

# **Independent Authority on Personal Data Protection in Illegal Financial Technology: Capturing Peer-to-Peer (P2P) Lending Issues**

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## **Abstract**

Today's innovative industry is rapidly growing, fuelled by technology utilization and an increasingly diverse range of economic models. One of these models includes the rise of illegal financial technology peer-to-peer lending (illegal fintech P2P lending), which is increasingly gaining popularity within society. There exist various regulations designed to safeguard the personal data of debtors involved in illegal fintech P2P lending. This study employs a normative doctrinal approach utilizing three research methodologies: statute, comparative, and conceptual approach. The research reveals that while some standard rules have been elucidated, there lacks specificity regarding the responsible institution. The study collected information indicating numerous instances of debtors misusing personal data through illegal fintech P2P lending. This highlights the continuous legal framework overseeing the balancing act of safeguarding personal data in Indonesia, comparing it to the typical legal principles governing personal data protection in other nations with principles on common law. Consequently, this study concludes that the current handling of debtors' personal data misuse in illegal fintech P2P lending by the Personal Data Protection Agency remains sectoral. It emphasizes the necessity for a more comprehensive, independent institution to offer optimal legal protection for debtors' personal data in the context of illegal P2P lending using fintech.

**KEYWORDS:** *Illegal Financial Technology, Independent Authority, Personal Data Protection*



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## Introduction

Innovative sectors are currently undergoing rapid expansion, driven by technological advancements and the adoption of increasingly diverse economic paradigms.<sup>1</sup> Among these sectors, there has been a notable proliferation of illegal financial technology enterprises that act as intermediaries. In the realm of finance and lending, the interaction between financial institutions and those seeking funds has been significantly influenced by the emergence of financial technology, commonly known as fintech. has brought various conveniences to the credit application process. This includes accessing loan service providers' websites or downloading applications, filling in required data, such as the Identity Card (KTP), and more.<sup>2</sup>

Consequently, the required loan is often delivered directly to the borrower's account relatively quickly, in contrast to traditional banks. Banks typically necessitate borrowers to visit in person, fulfil requirements, undergo surveys, and invest substantial time and effort.<sup>3</sup> As per the Financial Services Authority (OJK), there have been multiple instances of misusing personal data in illegal activities related to fintech P2P lending. From February to March 2024, the Illegal Finance Enforcement Team or PASTI Team (formerly known as Satgas Waspada Investasi (SWI) successfully identified 537 online lending institutions operating illegally through various websites and applications. In addition, as many as 48 personal loan advertisements (pinpri) and 17 entities that

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<sup>1</sup>David Tan, "Demystifying the Proliferation of Online Peer-to-Peer Lending in Indonesia: Decoding Fintech as a Regulatory Challenge," *Asian Journal of Law and Society* 10, no. 3 (2023) p 378, <https://doi.org/10.1017/als.2022.21>.

<sup>2</sup> Sri Lestari Poernomo, "Transformative Justice, Protection of Consumer Personal Data in Online Loan Business in Indonesia," *Russian Law Journal* 11, no. 3 (2023) p 563, <https://doi.org/10.52783/rlj.v11i3.1196>.

<sup>3</sup> Prita Fiorentina et al., "Legal Protection of Consumer Personal Data in Indonesia Fintech Peer-To-Peer Lending Pioneers," *Pandecta* 17, no. 2 (2022) p 308, <https://doi.org/http://dx.doi.org/10.15294/pandecta.v17i2.40235>.

offer illegal investment or financial activities that have the potential to harm the public and violate personal data protection regulations were also successfully disclosed. After discovering a number of these findings, after coordinating among its members, the Financial Law Enforcement Task Force (Satgas PASTI) has blocked relevant applications and information and collaborated with law enforcement authorities to follow up by applicable regulations. From 2017 to March 31, 2024, the Task Force succeeded in stopping the operations of 9,062 illegal financial entities, consisting of 1,235 illegal investment entities, 7,576 illegal online loan providers, and 251 illegal pawn entities.<sup>4</sup> The Financial Services Authority (OJK) asserts that these rogue fintech P2P lending entities, deemed illegitimate, are responsible for numerous cases of personal data misuse.<sup>5</sup>

Getting personal data is a vital part of the public authority's endeavours to battle illegal fintech P2P lending administrations.<sup>6</sup> While integrating P2P stages into monetary innovation for the purpose of loaning, keeping a sensitive harmony between the comfort and versatility of the current technology is pivotal.<sup>7</sup> Regulatory supervision and implementing measures for consumer protection are essential.<sup>8</sup> Due to their direct association with safeguarding personal data, these

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<sup>4</sup>Otoritas Jasa Keuangan, "Satgas Pasti Blokir 585 Pinjol Ilegal Dan Pinpri Serta 17 Investasi Ilegal," ojk.go.id, 2024, <<https://ojk.go.id/id/berita-dan-kegiatan/informasi/Pages/Satgas-Pasti-Blokir-585-Pinjol-Ilegal-dan-Pinpri-serta-17-Investasi-Ilegal.aspx>> [Accessed on 20/04/2024]

<sup>5</sup> Dona Budi Kharisma, "Urgency of Financial Technology (Fintech) Laws in Indonesia," *International Journal of Law and Management* 63, no. 3 (2021) p 8, <https://doi.org/10.1108/IJLMA-08-2020-0233>.

