through health insurance and credit restrictions. The bankruptcy process aims to provide fair resolutions between debtors and creditors while safeguarding public interests. Bankruptcy can also offer debtors the opportunity to restructure their debt, maintain economic stability, and prevent social loss. In practice, bankruptcy involves the management of the debtor's assets by a trustee and the proportional distribution of proceeds to creditors. The application of freedom of contract and legal certainty principles in debtor-creditor relationships is crucial to ensuring a transparent, efficient, and equitable process.

Keywords: Bankruptcy; Creditor-Debtor Relationship; Debt Restructuring; Financial Risk Management; Legal Certainty.

1. Introduction

In conducting business, entrepreneurs aim to achieve their goals and advance their ventures[1]. However, business operators may encounter losses that lead to bankruptcy. Several factors can contribute to these losses, such as the use of inaccurate accounting practices, lack of experience in managing complex credit sales, or engaging in large-scale business transactions with relatively small capital[2]. Additionally, restrictions on movement during the COVID-19 pandemic have caused financial strain for many businesses, resulting in a need for restructuring or, in some cases, bankruptcy[3].

In addition to business operators, individuals can also experience bankruptcy due to various factors. As Warren notes, individual bankruptcy may result from job termination, divorce, imprudent purchases, or failed business ventures. Warren further explains that business bankruptcies account for approximately four percent of all bankruptcy filings in courts and have significant repercussions for other parties, such as employees, suppliers, and the local economy[4].

Warren suggests that poor financial planning by debtors who fail to meet their obligations is akin to a grasshopper unprepared for winter. Some debtors may bear significant debt that remains manageable until unavoidable financial burdens, such as high medical expenses or accidents, push them to dangerous debt levels. This situation often stems from an imbalance between debt and income or inadequate financial planning for the future, whether due to rising debt or declining income, ultimately weakening the debtor's financial foundation[4].

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Financial uncertainty for debtors can be mitigated through government regulations, such as expanding national health insurance, setting credit limits for debtors, and implementing stricter loan assessments to evaluate a debtor's repayment ability. These measures aim to prevent debtors from falling into excessive debt and associated default risks. Consequently, steps are needed to relieve debtors from overwhelming debt, including filing for bankruptcy in court to ensure debt issues are resolved fairly, promptly, transparently, and effectively[5].

Current bankruptcy efforts focus on three main aspects: first, the interests of creditors in recovering what is owed to them; second, the interests of debtors in restoring their reputation post-bankruptcy; and third, the public interest in ensuring that bankruptcy cases are investigated and that negligent or dishonest debtors face consequences. These aspects are regulated to provide business certainty, even amid unpredictable events such as the COVID-19 pandemic[6].

The aviation industry was among the sectors most severely impacted by the COVID-19 pandemic due to travel restrictions intended to curb virus transmission, including movement restrictions implemented by the Indonesian government[7]. These measures created significant financial challenges for airlines, particularly for Indonesia's state-owned PT Garuda Indonesia (Persero) Tbk., which faced substantial revenue losses due to a dramatic decline in passenger numbers. Data indicate that PT Garuda Indonesia (Persero) Tbk. consistently expanded its fleet each year, operating 140 aircraft in 2013 and increasing to 210 by 2020, with an average annual fleet growth of 10% and rising passenger volumes. However, the pandemic led to a sharp decrease in passengers, with a drop of up to 70%.

Even before the COVID-19 pandemic, PT Garuda Indonesia (Persero) Tbk was already facing financial difficulties. Deputy Minister of State-Owned Enterprises Kartika Wirjoatmodjo stated that the company was "technically bankrupt but not legally so," due to factors such as the decline in passenger numbers during the pandemic, allegations of corruption, past management issues, and high aircraft leasing costs.

Corruption issues among the leadership of PT Garuda Indonesia (Persero) Tbk. have been longstanding and are also present in other state-owned enterprises in Indonesia, including subsidiaries such as PT Pupuk Iskandar Muda of PT Pupuk Indonesia. Corrupt practices range from procurement abuse to contract arrangements that harm these companies. Despite government efforts to curb corruption through deregulation and economic bureaucracy streamlining to foster a more productive business environment, these issues persist[8]. The large scale of PT Garuda Indonesia (Persero) Tbk. raises concerns about a potential domino effect, highlighted during a meeting of the Indonesian House of Representatives' Commission VI with executives from state-owned enterprises in the transportation sector on April 29, 2020. As a major player in the aviation industry, Garuda connects with multiple sectors such as ground handling, cargo services, airports, and passengers. This broad reach could expose Indonesia to financial and social crises, akin to international cases described as "Too Big to Fail" [9].

