

Institutional Reformulation in Music Royalty Management in Indonesia: A Comparative Study with Germany and France

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ABSTRACT

The normative management of song and/or music copyright royalties in Indonesia has been designed to adhere to a one-gate system through the National Collective Management Institute (LMKN), but in practice it is still colored by institutional fragmentation at the sectoral Collective Management Institution (LMK) layer, high operational cost cuts, and weak transparency in the Song and/or Music Information System (SILM). This research aims to analyze juridical problems and the implications of institutional fragmentation on the transparency of royalty management, as well as to formulate an ideal institutional reformulation model based on comparative studies with the Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte (GEMA) in Germany and the Société des auteurs, compositeurs et éditeurs de musique (SACEM) in France. The research uses normative juridical methods with legislative, conceptual, and comparative approaches. The results of the study show that the root of the problem stems from the weakness of the substance of the regulation that legitimizes the multiplicity of LMKs, thereby triggering financial inefficiency, overlapping authority, and low distribution accountability. Comparative studies show that the success of GEMA and SACEM rests on institutional centralization, strict state supervision, and transparent audits. This study recommends an integrated one-stop institutional reconstruction accompanied by a revision of Government Regulation Number 56 of 2021 to ensure legal certainty and openness for creators, musicians, and copyright holders.

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1. INTRODUCTION

Intellectual Property Rights (IPR) is essentially a legal recognition of the ownership relationship between a creator and the creative mind born from his intellect (Rizkia & Fardiansyah, 2022), so that the protection against it stands on a philosophical foundation that places human beings as subjects who have the right to enjoy their work (Anggraen et al., 2021). In the realm of copyright, this protection is

manifested into two inseparable dimensions, namely moral rights (*moral rights*) which is eternally attached to the creator as a recognition of his integrity and personal connection to the creation, as well as economic rights (*economic rights*) that gives the authority to exploit the commercial value of the work. These two dimensions reflect two great schools of philosophy, namely tradition *Copyright* Continental Europe that emphasizes the personal dignity of creators and traditions *copyright* Anglo-Saxon who more emphasized the economic aspect of a creation (Tiran, 2022). Creations in the form of songs and/or music occupy a distinctive position because they are the most massively commercially exploited works in people's daily lives, ranging from screenings in public spaces to distribution through digital channels. In the midst of global creative industrialization and the rapid flow of digitalization, the exploitation of musical works takes place across borders, simultaneously, and in volumes that are difficult to monitor manually. This condition requires the presence of solid legal certainty for the financial rights of art workers so that the economic value of each use of the work really flows back to its creator (Yaman et al., 2024). Without effective protection, the creative ecosystem will lose its fundamental incentives, so the sustainability of the music industry as a contributor to the creative economy is threatened. Therefore, the protection of music copyright is not just an administrative issue, but concerns economic justice and respect for the existence of creators.

Indonesia as a country of law has translated the commitment to copyright protection into a positive legal framework culminating in Law Number 28 of 2014 concerning Copyright (Copyright Law). This law expressly recognizes the economic rights of creators over the use of their creations and mandates the management of royalties through a collective management mechanism as stipulated in the provisions on Collective Management Institutions (Permatasuri & Judge, 2023). As a more operational implementing rule, the government stipulated Government Regulation Number 56 of 2021 concerning the Management of Song and/or Music Copyright Royalties (PP Royalti Musik) on March 30, 2021. This government regulation regulates in detail the mechanism for withdrawing, collecting, and distributing royalties from commercial users such as hotels, restaurants, cafes, karaoke venues, and digital platforms. *Ratio legis (ratio legis)* The establishment of this regulation is to present a state instrument that guarantees the economic welfare of creators, musicians, and copyright holders who have often not received fair remuneration for the use of their works (Pahlevi et al., 2025). The regulation also mandates the construction of a song and/or music data center and a Song and/or Music Information System (SILM) as the backbone of transparency in royalty distribution. Thus, the juridical framework has actually laid the foundation for structured and accountable royalty management. However, as is common in law enforcement practice, there is a wide gap between *law in books* with *law in action*, so that the ideal intention of the regulator has not been fully realized in the field. This gap is the starting point of the problems studied in this study.

