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Precautionary Principles in Information Technology-Based Joint Funding Services

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ABSTRACT

Easy requirements with a fast process and no collateral required make funding through LPBBTI highly popular among the community. In addition, these activities also provide convenience, speed, and practicality in funding. Unfortunately, there are funding risks involved, such as potential defaults by fund recipients. The funding risk will be borne by the funder and the risk will be even greater if there is no collateral in the funding because the position of the funder is only as a concurrent creditor. The objective of this research is to find out precautionary principles in information technology-based joint funding services. The method used judicial normative research was conducted to understand the legal subject and legal relationship of precautionary principles in information technology-based joint funding services. Therefore, the POJK10/POJK.05/2022 does not explicitly state the precautionary principle as the basis for LPBBTI's business activities. However, it has been realized in the norms contained in POJK10/POJK.05/2022, in the form of norms that require and norms that prohibit. One of them is the obligation to conduct funding risk analysis as a risk mitigation effort. This is intended to ensure that LPBBTI develops optimally, healthily, contributively and that users' needs for optimal protection can be accommodated.

Keywords: *Funding Risks, Precautionary Principles, Users*

INTRODUCTION

Since the issuance of Financial Services Authority Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Joint Funding Services (POJK 10/POJK.05/2022), the term Information Technology-Based Money Lending and Borrowing Services (LPMUBTI) has changed its name to Information Technology-Based Joint Funding Services (LPBBTI). LPBBTI is one of the innovations in the financial services sector by utilizing technology that allows funders and fund recipients to conduct funding without having to meet in person. The funding mechanism is carried out through a system that has been provided by the LPBBTI organizer either through an application or a website page. This was also mentioned by Andrew G. Sutherland, recent advances in technology have transformed how lenders originate commercial credit and monitor borrowers. Information sharing technologies have proliferated as the costs of gathering and verifying information have declined. As a result, lenders have access to a growing array of credit scores and default prediction models, all seeded with increasingly timely and rich firm, industry, macroeconomic, and household data. When screening and monitoring borrowers, lenders are also expanding the types of information they access, including digital footprints and collateral surveillance.¹

The public's needs for activities in the financial services sector that are easy, fast and flexible in the era of technological development and digitalization are increasing and the Financial Services Actors (PUJK) are encouraged by the needs of the community to continue innovating and transforming from traditional transactions to digital transactions. PUJK is also required to improve standards and innovations to attract and meet the needs of an increasingly modern society.²

It cannot be denied that in the latest data at OJK on January 20, 2023 the number of LPBBTI organizers licensed at the Financial Services Authority (OJK) is 102 organizers, this is much less than in March 2021 as many as 147 people. The reduction in the number of organizers is due to the cancellation of the proof of registration of fintech lending due to the inability of the organizer to maintain its operational activities and the revocation of the fintech lending business license as experienced by PT Digital Alpha Indonesia (Uangteman).

LPBBTI can provide fast funding and most of it is provided without collateral with easier terms and processes because it can be done remotely using a smartphone.³ There are 3 (three) parties in LPBBTI, namely organizers, funders and fund recipients. Fund providers and fund recipients are referred to as users. Fund

¹ Andrew G. Sutherland, "Technology Is Changing Lending: Implications for Research," *Journal of Accounting and Economics* 70, no. 2–3 (2020).

² Rinitami Njatrijani, "Perkembangan Regulasi Dan Pengawasan Financial Technology Di Indonesia," *DPLR: Diponegoro Private Law Review* 4, no. 1 (2019): 462–474.

³ Kalsum Fais, "Perlindungan Hukum Bagi Pengguna Layanan Pinjam Meminjam Uang Berbasis Teknologi Informasi," *Al'Adl Jurnal Hukum* 13, no. 1 (2021): 70–90, <https://media.neliti.com/media/publications/362955-none-6e07ad2e.pdf>.

recipients are individuals, legal entities, and/or business entities that receive funding. Meanwhile, fund providers are individuals, legal entities and/or business entities that provide funding. LPBBTI organizer, hereinafter referred to as organizer. An organizer is an Indonesian legal entity that provides, manages and operates LPBBTI either conventionally or based on sharia principles. POJK 10/POJK.05/2022 regulates more specifically about conventional or sharia funding, which is a form of adjustment to the needs of the community in terms of financial and technological developments which in the Financial Services Authority Regulation Number. 77/POJK.01/2016 concerning Information Technology-based Money Lending and Borrowing Services, there are no arrangements for funding based on sharia principles. Other changes relate to the form of LPBBTI legal entity must be in the form of "PT" which previously in POJK 77/POJK.01/2016 was allowed in the form of "PT" and cooperatives, including changes in the obligation of organizers to be registered as members of the association and organizers must comply with the market behavior guidelines issued by the association within the scope of LPBBTI which in POJK 77/POJK.01/2016 did not regulate it. In addition, organizers carrying out LPBBTI business activities must first obtain a license from the Financial Services Authority.

