

Financial Technology Company's Debt Collection Method: A Legal Aspect



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ABSTRACT. Online loans are an alternative source of loans for the public. Online lending has grown rapidly. Financial technology companies are online loan providers. Financial technology companies use various ways to collect loans that are not paid by customers when they are due. One of the debt collection methods is to distribute photos and debt collection stories of the customer to the contacts in the customer's mobile number. This distribution has caused unrest for the people contacted either via messenger or via SMS. This research aims to discuss the pattern of debt collection by financial technology companies from a juridical viewpoint. This research uses the juridical normative method. This research concludes that data retrieval and data dissemination constitute a violation of personal data protection for customers and people who receive news and SMS. Retrieval of data without approval or contacting a loan with another party without prior knowledge has violated the personal domain of the data owner. The government needs to immediately issue regulations regarding the protection of personal data related to electronic transactions.

KEYWORDS. Debt Collection, Financial Technology, Method, Legal Aspect

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Introduction

Around 66 percent of Indonesia's total population lacks knowledge of financial literacy.¹ Indonesia is in desperate need of financial inclusion. The term *financial inclusion* refers to the percentage of residents who have a bank account.² According to a January 2019 Hootsuite survey, the number of cellular subscriptions in Indonesia exceeded the population. In Indonesia, there were 355.5 million cellular subscriptions. Up to 56% of the population is an active internet user.

The level of internet usage on smartphones encourages people to move from conventional financial transactions to digital platforms. With high cellular usage, Indonesia has growth potential for the financial technology

¹ Suwinto Johan, "Peer-to-Peer Lending's Customer Profile: Empirical Research on Indonesia's Financial Technology Market," *Southeast Asian Journal of Economics* 9, No. 1 (2021): 103–20.

² Yudistra Nugroho and Ilham Samudra, "All Eyes on E-Money: The Race to Reach 180M Unbanked Indonesians," 2018, <https://www.thinkwithgoogle.com/intl/en-apac/future-of-marketing/emerging-technology/all-eyes-e-money-race-reach-180m-unbanked-indonesians/>.

industry, including financial aggregators, crowdfunding, electronic money, and peer-to-peer lending.³

Indonesians have a general perception of banking services as a complex, rigid, time-consuming, and uncompromising administrative process.⁴ As a result, the financial technology industry's growth, particularly in technology-based peer-to-peer (P2P) lending, is viewed as a potential threat to traditional banking services. Natural advantages, adaptable processes, and services that are accessible and complete via smartphone are extremely appealing to a large segment of the population, particularly alternative sources of bank loans.

The peer-to-peer (P2P) system can be viewed as a means of removing some of the intermediary processes inherent in the traditional banking system.⁵ Online loan financial technology companies are able to manage internet-based data, which speeds up and expands the lending process.⁶ Online loans provide fast service, easy terms, flexibility, and a variety of products. Online loans have reached financial access to the wider community.⁷ P2P lending is primarily complementary to traditional banking and is not a substitute for it.⁸

Taking a broader view, this emerging online loan service industry has the potential to complement traditional banking services, thereby increasing financial inclusion. Financial inclusion via technology is expected to reach populations that have been excluded from banking services in the past. Additionally, online loans provide quick service, simple terms, flexibility, and a diverse product selection. Financial access to a broader segment of the

³ Ahmad Syamil et al., "Understanding Peer-to-Peer Lending Mechanism in Indonesia: A Study of Drivers and Motivation," *ICIC Express Letters, Part B: Applications* 11, No. 3 (2020): 267–77, <https://doi.org/10.24507/icicelb.11.03.267>.

⁴ Adhitya Himawan and Dian Kusumo Hapsari, "Gubernur BI Minta Perbankan Indonesia Melek Teknologi," n.d., <https://www.suara.com/bisnis/2017/09/19/153340/gubernur-bi-minta-perbankan-indonesia-melek-teknologi>.

⁵ Wimboh Santoso, Irwan Trinugroho, and Tastaftiyan Risfandy, "What Determine Loan Rate and Default Status in Financial Technology Online Direct Lending? Evidence from Indonesia," *Emerging Markets Finance and Trade* 56, No. 2 (2020): 351–69, <https://doi.org/10.1080/1540496X.2019.1605595>.

