Obligation to Pay Online Loans: Dissecting the Principles of Debt Legality in the Digital World

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Abstract
Examining the duty to repay online loans within the framework of debt legality in the digital age, and how successful monitoring and enforcement of laws have been in enforcing online loan rules in Indonesia are the overarching goals of this study. Findings are based on logical viewpoints, critical analysis, and philosophy; the study takes a normative legal stance with analytical descriptive methodologies; it examines pertinent laws and regulations as well as applicable law enforcement activities. In particular, when it comes to dealing with unregistered fintech, the findings reveal a disconnect between current legislation and the efficacy of its oversight. Issues with implementation and enforcement of legislation continue to affect consumer protection and transaction fairness, despite efforts to promote transparency and consumer protection via regulations like Financial Services Authority Regulation Number 77/POJK.01/2016. For better management, this study suggests tightening the regulatory framework and boosting inter-institutional cooperation.
I. Introduction

The need to repay online loans is an issue that is pertinent and becoming more significant in this age of technology. Here, new rules regarding data and electronic transactions in Indonesia have significant ramifications (Arvante, 2022). The Information and Electronic Transactions Law No. 1 of 2024, the Second Amendment to Law No. 11 of 2008, was formally issued on January 4, 2024. To counteract issues brought about by the exponential growth of IT, this adjustment was made, in particular, to safeguard public interests from any and all forms of interference stemming from the abuse of data and online transactions (Rahman dkk., 2024).

Issues related to online loans are governed by the updated Law Number 11 of 2008, which pertains to Information and Electronic Transactions. In particular, Article 27 B governs the dissemination of electronic information for illicit objectives, such as informing individuals to pay off debts, write off receivables, or donate products. Because of the prevalence of unscrupulous activities in the internet lending industry, which might have negative consequences for customers, this is crucial.

Online loan interest rates have been lowered as a result of this change as well. Consumer loan interest rates will decrease from 0.4% to 0.3% per day in January 2024, with more reductions planned for subsequent years, according a new policy announced by the Financial Services Authority. This exemplifies the government's reaction to the need for more accessible and inexpensive internet loans.

Stricter laws are being put in place to combat the growing problem of online loan fraud and extortion, which is a real concern given the volume of these transactions. Aside from hurting borrowers, these actions tarnish the reputation of Indonesia's fintech industry, which may be a game-changer for the country's digital economy. As a result, the government is making this adjustment to guarantee that all transactions are open and equitable (Ndari & Saputra, 2023).

With these rules becoming more transparent and strict, maybe more people will feel comfortable using digital financial services. A comprehensive strategy involving legal and regulatory reforms, enhanced law enforcement capacity, more effective international cooperation, and greater community engagement is urgently needed to address these issues (Kartika dkk., 2023). This is significant since many people in Indonesia still do not have access to conventional banking services, despite the fact that they would profit substantially from more inclusive banking options made possible by technological advancements. Economic development that benefits more people will be possible thanks to the public's enhanced faith in government. Also, there are certain difficulties that will arise as a result of these new regulations, particularly for lending companies that operate online. They need to improve their systems so they can meet
the new security and regulatory requirements. This can need changes to their current business practices along with substantial expenditures on training and technology.

Nonetheless, this is a necessary measure to guarantee that the financial technology sector may go further without putting its customers at risk.

These organizers are now under pressure to be more transparent in all of their dealings with clients and to pay more attention to the protection of their personal data. The increasing prevalence of cybercrime poses a serious risk to the reliability of the online monetary system, making this security measure crucial. Thus, it is essential that all business procedures followed by online loan providers adhere to current legislation and that they use advanced security measures.

Now that the internet lending system is a vital part of society's financial infrastructure, new, more stringent restrictions are expected to boost confidence and honesty in the sector. The growth of digital financial services that can access more people, even in faraway places, depends on this improvement in confidence. However, due to Law Number 11 of 2008 regarding Information and Electronic Transactions and Financial Services Authority regulations, the government is now more vigilantly monitoring online loan companies to prevent issues like unethical debt collection practices, misuse of personal data, and privacy violations (Ndari & Saputra, 2023).

