

## What is Sumenep's Community Perception About Peer-to-Peer Lending?

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**Abstract :** *This study examines the Sumenep community's perception of the peer-to-peer lending platform, which is overgrowing in its use among the community. The informants in this study were the Sumenep community, consisting of twenty-seven sub-districts using and not using peer-to-peer lending platform services. Data collection techniques in this study used the method of distributing questionnaires to the Sumenep community based on different ages, gender, and occupational backgrounds. Interviews were also conducted with informants who had used the peer-to-peer lending platform to strengthen the research results. The method used is qualitative with descriptive analysis.*

**Keywords:** *Perception, Society, Peer to peer lending.*

### Introduction

Technology brings many changes and conveniences to human life. One of the conveniences is related to financial matters. According to Dewi (2022), financial technology is the result of the collaboration of financial services and technology that changes the conventional business model to a moderate one, which initially payments were made face-to-face and carried a certain amount of cash, now it can be done in just a fraction of a second. Buying, lending, and sending money has been done through an online application that makes everything easier without being limited by distance and time.

Financial technology, which we then usually call fintech, according to Bank Indonesia Regulation (PBI) No. 19 of 2017 concerning the Implementation of Financial Technology Article 1 paragraph 1, is the use of technology in the financial system that produces new products, services, technology or business models and can have an impact on monetary stability, financial system stability or efficiency, smoothness, security, and reliability of the payment system (Mahmuda, 2019).

One form of financial technology that is developing in Indonesia is a money loan service based on information technology (fintech peer-to-peer lending). The development of fintech has an important role in changing consumer behavior and expectations, namely accessing data and information anytime and anywhere and generalizing large and small businesses (Disemadi et al., 2020). The use of smartphones or cellular phones plays an essential role in assisting the implementation of banking and fintech digitization (Sari, 2018).

The latest statistical data on loan accumulation and peer-to-peer lending platform transactions as financial service providers experienced an increase in February 2022. The Financial Services Authority (OJK) recorded accumulated loan disbursements with a scale of Rp. 16,406.45 billion in February 2022. This figure is an increase compared to the value of loan disbursement in January 2022, which was recorded at Rp. 13, 782.49 billion and Rp. 13,609. 36 billion in December 2021. The latest statistical data on the accumulation of loan recipients and users of peer to peer lending platforms decreased in February, where in the previous month there was an increase.

The development of fintech peer-to-peer lending in Indonesia was driven by the ratification of the Financial Services Authority Regulation (POJK) Number 77 of 2016 concerning Information Technology-Based Lending and Borrowing Services, the regulation became the legal umbrella for peer-to-peer lending fintech companies in Indonesia (Juniar et al., 2020). Consumer rights in the financial services sector also receive legal protection as stipulated

in the Financial Services Authority Regulation No.1/PJOK.07/2013 concerning Consumer Protection in the Financial Services Sector.

Research conducted by Pratiwi (2020) aims to compare people's experiences in financing using peer-to-peer lending and through Islamic Commercial Banks. The results of the study show that people who finance both Islamic fintech and Islamic commercial banks mostly understand the financing mechanism carried out on the two options. Judging from the percentage of use, Islamic peer-to-peer lending fintech shows significant developments. However, cumulatively, Islamic Commercial Banks are recognized to be able to provide more varied contracts, products, and financing mechanisms.

Research on Medan City Public Perceptions of the Use of Financial Technology (Fintech) was written by Rahma (2018). The results of the study indicate that the people of Medan have been motivated to use fintech because of its effective and efficient use, so people benefit from its use. The public's understanding of the use of fintech from the interviews showed that 9 out of 10 informants already knew about fintech and understood how to use and benefit from the services provided by fintech services.

Rhomadhon and Fitri (2020) in their research, show that in general MSMEs think that fintech, especially for digital payments, is a technology that is beneficial for business development. Some of the challenges in implementing fintech faced by MSMEs are the lack of interest or the absence of urgent needs from customers, privacy, security factors, the risk of technical errors in the application, and the lack of knowledge about the use of fintech, especially for MSME actors with low technological adaptability. . Meanwhile, the potential opportunities for implementing fintech include increasing sales, maintaining and expanding market share, as well as an effort to win the competition in the industrial revolution era.

