



Dynamics of Law Enforcement of Illegal Online Loan Cases in Indonesia



Rahmat Dermawan

Universitas Muhammadiyah Sukabumi, Indonesia

Email: rahmat17@gmail.com

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ABSTRACT

The rise of illegal online lending cases in Indonesia has caused various negative impacts on the community, including intimidation in collection, misuse of personal data, and unreasonable interest rates. Although the government has issued various regulations and blocked illegal platforms, law enforcement against illegal loan actors still faces various obstacles, such as the difficulty of tracking down perpetrators based abroad and the lack of coordination between relevant institutions. This study aims to analyze the dynamics of law enforcement against illegal lending cases in Indonesia, by reviewing the effectiveness of regulations that have been implemented, challenges in policy implementation, and strategies that can be adopted to improve legal protection for victims of illegal loans. The method used in this study is a literature study with a systematic literature review (SLR) approach, in which various academic sources, policy reports, and laws and regulations are analyzed to understand trends and challenges in law enforcement against illegal loans. The results of the study show that despite various policies and law enforcement measures, the existence of illegal online loans is still difficult to eradicate comprehensively. Some of the factors that hinder the effectiveness of law enforcement are regulatory gaps, low public financial literacy, and weak international cooperation in eradicating illegal platforms that operate across borders. Therefore, a more comprehensive strategy is needed, including increased coordination between institutions, the application of more sophisticated technology in tracking perpetrators, and public education to increase awareness of the risks of illegal online loans.

1. Introduction

In recent years, the growth of fintech lending in Indonesia has experienced rapid development, in line with the increasing public need for fast and easily accessible loan services. However, behind the convenience offered, the rise of illegal online loans (illegal loans) has given rise to various complex legal and social problems (Saifullah, Supriyadi, & Bahagiati, 2023). Cases related to fraud, high interest rates, intimidation of customers, and misuse of personal data are increasing, causing unrest in the community and posing challenges for law enforcement officials in cracking down on this illegal practice (Poernomo, 2023).

The Indonesian government has tried to deal with this phenomenon through various regulations, including Financial Services Authority (OJK) Regulation Number 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services and cooperation with the Ministry of Communication and Information Technology (Kominfo) in closing online lending platforms that operate

illegally (Angkasa et al., 2023). However, law enforcement against illegal lending cases still faces many obstacles, such as the difficulty of detecting illegal platform owners based abroad, weak financial literacy among the public, and limited coordination between law enforcement officials and related institutions (Sianjaya & Hasan, 2024).

One of the main challenges in law enforcement against illegal online lending is the lack of effective legal mechanisms in protecting victims. Many illegal loan customers experience psychological pressure due to threats and misuse of personal data by lenders (Ningtias & Sastradinata, 2023). In addition, the criminal justice system in Indonesia still tends to be reactive in handling illegal loan cases, with more emphasis on blocking applications than law enforcement against the main perpetrators (Tritto, He, & Junaedi, 2020). This condition indicates that a more comprehensive approach is needed, including strengthening regulations and synergy between law enforcement, regulators, and other stakeholders (Adnyani & Agustini, 2024).



This phenomenon also shows that the low digital literacy of the community also exacerbates the impact of illegal loans. Many people are tempted by the ease of the disbursement process without understanding the legal and financial risks that come with it (Rahadi, 2024). Studies show that most victims of illegal online loans are low-income groups who do not have access to formal banking services, so they are forced to look for financing alternatives from illegal fintech services (Nurmandi et al., 2022). Therefore, in addition to increased supervision by regulators, more intensive financial education is needed for the public to increase awareness of the risks of illegal online lending (Tan, 2023).

The urgency of this research lies in the importance of examining the effectiveness of law enforcement in handling illegal online loan cases in Indonesia. Although the government has made various efforts to address this problem, the gap between regulation and implementation on the ground is still a major obstacle (Kharisma, 2022). In addition, studies on more effective law enforcement models are still limited, so a more in-depth analysis is needed regarding strategies that can be adopted to improve the legal protection system for victims of illegal loans (Finanda, 2022).