⁶ Erga Kandy Panginan and Irwansyah, "Fenomena Aplikasi Kredit Dan Pinjaman Online Kredivo Di Indonesia," *Komunikasi Dan Kajian Media* 4, No. 1 (2020): 12–26.

⁷ Mei Santi, "Peran Pinjaman Dana Berbasis Online Melalui Aplikasi Terhadap Perekonomian Di Indonesia," *Jurnal Eksyar (Jurnal Ekonomi Syariah)* 06, No. 02 (2019): 116–27.

⁸ Alistar Milne and Pal Parboteeah, *Research Report The Business Models Peer-to-Peer Lending*, 2016.

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population has been facilitated by online loans. Contributes to the improvement of micro and small business access to finance. Fintech is incomparable to other start-ups and has the potential to transform Indonesia's business and economic landscape.⁹

The Indonesian Financial Services Authority (OJK) regulates officially registered P2P applications. Since the emergence of peer-to-peer lending applications in Indonesia between 2014 and 2016, there is only one regulation in force, namely Regulation of the Indonesian Financial Services Authority Number 77/ POJK.01/2016 on Information Technology-Based Money Loan Services. Online loans have become popular; some are permitted by the Indonesian Financial Services Authority, while others are not.

The regulation is deemed incapable of effectively protecting customers from the reach of illegal loan services. The Indonesian Financial Services Authority cannot impose sanctions or fines on fintech that is not registered (so-called *illegal*) if activities are carried out improperly in accordance with their standard operating procedures. This regulatory constraint can be resolved only through constitutional amendments.¹⁰

At the end of 2018, repeated media coverage related to loan collection from peer-to-peer (P2P) loan applications. Unethical loan collection methods in the form of threats and the spread of personal pictures that embarrass customers have been aggressively experienced by peer-to-peer lending users.¹¹ Despite concerns about peer-to-peer lending regulations, the online lending industry has not slowed and continues to grow at a steady clip.

The cumulative data published by the Indonesian Financial Services Authority on online loans from IDR 3 trillion in January 2018 to IDR 37 trillion in April 2019 illustrates growth from IDR 3 trillion in January 2018 to IDR 37 trillion in April 2019. In one year (April 2018 to April 2019), this industry's accumulated loan balance increased by 583 percent. This figure reflects consumers' strong interest in online peer-to-peer lending services. This is also reflected in the significant increase in borrower accounts, which

⁹ Nofie Iman, "Assessing the Dynamics of Fintech in Indonesia," *Investment Management and Financial Innovations* 15, No. 4 (2018): 296–303, [https://doi.org/10.21511/imfi.15\(4\).2018.24](https://doi.org/10.21511/imfi.15(4).2018.24).

¹⁰ CNN Indonesia, "OJK Sebut Butuh UU Untuk Atur Fintech," 2019, <https://www.cnnindonesia.com/ekonomi/20190308201009-78-375677/ojk-sebut-butuh-uu-untuk-atur-fintech>.

¹¹ Yanurisa Ananta, "OJK, Fintech Lending Dan Kezaliman Dalam Penagihan," 2019, <https://www.cnbciindonesia.com/tech/20190404092923-37-64551/ojk-fintech-lending-dan-kezaliman-dalam-penagihan>.

increased from 330,154 in January 2018 to 7,771,026 in April 2019. Nevertheless, the number of lender accounts increased more slowly over the same period, from 115,939 in January 2018 to 456,352 in April 2019.

There is still a dearth of research on the collector billing effect of technology-based financial companies, particularly P2P lending. This research contributes to the development of regulations governing peer-to-peer lending and financial literacy.

Numerous studies on illegal online loans have been conducted in the past. The purpose of this study is to examine the legal status of illegal online loan technology companies.¹² In China, the illegal receipt of public funds via technology companies occurs.¹³ Currently, existing laws and regulations are incapable of safeguarding the public against illegal financial technology companies.¹⁴ Online loan services have had a negative impact on the community, most notably financial losses for consumers.¹⁵ This research is unique in that it examines the debt collection practices of financial companies using personal data from customers. This subject is still rarely discussed. Debt collection via personal information dissemination continues to this day. Existing research examines the legal status of financial technology companies, as well as the debt collection practices of financial technology companies that violate applicable laws and regulations. This research is novel in that it establishes that financial technology companies engaged in debt collection activities that violated applicable laws and regulations. This study examines financial technology companies' billing practices.