The objective condition of the institution of music royalties in Indonesia shows a problematic face due to massive institutional fragmentation at the operational layer. Although the Copyright Law has given attributive authority to the National Collective Management Institutions (LMKN) to attract, collect, and distribute royalties, these functions are in practice dispersed into dozens of private Collective Management Institutions (LMKs), each of which operates according to its sectoral interests (NURJANAH & Azizah, 2025). Until the last period, dozens of LMKs were recorded operating under the coordination of LMKN, including LMKs representing the interests of creators and owners of related rights, so that the institutional landscape became dense and layered (Ayu Palar et al., 2025). The multiplicity of these institutions creates an overlap of sectoral roles and egos, especially when each LMK carries out royalty withdrawals in the field separately based on the delegation of authority from LMKN. As a result, in the eyes of commercial users, confusion arises about which party is legitimately collecting, while on the creator side, there is uncertainty about the actual flow of funds. The existence of LMKN as a single coordination center has not functioned optimally because this institution has historically played more of a role as a coordinator than as a truly centralized organizer. The dualism of operational control between LMKN and sectoral LMK is one of the main sources of system inefficiency (Indirakirana & Krisnayanie, 2021). This kind of fragmentation is contrary to the spirit of the one-stop

system that is actually intended to be built by law. Thus, the fundamental problem does not lie in the absence of a legal umbrella, but in the institutional architecture that has not been fully integrated.

These structural problems lead to the most chronic issue, namely the lack of transparency and the violation of the principle of openness in the distribution of royalties (Weekly, 2024). Songwriters have repeatedly voiced complaints about the unclear formula for calculating royalties, inaccuracies in recording usage data by users (*Stuttgar*), as well as lack of accountability in the distribution of funds. The Song and/or Music Information System (SILM), which is supposed to be the main instrument of openness, is considered not to be fully integrated, the data is often inaccurate, and cannot be independently audited by musicians. The absence of routine independent audits and the difficulty of public access to financial statements and institutional performance further deepen doubts about the integrity of the system. Such governance practices are clearly not in line with the principles of openness and legal certainty which are prerequisites for good governance of public institutions. This accumulation of distrust culminates into a motion of no confidence (*distrust*) from copyright holders, some of whom even chose to withdraw from certain LMK memberships as a form of protest (Firyalfatin, 2025). This distrust is not just a perception, but is rooted in the concrete experience of receiving a disproportionate distribution and cannot be traced to the basis of its calculation. In the end, this crisis of trust erodes the legitimacy of the entire national royalty management system. This is what makes improving transparency an agenda that cannot be postponed.

To find a way out, it's important to look at best practices (*best practices*) royalty management in countries where the system is well established, in particular GEMA in Germany and SACEM in France. GEMMA (*Society for Musical Performing and Mechanical Reproduction Rights*) is the sole collective management institution in the field of music that enjoys a position of legally recognized effective monopoly (Bieringer, 2025; Rupp, 2024), while SACEM (*Society of Authors, Composers and Music Publishers*) is a non-profit civil association owned and managed cooperatively by its members (Menger, 2002; Mouron, 2024). Both of these institutions run a one-stop system (*one-gate system*) integrated system, where one institution bears full responsibility for the centrally centralized licensing, collection, and distribution of royalties. This kind of model is proven to minimize bureaucratic friction, reduce cost duplication, and provide certainty to users because they are dealing with only one point of contact. Strict state supervision, both through administrative authorities and competition authorities, ensures that the monopoly position is not abused and remains oriented to the interests of creators. Distribution transparency based on digital technology allows every use of the work to be accurately detected and accounted for. With such an architecture, both institutions are able to provide maximum and inclusive economic protection for songwriters (From Tissot & Wagner-Edelman, 2010). This comparative experience is a mirror for institutional reform in Indonesia.

Based on the portrait above, there is a real legal *urgency*, both theoretical and practical, to reconstruct or reformulate the institutional structure of royalty management in Indonesia. Practically, a reformulation is needed to eliminate the operational cost inefficiency of LMK that burdens the portion of royalties that creators should receive, considering that operational deductions can historically absorb a significant proportion of the total royalties collected. Theoretically, reformulation is important to close the legal *gap* contained in the Music Royalty PP, especially regarding the ambiguity of the authority relationship between LMKN and LMK and the absence of detailed regulations regarding the formula and distribution mechanism. These gaps are what make room for fragmentation and low accountability. Dissecting these legal loopholes is a requirement to give birth to a new institutional model that is more accommodating, transparent, and legally certain. It is important to note that the government has recently taken restructuring steps by centralizing the authority to withdraw royalties on LMKN and preparing to downsize the number of LMKs. However, these policy steps still rely on instruments at the level of circulars and ministerial regulations that are relatively volatile, so they do not provide a guarantee of long-term legal certainty. Therefore, the reformulation needed is not just an administrative arrangement, but a reconstruction that is legitimized through a higher and permanent revision of regulations.

