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A Comparative Study of Non-Execution Auction Implementation Mechanisms in Indonesia and the Philippines

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ABSTRACT

This study aims to analyse the comparison of regulations, procedures, and legal protection in the implementation of non-execution auctions in Indonesia and the Philippines through a legal-normative approach. This study uses a normative legal research method with a statute approach and a comparative approach. In Indonesia, non-execution auctions are a state administrative mechanism under the authority of the State Property and Auction Service Office (KPKNL) as regulated in Minister of Finance Regulation No. 122 of 2023, which emphasises formal legal certainty and procedural legality as a means of legal and transparent transfer of rights. Meanwhile, in the Philippines, the extrajudicial foreclosure mechanism is regulated in Act No. 3135. Act No. 4118 gives creditors direct authority to execute collateral without a court order, while still guaranteeing the substantive rights of debtors through the principle of equitable redemption and the redemption period. The comparison shows that the Indonesian system is oriented towards administrative efficiency and formal legal certainty, while the Philippines emphasises corrective justice and the protection of civil rights. This difference in orientation illustrates two complementary legal approaches to legal certainty according to Gustav Radbruch and corrective justice according to Aristotle, which, if integrated, could give rise to an ideal non-execution auction model: economically efficient, substantively fair, and legally accountable. This research is expected to provide a conceptual contribution to the development of a more adaptive and equitable non-execution auction legal system in Indonesia and the Southeast Asian region.

Keywords: Non-Execution Auction, Indonesia–Philippines Legal Comparison, Legal Certainty, Corrective Justice.

I. Introduction

Non-execution auctions are a legal mechanism for selling goods or rights at the request of the authorities/owners without a prior court decision. In banking practice, this mechanism is a strategic instrument for debt recovery through the open sale of collateral. Conceptually, auctions are a means of selling in public with bids going up or down until the highest agreed price is reached—and are a manifestation of the principle of freedom of contract limited by the principle of legal certainty so that transactions are valid, transparent, and accountable (see the latest discussion in Indonesia on the validity of the e-auction format and the need for protection for parties in voluntary non-execution auctions). Recent findings confirm that the

digitisation of auctions has made the process more efficient but at the same time raised new issues regarding the authority of auction officials, forms of buyer protection, and the power of auction minutes as authentic evidence (Salim & Subagyono, 2022; Giofanny et al., 2024; Pratama, 2023).

In the Philippines, the implementation of non-judicial auctions on collateral is known as extrajudicial foreclosure, based on Act No. 3135, which grants the power of sale to creditors to sell collateral through a sheriff or notary public, provided that formal requirements (notification and publication) are strictly met. This regime—which is in line with the common law tradition of non-judicial foreclosure—allows for direct execution by creditors without judicial intervention as long as the procedures are complied with. Recent Philippine Supreme Court decisions and authoritative references (e.g. *Goodland Company, Inc. v. Asia United Bank*; *Zomer Development Co. v. Union Bank*; and references to *Spouses Suico v. Philippine National Bank*) confirm that administrative violations do not automatically invalidate the auction if the substance of the process remains valid; the legal consequences are transferred to the debtor's right to claim surplus proceeds (excess auction proceeds) or compensation, not the cancellation of the auction itself (Lawphil & SC E-Library).

Conversely, Indonesian positive law places non-execution auctions within the administrative domain under the KPKNL. Minister of Finance Regulation No. 122/2023 (replacing PMK 213/2020) is the latest operational pillar that emphasises the principles of efficiency, accountability, modernity, and legal certainty, including strengthening the online auction (e-auction) corridor (Ministry of Finance/JDIH). Recent literature in Indonesia highlights two main types—voluntary non-execution and mandatory non-execution—and highlights the classic issue of protecting winning auction buyers (especially in e-auctions) and the limits of auction officials' authority/minutes formulation (Salim & Subagyono, 2022; Giofanny et al., 2024; Pratama, 2023). From a comparative perspective, the Philippines is relatively more creditor-friendly because it provides direct enforcement access through the power of sale as long as formal compliance is met; Indonesia emphasises the role of the state (KPKNL) to ensure the legality, transparency, and accountability of procedures—especially after the renewal of PMK 122/2023, which mainstreams digital transformation. The tension between economic efficiency and legal protection is a central issue that arises in both regimes. Indonesian academic findings from 2022–2024 show that the migration to e-auctions accelerates sales, but clear safeguards are needed regarding the presence/authority of auction officials, the validity of minutes, and recovery in the event of formal defects (Salim & Subagyono, 2022; Giofanny et al., 2024; Pratama, 2023). In the Philippine context, a review of jurisprudential trends under Act No. 3135 indicates a preference for substantive validity over the cancellation of auctions due to administrative errors, with resolution through the return of surpluses to debtors (Lawphil & SC E-Library).