<sup>6</sup>Kornelius Benuf et al., "Efektifitas Pengaturan Dan Pengawasan Bisnis Financial Technology (Peer to Peer Lending) Di Indonesia," *Pandecta: Research Law Journal* 15, no. 2 (2020): p 198–206, <https://doi.org/http://dx.doi.org/10.15294/pandecta.v15i2.21777>.

<sup>7</sup>Angkasa Angkasa et al., "Illegal Online Loans in Indonesia: Between the Law Enforcement and Protection of Victim," *Lex Scientia Law Review* 7, no. 1 (2023) p 124, <https://doi.org/10.15294/lesrev.v7i1.67558>.

<sup>8</sup> Nurul Fibrianti, "Konsumen Indonesia: Dilindungi Dan Melindungi," *Jurnal Hukum Progresif* 11, no. 1 (2023): p 76, <https://doi.org/10.26623/humani.v6i1.851>.

advancements have attracted banking services entrenched in technology and investors with a keen interest in digital fields to Indonesia.<sup>9</sup>

Human rights instruments already incorporate the right to privacy. Initially, these protections were only found in the Universal Declaration of Human Rights (UDHR).<sup>10</sup> Privacy assurances within international and regional human rights agreements tend to be broad and lack specific provisions aimed at safeguarding personal information, failing to keep up with the swift advancements in technology and information sharing.<sup>11</sup> In alignment with the rights and responsibilities of debtors, as expressly outlined in Article 2 of Law No. 8 of 1999 on Consumer Protection (referred to as the UUPK), there exists a clear legal foundation governing all regulations safeguarding debtors from various angles, including the safeguarding of their personal data.<sup>12</sup>

Furthermore, Article 4 of this law delineates Consumer Rights, Featuring privileges like the affirmation of solace and security with respect to items or administrations is critical. As the computerized business keeps on advancing, defending account holders' very own data becomes basic. While the UUPK establishes the normative and fundamental framework for debtor rights, it lacks detailed provisions specifically addressing the safeguarding of personal data for illegal fintech P2P lending debtors. This gap indirectly implies that the UUPK might not possess adequate authority to monitor the evolution of legal protocols, particularly in safeguarding the personal data of individuals involved in illegal fintech P2P lending.<sup>13</sup>

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<sup>9</sup> Halifa Haqqi and Andika Drajat Murdani, "The Relations of Economic-Political Power to the Development of Digital Economy in Asia," *Jurnal Ekonomi Dan Bisnis Digital* 2, no. 2 (2023) p 596, <https://doi.org/10.55927/ministal.v2i2.3858>.

<sup>10</sup> Lorna Woods, "Digital Privacy and Article 12 of the Universal Declaration of Human Rights," *Political Quarterly* 90, no. 3 (2019) p 422, <https://doi.org/10.1111/1467-923X.12740>.

<sup>11</sup> Ibid, p 423

<sup>12</sup> Ridwan Arifin et al., "Protecting the Consumer Rights in the Digital Economic Era: Future Challenges in Indonesia," *Jambura Law Review* 3, no. Special Issue 2021 (2021) p 139, <https://doi.org/10.33756/jlr.v3i0.9635>.

<sup>13</sup> Nurul Fibrianti and Amarru Muftie Holish, "Consumer Personal Data Protection: Between Expectations and Reality," in *Proceedings of the 4th International Conference*

Consequently, there exists a legal gap absence of a mechanism for problem-solving. This is especially worrying when it comes to safeguarding private information, especially the data of persons who have taken part in illegal P2P lending through fintech platforms.<sup>14</sup> The lacuna in legal regulations pertains to the absence of institutions for dispute resolution and the imposition of penalties for the misuse of personal data, especially that of debtors engaged in illegal fintech P2P lending in Indonesia.<sup>15</sup> This highlights significant legal vulnerabilities in Indonesia concerning the oversight of safeguarding citizens' personal data, particularly that of debtors involved in illegal fintech P2P lending practices.<sup>16</sup>

From the perspective of civil law, there are illegal acts (hereinafter referred to as Law of Tort (PMH)) for the misuse of personal data by illegal fintech P2P lending providers, which constitute serious violations of privacy and individual rights. Legally, Article 1365 of the Civil Code/Burgerlijk Wetboek (BW) governs the Law of Tort.<sup>17</sup> There are five criteria, which include: 1) An action has occurred; 2) This action must be in violation of the law; 3) Mistakes have been made; 4) There's a clear link between the loss and the action taken; 5) Loss has been incurred. In this case, the illegal fintech P2P lending provider (creditor) collects, stores, or

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on *Indonesian Legal Studies, ICILS 2021, June 8-9 2021, Semarang, Indonesia*, 2022, p 2, <https://doi.org/10.4108/eai.8-6-2021.2314376>.