The term "Too Big to Fail" (TBTF) refers to the government doctrine supporting the bailout of large businesses to stabilize the economy. Moosa explains it as the belief that "governments cannot allow very large companies (particularly banks and major financial institutions) to fail solely because of their size." This policy can be applied either openly or discreetly, given the systemic risks and ripple effects that the failure of a large company can have on related sectors, potentially triggering a financial crisis. Financial crises, or monetary crises, have recurred throughout history, impacting businesses regardless of their age. The most severe financial crisis occurred in 1929, following a period of rapid U.S. economic growth. Similarly, the 1998 crisis had a global impact, including in Indonesia, leading to widespread bankruptcies. The term "bankruptcy," derived from the French word *faillite*, signifies insolvency or the inability to pay debts. In English literature, four terms are commonly used to describe business failure due to financial issues: failure, bankruptcy, default, and insolvency. While often used interchangeably, each term has specific distinctions[10].

To prevent financial crises caused by the failure of large companies, laws are established through bankruptcy regulations[11]. The legislative intent behind bankruptcy and debt suspension procedures is to allow for a quick and decisive reorganization of companies, in contrast to the general civil procedures. This expedited process enables unpaid creditors to seize the debtor's assets, sell them, and use the proceeds for investments or loans to other debtors. However, bankruptcy laws also protect the debtor from creditors. Protection from creditors is crucial for debtors, especially during bankruptcy, to prevent unfair asset seizure,

as such actions can worsen the debtor's financial difficulties. In some cases, debtors may request that their assets be sold to facilitate restructuring. In bankruptcy courts, once the debtor is declared bankrupt, the asset seizure process begins. This includes all assets owned by the debtor at the time of the bankruptcy declaration, as well as any assets acquired during the bankruptcy process. However, certain items are exempt from seizure, such as essential tools for work, medical equipment, personal items, food for the debtor and their family for 30 days, as well as income from employment, pensions, or benefits, as determined by the supervising judge.

After a bankruptcy ruling is made, the debtor loses control over their assets, which are then managed by a trustee and distributed to creditors based on their claims[12]. This process, known as general seizure, protects creditors and ensures the fair distribution of assets. Beyond bankruptcy procedures, legal certainty is crucial for both creditors and debtors, particularly in cases of predatory lending, where debtors are burdened with high-interest loans. Such debt, often stemming from corrupt practices, can be considered "odious debt" and may be annulled if it was incurred under a repressive regime or unfairly imposed by creditors. The concept of odious debt, introduced by Alexander Sack, posits that debt incurred by a tyrannical regime should not be passed onto the public. Various legal scholars have proposed frameworks for identifying illegitimate debt, focusing on the actions of corrupt leaders or the creditors' knowledge of abuse. A new approach is emerging to assess the legitimacy of such debt, shifting the focus to the legitimacy of the regime itself.

The doctrine of "odious debt" involves three factors: lack of consent, lack of benefit, and creditor knowledge. If these conditions are met, the debt agreement becomes void, and creditors must ensure these factors are present before extending loans, particularly to authoritarian regimes[13]. In practice, debts incurred by previous governments often become the responsibility of the new administration, as seen in the case of Mobutu Sese Seko in Zaire. Over time, some "odious debts" have not been enforced on new governments, as demonstrated in the 1923 Tinoco Arbitration. In Indonesia, contracts can be annulled if they do not meet objective criteria, as outlined in various laws such as the Consumer Protection Law[14]. Creditors must ensure that debtors can repay their loans, as specified in OJK banking regulations. If a debtor defaults, the OJK may intervene, although this has not yet been implemented. This research focuses on the responsibility of creditors to assess a debtor's ability to repay and prevent excessive lending, proposing bankruptcy or PKPU (Suspension of Debt Payment Obligations) as solutions to protect debtors and ensure legal certainty.

