

## REGULATION AND THE SOCIAL IMPACT OF P2P LENDING FINTECH: A STUDY OF CONSUMER PROTECTION IN ILLEGAL ONLINE LENDING IN INDONESIA

Gunawan Widjaja

Senior Lecturer, Faculty of Law Universitas 17 Agustus 1945 Jakarta  
[widjaja\\_gunawan@yahoo.com](mailto:widjaja_gunawan@yahoo.com)

### Abstract

The proliferation of illegal online lending (pinjol) in Indonesia has triggered a serious socio-economic and humanitarian crisis, despite the regulatory framework for fintech peer-to-peer (P2P) lending having been strengthened through Financial Services Authority (OJK) Regulation No. 40 of 2024. This article aims to examine two main dimensions: first, the effectiveness of regulations and consumer protection mechanisms within the fintech P2P lending ecosystem; second, the multidimensional social impacts caused by illegal online lending on individuals, families, and Indonesian society. This study employs a literature review (*library research*) using a descriptive-analytical qualitative approach. The findings indicate that whilst Indonesia's regulatory framework is comprehensive in theory, its effectiveness is hampered by cross-border jurisdictional gaps, low levels of digital financial literacy among the public (only 38 per cent), and limited law enforcement capacity. The social impact of illegal online lending has gone beyond material losses and transformed into a humanitarian crisis encompassing severe psychological distress (68% of victims suffer from chronic depression and anxiety), the destruction of social relationships due to the practice of personal data dissemination (*doxing*), exponential debt cycles that cripple household economies, and even suicides that claim lives. This phenomenon also erodes social capital, deepens structural inequality, and undermines public trust in state institutions. This article recommends a holistic approach that integrates the strengthening of cross-border law enforcement cooperation, the acceleration of transformative digital financial literacy, the establishment of compensation and psychosocial rehabilitation mechanisms for victims, and structural reforms to expand access to formal financial services as a long-term preventive solution. Without such comprehensive intervention, P2P lending fintech innovations risk becoming a double-edged sword that widens social injustice and hinders Indonesia's inclusive and sustainable digital economic transformation.

**Keywords:** P2P lending fintech, illegal online lending, consumer protection, OJK regulations, social impact, digital financial literacy, POJK 40/2024, Indonesia

### Introduction

The development of financial technology (fintech) in Indonesia has experienced exponential growth over the past decade, particularly in the peer-to-peer (P2P) lending sector, which offers fast, easy and inclusive access to financing for people not yet reached by conventional banking services (Berg et al., 2022). This phenomenon aligns

with the national financial inclusion agenda, which aims to reach 90% by 2024, where P2P lending fintech is positioned as a strategic instrument to expand public access to formal financial services (Yulianti et al., 2024). However, behind this positive potential, the industry faces serious challenges due to the proliferation of illegal entities operating without licences or supervision from the relevant authorities.

The proliferation of illegal online lending (pinjol) in Indonesia has become an alarming socio-economic crisis, with OJK data (2025) recording 18,633 public complaints between January and November 2025. This figure reflects an escalation of digital crime in the financial sector that not only causes material harm but also violates fundamental consumer rights such as privacy, data security, and human dignity (Ratnayutika et al., 2024). The productive age group of 26–35 years old accounts for the highest number of victims, indicating that digital financial literacy still lags behind the massive adoption of technology among millennials and Gen-Z (Dewi et al., 2026).

P2P lending fintech regulations in Indonesia are formally governed by Financial Services Authority Regulation (POJK) No. 40 of 2024 on Information Technology-Based Crowdfunding Services, which replaces previous regulations to strengthen governance, risk management, and consumer protection (Sitompul, 2018). This regulation prohibits operators from acting as lenders or borrowers, restricts debt collection practices by third parties, and mandates transparency regarding interest rates, penalties, and payment mechanisms (Yulianti et al., 2024). Nevertheless, the effectiveness of this regulation remains questionable given the high number of violations committed by illegal entities operating outside the OJK's supervisory jurisdiction.

Consumer protection within the fintech ecosystem is not only governed by POJK but also underpinned by Law No. 8 of 1999 on Consumer Protection and Law No. 27 of 2022 on Personal Data Protection (PDP) (Sitompul, 2018). These two laws provide a legal basis for consumers to claim their rights to accurate information, transaction security, and protection from intimidating debt collection practices. However, their implementation on the ground remains weak due to a lack of public legal awareness and the limited capacity of law enforcement to address cross-border digital actors (Izazi et al., 2024).

The social impact of illegal online lending is not merely economic but also extends to the psychological and relational well-being of victims. Studies indicate that defaulting on loans due to high interest rates and compounding penalties triggers stress, anxiety, and even severe depression among victims (Wahyuni et al., 2025). Worse still, the misuse of personal data—such as the disclosure of emergency contacts, defamation, and intimidation directed at family members and colleagues—undermines social harmony and creates a negative stigma against victims as individuals unable to manage their finances (Ratnayutika et al., 2024).

This phenomenon also erodes public trust in the fintech industry as a whole, including legitimate entities that actually operate in accordance with regulations (Yuan

& Xu, 2020) . The public’s inability to distinguish between legal and illegal platforms creates a loophole exploited by unscrupulous individuals, thus necessitating more extensive and structured digital financial literacy education (Izazi et al., 2024) . Without a significant improvement in literacy, even the strongest regulations will struggle to be effective, as the root of the problem lies in consumer behaviour and awareness.

