

Legal Literature Review of Peer to Peer Lending in Indonesia: Building Sharia FinTech Ecosystem

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Abstract: This article investigates the extent to which peer-to-peer (P2P) lending regulations in Indonesia, both in the context of formal law and Islamic law, have been effective in supporting economic growth. Employing a normative juridical approach, the article highlights various regulations introduced by the government to enhance transparency and accountability in the implementation of fintech P2P lending in Indonesia. Although measures such as the imposition of daily interest rate limits have been implemented to protect consumers, concerns remain regarding the effectiveness of supervision, particularly in safeguarding vulnerable consumers. The study also underscores the importance of financial and digital literacy in helping both borrowers and lenders understand the risks and benefits of P2P lending. Key challenges in integrating Sharia law principles, including the prohibitions on *riba* (usury) and *garar* (uncertainty), have the potential to constrain financial innovation and reduce competitive lending options. The findings suggest the need for a more flexible regulatory approach and closer collaboration between regulators, the industry, and religious authorities to ensure compliance with Sharia law while supporting the growth of the sector. Continuous education for users is also essential to enhance protection and financial inclusion within the Sharia-compliant P2P lending ecosystem in Indonesia.

Keywords: Legal Literature; Peer to Peer lending; FinTech Sharia; Sustainable Economy.

Abstrak: Artikel ini meneliti sejauh mana regulasi peer-to-peer (P2P) lending di Indonesia, baik dalam konteks hukum formal maupun hukum Islam, telah berfungsi dengan baik dan mendukung bergeraknya roda perekonomian. Menggunakan pendekatan yuridis normatif, artikel ini menyoroti berbagai regulasi yang ditetapkan oleh Pemerintah dalam meningkatkan transparansi dan akuntabilitas pada penyelenggaraan fintech P2P di Indonesia. Meskipun langkah-langkah seperti pembatasan suku bunga harian telah diberlakukan untuk melindungi konsumen, terdapat kekhawatiran terkait efektivitas pengawasan, terutama dalam melindungi konsumen yang rentan. Penelitian ini juga menekankan pentingnya literasi keuangan dan digital untuk membantu para peminjam dan pemberi pinjaman memahami risiko dan manfaat dari pinjaman P2P. Tantangan utama dalam mengintegrasikan prinsip-prinsip hukum Syariah, termasuk larangan *riba* dan *garar*, berpotensi membatasi inovasi keuangan dan mengurangi opsi pinjaman yang kompetitif.

Temuan dalam penelitian ini menyarankan perlunya pendekatan regulasi yang lebih fleksibel serta kolaborasi yang lebih erat antara regulator, industri, dan otoritas keagamaan untuk memastikan kepatuhan terhadap hukum Syariah sekaligus mendukung pertumbuhan sektor ini. Edukasi berkelanjutan bagi pengguna juga diperlukan guna meningkatkan perlindungan dan inklusi keuangan dalam ekosistem P2P lending syariah di Indonesia.

Kata kunci: Literatur Hukum; Peer to Peer Lending; FinTech Syariah; Ekonomi Berkelanjutan.

Introduction

The Fourth Industrial Revolution has accelerated the process of globalization by facilitating the flow of trade, investment, and information exchange between countries. Globalization is no longer merely viewed as international relations, but rather as a transformation toward a more integrated global society.¹ One of the significant impacts of the Fourth Industrial Revolution is the emergence of financial technology, commonly known as Financial Technology (FinTech),² which represents a synergy between the technology and finance industries.³

The development of FinTech in Indonesia began around 2016 when the Indonesian's Financial Services Authority (Otoritas Jasa Keuangan, OJK) issued its first regulation related to technology-based P2P lending services.⁴ Since then, FinTech in Indonesia has experienced significant growth, particularly in response to the need for financial inclusion among communities that remain underserved by conventional banking services.⁵ Moreover, the Indonesian Ulema Council (MUI) responded by issuing a fatwa in 2018 to accommodate Sharia-based FinTech, which had a positive impact on the development of financial services that incorporate Islamic principles in digital financial services, especially catering to the characteristics of Indonesia's population.⁶

One of the rapidly growing forms of FinTech is peer-to-peer lending (P2P) or crowdlending, which involves the direct lending and borrowing of money between individuals or businesses without the involvement of traditional financial institutions like banks. These transactions are facilitated through online platforms that connect lenders with borrowers. Research conducted by Yuxin Sun shows that FinTech plays a crucial role in

¹ Walter Carlsnaes, Thomas Risse, and Beth A Simmons, *Dari Interdependensi Ke Globalisasi: Handbook Hubungan Internasional* (Nusamedia, 2021).

² FinTech aims to foster collaboration with various parties to overcome technological resistance and leverage it to enhance the efficiency of financial activities.

³ Natalia Serbulova, "Fintech as a Transformation Driver of Global Financial Markets," *E3S Web of Conferences* 273 (2021), <https://doi.org/10.1051/e3sconf/202127308097>.

⁴ Fidiana, Irwan Alnarus Kautsar dan M. Ruslianor Maika, *Bahan Ajar; Digital Economy*, Cetakan Pertama, UMSIDA Press, Sidoarjo, 2018, hlm. 1-2.

⁵ Sugiyanto and Wawan Lulus Setiawan, "Initiating Financial Technology (Fintech) as an Innovation of Communication Technology on Credit Cooperatives in Indonesia," *European Journal of Marketing and Economics* 5, no. 1 (2022): 1–15, <https://doi.org/10.26417/689dma84>.

⁶ Syarifuddin Syarifuddin, Rahmawati Muin, and Akramunnas Akramunnas, "The Potential of Sharia Fintech in Increasing Micro Small and Medium Enterprises (MSMEs) in The Digital Era in Indonesia," *Jurnal Hukum Ekonomi Syariah* 4, no. 1 (2021): 23, <https://doi.org/10.30595/jhes.v4i1.9768>.

driving the economy by expanding access to financial services, reducing the cost of goods and services, and contributing to sustainable economic growth, particularly through financial and digital inclusion.⁷

P2P lending platforms offer advantages to both parties involved. For business owners, Peer-to-Peer Investing, or P2P lending, provides a new option that offers cost-efficiency, reliable and practical procedures, adequate security for business growth, and opportunities for investors to generate profitable returns.⁸ This option is often preferred over dealing with banks, which can be time-consuming, expensive, and risky, particularly with the unpredictability of outcomes and high interest rates.⁹ Furthermore, for lenders, there is the potential for high returns on investments. This is due to the use of risk management strategies in P2P lending, such as credit evaluation models based on logistic regression and profitability models based on linear assessments to predict loan profitability and the likelihood of default.¹⁰ However, it is important to note that P2P lending also carries risks. For lenders, there is a default risk, meaning that they may lose money if the borrower defaults on the loan. For borrowers, one downside of this transaction is that interest rates can rise sharply if the borrower's creditworthiness declines, sometimes even surpassing bank interest rates. This significant increase especially affects borrowers who are late in making payments, and P2P loans are often recommended only for short-term borrowing. The reason is that the longer the borrowing period, the more the debt can balloon.¹¹

