FINTECH LENDING: CHALLENGE AND OPPORTUNITIES OF THE INDONESIA’S LOAN UNBANKED TO DEVELOP THE INCLUSIVE FINANCIAL INDUSTRY

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Abstract
The aim of this study is to explore and analyze the development of fintech peer to peer lending (fintech) regulation in Indonesia and Indonesia’s readiness in facing the fintech industry, especially fintech loans. The results show that after the Indonesian government approved Fintech as a legitimate financial service in Indonesia, many Fintech Start up companies begin registering their companies, the Indonesian government separate the granting of fintech licenses to the financial services authorities and Indonesian banks according to the types of the fintech, specifically for fintech peer to peer licensing is granted by the financial services authority. The Fintech Provider does not guarantee ongoing loans if they fail to pay. Because the organizer is not a party to a loan agreement made by the lender and the recipient of the loan. There is not infrequently the risk of default by borrowers. The Fintech Provider does not guarantee ongoing loans if they fail to pay. Because the organizer is not a party to a loan agreement made by the lender and the recipient of the loan.

Keywords
Indonesia, fintech, financial, regulation

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Introduction

It is important to distinguish the three main eras of FinTech evolution (Douglas Arner, 2016: 58-59). Starting around 1866 to 1967, the financial services industry began to be associated with technology but most of it was still an analog industry.

To obtain public financing can be obtained through banks and financing institutions, but one of the weaknesses of the two financing institutions is some complicated requirements and requirements that are very burdensome to the community in general, especially the middle to lower class, one of the requirements is collateral.

Indonesian people, who are mostly middle to lower class, need effective and efficient financing, therefore the existence of fintech innovations that offer effectiveness and efficiency can increase inclusion in Indonesia’s economic aspects. Because of the depth of Indonesia, many region have not been served by bank industry.

The inability of banks to open branches in each region be the reason why people to start looking for solutions such as easy ways to get banking services without having to come to the branches but they still can get banking service through online services. “By 2001, eight banks in the US had at least one million customers online, with other major jurisdictions around the world rapidly developing similar systems and related regulatory frameworks to address risk. By 2005, the first direct banks without physical branches emerged (e.g. ING Direct, HSBC Direct) in the UK”

The Fintech company is a disruptive innovation, namely an innovation that successfully transforms an existing system or market, by introducing practicality, ease of access, convenience, and economical costs. Disruptive innovation usually takes certain market segments that are less desirable or deemed less important for market authorities but can be presented well and practically which can be accepted by the market (Muliaman D. Hadad, 2017: 3).

Result and Discussion

1. The Advantage Of Financial Technology

For several years, Financial Industry has already been attracted by Financial Technology. Financial Technology covers digital innovation and technology that enable business model innovations in the financial sector. P2P market is a P2P or online e-commerce type. That is, any vendor or store that intends to open a store in the P2P market does not need to provide a dedicated server or hosting like most e-commerce. A software will help vendors change personal computers into servers that are connected with other vendors and potential buyers through the software.

Like another innovation, FinTech can disrupt existing financial industry structures and blur industry boundaries. FinTech products do provide convenience to consumers where consumers do not have to wait long to pay or receive payments. However, on the other hand, the emergence of FinTech products shows that the current financial system is obsolete and cannot keep up with the times that require a system that is
faster and easier. The failure of Fintech industry in China can happen because the rapid development of the FinTech industry can not be balanced with regulation at there.

There are many advantages of Fintech. First, through FinTech Lending we can do financial matters ranging from payments, capital searches, loan funds, and investments without having to come to banks or financial institutions. Second, we don’t need to prepare documents to get financial product, then we just fill our personal identity. Third, Non Performing Loan (NPL) rate in FinTech Lending is low (Lawrence G. Baxter, 2016: 567-604). Fourth, Marketplace products are not only business loans but loans for medical expenses, tuition fees or even consumer loans. Fifth, Fintech industry get the benefit from Indonesia’s geography because bank industry has not been able to accommodate people who need to get bank services in their area. Fifth, Fintech provides convenience to consumers to choose products offered by companies that are suitable for consumers. Sixth, business competition between companies based on Financial Technology provides benefits to consumers because companies will compete to market their products which provide benefits in terms of price reductions. Seventh, Fintech is a factor in increasing economic growth in a country.

