



SOCIALIZATION OF DEFAULT CASES IN THE CONTEXT OF LEGAL ONLINE LOAN FAILURES

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Abstract— Online loans are proof of the progress of financial technology (fintech). This is because this type of loan can be obtained through online platforms without the need to visit a physical bank or traditional financial institution. Online loans have become popular because of their ease and convenience. Prospective customers simply fill out the form online while carrying out the verification process, then apply for credit according to the amount of funds required. Customers will receive loan funds after the disbursement or approval process. In the context of online loan default, default is an action that violates the obligations in the agreement between the borrower and the loan provider. In other words, when the borrower does not fulfill or neglects to carry out the obligation to repay the loan in accordance with the agreed terms. The aim of this service activity is to provide understanding to the people living in the Teladan Barat sub-district, Kec. Medan City, the majority of whom work as online traders and drivers, to utilize online loans wisely and ensure that the loans are for productive purposes. From this outreach, people are starting to understand what default is and the legal consequences so that in the future there will be no more cases of online loan defaults.

Index Terms— child, legal reviews, online, sexual exploitation and abuse, victims

I. INTRODUCTION

Online loans are financial assistance issued by financial institutions online [1]. The presence of online loans makes the borrowing process more practical and faster and does not require much effort. Usually, loan applications are made through the financial institution's application. As a result, there are still many people who have problems with online loans, so they are often perceived as a negative thing.

The financial services authority (OJK) provides online loan services with legal and trusted status. The term tenor is commonly known in online loans. Tenor is the time period for repayment of installments until maturity. There are two types of tenors based on duration, namely short tenors and long tenors. Short tenors have repayment periods ranging from 30 days to 2 years. The total refund is smaller because the interest is minimal, but the amount that must be paid is generally larger because the time is short. Long tenors range from 3 to 20 years. Usually used in large platform loans, which are often found in motor vehicle and home loan applications. Even though the installments are smaller, the total funds that must be paid are larger than the platform because of the interest that must be paid.

Online loan platforms offer various loan options, including personal loans, unsecured loans and secured loans. There are risks that need to be considered when applying for an online loan. Interest and administration fees on online loans tend to be higher than loans from conventional banks, so it is important to understand all the related costs before taking out a loan.

Most online loan customers have not been educated about the risks of taking out debt or loans [2]. They are generally not educated about whether the debt that must be paid is in the form of principal and interest only, what about interest for late payments. Of course, this is different from conventional bank loans, in the event of failure to pay there are provisions for interest and fines that must be paid in the credit agreement. It may be different if, to avoid risks, customers who regularly pay installments because before taking out a loan, they should pay close attention to their personal financial conditions, the agreements made regarding late fines or interest paid. Lending and borrowing should be a civil agreement, but in practice customers are rarely given such an agreement, but this does not eliminate the right for online loan companies to file a civil lawsuit if a default occurs.

II. METHOD

This service activity is carried out in the form of outreach to community groups, using a service learning method divided into several stages. According to Godfrey et al. (2005), the three main elements in service learning include (1) reality, (2) reflection, and (3) reciprocal relationships. Reality means that society's needs must be real regarding social problems. Meanwhile, reflection is a means of measuring the impact of community service activities. The reciprocal relationship is that students and the community work together cooperatively in activities.

The service learning method aims to analyze and evaluate training that has been carried out and has a direct impact. Socialization of the driving elements in society, namely the *dasawisma* group. By disseminating information about the healthy use of online loans, it is hoped that the management and members of the *dasawisma* group can protect their respective families from the risk of problematic online loans. This socialization was carried out at a *dasawisma* meeting at the Teladan Barat Subdistrict, Medan Kota District. Participants in this socialization numbered 10 to 15 men and women, environmental administrators and communities living around the district area.

Sandpaper Field. The target of this activity is to increase participants' understanding of online loans. It is hoped that this increased understanding can be a preventive factor for the public from the risks of online loans, both legal and illegal.

After identifying that the majority of members of the *dasawisma* group did not really understand online loans, the team prepared activity plans and materials which would later be presented to the participants. In the first stage, discussions were held with the community regarding the problems faced regarding online loans. This collection of information is used as material for compiling activity material with the theme of online loans. The second stage is carrying out outreach activities. The content of the counseling stage is a seminar held in Universitas Pembinaan Masyarakat Indonesia which is in Medan Amplas District area. The final stage is an evaluation. Evaluation was carried out by sending a questionnaire to participants. The content of the questionnaire is to measure the level of satisfaction with the implementation of activities. Activity preparations were filled with discussions regarding the activity concept. This discussion will result in uniform perception regarding the substance and technical implementation of activities in general.

III. RESULTS AND DISCUSSION

According to Article 1754 of the Civil Code, failure to pay online loans can be prosecuted legally. This can be interpreted as if the debtor or borrower in an online loan does not pay off his debt then he is considered to have defaulted [5]. One of the legal consequences received by the borrower when the loan is not paid is that the debtor will be recorded in the OJK's SLIK with poor quality, for example bad financing, then it will later be taken into consideration by other LJKs or other banks in terms of providing loans, projects, employee selection , or other needs.