In recent years, Sharia-compliant Peer-to-Peer (P2P) lending has attracted significant attention from researchers due to its innovative development as a fast, easy, and collateral-free lending system. Sharia-compliant P2P lending offers an attractive alternative to traditional lending models because of its adherence to Sharia principles, which prioritize fairness and transparency. One key area of focus is consumer protection. As outlined by Violina et al., their research examines the Sharia legal regulations in place, emphasizing the potential violations that might be committed by Sharia-compliant P2P lending providers. Their study provides valuable insights into how Sharia law is applied to protect consumers in the FinTech ecosystem.¹²

Moreover, the process of dispute resolution is another significant concern. Tambunan and Zulham argue that the fatwa issued by the National Sharia Council - Indonesian Ulema Council (*Dewan Syariah Nasional – MUI*) provides a clear foundation for resolving disputes over Sharia-compliant P2P lending installments. They focus on cases in

⁷ Yuxin Sun, Linglin Ying, and Jie Zhang, "Analysis of the Impact of Fintech on Small and Medium-Sized Enterprises," *Proceedings of the 2022 7th International Conference on Financial Innovation and Economic Development (ICFIED 2022)* 648 (2022), <https://doi.org/10.2991/aebmr.k.220307.132>.

⁸ Ryan Randy Suryono, Indra Budi, and Betty Purwandari, "Detection of Fintech P2P Lending Issues in Indonesia," *Heliyon* 7, no. 4 (2021), <https://doi.org/10.1016/j.heliyon.2021.e06782>.

⁹ Irwan Moridu et al., "Dampak Teknologi Finansial Pada Pembiayaan UKM Studi Bibliometrik Tentang Perkembangan Crowdfunding dan Peer-to-Peer Lending," *Sanskara Ekonomi Dan Kewirausahaan* 02, no. 01 (2023): 39–40.

¹⁰ Dongmei Li et al., "Credit Risk Management of P2p Network Lending," *Tehnicky Vjesnik* 28, no. 4 (2021): 1145–51, <https://doi.org/10.17559/TV-20200210110508>.

¹¹ Heryucha Romanna Tampubolon, "SEeluk-Beluk Peer to Peer Lending Sebagai Wujud Baru Keuangan Di Indonesia," *Jurnal Bina Mulia Hukum* 3, no. 2 (2019): 188–98, <https://doi.org/10.23920/jbmh.v3n2.15>.

¹² Delfa Violina and Renny Supriyatni, "Perlindungan Hukum Terhadap Konsumen Pengguna Teknologi Finansial Berbasis Peer to Peer Lending Syariah Di Indonesia," *Ajudikasi: Jurnal Ilmu Hukum* 5, no. 1 (2021): 17–34, <https://doi.org/10.30656/ajudikasi.v5i1.3267>.

Medan, offering concrete examples of how conflicts are addressed in accordance with Sharia principles. In addition, the role of Sharia-compliant P2P lending in enhancing access to financing for Micro, Small, and Medium Enterprises (MSMEs) – *Usaha Mikro, Kecil, Menengah (UMKM)* cannot be overlooked. Khoiriyah and Ansori, in their research, highlight how MSMEs can leverage fintech platforms to obtain the necessary capital. This study is particularly relevant given the crucial role MSMEs play in Indonesia's economy.¹³

The emergence of Islamic banking as a response to the demand of Muslim communities for financial services based on Sharia principles demonstrates the government's recognition of the potential of Islamic banking as a key player in the financial industry.¹⁴ P2P lending can serve as an alternative Sharia-compliant funding option if it meets the required conditions and is monitored by competent authorities. Despite the ease in the disbursement process, P2P lending can impose a burden on borrowers during repayment due to the high interest rates that increase daily. According to Praja, lending should not be allowed if it places undue burden on all parties involved, especially if it employs an interest system. This aligns with the *Maṣlahah-Mursalah* theory. *Maṣlahah* (benefit) is the fundamental objective of Islamic teachings and laws.¹⁵ *Maṣlahah-Mursalah* consists of two terms: *maṣlahah*, meaning benefit, and *mursalah*, meaning free. The term was first used by Imam Malik and later elaborated upon by Asy-Syāṭibī in his book *Al-Muwāfaqāt*, where he explains that laws are intended for the benefit (*maṣlahah*) of Allah's servants.

Maslahah is an Arabic term that has been adopted into the Indonesian language.¹⁶ Its conventional meaning is related to the fulfillment of the interests of the Muslim community as a whole. The opposite of *maslahah* is *mafsadāt*, also known as *mudarat*, which carries negative implications such as failure, loss, harm, destruction, and damage.¹⁷ According to the *maṣlahah* theory posited by Imam Al-Ghazali, the Qur'an and the Sunnah of Prophet Muhammad (PBUH) were created to provide benefits for all of humanity. Islamic law is based on the principle of promoting *maṣlahah*. Essentially, the welfare of the community in resolving legal cases will be achieved if the goals of law—justice, benefit, and legal certainty—are attained. However, justice and benefit are given greater priority to avoid disrupting the social order, as legal certainty based solely on statutory regulations does not always align with the community's sense of justice, and the outcomes may not necessarily benefit society. In Islamic economic law, debt agreements must be repaid in the same amount or form, and they should not burden the parties involved.¹⁸ From this explanation, the research problem

¹³ Ahyadatul Khoiriyah and Miswan Ansori, "PERAN FINTECH PEER TO PEER LENDING SYARIAH DALAM" 4, no. 4 (2024): 1434–45.

¹⁴ Laila Afni Rambe, "Perkembangan Perbankan Syariah Di Timur Tengah Dan Pakistan Laila Afni Rambe Universitas Islam Negeri Sunan Kalijaga Yogyakarta," *Az-Zarqa': Jurnal Hukum Bisnis Islam* 13, no. 1 (2021): 33–58.

¹⁵ Juhaya S. Praja, *Teori Hukum dan Aplikasinya*, Cetakan Kesatu, Pustaka Setia, Bandung, 2011, p. 161-162.

¹⁶ Ahmad Qorib et al., "Penerapan Maslahah Mursalah Dalam Ekonomi Islam," *Analytica Islamica* 5 (2016): 55–80.

¹⁷ Qorib.

¹⁸ Sayyidah Sekar Dewi Kulsum, Muhamad Bisri Mustofa, Siti Wuryan, A. Khumaidi Ja'Far dan Siti Mahmudah, *Legalitas Literasi Financial Technology: Peer to Peer Lending Berdasarkan Perspektif Hukum Ekonomi Syari'ah*, ADZKIYA: Jurnal Hukum dan Ekonomi Syariah, Volume 10, Nomor 02, hlm. 150, url: <https://e-journal.metrouniv.ac.id/adzkiya/article/do wnload/4499/2905/>.

can be formulated as follows: To what extent is P2P lending addressed in the legal literature in Indonesia from both the perspectives of formal law and Islamic economic law?

This research aims to re-examine how P2P lending is implemented in Indonesia, a country with a majority Muslim population and complex financial regulations. The primary issue addressed in this study is the extent to which legal literature in Indonesia provides assurance, certainty, and benefits to all parties involved in P2P lending, as well as the areas that need further regulation to ensure that Sharia-compliant P2P lending can truly contribute to building the economic welfare of Indonesia's Muslim community. This issue is crucial to investigate, considering the significant potential of Sharia-based P2P lending in promoting economic growth and financial inclusion in Indonesia, as well as to ensure that its practices align with the principles of justice and transparency as emphasized in Islamic law.