<sup>14</sup> Erika Takidah and Salina Kassim, "The Shariah Compliance of Islamic Peer-to-Peer (P2P) Lending Practices in Indonesia: Identification of Issues and the Way Forward," *ICR Journal* 13, no. 1 (2022) p 72–91, <https://doi.org/10.52282/icr.v13i1.830>.

<sup>15</sup> Ni Wayan Nitya Varshini Sahare and Putu Dewi Yustisia Utami, "Peer to Peer (P2p) Lending: Upaya Mengatasi Layanan Pinjaman Online Ilegal Terhadap Keamanan Data Pribadi," *Kertha Semaya: Journal Ilmu Hukum* 11, no. 71 (2023): p 1374, <https://doi.org/https://doi.org/10.24843/KS.2023.v11.i06.p012>.

<sup>16</sup> Johannes Widiyanto, "The Role of Financial Services Authority in the Consumer Protection Amid the Growth of Fintech Industry in Indonesia," *Mimbar Hukum - Fakultas Hukum Universitas Gadjah Mada* 31, no. 2 (2019) p 305, <https://doi.org/10.22146/jmh.43129>.

<sup>17</sup> Muhammad Ainurrasyid Al Fikri, "Implementation of Strict Liability by Companies in Cases of Environmental Damage in Indonesia: An Overview of State Administrative Law in Indonesia," *Indonesian State Law Review (ISLRev)* 5, no. 2 (2022) p 43, <https://doi.org/10.15294/islrev.v5i2.47460>.

discloses the debtor's personal data without valid permission or consent.<sup>18</sup> Misuse of this data can include information such as identity numbers, addresses, financial information. Thus, the research titled “Independent Authority On Personal Data Protection In Illegal Financial Technology: Capturing Peer to Peer (P2P) Lending Issues” holds significant importance for study.

## Method

The researchers employ normative doctrinal legal research methodologies and approaches that adapt the formulation of the issues raised.<sup>19</sup> These approaches include the statute approach, comparative approach, and conceptual approach.<sup>20</sup> This method allows the author to discuss the urgency of independent institutions in addressing the misuse of debtors' personal data in illegal fintech P2P lending to enhance effectiveness. The study's focus then shifts to identifying the extent of available institutions handling the misuse of personal data of illegal fintech P2P lending debtors and the specific requirements of such institutions. In this investigation, our legal information derives from both primary and secondary sources. Primary sources encompass various regulations pertinent to our research topic. Secondary legal materials include research findings, textbooks, scientific journals, newspapers, and news articles providing insights into primary legal materials. The appropriate data collection technique for this normative doctrinal legal research is literature research focusing on laws, regulations, books, and data from journal articles, both internationally and nationally indexed, related to the research topic. Additionally, analysts' insights gathered from the internet complement this approach. The enforceability of laws and regulations

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<sup>18</sup>Annga Alfiyan, “Combined Wanprestasi Lawsuit and Against the Law Review of the Justice System in Indonesia,” *JIL : Journal of Indonesian Law* 3, no. 1 (2022): p 27, <https://doi.org/10.18326/jil.v3i1.23-37>.

<sup>19</sup>Irwansyah Irwansyah, *Penelitian Hukum, Pilihan Metode & Praktik Penulisan Artikel*, ed. Ahsan Yunus, Cetakan 4 (Yogyakarta: Mirra Buana Media, 2021) p 20.

<sup>20</sup>Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Kencana, 2005) p 133.

relies on formal validity, backed by the creation of higher norms or institutions authorized in their formulation. In this study, there's no necessity to verify the accuracy of the legal material. The analysis of legal materials conducted in this study employs content analysis, explicitly a top-down examination of compiled information printed in textured measurements. Content analysis amalgamates investigations of the substance of a text and serves as a scientific methodology.<sup>21</sup> According to Suteki, content analysis involves systematically sorting out various data attributes scientifically, forming a guide or approach that, when used by others (experts), can yield similar conclusions.<sup>22</sup> This method emphasizes the importance of theoretical reference points derived from content checks. These reference points align with the nature of the document and are highly relevant to the hypothesis. The hypothesis is then cross-referenced with other laws and regulations to assess synchronization and identify inconsistencies. Consequently, researchers utilize deductive and logical methods to qualitatively analyse legal materials.