Previous research has discussed various aspects related to the impact of illegal online lending and the regulations that govern it. Several studies highlight regulatory gaps in cracking down on illegal online loans as well as the inadequacy of law enforcement mechanisms in preventing the misuse of personal data by illegal platforms (Ginting, 2023). Meanwhile, another study discusses the effectiveness of cooperation between OJK, Kominfo, and law enforcement officials in eradicating illegal lending practices, although there are still obstacles in implementation in the field (Suryono, Budi, & Purwandari, 2021). Although there have been many studies that have discussed this problem, further studies are still needed that specifically analyze the challenges and dynamics in the law enforcement process against illegal online loans, especially in the context of Indonesian law.

This study aims to analyze the dynamics of law enforcement against illegal online lending cases in Indonesia, focusing on regulatory effectiveness, challenges in policy implementation, and strategies that can be adopted to improve legal protection for the community. In addition, this study will also explore the coordination mechanism between regulators and law enforcement officials in handling illegal loan cases and the impact of policies on consumer protection. Thus, the results of this research are expected to contribute to the development of a more effective legal system in overcoming the problem of illegal

online lending and improving the security and stability of the fintech sector in Indonesia.

2. Method

This study uses a qualitative approach with a literature study method to analyze the dynamics of law enforcement against illegal online loan cases in Indonesia. The literature study was chosen because it allows researchers to explore various legal regulations, government policies, challenges in implementing regulations, as well as the response of the community and law enforcement officials in dealing with the rampant cases of illegal online lending (Snyder, 2019). This method also allows researchers to identify trends and patterns in regulations and law enforcement related to illegal fintech lending, so that it can provide a more comprehensive understanding of this phenomenon (Bowen, 2019).

The data sources used in this study consist of secondary literature, including academic journal articles, books, research reports, laws and regulations, as well as publications from related institutions such as the Financial Services Authority (OJK), the Ministry of Communication and Information Technology (Kominfo), and law enforcement officials. Data is obtained from legal journals, fintech policy reports, and scientific publications published in the last five years (2019-2024) and indexed in academic databases such as Google Scholar, Scopus, ScienceDirect, and reputable national journals (Suryono, Budi, & Purwandari, 2021). In addition, this study also refers to legal documents, including OJK Regulation Number 77/POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services, as well as other relevant policies in tackling illegal online lending cases in Indonesia (Tritto, He, & Junaedi, 2020).

The data collection technique is carried out by systematic literature review (SLR), which is an approach that systematically reviews various academic literature that discusses the issue of illegal online loans from various perspectives. The literature selection process was carried out with inclusion and exclusion criteria, where only articles and documents that are directly related to the dynamics of regulation and law enforcement of illegal online loans were used in this study (Merriam & Tisdell, 2016). Literature that has a geographical context outside Indonesia or is not relevant to legal aspects is excluded in the analysis process. Snowballing techniques are also applied to find additional reference sources from the bibliography contained in the main literature (Snyder, 2019).

This study uses thematic analysis to examine the regulations, challenges, and effectiveness of law enforcement against illegal online lending in Indonesia. The



study was carried out by tracing OJK and Kominfo regulations, identifying legal obstacles, and evaluating the enforcement steps that have been taken. In addition, this study compares previous findings to formulate more effective policy recommendations.

3. Result and Discussion

Law enforcement against illegal online lending cases in Indonesia is an issue that is increasingly receiving attention because of its negative impact on society. Illegal online loans often operate without a permit from the Financial Services Authority (OJK) and use unethical collection methods, including intimidation and harassment of borrowers. The dynamics of law enforcement in tackling this phenomenon involve regulations, challenges in policy implementation, and strategies to improve legal protection for the community.