Meanwhile, in Article 18 PJOK No. 77/PJOK.01/2016 concerning information technology-based lending and borrowing services has emphasized that an online loan transaction must be based on a binding agreement between the lender and borrower. The full text of the article contains the Agreement for the implementation of Information Technology Based Money Lending and Borrowing Services including:

- a. Agreement between the Organizer and the Lender and
- b. Agreement between the Lender and the Loan Recipient.

Based on this article, bills for fulfilling debt payments in online loans are not allowed to cause harm or be billed to parties who are not involved in the agreement. So it can be interpreted that billing to parties whose numbers have been recorded in the application is actually not permitted by law, because these parties do not participate in making online loan agreements.

Of course, in order to be able to utilize and benefit from legal online lending, people should be wise in using online lending platforms so that they avoid things that are detrimental to

themselves and their families. In this activities, there are some suggestions provide to the public as educational material:

1. Determine financial goals first

It is important to determine financial goals, because many people make the mistake of using online loans, including to cover previous debt costs. This condition will worsen financial conditions.

2. Make sure the online loan is registered and supervised by the financial services authority (OJK)

If something unpleasant happens, we can report it. The rights and obligations as a customer or borrower can be protected.

3. The debt ratio does not exceed 30 percent

Make sure that the debt or the installments you have to pay are no more than or 30 percent of monthly salary. So that previous financial planning goes well in allocating financial items without being disturbed by debt payments or installments.

4. Recognize fraud through online loans

If someone applies for an online loan, he must go through the official website or registered application, avoid a quick loan straight away without providing special conditions.

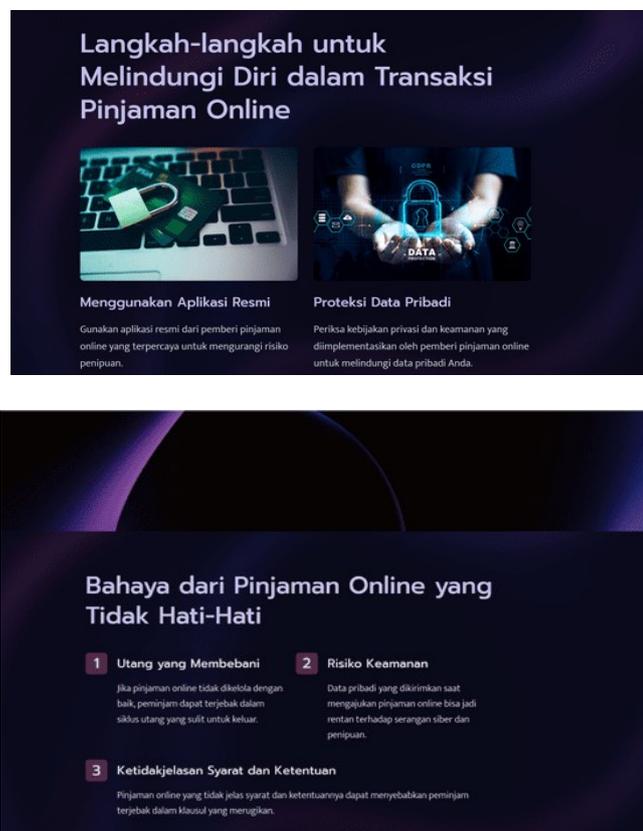


Figure 1. Material of Socialization



Figure 2. Socialization of Online Loan

Based on this service activity, it was found that there were 3 types of online loans that were widely used by the community at the location, namely:

1. Online cash loans This loan is often used to meet daily or emergency needs, the process takes less than 24 hours (1 day), the funds applied are immediately disbursed into a bank account so they can be used immediately. The funds borrowed from the platform are very limited and must be returned within a short tenor.
2. Online business loans The same as online cash loans, business capital for business activities is now also obtained through online loans. A fast and practical solution for entrepreneurs, what is needed is also flexible, in the form of an ID card, checking account and business legality letter rather than borrowing through a bank.
3. Peer-to-peer lending This type of online loan resembles a marketplace application on Facebook that connects creditors and debtors. Apply for a loan directly individually to a creditor and there is no intermediary in the form of a financial institution. Both parties agree and get the benefits of P2P lending, namely creditors get competitive interest rates and debtors get returns.

According to one of the residents in the group, he said that there was a lack of information about the people living around the sub-district. Medan sandpaper regarding online loans. It is suspected to be the main factor in which people are trapped by the risks of online loans. Some time ago, there was news that a teacher, who was also a resident who lived there, was caught in an illegal online loan of up to tens of millions of rupiah. Providing personal data on online loans makes it easy for customers to be chased about their debts. Debt collectors spread threats ranging from threats of going to court, prison to dismissal from work. One of the other victims was an online motorcycle taxi driver who experienced stress and committed suicide because he was involved in peer to peer lending (p2p lending). The reason is that pressure from debt collectors triggers consumer stress. Meanwhile, other facts about online loans are that many people are contacted as emergency contacts by their customers. This emergency contact will be contacted continuously by debt collection officers and this is certainly felt to be very annoying. Remembering that the person did not know that he was being used as an emergency contact. With this information, we appeal to the public.

Fintech peer to peer (p2p lending) or online loans are not a bad and scary thing as long as the loan is registered or licensed by the financial services authority [3]. Because the goal of fintech is actually to make it easier for people to access financial products and simplify the transaction process with the use of technology [4]. One other positive side of the existence of online loans is the ease of reaching people who need financial services, which of course can help with capital to mobilize MSMEs.

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