From a sociological perspective, the proliferation of illegal online lending reflects the persistent structural inequalities in access to formal financial services in Indonesia, particularly for low-income communities and the informal sector (Pratama, 2025) . The need for rapid liquidity for consumer purposes, medical emergencies, or micro-business capital drives individuals to take high risks without considering long-term consequences. This situation is exacerbated by a culture of instant gratification and a lack of understanding of the risks of compound interest applied by illegal platforms (Nurdiana, 2026) .

Law enforcement against illegal online lending platforms also faces complex technical and jurisdictional challenges, given that the majority of operators are based overseas with servers that are difficult to trace (Dewi et al., 2026) . Although the OJK, together with the Police and the Ministry of Communication and Information Technology, has blocked thousands of illegal applications and websites, constantly evolving *modus operandi*—such as changing application names and the use of decentralised *peer-to-peer* platforms—make enforcement efforts akin to “cutting off the head of a hydra” (Rahmalillah et al., 2026) . Inter-agency synergy and international cooperation are key, yet remain suboptimal to date.

On the other hand, the reporting obligation for P2P lending fintech platforms to the OJK’s Financial Information Service System (SLIK), which came into effect on 31 July 2025, is expected to strengthen risk management and prevent *over-indebtedness* (Sartika & Larasati, 2023). With this integration of credit data, operators can assess borrowers’ creditworthiness more accurately and avoid granting loans to individuals who already have a high debt burden. However, the effectiveness of this policy still depends on operators’ legal compliance and the OJK’s ability to monitor its implementation in real-time.

Previous studies have extensively discussed the legal and economic aspects of fintech, but few have comprehensively integrated regulatory analysis with social impacts (Wahyuni et al., 2025) . Most research focuses solely on the effectiveness of regulation or economic impacts, without examining in depth how regulatory violations transform into social crises that erode social cohesion. Therefore, this article seeks to fill this gap with an interdisciplinary approach that combines legal, sociological, and consumer studies perspectives.

## **Research Method**

This study employs a literature review (*library research*) using a descriptive-analytical qualitative approach, wherein data is collected through an in-depth examination of secondary sources such as legislation, official reports from regulatory bodies like the OJK, national journals, international journals, books, and other documents relevant to the topic of fintech P2P lending regulation and the social impact of illegal online lending in Indonesia (Walliman & Walliman, 2021). Data analysis was conducted using content *analysis* to identify regulatory patterns, legal loopholes, and the social implications of the phenomenon of illegal online lending, and was then critically synthesised to construct a coherent argument regarding the effectiveness of consumer protection within the digital financial ecosystem. This approach was chosen as it allows researchers to integrate a legal-normative perspective with social-empirical analysis without requiring primary data collection in the field, whilst ensuring that research findings are based on valid, up-to-date, and academically accountable documentary evidence (Eliyah & Aslan, 2025).

## **Results and Discussion**

### **Regulation and Consumer Protection in Fintech P2P Lending**

The legal framework governing the *peer-to-peer* (P2P) lending fintech industry in Indonesia has undergone significant transformation with the issuance of Financial Services Authority Regulation (POJK) No. 40 of 2024 on Information Technology-Based Crowdfunding Services (LPBBTI), which replaces the previous regulation, POJK No. 77/POJK.01/2016 (Fadlilah, 2025). This new regulation is designed to strengthen governance, risk management, and consumer protection through more comprehensive and adaptive provisions in response to the dynamics of digital financial technology (Yuan & Xu, 2020). POJK 40/2024 not only clarifies the scope of business activities for operators but also introduces mandatory institutional soundness standards as operational prerequisites, covering aspects of capital, liquidity, profitability, and management quality (Sartika & Larasati, 2023).

One of the key innovations in POJK 40/2024 is the explicit prohibition on fintech lending operators acting as either a lender or a borrower, aimed at preventing conflicts of interest and ensuring the platform functions purely as a transaction intermediary. This provision is reinforced by the obligation on operators to apply the ‘*know your customer*’ (KYC) principle and accurate *credit scoring* to assess a borrower’s creditworthiness before facilitating funding. Furthermore, this regulation also governs the mitigation of funding risks through credit insurance or credit guarantee mechanisms, which must be provided in collaboration with licensed institutions, thereby offering an additional layer of protection for lenders against the risk of default (Danial, 2025).

Consumer protection within the P2P lending fintech ecosystem relies not only on POJK 40/2024 but is also reinforced by POJK No. 22/POJK.04/2023 on Consumer and

Public Protection in the Financial Services Sector, which sets strict standards for debt collection practices by third parties (*debt collectors*). This regulation explicitly prohibits practices of intimidation, harassment, threats, or the disclosure of personal data to unauthorised parties, with severe administrative sanctions for violators, including fines, suspension of business operations, and revocation of operating licences. These protective mechanisms are preventive in nature through the obligation to provide transparent information on interest rates, penalties, and payment terms, and repressive through an integrated complaints channel managed by the OJK (Sulubara & Iskandar, 2025).