Online lending services are no exception to the rule that all electronic transactions must adhere to the concept of legality, as emphasized in the 2008 revision of Law No. 11 on Electronic Information and Transactions. To safeguard customers from potential unethical behavior on the part of online loan providers, additional articles have been established. For instance, the rules that regulate online debt collection make it clear that lending companies cannot cross certain lines while attempting to collect payments.

Reducing interest rates on online loans is one consumer-friendly regulatory update that aims to prevent borrowers from getting themselves into a never-ending cycle of debt by limiting exorbitant interest charges (Nurazkiyanti dkk., 2023). Equal and inexpensive financial services should be available to all people, and this shows that this is a priority. There have been a number of new problems with Indonesia's rules governing online loans, particularly in light of recent revisions to the country's Information and Electronic Transactions Law and rules issued by the Financial Services Authority.

To start, there are obstacles to well-implementing these rules, even if their goal is to make online lending systems more trustworthy and secure. Despite the fact that Law Number 11 of 2008 about Information and Electronic Transactions has been revised to safeguard customers from dishonest debt collection tactics, there have been accounts of online lending companies resorting to threats and intimidation in order to recoup outstanding balances. This demonstrates the lack of oversight or enforcement of
current rules in the industry.

Secondly, the Financial Services Authority's decision to lower interest rates is a welcome development toward reducing the burden of excessively high interest payments on customers. However, this may cause further issues, such as smaller online loan providers having less access to funding because they cannot afford the operating costs associated with lower interest rates. In places where conventional banks are scarce, this may make it harder for people to get the loans they need.

Thirdly, there is still a major worry about the possibility of data leakage and abuse of personal information, even if there have been initiatives to increase transparency and data security. Lacking a sufficient security mechanism, online loan lenders might possibly exploit the vast quantities of personal data they have access to. To ensure that data collection and usage procedures are secure and up to date with data protection requirements, regulations must be regularly updated.

Fourth, a robust legal and technical framework is necessary to ensure that electronic transactions adhere to the norm of legality. Nevertheless, rules need to be revised and adjusted to be more responsive to technology advances, since the complexity and dynamism of digital financial markets often surpass current legal restrictions.

Fifth, there are ongoing issues with consumer knowledge and education of their rights under the new rules, despite the fact that these laws and regulations aim to create a more equitable and transparent environment. Customers may not be able to take use of the safeguards provided by these rules if they don't have enough information. Online lending practices must remain within a sufficient and ethical legal framework, with adequate safeguards for all parties involved. Law Number 11 of 2008 changes regarding Information and Electronic Transactions and the Financial Services Authority policy are positive steps in the right direction, but there is still a long way to go. Achieving the intended effects requires ongoing changes to regulation, monitoring, and consumer education.

Based on what you've read so far, the research question for this study is as follows: (1) How successful are monitoring and law enforcement in implementing rules for online loans in Indonesia? as well as (2) how is the responsibility to repay online loans assessed in light of the legitimacy of debt in the digital sphere?

2. Research Method
Based on the questions and ideas that were posed for this study, it may be classified as normative legal research. The main characteristics of normative legal research in conducting legal studies lie in the data source, namely secondary data sources. It consisted of primary legal materials, secondary legal materials, and tertiary legal materials (Ridwan, 2022). Primary legal materials are various international provisions or regulations, and statutory regulations. Normative legal research deals with legal
norms in national laws and is in line with the statutory approach (Jaya, 2024). Secondary legal materials are literature in the form of books and articles, journals, papers, and related data, while tertiary legal materials are accessing the internet related to research (Jaya, 2023).

