

CHAPTER I

INTRODUCTION

1.1. Research Background

The rapid development on technology which is known The era of digitization, it will feel more complete with the presence of digital innovation, namely fintech. The term of fintech is a financial service using a technology that will facilitate the financial transaction activities that we do anywhere and anytime. This fintech service technology was originally introduced in 2004 by Zopa, which is an institution or financial institution in the United Kingdom that runs money lending services, which then over time, came Bitcoin in 2008 which was initiated by Satoshi Nakamoto.¹

Along with the development of the times and technology, the spread of fintech, especially the online loan service provider platform Peer to Peer Lending, is now utilising the advancement of social media as a tool to promote and disseminate information related to online loans. Here social media plays an important role for all online lending platforms in promoting and disseminating information related to online loans, because it has been proven that social media is very powerful to be used as a communication tool to consumers.²

In 2018, Bank Indonesia defined financial technology as the result of a combination of financial services and technology that eventually changed the business model and style from conventional to modern. Previously, paying transaction had to be face-to-face and carrying a number of cashing money, now it can be done by remote transactions in making online payments that are so fast and accurate. It can be seen in the amount of online growth which drive digitalisation for payment systems. In this

¹ Istiqomah, "Analisis Pinjaman Online Oleh Fintech Dalam Kajian Hukum Perdata" 6, No. 77 (2019): 291–306.

² Kredit Hipotek American Pacific, "Pemasaran Media Sosial Untuk Petugas Pinjaman," American Pacific Mortgage, 2024, <https://www.apmortgage.com/joinapm-blog/a-guide-to-social-media-for-loan-originators>. (23-12-2024).

current situation, digital payment types have evolved and started to replace traditional forms of payment or cash.³

With the development of technology, fintech is able to handle and serve various transactions, such as, Electronic Money (E-Money), Virtual Account, aggregator, lending, crowdfunding and other online financial transactions. The following transaction services are form of applications on technology in the financial sector. Fintech has various functions which are believed to quickly developed rapidly.⁴ At this time, many of the fintechs that have been operating were even founded by conventional companies. Some established companies that provide financial technology services which are start-up companies or commonly called start-up companies. Develop the activities of fintech services in Indonesia and are supervised by Bank Indonesia (BI).

In the beginning, the concept of financial technology or peer to peer fintech was operated only for start-up companies or entrepreneurs who had just started managing their business to be reached and recognised by banks such as MSMEs as a medium for finding investors to help fund their business.⁵ However, along with its development and progress, the peer to peer financial concept has changed its function into crowdfunding. The use of peer to peer financial concept is not only limited to start-up businesses, but it has become general consumption for those who is willing to. There are many crowdfunding services in Indonesia, so the government must be extra involved in supervising the practices in the field.

In carrying out its duties and mandate as the Bank Indonesia, especially in terms of regulating and supervising financial operations in banks, the Financial Services Authority (OJK) has been assigned to take over the role of Bank Indonesia in

³ Hera Melinda, "Pengaruh Persepsi Manfaat, Persepsi Kemudahan, Dan Persepsi Keamanan Terhadap Minat Menggunakan Financial Technology Pada Aplikasi Dana," *JRAK (Jurnal Riset Akuntansi Dan Bisnis)* (Sekolah Tinggi Ilmu Ekonomi (Stie) Pembangunan Tanjungpinang, 2023), <https://doi.org/10.38204/jrak.v9i1.950>.(Pg, 1)

⁴ Finnet, "Pengertian Fintech Dan Bentuk Perusahaan Fintech," [finnpay.id](https://www.finnpay.id), 2021, <https://www.finnpay.id/blog/posts/pengertian-fintech-dan-bentuk-perusahaan-fintech>. (Agustus 2024)

⁵ Team Amarta Blog, "Sejarah Dan Perkembangan Peer to Peer Lending," Amarta, 2019, <https://amartha.com/blog/pendana/money-plus/sejarah-dan-perkembangan-peer-to-peer-lending/>.(Agustus 2024)

supervising financial banks in Indonesia. With the hope that the examination of fintech-based financial services will run more efficiently. Bank Indonesia transfers all activities related to supervision in the field of banking both Sharia and conventional and other financial institutions to the Financial Services Authority.⁶ Since 31 December 2013, the function of banking regulation and supervision has been transferred from Bank Indonesia to the Financial Services Authority (OJK) in accordance with Article 55 paragraph (2) of Law No. 21 Year 2011 about the Financial Services Authority. All banking related data and information will be transferred as well to OJK.⁷