## **Literature Review**

### **Financial Technology**

Financial technology is rapidly proliferating in various fields, ranging from installments, loans, monetary preparation (individual budgets), retail speculation, crowdfunding, financial audits, and others. Until now, fintech players in Indonesia still control the installment business with 43%, credit 17%, and the rest as aggregators, crowdfunding and others (Andriani, 2020).

The definition of fintech according to Bank Indonesia is the result of a combination of technology and financial services that change the simple business model, where initially services were carried out manually such as direct and cash payments, now they are more modern with payments no longer being done manually but have been done online. The development of fintech in Indonesia can be said to be quite late. According to Wahhab (2015), although since 2006 fintech has begun to develop, the Indonesian Fintech Association organization was only formed in 2015. Only after 2015 did fintech show a positive response. Until early 2021, there were 147 fintech companies officially registered in Indonesia and this number continues to grow.

Peer-to-peer lending is the most popular type of fintech in Indonesia. This type of fintech helps people who need access to finance to meet their needs. With peer-to-peer lending, consumers can borrow money more easily to meet every need in life without having to go through the convoluted process that is often found in conventional banks. Some examples of fintech types of peer-to-peer lending are AwanTunai, Investree, UangTeman, Danamas, TaniFund, and AkuLaku are start-ups that provide easy and safe digital installment facilities (OJK).

### **Public Perception**

Sumanto (2014: 52) defines perception as the most common way to understand or give importance to data, events, or events. Usually, the term perception is used to convey experiences or events experienced. In the Big Indonesian Dictionary, the word perception means a direct response (acceptance) of something. Quoted from the Wikipedia page, perception (from the Latin perception, percipio) is the act of compiling, recognizing, and interpreting sensory information to provide an overview and understanding of the environment. Perception is not passive reception of cues, but is shaped by learning, memory, expectation, and attention.

According to the Big Indonesian Dictionary (KBBI) society is the number of people in a very broad sense and related to one culture which is considered the same. MacQueen et al. (2001) responded that there are five elements in one society, namely: geographical location, shared interests, collective action based on identity coherence, social ties or cohesion and diversity.

Reported from the Wikipedia page, society is a group of people who have relationships between individuals with permanent relationships, or in high social groups from various regions and the same subject to authority and culture. Society is a group of living things that are closely interwoven because of certain systems, certain traditions, conventions, and certain laws that are the same and lead to collective life.

### **Empirical Studies**

1. Pratiwi's research (2020) aims to compare people's experiences in financing using peer-to-peer lending and through Islamic Commercial Banks. The results of the study show that people who finance both Islamic fintech and Islamic commercial banks mostly understand the financing mechanism carried out on the two options. Judging from the percentage of use, Islamic peer-to-peer lending fintech shows significant developments. However, cumulatively, Islamic Commercial Banks are recognized to be able to provide more varied contracts, products, and financing mechanisms.
2. Research on Medan City Public Perceptions of the Use of Financial Technology (Fintech) was written by Rahma (2018). The results of the study indicate that the people of Medan have been motivated to use fintech because of its effective and efficient use so people benefit from its use. The public's understanding of the use of fintech from the interviews showed that 9 out of 10 informants already knew about fintech and understood how to use and benefit from the services provided by fintech services.
3. Rhomadhon and Fitri (2020) in their research show that in general MSMEs think that fintech, especially for digital payments, is a technology that is beneficial for business development. Some of the challenges in implementing fintech faced by MSMEs are the lack of interest or the absence of urgent needs from customers, privacy, security factors, the risk of technical errors in the application, and the lack of knowledge about the use of fintech, especially for MSME actors with low technological adaptability. . Meanwhile, the potential opportunities for implementing fintech include increasing sales, maintaining and expanding market share, as well as an effort to win the competition in the industrial revolution era.

### **Methods**

This study uses a qualitative method with a descriptive approach. The term qualitative according to David Williams (in Moeleong, 1995:5) qualitative research is the collection of data in a natural setting, using natural methods, and carried out by individuals or researchers who are naturally interested. The descriptive approach is a research to collect, compile, clarify data in order to obtain an overview of the problem to be studied.