This study takes a philosophical and analytical tack, drawing from a variety of theoretical frameworks to arrive at its conclusions, which in turn seek to generate new results to address the identified primary issue (Ishaq, 2017). A descriptive analytical approach will also be used to examine it, specifically outlining the relevant statutes and rules pertaining to legal theory and effective enforcement strategies for this issue (Mahmud Marzuki, 2011).

This study delves deeply into the specifics of how rules like the Information and Electronic Transactions Law and policies from the Financial Services Authority are put into action on a daily basis in order to address inquiries about the efficacy of oversight and enforcement in relation to the execution of online lending regulations in Indonesia. In order to comprehend the current dynamics of monitoring and enforcement, this study included gathering data from a number of sources, such as court records, interviews with industry participants, and field observations. Following this, the study delves into the difficulties encountered in guaranteeing that online loan providers consistently adhere to relevant legislation, as well as the sufficiency and efficacy of the supervisory procedures put in place by the Financial Services Authority.

However, while looking at the legality of online loan repayment in the context of digital debt, it’s important to consider how concepts from civil law, including contracts and torts, are applied to the dynamic and ever-changing digital landscape. By looking at both past and present legal interpretations and case law, this study paints a picture of how the law either helps or hurts when it comes to problems with online loans. The study takes a philosophical tack, delving into questions of digital transaction fairness and ethics and the difficulties of striking a balance between consumer protection and the operational autonomy of financial service providers.

The purpose of this study is to delve more into the interactions between online loan providers and borrowers as well as the regulatory framework that governs these transactions. To do this, we investigate current legal practices and aspects, identify knowledge gaps, and suggest changes that could be necessary to bring about justice and improve the efficacy of the legal system. The ultimate goal of this study is to inform future policy decisions and the development of more equitable legal procedures.
3. Results and Discussion

Effectiveness of Supervision and Law Enforcement on the Implementation of Online Loan Regulations in Indonesia

Regulation No.77/POJK.01/2016 Concerning Information Technology-Based Money Lending and Borrowing Services is a legislative framework put in place by the Indonesian government to safeguard the interests of all parties involved. Financial services that facilitate the electronic execution of lending and borrowing agreements denominated in rupiah currency through a system connected to the internet are described in Article 1, point 3, as providing information technology-based money lending and borrowing services.

Protection under the law may be sought by doing everything is necessary to make sure that human dignity and rights are acknowledged. The two most common forms of legal protection are those that aim to prevent harm and those that aim to punish wrongdoers: (Basrowi, 2019)

1. Preventive legal protection refers to laws and regulations put in place to forestall such conflicts. Providers of fintech services, particularly those involving online lending and borrowing, might take precautions to safeguard their customers against legal action before a conflict arises. Efforts are being made by the organizer to ensure that service users are protected legally before any disputes arise. Transparency, fair treatment, depth, success, and security of data; simple resolution of user disputes; fast and affordable cost; and these principles are governed by Article 29 of the Financial Services Authority Regulation Number 77/POJK.01/2016 concerning Online Money Lending and Borrowing Services.

2. Repressive legal protection seeks to settle past conflicts. The emergence of a disagreement is necessary for the implementation of this legal protection. Consumers and service providers are two sides of the same coin when it comes to disputes involving online money lending and borrowing services.

There are two stages to the oversight procedures outlined in Financial Services Authority Regulation No.77/POJK.01/2016, which pertains to the oversight of fintech in technology-based lending and borrowing services by the OJK.