In 2018, according to KMPG, is a promising year for the great development of fintech innovation. Here are the top 10 KMPG fintech predictions for 2018 (KPMG International Fintech Prediction, 2018, accessed on 01 July 2019): 1. Accelerating the continuation of innovation and adopting AI as a basic technology; 2. Increased Regtech investments worldwide; 3. Building bridges Greater collaboration and partnerships between large-scale capital providers; 4. The emergence of online assurance technologies and platforms; 5. Early success efforts in the blockchain production system; 6. Open banking, namely banks that open the way for third-party developers in Europe and globally; 7. Official financial institutions build their own digital banks; 8. Investment acceleration in encouraging insurtech innovation and building hubs throughout the world; 9. Expansion of solutions established by stable fintech companies; 10. Increased cooperation between Fintech and major technology companies.

2. Identification Of Financial Technology Based On Indonesia Experience

Indonesian Condition

The large population and occupying the fourth most populous country in the world, reaching 265,015,300 with a percentage of 3.53% of the world's population, it can be said that Indonesia is one of the investment objectives of foreign investors to develop its business. Economic developments are also increasing. "As of May 31, 2018, Indonesia’s economic growth reached 5.06%. Realization of state revenues also grew better than in previous years. (https://www.kemenkeu.go.id/publikasi/berita/menkeu-perkembangan-ekonomi-indonesia-positif, accessed on 09 Agutus 2019).

The number of internet users in 2017 has reached 143.26 million people, equivalent to 54.68 percent of the total population of Indonesia. This amount shows an increase of 10.56 million people from the survey results in 2016 (https://kominfo.go.id/
The development of fintech 3.0 in Indonesia was initiated in 2006, with 4 Fintech companies operating and the number continues to increase, until 2016 had reached 165 fintech companies (Muliaman D. Hadad, 2017). According to Financial Services Authority Regulation Number 77 / POJK. 01/2016 about Loan Services Money Based On Information Technology, fintech startup must be a limited liability company or cooperative. Indonesia provides opportunities for foreign citizens to establish fintech companies in Indonesia with a maximum share ownership of 85%, with a maximum total loan amount of Rp 2,000,000,000.00(two billion rupiah) there is no limit of the number of foreign fintechs. Peer to peer lending has easier regulation for people that can’t afford bank’s term the bank doesn’t give them approval because their LOA (Loan siaran-pers-no-53hmkominfo022018-tentang-jumlah-pengguna-internet-2017-meningkat-kominfo-terus-lakukan-percepatan-pembangunan-broadband/0/ siaran_pers accessed on 07 August 2019).

Of Value is very low. In addition, when comparing the interest rates on Lending Club loans with interest rates on business loans reported by National Federation of Independent Business members, the authors conclude that P2P small business borrowers paid a rate that was approximately twice as high as small business loans obtained from traditional sources (Julapa Jagtiani & Catharine Lemieux, 2017: 70).

According to Bank Indonesia Regulation Number 19/12 / PBI / 2017 concerning the Implementation of Financial Technology in article 3 paragraph 1 it is regulated about the category of Fintech Implementation, namely: 1.Payment system; 2.Market Support;3. Investment Management and Risk Management; 4.Loans, Financing, and Provision of Capital; qnd 5.Other Financial Services. Indonesian geography also becomes an advantage for FinTech industry, we know that there are several areas where there are no banks and people can lend money through FinTech without meeting. This is proven by data base that from two hundred and fifty people in Indonesia there are just 30% people bank service users (Nuzul Rahmayani, 2018: 31).