¹² Febri Dolis Herdiani, "Analysis of Abuse and Fraud in the Legal and Illegal Online Loan Fintech Application Using the Hybrid Method," *Enrichment: Journal of Management* 11, No. 2 (2021): 486–90.

¹³ Xinmin Liu, Flora Huang, and Horace Yeung, "The Regulation of Illegal Fundraising in China," *Asia Pacific Law Review* 26, No. 1 (2018): 77–100, <https://doi.org/10.1080/10192557.2018.1511086>.

¹⁴ Siti Yuniarti and Abdul Rasyid, "Consumer Protection in Lending Fintech Transaction in Indonesia: Opportunities and Challenges," *Journal of Physics: Conference Series* 1477, no. 5 (2020), <https://doi.org/10.1088/1742-6596/1477/5/052016>; Suwinto Johan and Ariawan Ariawan, "Consumer Protection in Financial Institutions," *Legality: Jurnal Ilmiah Hukum* 29, No. 2 (2021): 173–83, <https://doi.org/10.22219/ljih.v29i2.16382>.

¹⁵ Eka Budiyantri, "Upaya Mengatasi Layanan Pinjaman Online Ilegal," *Info Singkat, Kajian Singkat Terhadap Isu Aktual Dan Strategis Bidang Ekonomi Dan Kebijakan Publik* 11, No. 4 (2019): 19–24.

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The loan agreement between a customer and a financial technology company is governed by Indonesian Civil Code Article 1320.¹⁶ The loan agreement is a contract that establishes mutual trust.¹⁷ If the lending company is a criminal enterprise, it may result in criminal acts such as fraud, money laundering, or the misappropriation of consumer data.¹⁸

The Republic of Indonesia's Law No. 11 of 2008 on Information and Electronic Transactions regulates legal protection and sanctions for personal data breaches.¹⁹ The Indonesian Financial Services Authority regulates this online loan through Regulations Number 77/POJK.07/2016 and 18/POJK.07/2018 of the Indonesian Financial Services Authority.²⁰ These two regulations serve as guidelines on the mechanism for consumer complaints services and their resolution.²¹ According to positive law, online loans are regulated by Bank Indonesia Regulations 18/40/PBI/2016 and 19/12/PBI/2017.²²

According to Bank Indonesia Board of Governors Regulations 19/14/PADG/2017 and 19/15/PADG/2017, the Financial Services Authority is responsible for supervising the industry in collaboration with the Police, Bank Indonesia, and the Investment Alert Task Force.²³ The police are tasked

¹⁶ Syaiful Azam, Mulhadi Mulhadi, and Dedi Harianto, "The Undue Influence Doctrine and Its Function in Consumer Financing Cases," *Jurnal Media Hukum* 27, No. 2 (2020): 240–51, <https://doi.org/10.18196/jmh.20200154>.

¹⁷ Istiqamah, "Analisis Pinjaman Online Oleh Finteh Dalam Kajian Hukum Perdata," *Jurisprudentie* 6, no. 2 (2019): 291–306, <https://doi.org/10.31227/osf.io/nufce>.

¹⁸ Raden Ani Eko Wahyuni and Bambang Eko Turisno, "Praktik Finansial Teknologi Ilegal Dalam Bentuk Pinjaman Online Ditinjau Dari Etika Bisnis," *Jurnal Pembangunan Hukum Indonesia* 1, No. 3 (2019): 379–91, <https://doi.org/10.14710/jphi.v1i3.379-391>.

¹⁹ Andriyanto Adhi Nugroho, Atik Winanti, and Surahmad Surahmad, "Personal Data Protection in Indonesia: Legal Perspective," *International Journal of Multicultural and Multireligious Understanding* 7, No. 7 (2020): 183, <https://doi.org/10.18415/ijmmu.v7i7.1773>.

²⁰ Ni Nyoman Ari Diah Nurmantari and Nyoman A. Martana, "Perlindungan Hukum Terhadap Data Pribadi Peminjam Dalam Layanan Aplikasi Pinjaman Online," *Kertha Wicara*, No. 10 (2019): 1–14.

²¹ Windy Sonya Novita and Moch. Najib Imanullah, "Aspek Hukum Peer to Peer Lending (Identifikasi Permasalahan Hukum Dan Mekanisme Penyelesaian)," *Privat Law* 8, No. 1 (2020): 151–57.