Financial Services Authority (OJK) is an independent institution that organises an integrated regulatory and supervisory system for all activities in the financial and non-financial services sector. Supervision of the financial services sector, ranging from capital markets to banking. While, the non-financial services sector such as pension funds, insurance, and other financing institutions. In carrying out its duties, OJK stands alone without interference from other parties. OJK has a number of functions and authorities including regulation, supervision, examination, and investigation.⁸ OJK does not only supervise the running of financial institutions, it is also tasked with protecting customers or people who invest and have ownership of shares in preventing and fraud to not occur. Therefore, OJK controls all policies regarding the establishment of financial institutions, both fintech and non-fintech.⁹

The presence of financial services authority is very important, in providing comfort to customers, and justice for all parties. It cannot be denied that in Indonesia there are lots of motives for scam and fraud to benefit certain parties without paying attention to the people around us. especially with regard to things that smell like money. One the things that has attracted attention lately is Fintech institutions that provide peer

⁶ Haqiqi Rafsanjani, "Peran Dan Fungsi Bank Indonesia Setelah Adanya UU Otoritas Jasa Keuangan (OJK)" 3, no. 2 (2018).

⁷ Bank Indonesia, "Pengalihan Fungsi BI Ke OJK," n.d., [https://bicara131.bi.go.id/knowledgebase/article/KA-01049/en-us.\(20-08-2024\)](https://bicara131.bi.go.id/knowledgebase/article/KA-01049/en-us.(20-08-2024))

⁸ Redaksi OCBC NISP, "Apa Itu OJK? Ini Pengertian, Tugas, Fungsi, & Wewenangannya," OCBC, 2023, [https://www.ocbc.id/id/article/2021/08/12/ojk-adalah.\(20-08-2024\)](https://www.ocbc.id/id/article/2021/08/12/ojk-adalah.(20-08-2024))

⁹ OJK, "Tugas Dan Fungsi OJK," Otoritas Jasa keuangan, 2017, [https://ojk.go.id/id/tentang-ojk/pages/tugas-dan-fungsi.aspx.\(20-08-2024\)](https://ojk.go.id/id/tentang-ojk/pages/tugas-dan-fungsi.aspx.(20-08-2024))

to peer lending online loan services. The article is still a lot of fraud and lack of transparency regarding the top-up value of returns and the risk of using online loans by online loan service providers to users or the public. Not a few have dared to raise their voices regarding this matter, both from individuals and media crews. Nailul Huda in his interview by the media editor of Celios (Centre of Economic and Law Studies) said, 'On the partial interest information, a survey from APJII shows that the main factor of borrowing in online loans is cheap interest.¹⁰ Fintech institutions providing online loan services consider this all an opportunity to do business. They do not think about people who have limited information about the laws and procedures for using online loan services. By promising low interest rates, Indonesians will flock to use online loan services. One of the main factors that determine the interest in online loans is the amount of interest rates that are very low. However, all of this is widely used by fraudulent online loan service providers to not provide transparency of the top-up value or interest rate value in detail to customers.

Islam tells us to always act honestly in every matter, including when we transact in any matter. Transparency must be carried out between the two parties involved in the transaction so that the transaction is clear and no one is harmed. Allah SWT. Explains in his word QS. Al-Baqarah verse 282 which says:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ وَلْيَكْتُبَ بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ وَلَا يَأْبَ كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ فَلْيَكْتُبْ وَلْيُمْلِلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَبْخَسَ مِنْهُ شَيْئًا فَإِنْ كَانَ الَّذِي عَلَيْهِ الْحَقُّ سَفِيهًا أَوْ ضَعِيفًا أَوْ لَا يَسْتَطِيعُ أَنْ يُمِلَّ هُوَ فَلْيُمْلِلْ وَلِيُّهُ بِالْعَدْلِ وَاسْتَشْهِدُوا شَهِيدَيْنِ مِنْ رَجَالِكُمْ فَإِنْ لَمْ يَكُونَا رَجُلَيْنِ فَرَجُلٌ وَامْرَأَتَانِ مِمَّنْ تَرْضَوْنَ مِنَ الشُّهَدَاءِ أَنْ تَضِلَّ إِحْدَاهُمَا فَتُذَكِّرَ إِحْدَاهُمَا الْأُخْرَىٰ وَلَا يَأْبَ الشُّهَدَاءُ إِذَا مَا دُعُوا وَلَا تَسْمُوا أَنْ تَكْتُبُوهُ صَغِيرًا أَوْ كَبِيرًا إِلَىٰ أَجَلٍ ذَٰلِكُمْ