Based on the above background description, it can be seen that the main problem stems from the fragmented institutional architecture and weak transparency guarantees, which at the same time demands an ideal reformulation by reflecting on the experiences of other countries. So, the formulation of the problem in this study is formulated as follows:

1. What are the juridical problems and implications of institutional fragmentation on the transparency of the management and distribution of music royalties in Indonesia today?
2. What is the ideal formulation of the institutional reconstruction of music royalty management in Indonesia based on a comparative study with the one-stop system in Germany and France?

2. METHODS

This research is a normative or doctrinal juridical law research, which is research that places law as norms, principles, and rules as the main object of study (Marzuki, 2017). Through this approach, the research examines the legal principles underlying royalty management, examines vertical and horizontal synchronization between laws and regulations, and conducts legal comparisons on institutional governance in various jurisdictions. This study uses three integrated approaches. First, the legislative approach (*statute approach*) which examines Law Number 28 of 2014 concerning Copyright, Government Regulation Number 56 of 2021, and its derivative regulations such as relevant ministerial regulations. Second, the conceptual approach (*conceptual approach*) which dissects the concept of economic rights, the doctrine of royalty collectors' associations (*collecting societies*), the principle of transparency, and the principle of organizational efficiency of public institutions. Third, the functional comparative approach (*functional comparative approach*) which compares the institutional, regulatory, and royalty distribution mechanisms between Indonesia, Germany through GEMA, and France through SACEM by focusing on the comparative discussion on the regulatory aspects only. The technique of collecting legal materials is carried out through literature studies (*library research*) against three categories of legal substances.

3. FINDINGS AND DISCUSSION

A. Juridical Problems, Institutional Fragmentation, and Transparency Issues in Music Royalty Management in Indonesia

The first root of the chaos in the management of music royalties in Indonesia lies in the uncertainty of the authority relationship between LMKN and sectoral LMK (Corputty, 2020). Normatively, LMKN obtains attributive authority directly from the Copyright Law to attract, collect, and distribute royalties, so that this institution actually carries out actions that are of state administrative character. However, Government Regulation Number 56 of 2021 does not expressly formulate a separation between the function of LMKN as a centralized collector and the function of LMK as a manager of the economic rights of its members. As a result, in practice, a pattern of delegating withdrawal authority from LMKN to LMK has developed, which actually blurs the line of responsibility (Aruna & Muliya, 2023). This unfirm division of the work portion of royalty withdrawal triggers a dualism of operational control in the field, where some LMKs collect independently to commercial users. The situation puts users in a vulnerable position because they can face more than one party claiming to be authorized to collect (Maulana & Dirkareshza, 2025). This uncertainty is not just a technical issue, but concerns the validity of the legal action for the withdrawal of royalties itself. Thus, the weakness of the substance of regulation becomes a structural source of overlapping authority.

Efforts to bring order to the ambiguity have actually been taken, one of which is through an agreement that affirms LMKN as a one-stop integrated institution for withdrawal, while LMK plays a role in distributing to its members. A similar affirmation is carried out again through the latest policy that centralizes all royalty withdrawal authority to LMKN and removes withdrawal authority to LMK. This step is conceptually appropriate because it restores the character of the one-stop system mandated by law (Octaviany et al., 2024). However, the policy still largely relies on circular instruments and ministerial regulations which are lower in position and relatively easy to change. Reliance on these non-

permanent instruments leaves a vulnerability, as strong legal certainty demands regulation at a higher level of regulation. As long as the relationship of authority between LMK and LMK has not been rigidly formulated in government regulations or even laws, the potential for dualism can always reappear (News, 2024). Therefore, the affirmation of this authority needs to be institutionalized permanently so that it does not depend on temporary administrative policies. This is the first juridical homework that must be completed in institutional reformulation.