On the other hand, LPBBTI activities provide convenience, speed, practicality in funding but on the other hand cannot be separated from the existence of funding risks, namely the delay in payment obligations and even default by fund recipients. The funding risk will be borne by the funder which is not caused by the fault or failure of the LPPBTI organizer's system, so it is not the responsibility of the LPPBTI organizer. As an example on *dompetkilat* which mentions several things including the following:

1. Information Technology-Based Lending and Borrowing Services is a civil agreement between the lender and the loan recipient, so all risks arising from the agreement are fully borne by each party.
2. Credit risk or default is borne entirely by the Lender. No state agency or authority is responsible for this default risk.⁴

The risk of funding is higher if there is no collateral in the funding. Most LPBBTI organizations do not require collateral in funding, for example in *Danamas* that the credit guarantee is the feasibility of the business, and *Pinjamduit* also offers multipurpose loans without collateral. This is certainly very risky for both funders and organizers. Therefore, on every website of the organizer there is always a warning for funders that the risk of credit or default and all losses from or related to the lending and borrowing agreement are borne entirely by the lender as an example of the *Danamas* organizer. Therefore, the regulations are required to provide legal protection for LPBBTI organizers and users. Based on the description

⁴ Darman, "Financial Technology (FinTech): Karakteristik Dan Kualitas Pinjaman Pada Peer to Peer Lending Di Indonesia," *Jurnal Manajemen Teknologi* 18, no. 2 (2019): 130–137.

above, the problem to be analyzed is the realization of the precautionary principle in the implementation of LPBBTI.

RESEARCH METHODOLOGY

Legal research using the type of judicial normative research was conducted to understand the legal subject and legal relationship of precautionary principles in information technology-based joint funding services. Normative in legal research is a research that examines applicable legal norms, which in this research used three sources of legal materials used are primary, secondary, and tertiary legal materials.⁵ The rules and regulations currently in effect are examined and analyzed as part of this legal research, which also explains current trends and predicts them. In addition, the researchers will examine how the Financial Services Authority (OJK) regulates operations and whether the precautionary principle may be used in information technology-based joint funding services.

RESULT AND DISCUSSION

The Position of All Parties in LPBBTI

In LPBBTI, there are 2 (two) legal relationships framed by agreements, namely agreements between organizers and fund providers and agreements between fund providers and fund recipients as stipulated in Article 30 POJK 10/POJK.05/2022. All of these agreements are set forth in electronic documents.⁶ Based on Article 31 POJK 10/POJK.05/2022, the agreement between the organizer and the funder contained in electronic documents must at least contain several things including the following:

1. Agreement number;
2. Date of the agreement;
3. The identity of the participants in the form of the name of the funder and the citizen identification number of the funder;
4. The rights and obligations of the participants;
5. The amount of funding;
6. Economic benefits of funding;
7. Amount of commission;
8. Time period;
9. The details of fees;
10. Provisions regarding penalties, if any something else;

⁵ Jeffri Arlinandes Chandra et al., "An Indonesia-France Comparison: The Design Mechanism for Legislation Establishment and Legislation Regulation Evaluation," *YURIS (Journal of Court and Justice)* 1, no. 2 (2022).

⁶ Trisadini Prasastinah Usanti and Anindya Prastiwi Setiawati, "The Cooperation Between Conventional Commercial Banks and Rural Banks for Financial Inclusiveness Improvement of Small, Medium And Micro Enterprises," *IUS POSITUM (Journal of Law Theory and Law Enforcement)* 1, no. 2 (2022), <https://journal.jfpublisher.com/index.php/jlte/article/view/67>.