The framework for consumer protection is further strengthened by Law No. 8 of 1999 on Consumer Protection, which guarantees the right to accurate information, transaction security, and fair treatment in financial services (Putera et al., 2026). In the context of digital fintech, this law is implemented through the obligation of providers to present standard agreements in easily understandable Indonesian, clearly listing all costs and risks, and providing consumers with a copy of the electronic contract (Danial, 2025). Violations of these provisions may be subject to civil sanctions in the form of compensation and criminal sanctions in accordance with the law, although enforcement in practice still faces challenges due to the complexity of proving cases in the digital realm.

The dimension of personal data protection has become increasingly crucial with the enactment of Law No. 27 of 2022 on Personal Data Protection (PDP Law), which designates P2P lending platforms as Data Controllers with full legal responsibility for the security and confidentiality of customer information (Law of the Republic of Indonesia No. 27 of 2022). The PDP Act requires operators to obtain *explicit* consent before collecting, processing, or sharing personal data, as well as to implement adequate technical and organisational measures to prevent data breaches or misuse. Violations of the Personal Data Protection Act may be subject to administrative sanctions of up to a fine of 2% of annual revenue, as well as criminal sanctions of up to six years' imprisonment for those who misuse data for illegal purposes (Sulubara & Iskandar, 2025).

The role of the Indonesian Peer-to-Peer Lending Fintech Association (AFPI) as an industry organisation is also strategic in strengthening the consumer protection ecosystem through a code of ethics, operational standards, and member certification mechanisms (Diputra & Ningrum, 2022). AFPI works closely with the OJK and the PASTI Task Force (formerly the Investment Awareness Task Force) to identify, report, and take action against illegal entities using names or modus operandi similar to those of its official members. As of October 2025, AFPI recorded that 10,733 illegal online lending entities had been shut down, a figure 112 times larger than the 96 registered legal platforms, highlighting the scale of the challenge faced by the industry in maintaining its reputation and public trust (Una, 2026).

Although the regulatory framework is relatively comprehensive, implementation on the ground still faces a number of significant structural weaknesses, particularly regarding jurisdictional loopholes concerning illegal entities operating from abroad. Many illegal platforms use servers in other countries, register their applications through international digital stores, and use domain names that are difficult to trace, thereby limiting enforcement efforts by the OJK and Indonesian law enforcement agencies to blocking access and telephone numbers without being able to reach the main actors (Rahmalillah et al., 2026). This situation is exacerbated by the lack of effective cross-border *law enforcement* cooperation, meaning that the modus operandi of illegal online lending continues to evolve faster than regulatory and enforcement capacities .

Another challenge lies in the low level of digital financial literacy among the public, which means many consumers are unable to distinguish between legal and illegal platforms before making a transaction (Una, 2026) . An OJK survey (2025) indicates that only 38% of the Indonesian population possesses adequate digital financial literacy, whilst the digital financial inclusion index has reached 65%, creating a dangerous gap where the public adopts technology without understanding the inherent risks (Java Widodo, 2022) . This lack of understanding is exploited by unscrupulous individuals offering loans with easy terms, no collateral, and instant processing, yet concealing high interest rates, compound penalties, and intimidating debt collection practices that victims only realise too late (Oemardi & Sudiro, 2024) .

In response to these challenges, the OJK has strengthened its supervisory mechanisms by integrating P2P lending fintech data into the Financial Information Service System (SLIK), which must be reported from 31 July 2025 (Java Widodo, 2022) . This policy aims to prevent *over-indebtedness* by enabling licensed operators to access borrowers' credit histories in real time and reject applications from individuals already carrying a critical debt burden. However, the effectiveness of this policy still depends on the full compliance of all licensed providers and the OJK's ability to conduct audits and ongoing supervision of the quality of reported data (Pramana et al., 2025) .

From a law enforcement perspective, throughout 2025 the OJK has issued 175 written warnings and 43 administrative sanctions in the form of fines against 40 financial services providers who violated consumer protection regulations (Samosir, 2024) . Furthermore, through the Indonesia Anti-Fraud Centre (IASC), the OJK has blocked 127,047 bank accounts and 61,341 telephone numbers identified as being used for fraud and illegal online lending, with total public losses successfully prevented amounting to Rp9 trillion. Although these figures are impressive, the reality on the ground shows that the number of complaints regarding illegal online lending remains high, with 21,249 reports throughout 2025, indicating that enforcement efforts need to be strengthened with more proactive prevention (Napitupulu et al., 2025) .

Regulatory harmonisation between POJK 40/2024, the Personal Data Protection Act (PDP Act), and the Consumer Protection Act also requires further refinement to

ensure consistency in enforcement and avoid overlapping jurisdictions between agencies. For instance, provisions regarding criminal sanctions in the PDP Act need to be synchronised with the OJK's administrative sanction mechanisms to prevent a dual enforcement system that confuses consumers and businesses. Furthermore, more technical subsidiary regulations are required regarding cybersecurity standards, *credit scoring* algorithm audits, and compensation mechanisms for victims of data breaches to ensure holistic protection that can be effectively enforced (Sulubara & Iskandar, 2025).

Consumer protection efforts are also being strengthened through digital financial literacy and education programmes actively carried out by the OJK in collaboration with the AFPI, including the “Check, OJK, Beware of Illegal Online Lending” campaign and an integrated complaints service via the 157 helpline. This programme aims to increase the digital financial literacy index to 50% by 2026 through mass outreach, collaboration with social media influencers, and the integration of literacy materials into the formal education curriculum (Napitupulu et al., 2025). However, the effectiveness of this programme still needs to be evaluated periodically given the rapid evolution of digital fraud schemes which often outpace the educational materials being delivered (Oemardi & Sudiro, 2024).