1. Pre-Operational Business
Here is where the organizer will get the ball moving by processing registrations and securing permits. According to Article 7 of Regulation No.77/POJK.01/2016, organizers are required to register and get licenses
from the Financial Services Authority. Direct or indirect ownership of more than 85% of the company's shares cannot be held by foreign people or entities. In accordance with the provisions laid out in Article 8, paragraph (3) of the Financial Services Authority Regulations, the Board of Directors is obligated to submit an application form for registration along with the necessary supporting documents to the Chief Executive of Insurance Supervision, Financing Institutions, Pension Funds, and other FSIs. Next, the Financial Services Authority will review the financial service provider's registration documentation and make a decision on its approval within ten (10) business days after receiving it. Within ten business days, the Financial Services Authority will decide whether to authorize the registration and provide proof of registration. Applicants for organizer licenses must do so no later than one year from their registration date with the Financial Services Authority. Failure to submit a permission application within the one-year time allowed by the Financial Services Authority would result in the nullification of the organizer's certificate of registration and, of course, the termination of their registration with the Services Authority. No applications for re-registration with the Financial Services Authority will be accepted. Twenty business days from the date of obtaining the license document is the timeframe for filing a permission application, as stated in Article 11 of the Financial Services Authority Regulations. After that, the OJK will make an announcement on the application's approval or rejection. Within this 20-day period, the Financial Services Authority will assess the submitted work plan for practicability, conduct interviews with owners or prospective directors, and confirm that all necessary paperwork is in order. Interview questions should cover the following: whether the investor has a clean criminal record (no money laundering or other financial crimes using the funds), whether there have been no convictions for crimes related to the economy or financial services in the last five years, and whether there has been no permanent court declaration of bankruptcy. Changes in organizer ownership requiring approval from the Financial Services Authority are governed by this at the pre-operational stage of supervision, which is part of the overall supervisory process. Additionally, organizers with permits must voluntarily ask the Financial Services Authority to revoke their permits if they are unable to carry out their operational operations. Along with this request, you must provide an explanation for why they are unable to proceed and a plan to resolve any issues with their use rights and responsibilities. The timeframe for rescinding the permission is twenty (20) business days after the request is made.
2. During Business Operations
When it comes to the day-to-day running of businesses, the Financial Services Authority conducts two kinds of oversight:

a. Self-assessment system or reporting by fintech organizers. Financial and operational oversight, including the reporting of progress toward the basic budget, is what this entails. In the event that the firm has begun operations without first registering with the Financial Services Authority, this oversight will be implemented in due course. Articles 45–56 of "Financial Services Authority Regulation Number.77/POJK.01/2016" detail the reporting process.

b. Specifically, the Financial Services Authority's Officer Supervisory System gathers, searches, processes, and evaluates data and information pertaining to fintech service operations including peer-to-peer lending on a quarterly basis. Not only does this serve to keep tabs on periodic reports, but it also serves as an evaluation and inspection of the company’s adherence to rules (Fitriadi & Subanar, 2017).

The research on possible risk mapping highlights four areas of legal protection that authorities and the government should pay attention to while implementing fintech peer-to-peer lending (Yusuf, 2019):

1. Transparency and Completeness of Information
Chapter VII of Financial Services Authority Regulation Number 77/POJK.07/2016 explains how to educate and protect users of lending and borrowing services that are based on information technology. Article 29 lays forth the ground rules for user protection, which include being open and honest with users, treating them fairly, being reliable, protecting the privacy and security of user data, and finding inexpensive, simple, and fast solutions to user disputes. In the translated version, the organizer must include clear, comprehensive, and honest details about the services and goods on sale. It is crucial to create public trust, yet the information provided is not clear enough, leading to misunderstandings within the larger population. Financial technology services must be completely transparent in all aspects of their operations, including but not limited to: notifying customers or debtors; clearly outlining the terms and conditions of service usage; and informing the debtor of all duties and charges. Because most Indonesians still have a low level of financial literacy, Article 32 of the Financial Services Authority Regulation states that information about service products must be presented in an easy-to-understand manner. The goal of making it easy to get clear and comprehensive information on
financial technology services is to make consumers and debtors more aware of the benefits and drawbacks of utilizing these services for peer-to-peer lending. Preventive legal protections, such as providing comprehensive and transparent information about products and services, aim to keep disputes at bay by making sure that consumers and debtors can easily spot and avoid service provider fraud and unfair practices.