¹⁰ BPR Tanadoang, "OJK Didesak Celios Agar Mengatur Bunga Dan Biaya Layanan Pinjol Lebih Transparan," BPR Pesisir Tanadoang, 2023, <https://bprtanadoang.co.id/baca-berita/83/dfd>. (28-08-2024)

أَقْسَطُ عِنْدَ اللَّهِ وَأَقْوَمُ لِلشَّهَادَةِ وَأَدْنَىٰ أَلَّا تَرْتَابُوا إِلَّا أَنْ تَكُونَ تِجَارَةً حَاضِرَةً تُدِيرُونَهَا بَيْنَكُمْ فَلَيْسَ عَلَيْكُمْ جُنَاحٌ أَلَّا تَكْتُبُوهَا وَأَشْهَدُوا إِذَا تَبَايَعْتُمْ وَلَا يُضَارَّ كَاتِبٌ وَلَا شَهِيدٌ ۚ وَإِنْ تَفْعَلُوا فَإِنَّهُ فُسُوقٌ بِكُمْ وَاتَّقُوا اللَّهَ وَيُعَلِّمُكُمُ اللَّهُ وَاللَّهُ بِكُلِّ شَيْءٍ عَلِيمٌ

Meaning: ‘O you who have believed, when you enter into debts for a fixed time, record them. Let a recorder among you write it down correctly. Let not the recorder refuse to write it down as Allah has taught him. Let him record(s) it, and let the debtor dictate(s) it. And let him fear Allah, his Lord, and let him not diminish it in the least. If the debtor is of unsound mind, or incapable of dictating, let his guardian dictate it correctly. Seek the testimony of two male witnesses among you. If there are not two men, (it is permissible) one man and two women among those whom you like among the witnesses, so that if one of them forgets, the other may remind him. Let not the witnesses refuse when called. And do not tire of recording it until the time limit, whether the debt is small or large. That is more just in the sight of Allah, more corroborative of the testimony, and more likely to leave you in no doubt, unless it is a cash trade which you carry on between you. Then there is no sin on you if you do not record it. Take witnesses when you buy and sell, and do not make it difficult for the recorder, and do not make it difficult for the witnesses. If you do so, it is indeed an unrighteousness on your part. Fear Allah, Allah will teach you, and Allah knows all things.’ (Q.S. Al-Baqarah: 282)¹¹

Furthermore, in addition to top-up transparency being the main influence on interest in online lending, the influence of social media on fintech service information also has a major influence in shaping interest in using online loans. Based on a report by the Indonesian Fintech Association (AFTECH), most fintech users in Indonesia are individuals. The data shows that 42.7% of the surveyed fintech companies represent individual users. Which 70.8% are aged between 26 to 35 years. The percentage shows that the productive age range is from 18 to 35 years. There are several factors that make

¹¹ Qur'an Kemenag, "Al-Qur'an Dan Terjemah," 2022, <https://quran.kemenag.go.id/>. (11-09-2024)

online loans attractive to young people, namely easy requirements, unsecured loans, and lower interest rates than banks. The convenience offered by P2P Lending online loans makes young people's interest increase. Exposure to social media marketing as a way to attract young people who are active users in social media as a marketing tool.¹²

In addition to top-up transparency and the influence of social media on fintech service information, consumptive lifestyles are also considered to greatly influence Indonesians in building interest in making peer to peer lending online loans. This is supported by the increasing number of primary and secondary needs of individual humans who are driven by their desire to be equal to their relatives or friends, according to the lifestyle among young people today is very high consumptive levels of products and services, lifestyle is able to have a significant influence on interest in making online loans, when a person's lifestyle is getting higher, but the income earned is not commensurate with the expenses they make, then it is possible that online loans will be the solution they do.¹³

However, what is wrong in the application of today's society is to make interest in online loans only to fulfil desires and prestige. The phenomena causes, many people are tempted by online loans with various promotions. Islam explains in the Qur'an regarding the interest in buying or using something to be wise in choosing and using it to manage personal finances properly. The following verse explains it:

وَالَّذِينَ إِذَا أَنْفَقُوا لَمْ يُسْرِفُوا وَلَمْ يَقْتُرُوا وَكَانَ بَيْنَ ذَلِكَ قَوَامًا ﴿٦٧﴾