²² Rizkyka Virgionandy, Lalu Husni, and Muhaimin Muhaimin, "The Legal Liability of Fintech Companies for Accessing Telephone Contact Lists and Photo Galleries in the Online Loan Process," *International Journal of Multicultural and Multireligious Understanding* 8, No. 2 (2021): 191, <https://doi.org/10.18415/ijmmu.v8i2.2411>.

²³ Ari Rahmad BF Hakim, I Gusti Agung Wisudawan, and Yudi Setiawan, "Pengaturan Bisnis Pinjaman Secara Online Atau Fintech Menurut Hukum Positif Di Indonesia," *Ganec Swara* 14, No. 1 (2020): 464–75, <https://doi.org/10.35327/gara.v14i1.122>.

with investigating criminal acts committed by desk collectors in the area of online loan collection (cyber-crime). This handling is inefficient due to banking law obstacles, a lack of tools for proving ITE crimes, difficulties bringing in witnesses and experts, a lack of police human resources, and unwilling participants.²⁴

Online loan companies have violated rules by disclosing and misusing customer data, entering into agreements that harm consumers, and using collection methods that are not compliant with regulations.²⁵ Online lenders do not adhere to the 5C principles of lending.²⁶ As a result, a large number of borrowers defaulted, creating widespread debt collection difficulties for debt collectors.²⁷ The online loan collection process that causes acts of threats has been regulated in Law of the Republic of Indonesia Number 11 of 2008 Article 27 (4) and Article 29 and 369 of the Indonesian Criminal Code.²⁸ However, illegal financial technology companies do not eliminate the obligation to pay debts by customers.²⁹ Existing studies continue to discuss financial technology companies' violations. There is still a dearth of discussion regarding how to improve the debt collection system and potential

²⁴ M M Nurwahridya and Hartiwingsih, "Peranan Polri Dalam Penanggulangan Tindak Pidana Siber Oleh Desk Collector Pinjaman Online," *Jurnal Recidive* 9, No. 1 (2020): 43–49. See also Dani Muhtada & Ridwan Arifin. "Penal Policy and the Complexity of Criminal Law Enforcement: Introducing JILS 4 (1) May 2019 Edition". *JILS (Journal of Indonesian Legal Studies)* 4 No. 1 (2019): 1-6; Muttaqim Muttaqim, & Desi Apriliani, "Analysis of The Probability of Money Laundering Crimes toward the Development of Crypto-currency Regulations in Indonesia." *Indonesian Journal of Criminal Law Studies* 4, No. 1 (2019): 29-40; Chandra Andryanto, "Law Enforcement Against Fraud and/or Embezzlement (Study of KSP Intidana Central Java, Indonesia)". *JILS (Journal of Indonesian Legal Studies)* 3, No. 1 (2018): 47-74. <https://doi.org/10.15294/jils.v3i01.23205>

²⁵ Andi Arvian Agung and Erlina, "Perlindungan Hukum Terhadap Konsumen Pengguna Jasa Pinjaman Online," *Alauddin Law Development Journal (ALDEV)* 2, No. 3 (2020): 432–45, <https://doi.org/10.30742/perspektif.v20i1.123>.

²⁶ Gika Firanda, Paramita Prananingtyas, and Sartika Lestari, "Debt Collection of Financial Technology Lending," in *1st International Conference on Science and Technology in Administration and Management Information*, 2021, <https://doi.org/10.4108/eai.17-7-2019.2303007>.

²⁷ Gika Asdina Firanda, Paramita Prananningtyas, and Sartika Nanda Lestari, "Nagih Utang (Debt Collector) Pinjaman Online Berbasis Financial Technology," *Diponegoro Law Journal* 8, No. 4 (2019): 2523–38.

²⁸ Ramlan, "Legal Strengthening of Credit Agreement Based on Information Technology in Financial Technology Companies in Supporting Industry 4.0," *Randwick International of Social Science (RISS) Journal* 2, No. 1 (2021): 29–42.

²⁹ Rayyan Sugangga and Erwin Hari Sentoso, "Perlindungan Hukum Terhadap Pengguna Pinjaman Online (Pinjol) Ilegal," *PAJOUL (Pakuan Justice Journal of Law)* 1, No. 1 (2020): 47–61.

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solutions. This research proposes a feasible debt collection solution for financial technology companies.