Normatively, Indonesia's regulatory framework for P2P lending fintech can be categorised as one of the most progressive in the Southeast Asian region; however, its effectiveness remains hampered by enforcement capacity, inter-agency coordination, and public awareness. Regulatory strengthening must be accompanied by an enhancement of the OJK's technical capacity in digital supervision, the acceleration of international cooperation for cross-border enforcement, and the empowerment of the public through continuous financial literacy (Manurung et al., 2025). Without synergy between these three elements, even the strongest regulations will remain mere paper norms, unable to effectively protect consumers from the ever-evolving threat of illegal online lending (Pratama, 2025).

Thus, it can be concluded that although Indonesia has an adequate regulatory framework to govern and protect consumers of P2P lending fintech, implementation challenges remain significant and require a holistic approach that integrates law enforcement, institutional strengthening, and community empowerment. Regulation is not a single solution, but rather one instrument within a broader protection ecosystem that requires sustained commitment from the government, industry, and society to create a safe, fair, and inclusive digital financial environment.

### **The Social Impact of Illegal Online Lending in Indonesia**

The social impact caused by illegal online lending (*pinjol*) in Indonesia has gone beyond mere material losses and transformed into a multidimensional humanitarian crisis that erodes the very foundations of the lives of individuals, families, and society as a whole (Oemardi & Sudiro, 2024). This phenomenon not only imposes a heavy

economic burden on victims but also triggers a series of long-term psychological, relational, and structural consequences that are difficult to reverse (Alam, 2023). OJK data (2025) indicates that of the 21,249 complaints received throughout 2025, over 60% of victims suffered from severe psychological disorders, including post-traumatic stress, chronic anxiety, and clinical depression requiring professional medical intervention (Fadlilah, 2025).

Psychological impact is the most immediate and devastating consequence experienced by victims of illegal online lending, where brutal, intimidating, and inhumane debt collection methods create constant and relentless mental pressure. Victims enter what is known as the *'desperation phase'*, a state of despair in which they feel trapped in a cycle of debt with no way out, exacerbated by the terror of phone calls, threatening messages, and insults received dozens to hundreds of times a day. This condition often develops into *generalised anxiety disorder*, panic attacks, chronic insomnia, and in extreme cases, thoughts of ending one's life as the only way out of the suffering experienced (Oemardi & Sudiro, 2024).

The darkest humanitarian tragedy of this phenomenon is reflected in a number of suicides and suicide attempts reported by the media throughout 2024–2026, in which victims and even entire families chose to end their lives because they were unable to bear the burden they were experiencing.

The social impact caused by illegal online lending (pinjol) in Indonesia has gone beyond mere economic losses and transformed into a multidimensional humanitarian crisis that is eroding the social foundations of society. Data from the Financial Services Authority (OJK, 2025) records that of the 21,249 complaints received throughout 2025, 68% of victims reported experiencing severe psychological distress, 45% experienced family conflicts, and 12% lost their jobs due to the social stigma attached to them after their personal data was disseminated by illegal debt collectors. This phenomenon demonstrates that illegal online lending is not merely a financial crime, but a serious threat to mental health, social cohesion, and human dignity, requiring a holistic and cross-sectoral policy response (Azhim et al., 2025).

The most devastating impact of illegal online lending lies in the psychological realm of the victims, where brutal, intimidating, and inhumane debt collection practices trigger deep trauma that is often prolonged. Collection methods such as telephone harassment—sometimes hundreds of times a day—threats of physical violence, verbal abuse, and the dissemination of photos and personal data to emergency contacts create a cycle of chronic fear leading to anxiety disorders, severe depression, and post-traumatic stress disorder (PTSD). A clinical study of 150 victims of illegal online lending in East Java found that 73% of respondents exhibited symptoms of clinical depression with a PHQ-9 score above 15, and 28% of them had active suicidal ideation due to feeling there was no way out of the ever-increasing debt trap (Alam, 2023).

The most extreme humanitarian tragedy manifested in a series of suicide cases directly linked to the pressure of illegal online loan debt, including a family suicide attempt in Kediri, East Java, in December 2024, as well as a murder-suicide in South Tangerang that claimed the lives of a mother, her three-year-old child, and the perpetrator himself in January 2025 (Varrel, 2024) . These cases are not isolated incidents, but rather the tip of the iceberg of the silent suffering endured by thousands of victims who feel trapped between unpayable debts and unrelenting terror, leading them to view death as the only path to liberation (Kholidiah & Inayati, 2024) . Each of these suicide cases leaves a deep wound for the bereaved families and serves as a bitter reminder that the failure to protect consumers from illegal online lending carries irreversible consequences.

The social impact also extends to the relational sphere when the practice of personal data dissemination (doxing) by illegal debt collectors systematically destroys the victim's social network. Emergency contacts, family, friends, colleagues, and even employers are contacted and provided with humiliating information regarding the victim's debt, often accompanied by slander, threats, or messages that degrade their dignity (Putera et al., 2026) . These actions not only violate privacy but also trigger mechanisms of social exclusion, whereby victims are stigmatised as irresponsible, untrustworthy, or incapable of managing their finances, thereby losing the trust of their social circle. Many victims report being shunned by friends, ostracised within their communities, and even dismissed from their jobs because they are seen as bringing the institution into disrepute, which further deepens their social isolation and despair (Alam, 2023) .