This research will focus on the relationship between creditors and debtors based on the principle of freedom of contract, particularly in the context of bankruptcy. The study will examine relevant regulations and policies. While positive law provides the concept of freedom of contract, this concept has not been adequately applied, especially concerning the responsibility of creditors for a debtor's inability to repay. The author assumes that societal balance and economic growth can be achieved through clear legal rules regarding creditor-debtor contracts, which ensure legal certainty and establish creditor responsibility in assessing credit risk. After understanding the development of positive law related to creditor responsibility, this research will further explore legal policies for assessing credit risk. Finally, the study will investigate ways to resolve the financial issues of debtors caused by creditor errors, focusing on restructuring efforts and debt forgiveness for debtors unable to repay, based on the principles of integration and business continuity.

The aim of this research is to analyze the concept of freedom of contract and the debtor's ability to fulfill obligations. The study will focus on the development of legal interpretation and the elements within contract law that require the debtor to meet their commitments. Additionally, this research will examine the consistency of regulations within the hierarchy of contract law. The study will also explore legal instruments related to the responsibility of creditors when debtors are unable to fulfill contractual obligations, particularly in the context of bankruptcy law and debt suspension. Finally, the research will investigate the most appropriate approach to resolve credit issues under bankruptcy law when a debtor defaults on payments to creditors.

2. Preliminaries or Related Work or Literature Review

Research on bankruptcy law and creditor-debtor relations has been widely discussed in comparative and national legal studies. Warren highlights the roots of individual bankruptcy caused by poor financial planning and unforeseen economic shocks, while Balleisen emphasizes structural weaknesses in credit systems that increase risks for debtors. Altman and Hotchkiss further developed financial distress models to predict bankruptcy, providing insights for early prevention. In the Indonesian context, Nainggolan stresses the role of debt suspension (PKPU) as a strategic approach to protect business continuity. However, these studies often prioritize either debtor protection or creditor recovery, leaving a gap in exploring balanced responsibility between both parties. This research differs by integrating the principle of freedom of contract with creditor responsibility, particularly in assessing credit risks before lending. Thus, the study seeks to bridge theoretical discourse and regulatory practice to ensure fairness, legal certainty, and economic stability in bankruptcy cases.

3. Materials and Method

This study employs a normative juridical approach to analyze creditor responsibility and debtor obligations within bankruptcy law[15]. The research focuses on examining applicable legal regulations, legal doctrines, and bankruptcy case studies in Indonesia, particularly the case of PT Garuda Indonesia (Persero) Tbk. The legal sources used include primary legal materials, such as Act No. 37 of 2004 on Bankruptcy and PKPU, as well as regulations from the Financial Services Authority (OJK) concerning banking and creditor responsibilities. Additionally, secondary legal materials, such as legal literature, scholarly journals, and expert opinions, are utilized to support the analysis. Data collection is conducted through a literature review and case law analysis of court rulings related to bankruptcy. The data is analyzed using a qualitative descriptive approach, interpreting legal norms and examining the consistency of regulations within contract law hierarchy. This study also employs a comparative legal analysis by assessing international practices related to creditor responsibility in credit risk assessment. The primary focus of this research is to evaluate the effectiveness of regulations in preventing high-risk lending and to identify the most appropriate dispute resolution mechanisms for debtor defaults. Thus, this study aims to contribute to strengthening legal certainty in creditor-debtor relationships and preventing financial crises caused by business failures.

4. Results and Discussion

4.1 Freedom of Contract and The Debtor's Ability to Fulfill Obligations

A. Relationship Between Creditors and Debtors in the Principle of Freedom of Contract

Legal science aims to regulate human behavior through rules or regulations, both written and unwritten, to protect interests. There are two types of legal norms: first, those that grow spontaneously and unwritten in society; second, those that are written in the form of laws, which are more commonly known and guarantee certainty[16]. Unwritten legal norms grow naturally within society, developing spontaneously, and becoming part of social norms. Their existence is in line with social dynamics, reflecting values, customs, and norms that serve as common guidelines. Unwritten legal norms grow spontaneously and organically, evolving naturally through social interactions. Changes in social, economic, and cultural orders influence their development, so these norms can adapt to the needs and values of society[17].