Socialization is critical, even more so when it comes to online loans. The process of socialization can be facilitated through interactive lectures and discussions.³⁰ Therefore, the research questions are as follows:

1. Is the method of debt collection employed by debt collectors of technology-based financial companies in accordance with existing laws and regulations?
2. How does the regulator regulate debt collection method that is troubling to customers?

Method

According to the explanation above, this research employs a method known as normative juridical research or legal literature research. Normative juridical research is conducted through the examination of secondary sources, specifically literary sources. Normative juridical research, also known as legal literature, entails the examination of legal standards and principles, as well as the systematic examination of existing regulations and legislation. This study focuses on loans made using technology. Additionally, it examines the degree of horizontal and vertical alignment between existing laws and regulations governing the financial services industry. In normative law, this research takes a statutory approach, examining the entire body of legislation. Regulations related to peer-to-peer lending are analyzed, identified, and adapted through research. Legal research materials that employ normative methods include primary legal materials, secondary legal materials, tertiary legal materials, and other auxiliary materials. Primary legal materials that used in this research UUD Republic of Indonesia Year 1945 and other related regulations. Legal materials secondary used include literature in the form of journals law, legal theories, scientific books related to the research title, results symposiums/seminars, and essays scientific.

³⁰ Muhammad Syafi and Dhofir Catur, "Sosialisasi Produk Pinjaman Dan Investasi Online Ilegal Berdasarkan Penilaian Otoritas Jasa Keuangan (OJK) Pada Anggota Dasa Wisma Perumahan Alam Hijau Jember," *Jurnal Pengabdian Masyarakat Ipteks* 6, No. 1 (2020): 48–52.

Tertiary legal materials are materials which explains the primary legal material and secondary law.³¹

Debt Collection Method Employed by Debt Collectors of Technology-Based Financial Company

A person who lends money must anticipate receiving it back in full. A borrower's obligation is to repay the loan. If the borrower does not repay the loan, complications ensue. Financial technology companies are lenders.

The loan company (lender) will pursue collection efforts in order to ensure that the loan is fully repaid. If the loan includes collateral, the lending company will execute the loan (lender). This collateral will be used to cover the loan's principal and interest.

The primary distinction between traditional loans and loans to technology companies is the lending company's relationship with its customers. Before providing loans, traditional lenders conduct surveys and verify prospective customers' data. This survey and verification are conducted in a face-to-face meeting. Meanwhile, loans are made online through financial technology companies.

Offline, the lending company is aware of the customer's place of employment and residence. If the customer does not make a payment, the collector makes non-telephonic visits (loan collection) to these locations. Online debt collection is accomplished through the use of pre-existing communication tools or applications. Someone will be contacted and asked to repay a past-due loan. When someone changes his phone number or application, the relationship is terminated.

If the individuals who borrow funds become unreachable, the lending company will seek information from those in their immediate vicinity. In the case of a loan application, the lender's guarantee provider or the name that is frequently contacted in emergency situations will be contacted. While the technology loan application is being processed, it will scan the borrower's telephone number for telephone numbers. Through existing applications,

³¹ Suwinto Johan and Ariawan Ariawan, "Keterbukaan Informasi Uu Pasar Modal Menciptakan Asymmetric Information Dan Semi Strong Form," *Masalah-Masalah Hukum* 50, No. 1 (2021): 106–18, <https://doi.org/10.14710/mmh.50.1.2021.106-118>.

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collectors spread information about the loan, debt collection, and borrower's photos to people they know. Occasionally, they will also threaten or insult the borrower.

In terms of debt collection, the financial technology company alleged a number of violations of the personal realm. Financial technology companies harvest the borrower's cell phone number, share photographs of the borrower, and compose an insulting or threatening collection message.

The financial technology company may have requested permission to retrieve the borrower's phonebook data. However, financial technology lenders sending bill of collection to contact numbers in the phonebook have caused disturbances for recipients. If done with insults or threats, then this has violated one's personal realm.

The collection of data is a private matter. Lending must not infringe on the private sphere, including human rights protections such as the right to privacy. However, financial technology companies are required to collect personal data. This creates a conflict between lender and borrower. Customers desire to borrow money while retaining control of their personal domain. Technology companies want to amass as much information about their customers as possible. If financial technology companies discover that customers are concealing information from them, they will delay or cancel lending. This relationship results in an asymmetrical exchange of information between customers and financial technology firms.