The research questions to be explored are: how are non-execution auctions regulated in Indonesia and the Philippines—covering the legal basis, implementing actors, procedural standards (notification, publication, minutes), and legal consequences (including surplus proceeds management)—and to what extent do differences in institutional design affect the protection of parties and market efficiency?. The novelty of this study lies in its comparative legal-normative analysis linking the renewal of PMK 122/2023 in Indonesia with the configuration of extrajudicial foreclosure in the Philippines based on Act No. 3135. This approach positions the institution/auction officer not merely as an administrative intermediary, but as a guarantor of public transaction accountability in the digital auction ecosystem—with implications for strengthening the principles of transparency, accountability, and fairness in future non-execution auction practices (Salim & Subagyono, 2022; Giofanny et al., 2024; Pratama, 2023).

II. Literature Review and Hypothesis Development

4.1. Concept and Theoretical Basis of Non-Execution Auctions

Non-execution auctions are a form of sale of goods or rights at the request of the authorities or owners without involving the judicial process. In the context of civil law, non-execution auctions reflect the application of the principles of freedom of contract and legal certainty, whereby the parties are free to regulate

agreements as long as they do not conflict with the provisions of laws and regulations. These auctions are generally used for the settlement of financial obligations or voluntary asset liquidation, whether by individuals, legal entities, or financial institutions. According to Rosmiati and Nugroho (2021), non-execution auctions are an efficient means for parties who wish to sell assets openly with administrative legitimacy guarantees from the state. Meanwhile, Lutfi (2022) emphasises that in modern practice, non-execution auctions also function as financial instruments that reduce moral hazard risks through public transparency. In the Philippines, non-execution auctions are known as extrajudicial foreclosures, which are legally regulated in Act No. 3135 and focus on the enforcement of creditors' rights over collateral without going through litigation.

4.2. Principles and Principles in the Implementation of Auctions

The implementation of non-execution auctions is governed by several fundamental principles of administrative law, including the principles of openness, fairness, accountability, and efficiency (Rahmadi, 2023). The principle of openness requires that the implementation of auctions be announced publicly, while the principle of accountability emphasises the importance of valid auction minutes as authentic evidence of transactions. In the Philippines, according to Fernandez and Lontoc (2021), the principle of due process in extrajudicial foreclosure is translated through the obligation of notice of sale and publication in the mass media as a form of legal protection for debtors. This principle is in line with the rule of law theory, which states that the exercise of economic rights must be subject to procedural certainty. Thus, a comparison of the two legal systems shows that although the mechanisms are different (administrative vs. contractual), both place formal legitimacy as the main factor in the validity of auction implementation.

4.3. Digitalisation and Modernisation of Auction Mechanisms

Digital transformation has also influenced non-execution auction practices. E-auction services enable online auctions to expand public access and reduce operational costs. According to Hartati and Siregar (2024), the digitisation of auctions in Indonesia has increased efficiency and participation, but has presented new issues regarding participant authentication, data security, and the validity of electronic auction minutes. On the other hand, Cruz and Bautista (2023) found that the Philippines has also begun to implement an electronic system for foreclosure sales, but oversight of this practice is still minimal, especially in ensuring due process for debtors. Thus, digitalisation creates a dilemma between increased efficiency and the potential decline in the quality of legal protection.

4.4. Comparison of the Indonesian and Philippine Legal Systems

The Indonesian legal system, which adheres to the civil law tradition, makes non-execution auctions the domain of the state administration through the State Property and Auction Service Office (KPKNL). This provides public legitimacy and guarantees the transparency of the process. In contrast, the Philippines, with its mixed/common law system, relies on a contractual approach, where creditors are given the direct right to sell collateral based on a power of sale clause. Del Rosario (2020) states that the Philippine system provides greater economic efficiency but risks weakening protection for debtors, especially when there is no administrative control mechanism. Conversely, the Indonesian system provides stronger legal protection through state supervision, but is often criticised for its lengthy and bureaucratic procedures (Kusnadi & Nur, 2022).