In the context of creditors and debtors, the principle of freedom of contract emphasizes that both parties, within the limits of the law, should be free to agree on the terms of their contractual relationship. This relationship is governed by both written and unwritten rules, where the written rules (such as commercial codes or bankruptcy laws) provide a more formal structure, and unwritten norms (such as fairness and ethical practices) influence the conduct of both parties in the agreement. The protection of interests, particularly those of the debtor, is key in balancing the freedom to contract with the realities of financial obligation[18].

Unwritten legal norms are difficult to identify concretely as they are not formalized in official documents, yet their influence is profound in shaping societal norms and behaviors[19]. They become part of the collective consciousness and cultural identity. In contrast, written legal norms are more accessible and structured, embodied in clear laws or regulations that provide legal certainty and facilitate implementation. The process of drafting

and understanding laws is crucial to ensure that legal norms are applied consistently. Both written and unwritten legal norms shape the guidelines for human behavior within society and may evolve over time.

During the period of 1840-1900, the liberalism policy in the Dutch East Indies opened investment opportunities and implemented the European legal system, including the principle of freedom of contract in Article 1338 of the Civil Code (BW)[20]. This principle allows parties to determine the terms of a contract freely, yet they are still obliged to fulfill the agreement. A breach of contract can result in damages in accordance with the Civil Code. Disputes can be resolved through formal channels (court) or informal ones (arbitration). However, the freedom of contract is still limited to protect public interests, ensuring both moral and legal responsibility within contracts.

B. The Relationship Between Creditor and Debtor in the Debtor's Ability to Fulfill Performance

In contract law, the relationship between creditors and debtors is fundamentally based on the debtor's ability to fulfill their contractual obligations, or "performance"[21]. This ability is shaped by various factors, including the financial stability, resources, and circumstances of the debtor. The creditor, on the other hand, relies on the debtor's performance to fulfill the terms of the agreement and secure repayment of debts.

However, a debtor's ability to meet their obligations can be compromised due to unforeseen circumstances such as economic downturns, loss of income, or mismanagement of resources. When this happens, the creditor may be at risk of not receiving the agreed payment. This makes it critical for creditors to assess the debtor's financial capacity before entering into a contract.

From a legal perspective, the debtor is obligated to perform according to the terms of the contract, but the law also recognizes situations where the debtor's ability to perform may be impaired[22]. In these cases, provisions such as renegotiation, restructuring, or even bankruptcy proceedings may be employed to help the debtor fulfill their obligations or relieve them from excessive debts.

Thus, the legal framework surrounding the creditor-debtor relationship is designed to ensure that both parties act in good faith, and that the debtor is given reasonable opportunity to fulfill their performance, while protecting the creditor's right to receive payment. However, this framework must also balance the needs of the debtor to prevent undue financial hardship while safeguarding the interests of creditors.

Financial analysis of the debtor is crucial for creditors in making credit decisions and business agreements. This process helps evaluate the debtor's business sustainability, debt repayment ability, and potential risks. Financial ratios such as debt-to-equity, liquidity, and interest coverage ratios provide insights into the stability and credit risk. Liquidity and cash flow management are also key focuses, ensuring that the debtor can meet its obligations without financial problems. Assessing the debtor's business prospects and capital structure helps creditors evaluate potential growth and financial stability. Legal and regulatory compliance, including taxes and labor laws, should also be considered to mitigate legal and reputational risks.

Overall, financial analysis helps creditors make informed credit decisions and manage risks more effectively. Profitability is a primary focus in credit security analysis as it reflects the debtor's ability to generate profits and meet obligations. Liquidity is also important, as it affects the debtor's ability to repay debt on time, reducing the risk of delayed payments. Financial stability and a balanced capital structure are also considered, ensuring the debtor can withstand economic challenges. In summary, creditors combine this information to assess risks and ensure that credit issuance is secure and aligned with financial goals.

4.2 Creditor's Responsibility to Debtors Who Are Unable to Fulfill Their Obligations Due to Creditor's Actions

The responsibility of creditors towards debtors who are unable to fulfill their obligations often involves complex legal issues, particularly in the context of bankruptcy and suspension of debt payments[23]. In general, creditors have the right to demand the fulfillment of contractual obligations set forth in agreements. However, when debtors cannot meet their obligations, whether due to financial difficulties or actions by the creditor that contribute to the situation, the creditor's responsibility must be considered within a broader legal framework that includes principles of fairness and legal certainty.