11. The utilization of personal data;
12. Funding collection mechanism;
13. Risk mitigation in the event of funding default;
14. Dispute settlement mechanism; and
15. Mechanisms for settling rights and obligations in the event that the Organizer is unable to continue its operational activities.⁷

According to POJK 10/POJK.05/2022, the organizer is required to provide access to information to funders on the use of their funds, excluding information related to the identity of the recipient of funds outside the identity of the parties, unless there has been prior approval from the recipient of the funds. Information on the use of funds at least contains the final position of funding, the purpose of using funds, the economic benefits of funding, and the period of funding. In addition, the organizer must submit an agreement to the funder. The funding agreement between the funder and the fund recipient is regulated in Article 32 POJK 10/POJK.05/2022, while the electronic document at least contains several things including the following:

1. Agreement number;
2. Date of the agreement;
3. Identity of the participants;
4. Rights and obligations of the participants;
5. The total amount of funding;
6. Economic benefits of funding;
7. Installment value;
8. Time period;
9. Collateral object, if any something else;
10. Related costs;
11. Provisions regarding fines, if any something else;
12. The utilization of personal data;
13. Dispute settlement mechanism; and
14. The mechanism for resolving rights and obligations in accordance with the provisions of laws and regulations if the Organizer is unable to continue its operational activities.⁸

The provision of access to information to fund recipients must be provided by the organizer on the position of funding received, excluding information related to the identity of the funder other than the identity of the parties. Information on the

⁷ Dewan Komisiner Otoritas Jasa Keuangan Republik Indonesia, *Salinan Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 10/POJK.05/2022 Tentang Layanan Pendanaan Bersama Berbasis Teknologi Informasi* (Jakarta, 2022), [https://ojk.go.id/id/regulasi/Documents/Pages/Layanan-Pendanaan-Bersama-Berbasis-Teknologi-Informasi/POJK 10 - 05 - 2022.pdf](https://ojk.go.id/id/regulasi/Documents/Pages/Layanan-Pendanaan-Bersama-Berbasis-Teknologi-Informasi/POJK%20-05-2022.pdf).

⁸ Ibid.

use of funds at least contains the final position of the amount of funding, the economic benefits of funding, and the period of funding. Users must obtain the agreement. No less important obligation of the organizer is to ensure that the User has read and understood the contents of the agreement. In addition, the Organizer's obligation is to include information or information regarding the funding period, payment terms, and overall costs including the economic benefits of funding clearly on the electronic system used by the organizer.

The agreement between the LPBBTI organizer and the funder when referring to Article 31 POJK 10/POJK.05/2022 has the same characteristics as the power of attorney agreement stipulated in the Burgerlijk Wetboek (BW). The funder gives its power of attorney to the LPBBTI organizer to represent itself in implementing the funding agreement through an electronic agreement with the fund recipient. This appears to be a clause on the amount of commission received by the organizer, which is one of the characteristics of a power of attorney agreement. The power of attorney agreement is regulated in Articles 1792 BW to 1819 BW.⁹ Subekti emphasized that the meaning of organizing an affair is to perform a legal act that has or has legal consequences. The legal action performed by the recipient of the power of attorney is on behalf of the person who gives the power of attorney or it is also said that he represents the power of attorney. It means that the actions taken by the recipient of the power of attorney are the responsibility of the grantor of the power of attorney and all rights and obligations arising from the legal actions taken by the recipient of the power of attorney are the rights and obligations of the grantor of the power of attorney.¹⁰ The power of attorney agreement granted by the funder is a special grant of power to the LPBBTI organizer which is limited to the implementation of certain legal acts or interests of the funder as the grantor relating to funding in LPBBTI. The legal action must be formulated in a firm and detailed manner so that each party understands its rights and obligations. Article 1797 BW expressly states that the recipient of the power of attorney is not allowed to do anything that exceeds his power of attorney. As long as the LPBBTI organizer does not do anything beyond the power given by the funder, then all consequences of the legal action are borne by the funder as the power of attorney. However, if the organizer exceeds the power granted by the funder, the organizer must be held liable if losses arise in the implementation of LPBBTI.

The legal relationship between the funder and the fund recipient is called a funding agreement. The definition of funding according to Article 1 point 3 POJK 10/POJK.05/2022 is the distribution of funds from the funder to the recipient of funds with a promise to be paid or returned in accordance with a certain period of

⁹ Trisadini Prasastinah Usanti, Fiska Silvia, and Anindya Prastiwi Setiawati, "Dispute Settlement Method for Lending in Supply Chain Financial Technology in Indonesia," *International Journal of Supply Chain Management* 9, no. 3 (2020): 435–443.