This research adopts a normative juridical method, emphasizing descriptive-analytical analysis of regulations and relevant legal literature. The focus of the research is on legal materials, categorized into three types: primary, secondary, and tertiary sources. For primary legal materials, this study explores the 1945 Constitution of the Republic of Indonesia, Financial Services Authority Regulation No. 77/POJK.01/2016, National Sharia Council of the Indonesian Ulema Council (DSN-MUI) Fatwa No. 117/DSN-MUI/II/2018, and OJK's Regulation (*Surat Edaran*) No.1/SEOJK.06/2024. These sources provide the formal legal framework for further analysis of P2P lending services based on information technology that complies with Sharia principles. Secondary sources include academic literature, expert opinions, and research reports related to P2P lending and Islamic economics, while tertiary sources, such as legal dictionaries and encyclopedias, are used to support the understanding of terminology and concepts.

In data analysis, this study employs a qualitative approach to systematically process and present the data in a detailed manner. The analysis process aims to draw conclusions based on the evidence and arguments gathered, providing a comprehensive understanding of the legal implications of financial technology usage within the Sharia context.¹⁹

Results and Discussion

The Role of P2P Lending in Economic Activities

The new economic order in today's era of globalization has transformed the global economic landscape, primarily by accelerating innovation and technological advancement.²⁰ Globalization has also intensified competition, especially for global financial institutions that now compete across various countries, spurring innovation and efficiency. One of the impacts of globalization on finance is the increased flow of capital and the ease of international capital movement, which creates new investment opportunities and funding sources. At this point, the presence of FinTech as a creative collaboration between the financial and technology industries offers innovative and sophisticated solutions to meet these demands. FinTech can overcome geographical barriers in providing financial services through technology and can reach communities that were previously underserved by traditional financial systems in various countries.

¹⁹ Soerjono Soekanto, *Pengantar Penelitian Hukum*, (Universitas Indonesia Press: Jakarta, 1986), p. 250.

²⁰ Wijaya Syamhari, "Globalisasi Dan Tatanan Ekonomi Baru," *JMEB Jurnal Manajemen Ekonomi* 1, no. 1 (2023): 23–31.

The presence of FinTech has been well received in Indonesian society, as users experience the flexibility, practicality, and time efficiency it offers. From 2017 to 2021, the number of FinTech companies in Indonesia has steadily increased every year,²¹ driven by the growing need for financial alternatives among the Indonesian population. Among the forms of FinTech, peer-to-peer (P2P) lending has emerged as a significant solution to the classic problem hindering the growth of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, which is the lack of financing provided by traditional banking systems.

P2P lending is a technology-based digital platform (marketplace) that facilitates borrowing and lending transactions. It allows entrepreneurs and individual investors to meet directly online in this marketplace. This means that P2P lending serves as a provider of retail financial services.²² As defined in Indonesian's Financial Services Authority (OJS)'s Regulation No. 77/POJK.01/2018, P2P lending is an information technology-based service that facilitates direct lending and borrowing activities in Indonesian Rupiah between creditors or lenders and debtors or borrowers.

P2P lending simplifies the lending process by removing intermediaries, unlike conventional methods used by banks or other financial institutions. For P2P lending, the loan application process is generally easier and faster, with more flexible requirements. These online platforms allow for online loan applications and faster credit assessments. In contrast, the conventional method typically involves a more complicated and time-consuming loan application process with stricter requirements. Banks or financial institutions usually require more documentation and a more rigorous verification process.

In July 2020, the total loans originating from FinTech P2P lending reached IDR 116.97 trillion, according to OJK statistics. This figure represented an increase of 134.91% compared to the same month in the previous year.²³ FinTech P2P lending serves as a medium connecting lenders or investors with business partners or borrowers. Typically, these activities are conducted online, with the platform provided by the FinTech company itself. Thus, the facilitator of P2P lending is not a traditional bank or financial institution but rather individuals who own the funds. This situation marks the beginning of an era of online financial markets, as transactions within P2P lending involve the collection of funds from the public, which are then used to finance or provide capital to individuals or businesses in need.²⁴

At its core, P2P lending is a business process focused on borrowing and lending. In the P2P lending scheme, investors (fund owners) are able to interact with potential borrowers and provide credit facilities through P2P lending agreements. Entrepreneurs (capital recipients) are required to utilize the funds as agreed and repay them according to the established terms. The digital platform that facilitates these interactions is provided by FinTech companies specializing in P2P lending. This online, technology-based interaction

²¹ Yovie Bramantyo Adji et al., "Perkembangan Inovasi Fintech Di Indonesia," *Business Economic, Communication, and Social Sciences Journal (BECOSS)* 5, no. 1 (2023): 47–58, <https://doi.org/10.21512/becossjournal.v5i1.8675>.

²² Fidiana, Irwan Alnarus Kautsar dan M. Ruslianor Maika, *Bahan Ajar; Digital Economy*, Ed I, UMSIDA Press, Sidoarjo, 2018, p. 54.

²³ <https://ojk.go.id/id/kanal/iknb/data-dan-statistik/fintech/Documents/Perkembangan%20Fintech%20Lending%20Periode%20Juli%202020.pdf>

²⁴ Renova Hutapea, "Minimalisasi Risiko Kredit (NPL) Pada Fintach Peer to Peer Lending Melalui Kewajiban Pelaporan SLIK OJK," *Jurnal Ilmiah Mandala Education* 6, no. 2 (2020): 241–53, <https://doi.org/10.58258/jime.v6i2.1401>.

enables efficient communication and transactions that are not available in traditional financial industries.²⁵

P2P lending, or peer-to-peer lending, has become a significant phenomenon in the economic landscape, particularly in the digital era. This platform bridges the gap between lenders and borrowers, bypassing traditional financial intermediaries such as banks. It plays several important roles in the economy, including:

a. Increasing Access to Capital;

First, for borrowers, P2P lending opens up access to capital for individuals and SMEs (Small and Medium Enterprises) who face challenges in obtaining loans from traditional banks, whether due to complicated requirements, insufficient collateral, or poor credit history;

Second, for lenders, P2P lending offers an attractive alternative investment with the potential for higher returns than conventional bank deposit interest rates.

b. Promoting Financial Inclusion;

P2P lending contributes to increasing financial inclusion by providing easier access to financial services and products. This can stimulate economic growth and reduce poverty by offering individuals and SMEs opportunities to start and expand their businesses.

c. Enhancing Capital Allocation Efficiency;

By eliminating the intermediary role of banks, P2P lending can enhance the efficiency of capital allocation. Funds from lenders can be directly channeled to borrowers who need them, at a lower cost.

d. Encouraging Financial Innovation;

P2P lending platforms continue to evolve by introducing innovative features that improve security, transparency, and ease of use for participants. This encourages innovation within the financial services industry and provides consumers with significant benefits.

e. Strengthening Grassroots Economy.

P2P lending supports SMEs by providing quicker and simpler access to business capital. This, in turn, strengthens the grassroots economy and contributes to national economic growth.