The selection of a qualitative approach was carried out on the basis of the specifications of the research subject and to obtain more in-depth information and cover social reality, in this case

### What is Sumenep's Community Perception About Peer-to-Peer Lending?

Hermawati, Sula

how the Sumenep community's perception of peer-to-peer lending was. According to Nasution (1996:9) a qualitative approach is a research procedure that obtains descriptive data in the form of written or spoken words from individuals and observed behavior.

The technique of determining and selecting informants in this study was carried out by random determination, where the informants were people who had or had not used services on the peer-to-peer lending platform with various informants from backgrounds, ages, occupations, genders, and so on. Informants in this study focused on the Sumenep community who live in twenty-seven sub-districts.

Data was collected by distributing questionnaires, and by asking relevant questions according to the research theme. The survey was conducted on the people of Sumenep with an age range of 17-46 years and over. This criterion is set with the assumption that the age that is captured is the age of the people who are already technologically savvy. The distribution that fills the research survey consists of 57.7% or as many as sixty-four respondents are students, 12.6% are entrepreneurs, the rest are students, housewives (IRT), and 16.2% others. From the gender distribution, 61.3% were female and 38.7% were male respondents. In addition to the survey, interviews with several informants who had experience using the peer-to-peer lending platform were also conducted as a form of data collection. The results of the interviews are used to strengthen the data results.

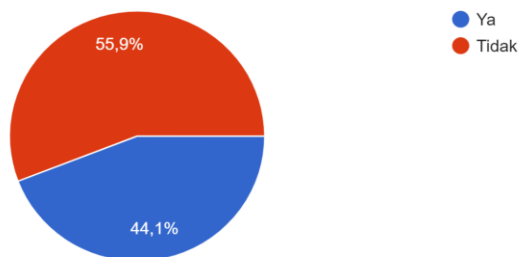
## Findings

### Peer-to-Peer Lending in Sumenep Community Perceptions

Respondents filling out the questionnaire as one of the data collection methods began by asking questions about understanding the definition of peer-to-peer lending. The purpose of this question is to find out to what extent respondents are familiar with the term peer-to-peer lending.

Apakah anda pernah mendengar istilah peer to peer lending?

111 jawaban

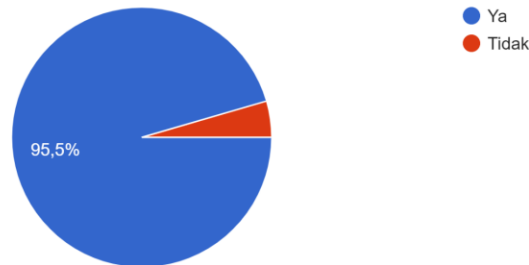


Source: processed data (2022)

The results of the questionnaire data show that 55.9% of respondents feel unfamiliar with the term peer-to-peer lending, the remaining 44.1% of respondents stated that they understand or are familiar with the term. The term foreign peer-to-peer lending in the literacy of the Sumenep community, even this term is not understood by students who are respondents who fill out the questionnaire. Of the sixty-four student respondents who filled it out, only twenty-nine people understood the term peer-to-peer lending.

*What is Sumenep's Community Perception About Peer-to-Peer Lending?  
Hermawati, Sula*

Apakah anda pernah mendengar istilah pinjol/pinjaman online?  
111 jawaban



Source: processed data (2022)

In contrast to the results of the previous data, where the majority of respondents were not familiar with the term peer-to-peer lending, the following questionnaire questions confirmed the answers regarding understanding the term online loan (pinjol). The result is 95.5% of respondents claimed to know and are familiar with the term online loans. The remaining 0.5% of respondents said they did not know or understand. Among those who understand the term, they are respondents whose age range is dominated by 17-25 years and several respondents with an age range of 26-35 years and over.

In line with the results of the questionnaire, Mr. Untung, one of the Sumenep people who was interviewed regarding his understanding of the term peer-to-peer lending, gave the answer:

"I don't know what peer-to-peer lending is, if it's online loans I know. In fact, I am one of the users."