The development of the FinTech company in Indonesia itself has shown a significant amount, based on data from The Financial Services Authority of FinTech companies that are registered or licensed until 2018, namely 67 companies. The FinTech company consists of 65 conventional FinTech and 2 sharia. Until now there are still a number of FinTech companies that are in the registration process based on the Financial Services Authority data as of September 4, 2018, which are 40 companies, while the registration applications returned have 57 companies and FinTech companies that are interested in registering are 38 companies, so, there are 202 potential companies FinTech in Indonesia. The distribution of the FinTech company itself in Indonesia is centered on the Jakarta-Bogor-Depok-Tangerang-Bekasi (Jabodetabek), which is a megapolitan area of Jakarta and its surroundings. The center of Indonesian government is indeed located
in Jakarta, but certainly requires supporting cities for equity, so that the goal of urbanization is not only in Jakarta. For settlements, large developers build satellite cities that are equipped with city support facilities such as schools, shopping centers, hospitals, and amusement parks. These satellite cities are widely developed in Bekasi City, Tangerang City, Serpong (South Tangerang City), Depok City and Cibubur Area.

If we talk about business there are no problem between FinTech and bank because they have different function and different regulation. FinTech should collaborate with banks to do their business activities like how a lender gives the money to the borrower so the lender and borrower should have bank account in one of the banks in Indonesia. There is a difference between the amount of bank interest and FinTech interest because FinTech interest is higher than banks (FinTech interest 11-30% in Indonesia). FinTech doesn’t oblige a guarantee for the lender, so this is optional but usually FinTech collaborate with insurance company to accommodate lenders who want to have high security to their money. There are two contracts in peer to peer lending fintech, the first is between lenders and a company and the second is between FinTech and borrowers.

Server in FinTech Lending supervised by kominfo (comunication and information ministry) that also has a duty to carry out maintenance FinTech Lending server. They use an international standart of system and they should always update it every year. All losses caused by hackers that use computers, networking or other skills to overcome a technical problem are certified by kominfo.

3. Financial Technology’s Development Factors In Indonesia

a. Development of Internet Users in Indonesia

The development of the internet in Indonesia over the past five years has increased, namely in 2013 there were 82 million internet users and continued to increase until 2017, which touched 143.26 million. Based on data published by the Indonesian Internet Service Providers Association (APJII) in 2017 that internet users in Indonesia in accordance with the character of cities or districts are divided into three criteria, namely urban areas (72.41%) in rural-urban areas (49.49%) and rural (48.25%).

b. Economic and Age Factors

The composition of internet usage based on age is the most widely used by productive age between 19-34 years and if it is presented that is (49.52%) of the total population in Indonesia and if it is associated with distribution based on economic level, there is an interesting thing that the most internet use based on the composition of internet users in the lower middle class social economy. This means that productive age in Indonesia requires capital or costs for self-development and business development through funding institutions or agencies in Indonesia.

c. Inspired by Previous Business Actors

The number of start-up businesses that are able to prove their success has inspired many new business people to emulate the same steps, because with a flexible business
it is able to generate profits and the reputation of multinational-class companies. Like the FinTech company that already has permits and is included in the large FinTech company in Indonesia, namely PT. Pasar Dana Pinjaman (Danamas) which is included in FinTech Peer to Peer Lending is able to realize loans of 616,462 with the amount of loans disbursed reaching Rp. 1,197,972,784,570 of these loans have been recorded as full loans amounting to 174,587 or if the amount is Rp. 962,714,810,480, of course, the funds used to finance FinTech are obtained from investors and for Danamas registered investors are 33,056 (https://danamas.co.id/web/HomeAction_home.action#carakerja, accessed on 29 July 2019). PT. Pasar Dana Pinjaman (Danamas) was established in 2000 and has obtained an operational permit from the Financial Services Authority.

4. Financial Technology Problems In Indonesia

Apart from the rapid advancement of the FinTech industry in Indonesia, certainly every development of new technology has its own problems. "The Indonesian Consumers Foundation (YLKI) claims that throughout 2018 it has received 200 complaints from people who are customers of FinTech technology based money lending service companies" (https://www.cnnindonesia.com/ekonomi/20181116091435-78-347075/ylki-kantongi-200-aduan-masyarakat-terkait-fintech, accessed on 29 July 2019). This complaint takes the form of terror from the FinTech company primarily through social media.