Institutional fragmentation not only raises authority issues, but also has a destructive impact on the financial efficiency of the royalty system (Pahlevi et al., 2025). The existence of dozens of LMKs, each of which has its own organizational structure, employee costs, and operational costs, inherently creates a duplication of costs that burden the total royalties collected. Each institution usually charges a discount on operational costs from the royalties it manages, so that the more layers of the institution that the funds go through, the more the net nominal is eroded which eventually reaches the hands of the creator (Arika & Disemadi, 2022). Under the applicable agreement, combined operating deductions have historically been able to reach a sizable portion of total royalties per year, before being cut significantly through the latest policy. The cuts are actually proof that the previous operational burden was indeed too high and inefficient. This high burden is inversely proportional to the welfare of the creator which should be the main purpose of royalty management (Apsari et al., 2025). In other words, a fragmented structure makes part of the economic value of the work absorbed to finance the bureaucracy of the institution, not for the creator. This is a paradox born of multi-layered institutional architecture.

When compared to the integrated one-door system model, this inefficiency becomes even more apparent. In a centralized system, the functions of licensing, collection, and administration of data are consolidated in a single institution so that costs can still be reduced through economies of scale (Yanto et al., 2022). Such consolidation allows for investment in work-usage detection technologies that actually increase accuracy while lowering costs per transaction. In contrast, in a fragmented system, each LMK has to bear its own fixed costs without being able to enjoy collective efficiency. As a result, the total cost of the system becomes much greater than what is actually required for the same function. The decrease in the net nominal royalty received by creators is a direct consequence of the absence of such consolidation (Risca Selfeny et al., 2025). This emphasizes that financial efficiency is not just an internal managerial problem, but a fundamental institutional design issue. Therefore, the merger of the collection function into one centralized body is a prerequisite for restoring the efficiency of the system.

The Song and/or Music Information System (SILM) is designed as a digital instrument that is the backbone of transparency in royalty management. Conceptually, SILM is supposed to record data on the use of works by commercial users and be the basis for accurately calculating and distributing royalties. The Music Royalty Government even mandates the construction of SILM within a certain deadline since the regulation was promulgated (Firyalatin, 2025). However, in its implementation, the construction and operation of SILM is considered to be slow and has not been able to fully integrate data. Many people consider that the data on the use of works in the system is not integrated and often inaccurate, so it fails to become a reliable distribution base. Even more problematic, the data logs of royalty withdrawals from commercial users are considered to be closed and cannot be independently audited by musicians (Cahyani, 2020). This condition causes creators to have no means to verify whether the royalties they receive have been calculated correctly. Thus, instruments that are actually designed to open transparency turn into a black box that is difficult to penetrate.

These technological and accessibility weaknesses are rooted in several interrelated factors. First, the absence of data integration between stakeholders causes information on the use of works to be scattered and cannot be reconciled thoroughly. Second, the lack of use of modern technology for automatic detection of the use of works makes the system still dependent on manual reporting that is prone to errors. Third, the closed access of creators to raw data of use eliminates the control mechanism of the most interested parties. This accumulation of weaknesses makes SILM not able to carry out its transparency function as expected. In fact, in an established system, an accurate digital database is actually the key to the success of fair distribution. The failure of SILM is thus not just a technical

problem, but a reflection of a deeper governance problem. The reform of the SILM must be accompanied by guarantees of openness of access and auditability so that this instrument truly supports transparency. Without such an overhaul, any institutional reform will lose its data foundation.

Weak transparency and closed databases have direct implications for the violation of the economic rights of musicians (Indonesia, 2024). When royalty distribution is not based on accurate usage data, then a fair distribution (*fair distribution*) becomes impossible to realize. Creators whose work is often used commercially may receive less royalties than they should, while non-transparent distribution patterns open up opportunities for misallocation. The losses incurred are material as well as immaterial. Materially, creators lose some of the legitimate economic value to which they are entitled due to inaccurate calculations and high operational deductions. Immaterially, the creator loses a sense of trust and certainty over state protection of his work, which in turn decreases motivation to work. This violation of the principle of openness puts creators in a weak position because they do not have access to demand accountability (Martinelli et al., 2023). Thus, the issue of transparency is not just an administrative matter, but concerns the fulfillment of economic rights guaranteed by law.