2. Consumer Dispute Complaints
Providing elements of complaint management and dispute resolution may help organizers gain customers' and debtors' confidence. Not only does this impact confidence, but it also provides a valuable opportunity to enhance goods and services by analyzing customer feedback. There are a number of things that the organizer must do in the event of a complaint regarding a dispute. These include having easy access to communications (phone numbers, email addresses, etc.), having standards for dealing with consumer complaints, and informing debtors that there are complaints in the event that a dispute arises.

3. Service System and Fraud Prevention
As a number of financial technology service goods proliferate, regulators must also comprehend fraud prevention. A great deal of risk for fraud and hacking into network security is associated with the proliferation of P2P lending fintech services. Consequently, event planners should raise the bar on system security, and it is the responsibility of the regulator to guarantee safety under their watch and to vouch for the dependability of the service system.

4. Personal Data Protection
Financial technology services are particularly vulnerable to data breaches because of the potential for identity theft and the general public's reluctance to utilize P2P lending platforms. Organizers are obligated to encrypt data pertaining to debtors/consumers, maintain data security, execute data access management, and provide debtors/consumers with an explanation regarding the personal data they provide. Several focuses must be made by organizers regarding the protection of personal data (Yusuf, 2019). The following are some of the preventative legal protections outlined in "Financial Services Authority Regulation Number 77/POJK.01/2016 concerning Information Technology-Based Money Lending and Borrowing Services":

- Risk Mitigation
PART IV Risk mitigation is explained in Articles 21, 22, 23, and 24 of the Financial Services Authority Regulations. The term "risk mitigation" refers to the steps taken by the person or organization responsible for managing a risk in order to lessen the severity of an adverse occurrence, whether it is imminent or has already occurred. According to Article 21, all parties involved in fintech P2P lending have a responsibility to reduce risk. The need that organizers maintain an escrow account and a virtual account is explained in Article 24. The purpose of these accounts is to facilitate transactions and to prevent organizers from collecting public cash using their own accounts.

b. System Governance in Fintech
Part 3 of Article 25 states that fintech operators must have a data center and a data recovery center. They must also meet minimum standards for IT systems, risk management, security, resilience to disruptions and system failures, and the transfer of management of IT systems to ensure the confidentiality, integrity, and availability of personal data, transaction data, and financial data under their care.

c. Education
"Organizers are required to provide an audit track record of all their activities in the Information Technology-Based Money Lending and Borrowing Services Electronic System," which serves as a platform for oversight, validation, conflict resolution, regulatory compliance, and other inspections and tests. Additionally, fintech companies that provide peer-to-peer lending have a responsibility to ensure the safety of their customers’ and their own data by implementing policies and processes that prevent service interruptions, failures, and losses.

d. Principles and Techniques of Customer Introduction
Alternative financing models If a user suffers a loss due to the organizer’s mistakes or carelessness, the fintech provider with the proper authorization and registration with the Financial Services Authority must pay for their medical bills. According to Article 37, the lender or investor is fully liable in the event that the loan recipient does not pay the agreed upon credit amount. If the borrower defaults on the loan, the organizer will not want to be
held liable. Unfortunately, the government should be more helpful in mitigating dangers like these so that more people would feel comfortable lending to one another via fintech P2P platforms. In order to address issues related to the resolution of disputes involving loan receivers in the case of default, it is necessary to enhance regulations on legal protection.

Article 65 of Law No. 7 of 2014 concerning Trade regulates legal protection in the fintech industry, since it is likewise defined as an electronic-based enterprise. In addition to explaining that service providers are obligated to provide accurate and comprehensive information, this item also states that the usage of electronic systems must adhere to the rules laid forth in Law Number 11 of 2008 about Electronic Information and Purchases (R. A. E. Wahyuni & Turisno, 2019). In addressing the evolving landscape of business licensing services and commercial or operational licensing following the implementation of Government Regulation Number 24 of 2018 concerning Electronically Integrated Business Licensing Services, various dimensions need attention (Fasyehhudin dkk., 2022). These dimensions encompass delineating prerequisites, rights, and obligations for business applicants; establishing procedural frameworks; defining validity periods and financing mechanisms for permits; instituting effective complaint and dispute resolution mechanisms; and imposing sanctions or punishment when necessary.