The emergence of a number of complaints from people who have used FinTech can be observed from several classification of reasons, namely:

a. FinTech companies are able to tap personal data

FinTech has a positive impact on economic turnover in Indonesia which is now faster and more efficient. In this case bank secrecy is very important to protect the interests of customers individually so as to give birth to legal provisions governing bank secrecy (Indah Widiastuti, 2014: 4).

Tapping personal data can be in the form of photos and telephone numbers contained in our mobile phones and then accessed by the FinTech company for the purpose of utilizing the data if we violate the provisions contained in company procedures (Saule T. Omarova, 2019: 2). For example, when we are unable to repay a loan on time at FinTech Lending, the company can access our photos and send these photos to all the numbers on our mobile phone so that we immediately pay off our loans (Kukuh Tejomurti, 2018: 125) and provide a deterrent effect.

b. Lack of Startup Security Standards in Fintech Companies

In the Advancement of Technology in Indonesia, FinTech Company is one of the answers to meet the needs of the people in Indonesia. However, there are many customer concerns about startups formed by the FinTech Company. Customer concerns are: First, Concern about the hacking of customer data by other people and used for crimes that can harm customers or others. Second, Concern about viruses such as Malware that can interfere with, damage, or retrieve customer data.
This is used by persons who are not responsible for committing crimes on behalf of the customer. The need for a regulation that regulates the security of the startup of the FinTech company. Because the ones who get the most losses are the customers themselves. In the data, the Special Criminal Investigation Directorate of the Polda Metro Jaya reported that there were 1,627 criminal cases throughout 2016 and the cyber crime cases were the highest, namely 1,027 cases where currently malware (viruses, ransomware) is the most common cyber crime in Indonesia (Budi Raharjo, 2017: 1).

c. High Credit Interest and High Administrative Costs

In FinTech development, FinTech Company makes it easy for the public to borrow money easily and without collateral. Compared to banks that must use guarantees and conditions in lending money to customers. However, behind the convenience provided by the FinTech Company, there are problems that must be faced by customers, namely: First, the high loan interest that must be borne by the customer. The interest given by the Fintech Company is currently around 20% per year (https://finance.detik.com/moneter/d-4184866/besar-mana-bunga-kredit-fintech-atau-bank, accessed on 17 July 2019). This is very different from the amount of interest given by the Bank, which only ranges from 9-18% according to the credit taken by the customer (https://finance.detik.com/moneter/d-4042315/ini-daftar-bunga-kredit-bank-di-ri-mana-yang-paling-tinggi, accessed on 28 July 2019). Second, high administrative costs that must be borne by the customer. In FinTech Company, administrative fees charged by customers amount to 2-5% with details of loan approval fees of 2-4%, life insurance costs of 0.24% and administration costs of IDR 100,000. So this is very much different from the Bank's administrative costs. For example is one of the customers who want to commit suicide due to interest and costs that must be borne by the customer. Initially the Customer wanted to borrow money from one of the FinTech Companies in the amount of IDR 500,000, but because a lot of administration fees only got IDR 375,000 and due to the amount of interest that must be borne, the customer wants to commit suicide. This incident was in the Cikini area, Central Jakarta (https://www.cnnindonesia.com/nasional/20181105025234-12-343957/tangis-korban-percobaan-bunuh-diri-terjerat-utang-fintech, accessed on 28 July 2019).

d. Billing method is done by Intimidation and Violating Human Rights

The FinTech company does provide convenience to its customers to borrow money. But in billing money, FinTech Company can charge not only to customers, but also can be done to all cellphone contact numbers on the cellphone owned by the customer, whether family, relatives, or superiors that can harm and destroy the reputation of the customer (https://www.idntimes.com/business/economy/ helmi/ ini-8-derita-peminjam-fintech-yang-mengadu -ke-lbh-jakarta/full, accessed on 28 July 2019). This has a very negative effect on social and moral impact on the customer's family or the customer itself. And the billing method carried out by FinTech Company uses a lot of debt collectors so that it violates Human Rights. And it can threaten the family,
relatives and customers themselves. Human rights violations such as threats, and violence both customers, families, and relatives. Need to be given limits that regulate the method of billing so as not to violate or defame the reputation of the customer and the customer's family.