## Result and Discussions

### **Availability of Indonesian Institutions that Regulate Personal Data Protection for Illegal Fintechs P2P Lending According to Indonesia's Positive Laws**

Just like in doctrinal studies, scholars aim to analyze the core principles within positive law to assess if the regulations uphold the essence of safeguarding debtors' personal data from a consumer perspective.

#### *Normative Analysis of the Legal Basis*

##### *1. Analysis of the Constitution of the Republic of Indonesia*

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<sup>21</sup>Maryam Salehijam, "The Value of Systematic Content Analysis in Legal Research," *Tilburg Law Review* 23, no. 1 (2018): p 34–42, <https://doi.org/10.5334/tlrl.5>.

<sup>22</sup>Suteki and Taufani Galang, *Metodologi Penelitian Hukum* (Jakarta: RajaGrafindo Persada, 2017), 267.



The Constitution of Indonesia serves as the bedrock of the nation's legal system, guaranteeing that no legal concept contradicts or conflicts with its core principles and values.<sup>23</sup> Within the constitution, Article 28 G of the 1945 Constitution specifically guarantees the safeguarding of personal data and the entitlement to privacy, alongside the fundamental tenets of "social justice for all Indonesian citizens." This constitution, holding Pancasila as the prevailing standard, represents the highest legal authority in the country. The constitution acknowledges safeguarding as an essential human entitlement, where fundamental rights constitute a shared foundation within the constitutions of contemporary legal systems<sup>24</sup>, encompassing the safeguarding of personal data. It's crucial to collectively explore the notion of safeguarding oneself, extending beyond mere physical protection to encompass the broader scope of individuality. In today's complex societal interactions, modern living intertwines individuals in multifaceted ways, aligning with the pursuit of an enhanced quality of life, an aspect also safeguarded by inherent fundamental rights (the Right to quality life).<sup>25</sup> Delving into its meta-juridical values, the essence of protecting rights and ensuring compliance with responsibilities embodies the inherent virtue encapsulated in Article 28 G.

## ***2. Analysis of Law Number 8 of 1999 concerning Consumer Protection (UUPK)***

Consumer protection laws are the backbone of ensuring the credibility of consumer safety. During this period, the expansion of industrial globalization, the openness of markets, and the segmentation of trade in goods and services necessitated the government's creation of

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<sup>23</sup>Vincentius Setyawan, "Pancasila As A Philosophical Basis Of Law Formation In Indonesia," *Nusantara: Journal of Law Studies* 2, no. 1 (2023): p 1–8, <https://juna.nusantarajournal.com/index.php/juna%0APancasila>.

<sup>24</sup> Rezal Helwin Bramantara, "Equality before the Law Principle in the Implementation of Legal Aid in Indonesia," *The Indonesian Journal of International Clinical Legal Education* 3, no. 2 (2021): p 209, <https://doi.org/10.15294/ijicle.v3i2.46177>.

<sup>25</sup> Rezal Helwin Bramantara, "Equality before the Law Principle in the Implementation of Legal Aid in Indonesia," *The Indonesian Journal of International Clinical Legal Education* 3, no. 2 (2021): p 211, <https://doi.org/10.15294/ijicle.v3i2.46177>.



specific regulations aimed at safeguarding consumer safety. The presence of the state for the protection of rights and obligations between producers and customers is reflected in the existence of the UUPK.<sup>26</sup> As something that is legally binding and must be adhered to by every citizen, consumer protection arrangements are unequivocal criminal facts. Some of these values are the price of justice and the price of salvation, which are right for everyone and are also contained in a concept that is the principle of legal protection. In this regulation, there is a special institution that accommodates in the event of consumer problems, the institution is called the Yayasan Lembaga Konsumen Indonesian (YLKI), and based on article 55 of the UUPK.

### ***3. Analysis Law Number 1 of 2024 was second amended to Number 11 of 2008 concerning Electronic Information and Transactions (ITE Law)***

This study highlights the importance of protecting personal data and emphasizes the need for obtaining consent from data owners before taking any actions. Specifically, Article 26, section (1), emphasizes the responsibility to safeguard personal information, while Articles 27 to 37 of the ITE Law govern prohibited behaviours in electronic information not related to personal data. This legislation arose from societal demands, spearheaded by the DPR and the Ministry of Communication and Information Technology. Initially focused solely on regulating electronic transactions and information, it has since expanded to address broader concerns.

