

Digital Credit Regulations in Business Law and Financial Markets

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ABSTRACT

This article examines fintech regulations and digital credit practices within the framework of national business and financial market law using a normative legal approach. The study focuses on the validity of electronic contracts, licensing and governance of operators, consumer protection, personal data security, collection mechanisms, and legal certainty for business actors. The analysis shows that the applicable regulations place digital credit as a legitimate and supervised business activity, with obligations of information disclosure, responsible data management, financing exposure restrictions, and periodic reporting. Consumer protection is realized through the right to clear information, fair collection practices, and privacy guarantees. Legal certainty for business actors is obtained through licensing, governance standards, and compliance across legal regimes, including taxation. Law enforcement against illegal operators reinforces market discipline and protects the public interest. The findings emphasize the importance of consistent supervision and the quality of digital contracts to maintain trust and order in the technology-based financing market.

INTRODUCTION

The development of digital technology has driven significant changes in economic and financial activities, particularly in the mechanism of credit distribution to the public. This transformation has given rise to a financial technology-based financing model that enables fast, application-based credit access with minimal face-to-face interaction (Kemarauwana & Darmawan, 2020; Oriento et al. 2023). In practice, digital platform-based lending systems blur the lines between conventional financial services and technological innovations, creating new legal dynamics (Ramlan, 2021). The legal relationship between service providers, users, and regulators has become increasingly complex as transactions are conducted electronically, across regions, and based on algorithms. These changes require a legal framework that can guarantee certainty, fairness, and protection for the parties involved, especially for the public as users of digital credit services.

The rapid growth of technology-based lending has broad legal implications for business law and contract law. Legal relationships in digital credit are formed through standardized electronic agreements that are often agreed to without adequate understanding by users. This type of contract

structure reveals an imbalance in bargaining power between fintech providers and consumers (Harjono, 2022). In addition, the use of personal data as the basis for assessing creditworthiness raises new legal issues related to privacy, consent, and data management responsibilities. This issue underscores the importance of effective regulation, as examined by Aziz et al. (2023). The study shows that the effectiveness of personal data protection regulations in the fintech sector is highly dependent on the ability to guarantee data security and data controller accountability, which are key to protecting consumers amid an unbalanced contract structure. In this situation, the law is required to reassess the principles of freedom of contract and consumer protection in the ever-evolving digital economy landscape.

In the field of business law, the presence of online lending fintech expands the spectrum of financial service providers beyond traditional banking institutions. Application-based companies operate with different business models, distinctive risk structures, and aggressive profit orientation. This condition raises questions about the equality of legal regulations between conventional financial institutions and fintech providers. Regulatory imbalances have the potential to create market

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distortions and business practices that are detrimental to consumers (Yuniarti & Rasyid, 2020). Therefore, digital lending regulations cannot be understood solely as technical regulations, but rather as part of a business legal system that maintains fair and healthy business competition. Research by Wibowo et al. (2023) emphasizes that a fair digital economy requires a regulatory framework that is capable of maintaining a level playing field between different business actors and preventing market distortions that could harm consumers and the economy.

Consumer protection is a central issue in online lending practices. Many users face high interest rates, multiple penalties, and collection methods that violate ethics and the law. Legal relationships that should be based on good faith have turned into relationships that place consumers in a vulnerable position. This challenge requires the integration of ethical principles into business operations. As emphasized in the study by Putra and Arifin (2023), the application of ethical principles such as transparency, fairness, and accountability in corporate financial management is an important foundation for managing risk and building sustainable relationships with stakeholders, including consumers. Within the framework of civil law and consumer protection, this condition requires clarity regarding the legal responsibility of fintech providers for the consequences of the digital credit products they offer (Sinaga, 2022). Legal protection cannot be separated from the principles of contractual fairness and the responsibility of business actors in conducting their business activities.

From a public law perspective, the state has an obligation to supervise and control digital credit practices in order to maintain financial system stability and protect the public interest. The presence of financial services supervisory authorities reflects the state's role in balancing technological innovation with legal certainty (Apriani, 2023). Licensing is one of the main instruments of this supervision. A study by Mardikaningsih and Arifin (2021) shows that the licensing framework has important consequences in regulating business activities. In fintech, the licensing function is the basis for the state to carry out preventive risk control, ensure that business actors meet standards, and protect consumers from irresponsible practices. Supervision of online lending fintech includes licensing, risk control, and enforcement of sanctions for violations. Without strict regulations, digital credit practices have the potential to create broader social and economic problems, including debt traps and misuse of personal data.

Based on these developments, legal analysis of fintech and online lending regulations is important in

modern business law studies. This study aims to understand how the law responds to changes in digital financing models and how existing legal norms shape the behavior of digital credit providers. By examining applicable regulations and relevant business law principles, this study seeks to place online lending practices within a legal framework that ensures certainty, protection, and fairness for all parties involved.