e. False Identity and Sanctions that are less strict towards Illegal FinTech Companies

The FinTech company has the convenience of registering only requires a name, address, cellphone number, email, and account number, customers can already register with the FinTech Company. Because in the registration, FinTech company does not meet the employees of the company with customers so it is easier to manipulate customer data. But on the other hand, it can also be possible that the FinTech Company is an illegal company so that investing customers can lose all the money that has been invested in the Fintech Company. In 2018, there were 1,330 complaints by victims of online loan applications in 25 provinces in Indonesia that were collected by LBH Jakarta (Pei-Shan Wu, 2017: 7). And the lack of strict sanctions against illegal FinTech Companies is the basis for the development of Illegal FinTech Companies. In Indonesia there are 227 Illegal FinTech companies operating.

f. Lack of Customer Data Confidentiality

In Indonesia, there is a growing sales of customer data. And because there are many illegal FinTech companies, the thing that is very worrying by customers is the confidentiality of customer data. Because it is also related to the problem of lack of transparency, the confidentiality of customer data on FinTech Companies is doubted by the public. Data confidentiality is very important because in the customer data it can be used by irresponsible individuals and used to commit crimes while those who suffer losses are the customers themselves. So, a good FinTech Company is the one who maintains the confidentiality of data from customers.

g. Lack of FinTech's socialization of the Indonesian people

The Fintech company is a solution for the people of Indonesia in the age of globalization to meet people's needs. However, in its development the FinTech Company experienced obstacles to Human Resources in Indonesia. So, that the problem is the lack of socialization of the use and selection of trusted FinTech Companies, there are many cases of fraud that impersonate the FinTech Company. 1,330 Cases of complaints about victims of online loan applications that are suffering customers (Julapa Jagtiani, 2018: 20). This is very influential on the Lack of Socialization and Lack of Education in Human Resources in Indonesia so that people are easily tempted by the offer given by the FinTech Company. And this large offer is often given by Illegal FinTech Companies. This needs to be overcome because this is detrimental to society.
h. Lack of Regulations Governing FinTech Companies

In 2018, FinTech Companies which is registered in the Financial Services Authority were 58 companies (https://www.cnbcindonesia.com/fintech/20180628125930-37-20873/ini-daftar-terbaru-51-fintech-yang-terdaftar-di-ojk, accessed on 28 July 2019). And there are 227 FinTech companies operating in Indonesia and not licensed / illegal.

And in Indonesia there is no basic criteria in making FinTech Company. And in Indonesia there are no laws and regulations other than the Financial Services Authority Regulation that regulates FinTech Companies. This is also a concern for customers to try to invest or borrow money from the FinTech Company. Therefore, a special law is needed to regulate how to register FinTech companies, basic criteria in FinTech companies and strict sanctions if there is violations of FinTech companies. If there are laws and regulations governing FinTech Companies, the Regulatory issues will be reduced and the public will increasingly be convinced to invest their money into the FinTech Company.

i. Lack of Transparency in the FinTech Company system

FinTech companies do have the convenience of accessing and investing customer money. However, in its implications many FinTech companies have not been open to the public regarding investment systems or loan money so that customers can monitor whether the FinTech company is healthy or there are corrupt practices in the FinTech Company. So, that customers can choose the FinTech Company to be chosen to invest the money. And the public does not feel that the FinTech Company that is developing in Indonesia is not just a cover for fraud in the form of fraud.

j. Lack of Offer Information from FinTech Organizers

The lack of information about the offerings carried out by the FinTech Organizer itself is certainly done online, where consumers and organizers do not meet in person, so the organizers should provide offering information to consumers clearly and easily understood. Offer (offer) is a statement from one of the parties, the offeror, to enter into an agreement (Titik Triwulan Tutik, 2006: 7). FinTech organizers that use this online can display information on the products they offer to consumers. The information must be clear about products and services offered by organizers through their websites or applications that offer financial service products include business loan offers, financial service products in the form of personal loans and funding for loan recipients, so if the prospective loan officer transmits an order, it must first is carried out by the organizer, then an agreement occurs.