¹⁰ Salim HS, *Hukum Kontrak : Perjanjian, Pinjaman Dan Hibah*, Cetakan 1. (Jakarta: Sinar Grafika, 2015).

time in LPBBTI transactions. The term used previously was lending and borrowing as stipulated in POJK 77/POJK.01/2016. However, the term lending and borrowing becomes inappropriate if used for an organization that applies sharia principles. Therefore, in order to accommodate the implementation of LPBBTI based on sharia principles, a universal term is used, namely funding. Likewise, the use of the word economic benefits of funding previously in POJK 77/POJK.01/2016 used the word interest, whereas interest in lending and borrowing from a sharia perspective is categorized as usury, which is illegal.¹¹ Interest as a translation of the word interest lexically. Based on the dictionary, interest is stated as interest is charge for financial loans, usually a percentage of the amount loaned. Interest is a charge on *Pinjamduit*, which is usually expressed as a percentage of the money loaned. Another opinion states that interest is the amount of money paid or calculated for the use of capital. The amount is expressed by a rate or percentage of capital related to the interest rate on capital.¹²

The Realization of Precautionary Principle in the Implementation of LPBBTI

The precautionary principle is the main foundation in financial services business activities not limited to banks only as stipulated in Article 2 of Law No. 7/1992 which has been amended by Law No. 10/1998 (Banking Law) but also in capital market activities, money markets and foreign exchange markets. The purpose of the precautionary principle in banking is to maintain the trust of the public who have placed their funds with banks in the form of deposits. As stated by Sutan Remy Sjahdeini that the purpose of applying the precautionary principle is so that banks are always healthy, liquid, solvent and profitable.¹³ Other word, the contracts in transactions carried out by Sharia Financial Institutions (LKS) must be based on the precautionary principle that each contract is carried out with careful consideration and carried out precisely and carefully.¹⁴ Therefore, it is relevant that the precautionary principle must also be the basis for LPBBTI's implementation activities, although POJK 10/POJK.05/2022 does not explicitly mention it. However, it is implied in the norms contained in POJK 10/POJK.05/2022 as a manifestation of the precautionary principle in norms containing mandatory provisions and prohibiting provisions.

One of the manifestations of the precautionary principle in the implementation of LPBBTI is the regulation in Article 35 POJK 10/POJK.05/2022

¹¹ Dewan Komisiner Otoritas Jasa Keuangan Republik Indonesia, *Salinan Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 10/POJK.05/2022 Tentang Layanan Pendanaan Bersama Berbasis Teknologi Informasi*.

¹² Ramdaniar Eka Syirfana and Neneng Nurhasanah, "Analisis Fikih Muamalah Terhadap Pemikiran M. Dawam Rahardjo Mengenai Bunga Bank," *Jurnal Riset Ekonomi Syariah (JRES)* 1, no. 1 (2021).

¹³ Etty Mulyati and Fajrina Aprilianti Dwiputri, "Prinsip Kehati-Hatian Dalam Menganalisis Jaminan Kebendaan Sebagai Pengaman Perjanjian Kredit Perbankan," *ACTA DIURNAL: Jurnal Ilmu Hukum Kenotariatan* 1, no. 2 (2018).

¹⁴ Trisadini Prasastinah Usanti and Prawitra Thalib, "Asas Ikhtiyati Pada Akad Pembiayaan Mudharabah Di Lingkungan Perbankan Syariah," *Yuridika* 31, no. 2 (2016).

that the organizer must implement effective risk management. The implementation of risk management shall at least include such following below:

1. Active supervision of the board of directors, board of commissioners and DPS (this relates to LPBBTI based on sharia principles).
2. Adequacy of risk management policies and procedures and determination of risk limits;
3. Adequacy of risk identification, measurement, control and monitoring processes, as well as risk management information systems; and
4. A comprehensive internal control system.

LPBBTI organizers are required to facilitate risk mitigation for users, that is, conduct risk analysis of funding proposed by fund recipients, verify the identity of users and the authenticity of documents, make optimal collection of channeled funding, facilitate the transfer of funding risks and facilitate the transfer of risks on collateral objects, if there is a collateral object. In addition, the organizer must pay attention to the suitability of the needs and abilities of the recipient of funds.