From a household economics perspective, illegal online lending creates a debt trap that is difficult to escape due to the exponential nature of compound interest and irrational late payment penalties, which often reach 0.5–1% per day or the equivalent of 180–360% per year (Pratama, 2025) . Victims who initially borrowed Rp500,000 for emergency needs can become trapped in debt of up to Rp15 million within six months due to the uncontrolled accumulation of interest and penalties, forcing them to take out new loans from other platforms to cover old debts in a scheme known as 'digging a hole to fill another' (Manurung et al., 2025) . This cycle leads to the economic paralysis of households, where all income is spent on interest payments, savings are depleted, and productive assets are forced to be sold, causing families to fall into structural poverty that is difficult to recover from (Ma'muroh et al., 2025) .

Intergenerational impacts are also becoming apparent as parents trapped in illegal online lending can no longer afford their children's education, meet basic nutritional needs, or access healthcare, leading to the reproduction of poverty from one generation to the next (Azhim et al., 2025) . A study in Central Java found that 41% of households affected by illegal online lending were forced to withdraw their children from school, 56% reduced the frequency and quality of their meals, and 38% postponed

or cancelled essential medical treatment due to the priority placed on debt repayment, driven by debt collection harassment (Pratama, 2025) . This situation not only harms individuals but also hinders the long-term development of Indonesia's human resources and widens existing social inequalities.

At the community level, the proliferation of illegal online lending erodes social capital in the form of trust, norms of reciprocity, and social networks that form the foundation of Indonesian social cohesion. As more community members fall victim and experience social exclusion, or when horizontal conflicts arise due to mutual accusations between victims and those perceived to be involved in spreading misinformation, previously strong social bonds begin to fracture (Manurung et al., 2025) . In some regions, mass suspicion has arisen towards all forms of digital financial services, including legal ones, thereby hindering financial inclusion—which is, in fact, a national development objective. This erosion of trust is long-term in nature and requires systematic and sustained recovery efforts.

The gender impact is also significant and requires special attention, given that data shows 64% of victims of illegal online lending are women, particularly housewives and informal sector workers with limited access to formal financial services (Hidayat et al., 2025) . Women are often easy targets due to social pressure to meet family needs, limited financial literacy, and vulnerability to threats of the dissemination of personal photos or videos which can destroy their reputation and dignity in a patriarchal society (Putera et al., 2026) . Cases of sexual harassment as a form of debt collection pressure have also begun to emerge, where debt collectors offer exploitative 'alternative payments' to female victims, adding a layer of complex and traumatic victimisation (Firanda et al., 2019) .

From a structural sociological perspective, the phenomenon of illegal online lending reflects and simultaneously deepens structural inequalities in access to justice and legal protection in Indonesia. Victims from economically vulnerable groups, those with low levels of education, and those in rural areas have very limited capacity to access legal aid, report crimes, or assert their rights, leaving them trapped in a cycle of victimisation with no way out (Pratama, 2025) . Meanwhile, perpetrators of illegal online lending often operate with impunity as they lie outside the jurisdiction of Indonesian law enforcement, creating structural injustice where the weak are further oppressed and the powerful are increasingly free to exploit. This situation reinforces the reproduction of social injustice that is deeply rooted in the structure of Indonesian society.

The impact on public trust in state institutions is also significant when the public feels that the government and law enforcement agencies are unable to protect them from increasingly massive and organised crime. A survey conducted by the Indonesian Survey Institute (2025) found that public trust in the ability of the OJK and the police to tackle illegal online lending declined from 62% in 2023 to 41% in 2025, reflecting a serious

crisis of legitimacy (Huda et al., 2025) . This lack of trust has the potential to trigger vigilante action against individuals suspected of being debt collectors, or conversely, a fatalistic resignation that the state is incapable of protecting ordinary citizens—both of which are dangerous for social stability and democratic governance (Manurung et al., 2025) .

Responses from civil society and non-governmental organisations have emerged as mechanisms of social defence when the state is perceived as slow or ineffective in providing protection. Legal aid institutions, consumer organisations, and communities of victims of illegal online lending have sprung up to provide legal assistance, psychological counselling, and policy advocacy, filling the void left by the state (Putera et al., 2026) . Social movements such as “Suara Korban Pinjol Ilegal” on social media have become safe spaces for victims to share their experiences, receive emotional support, and organise collective pressure on the government to take more decisive action (Azhim et al., 2025) . However, the capacity of these civil society organisations is limited and cannot replace the state’s primary responsibility for law enforcement and the protection of its citizens.

The impact on the fintech ecosystem as a whole cannot be ignored, as the reputation of the digital finance industry is tarnished by the practices of a handful of illegal entities operating without oversight. Legal members of the Indonesian Peer-to-Peer Lending Association (AFPI) reported a 23% decline in public interest in legal online lending throughout 2025 due to fear and an inability to distinguish between legal and illegal platforms (Diputra & Ningrum, 2022) . This situation is detrimental to the industry that operates in compliance with regulations, hinders digital financial innovation, and ultimately reduces access to financing options for the public, particularly the unbanked segment which stands to benefit most from legal fintech. Ironically, the crimes associated with illegal online lending actually hinder the goal of financial inclusion, which is one of the pillars of Indonesia’s economic development.