4. Efforts To Minimize The Problems Of Financial Technology Industry In Indonesia

a. Improve the Security of FinTech Customer Data Accounts

Concerns from society at this time is about the security of FinTech customer data increasingly make people distrustful and cautious in using FinTech startups, the losses suffered by FinTech customers include hacking FinTech customer accounts and
sending viruses by individuals who is irresponsible resulting in losses not a few for FinTech customers, it makes customers have less trust in the FinTech company because the FinTech company does not yet have a security system that is capable of maintaining confidential customer data from hackers who want to hack FinTech customer accounts and malware viruses that can interfere with, destroy or take confidential FinTech customer data.

For the problems that occur in FinTech customers, the reputation of the FinTech company itself has decreased. Therefore, the FinTech company is required to secure the system startup of the FinTech company. If the company does not immediately deal with the problems that occur at this time, it will be a big threat to the FinTech company itself.

b. Increasing the Confidentiality of FinTech Company Customer Data

The FinTech company can access short messages to the history of incoming calls on FinTech customers' mobile phones. This FinTech Company accesses the history of incoming and outgoing calls to ascertain how close the prospective customer is to the emergency contact he listed on the registration form (Inna Romanova, et al, 2018: 18-19).

The FinTech company can violate the privacy of its customers if the FinTech company accesses the customer's telephone number and accesses the photo gallery on the customer's cellphone and the company sells the photo or disseminates the personal photos of the FinTech company customer. However, FinTech Companies should not be able to open customer data even to access FinTech customers' mobile phones because if a company can access customers' cellphones, the company should be more transparent in processing FinTech customer data. The FinTech company can violate the privacy of its customers if the FinTech company accesses the customer's telephone number and accesses the photo gallery on the customer's cellphone and the company sells the photo or disseminates the personal photos of the FinTech company customer. FinTech companies must increase the confidentiality of customer data by not disclosing personal data belonging to customers and may not disseminate or sell confidential personal data from FinTech customers.

c. FinTech Loan Interest Rate Standard

This high loan interest rate standard at FinTech is a problem for the society. If the association has a FinTech loan interest rate standard, the Financial Services Authority can easily monitor FinTech's company because of the standard interest rate on the loan. If the standard interest rate on FinTech loans is not too high, the level of default on loans from customers will be relatively low, because the customer does not feel burdened by the high interest on the loan (Artie et al, 2017: 422-434). The current event is that FinTech's interest rate which tend to be higher makes its customers frustrated because they feel burdened with FinTech loan financing and not a few customers experience loan defaults. To reduce loan defaults by the customer, the company must
clearly explain the loan interest to the FinTech company so that the community understands and understands the interest on loans borrowed by the customer.

d. Financial Services Authority Cooperates with the Civil Registration Population Service to Be Able to Check Borrowers' Identity Cards at FinTech

Therefore Services Authority Cooperates is obliged to cooperate with the Occupation and Civil Registration Service so that FinTech companies can recognize their customers, or commonly known as Know Your Costumer because FinTech is also need to know who its customers are, FinTech companies must know the origin of their prospective customers in addition to avoiding escaping from loan payments, such as avoiding money laundering and terrorism. With the cooperation between Services Authority Cooperates and the Occupation and Civil Registration Service, Services Authority Cooperates can recognize the identity given by the customer when filling out the identity on the loan form, FinTech companies themselves can check their customer's identity by using the Population Identification Number whether the data provided by the customer original or not, so in this way the OJK can find out the real identity of the FinTech company customer and can reduce the risk of multiple identities.

e. Giving Understanding to FinTech Companies Related to Risks from High Interest

The FinTech Indonesia Joint Funding (AFPI) Association is obliged to provide an understanding in the form of socialization to FinTech companies where the company is associated with the risk of high loan interest in FinTech. There are still many FinTech companies that do not join the FinTech Association, which leads a few FinTech companies are less understanding and understand related to the risk of high loan interest rates. If the FinTech Indonesian Joint Funding (AFPI) Association does not provide understanding in the form of socialization to FinTech companies in Indonesia, FinTech companies do not know about the high interest risk which determined by each FinTech company. Because with a high loan interest that can be detrimental to FinTech customers itself, customers will feel burdened by FinTech loan financing whose interest is too high. So, the current events are that people also do not understand the high interest on loans makes people experience frustration due to the high loan interest rates.