4.5. Legal Protection for the Parties

Legal protection in the implementation of non-execution auctions includes the debtor's right to receive notification and the opportunity to settle their obligations, the creditor's right to execute collateral in

accordance with the agreement, and the auction buyer's right to obtain certainty of ownership. Nababan and Sulistyorini (2024) emphasise that the legal force of auction minutes is a central aspect in guaranteeing the rights of buyers. In the Philippines, Gatchalian (2023) shows that extrajudicial foreclosure disputes generally revolve around the validity of notifications and the debtor's rights to surplus auction proceeds. Thus, the different legal orientations of the two countries result in different consequences for the level of legal protection. Indonesia places the state as the guarantor of accountability, while the Philippines relies on procedural integrity and the contractual responsibility of creditors.

4.6. Research Gap

Previous studies have mostly discussed the procedural or administrative aspects of non-execution auctions in only one country. There is still a limited number of comparative studies across legal systems that combine normative analysis of regulations with aspects of legal protection and economic efficiency. In addition, there have not been many studies that discuss in depth the impact of the digitisation of non-execution auctions on the effectiveness of enforcing the principles of justice and public accountability. This research aims to fill this gap by analysing two different legal systems, namely the civil law of Indonesia and the mixed/common law of the Philippines, through a legal-normative and comparative law approach.

Based on the theoretical description and literature review above, the research hypothesis is formulated as follows:

H1: The non-execution auction system in Indonesia, which is implemented through administrative mechanisms by the KPKNL, provides stronger legal protection for debtors and auction winners than the extrajudicial foreclosure system in the Philippines.

H2: The non-execution auction system in the Philippines has a higher level of efficiency in its implementation because it does not require state administrative intervention, but it has the potential to lower legal protection standards.

H3: The effectiveness of non-execution auctions is determined by the quality of compliance with legal procedures (notice, publication, auction minutes), not by the type of legal system alone.

III. Research Method

This study uses the normative legal research method, which focuses on the assessment of positive legal norms, legal principles, and legal doctrines relevant to the topic under review. This method was chosen because the purpose of the study is to examine and compare the positive legal regulations governing the implementation mechanism of non-execution auctions in Indonesia and the Philippines. According to Marzuki (2019), normative legal research is oriented towards legal texts and legal thinking developed in the literature, so it does not require the collection of empirical data in the field, but rather relies on analysis of primary, secondary, and tertiary legal materials.

Within this normative research framework, two main approaches were used. First, the statute approach, which involved examining and interpreting the laws and regulations governing non-execution auctions in both countries. In Indonesia, the study focused on Regulation of the Minister of Finance of the Republic of Indonesia No. 122/PMK.06/2023 concerning Guidelines for the Implementation of Auctions, as well as various technical provisions from the State Property and Auction Service Office (KPKNL) related to the implementation of voluntary and mandatory non-execution auctions. In the Philippines, the research focused on Act No. 3135 concerning An Act to Regulate the Sale of Property under Special Powers Inserted in or Annexed to Real-Estate Mortgages and its amendments, Act No. 4118, as well as the provisions of the Rules of Court relating to the implementation of extrajudicial foreclosure. This approach also involves an analysis of several Philippine Supreme Court decisions, including *Goodland Company, Inc. v. Asia United Bank* (G.R. No. 227889, 2020) and *Zomer Development Co., Inc. v. Union Bank of the Philippines* (G.R. No. 194461, 2020)—

which interpret formal and substantive aspects in the implementation of non-execution auctions. Through this legislative approach, the researcher seeks to understand how legal norms in both systems regulate the procedures for conducting auctions, the role of implementing officials or institutions, and legal protection for the parties.