### **Use of the Peer-to-Peer Lending Platform by the Sumenep Community**

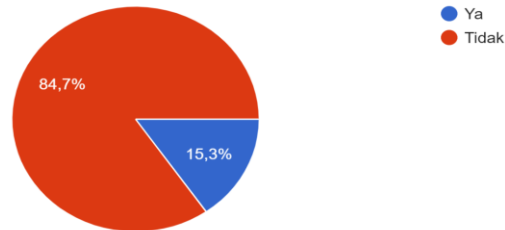
Sumenep people's interest in peer-to-peer lending services is the next question in the questionnaire. As a result, 84.7% of respondents were not interested in using online loans, the remaining 15.3% or about seventeen respondents expressed interest. Qayyimah and Silviatin Nuriyah, two informants who were interviewed regarding their interest in online loans said their opinion:

"I am not interested in using online loans. Because the money we pay to pay debts is very different from the nominal borrowed at the beginning. The interest on the loan is too high."

"Until now, I have not been interested in making online loans because illegal online loans are rampant. I'm afraid of being tricked."

*What is Sumenep's Community Perception About Peer-to-Peer Lending?*  
Hermawati, Sula

Jika anda tahu atau paham mengenai pinjol/pinjaman online, apakah anda tertarik untuk menggunakannya?  
111 jawaban



Source:

processed data (2022)

After knowing the interest of the Sumenep community in peer-to-peer lending services, the next questionnaire question confirmed whether the respondents had ever used online loan services. Of the 111 respondents who filled out the questionnaire, only seven people stated that they had used online loan services, and the remaining 93.7% of respondents admitted that they had not used the service at all. Of the seven users of peer-to-peer lending, six of them are male, and their professions are students and entrepreneurs.

One of the reasons informants who have used online loan services admitted that the convenience offered was the factor that attracted them. As stated by the second informant, Ongki Fahrizal, who is an online loan user.

“I know an online loan from a friend of mine. Initially, I used it because there was no other choice and urgent conditions needed money. The loan application process is easy, and the disbursement is fast.”

The ease of use of peer to peer lending is very promising for users and potential users. Enough with the requirements for a photo of a personal identity card or a photo of an Identity Card (KTP) accompanied by a selfie while holding an ID card, you can make an online loan. This process is quite time-consuming and fast. This is the main attraction for users. It is very different if you want to take a loan at a bank, the process that is passed is quite complicated and takes a long time, so this is the advantage of peer-to-peer landing services.

The facilities used by users when applying for online loans are done through an application. The results of interviews conducted, the two service user informants stated that the application used was AkuLaku. The two informants also admitted that they had made online loans more than twice.

“I applied for a loan through the AkuLaku application. It's easy to use, I've applied for a loan three times.”

In addition to the ease of use, what attracts online loan users is also in terms of the ease of disbursing loan funds. Loan funds can be immediately disbursed in minutes after making loan approvals and agreements. Informant Ongki Farizal who was interviewed, said that:

“The disbursement process is very easy and fast. If you apply for a loan during working hours, then after the verification process the funds are immediately disbursed. Just waiting for 1 minute to disburse funds can be done”.

## *What is Sumenep's Community Perception About Peer-to-Peer Lending?* Hermawati, Sula

Besides being easy in terms of submission and disbursement, the peer-to-peer lending platform also makes it easy for users to pay bills or installments. Users can make bill payments by using m-banking or visiting mini markets such as AlfaMart or IndoMart which have collaborated with service providers. During the loan process, sometimes peer-to-peer lending service providers impose fines. Fines apply if the customer is late or negligent in making installment payments or loan bills. The process of imposing fines is delivered when the user applies for a loan and becomes a consequence that must be borne when late payments are due.

"That's right. There is a fine if the customer is late in paying the bill, if I'm not mistaken the fine is 5% or Rp. 50,000, I don't know for sure because I always pay the installments on time."

### **Conclusion**

The results showed that the people of Sumenep were quite literate about the peer-to-peer lending. It's just that the use of online loan terms is more familiar than peer-to-peer lending. The level of interest and use of peer-to-peer lending services can be said to be low. Some factors that influence it are people are afraid of being unable to repay loans, high loan interest, and fear of fraud with the rise of illegal online loans. Online loan application facilities are carried out through service provider applications. Ease, fast processing and disbursement of funds are the reasons for users who have experienced peer-to-peer lending services. Users also claim to be quite satisfied with the services and facilities provided during the process of making online loans.

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Hermawati, Sula

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