In terms of regulation, the Indonesian government has issued various policies to control illegal online loans. OJK has the authority to supervise the fintech industry, including online lending services, as stipulated in OJK Regulation Number 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services. In addition, the government is also working with the Ministry of Communication and Information Technology (Kominfo) to block illegal loan applications that operate without a license. Tampubolon (2024) in his research shows that even though regulations have been implemented, the existence of illegal online loans is still rampant, indicating a gap in policy implementation (Tampubolon, 2024).

The main challenge in law enforcement against illegal online loans is the difficulty of tracking and taking action against perpetrators. Many illegal loan operators are based abroad or use servers spread across different countries, making it difficult for law enforcement to catch the main perpetrators. Additionally, although many platforms have been blocked by the government, perpetrators often quickly create new apps with different names, making eradication efforts more complex. Santoso and Setiady (2024) found that technological limitations and lack of coordination between law enforcement agencies are the main obstacles in following up on cases of illegal loans (Santoso & Setiady, 2024).

Coordination between regulators such as OJK, Kominfo, and law enforcement officials is a key factor in tackling illegal online loans. OJK collaborates with the Investment Alert Task Force to receive reports from the public and follow up on complaints related to illegal loans. However, the effectiveness of this mechanism still depends on the speed of action taken by law enforcement officials. Suseno, Paksi, and Yusriando (2024) noted that despite the increase

in the number of complaints received by the OJK, the legal process against illegal loan operators still faces various obstacles, including difficulties in collecting evidence and bringing perpetrators to court (Suseno et al., 2024).

One clear example of the dynamics of law enforcement against illegal online loans occurred in 2021, when the Criminal Investigation Branch of the National Police raided an illegal loan office in Jakarta and arrested a number of perpetrators involved in the operation. In this case, it was found that the illegal loan operator had collected by threatening and harassing the borrower. This case shows that even though strict action has been taken, the phenomenon of illegal loans is still difficult to eradicate thoroughly because perpetrators are always looking for loopholes to return to operations.

To increase the effectiveness of law enforcement against illegal loans, several strategies can be adopted. First, increasing international cooperation is an important step considering that many illegal loan operators are based abroad. Second, the government needs to strengthen legal sanctions against parties involved in illegal loan operations, including technology service providers who help distribute illegal applications. Third, public education must be strengthened so that they are more aware of the fraudulent mode carried out by illegal loans.

From the various analyses that have been carried out, it can be concluded that although regulations already exist, their effectiveness still needs to be improved with a more holistic approach. Coordination between law enforcement agencies, the use of more sophisticated technology, and increasing public awareness are the main keys in combating illegal online lending and improving legal protection for the Indonesian people.

4. Conclusion

The results of the study show that law enforcement against illegal online lending in Indonesia still faces various challenges, even though regulations and policies have been implemented. The main factors that hinder the effectiveness of law enforcement are the lack of legal mechanisms that can reach foreign-based actors, weak coordination between institutions, and low public financial literacy. As a result, although many illegal platforms have been blocked, illegal lending operators continue to emerge with different names and modus operandi, making it difficult to eradicate them thoroughly.

From the perspective of practical advice, the government and law enforcement officials need to increase cross-border cooperation to crack down on illegal loan offenders operating globally. In addition, the use of digital



technologies such as big data and artificial intelligence (AI) can help in tracking suspicious transaction patterns and identifying networks of illegal lenders more effectively. No less important, financial education programs must be expanded so that people are more aware of the risks of borrowing from illegal platforms and are more careful in accessing digital financial services.

As a research suggestion, further studies are needed to explore the effectiveness of international legal strategies in eradicating illegal online lending, especially in the context of cross-border cooperation. In addition, empirical research on the psychological and social impacts on victims of illegal loans also needs to be carried out in order to develop a more comprehensive consumer protection policy. With further research, it is hoped that the law enforcement system against illegal online loans can develop better and provide maximum protection for the community.

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