A. Position and Responsibility of Creditors Towards Debtors Who Are Unable to Fulfill Their Obligations

The principle of freedom of contract grants parties the autonomy to structure their agreements, provided they do not contravene the law[24]. However, debtors may face obstacles in fulfilling their obligations due to various factors, such as economic challenges, managerial issues, or force majeure circumstances. Events like natural disasters or pandemics may provide a valid justification for the debtor's inability to meet their commitments. In such situations, creditors must act prudently by assessing the risks involved, ensuring fair debt management, and exploring potential solutions such as debt restructuring or renegotiation. Additionally, creditors have a responsibility to consider the broader context of the debtor's situation and take a balanced approach to protect both their interests and the financial stability of the debtor. The case of PT Garuda Indonesia serves as an example of the critical importance of collaboration between debtors and creditors in preventing bankruptcy and maintaining business continuity.

B. Legal Certainty in the Relationship Between Creditors and Debtors

The principles of legal certainty in debt contracts are crucial to ensure clarity and fairness for both creditors and debtors. These principles include legality, good faith, freedom of contract, legal certainty, balance, business continuity, transparency, and dispute resolution. Contracts must comply with applicable laws, be equitable for both parties, and include clear mechanisms for resolving disputes[25].

The legal implications of a debtor's inability to repay debt may involve lawsuits, asset execution, or bankruptcy. Regulations such as the Mortgage Law (Undang-Undang Hak Tanggungan) provide certainty for creditors and protect debtors from unlawful seizure actions. With well-established regulations, the relationship between creditors and debtors can be fair, transparent, and efficient, contributing to sustainable economic growth.

C. Concept and Purpose of Bankruptcy

A bankruptcy is a legal state in which a debtor or a legal entity is unable to fulfill its financial obligations to creditors[11], [26]. This situation can arise when a debtor is in a financial crisis, and their assets are insufficient to meet the liabilities owed to creditors. In Indonesia, bankruptcy is regulated by the UU KPKPU (Bankruptcy and Suspension of Debt Payment Obligation Law), which establishes a framework for dealing with debtors who are unable to pay their debts. The law is designed to protect both the interests of creditors and the debtor's right to reorganization and debt restructuring.

The bankruptcy process begins when a creditor or the debtor itself files a petition to the commercial court. A debtor can be declared bankrupt if they have more than one creditor and fail to pay a debt that has matured[27]. The petition for bankruptcy can be initiated by the debtor or a creditor who has not been paid, with the court reviewing whether the debtor's financial situation qualifies them for bankruptcy under the provisions of the UU KPKPU. If the court grants the bankruptcy petition, it issues a ruling, and the debtor's assets are seized and managed by a curator.

Once the bankruptcy process has been initiated and the court has declared the debtor bankrupt, a curator is appointed. The curator is a neutral party responsible for managing the debtor's assets, ensuring that they are distributed equitably among the creditors. The curator's role is crucial in maintaining transparency and fairness during the bankruptcy process. The curator's duties include evaluating the debtor's assets, creating a list of claims from creditors, and overseeing the sale of assets to generate funds for repayment.

4.3 Technical Implementation of the Concept of Resolving Financial Issues for Debtors Due to the Actions of Creditors

A. Considerations of Judges in Bankruptcy Administration and Expansion

Judges play an important role in the bankruptcy process by managing the debtor's assets and ensuring fairness for both the debtor and creditors[28]. A fair decision considers debt restructuring as an alternative to liquidation and protects the debtor from exploitative actions. Transparency and accountability in the process are essential to prevent abuse. The speed of the bankruptcy process is also significant to minimize losses for all parties and maintain economic stability.

The bankruptcy process depends on the availability of resources such as personnel and technology. The speed of the process is important for efficiency and economic stability, reducing losses for all parties. Judges must assess the balance between the rights of creditors and debtors, ensuring that the contract is fair. The debtor's ability to fulfill obligations must also be considered. Close supervision by the curator is necessary to ensure that asset liquidation is carried out transparently and in accordance with the law.

Additionally, judges must ensure that the process respects the legal rights of creditors while considering the broader economic implications. They need to evaluate whether the debtor's assets can be utilized in a way that maximizes value for creditors and maintains fairness. The aim is to create a framework that not only facilitates debt repayment but also promotes sustainable business practices and minimizes potential social impacts. This involves balancing the interests of all stakeholders and striving for a solution that offers both economic recovery and fairness for all parties involved.