### ***4. Analysis of Law Number 27 of 2022 concerning Personal Data Protection (PDP Law)***

Following a series of delays dating back to 2019, the Personal Data Protection Law (PDP Law) was finally given the green light for release yesterday, on September 20, 2022. This law amalgamates strategies aimed

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<sup>26</sup>Nurul Fibrianti et al., "Legal Culture and Legal Consciousness of Consumers: The Influence on Regulation and Enforcement of Consumer Protection Laws," *Journal of Indonesian Legal Studies* 8, no. 2 (2023): p 1274, <https://doi.org/10.15294/jils.v8i2.69336>.

at curbing the misuse of individuals' personal data with authentication protocols. Its core objectives revolve around safeguarding individuals' privacy rights and enhancing public awareness regarding the significance of protecting personal information. Envisioned as a pivotal legislative framework, this law is poised to oversee the protection of both citizens' and government officials' personal data. The protection of personal data is enshrined as a fundamental human right, as articulated in Article 28 G of the 1945 Constitution.<sup>27</sup> The principles of personal security and privacy enjoy global acknowledgment, evidenced by the adoption of similar measures by numerous nations worldwide. Since May 2018, 28 member states of the European Union have embraced the Personal Data Protection Regulation, underlining the growing imperative to safeguard citizens' data amidst a rising number of data-related cases. Notably, while the PDP Law outlines provisions for dispute resolution in Article 30 paragraph (1), the regulatory body responsible for enforcement and dispute resolution is yet to be established.

#### ***5. Analysis of Government Regulation Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions***

The government regulation, shaped by meta-jurisdictional and fundamental norms, establishes a favourable legal framework, harmonizing legal guidelines and policies with correctional regulations. It primarily focuses on digital structures and electronic transactions under the ITE Law. Notably, it enhances the protection of personal data as outlined in Article 14. The regulation ensures controlled and illegal collection of personal data, processed in a timely manner with due respect to personal rights. Compliance with legal rules is emphasized, ensuring accuracy and completeness without undue complexity. This technical regulation aims to facilitate legal proceedings efficiently and justly,

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<sup>27</sup>Haekal Al Asyari, "Between Freedom And Protection: A Critical Review Of Indonesia'S Cyberspace Law," *Prophetic Law Review* 5, no. 1 (2023): 79–103, <https://doi.org/10.20885/plr.vol5.iss1.art5>.

minimizing costs and enhancing quality of life. Authority for implementation rests with the government, represented by the Minister, with provisions for public complaints addressed in Article 6, paragraph (1).

***6. Analysis of the Regulation of the Minister of Communication and Information Technology Number 20 of 2016 concerning Protection of Personal Data in Electronic Systems***

This ministerial regulation establishes specific and technical guidelines for protecting personal data in electronic systems. Article 28 outlines the operator's obligations to certify or register electronic systems to ensure the accuracy, confidentiality, and relevance of collected data. It uniquely addresses dispute resolution, an aspect previously covered only in Permenkominfo number 20 of 2016, detailing the mechanism in Articles 29 to 33 of Chapter VI. The regulation designates the Ministry of Communication and Information as the implementing body, with procedures for handling disputes outlined in Article 28C paragraph (4).

***7. Analysis of Financial Services Authority Regulation Number 6/POJK.07/2022 concerning Consumer and Public Protection in the Financial Services Sector***

OJK replaced the out-of-date OJK Regulation Number 01/POJK.07/2013, which dealt with consumer protection in financial services, on April 18, 2022, with Regulation Number 6/POJK.07/2022. Because it was out of date, the prior regulation, OJK Regulation Number 01/POJK.07/2013, was revoked. OJK decided that a new rule was needed to strengthen consumer protection because the financial services sector is changing quickly and technology is always improving. In order to ensure that customers are sufficiently protected in their financial transactions, Regulation Number 6/POJK.07/2022 was created to address the industry's dynamic terrain.

***The Urgency of Establishing an Independent Authority for Personal Data Protection Over Illegal Fintech Peer to Peer (P2P) Lending in Indonesia***

Satjipto Raharjo contends that the primary aim of legal safeguarding revolves around shielding human rights that have been infringed by external parties.<sup>28</sup> This safeguarding is aimed at enabling individuals to fully experience all the rights conferred by the law. Raharjo asserts that the fundamental objective of law lies in furnishing protection to the community, a goal attainable through the assurance of legal certainty.<sup>29</sup> He elaborates that the theory of legal protection comprises two primary perspectives: preventive and repressive. Although the emphasis is on handling after a violation, this theory is still important to ensure justice for victims and give the message that every unlawful act will receive a firm response from the legal system. In this regulation, OJK is an agency authorized as an implementing institution for this POJK, and in article 2 letter (e).

Moreover, the author will utilize a table to elucidate institutions' willingness under Indonesian positive law (*Ius constitutum*), particularly addressing enforcement deadlines relevant to the research topic.