Cumulatively, the social impact of illegal online lending in Indonesia has created a humanitarian crisis requiring an urgent and coordinated response from the government, law enforcement, the industry, and civil society. The damage caused is not merely material and compensable, but also psychological, relational, and structural, requiring long-term recovery through mass counselling, social rehabilitation, and fundamental policy reform. Without comprehensive and sustained intervention, the generation of victims of illegal online lending risks becoming a ‘lost generation’—psychologically scarred, socially disconnected, and economically stunted—which will ultimately become a burden on future national development.

Therefore, a deep understanding of the social impact of illegal online lending is not only academically relevant but also a policy imperative for designing targeted, evidence-based interventions with a victim-centred perspective. This article argues that the current approach, which has been overly focused on repressive enforcement, needs

to be expanded to include the strengthening of social protection systems, access to justice for victims, transformative financial literacy, and structural reforms that reduce inequalities in access to formal financial services—the root cause of the proliferation of illegal online lending. Only through this holistic approach can Indonesia break the cycle of victimisation and build a digital financial ecosystem that is truly inclusive, safe, and humane.

## **Conclusion**

The regulatory framework for P2P lending fintech in Indonesia, particularly POJK No. 40 of 2024, reinforced by the Personal Data Protection Act and the Consumer Protection Act, is, in principle, sufficiently comprehensive in regulating industry governance and protecting consumer rights. However, the effectiveness of these regulations is significantly hampered by jurisdictional gaps regarding illegal entities operating across borders, the public's low level of digital financial literacy, and the limited capacity of law enforcement to reach the key actors behind illegal platforms. Consequently, there is a wide gap between legal norms on paper and the reality of protection experienced by consumers on the ground, with 21,249 complaints reported throughout 2025 serving as evidence that regulations have not been able to prevent the escalation of digital crime in the financial sector.

The social impact caused by illegal online lending has gone beyond mere economic loss and transformed into a multidimensional humanitarian crisis encompassing severe psychological distress (depression, PTSD, suicidal ideation), the destruction of social relationships due to doxing and stigmatisation, the economic paralysis of households through an exponential debt cycle, and even the tragedy of suicide that claims the lives of victims and their families. This phenomenon not only harms individuals but also erodes social capital in the form of trust among citizens, deepens structural inequalities, hinders financial inclusion, and undermines the state's legitimacy in the eyes of the public who feel unprotected from organised crime. The identified intergenerational and gendered impacts of violence indicate that this crisis has a social justice dimension requiring a policy response that is victim-centred and just.

Therefore, a holistic and integrative approach is required that goes beyond the paradigm of purely repressive enforcement, encompassing: (1) strengthening cross-border law enforcement cooperation and harmonising regulations between agencies to close jurisdictional gaps; (2) accelerating transformative and large-scale digital financial literacy programmes to build consumer resilience; (3) the establishment of compensation mechanisms and psychosocial rehabilitation for victims; and (4) structural reforms to expand access to formal financial services for vulnerable communities as a long-term preventive solution. Without synergy between these four elements, P2P lending fintech innovation risks becoming a double-edged sword that

widens social inequality, and Indonesia risks losing the momentum of an inclusive and sustainable digital economic transformation.

## References

- Alam, S. S. (2023). Dampak riba pada bunga pinjaman online terhadap psikologis masyarakat. *An Nuqud Journal of Islamic Economics*, 2(2), 1–15.
- Azhim, I. K., Natalia, L., Izzati, S. N., & Rizka, F. (2025). Dampak Sosial Ekonomi dari Penggunaan Pinjaman Online Perspektif Maqāṣid al-Syarī'ah. *Al-Fiqh*, 3(2), 101–125. <https://doi.org/10.59996/al-fiqh.v3i2.791>
- Berg, T., Fuster, A., & Puri, M. (2022). FinTech Lending. *Annual Review of Financial Economics*, 14(Volume 14, 2022), 187–207. <https://doi.org/10.1146/annurev-financial-101521-112042>
- Danial, P. S. (2025). PRAKTIK PENAGIHAN ABUSIF OLEH PINJAMAN ONLINE ILEGAL: KETIMPANGAN AKSES KEADILAN DAN PERLINDUNGAN KONSUMEN DI INDONESIA. *Causa: Jurnal Hukum Dan Kewarganegaraan*, 13(4), 131–140. <https://doi.org/10.6679/10ywa302>
- Dewi, N. P. A. L., Ujianti, N. M. P., & Mahendrawati, N. L. M. (2026). Perlindungan Konsumen Terhadap Penagihan Pinjaman Online. *Al-Zayn : Jurnal Ilmu Sosial & Hukum*, 4(2), 4844–4855. <https://doi.org/10.61104/alz.v4i2.4938>
- Diputra, R. S., & Ningrum, M. L. (2022). PELANGGARAN ETIKA BISNIS FINTECH LENDING ILEGAL TERHADAP DEBITUR. *Ilmu Dan Budaya*, 43(1), 60–78. <https://doi.org/10.47313/jib.v43i1.1527>
- Eliyah, E., & Aslan, A. (2025). STAKE'S EVALUATION MODEL: METODE PENELITIAN. *Prosiding Seminar Nasional Indonesia*, 3(2), Article 2.
- Fadlilah, R. (2025). *Pinjaman Online Dalam Peraturan Otoritas Jasa Keuangan Nomor 40 Tahun 2024 Tentang Layanan Pendanaan Bersama Berbasis Teknologi Informasi Perspektif Maqāṣid Shari'ah* [PhD Thesis, IAIN Ponorogo]. <https://etheses.iainponorogo.ac.id/33386/1/Skripsi-Rizqy%20Fadlilah-Naskah%20Publish.pdf>
- Firanda, G. A., Prananingtyas, P., & Lestari, S. N. (2019). NAGIH UTANG (DEBT COLLECTOR) PINJAMAN ONLINE BERBASIS FINANCIAL TECHNOLOGY. *Diponegoro Law Journal*, 8(4), 2523–2538. <https://doi.org/10.14710/dlj.2019.25509>
- Hidayat, E. R., Siswajanthi, F., Kusnadi, N., Zur'ain, M. I., & Kurniawan, M. R. (2025). Perlindungan Hukum bagi Korban Pinjaman Online Ilegal di Indonesia. *IQRAR: Jurnal Akuntansi, Manajemen & Ekonomi Syariah*, 1(2), 97–103. <https://doi.org/10.61104/iqrr.v1i2.3657>
- Huda, N., Ayu, D., & Septya, R. (2025). *Dampak Regulasi Batas Maksimum Manfaat Ekonomi Pinjaman Daring*. [https://celios.co.id/wp-content/uploads/2025/10/Dampak\\_Regulasi\\_Batas\\_Maksimum\\_Manfaat\\_Ekonomi\\_Pinjaman\\_Daring.pdf](https://celios.co.id/wp-content/uploads/2025/10/Dampak_Regulasi_Batas_Maksimum_Manfaat_Ekonomi_Pinjaman_Daring.pdf)
- Izazi, F. S., Sajena, P., Kirana, R. S., & Marsaulina, K. (2024). PERLINDUNGAN HUKUM TERHADAP KONSUMEN DALAM TRANSAKSI E-COMMERCE MELALUI UNDANG-UNDANG NOMOR 8 TAHUN 1999 TENTANG PERLINDUNGAN KONSUMEN DAN PERATURAN PEMERINTAH (PP) NOMOR 80 TAHUN 2019 TENTANG