An example of the role P2P lending plays in economic activities is its provision of business capital for SMEs. For instance, an SME requiring funds to purchase new equipment can apply for a loan through a P2P lending platform. As mentioned previously, P2P lending is not without risk, including credit risk and platform risk. Consequently, conducting research and understanding the risk profile of the targeted platform is crucial for both lenders and borrowers before engaging in P2P lending transactions. Below are some of the key risks associated with P2P lending:

a. Default Risk, where the borrower may fail to repay the loan, resulting in financial losses for the lender;

²⁵ Hutapea, "MIMALISASI RISIKO" 55-56.

- b. Fraud Risk, in which P2P lending platforms may become targets for fraud, emphasizing the importance of selecting a reputable and trustworthy platform;
- c. Market Fluctuation Risk, where the value of loans may fluctuate with market conditions, potentially causing losses for investors.

Despite these risks, P2P lending remains an attractive funding option for both borrowers and investors. This type of transaction offers easier access to capital, competitive interest rates, and the potential for higher returns. However, it is essential for all parties involved to carefully assess the associated risks before deciding to participate in such transactions.

In addition to the aforementioned risks, several legal issues have emerged in relation to this type of FinTech, notably the proliferation of illegal P2P lending platforms. Problems such as aggressive collection practices involving the use of harsh language, violence, and even sexual harassment, exorbitant loan interest rates, data theft, and the lack of sufficient regulations to provide legal protection for FinTech activities are becoming increasingly common.²⁶ These issues place FinTech, particularly P2P lending, in a serious dilemma. The acknowledged regulatory weaknesses have allowed certain bad actors to violate the law.

Some notable cases involving P2P lending in Indonesia include:

- a. Default Cases;

First, Tanifund: A P2P lending platform that experienced default in 2023, with total losses amounting to IDR 57 billion. This case drew attention due to allegations of fraud and embezzlement by the platform²⁷

Second, Pintek: Another P2P lending platform that also faced default in 2023, with total losses reaching IDR 20 billion. This case was attributed to a high default rate among borrowers²⁸

- b. Fraud Case.

Investree: A P2P lending platform that became a victim of fraud in 2021, resulting in losses of IDR 2 billion. This case involved fictitious borrowers created by certain individuals.²⁹

P2P Lending from the Perspective of Indonesian Formal Law

FinTech is defined as the utilization of technology within financial systems, leading to the creation of new technologies, products, services, and/or business models that may influence monetary stability, financial system stability, and/or the safety, efficiency, smoothness, and reliability of payment systems, as outlined in Article 1 of Bank Indonesia Regulation No. 19/12/PBI/2017 concerning the Implementation of Financial Technology. It must be widely acknowledged that globalization has been a major driver of accelerating technological growth. This development has posed a significant challenge to established traditional institutions, as the mainstream products and services have become fully digitalized and are increasingly facilitated through technology platforms. Additionally, society demands practical

²⁶<https://ctrl.law.ugm.ac.id/2021/07/28/fintech-p2p-lending-ilegal-marak-beredar-di-indonesia-bagaimana-pencegakan-hukumnya/>, Accessed 13 February, 2024

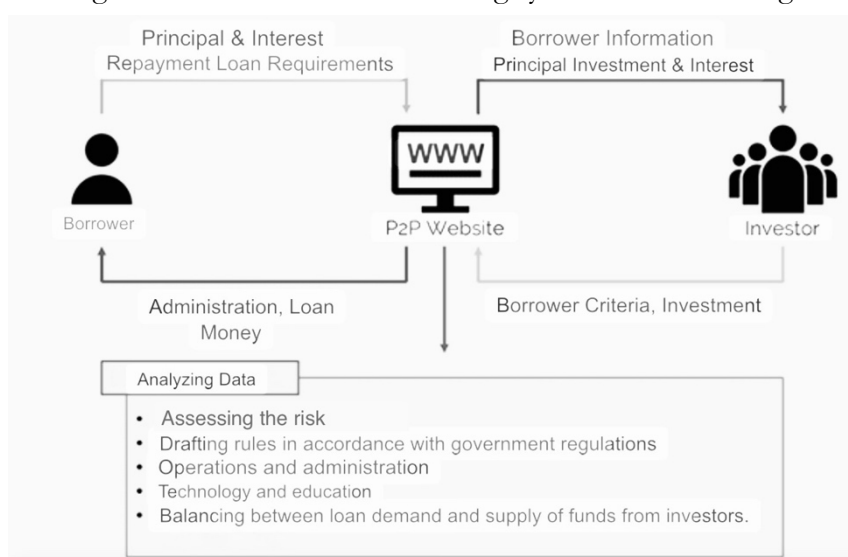
²⁷ <https://etd.repository.ugm.ac.id/penelitian/detail/178688> , Accessed 10 March, 2024

²⁸ <https://etd.repository.ugm.ac.id/penelitian/detail/178688> , Accessed 10 March, 2024

²⁹ <https://twitter.com/cnbcindonesia/status/1800726238933442908> , Accessed 10 March, 2024

and speedy services in all transactions. This digital transformation of financial services, which threatens traditional institutions like banks, is referred to as FinTech. FinTech is mainly concerned with three key aspects: technology innovation, process disruption, and service transformation.³⁰

P2P lending, as a FinTech service, is essentially a renewed form of the traditional lending-borrowing system. In the context of Indonesian society, borrowing and lending transactions have long existed, so it is unsurprising that this service has grown rapidly, given that society has embraced it as a necessary part of life.³¹ FinTech P2P lending offers various advantages to both borrowers and investors compared to traditional lending methods such as banks. For borrowers, P2P lending provides easier access to capital, a quicker process, competitive interest rates, and a wide range of loan types. For investors, it offers opportunities to diversify portfolios, achieve high returns, make a social impact, and invest with ease. The following illustration outlines the working system of P2P lending:



The illustration highlights that the funding process through P2P lending platforms began with the registration and identity verification of both lenders and borrowers. The platform acts as an intermediary, presenting the borrower's creditworthiness to the lender, enabling lenders to actively choose investment portfolios that match their individual risk profiles.³²

Article 1, Point 3 of the Indonesian's Financial Services Authority (OJK)'s regulation No. 77/POJK.01/2016 explains that FinTech is a technology-based financial service that connects lenders with borrowers for loan transactions conducted electronically or online.

³⁰ Ryan Randy Suryono, "FINANCIAL TECHNOLOGY (FINTECH) DALAM PERSPEKTIF AKSIOLOGI," *Masyarakat Telematika Dan Informasi: Jurnal Penelitian Teknologi Informasi Dan Komunikasi* 10, no. 1 (September 25, 2019): 52, <https://doi.org/10.17933/mti.v10i1.138>.

³¹ Sayyidah Sekar Dewi Kulsum, Muhamad Bisri Mustofa, Siti Wuryan, A. Khumaidi Ja'Far dan Siti Mahmudah, *Legalitas Literasi Financial Technology: Peer to Peer Lending Berdasarkan Perspektif Hukum Ekonomi Syari'ah*, ADZKIYA: Jurnal Hukum dan Ekonomi Syariah, Volume 10, Nomor 02, p. 152, url: <https://e-journal.metrouniv.ac.id/adzkiya/article/download/4499/2905/>.