**Table 1.** Availability of Institutions to Combat Misue of Debtor' Personal Data on Illegal P2P Lending Indonesia's Positive Legal Perspective

Types of Regulations	Authorities	Enforcement Time
Constitution of the Republic of Indonesia	Government	Not yet available because it is still general
UUPK	Yayasan Lembaga Konsumen Indonesia (YLKI)	No later than 21 days after the data is complete
ITE Law	Government	The time is not explained in detail
<b>PDP Law</b>	<b>Not yet available</b>	<b>3 times 24 hours</b>

<sup>28</sup> Satjipto Rahardjo, *Ilmu Hukum* (Bandung: PT Citra Aditya Bakti, 2000) p 54.

<sup>29</sup> Julius Mandjo and Mohamad Taufik Zulfikar Sarson, "The Right to Obtain Free Assistance and Legal Protection for The Indigent People Through Legal Assistance Organizations," *Jambura Law Review* 3, no. 2 (2021): p 396, <https://doi.org/10.33756/jlr.v3i2.9424>.

PP 71/ 2019	Government	Article 6 paragraph (1) : 1 (one) year Article 20 paragraph (2) 2 (two) years
Perkominfo 20/2014	Kominfo	14 days after complaint complete/incomplete
POJK No 6/POJK.07/2022	Financial Services Authority (OJK)	In article 2 letter (e) of this regulation concretely describes the handling of consumer problems carried out efficiently and effectively.

Source: Data processed by researchers, 2024

From the data provided in the table, it's evident that the current institutions remain distinct, primarily due to varying regulations. The table illustrates that the response time to address the issue of misusing debtors' personal data in illegal fintech P2P lending corresponds to an institution established under the PDP Law.

### **Comparison of Personal Data Protection Law in Indonesia with Various Countries with (Common Law Legal System)**

Furthermore, the researchers want to describe the regulations and institutions for personal data involvement in three countries with the principle of common law legal systems, namely as follows:

#### **1. Malaysia**

The Malaysian law known as the Personal Data Protection Act (PDPA) 2010 mentions the Organization for Economic and Cooperation Development (OECD), focusing on economic cooperation and development.<sup>30</sup> This organization comprises a few emerging states and approximately 35 developed nations. One distinguishing aspect of

<sup>30</sup>Fadhilah Abdul Ghani et al., "An Overview of the Personal Data Protection Act 2010 (PDPA): Problems and Solutions," *Global Business and Management Research: An International Journal* 12, no. 4 (2020): p 559.

Malaysia's Personal Data Protection Act (known as Jabatan Perlindungan Data Peribadi or JPDP) is its restriction solely to the private sector, excluding Malaysian government entities. This sets it apart from regulations in other countries that safeguard personal data.<sup>31</sup>

## 2. *Australia*

Australia's Privacy Act of 1988 protects individual privacy and establishes guidelines for how the government and large corporations handle personal data. It contains the 13 Australian Privacy Principles (APP), which apply to a variety of businesses in the private sector and the majority of governmental organizations. Section 33C empowers the Commissioner to assess matters like APP compliance and data-related issues.<sup>32</sup> The Australian Information Commissioner's Office (OAIC) took on the role of the country's primary data protection entity following the passing of the 2010 Australian Information Commissioner Act, supplanting the Privacy Commissioner.<sup>33</sup> The OAIC's key responsibilities encompass privacy regulations, freedom of information, and shaping government information policies. Within its purview, the Privacy Commissioner is empowered to uphold privacy laws and carry out inquiries. It is supported by the Information Advisory Committee (IAC) and assisted by a Deputy Commissioner and three Assistant Commissioners overseeing various areas.<sup>34</sup>

## 3. *United States*

The United States Personal Data Protection Regulation is based on principles that emerged in the American Declaration of Independence of

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<sup>31</sup>Barr Kumarakulasinghe Cheryl and Boon Kwee Ng, "Protecting the Unprotected Consumer Data in Internet of Things: Current Scenario of Data Governance in Malaysia," *Sustainability (Switzerland)* 14, no. 16 (2022): 7, <https://doi.org/10.3390/su14169893>.

<sup>32</sup>Hazel Si Min Lim and Araz Taeihagh, "Autonomous Vehicles for Smart and Sustainable Cities: An in-Depth Exploration of Privacy and Cybersecurity Implications," *Energies* 11, no. 5 (2018): p 32, <https://doi.org/10.3390/en11051062>.

<sup>33</sup>Clare Sullivan, "The New Australian Consumer Data Right: An Exemplary Model for Open Banking," *WIREs Forensic Science* 4, no. 5 (2022): p 3, <https://doi.org/10.1002/wfs2.1458>.