In conducting risk analysis of funding to be facilitated, LPBBTI organizers should be able to do it independently or in collaboration with other parties, such as credit or data management providers. LPBBTI organizers conduct scoring of prospective fund recipients who apply for funding. The use of credit scoring in fintech activities is unavoidable as stated by Katja Langebucher and Patrick Corcoran that modern FinTech companies are disrupting the traditional credit scoring model for loan decision-making by turning to artificial intelligence and machine learning systems. They use those systems to assess creditworthiness based on “alternative data” like banking activity or education history. Such AI scoring has the potential to extend credit to those whose creditworthiness is not captured by standard scores.¹⁵

According to Ryan Randy Suryonoa, et al stated regarding risk assessment on loans, there is an information asymmetry problem in the risk assessment process. The unavailability of individual credit information affects the credit risk assessment. Some loan applications fail because of low success rate of credit risk assessment. One factor in the low success rate of loans is triggered by gender discrimination. Big Data has been brought to the Internet credit service company, because of the value of volume, predictability, variety of services, and privacy protection. Because risk assessment requires a method of predicting and determining loan decisions, several studies have developed machine learning algorithms. Risk assessment success and loan decisions are influenced by individual

¹⁵ Katja Langenbucher and Patrick Corcoran, “Responsible AI Credit Scoring – A Lesson from Upstart.Com,” in *Digital Finance in Europe: Law, Regulation, and Governance* (De Gruyter, 2022).

credit worthiness as seen from credit score information. At present, social media information is needed to determine credit worthiness.¹⁶

Bank activities in providing credit must conduct credit analysis on prospective debtor customers with the 5C elements, such as character, capital, capacity, collateral and condition of economic. The purpose of credit analysis is to gain confidence in the willingness and ability of prospective debtor customers. This must be done by LPBBTI organizers by conducting a funding risk analysis, especially if the funding is without collateral. After conducting a funding risk analysis by scoring, prospective fund recipients who meet the criteria to receive funds are presented to prospective funders to be selected/granted funding. The position of all prospective fund recipients is equal or all are eligible for funding. There is a prohibition for organizers to direct prospective funders to choose some prospective fund recipients who meet the eligibility criteria. The organizer must give freedom to prospective funders to choose potential fund recipients presented by the organizer.

Precautionary that must be performed by the organizer is ensuring the correctness and authenticity of the documents provided by the funder and recipient of funds including verifying the identity of the user. In addition, in minimizing the risk of funding, the risk can be transferred with credit insurance, including if there is collateral in funding, the collateral is insured with loss insurance so that in the event of default or uncertain events, it does not experience potential loss. For example, funding at capital stores does not require collateral. The requirements are very easy for fund recipients, namely by becoming a member of Alfamart's Assisted Outlet (OBA) with the condition of having an identity (ID Cards), having a retail business and having an android device. Similarly, money lenders also provide multipurpose loans without collateral with a fast funding process. It is not much different from investree and funding that funding is provided without collateral assets such as houses, motor vehicles or gadgets from fund recipients.

If the organizer does not require collateral in its funding, the position of the funder is only as a concurrent creditor, which is a creditor who only has individual rights that have relative characteristics, his position is equal to other creditors, there is no absolute principle, there is no principle of *droit de suite*, The lawsuit is an individual lawsuit and the position of concurrent creditors is only guaranteed by general security as stipulated in Article 1131 BW that all the property of the debtor, both movable and immovable, both existing and new ones will exist in the future, become collateral for all individual obligations. Yet it cannot be denied that the existence of collateral is in principle very important in LPBBTI funding. Shelagh Heffernan's statement on the importance of collateral, there are five key ways a bank can minimize credit risk: through accurate loan pricing, credit rationing, use

¹⁶ Ryan Randy Suryono, Betty Purwandari, and Indra Budi, "Peer to Peer (P2P) Lending Problems and Potential Solutions: A Systematic Literature Review," in *Procedia Computer Science* (Surabaya, 2019), 204–214.

of collateral, loan diversification and more recently through asset securitization and/or the use of credit derivatives. The weight applied to each of the methods will vary, depending on whether the loan is commercial or retail.