³² Lukmanul Hakim dan Recca Ayu Hapsari, *Buku Ajar; Financial Technology Law*, Ed. I, Adanu Abimata, Indramayu, 2022, p. 16.

Essentially, FinTech's presence in Indonesia has significantly aided the economy, particularly by simplifying access to business capital for the middle class without cumbersome or lengthy procedures. However, this development brings substantial challenges, as previously discussed. Thus, the state's role is crucial, especially in the formulation of specific laws regarding the resolution of legal disputes in financial technology. Such laws would form the legal foundation for FinTech activities and the involved parties, covering aspects of supervision, licensing, regulation, operations, and legal protection.³³

Moreover, this regulation establishes a daily interest rate cap between 0.1% and 0.3%, designed to protect consumers from unreasonable interest burdens, particularly in short-term consumer loans. This rule, set forth in OJK's Regulations Letter (*surat edaran*) No. 19/SEOJK.06/2023, covers various cost components such as interest, margins, administrative fees, and platform commissions, which were previously higher as determined by industry associations.³⁴ This move aims to ensure that the fintech lending industry operates more transparently, providing better consumer protection and promoting financial literacy so that borrowers can understand the risks and benefits of their loans.

However, despite the comprehensiveness of these regulatory measures, many are skeptical of their effectiveness in practice. The main concern is the lack of consistent oversight and law enforcement, which could allow some operators to violate the rules without facing appropriate sanctions. Without effective supervision, vulnerable consumers may continue to suffer.³⁵ Therefore, the effectiveness of these regulation hinges on the strength of oversight implemented by OJK and other relevant authorities, ensuring that compliance by operators is not just formal but also substantive in practice.

In addition, while the daily interest rate cap is considered a positive step, an interest rate of 0.1% to 0.3% per day is still seen as relatively high for some consumers in financial difficulty. The accumulation of short-term interest could lead to a growing debt burden, potentially trapping borrowers in an inescapable debt cycle. Thus, it is crucial for OJK to reinforce financial education and provide more accessible complaint mechanisms, allowing consumers to make wiser decisions and avoid unmanageable debt traps.³⁶

The Perspective of Sharia Economic Law on P2P Lending

Sharia-based Peer-to-Peer (P2P) lending is a financial innovation arising from the development of financial technology (FinTech). Unlike conventional P2P lending models, the Sharia version operates in accordance with Sharia economic principles, which emphasize transactions that are free from *riba* (usury), and must be fair and transparent. This practice allows individuals or businesses to borrow or lend money through a digital platform that facilitates the meeting between lenders and borrowers under terms and contracts (*'uqud*) that comply with Islamic law. The following discussion will explore how Sharia P2P lending is

³³ OJK, "SEOJK 1-SEOJK.06-2024 Tata Cara dan Mekanisme Penyampaian Data Transaksi Pendanaan dan Pelaporan Penyelenggara LPBBTP" (OJK, January 31, 2024).

³⁴ OJK.

³⁵ Naufal Bagus Pratama and Salsabilla Deniesa, "Legal Protection for Tik Tok Shop Buyers: Comparison between China and Indonesia," *Indonesian Comparative Law Review* 5, no. 2 (May 19, 2023): 75–89, <https://doi.org/10.18196/iclr.v5i2.17298>.

³⁶ Ririn Riani and Ries Wulandari, "Assessing the Islamic Bank Financing During Economic Recession: The Role of Stimulus Regulation POJK Number 11/POJK.03/2020," *AL-MUZARA'AH*, March 3, 2022, 57–75, <https://doi.org/10.29244/jam.specialissue2022.57-75>.

regulated, the fundamental principles that govern it, as well as its legal and economic implications within the context of Sharia economic law.

In Islam, lending and borrowing money have clear rules and restrictions. The forms of lending permissible in Islam include:

- a. *Qard* (loan): This involves providing initial funds to a party that will use them, with the obligation to return an equivalent asset without any additional charges.³⁷
- b. *Mudārabah* (profit-sharing partnership): This contract involves a partnership between two parties—*ṣāhibul māl* (the provider of capital) and *mudārib* (the entrepreneur who manages and runs the business). Both parties share the business's profits according to a pre-agreed ratio.³⁸

Islam strongly supports innovation in financial activities that leverage FinTech. FinTech is technological innovation in the financial sector that can potentially be used in compliance with Sharia principles. The utilization of financial technology must adhere to the following Islamic principles:³⁹

- a. Prohibition of *ribā*: Any form of usury is forbidden in financial transactions.
- b. Profit-sharing: Profits and risks must be distributed fairly between the provider and the recipient of funds.
- c. Clarity in transactions: All transactions must have a clear legal basis in Islamic law.
- d. Ethical and moral conduct: Financial activities must be conducted ethically and with good morals.

The concept of Sharia compliance has given rise to Sharia FinTech, which provides Islamic-compliant financial services within the digital financial landscape. While the general definition of FinTech in both Sharia and conventional frameworks is similar, Sharia FinTech is governed by Islamic law, particularly related to *muamalah* (commercial transactions).

The fundamental principle of Sharia FinTech is its foundation in Sharia law, which is based on the Qur'an and Sunnah, forming the basis of Islamic law. In Indonesia, Sharia law can also be derived from fatwas issued by authoritative institutions. The following section outlines the key differences between Sharia FinTech and conventional FinTech:⁴⁰

- a. Sharia Principles as the Foundation of Financial Services

Sharia FinTech operates based on Islamic principles, which serve as the foundation for all financial services and activities. To ensure legal compliance in its business activities, Sharia FinTech must adhere to the regulations of the Financial Services Authority (OJK) as stipulated in Regulation No. 77/POJK.01/2016, dated December 26, 2016, concerning Information Technology-Based Lending Services. Additionally, Sharia FinTech must comply with the Fatwa issued by the National

³⁷ Kahar Kahar, "Al-Qardh (Pinjam-Meminjam) Dalam Perspektif Al-Qur'an," *Jurnal Adz-Dzahab: Jurnal Ekonomi Dan Bisnis Islam* 7, no. 2 (2022): 199–209, <https://doi.org/10.47435/adz-dzahab.v7i2.1075>.

³⁸ Chasanah Novambar Andiyansari, "Akad Mudharabah Dalam Perspektif Fikih Dan Perbankan Syariah," *SALIHA: Jurnal Pendidikan & Agama Islam* 3, no. 2 (2020): 42–54, <https://doi.org/10.54396/saliha.v3i2.80>.

³⁹ Fazira Salsabila et al., "Analisis Penggunaan Financial Technology (Fintech) Syariah Dalam Perspektif Ekonomi Islam," *Jurnal Penelitian Ekonomi Manajemen Dan Bisnis (JEKOMBIS)* 2, no. 1 (2023): 149–57.

⁴⁰ Lukmanul Hakim dan Recca Ayu Hapsari, *Buku Ajar; Financial Technology Law*, 1 Ed, Adanu Abimata, Indramayu, 2022, p. 48-50.

Sharia Council of the Indonesian Ulema Council (DSN-MUI), specifically Fatwa No. 117/DSN-MUI/II/2018 on Information Technology-Based Financing Services According to Sharia Principles.