<sup>34</sup>David Lindsay, "Some Problems of 'Consent' Under Australian Data Privacy Law," *Global Privacy Law Review* 3, no. 3 (2022): p 116.

1776, which recognized human rights such as life, liberty, and happiness.<sup>35</sup> The United States Constitution, passed in 1787 and called the California Consumer Privacy Act (CCPA), became supreme law, and established a federation between the states and the federal government. Within this framework, the Federal Trade Commission (FTC) is the primary authority protecting consumer data within the commercial and trade sectors. There are three specialized bureaus in the FTC: the Bureau of Competition, the Bureau of Consumer Financial Protection, and the Bureau of Economics. The District Attorney's Office also has independent authority to make decisions related to data protection.<sup>36</sup>

**Table 1:** Comparison of the availability of regulations and institutions governing personal data between Indonesia and several countries with *common law* legal system principles

Country	Regulations	Institutions
Indonesia	PDP Law	Not yet available
Malaysia	Malaysia Personal Data Protection Act (PDPA) 2010	Jabatan Perlindungan Data Peribadi (JPDP)
Australia	Australian Privacy Principles (APP)	Office of the Australian Information Commissioner (OAIC)
Amerika Serikat	The California Consumer Privacy Act (CCPA)	The California Consumer Privacy Act (CCPA), and Federal Trade Commission (FTC)

Source: Data processed by researchers, 2024

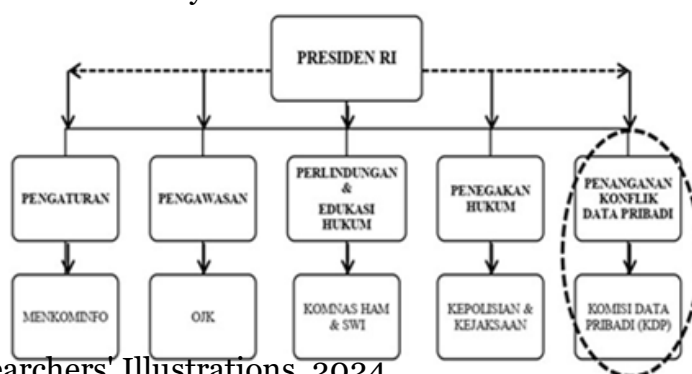
<sup>35</sup> Araz Taeihagh and Hazel Si Min Lim, "Governing Autonomous Vehicles: Emerging Responses for Safety, Liability, Privacy, Cybersecurity, and Industry Risks," *Transport Reviews* 39, no. 1 (2019): p 114, <https://doi.org/10.1080/01441647.2018.1494640>.

<sup>36</sup> William Stallings, "Handling of Personal Information and Deidentified, Aggregated, and Pseudonymized Information Under the California Consumer Privacy Act," *IEEE Security & Privacy* 18, no. 1 (2020): p 28, <https://doi.org/doi.org/10.1109/MSEC.2019.2953324>.



From the table information presented, one can deduce that Indonesia presently lacks a dedicated establishment for safeguarding the privacy of personal data, in contrast to countries with common law legal systems such as Malaysia, Australia, and The United States, which already have it.

**Figure 1.** Illustration of the Position Structure of the Independent Authority of Personal Data in Indonesia



Source: Researchers' Illustrations, 2024

As in the previous illustration, the Personal Data Commission (KDP), also known as the Personal Data Independent Authority, has an equal position with related institutions or ministries in handling legal issues related to personal data protection for illegal fintech P2P lending. All institutions or ministries are responsible to the President, as mandated by Law Number 39 of 2008 concerning the Ministry of Institutions. The institution reports to the President through the coordinating minister and is subordinate to the President.

A legal breakthrough is needed in the form of a new conception of an independent institution based on a philosophical framework on the idea of privacy rights and supervision of personal data protection. By establishing a supervisory agency and sub-coordinator, the institution that has overseen the management of the personal data of illegal fintech debtors becomes one integrated system. The organization in question is in the form of a commission working on behalf of the Personal Data Commission (KDP), which was formed as a result of a special law (PDP

Law). Concerning the safeguarding of personal information, KDP functions as a governmental entity with equal powers to that of a ministry.