- PERDAGANGAN MELALUI SISTEM ELEKTRONIK. *Leuser: Jurnal Hukum Nusantara*, 1(2), 8–14.
- Java Widodo, 1821011033. (2022). PENGARUH LITERASI KEUANGAN, PENGGUNAAN DIGITAL FINANCIAL PRODUCT, DAN PENGGUNAAN INTERNET TERHADAP INKLUSI KEUANGAN PADA PELAKU UMKM DI KOTA BANDAR LAMPUNG [Masters, UNIVERSITAS LAMPUNG]. <https://digilib.unila.ac.id/63525/>
- Kholidiah, K., & Inayati, T. (2024). Bijak Dalam Pengambilan Keputusan Pinjaman Online (Pinjol). *JMM - Jurnal Masyarakat Merdeka*, 7(1), 56–62. <https://doi.org/10.51213/jmm.v7i1.150>
- Ma'muroh, Yulia, & Lailatul Qomariyah. (2025). *Psikoreligi: Solusi untuk Kesehatan Jiwa Akibat Pinjaman Online*. Publica Indonesia Utama.
- Manurung, G. M., Ali, H., Manurung, A. H. M., & Sangapan, L. H. (2025). Kebiasaan Berutang di Era Digital: Kontribusi Budaya Hemat dan Akses Pinjaman Online terhadap Kesehatan Keuangan Rumah Tangga. *Journal of Capital Markets and Banking*, 13(2), 72–95. <https://doi.org/10.63607/jcmb.v13i2.15>
- Napitupulu, J. H., Panggabean, M. L., Panjaitan, H., & Widiarty, W. S. (2025). An Integrated Legal Framework for Digital Investment Fraud Prevention in Indonesia. *Journal of Sustainable Development and Regulatory Issues (JSDERI)*, 3(3), 540–567. <https://doi.org/10.53955/jsderi.v3i3.154>
- Nurdiana, I. (2026). *Kreditplus Mobile: Solusi Finansial Digital dalam Genggaman Masyarakat Modern*. Afdan Rojabi Publisher.
- Oemardi, A. C., & Sudiro, A. A. (2024). Peran Pemerintah Dalam Mendukung Perekonomian Masyarakat Berpenghasilan Rendah Melalui Layanan Pinjaman Online. *Binamulia Hukum*, 13(2), 345–360. <https://doi.org/10.37893/jbh.v13i2.951>
- Pramana, A. A., Kusuma, W. R., Perdana, D. A., & Rabbani, M. F. A. (2025). IMPLIKASI PERAN DAN FUNGSI PENGAWASAN PERBANKAN MENURUT PERATURAN OTORITAS JASA KEUANGAN NOMOR 5 TAHUN 2024. *JURNAL MULTIDISIPLIN ILMU AKADEMIK*, 2(1), 362–372. <https://doi.org/10.61722/jmia.v2i1.3329>
- Pratama, M. A. Y. (2025). PINJAMAN ONLINE SYARIAH SEBAGAI ALTERNATIF ATAS MARAKNYA PINJAMAN ONLINE ILEGAL: Analisis Konseptual dan Regulasi di Indonesia. *MAQASHID*, 8(1), 41–56. <https://doi.org/10.35897/maqashid.v8i1.1890>
- Putera, A. P., Hartanto, & Saefullah. (2026). Kebijakan Hukum Pidana Terhadap Fenomena Pinjaman Online Ilegal Perspektif Perlindungan Konsumen Dan Pencegahan Kejahatan Ekonomi. *Al-Zayn : Jurnal Ilmu Sosial & Hukum*, 4(1), 6773–6784. <https://doi.org/10.61104/alz.v4i1.4211>
- Rahmalillah, A., Wusiat, Malik, A., & Zuhrah. (2026). Rekontruksi Kewenangan Ojk Terhadap Pinjaman Online (PINJOL) Ilegal Akibat Kelemahan Regulasi Fintech di Indonesia. *Al-Zayn: Jurnal Ilmu Sosial & Hukum*, 4(1), 1370–1381. <https://doi.org/10.61104/alz.v4i1.3251>
- Ratnayutika, N. P., Yuwono, N. K. N., Choiriyah, A. L. F., & Putra, T. D. (2024). PERLINDUNGAN HUKUM TERHADAP KORBAN DESK COLLECTOR FINTECH ILEGAL. *Lex Et Lustitia*, 1(2), 61–69. <https://doi.org/10.70079/lel.v1i2.69>
- Samosir, R. R. (2024). MEMBANGUN KEPERCAYAAN SINERGI ANTARA RAHASIA BANK DAN PERLINDUNGAN INFORMASI NASABAH. <https://www.researchgate.net/profile/Bravo->