Second, a comparative approach is used to identify and analyse the differences and similarities between the Indonesian and Philippine legal systems in the implementation of non-execution auctions. This approach focuses on the basic legal aspects, implementation procedures, the position of the parties (creditors, debtors, and auction buyers), and the mechanisms for resolving disputes arising from the implementation of auctions. The comparison was made by considering the characteristics of the civil law system adopted by Indonesia and the mixed/common law system applicable in the Philippines. Through comparative analysis, it is hoped that best practices from each legal system can be identified that can be adopted or adapted to strengthen the non-execution auction legal system in Indonesia (Watson, 2020). The data sources in this study consist of primary, secondary, and tertiary legal materials. Primary legal materials include legislation, court decisions, and administrative regulations governing the implementation of auctions. Secondary legal materials include books, scientific articles, legal journals, and relevant previous research results, such as the works of Salim and Subagyono (2022), Pratama (2023), and Giofanny et al. (2024), which discuss the transformation of non-execution auctions to a digital system. Tertiary legal materials include legal dictionaries and encyclopaedias that provide a conceptual understanding of the terms used in the analysis.

Data collection techniques were carried out through library research by searching various legal sources through official government websites, national legal databases, and international scientific repositories. All legal materials were analysed qualitatively, using descriptive-analytical methods to describe the applicable legal provisions and comparative-evaluative methods to assess the effectiveness and legal protection in each country's system. The analysis was conducted using deductive reasoning, i.e., concluding general norms from specific cases or issues that arise in the practice of non-execution auctions. This research was conducted from January to March 2025 by collecting legal materials from various reliable sources, such as the Ministry of Finance's JDIH, DJKN, Lawphil.net, and the Philippine Supreme Court E-Library. The validity of the legal materials was ensured through a normative validation process to confirm that the regulations analysed were still in force, as well as academic validation through DOI verification and the latest scientific publications. Triangulation was carried out by comparing regulations, doctrines, and court decisions to ensure the accuracy of the interpretations and legal conclusions produced. With these methods and approaches, this study is expected to provide a comprehensive and in-depth analysis of the comparison of non-execution auction mechanisms in Indonesia and the Philippines. The results of the study are expected to identify the similarities and substantial differences between the two legal systems, evaluate the effectiveness and legal protection for the parties, and offer constructive recommendations for improving non-execution auction regulations in Indonesia in the context of modernisation and digitalisation of public services.

IV. Results and Discussion

4.1. Research Results

a. Non-Execution Auction Regulations in Indonesia

In the Indonesian legal system, non-execution auctions are an administrative mechanism carried out by the state to facilitate the transfer of rights to goods or assets through public offerings without going through the judicial process. The normative definition of an auction is contained in the Minister of Finance Regulation No. 122 of 2023 concerning Auction Implementation Guidelines, namely the sale of goods that is open to the public with written and/or verbal bids that increase or decrease to reach the highest price, preceded by an auction announcement. According to H. Rachmadi Usman (2022), the implementation of non-execution auctions is administrative in nature and functions as a legal tool in asset management and the fulfillment of civil rights without judicial intervention. This opinion is reinforced by M. Ichsan Lazuardi (2023),

who states that this administrative character is intended to create legal certainty and public trust in an open and accountable mechanism for the transfer of rights.

The legal certainty referred to is in line with Gustav Radbruch's theory, which places certainty as the main element of justice. Radbruch emphasises that good law must be able to guarantee certainty and be consistently applied to every subject of law. This principle is evident in the implementation of auctions under the supervision of the State Property and Auction Service Office (KPKNL), where all documents, limit values, and transaction results are officially recorded in auction minutes that have authentic evidentiary power. However, the results of the study also show that a strong emphasis on formal legality does not fully guarantee substantive protection for the weaker party. Siti Nurhalimah (2023) notes that auction officials in Indonesia are often positioned merely as administrative executors, rather than protectors of the civil rights of debtors or auction participants. This causes the Indonesian system to emphasise formal certainty over corrective justice, as taught by Aristotle — namely, the restoration of balance due to violations of rights between individuals. Furthermore, the digitisation of auctions through e-auctions, as regulated in PMK 122/2023, has indeed increased efficiency and public participation, but it still raises debates regarding the validity of electronic minutes, participant authentication, and personal data protection (Hartati & Siregar, 2024). Therefore, in the context of Indonesian positive law, the implementation of non-execution auctions has advanced in terms of formal certainty and transparency, but improvements are still needed to ensure substantive justice and effective objection mechanisms.