The main problem in digital credit practices lies in the unclear balance of rights and obligations of the parties in electronic agreements. Many online loan agreements are drafted unilaterally by the provider, leaving consumers with almost no room for negotiation. This condition raises questions about the application of the principles of commensalism and good faith in digital credit agreements. A number of legal studies on agreements show that the dominance of standard clauses has the potential to erode the principle of contractual fairness (Subekti, 2001).

The next issue relates to the management and use of users' personal data in the credit granting process. Data is used as the main instrument for risk assessment, but often without adequate transparency. The lack of clarity regarding the legal basis for data processing and the limits of the organizer's responsibility raises serious legal issues in consumer protection law and cyber law. Gardi and Eddine (2023) emphasize that data vulnerability and the risk of privacy violations are systemic problems that require global cooperation and a strong regulatory framework at the national level to protect individual rights. Several studies confirm that weak personal data regulations increase the risk of privacy violations for users of digital services.

Another issue arises in the enforcement of laws against online loan violations. Although regulations have been established, practices in the field show a gap between legal norms and their implementation. Illegal operators continue to operate and harm the public, while enforcement mechanisms are often reactive. This raises questions about the capacity of the law to ensure compliance by digital credit businesses with applicable regulations (Hadjon, 2011).

Discussions on fintech and online loan regulations are important to assess the compatibility between financial technology developments and business law principles. Digital credit has become part of people's daily economic activities, so the quality of its regulation will determine the level of legal protection for users. In addition, legal certainty for business actors is necessary so that innovation continues within legally accountable limits.

This study is also relevant for assessing the role of

law in directing digital business practices to be in line with the principles of justice and certainty. Business law cannot be passive towards technological developments, but must be able to provide an adaptive normative framework without neglecting the protection of the basic rights of society. The purpose of this study is to conduct a normative legal analysis of the regulatory framework for fintech and online lending and to assess its legal implications for digital credit practices, thereby providing theoretical and practical insights for the development of business law in line with the dynamics of financial technology.

RESEARCH METHOD

This study uses a normative juridical method with a qualitative approach based on literature review. This method was chosen because the focus of the study is directed at analyzing legal norms, principles, and regulatory systems governing fintech and online lending in business law. Normative juridical studies allow researchers to examine legislation, legal doctrines, and academic views as the main materials for understanding the legal construction of digital credit. This approach places the law as a normative rule that regulates the behavior of business actors and consumers in electronic transactions, making it relevant for assessing legal certainty, contractual justice, and legal protection in online lending practices. The analysis was conducted prescriptively by assessing whether the applicable legal norms were adequate in regulating digital credit practices.

The technique of collecting legal materials was carried out through a search of academic literature sourced from business law textbooks, reputable scientific journals, and applicable laws and regulations. Primary legal materials included laws, financial services authority regulations, and regulations related to electronic transactions and consumer protection. Secondary legal materials include scientific works discussing contract law, consumer protection law, financial market law, and information technology law. Inclusion criteria were set for sources that were directly relevant to digital credit and fintech, published in the last two decades, and had clear publishers and academic identities. Unverified or popular sources were excluded from the analysis to maintain scientific accuracy.

The analysis of legal materials was conducted using thematic synthesis and systematic legal reasoning techniques. Each legal material was coded based on main themes such as electronic contracts, consumer protection, supervision of financial services businesses, and the legal responsibilities of fintech operators. This process enabled researchers to identify

the interrelationships between norms and discover patterns in the legal regulation of digital credit. The validity of the analysis is maintained through comparisons between sources and consistency in legal arguments. Using this method, the study is able to produce a coherent analytical description of fintech and online lending regulations and their legal implications in the business legal system.

RESULT AND DISCUSSION

Fintech and Online Lending Regulations in the National Business and Financial Market Legal System

Regulations concerning fintech and online lending are important to understand within the framework of national business and financial market law. Legal regulations concerning fintech and online lending in the national business and financial market legal system stem from the country's need to place digital financing activities within a formal legal framework that can be effectively supervised. Fintech is not understood as a sector outside the financial system, but rather as part of financial services business activities that utilize information technology as the main medium for transactions (Sasmita et al., 2022). One of the promises of fintech is to provide cheaper ways to overcome friction in financial contracts and reduce financial service costs in order to improve consumer welfare (Thakor, 2020). Therefore, its regulation is placed under the authority of the Financial Services Authority and Bank Indonesia with the aim of maintaining legal certainty, financial system stability, and protection of the public as service users. This approach emphasizes that technological innovation in financing must go hand in hand with the principles of prudence, transparency, and legal responsibility. The state has explicitly positioned fintech as a business legal entity subject to positive legal norms, so that every online lending activity has clear and accountable legal consequences. State regulations emphasize the central role of law in guiding the development of digital financing to remain within the corridor of public interest.