Meaning: 'And those who, when they spend, are neither extravagant nor miserly, and their spending is in the middle'. (QS. Al-Furqon verse 67)¹⁴

Based on the above review, this research will be very sustainable with the interest theory issued by Kotler and Keller (2012), which aims to test and analyse

¹² Alfiyatu, Nabila Rohmah, Jeni Susyanti, and Syakur, Abdullah Novianto, "Pengaruh Social Media Marketing Fintech, Fintech Knowledge, Dan Gaya Hidup Konsumtif Minat Penggunaan Pinjaman Online P2P Lending," *E – Jurnal Riset Manajemen* 13, no. 01 (2023): 2302–7061.

¹³ Rohmah, Susyanti, and Novianto.

¹⁴ Qur'an Kemenag, "Al-Qur'an Dan Terjemah."

various influences on interest in making P2P Lending online loans. With this problem, researchers want to know whether interest in using fintech services that provide online loan services will be present and created due to information factors from social media, consumptive lifestyles and transparency of refund top-up.

Based on the variables that will be taken from the explanation above, the researcher chose these variables for his research because there are some MSME players who initially intend to borrow funds for business development, but when the repayment process, not a few of them feel threatened and even depressed because of the terrorisation from the platform and the increasing return interest, therefore many MSME players are digging holes closing holes just to pay off debts on online loan platforms. So the researcher is very interested in taking the following research theme, by taking the research title:

“THE INFLUENCE OF SOCIAL MEDIA FINTECH, CONSUMPTIVE LIFESTYLE, AND TOP-UP TRANSPARENCY ON INTEREST IN USING ONLINE LOANS P2P LENDING (Peer To Peer Lending) Case study in Ponorogo MSMEs”

In this research, it is shown that the objects that will be used as case studies are MSME actors (owners, managers and employees who work in MSMEs) in the Ponorogo area. With the following variables, researchers expect research results that have an effect on the improvement and evaluation of various parties related to the matter under study as research.

1.2. Research Questions

The following are the various problem formulations that are neatly arranged in this research,

1. How can Social media Fintech, affect the interest of MSME actors in Ponorogo to do Online Peer to Peer lending (P2P Lending)?
2. How can a consumptive lifestyle (Hedonism) affect the interest of Ponorogo MSMEs players in making or using Online Peer To Peer Lending (P2P Lending) loans?
3. How can Top-up Transparency or the addition of loan funds affect the interest of Ponorogo MSMEs players in making or using peer to peer lending (P2P Lending) online loan services?

1.3. Research Objectives

Along with the following research, there are objectives in conducting this research. The following are the various objectives that exist in the preparation of this research:

1. To analyse the effect of fintech social media on interest in using Peer To Peer Lending online loans among MSMEs in Ponorogo.
2. To analyse whether consumptive lifestyles can affect the interest of MSME players in Ponorogo to make Peer To Peer Lending online loans.
3. To analyse the effect of Transparency Top-up tu addition of loan funds on the interest of MSME actors in Ponorogo to make peer to peer lending online loans Peer To Peer Lending.

1.4. Research Benefits

In simply, researchers hope that each set of words contains and conveys the meaning of benefits for each party involved in this research. Here are some of the research benefits:

1.4.1. For Researchers

By conducting this research, the researchers could be more creative and critical resource in every decision making and is expected to increase the experience, insight, and knowledge. In terms of awareness of determining interest in using online loans that are less efficient to do because it will have a negative impact on oneself.

1.4.2. For Offenders or Users

Thus for users of P2P Lending online loan fintech services, especially for MSME players in Ponorogo who are now entangled, it is hoped that it can provide benefits in the form of awareness to preven the scam effects on every transaction. Which can cause losses for their MSME businesses.

1.4.3. For Stakeholders of Fintech Institutions P2P Online Lending

For the owner of a P2P online loan fintech service provider company, it is hoped that this research will be used as an evaluation and improvement in the future, so it will be even better and prioritise transparency and fairness for both users and providers. Thus, more customers or online loan service customers will be obtained because of the trust gained by customers.

1.4.4. For Other Researchers

The results of this study are expected to be used as a source of reference especifically in terms of the influence of social media fintech, consumptive lifestyles, and top-up transparency on interest in using online peer to peer lending (P2P Lending). The researcher hopes that this research can contribute as reference in comparing the same research objects, especially regarding Fintech institutions or agencies that provide online loan services.