In collaboration with regulatory measures, efforts are being made to safeguard the integrity of the electronic infrastructure involved in managing personal data, the KDP was established. The KDP's institutional structure can be seen in the following figure:

**Figure 2.** Institutional Structure of KDP (Personal Data Commission)



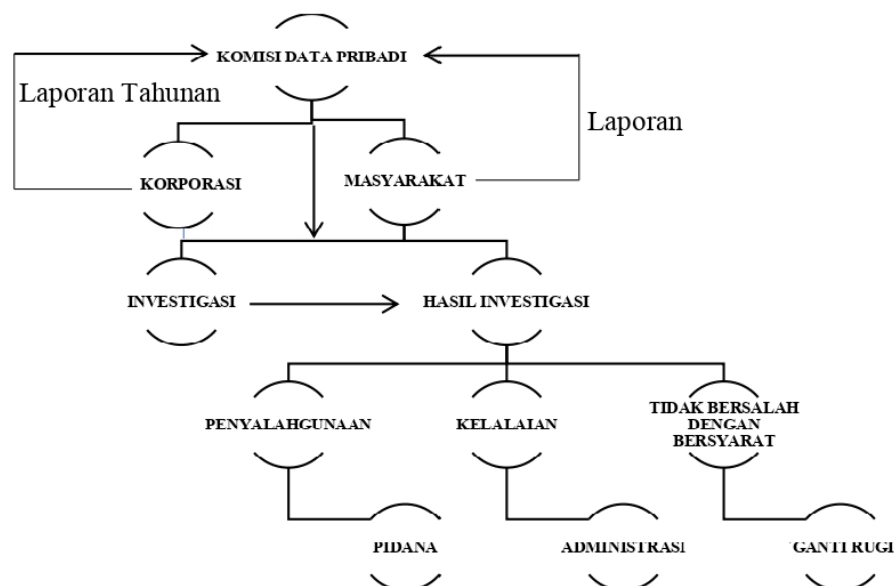
Source: Researchers' Illustrations, 2024

Referring to the visualization earlier, the Personal Data Commission (KDP) has 3 (three) commissioners, including first settling disagreements between parties before pursuing legal action against businesses that violate laws governing the management of personal data. Second, handle routine regulatory and oversight activities on the gathering, administration, and handling of personal data in the financial sector. Third, take legal action against commercial players who conduct coordinated interagency and social interactions and adjudicate disputes between parties.

In addition, the KDP Licensing Division also considers the principles of good corporate governance and personal data protection as additional benchmarks. Respecting personal data as privacy, confidentiality, consent, relevance to purpose, good faith, responsibility, and integrity, as well as accuracy and validity of personal data are the stated principles of personal data protection. Meanwhile, sound corporate governance has several guiding principles, some of which include transparency, accountability, responsibility, and independence. With its eligibility permission, KDP has the authority to supervise the business

handling of customers' personal data. through the maintenance and operations division. KDP will evaluate the suitability of continuous selection and handling of personal data through partnerships in great detail in the observation system. Meanwhile, the principle of transparency allows customers to access the company's database containing their personal data

**Figure 3.** Scheme of Investigative Mechanism by the Independent Authority for Personal Data Protection of the Personal Data Commission (KDP)



Source: Researchers' Illustrations, 2024.

According on picture above, the Independent Authority for Personal Data Protection of the Personal Data Commission (KDP) can receive two types of reports from companies: annual reports and reports from the public. Upon conducting investigations, if the KDP finds that there has been misuse of personal data, the entity responsible can face criminal sanctions. Article 66 of the PDP Law stipulates the regulations for corporations, while paragraph 61 addresses those applicable to the general public. Any oversight or negligence may result in administrative penalties. Both corporations and the public are explicitly governed by the provisions outlined in Article 50 of the PDP Law. Furthermore, compensation

penalties will be levied on corporations and the public if it is proven that they innocently committed legal infractions, as stated in Article 13 of the PDP Law, under specific legally valid circumstances.

The idea behind a legal declaration rooted in the constitution, such as the PDP Law, should prioritize the well-being of individuals. Legal protection on personal data necessitates autonomous institutions. Consequently, it is imperative to institute an Independent Authority as a pivotal entity within the PDP Law. Conversely, experts recommend the creation of a Personal Data Commission (KDP) to ensure oversight and accountability.

## Conclusion

The Indonesian legal framework, encompassing the Constitution of 1945, Consumer Protection Law, ITE Law, PDP Law, PP 71/2019, Permenkominfo 20/2016, and POJK 6/POJK.07/2022, currently addresses various aspects of preventive legal protection for debtors against illegal fintech P2P lending activities, particularly safeguarding debtors' personal data. Nonetheless, there exists a significant gap due to the lack of autonomous regulatory bodies accountable for safeguarding personal data and addressing disputes and penalties associated with the improper use of debtors' personal information within the realm of illegal fintech P2P lending. The urgency for Independent Authority dedicated to overseeing personal data protection in this domain is evident, highlighted by numerous instances where debtors' personal data has been mishandled without proper legal recourse. Establishing such autonomous entities is not just essential but also pragmatic, given the increasing needs of the digital community. Taking cues from nations operating under common law systems that have effectively instituted specialized bodies for personal data protection, this study concludes that Indonesia should adopt a similar approach to fortify legal protection for the personal data of debtors

involved illegal fintech P2P lending activities new areas for future research.

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