- b. No Usury System, Sharia FinTech does not implement an interest-based system (*ribā*), as interest is considered a practice of *ribā*, which is prohibited in Islamic law.
- c. Types of Contracts in Sharia FinTech Financing, FinTech Sharia transactions are carried out through a variety of contracts, such as:

Murābahah (Cost-Plus Sale): This is a sales contract between the buyer (investor) and the borrower. The Sharia FinTech company acts as the buyer of a product sold by the borrower, with a profit margin agreed upon by both parties;

Ijārah Wa Iqtinā' (Lease-to-Own): Similar to the *Murābahah* contract, but in this case, the agreement involves leasing. The borrower leases the product to the Sharia FinTech company with the option to purchase the item later. Ownership of the product transfers after a predetermined period;

Musyārahah (Partnership): A partnership agreement between two or more parties to start or create a specific business. Profits from the business are shared based on the agreed ratio, while losses are borne proportionally by both parties;

Wakalah bi al-Ujrah (Agency with Fee): A contract where one party gives authority to another person to manage a specific business or perform legal actions, in return for a fee (*ujrah*) paid to the agent;

Qard (Loan Contract): A loan agreement where the borrower is required to repay the loan within an agreed timeframe and in the manner agreed upon.

Sharia FinTech operates based on three core principles that guide its activities: Prohibition of *Maysir* (Gambling): All financial transactions must avoid elements of speculation or gambling; Prohibition of *Garar* (Uncertainty): Transactions must be clear and free from excessive uncertainty or ambiguity; Prohibition of *Ribā* (Usury): Lenders cannot charge interest on loans, which is a critical issue often violated in conventional finance.⁴¹

Locally, the principles of Sharia are further detailed in the guidelines set out in MUI's Fatwa No. 67/DSN-MUI/III/2008, created by the National Sharia Council in response to the rise of Sharia-compliant financial technology. This fatwa is binding on Sharia FinTech companies operating in Indonesia. As of September 2018, four Sharia FinTech companies were officially registered with the OJK: Ammana, Alami Syariah, Investree Syariah, and Dana Syariah. A key point in the DSN-MUI's fatwas is the mandatory compliance of Sharia FinTech companies with the prohibition of *ribā*, as this issue remains one of the most critical and commonly violated in financial services.⁴²

Like conventional FinTech, one of the services offered by Sharia FinTech is Sharia-based P2P lending. This platform connects Sharia-compliant lenders with borrowers in need of funds. Transactions are carried out without interest but can implement profit-sharing or *Murābahah* (cost-plus sale) contracts.

Several foundational principles of Sharia economic law apply directly to P2P lending:

⁴¹ Tri Winarsih, "Memaknai Perkembangan Fintech Syariah Melalui Sistem Akad Syariah," *POPULER: Jurnal Penelitian Mahasiswa* 1, no. 3 (2022): 130–42.

⁴² Hakim, "FINANCIAL TECHNOLOGY...." 50

- a. *Riḍā* (Mutual Consent): Both lender and borrower must mutually agree to the terms of the transaction;
- b. Freedom to Contract: Both parties are free to determine the terms of the loan, such as the amount, duration, and profit-sharing ratio;
- c. Justice: Transactions must be fair, ensuring that no party is disadvantaged;
- d. Clarity: The terms and conditions of the loan must be clear and understood by both parties;
- e. No *Ribā*: The lender cannot profit from the borrower in the form of interest.

The act of lending and borrowing, or debt transactions, is regulated in the Qur'an and Hadith. One notable verse is “*Ta’āwanū ‘alal birri wa at-taqwā, walā ta’āwanū ‘ala al-‘iṣmi wal ‘udwān*,”⁴³ which means, “help one another in righteousness and piety, but do not help one another in sin and transgression.” This verse encourages mutual assistance in good deeds, including giving loans to those in need. Borrowers are typically individuals facing financial difficulty and in need of support. However, the act of providing such assistance should not impose a burden on the borrower. The Prophet Muhammad (peace be upon him) himself once returned a loan with an additional gift, although it was not agreed upon at the beginning of the transaction, indicating that acts of kindness, such as voluntary compensation, are permissible as long as they are not stipulated upfront.⁴⁴

FinTech contracts are permitted as long as they do not violate Sharia principles. This is based on the legal maxim “*Al-aṣlu fī al-asyya’ al-ibāḥah*”, which means that everything is initially permissible unless explicitly prohibited. Additionally, Sharia-based contracts in FinTech must follow the principle of *‘an-tarāḍin*—mutual consent between all parties involved.⁴⁵

Usury (*ribā*) is strictly forbidden in Islam, as emphasized in the Qur'an: “*Yamḥaqu-llāhu ar-ribā wa yurbiṣ-ṣadaqāti wa-llāhu lā yuḥibbu kulla kaffārin aṣim*”.⁴⁶ Both in the interpretation of Ibnu Kaṣir and Al-Qurtubi, it is explained that Allah SWT states that the practice of usury, although outwardly it seems to increase wealth, in fact Allah will destroy it. Usury does not bring blessings, and the results of usury are usually impermanent and lead to destruction, both materially and spiritually. In the social context, usury causes economic disparity, injustice, and division in society. Many scholars agree that the destruction caused by usury is not only in the world, but also in the form of punishment in the hereafter.

This highlights the importance of avoiding *ribā* in all transactions. Thus, Sharia-compliant P2P lending must be free of any form of interest. According to Ibn Qudamah al-Maqdisi, as explained in his book, Al-Mughnī, *ribā* refers to any increase in specific forms of wealth or assets during exchanges, whether of the same type or different types.⁴⁷ All transactions in Islam must be carried out with justice and transparency. This is underscored

⁴³ Q.S. Al-Mā'idah [3]:2.

⁴⁴ Sayyidah Sekar Dewi Kulsum, Muhamad Bisri Mustofa, Siti Wuryan, A. Khumaidi Ja'Far dan Siti Mahmudah, *Legalitas Literasi Financial Techology: Peer to Peer Lending Berdasarkan Perspektif Hukum Ekonomi Syari'ah*, ADZKIYA: Jurnal Hukum dan Ekonomi Syariah, Volume 10, Nomor 02, hlm. 150, url: <https://e-journal.metrouniv.ac.id/adzkiya/article/download/4499/2905/>.

⁴⁵ Kulsum, “LEGALITAS LITERASI....” 51

⁴⁶ Q.S. Al-Baqarah [2] : 276

⁴⁷ Muhammad Jafar Sodik, Muhammad Najwan Ramadhan, and Muhammad Saufi, “Pengertian Dan Dampak Hukum Riba Dalam Ekonomi Islam,” *Journal Islamic Education* 1, no. 3 (2023): 506–12.

in the verse: “*Yā ayyuhallažīna āmanū amfū bil-'uqūd...*”⁴⁸ The word “*al-'uqūd*” here means a promise or covenant that includes all forms of obligations and commitments. In this context, it includes covenants made by Muslims in religious matters (such as a promise to obey Allah) as well as in social relationships such as trade contracts, marriage and other relationships. Therefore, Sharia P2P lending must adhere to the principles of justice and transparency. Every party involved in the transaction must clearly understand their rights and obligations, and no party should suffer unjust consequences.