These implications are even more pronounced when associated with the emergence of various disputes and the withdrawal of creators from the membership of the institution (NURJANAH & Azizah, 2025). Dissatisfaction with distribution transparency has prompted some prominent musicians to voice their protests openly, with some even opting out of certain LMK memberships. This phenomenon is a signal that the existing system has not been able to convince the rights holders of the fairness of its distribution. Protracted disputes not only harm creators individually, but also damage the climate of trust in the music ecosystem as a whole. If left unchecked, this condition has the potential to give birth to legal lawsuits, both on the basis of default and unlawful acts. The state through the institution that carries out its mandate is obliged to ensure that the economic rights of creators are fulfilled proportionately and openly. The fulfillment of this obligation can only be achieved if the royalty distribution is truly based on accurate and verifiable data. Therefore, the restoration of the principle of openness is an absolute requirement for the protection of the economic rights of musicians.

To map the problem as a whole, the legal system theory framework proposed by Lawrence M. Friedman is very helpful, because it divides the legal system into three components, namely the legal structure (*legal structure*), legal substance (*legal substance*), and legal culture (*legal culture*) (Friedman, 2009). In terms of legal structure, weaknesses can be seen from the fragmented institutional architecture, where dozens of LMKs operate without a complete consolidation under the LMKN. This layered structure leads to overlapping authority and inefficiencies as described. In terms of legal substance, weaknesses can be seen from the Music Royalty Regulation which has not regulated in detail the distribution formula, authority limits, and binding audit mechanisms. This regulatory vacuum becomes a loophole that legitimizes non-transparent practices. Thus, structural and substance weaknesses reinforce each other in aggravating the problem. These two components are the main focus that must be fixed through reformulation.

In the aspect of legal culture, problems arise from the low awareness and compliance of some commercial users to pay royalties, as well as from the weak culture of transparency within the management institution. Some users still view royalty obligations as a burden that can be avoided, even by replacing copyrighted works with other content to avoid liability. On the other hand, management institutions have not fully fostered a culture of openness, as reflected in the reluctance to publish financial and performance reports in their entirety to the public. These three components, namely structure, substance, and legal culture, are intertwined and together explain why domestic music copyright enforcement has not been running optimally. Partial improvements to one component alone will not be sufficient, because all three form a whole system. Institutional reformulation must therefore touch on structural improvements, improvement of regulatory substance, and simultaneous growth of a culture of compliance. Only with such a comprehensive approach can the music royalty system be restored. This mapping based on Friedman's theory is also a bridge to the ideal formulation which will be discussed in the next section.

B. Ideal Institutional Formulation in Music Royalty Management in Indonesia

GEMA in Germany is the most representative example of a legal monopoly model (*legal monopoly*) which is centered on the management of music rights. As a collective management institution established in the mid-20th century with older organizational roots, GEMA is de facto the only institution that manages the performance rights and mechanical reproduction of musical works in Germany (Bieringer, 2026). This monopoly position is reinforced by the doctrine of presumption known as *GEMA presumption*, which is the legal presumption that a musical work is managed by GEMA so that the burden of proof shifts to the user. This doctrine is highly efficient because it simplifies the licensing process and closes loopholes for users to avoid royalty obligations. GEMA is also subject to double contractual obligations (*Obligation to contract*), namely the obligation to accept and exercise the rights transferred by its members as well as the obligation to grant licenses to each user who requests it (Halfmeier, 2016). This mechanism guarantees that monopoly does not turn into an abuse of a dominant position. Thus, the institutional anatomy of GEMA combines the centralization of functions with the guarantee of equal access for all parties. This is what makes the GEMA model efficient while protecting the interests of creators and users.

The strength of the GEMA model is inseparable from the strict state supervision as a counterbalance to its monopoly position. It is under the supervision of the German Patent and Trademark Office or DPMA (*German Patent and Trademark Office*) under the Law on Collective Management Institutions, which regulates governance, transparency of distribution and tariff setting (Rupp, 2024). In addition, GEMA is also subject to the competition authority to prevent abuse of dominant positions, both within the framework of national law and EU law. This layered supervision ensures that the great authority held by GEMA is always exercised for the benefit of creators and the public. Distribution transparency is supported by a digital-based system that allows accurate recording of the use of works and the distribution of royalties according to a clear scheme. The combination of institutional centralization, state supervision, and digital transparency is the pillar of GEMA's success (Bieringer, 2025). This model shows that monopolies in the management of royalties are not necessarily detrimental, as long as they are accompanied by adequate supervision and accountability. An important lesson for Indonesia is that centralization must always be accompanied by a strong supervisory mechanism. Without supervision, centralization risks giving birth to new problems.