Mr. Alvin Lie, an Ombudsman member, sued PT. Indosat, Tbk for frequently receiving SMS product offers at inopportune times. This act is deemed to be in violation of the Minister of Communication and Information's Article 23 paragraph 3 on the Provision of Content Provider Services on Cellular Mobile Networks. This will impose a financial burden on the recipient. If the recipient is located outside of the United States, the recipient will be charged.³²

Submission of information that violates decency may be punishable under Article 17 Paragraph 1 in conjunction with Article 45 Paragraph 1 of the Republic of Indonesia's Law No. 11 of 2008 on Information and Electronic Transactions, as amended by the Republic of Indonesia's Law No. 19 of 2016 on Amendments to the Republic of Indonesia's Law No. 11 of 2008 on Information and Electronic Transactions. Article 27 states that

³² Kompas.com, "Indosat Digugat Pelanggan Gara-Gara Kiriman SMS Iklan," 2020, <https://jambione.com/read/2020/08/16/12993/indosat-digugat-pelanggan-garagara-kiriman-sms-iklan/>.

everyone distributes and/or transmits and/or makes accessible Electronic Information and/or Electronic Documents that contain indecent content intentionally and without authorization. Whereas Article 45 provides that any person who knowingly and without authorization distributes, transmits, or makes accessible Electronic Information and/or Electronic Documents with content that violates the decency standards set forth in Article 27 paragraph (1) shall face a maximum penalty of six (six) years in prison and/or a fine of IDR 1 billion.

The recipient of the message may also sue civilly for moral harm caused by indecent messages under the Acts Against the Law (PMH). As a result, the beneficiary may seek damages. The recipient of the message is disturbed by the collection language and statements such as the customer being billed is the person in charge of the debt. If we are abroad, the recipient of the message via short messaging service (SMS) or messenger will be charged a fee. Even though the cost of the messenger application is less than the cost of receiving SMS messages. Thus, the message's recipient may file a civil lawsuit against the message's sender.

Additionally, photos of borrowers (customers) are distributed along with insulting words. Companies that provide financial technology services distribute photographs of their customers (loan recipients). This action is taken to compel the borrower or customer to repay the loan. Additionally, the distribution of photographs will embarrass customers. To resolve these debts, the customer will contact the financial technology company. Permission from the borrower or customer is required for distribution of this photograph. Without a permit, financial technology companies may be subject to the Indonesian Criminal Code (KUHP) and the ITE Law under Article 310-321. Permits must be accompanied by an acknowledgment that the debt is due and collectible. If these conditions are not met, the financial technology company is not permitted to distribute the photograph without first obtaining the necessary permissions and consents. Dissemination of information via customer photographs may constitute a violation of customer rights. Borrowing money does not imply that the customer forfeits his or her personal rights.

Additionally, the relationship between financial technology companies and their customers faces another issue: standard agreements. This standard agreement is specified at the time the contract is electronically signed. This standard agreement does not comply with the Indonesian Financial Services Authority's regulations. In the financial technology

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industry, insufficiently small writing, opaque procedures for collecting past-due debts, charging fees, and calculating interest are all issues.

Regulators Regulate Debt Collection Patterns

Financial technology companies have sown unrest in the public sphere. This business is required by the community. Financial technology firms also contribute to the nation's economic development. This industry, however, has had unintended consequences for society. The public has been uneasy about this industry's rapid growth.³³

Financial technology companies registered with the Indonesian Financial Services Authority may be issued a warning. According to the regulations, the Indonesian Financial Services Authority has the authority to impose sanctions up to and including the revocation of licenses. However, if the financial technology firm is not registered with the Indonesian Financial Services Authority, it will be unable to monitor these firms. Numerous financial technology companies in Indonesia are unregistered with the Financial Services Authority. If this financial technology company registers and is rejected by the Indonesian Financial Services Authority, the Indonesian Financial Services Authority may declare that this financial technology company was rejected. As a result, the public will be aware that financial technology firms have been rejected. However, if it is not registered with the Indonesian Financial Services Authority, the Police and the Ministry of Communication and Information have the authority to act. The police have the authority to act in response to public complaints. The Ministry of Communications and Information Technology has the authority to prohibit financial technology companies from submitting applications.