f. FinTech Must Join the FinTech Association in Indonesia

The purpose of FinTech is to be obliged to join the FinTech Association so that this Association can make regulations for the legal FinTech companies in Indonesia, the regulation for FinTech companies is very beneficial for the government, especially the Services Authority Cooperates and FinTech customers. The regulation of FinTech can also regulate the maximum of additional costs on loans or debts collected by the society from financial-based technology companies or commonly referred to as FinTech. So, for regulators the presence of this specific association is certainly very useful in overseeing the lending industry. FinTech, which joins the FinTech
Association, must have a company signed letter, and has obtained a permit to set up a business in Indonesia.

Except if the organizer has obtained a permit and states that it is unable to continue its operational activities, it must submit its own application to the Financial Services Authority accompanied by reasons for incompetence, and plans to settle the rights and obligations of use. In this case the revocation of the permit is no later than 20 (twenty) working days from the date of the revocation request. In accordance with the regulation regarding supervision of the Financial Services Authority in the field of Financial Technology in the case of Information Technology-based money lending services (P2P Lending) which has been regulated in POJK Number 77 / POJK.01 / 2017.

g. Revocation of Financial Technology Business Permit for those who Violate

Services Authority Cooperates is obliged to revoke business licenses or sign of FinTech companies that violate the provisions and for FinTech companies that harm customers. The intention of Services Authority Cooperates to revoke the business license of the FinTech company is a deterrent effect for FinTech companies in Indonesia that violate the laws and regulations in force in Indonesia. Services Authority Cooperates is obliged to give sanctions to FinTech Illegal company in Indonesia by cutting off the source of FinTech company funds or sanctions in the form of guidance to revocation of licenses. The FinTech Illegal company in Indonesia is still not under the supervision of any party, so that the transaction of funds with the FinTech Illegal company is highly risky for its customers.

h. Financial Services Authority Cooperates with Banks to Block Illegal FinTech Accounts

Services Authority Cooperates is required to cooperate with the banking industry so as not to provide payment system facilities for the implementation of FinTech lending service activities that do not have registered / illegal marks. If the Services Authority Cooperates cooperate with the banking industry to block illegal FinTech accounts, the Services Authority Cooperates itself can limit FinTech activities that do not have illegal / register marks that aim to protect the public. FinTech in Indonesia is required to have a list of FinTech companies that have been registered with Services Authority Cooperates. Services Authority Cooperates asks banks to be more selective in approving FinTech service accounts by FinTech companies. If the Services Authority Cooperates does not cooperate with the banking industry to block FinTech accounts that do not have a register from Services Authority Cooperates, it is possible to harm FinTech customers because FinTech companies that do not have Services Authority Cooperates registration license does not join the FinTech Association, the supervision carried out by the Services Authority Cooperates becomes more difficult and the FinTech company is not bound by the regulations established by the FinTech Association. Therefore, Services Authority Cooperates is obliged to collaborate with
the banking industry to block illegal FinTech accounts that aim to protect the people of Indonesia.

Conclusion

Problems arising from the development of the FinTech industry in Indonesia that can not be said to be small and certainly do not rule out the possibility that these problems will increase over time. But, keep in mind the emergence of these problems is not the negative impact of FinTech, because Indonesia still needs other funding institutions that are able to develop the creative economy, especially those that help Micro, Small and Medium Enterprises (UMKM) to be able to develop businesses. Some efforts that have been made which is cooperate with related parties starting from business actors, FinTech associations in Indonesia, Financial Services Authority, Bank Indonesia and the Ministry of Communication and Information must continue to be developed because a good system will be created from good cooperation between parties involved in implementing a common goal of efficient and safe technology-based financing through a Financial Technology company.

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