As stated by Giuseppe Corbisiero, that a firm can borrow from banks to finance the project, pledging a real asset as collateral.¹⁷ The realization of the precautionary principle in the implementation of LPBBTI in the form of rules regarding the maximum limit of funding to each recipient and by each funder and its affiliates as stipulated in Article 26 POJK 10/2023, that the maximum funding of IDR. 2,000,000,000 referred to as the maximum limit of funding to each fund recipient is the maximum limit of total funding that has not been repaid by each fund recipient in one organizer. For example, Amir received funding from Sukamaju organizer, then Amir cannot apply for new funding if the total previous funding has reached IDR. 2,000,000,000 has not been repaid but if Amir repays part or all of it then Amir can only apply for new funding. When compared to banks, it is strictly regulated in Article 11 of the Banking Law that banks must comply with the maximum lending limit (BMPK). This is done in Financial Services Actors, in order to minimize the risk as small as possible. It is known as the principle contained in the English proverb, "don't put all your eggs in one basket."

In addition, the organizer is also obliged to mitigate legal risks so that no lawsuit arises from users, especially with regard to personal data from users. Therefore, the organizer is obliged to secure the electronic system by implementing procedures and means for security to avoid disruption, failure, and loss. Likewise, in the implementation of LPBBTI, the organizer also has obligations such as following below:

1. Maintain the confidentiality, integrity, and availability of personal data, transaction data, and financial data that it manages from the time the data is obtained until the data is destroyed;
2. Ensure the availability of authentication, verification, and validation processes that support non-denial in accessing, processing, and executing personal data, transaction data, and financial data that it manages;
3. Ensure that the acquisition, use, utilization, and disclosure of personal data, transaction data, and financial data obtained by the organizer are based on the consent of the owner of the personal data, transaction data, and financial data, unless determined by statutory provisions; and
4. Notify in writing the owner of personal data, transaction data, and financial data if there is a failure in protecting the confidentiality of personal data, transaction data, and financial data that it manages.

Therefore, the organizer in obtaining and using user personal data must obtain prior consent from the user as the owner of the data. The consent of the user must

¹⁷ Giuseppe Corbisiero, "Bank Lending, Collateral, and Credit Traps in a Monetary Union," *European Economic Review* (2022).

be stated in written form or in other forms in accordance with applicable provisions. However, such consent is excluded if it is in accordance with statutory provisions. In addition, the organizer is obliged to store personal data from users in an electronic system for a minimum of 5 (five) years from the end of the business relationship, unless determined by statutory provisions, the data owner can ask the organizer to remove their personal data.

According to POJK10/POJK.05/2022, personal data is any data about a person, whether identified and/or identifiable separately or in combination with other information, either directly or indirectly through electronic and/or non-electronic systems. Meanwhile, according to Article 1 point 1 of Law No. 27/2022 on Personal Data Protection. Based on Article 4 paragraph (1) of Law 27/2022, personal data consists of specific personal data and general personal data. The content of the data is described as follows:

Table 1. The Contents of Specific and General Personal Data

Specific Personal Data	General Personal Data
Health information and data	Full Name
Biometric data	Gender
Genetic data	Citizenship
Criminal records	Religions
Children data	Marital status
Personal financial data	Personal data combined to identify an individual
Other data in accordance with the provisions of laws and regulations	

The organizer's capital obligations are also regulated in POJK10/POJK.05/2022 as a manifestation of the precautionary principle that the organizer must have paid-up capital of at least IDR. 25,000,000,000 and the source of funds for capital participation to the organizer must not come from money laundering activities, terrorism funding, funding for the proliferation of weapons of mass destruction, other financial crimes and loans. This is confirmed in Article 4 POJK 10/POJK.05/2022. Similarly, related to equity, the organizer is required to have equity of at least IDR. 12,500,000,000 (twelve billion five hundred million rupiah) at all times. The equity must be conducted sequentially, as follows:

1. The minimum amount of IDR. 2,500,000,000 (two billion five hundred million rupiah) shall be applicable for 1 (one) year as of the promulgation of POJK 10/POJK.05/2022;
2. The minimum amount of IDR. 7,500,000,000 (seven billion five hundred million rupiah) shall be applicable for 2 (two) year as of the promulgation of POJK 10/POJK.05/2022; and

3. The minimum amount of IDR. 12,500,000,000 (twelve billion five hundred million rupiah) shall be applicable for 3 (three) year as of the promulgation of POJK 10/POJK.05/2022.