In light of the present situation, many individuals are resorting to unregulated internet loans due to the high demand for such services brought on by the widespread impact of the COVID-19 epidemic on several industries and the country’s economy. At this juncture, the responsibility of the state in providing preventative legal protection in the form of legislation that can provide legal certainty becomes apparent. Despite the fact that Financial Services Authority legislation Number 77 of 2016 regulates peer-to-peer lending technology, many feel that this legislation is flawed, particularly with respect to the safeguarding of borrowers from lower-middle class backgrounds. The principle is sound—people who don’t have collateral should be able to acquire loans—but the execution is like digital-era loan sharki. Fintech services may theoretically charge interest at whatever rate they want since neither the Financial Services Authority laws nor industry standards set maximum loan interest rates. Due to this, the public views the government as lacking in terms of oversight and legal safeguards for P2P lending financial technology users (Media, 2020).

Article 43 of the Financial Services Authority Regulation has also provided legal protection by prohibiting peer to peer lending fintech providers, namely: 1. Carrying out business activities other than the organizing business activities regulated in this
Financial Services Authority regulation; 2. Acting as a Lender or Loan Recipient; 3. Providing guarantees in all forms for the fulfillment of other parties' obligations; 4. Issue debt securities; 5. Publish fictitious and/or misleading information; 6. Offering services to Users and/or the public via private communication means without the User's consent; And 7. Charge any fees to Users for submitting complaints.

Debtors who utilize services are believed to have received preventative legal protection from this ban. The following administrative consequences may be imposed on the organizer in the event that they violate the aforementioned terms and conditions: a written warning; a fee (i.e., the need to pay a certain amount of money); limitations on commercial operations; and the revocation of licenses.

To ensure consumers have legal protections and to level the playing field with producers, "Law Number 8 of 1999 concerning Consumer Protection" (Sutedi, 2008). The primary concern in consumer protection problems is the comfort, security, and safety of consumers, as stated in Article 4 of the Consumer Protection Law. Typically, there are three main concepts that make up consumer rights (Abdul Halim, 2019)

1. Protecting consumers from injury, including harm to their person and harm to their property, is the right at issue here.
2. The entitlement to acquire products and services at a reasonable cost.
3. The entitlement to get suitable answers to the issues encountered.

While the Financial Services Authority has made efforts to prevent providers without permission from engaging in illegal fintech services, it has not been successful in protecting consumers who have been harmed by these practices. Debtors who filed complaints with the Jakarta Legal Aid Institute did so because they felt the Financial Services Authority had failed to adequately address their concerns and take appropriate action. When borrowers incur losses due to an excessively high interest rate, it becomes more difficult for them to attain their goals. In addition, many debtors feel disadvantaged due to the faulty bill-making procedure and the disclosure of personal information (W. Wahyuni, 2021).

No matter how you choose to contact them, the Financial Services Authority is happy to hear your grievances regarding fintech peer-to-peer lending. However, please note that the Financial Services Authority will not be able to take or act upon complaints lodged by debtors who have not obtained the necessary authorization from the Financial Services Authority. If a victim of illicit peer-to-peer lending via fintech incurs a loss, the Financial Services Authority recommends that they contact the authorities. The Financial Services power may act within its power in response to complaints, unlike when legitimate peer-to-peer lending fintech debtors make such
complaints. (Tendiyanto, 2021).