Financial technology companies' risks associated with peer-to-peer (P2P) transactions apply to both parties. Borrowers default on loan repayments. Investors in financial technology companies will not receive

³³ See Ayon Diniyanto, and Heris Suhendar. "How Law Responds to Technological Development?." *Unnes Law Journal: Jurnal Hukum Universitas Negeri Semarang* 6, No. 2 (2020): 405-426; Dinda Dinanti, Muthia Sakti, Indira Putri Irfani, and Sinta Ana Pramita. "Politics of Law for the Protection of Debtors as Consumers in Fintech Based Loaning Services". *Unnes Law Journal: Jurnal Hukum Universitas Negeri Semarang* 6, No. 2 (2020): 427-444. <https://doi.org/10.15294/ulj.v6i2.40349>.

their money back. The more customers who default on payments, the less money financial technology companies manage. With fewer funds, the income from fund management decreases. Figure 1 illustrates this.

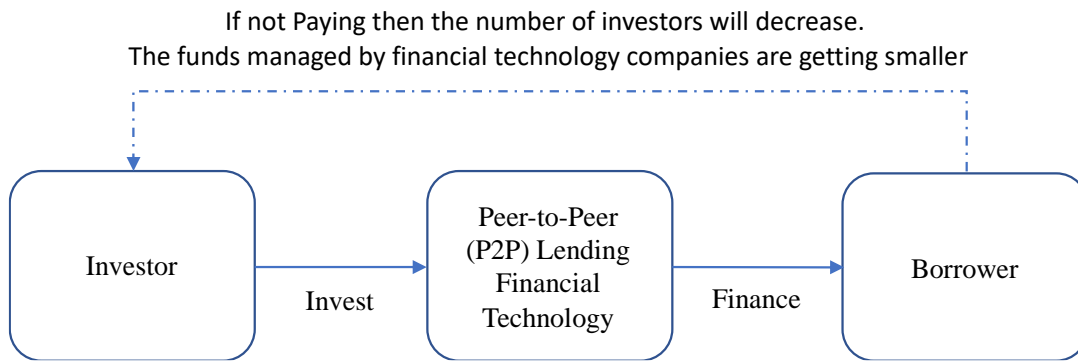


Figure 1. Financial Technology Company Fund Management Scheme

Source: Research Results (Author)

Solving this issue properly will require collaboration between departments. The Indonesian Financial Services Authority (FSA) will be unable to resolve this issue on its own. Collaboration between the Financial Services Authority of Indonesia, the Ministry of Communication and Information, and the Police is critical. The Indonesian Financial Services Authority must improve continuous socialization. Existing financial technology applications require enhanced supervision, and the Ministry of Communications and Information Technology has the authority to block them. The police must beef up their surveillance of this type of cybercrime.

Illegal financial technology lending companies, on the other hand, are notoriously difficult to eradicate. However, socialization must continue in order for the public to receive accurate information. This is analogous to existing illegal banking, in that numerous illegal banks continue to exist. The public, on the other hand, is generally aware of and capable of distinguishing between legal and illegal banks. Authorities must continue to educate the public about the risks associated with investing in and borrowing funds from P2P.

While financial technology firms have benefited the national economy, they have created havoc in society. Regulators must devise strategies for leveraging financial technology firms without igniting public outrage. Continuous socialization, continuous monitoring, and firm

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enforcement of violations will improve financial technology companies' debt collection patterns.

The government must ensure that the general people has easy access to credit. Illegal financial enterprises cannot operate in a world where everyone has access to money. The general people will be safeguarded as well. This policy necessitates government action. Financial technology firms are a more efficient and effective approach for financial literacy.

Conclusion

Financial technology companies' debt collection practices have violated existing laws and regulations. Financial technology companies must obtain consent from all parties before distributing photographs, insulting borrowers, or extracting contact information from phone books for the purpose of debt collection. Otherwise, technology companies may face criminal or civil sanctions. Relevant authorities must work cooperatively with other relevant authorities to monitor technology companies that have engaged in illegal behavior. The Indonesian Financial Services Authority must work in conjunction with the Ministry of Communication and Information and the Police to ensure that existing laws and regulations are enforced. As a precautionary measure, the Indonesian Financial Services Authority must conduct continuous socialization. Violations of a financial technology company's license may result in criminal penalties because the company is operating as an unauthorized financial institution. This study is solely concerned with normative principles. A survey on the contribution of financial technology businesses to the public's funding needs can be used to generate quantitative research. Furthermore, focus group talks on the billing behavior of financial technology companies can be used to produce qualitative research. Regulators, corporate players, and customers may all be involved in this study.

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