b. Regulation of Non-Execution Auctions in the Philippines

The Philippine legal system, which follows the mixed/common law tradition, grants creditors broad authority to conduct extrajudicial foreclosure, i.e., the seizure and sale of collateral without a court order. This mechanism is regulated in Act No. 3135 (An Act to Regulate the Sale of Property under Special Powers Inserted in or Annexed to Real-Estate Mortgages), which was later amended by Act No. 4118. The law grants creditors the right to sell collateral based on the power of sale clause in the mortgage agreement. The auction process is conducted by a sheriff or bonded notary public, subject to public notification (notice of sale) and publication for at least three consecutive weeks before the date of execution. The important case of *Esmeraldo & Elizabeth Suico v. Philippine National Bank* (G.R. No. 191356, 2018) emphasises that even if the foreclosure process is carried out without a court order, the debtor's rights are still protected through the principle of equitable redemption, which is the right to redeem the property within one year after the sale (redemption period). According to Antonio R. Bautista (2022), the balance between economic efficiency and corrective justice is achieved through this principle, whereby creditors do not lose their right of execution, but debtors are still given legal space to retain ownership.

In addition to efficiency, the Philippine system also emphasises substantive fairness. In the event of procedural violations — such as failure to publish legally or lack of personal notification to the debtor — the Supreme Court may annul the auction results, not because of formalities, but because of violations of the debtor's fundamental rights. This reflects the orientation of Philippine law, which emphasises substantive justice over administrative formalities (Fernandez & Lontoc, 2021). However, a number of recent studies have pointed to weaknesses in the practice of extrajudicial foreclosure, such as the lack of oversight of sheriffs or notaries public, as well as the lack of transparency regarding surplus proceeds (Respicio & Co., 2025; LegisPerit, 2023). Thus, the Philippine system has achieved high economic efficiency, but still leaves challenges in protecting the rights of the vulnerable.

c. Comparative Analysis of Indonesia and the Philippines

A comparison between the two systems shows that Indonesia emphasises formal legality and state supervision to ensure legal certainty, while the Philippines focuses on efficiency and speed of execution through the direct involvement of creditors. From the results of normative and conceptual analysis, it was found that the fundamental differences lie in the legal character of the auction implementing agency and the level of legal protection for debtors and auction buyers. The Indonesian system is more bureaucratic but

transparent, while the Philippine system is faster but prone to procedural violations. The ideal balance between efficiency and fairness still appears to be a challenge for both countries. Indonesia needs to strengthen its substantive protection mechanisms, while the Philippines needs to improve its formal legitimacy and administrative oversight mechanisms.

Table 1. Comparison of Non-Execution Auction Implementation in Indonesia and the Philippines

Aspect	Indonesia (PMK No. 122/2023)	Philippines (Act No. 3135 & Act No. 4118)	Comparative Analysis
Legal system	Civil law (state administrative)	Mixed/Common law (private contractual)	Indonesia is formalistic; the Philippines is flexible and contractual.
Implementing agencies	KPKNL or Class II Auction Officer (state authority)	Sheriff or Bonded Notary Public (private intermediary)	Indonesia is under government supervision; the Philippines is more decentralised.
Legal basis	PMK No. 122/PMK.06/2023; PP PNBP; auction minutes	Act No. 3135; Act No. 4118; Rules of Court	Both regulate formal requirements and public notification.
Main legal objectives	Legal certainty and public accountability	Economic efficiency and speed of execution	Indonesia guarantees legality; the Philippines focuses on efficiency.
Implementation procedures	Application → Announcement → Offer → Minutes → Determination → Payment	Creditor application → Notice of Sale → Publication → Auction → Certificate of Sale → Redemption	The Philippine procedure is simpler, but the formal risks are greater.
Debtor protection	State notification and supervision obligations	Equitable redemption rights (1 year after sale)	Indonesia is administratively protective; the Philippines is substantively protective through redemption rights.
Efficiency of implementation	Relatively slow due to KPKNL bureaucracy	Fast due to no judicial process	The Philippines is more efficient; Indonesia is more accountable.
Main weaknesses	Lacks the protection of the substantive rights of debtors/auction participants	Prone to procedural violations and a lack of oversight	Both systems require harmonisation of procedures and oversight.
Orientation towards legal justice	Legal certainty (Radbruch) – formal justice	Corrective justice (Aristotle) – substantive justice	Both need integration: certainty and social correction.