SACEM in France presents a different but equally centralized model, with a strong emphasis on the protection of economic rights as well as the moral rights of creators. Established in the mid-19th century, SACEM is one of the oldest music rights management institutions in the world born from the struggle of creators to demand payment for the use of their works (Mouron, 2024). This institution is in the form of a non-profit civil association (*Civil Society*) which is democratically owned and managed by its members through the General Meeting, Board of Trustees, and Board of Trustees. French legal tradition rooted in doctrine *Copyright* makes SACEM highly protective of the personal dignity of the creator (Bourreau & Gensollen, 2006), so that protection does not stop at the economic dimension but also includes moral rights that are eternally attached. This cooperative ownership model ensures that institutional policies always reflect the interests of the creators as the true owners (Lhermite, 2022). With such a structure, SACEM combines centralization efficiency with participatory legitimacy from its members. This is what makes the SACEM model internally strong as well as representative validity. This inclusive character is relevant as a reference for improvement in Indonesia.

The advantage of SACEM also lies in its independent internal audit mechanism and the ease of cross-border royalty claims for creators. As an association owned by its members, SACEM has a strong interest in maintaining internal accountability through strict supervision and auditing. It also operates within the framework of national law and the transposition of EU directives on collective management that demand high standards of transparency and governance. As a member of the international confederation of creating institutions, SACEM is connected to a network of reciprocal agreements with hundreds of similar institutions in various countries. The network allows French creators' works to earn royalties from use abroad, while managing the rights of foreign creators whose works are used in France. This cross-country claims mechanism provides economic protection that reaches the global

market. For Indonesia, this dimension of international civil law is important because effective royalty management requires connectivity with the international system. Thus, the SACEM model teaches that radical protection of copyright rights can go hand in hand with openness to cross-jurisdictional cooperation. This combination of protection and connectivity is what makes the typical contribution of the French model.

Comparative mapping of GEMA and SACEM reveals a number of similarities that factor into the success of one-stop systems (*one-gate system*) in Europe (Bourreau & Gensollen, 2006). The most fundamental equation is the centralization of functions, where a single agency assumes full responsibility for licensing, collecting, and distributing royalties thus eliminating fragmentation. The second equation is the existence of strong supervision, both through state authorities such as GEMA and through participatory governance mechanisms and internal audits such as SACEM. The third equation is the use of technology and accurate databases as the foundation of fair and transparent distribution. The fourth equation is connectivity with an international network that guarantees cross-border royalty protection. These four factors consistently underpin the success of both institutions. The identification of this equation shows that the success of the royalty system is not determined by the legal form of the institution, but by the principles of governance it adheres to. Those principles are relevant to be adapted into the Indonesian legal landscape.

In addition to the similarities, there are also differences that actually enrich adaptation choices for Indonesia. GEMA stands out on the legal monopoly model that is supported by strict administrative state supervision through patent authority and business competition. Meanwhile, SACEM stands out on a cooperative ownership model that protects moral and democratic rights in decision-making. This difference implies that Indonesia can combine the strengths of the two models, namely adopting GEMA-style centralization and state supervision as well as the principles of participatory accountability and SACEM-style protectionism. This kind of adaptation must take into account the Indonesian legal context, where LMKN is a government auxiliary institution that carries out state administrative functions. Thus, the ideal model for Indonesia is not an exact copy of one of the institutions, but a synthesis adapted to the national legal framework. This comparative matrix is the conceptual basis for the preparation of the reformulation design. It is on the basis of this mapping that a new institutional construction is formulated. Contextual synthesis is key so that adaptation does not get caught up in a failed legal transplant.

Based on these comparative lessons, the conceptual design of the institutional reformulation of Indonesian royalty is directed at the formation of a truly integrated *one-gate institution*. The essence of this design is the fusion of the collection function that has been scattered in the sectoral LMK into one centralized autonomous body that is centralized, accountable, and publicly audited. LMKN is positioned as the only institution authorized to license, collect, and collect royalties, while the role of LMK is significantly narrowed and streamlined. Downsizing the number of LMKs to very few will cut duplication of operational costs and end overlapping authority in the field. This autonomous body must be equipped with an accurate technology system for detecting the use of works so that distribution is truly data-based, not agreement-based. In addition, the body is required to conduct regular financial and performance audits by independent public accountants, with the results publicly published to creators and the public. Open access to the usage database is a condition for creators to verify the calculation of royalties they receive. With such a design, the principles of GEMA efficiency and SACEM accountability can be realized in the Indonesian context.