B. Contracts and Agreements Enforceable with a Justice Approach

The approach of justice in resolving contracts and agreements is crucial in bankruptcy proceedings to ensure fair treatment for all parties involved. In the context of debt contracts, leasing, and business partnerships, judges must ensure that the terms do not unfairly burden one party[29]. Contract evaluation also involves examining the validity of agreements without fraud or coercion, ensuring they align with legal principles and ethics. If a contract is found to be unjust, the judge may adjust or annul it to maintain a balance of rights and obligations between the debtor and creditor. The principle of justice requires that contracts not be used to exploit the weaker party but instead foster balanced and equitable relationships.

Contract adjustments may include the removal of unjust penalties, which are often employed by creditors to force debtors into compliance. If the penalties are excessive, the judge may reduce them to a more proportionate level relative to the breach. In cases where the contract is made under fraud or duress, the judge may annul the contract to uphold the principle of justice. The annulment of contracts is also important for maintaining public trust in the legal system, preventing future injustices, and improving business relationships. By enforcing justice, the court helps debtors restore their financial condition while ensuring that creditors are still paid, albeit under fairer terms. Overall, the adjustment or annulment of unjust contracts contributes to legal stability and more sustainable business relationships.

C. Analysis of the Settlement Process and Its Impact

The bankruptcy settlement process must be designed to provide justice for debtors in their economic recovery. Several models, such as the Corporate Voluntary Arrangement (CVA) in Malaysia and Judicial Management (JM) in Singapore, have proven effective in helping debtors restructure their debts and continue their business operations without resorting to liquidation. The positive impacts include economic recovery, job preservation, and economic stability. However, there are risks of abuse, such as debtors who do not intend to restore their financial condition. Therefore, strict oversight and control mechanisms are necessary to ensure the process is fair. Indonesia is encouraged to adopt elements of these models to improve the national bankruptcy system and ensure transparency and accountability[30].

D. Implementation of Decisions and Control Mechanisms

The implementation of court decisions in the bankruptcy process requires strict oversight and control to ensure their effectiveness. The main control mechanisms include supervision of the actions of the curator, such as the management of debtor assets and their distribution to creditors. The curator must provide regular progress reports with high transparency to prevent misuse. Independent audits are also essential to ensure compliance with the law and identify any deviations. Strict penalties for violations can enhance trust in the system. The use of technology and training for involved parties will support more efficient and transparent oversight, ensuring that the bankruptcy process is conducted fairly and effectively.

Effective communication between the court, curator, creditors, and the debtor is crucial for the smooth execution of bankruptcy proceedings. Clear and timely communication helps to ensure that all parties are informed of the progress and any issues that may arise. This communication should be documented and made accessible to all stakeholders to enhance transparency. Furthermore, a clear framework for dispute resolution should be in place to address any conflicts that may occur during the process. By promoting collaboration and

maintaining open channels of communication, the bankruptcy process can be managed more efficiently, reducing delays and minimizing the potential for disputes, ultimately supporting a more equitable and successful resolution for all parties involved.

6. Conclusion

This study explores the responsibilities of creditors when a debtor is unable to fulfill their financial obligations, focusing on three main aspects: the role of judges, the balance of rights between creditors and debtors, and the principles of justice and transparency in the bankruptcy process. Judges play a pivotal role in ensuring justice by considering multiple factors, including the debtor's potential for recovery or the need for asset liquidation. A fair and impartial judgment requires the careful weighing of these interests to avoid unfairly favoring one party over the other.

Maintaining a balance of rights between creditors and debtors is crucial in ensuring that the bankruptcy process not only protects creditors' interests but also provides debtors with a fair opportunity to rehabilitate their financial standing. Furthermore, transparency in managing the debtor's assets and ensuring fair distribution is vital to prevent any party from being unfairly disadvantaged or exploited. This study highlights the importance of a robust legal framework that prioritizes fairness, ethical decision-making, and equal treatment of all parties involved.

Additionally, this research recommends strengthening oversight mechanisms, ensuring fair contract evaluation, adopting flexible bankruptcy resolution models, and enhancing training programs for judges and curators. These measures would significantly improve the efficiency, fairness, and overall effectiveness of the bankruptcy process, contributing to a more balanced and equitable economic environment.

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