Additionally, contracts must be clear and valid. In Islam, every contract or agreement must be based on a clear and legitimate legal framework, as highlighted in the Qur'an: “*amfū bil-'uqūd...*”⁴⁹ Thus, Sharia-compliant P2P lending must be grounded in clear and legitimate contracts. These contracts must outline all agreed-upon terms and conditions, ensuring that both parties fully understand and accept the terms, aligning with Sharia transactional principles. Sharia FinTech refers to a business model that leverages technology to offer innovative financial products or services based on Sharia principles. It operates under Sharia-compliant contracts and frameworks, designed to prevent prohibited activities such as *ribā*, *maysir* (gambling), *garar* (excessive uncertainty), and other unlawful practices. The Sharia-compliant framework ensures that FinTech platforms operate in accordance with Islamic teachings, promoting ethical and transparent financial transactions.

In 2018, the National Sharia Council of the Indonesian Ulema Council (DSN MUI) issued a fatwa concerning Sharia FinTech, specifically in Fatwa DSN MUI Number 117/DSNMUI/II/2018 on Information Technology-Based Financing Services in Accordance with Sharia Principles. This fatwa stipulates that financing services utilizing Sharia-based FinTech must not conflict with Sharia principles in their operational systems and practices. To avoid *ribā*, the contracts used may be shifted to permissible contracts within Islamic law, such as *ijārah* (lease or service contract), bay' (sales contract), *musyarakah* (profit-sharing contract), *muḍārabah* (investment partnership), *qard* (loan contract), and *wakalah bil ujab* (fee-based agency). In the practice of P2P lending or financing in Sharia FinTech, several contracts can be utilized. Firstly, the *wakalah bil ujab* contract can be applied, where the platform is entitled to an *ujrah* or fee. Additionally, the *musyarakah* or *muḍārabah* contracts can be employed for investment purposes, all contingent upon mutual agreement among the parties involved.⁵⁰

P2P lending can be a beneficial practice if implemented in accordance with Islamic Sharia. Grounded in principles from the Al-Qur'an, such as mutual assistance, the prohibition of *ribā*, justice, transparency, and clear, valid contracts, P2P lending can serve as a solution for Muslims seeking to support each other in fulfilling financial needs. Based on this discussion, P2P lending has the potential to bring significant benefits to the Muslim community (*maṣlahāt al-ummah*) in various ways, including:

- a. Enhancing access to financing for MSMEs and individuals;

⁴⁸ Q.S. Al-Maidah [5] : 1

⁴⁹ Q.S. Al-Maidah [5] : 1, Ibn Kašir interprets that promises or covenants that must be fulfilled include covenants with Allah and also with fellow humans, including agreements related to worship, *muamalah*, and all forms of social contracts. Al-Qurtubi adds that every bond and agreement must be fulfilled in accordance with the laws of Sharia, and whoever breaks it is sinful.

⁵⁰ Kulsum, “LEGALITAS LITERASI...” 52-53

One of the primary objectives of Islamic Sharia is to achieve economic justice and societal welfare. P2P lending can support this goal by providing easier and more affordable access to financing for micro, small, and medium enterprises (MSMEs) and individuals underserved by traditional banks. This allows them to start or develop their businesses, create jobs, and increase their income. Enhanced access to financing can stimulate economic growth and improve the overall standard of living in the community.

b. Promoting Sharia financial inclusion;

Sharia P2P lending can serve as a means to enhance Sharia financial inclusion in society. With the existence of user-friendly and affordable platforms, Sharia P2P lending can reach individuals who previously lacked access to Sharia financial products. This can lead to increased public awareness of Sharia finance and encourage the use of other Sharia-compliant financial products. Improved Sharia financial inclusion can contribute to the realization of an ideal Islamic economy, characterized by transactions grounded in Islamic Sharia principles.

c. Strengthening solidarity and mutual cooperation;

Sharia P2P lending can reinforce values of solidarity and mutual assistance within the Muslim community. Sharia P2P lending platforms provide opportunities for individuals to assist each other through mutual loans. This undoubtedly influences the bonds of brotherhood and fosters a sense of care for one another. Furthermore, Sharia P2P lending can facilitate communities in strengthening their economies, resulting in a more prosperous and self-sufficient society.

d. Supporting sustainable and environmentally friendly businesses;

Sharia P2P lending can be utilized to promote sustainable and environmentally friendly businesses. Investors can choose to fund enterprises that adhere to Sharia principles and prioritize environmental sustainability. This participation can help minimize negative environmental impacts and promote sustainable development.

e. Building a dynamic and innovative Islamic economy.

Sharia P2P lending exemplifies innovation in the Sharia financial sector. Sharia P2P lending platforms continue to evolve and innovate to provide better services to users. This can aid in building a dynamic and innovative Islamic economy, where technology is harnessed to achieve Sharia objectives.

P2P Lending in Indonesia: Toward Sustainable Economy System

The legal literature on peer-to-peer (P2P) lending in Indonesia indicates that regulatory approaches involve a blend of formal law and Islamic principles. This is influenced by Indonesia's majority Muslim population and the rapid growth of fintech, including P2P lending platforms. In the context of formal law, the Financial Services Authority of Indonesian Republic, (OJK), serves as the primary regulator, requiring all P2P lending platforms to be registered and comply with regulations as outlined in OJK Regulation No. 77/POJK.01/2016. Additionally, OJK has issued Regulation Letter No. 1/SEOJK.06/2024, which introduces new provisions concerning the repayment of funds to clients and ethics in the debt collection process, including the prohibition of threats or intimidation. Through

these regulations, OJK also mandates that operators regularly report funding transactions and financial statements, enhancing transparency and accountability in fintech operations.

In Indonesia, the intersection of formal and Islamic law in the context of P2P lending is highly complex, primarily due to Sharia compliance principles governing Islamic finance. P2P lending platforms must consider the prohibitions on *ribā* (usurious interest) and *garar* (excessive uncertainty) as outlined in Islamic finance principles.⁵¹ These considerations are crucial to ensuring that financial products adhere to Sharia law. *Ribā* is strictly prohibited as it is deemed exploitative, while *garar* is avoided to promote fairness and transparency in transactions.⁵² Additionally, the practice of *maysir* (gambling – high speculation) is prohibited, which further complicates structuring P2P lending agreements that may involve speculative elements.⁵³ As Indonesian regulators strive to integrate Islamic finance principles into the broader financial system, P2P lending platforms must develop models that align with both formal regulations and Sharia compliance. This necessitates innovative financing structures, such as *muḍārabah* (profit-sharing) and *musyarakah* (joint venture), which can provide ethical alternatives to conventional interest-based loans.⁵⁴ Therefore, the success of P2P lending operations in Indonesia hinges on the careful balance between these legal frameworks.

From the perspective of Islamic law, P2P lending platforms must adhere to Sharia principles that prohibit the practices of *ribā* (exploitative interest), *garar* (excessive uncertainty), and *maysir* (speculative gambling), all aimed at ensuring fairness and transparency in financial transactions. Within this regulatory framework, Fatwa DSN-MUI No. 117/DSN-MUI/II/2018 serves as the primary guideline for ensuring that financing models such as *muḍārabah* and *musyarakah* are used in compliance with Islamic law. By applying both formal and Sharia regulations, OJK seeks to balance financial innovation with adherence to Islamic financial principles.