In the event that the conceptual design can be realized, a *blueprint* for concrete regulatory recommendations is needed through a pattern of legal harmonization. The main step is to revise the clauses in Government Regulation Number 56 of 2021 which have been a legal loophole, especially regarding the ambiguity of the authority relationship between LMKN and LMK. The revision must explicitly affirm that the authority to collect is fully centralized in the LMKN, so that the affirmation that is now regulated through circulars and ministerial regulations gains a basis at a higher level of regulation. In addition, the revision needs to contain detailed arrangements regarding the royalty distribution formula, the maximum limit of operating costs, and the obligation of an independent audit

whose results must be published. This detailed arrangement is important to close the space for non-transparent distribution practices. This blueprint must also strengthen SILM's operational regulations so that the information system is truly integrated, accurate, and auditable by creators. With this strengthening, the principle of information disclosure for musicians can be fully guaranteed. This harmonization of regulations is a condition for institutional reformulation to stand on solid legal certainty.

Furthermore, the blueprint for this regulation should not stop at the government regulatory level, but rather be directed towards strengthening it at the legal level in the long term. The permanent affirmation of one-stop institutions should ideally be attached to the revision of the Copyright Law so that it has a higher binding force and stability. At the operational level, ministerial regulations can function as technical implementers that detail the procedures for licensing, counting, and distribution, as long as they remain consistent with higher norms. It is also important to prepare transitional provisions that regulate the process of merger and downsizing of LMK in an orderly manner so as not to cause legal vacuums or institutional turmoil. Mechanisms for monitoring and sanctioning violations of transparency obligations also need to be formulated in a firm manner to ensure full compliance. With such a tiered and harmonious regulatory framework, Indonesia's music royalty system can transform from fragmented to integrated. This transformation will ultimately restore the trust of creators and ensure economic justice for their work. This is the estuary of all the recommendations offered in this study.

4. CONCLUSION

First, the root cause of the chaos in music royalty management in Indonesia stems from the weakness of the regulatory substance that legitimizes the institutional fragmentation of multi-LMK. Although normatively the Copyright Law has designed a one-stop system through LMKN, the absence of strict regulations in Government Regulation Number 56 of 2021 regarding authority limits, distribution formulas, and audit mechanisms has opened up space for the maintenance of institutional multiplicity. This fragmentation triggers system inefficiencies through duplication of operational costs that erode the creator's net nominal royalties, as well as causing overlapping authority and dualism of operational control in the field. At the same time, the Song and/or Music Information System (SILM) has not been able to meet the basic standards of financial openness and transparency because the data is not integrated, inaccurate, and closed from independent audits. The accumulation of this problem violates the economic rights of creators, musicians, and copyright holders, as well as giving birth to a crisis of trust in the management institution. When analyzed through legal system theory, these weaknesses reach all three components, namely structure, substance, and legal culture at the same time. Thus, the existing problems are systemic and cannot be partially solved. This is the answer to the formulation of the first problem in this study.

Second, the ideal direction of institutional reformulation lies in the formation of an integrated one-door model by synthesizing the advantages of the two European models. From GEMA in Germany, Indonesia can adopt the principles of centralization of functions and accountability supported by strict state supervision, while from SACEM in France, the principles of copyright protection, participatory governance, and independent internal audit can be adopted. The realization of this model requires radical institutional restructuring, namely the merger of sectoral LMK collection functions into one publicly accountable and audited autonomous body, accompanied by a significant downsizing of the number of LMKs. The restructuring must be legitimized through the revision of Government Regulation Number 56 of 2021 and, in the long term, strengthening at the legal level to provide permanent legal certainty. Strengthening SILM's operational regulations and ensuring data access is a prerequisite for distribution to be truly fair and verifiable. The latest policy direction that centralizes the withdrawal of royalties to the LMKN is the right first step, but it needs to be permanently institutionalized so as not to depend on temporary administrative instruments. With this step, the collective functions of royalties can be unified in one single transparent and equitable container. This

is the answer to the formulation of the second problem as well as the prescriptive contribution of this research to improve the governance of national music copyright.

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