4.2. Discussion

The results of this study indicate that the non-execution auction systems in Indonesia and the Philippines represent two different legal approaches to the relationship between economic efficiency and legal justice. Indonesia places non-execution auctions as part of a state administrative mechanism oriented towards legal certainty. This view is in line with Gustav Radbruch's theory, which emphasises that the law must guarantee order, predictability, and stability in order to provide a sense of security for society. In this context,

the administrative mechanism implemented by the State Property and Auction Service Office (KPKNL) is a manifestation of the principle of legal certainty, in which each stage of the auction—from the announcement and bidding to the auction minutes—is formally and measurably regulated to ensure legal validity and the legitimacy of the process. The emphasis on formal legality shows that the Indonesian legal system places law as a means of social control and an instrument of certainty that prevents uncertainty in public transactions.

Conversely, the non-execution auction system in the Philippines has a different orientation. Based on the extrajudicial foreclosure mechanism as stipulated in Act No. 3135 jo. Act No. 4118, this system emphasises the principle of substantive fairness, which is closer to Aristotle's concept of corrective justice. In this system, creditors are given the authority to exercise their rights without going through judicial intermediaries, but this does not mean that the protection of debtors is neglected. Through the principles of equitable redemption and redemption period, Philippine law provides a corrective space for debtors to restore their rights by redeeming the collateral within a certain period of time. This approach illustrates that the Philippine legal system emphasises a balance between speed of execution and substantive justice, and places morality and legal responsibility as part of the legitimacy of the legal process.

From a theoretical perspective, the results of this comparison show that the two approaches—legal certainty according to Radbruch and corrective justice according to Aristotle—need not be opposed, but can instead be synergised. The ideal model for implementing non-execution auctions should integrate formal legal certainty as applied in Indonesia with substantive justice as implemented in the Philippines. This hybrid approach is in line with Watson's (2020) view in modern comparative law theory, which emphasises the importance of integrating legal values across traditions to produce a legal system that is adaptive to global developments. Thus, through the combination of these two orientations, the implementation of non-execution auctions in the future can become a legal instrument that is not only procedurally efficient but also substantively fair.

From the results of the study, a number of important practical implications can also be identified for policymakers to consider. First, Indonesia needs digital governance reform to strengthen the regulation and implementation of electronic auctions (e-auctions). This reform needs to ensure that the principles of security, transparency, and legal validity can be effectively applied, including the affirmation of the legal basis for electronic minutes and online supervision of auction officials. Second, in the Philippines, there is a need to strengthen the due process of law, particularly in the implementation of notices and publications for debtors, so that their civil rights are not neglected. In addition, document verification and supervision of additional charges, which are often a source of dispute, must also be clarified. Third, in the regional context, it is important to promote the harmonisation of legal norms in the ASEAN region in order to create uniform, transparent, and accountable standards for the implementation of non-execution auctions across countries. This harmonisation will strengthen public confidence in the auction system and support legal integration in the Southeast Asian region.

Thus, in practical terms, both countries have a great opportunity to complement each other. Indonesia can adopt the procedural efficiency and flexibility of the Philippine system, while the Philippines can emulate the administrative oversight and legal transparency systems implemented in Indonesia. This synergy is expected to improve the effectiveness of non-execution auction laws at the national and regional levels, as well as encourage the formation of an efficient, accountable, and fair auction system. Overall, the results of this study confirm that the differences in the legal systems between Indonesia and the Philippines result in different characteristics in the implementation of non-execution auctions. Indonesia, as a country with a civil law tradition, places the state as the main authority that guarantees formal legality, accountability, and public transparency. This system has the advantage of creating legal certainty and administrative legitimacy, but still faces challenges in terms of speed of implementation and substantive protection for debtors. In contrast, the Philippines, which adheres to a mixed/common law system, places greater emphasis on economic efficiency and speed of execution through extrajudicial foreclosure mechanisms. This system excels in terms of practicality and ease of execution, but is relatively weak in terms of administrative oversight

and protection of vulnerable parties, especially when notice and publication procedures are not strictly followed.