However, despite the implementation of regulatory frameworks such as the regulation letter of OJK No. 1/SEOJK.06/2024, challenges in terms of supervision and enforcement still persist. Inadequate oversight can lead to deviations from these regulations, particularly regarding the transparency of financial reports or unethical debt collection practices. The lack of public education on the differences between Sharia-compliant and conventional loans also limits the broader adoption of Islamic P2P lending platforms.⁵⁵ Therefore, stronger collaboration between regulators, industry, and religious authorities is needed to enhance consumer protection. Moreover, user protection in Sharia P2P lending in

⁵¹ Mesut Pişkin and Merve Can Kuş, “Islamic Online P2P Lending Platform,” *Procedia Computer Science* 158 (2019): 415–19, <https://doi.org/10.1016/j.procs.2019.09.070>.

⁵² Ahmad Hujaj Nurrohm, “Usury in Online Loans and Pay Later: From Historical Perspective to Its Contextualization on Modern Practice” 15, no. 2 (2023).

⁵³ Jadzil Baihaqi, “Financial Technology Peer-To-Peer Lending Berbasis Syariah Di Indonesia,” *TAWAZUN: Journal of Sharia Economic Law* 1, no. 2 (September 20, 2018): 116, <https://doi.org/10.21043/tawazun.v1i2.4979>.

⁵⁴ Muhamad Ulul Albab Musaffa et al., “Study the Philosophy of Islamic Law in Determination Percentage of Zakat Mal,” *Az-Zarqa': Jurnal Hukum Bisnis Islam* 14, no. 1 (June 29, 2022): 19, <https://doi.org/10.14421/azzarqa.v14i1.2589>; Chasanah Novambar Andiyansari, “Akad Mudharabah Dalam Perspektif Fikih Dan Perbankan Syariah.”

⁵⁵ Dewi Fatmala Putri and Zuraidah Zuraidah, “ANALISIS MANAJEMEN RESIKO PEMBIAYAAN PEER TO PEER LENDING (P2PL) FINTECH SYARIAH (STUDI KASUS PADA PT ALAMI SYARIAH),” *Journal of Management and Social Sciences* 1, no. 4 (November 30, 2022): 83–97, <https://doi.org/10.55606/jimas.v1i4.62>.

Indonesia needs to be strengthened through an emphasis on honesty in interactions between lenders, borrowers, and platform operators. In the context of Islamic law, honesty (*ṣidq*) and transparency are key principles that must be adhered to. This is crucial because dishonesty in transactions, such as providing inaccurate financial information or concealing risks, can undermine the Islamic financial ecosystem, which is based on justice and partnership. To prevent this, the financial and digital literacy of users must be a priority. A high level of financial and digital literacy will enable users to understand loan terms, mitigate risks, and effectively use technology to ensure the integrity of transactions.⁵⁶ Additionally, platform operators must commit to providing clear and accurate information about the products offered, as well as educating users on the Sharia principles underpinning P2P lending.

Financial and digital literacy becomes even more relevant in the fintech context, as many users, particularly in rural areas or those with limited economic education, often do not fully understand the risks associated with technology-based lending.⁵⁷ Users with low literacy levels can easily fall into harmful debt cycles or be deceived by dishonest platforms. Therefore, in addition to strict regulations, OJK must also focus on improving financial and digital literacy. Education on sound financial management, including responsible debt management, as well as training on the effective use of fintech applications, will greatly help the public in understanding the risks and benefits of P2P lending.

Transparency also plays a critical role in ensuring the protection of Sharia P2P lending users. Information related to risks, costs, and returns on loans must be clearly communicated by platform operators. This clarity not only enhances trust between the involved parties but also helps create a healthier and more sustainable fintech ecosystem.⁵⁸ OJK must closely monitor platform operators, ensuring that they not only report transaction data regularly but also provide adequate education to users to help them understand financial contracts in accordance with Sharia principles.

Therefore, the success of the Sharia P2P lending ecosystem in Indonesia depends not only on the implementation of regulations such as OJK's Regulation No. 1/SEOJK.06/2024, but also on the level of financial literacy, digital literacy, and honesty in transactions between users and platform operators. Effective regulation, honesty, and education are the three main pillars to ensure that Sharia P2P lending platforms not only comply with the law but also provide sustainable consumer protection amidst the dynamic growth of fintech in Indonesia.

Conclusion

This study concludes that peer-to-peer (P2P) lending in Indonesia operates within a complex regulatory framework that integrates formal law and Sharia principles, with the Indonesian

⁵⁶ Panayiotis C. Andreou and Sofia Anyfantaki, "Financial Literacy and Its Influence on Internet Banking Behavior," *European Management Journal* 39, no. 5 (October 2021): 658–74, <https://doi.org/10.1016/j.emj.2020.12.001>.

⁵⁷ Safyan Majid, Muhammad Gulzaib Chaudhary, and Usman Ali, "Financial Literacy and Adoption of Fintech: The Role of Financial Risk Tolerance," *Global Social Sciences Review* VII, no. I (March 30, 2022): 168–79, [https://doi.org/10.31703/gssr.2022\(VII-I\).17](https://doi.org/10.31703/gssr.2022(VII-I).17).

⁵⁸ Centre for Governance Resilience and Accountability Studies, Faculty of Economy and Management, Universiti Kebangsaan Malaysia et al., "Trust Motivates Funders to Participate in Shari'ah Crowdfunding," *Malaysian Journal of Society and Space* 16, no. 2 (May 30, 2020), <https://doi.org/10.17576/geo-2020-1602-18>.

Financial Services Authority, OJK, as the primary regulator, alongside the consideration of DSN MUI fatwas. The implemented regulations aim to enhance transparency and accountability, but challenges remain in terms of adequate supervision and enforcement, particularly in protecting vulnerable consumers. While the limitation on daily interest rates is a positive step, it still places a burden on consumers facing financial difficulties. Therefore, high levels of financial and digital literacy are crucial for protecting users, along with the importance of honesty in interactions among stakeholders to build trust within this ecosystem. The challenges in integrating Sharia principles may also limit financial innovation, as the strict application of prohibitions on *ribā* and *garar* could reduce the availability of competitive financing options. By promoting collaboration among regulators, industry players, and religious authorities, as well as adopting a more flexible approach toward financial innovation and adequate education, Sharia P2P lending platforms in Indonesia have great potential to support sustainable economic growth and financial inclusion.

This article's examination of P2P lending regulations within the context of Islamic law in Indonesia does not fully address other factors such as technological advancements and market dynamics that affect this sector. The normative juridical approach of this article is limited to exploring empirical data and user experiences in P2P lending. The challenges of integrating Sharia principles with formal law also do not consider the variations in legal interpretations across different regions. Moreover, while the importance of financial literacy is acknowledged, detailed educational strategies have not been further elaborated. These limitations open opportunities for future research to address the existing gaps.

Based on the discussion and limitations mentioned above, future studies could explore the variations in Sharia legal interpretations across different regions of Indonesia and their impact on P2P lending platforms, to better understand how regional differences influence implementation and acceptance. Additionally, the role of technological advancements in improving the efficiency and security of P2P platforms merits further investigation to overcome existing challenges. A long-term analysis of the impact of current regulations on the growth and stability of the P2P lending sector is also crucial for refining policies that better support the industry.

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