According to the regulations above, as a manifestation of the precautionary principle, there are mandatory provisions carried out by the organizer, namely implementing good corporate governance in each of its business activities which include openness, accountability, responsibility, independence, equality and fairness. This provision is regulated in Article 53 POJK 10/POJK.05/2022. This is closely related to consumer protection (in this case is users) in which LPBBTI organizers are required to apply the principles of transparency, fair treatment, reliability, confidentiality and security of consumer data/information and handling complaints and resolving consumer disputes simply, quickly and at affordable costs. In Article 26 of POJK 10/POJK.05/2022 states that the organizer is obliged to provide equal access to every funder in LPBBTI's business activities, this is a manifestation of the principle of fair treatment of users including transparency of funding economic benefits determined by OJK and the maximum limit of funding economic benefits in facilitating funding.

In addition to the obligatory norms for organizers stipulated in POJK 10/POJK.05/2022, there are also prohibitive norms that must not be violated by organizers as stipulated in Article 111 POJK 10/2020, as follows below:

1. Engaging other business activities besides those business regulated in the Financial Services Authority Regulation;
2. Acting as Funder or Fund Recipient;
3. Representing funders to conduct Funding and/or providing automatic Funding features;
4. Provide access to members of the board of directors, members of the board of commissioners, DPS, employees and their affiliates to act as funders;
5. Provide access to members of the board of directors, members of the board of commissioners, DPS, shareholders and their affiliates to act as fund recipients;
6. Provide guarantees in all forms for the fulfillment of other parties' obligations;
7. Issuing debt securities;
8. Having a loan;
9. Providing recommendations to users;
10. Publish fictitious and/or misleading information;
11. Offer services either directly or indirectly to users and/or the public through personal means of communication without approval;
12. Charging fees to users and/or the public for complaint services; and/or

13. Taking actions that cause or force other financial service institutions under the supervision of the Financial Services Authority to violate and/or avoid the provisions of laws and regulations.

The prohibitions above must be complied with by the organizers in order to protect the operation of LPBBTI because if violated, the organizers will be subject to administrative sanctions in the form of written warnings, restrictions on business activities and/or license revocation.

The norms contained in POJK10/POJK.05/2022, in the form of norms that require and norms that prohibit. One of them is the obligation to conduct funding risk analysis as a risk mitigation effort. This is intended to ensure that LPBBTI develops optimally, healthily, contributively and that users' needs for optimal protection can be accommodated as stated in general description of POJK10/POJK.05/2022. Therefore, supervision by the Financial Services Authority (OJK) is needed to ensure that the organizer has carried out these provisions. The arrangement is in Article 110 POJK 10/POJK.05/2022 that OJK has the authority to supervise the organizer. Supervision is carried out by means of direct inspection and indirect inspection.¹⁸ The implementation of direct examination is conducted in accordance with the Financial Services Authority Regulation regarding direct examination of non-bank financial services institutions. OJK conducts integrated supervision of providers that are part of a financial conglomeration in accordance with the Financial Services Authority Regulation regarding financial conglomeration. In order to conduct supervision conducted by OJK, the organizer is required to submit correct and complete funding transaction data to the Financial Services Authority's fintech lending data center. Funding transaction data at least contains information about users, funding transaction information and funding quality information. In addition, organizers are also required to submit periodic reports and incidental reports to OJK. Supervision conducted by OJK is in order to monitor the organizer's compliance with applicable regulations so that the LPBBTI business activities run healthily and provide protection in the form of preventing losses to users including the organizer itself.

¹⁸ Dewan Komisiner Otoritas Jasa Keuangan Republik Indonesia, *Salinan Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 10/POJK.05/2022 Tentang Layanan Pendanaan Bersama Berbasis Teknologi Informasi*.

CONCLUSION

Easy requirements with a fast process and no collateral required make funding through LPBBTI highly popular among the community. In addition, these activities also provide convenience, speed, and practicality in funding. Unfortunately, there are funding risks involved, such as potential defaults by fund recipients. The funding risk will be borne by the funder and the risk will be even greater if there is no collateral in the funding because the position of the funder is only as a concurrent creditor. Therefore, the POJK10/POJK.05/2022 does not explicitly state the precautionary principle as the basis for LPBBTI's business activities. However, it has been realized in the norms contained in POJK10/POJK.05/2022, in the form of norms that require and norms that prohibit. One of them is the obligation to conduct funding risk analysis as a risk mitigation effort. This is intended to ensure that LPBBTI develops optimally, healthily, contributively and that users' needs for optimal protection can be accommodated.

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