

ABSTRACT

This paper analyses how the changing investment regulations in Indonesia influence locational advantage dimension of the OLI framework of Dunning in the case of Japanese fintech foreign direct investment (FDI). With a rapidly accelerating digital transformation, various policies, including the Omnibus Law on Job Creation, the OJK regulatory sandbox, and digital governance programmes in AI and cybersecurity, have made regulation become a major factor in investment attractiveness. The study uses a qualitative case study design that covers cases such as MUFG-Akulaku, Mizuho-Kredivo, Mitsui-LinkAja, and Tokyo Century-OVO with the analysis of policy documents and assessment of sectoral trends. Results indicate that the locational advantages of Indonesia become more and more defined by regulatory design capacity, digital trust infrastructure, and institutional agility, which can be traced to Dunning and Lundan (2008) definition of institutions as the constituents of locational advantage. These findings indicate that during the digital age, regulatory innovation and institutional coherence in Indonesia is a strategic instrument to increase investor confidence and it is suggested that policymakers should further reinforce transparency, inter-agency coordination, and policy flexibility in order to maintain long-term digital investment growth.