According to another source, the Financial Services Authority has been supervising the pre-operational stage of fintech peer-to-peer lending companies since the promulgation of Regulation Number 77/POJK.01/2016. This includes the requirements for submitting registration and licensing. The Financial Services Authority lacks a specialized division like Bank Indonesia’s BI Fintech Office, which deals with financial technology. In order to ensure that fintech growth in Indonesia is regulated and supervised in a way that aligns with economic development objectives, the Financial Services Authority is now reorganizing its organizational structure. Here, the "Indonesian Fintech Association (AFTECH)" maintains its support for the establishment of a branch of the Financial Services Authority tasked with overseeing and regulating the fintech phenomenon, with the goal of resolving issues and ensuring the continued dedication and diligence of regulators following the issuance of "Financial Services Authority Regulation 77/POJK.01 /2016." (Pakpahan dkk., 2020).

There are a number of obstacles that need to be overcome before Indonesia’s supervision and law enforcement can effectively apply its legislation on online lending. One of them is the problem of fintech businesses that operate illegally, running without approval from the Financial businesses Authority. There are still major gaps in the way the Financial Services Authority handles complaints from wronged debtors, despite its best attempts to stop fintech businesses from operating without licenses (Aryatie dkk., 2022). Unreasonable interest rates, harsh collection techniques, and the unethical disclosure of personal data are common outcomes for debtors entangled in unlawful finance, which may lead to property losses. The Financial Services Authority cannot investigate complaints lodged against unregistered firms under these circumstances; thus, victims are often encouraged to contact the police (Widodo dkk., 2023).

The way legitimate and illicit fintechs deal with situations is also quite different. The Financial Services Authority, meanwhile, may step in and fix issues with fintech companies that are registered (Muhtar dkk., 2023). Existing supervision procedures have flaws that are highlighted by the inability to control unlawful fintech. Developing effective regulation and oversight is already a challenge, and the absence of a dedicated department within the Financial Services Authority to address fintech challenges only makes matters worse.

In light of this situation, the Financial Services Authority should tighten the rules and regulations that control the financial technology sector, particularly P2P lending. Additional development is necessary to address concerns that occur after operations have begun, while the execution of Financial Services Authority Regulation Number
77/POJK.01/2016, which addresses pre-operational registration and licensing, is commendable. In a joint effort to fill current loopholes and keep legislation in step with the dynamic nature of the industry, the Indonesian Fintech Association (AFTECH) has voiced its support for the creation of a dedicated department under the Financial Services Authority.

Ultimately, as digital financial services in Indonesia continue to expand at an exponential rate, the public’s trust in the fintech sector will grow, and the stability of the financial system and consumer protection will be guaranteed by the Financial Services Authority's effective supervision and regulation of the online lending industry. Everything hinges on being nimble enough to respond to new threats as they arise, as well as having robust enough legal and operational frameworks to allow for effective monitoring and strict punishment of infractions.

**The Obligation to Pay Online Loans is reviewed in the aspect of Debt Legality in the Digital World**

Several major legal issues are brought up by the need to repay online loans in relation to the legitimacy of debt in the digital realm. Many people think of online loans as a fast way to get money, but there are a lot of hazards and legal ramifications for borrowers who don’t pay back their loans (Abqa dkk., 2023). While the financial technology sector as a whole has grown swiftly, P2P lending platforms in particular have not been immune to criticism, particularly in regard to the aggressive and frightening nature of some of the invoicing practices used. In line with the growing preference for alternative dispute resolution in business conflicts, such as the use of International Commercial Arbitration services like the International Centre for The Settlement of Investment Disputes (ICSID), it’s noteworthy that Indonesia, as an ICSID member state, ratified this through Law No. 5 of 1968 on the Agreement on the Settlement of Disputes Between States and Foreign Nationals Regarding Investments (Rohani dkk., 2024). Serious breaches by fintech organizations have been reported in several instances to different legal aid institutions. These violations include sexual harassment via electronic media, fraud, the unlawful release of personal data, intimidation in invoicing, and other similar issues.