Based on an analysis of Radbruch and Aristotle's legal theories, it can be concluded that these two systems represent two main poles in legal philosophy: formal legal certainty and substantive justice. This study emphasises the need for a hybrid legal model that combines the two in a balanced manner, so that the non-execution auction system can run efficiently while ensuring fair protection of rights for all parties. Future legal reforms need to be guided by three main principles, namely efficiency to accelerate the settlement of obligations without sacrificing legal certainty, public accountability through effective supervision by state institutions, and substantive justice by ensuring that the rights of creditors, debtors, and auction buyers are protected proportionally. If a balance between legal certainty, economic efficiency, and corrective justice can be achieved, then the non-execution auction systems in Indonesia and the Philippines have the potential to become models of modern, responsive, and equitable legal governance. The integration of these two systems not only strengthens the effectiveness of national law but also contributes to the development of a regional legal framework that is in line with the values of social justice and the rule of law in the Southeast Asian region.

V. Conclusion

Based on the results of the research conducted, it can be concluded that the implementation of non-execution auctions in Indonesia and the Philippines shows fundamental differences in legal orientation and institutional approach. In Indonesia, non-execution auctions have an administrative-formal character and are carried out under the authority of the State Property and Auction Service Office (KPKNL) in accordance with Minister of Finance Regulation No. 122 of 2023 concerning Auction Implementation Guidelines. This system places the state as the main controller of the process, emphasising legal certainty, accountability, and procedural regularity. Auctions are conducted openly, with strict administrative stages, supervision by auction officials, and official documentation in the form of auction minutes as authentic evidence. This approach reflects Gustav Radbruch's view on the importance of legal certainty, that the law must provide a sense of security and certainty for the community. However, an administrative approach that places too much emphasis on formal legality sometimes neglects the dimension of substantive justice, especially for parties in a weak position, such as debtors or auction participants who have been harmed.

Meanwhile, the extrajudicial foreclosure system in the Philippines is substantive in nature, whereby the law gives creditors direct authority to execute collateral without going through the courts. Based on Act No. 3135 jo. Act No. 4118, auctions are conducted by a sheriff or notary public, with the basic principles of efficiency and speed of process. Although simpler and more economical, Philippine law still protects debtors through the principles of equitable redemption and redemption period, which allow debtors to redeem their rights within a certain period after the sale. This approach shows that the Philippine legal system seeks to maintain a balance between economic efficiency and substantive justice, in line with Aristotle's concept of corrective justice, which is justice oriented towards restoring balance due to violations of rights between individuals.

A comparison of the two systems reveals that Indonesia excels in formal legal certainty and public legitimacy, while the Philippines excels in efficiency of implementation and legal flexibility. These differences illustrate two equally important legal paradigms: legal certainty and substantive justice. In the context of modern legal theory, the two should not be separated, but rather complement each other. The ideal system should integrate the strengths of each, namely formal certainty and state supervision as in Indonesia, with substantive protection and procedural flexibility as in the Philippines. Therefore, this study recommends the need for a hybrid model in the implementation of non-execution auctions in the future. This model is expected to combine formal legal certainty with substantive justice, so that it not only provides procedural legality guarantees but also real protection for the rights of transacting parties. For Indonesia, strengthening the substantive aspect can be done by improving the objection mechanism, refining the e-auction system, and establishing stricter regulations regarding the responsibility of auction officials for procedural violations.

Meanwhile, for the Philippines, reforms are directed at improving procedural oversight (due process), especially in the implementation of notifications and publications, which are often the source of legal disputes.

Regionally, efforts are needed to harmonise standards for non-execution auctions in the ASEAN region, given the increase in cross-border transactions involving financial institutions and individuals from various jurisdictions. This harmonisation could include standards for notification, debtor protection, electronic record-keeping mechanisms, and supervision of auctioneers. With uniformity of basic principles at the regional level, it is hoped that non-execution auctions in ASEAN countries can be conducted in a transparent, accountable, and fair manner. Thus, this study emphasises that non-execution auctions are not merely economic instruments or administrative mechanisms, but also a means of enforcing legal justice in the public and private spheres. Good law not only guarantees procedural certainty but also ensures a balance between economic interests and the protection of civil rights. The synergy between legal certainty, economic efficiency, and corrective justice is the main foundation for the formation of an ideal non-execution auction system — a system that is adaptive to the times, responsive to the needs of society, and based on the supremacy of fair law.

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