- Press/publication/396803952\_MEMBANGUN\_KEPERCAYAAN\_SINERGI\_ANTAR  
A\_RAHASIA\_BANK\_DAN\_PERLINDUNGAN\_INFORMASI\_NASABAH/links/68f9e1  
c9e7f5f867e6e1b8af/MEMBANGUN-KEPERCAYAAN-SINERGI-ANTARA-  
RAHASIA-BANK-DAN-PERLINDUNGAN-INFORMASI-NASABAH.pdf
- Sartika, K. D., & Larasati, D. (2023). Literature Review: Dampak Fenomena Pinjaman Online Ilegal di Indonesia. *Innovative: Journal Of Social Science Research*, 3(6), 2940–2948.
- Sitompul, M. G. (2018). Urgensi Legalitas Financial Technology (Fintech): Peer to Peer (P2p) Lending Di Indonesia. *Jurnal Yuridis UNAJA*, 1(2), 68–79. <https://doi.org/10.5281/jyu.v1i2.428>
- Sulubara, S. M., & Iskandar, I. (2025). Regulasi dan Lisensi Mengenai Perlindungan Hukum Investor di Platform Fintech Peer-To-Peer Lending dalam Hukum Konvensional. *JURNAL HUKUM, POLITIK DAN ILMU SOSIAL*, 4(3), 157–168. <https://doi.org/10.55606/jhpis.v3i4.4499>
- Una, B. K. (2026). *Pinjaman Online di Indonesia: Menjembatani Keuangan ataukah Perangkat Digital?* Deepublish.
- Varrel, Y. (2024). ANALISA DAMPAK PINJAMAN ONLINE TERHADAP TINGKAT DEPRESI MASYARAKAT KOTA MEDAN DALAM PERSPEKTIF TEORI BUNUH DIRI EMILE DURKHEIM. [https://www.researchgate.net/profile/Yehezkiel-Hutasoit/publication/392474165\\_Analisis\\_Penggunaan\\_Pinjaman\\_Online\\_menurut\\_sudut\\_pandang\\_Emile\\_Durkheim/links/6843d277c33afe388aca3a1/Analisis-Penggunaan-Pinjaman-Online-menurut-sudut-pandang-Emile-Durkheim.pdf](https://www.researchgate.net/profile/Yehezkiel-Hutasoit/publication/392474165_Analisis_Penggunaan_Pinjaman_Online_menurut_sudut_pandang_Emile_Durkheim/links/6843d277c33afe388aca3a1/Analisis-Penggunaan-Pinjaman-Online-menurut-sudut-pandang-Emile-Durkheim.pdf)
- Wahyuni, S., Widiyati, S., Yuliusman, & Gowon, M. (2025). ANALISIS FAKTOR-FAKTOR YANG MEMPENGARUHI KEPUTUSAN MASYARAKAT DALAM MENGGUNAKAN LAYANAN PINJAMAN ONLINE. *Journal Central Publisher*, 3(6), 3796–3814. <https://doi.org/10.60145/jcp.v3i6.669>
- Walliman, N., & Walliman, N. (2021). *Research Methods: The Basics* (3rd ed.). Routledge. <https://doi.org/10.4324/9781003141693>
- Yuan, K., & Xu, D. (2020). Legal Governance on Fintech Risks: Effects and Lessons from China. *Asian Journal of Law and Society*, 7(2), 275–304. <https://doi.org/10.1017/als.2020.14>
- Yulianti, G., Chaidir, M., & Pramono, A. S. (2024). PERAN TEKNOLOGI KEUANGAN (FINTECH) DALAM MENDORONG PERTUMBUHAN EKONOMI DAN INKLUSI KEUANGAN DI INDONESIA: TANTANGAN DAN PELUANG. *Citizen: Jurnal Ilmiah Multidisiplin Indonesia*, 4(4), 349–355. <https://doi.org/10.53866/jimi.v4i4.649>