Similar instances keep coming up because the legal system is still not doing enough to address this issue. The Financial Services Authority requires fintech businesses to register and receive an operating authorization under the current regulatory framework (Article 7 POJK 77/2016). This proves that there must be a genuine agreement for any debtor-creditor relationship to exist. Despite the fact that protection and sanctions for personal data violations are clearly regulated by Financial Services
Authority Regulation Number 77 of 2016 and Law Number 11 of 2008 concerning Electronic Information and Transactions, violations of personal data protection still occur frequently (Harahap dkk., 2023).

Better consumer protection is needed in the fintech industry, where regulations like Regulation 77 of 2016 from the Financial Services Authority stress the need of organizers adhering to consumer protection standards including honesty, equity, and dependability. There has to be more regulation and tougher action against organizers who break it, since there have been serious and recurring breaches. Despite the inclusion of penalties and operating limitations, the administrative punishments outlined in Articles 43 and 47 of Financial Services Authority Regulation Number 77 of 2016, do not seem to be sufficient in preventing infractions (Lathif & Habibaty, 2019).

There is an immediate need to review and enhance current oversight mechanisms in light of the substantial dangers and detrimental effects offered by infractions in the financial technology sector, particularly on P2P online lending platforms. As part of this, the Financial Services Authority’s present administrative punishments will be thoroughly assessed for their efficacy. A more robust and adaptable system of law enforcement is required, despite the fact that Regulation 77 of 2016 of the Financial Services Authority has laid out a framework for licencing and registration and the protection of personal data, its execution often falls short in preventing breaches (Usanti & Roro, 2017).

Additionally, in order to address this issue, there has to be improved coordination among regulatory bodies, law enforcement, and legal aid organizations to promptly and efficiently resolve all infractions. Sharing information about unlawful acts and enhancing the ability to take legal action against fintech businesses that violate the law are two potential outcomes of this partnership. Furthermore, the Financial Services Authority has the authority to broaden its oversight to include not just licensing matters but also the enforcement of fair and ethical procedures by fintech businesses, including their debt collection activities.

Another important step in mitigating the risks associated with internet loans is educating consumers. The general population has to know what they may do if they encounter unlawful or unfair loan practices, as well as their consumer rights. Better decision-making and protection against fraud and exploitation may be achieved when customers have a higher level of digital financial literacy.

The most recent innovations in financial technology and associated hazards also need proactive regulatory revisions. The continued applicability and efficacy of consumer protection legislation in a dynamic marketplace is an essential component of this.
Ensuring that the fintech sector, particularly P2P lending, works within ethical and legal constraints while encouraging innovation and economic development will need a proactive and dynamic approach to regulation and law enforcement.

Therefore, resolving consumer protection and legal concerns in the fintech sector requires more than just more oversight; it also necessitates the establishment of conditions that promote equitable and healthy expansion. Doing so calls for everyone concerned to pull together and make a firm decision to enhance current procedures and policies on an ongoing basis.

4. Conclusion

Findings from this study indicate that despite laws like Financial Services Authority Regulation Number 77 of 2016 that attempt to regulate the fintech sector—and particularly online loans—there are still substantial obstacles to keeping the rules in place and making sure they are enforced. Because of the limitations of current oversight and complaint systems, the Financial Services Authority has a hard time addressing the problem of unlicensed fintechs. According to the findings, the Financial Services Authority (FSA), in conjunction with law enforcement and legal aid organizations, needs to improve its supervisory competence and efficacy. Furthermore, this study highlights the need of consumer education as a powerful preventative measure to lessen the dangers and detrimental effects of online loans. Better decision-making and protection against unethical tactics may be achieved if customers have a better grasp of financial and legal concepts. Consequently, the Financial Services Authority’s regulatory and supervisory efforts have not yet achieved their full potential. The online lending industry must continue to operate with integrity, safeguard consumers effectively, and contribute to the development of a digital economy that is accessible to all.
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