The rapid development of fintech lending needs to be seen not only as an economic phenomenon, but also as a complex business law issue. Fintech lending is growing rapidly because it offers quick and simple access to financing without the collateral requirements that are common in banking institutions (Hanafie et al., 2022). This development opens up financing opportunities for people who previously did not have access to formal financial services. However, the potential risks of this convenience are also very real. As reviewed in the study by Sahid et al. (2023), the

legal perspective emphasizes that the development of a safe and sustainable business model requires a regulatory framework that can effectively identify, manage, and reduce risks for all parties involved, especially consumers or investors as vulnerable parties. Fintech has accelerated financial disintermediation, causing many customers to leave commercial banks and switch to fintech companies (Li et al., 2022). However, this convenience carries significant legal risks, particularly related to high interest rates, non-transparent additional fees, misuse of personal data, and collection methods that violate propriety. Therefore, legal regulations view fintech lending as a high-risk business activity that requires strict supervision. Regulations are not aimed at limiting innovation, but rather at ensuring that the legal relationship between lenders, borrowers, and operators operates within the corridor of legal certainty and does not harm parties who are weaker in terms of bargaining power. These regulations serve as a balancing instrument between economic efficiency and legal protection.

The normative basis for fintech lending regulation is embodied in specific sectoral regulations. Financial Services Authority Regulation No. 77 of 2016 concerning Information Technology-Based Money Lending Services is the main legal basis for the implementation of fintech lending. This regulation regulates in detail aspects of licensing, corporate governance, reporting obligations, and user protection mechanisms. Operators are required to be limited liability companies and obtain a license before conducting business activities. This provision shows that the state views fintech lending as a formal business activity that must meet institutional and professional standards (Noor et al., 2023). With the licensing requirement, the state can select business actors that are eligible to operate, while closing the door to illegal online lending practices that harm the public. This regulation reflects the state's preventive approach in maintaining public order and trust.

From a civil law perspective, the legal relationship in fintech lending remains based on the construction of agreements. From the perspective of national business law, legal relationships in fintech lending are classified as loan agreements subject to the provisions of the Civil Code. Even though these agreements are made through electronic means, their binding nature still follows the general principles of civil law. The agreement of the parties, legal competence, the object of the agreement, and lawful cause are absolute requirements for the validity of a digital contract (Fitriana & Wijanarko, 2023). With this regulation, the law affirms that electronic media does not change the

substance of legal relationships, but only changes the way in which the agreement is made. Consequently, disputes arising from online loans can still be resolved through civil law mechanisms based on valid electronic contracts. This demonstrates the continuity of classical legal principles in the context of modern digital transactions.

Strengthening the validity of electronic contracts is an important element in ensuring legal certainty in fintech lending. The validity of digital contracts in fintech lending is reinforced by provisions in the Electronic Information and Transactions Law. This law recognizes electronic documents and electronic signatures as valid legal evidence. Thus, online loan agreements have the same evidentiary value as conventional written agreements (Dwi & Efendi, 2023). This regulation provides legal certainty for all parties involved, while also emphasizing the responsibility of operators to provide a reliable, secure, and accountable electronic system. The state places this obligation as part of the minimum standard of legal protection in digital financial transactions. Thus, the legitimacy of electronic transactions in the national legal system can be strengthened.

Apart from the OJK, Bank Indonesia's role is relevant in regulating fintech from the payment system perspective. Bank Indonesia also regulates aspects of fintech through its authority in the field of payment systems and monetary stability. Bank Indonesia Regulation No. 19 of 2017 concerning the Implementation of Financial Technology introduces a regulatory sandbox mechanism as a means of testing innovations before they are released to the market. Through this mechanism, each fintech business model is tested in terms of security, system reliability, and potential risks to the national payment system (Gunawan, 2022). This approach demonstrates the regulator's caution in accommodating innovation without sacrificing financial stability. Fintech companies that pass the sandbox test obtain legitimacy to operate, while those that pose a risk can be stopped before they have a widespread impact. It can be interpreted that the regulator functions as both a guardian of stability and a facilitator of innovation.

Consumer protection occupies a central position in the construction of fintech lending regulations. Consumer protection is a central element in the legal regulation of fintech lending. The OJK requires operators to clearly disclose information regarding interest rates, fees, loan terms, and risks. This obligation is in line with the Consumer Protection Law, which guarantees users' rights to accurate and honest information (Disemadi et al., 2020). Transparency of information is a crucial first step in

building comprehensive protection, but it does not stop there. More comprehensive efforts to restore consumer rights, such as in cases of personal data leaks, require further legal mechanisms. As analyzed by Mujisulistyo et al. (2024), consumer protection in the digital sector also requires the reconstruction of legal mechanisms to effectively restore consumer rights in the event of violations. With this transparency obligation, the law seeks to prevent misleading and exploitative lending practices. Providers who violate this obligation can be subject to administrative sanctions up to revocation of their business license, so that consumer protection does not stop at written norms but is supported by enforcement mechanisms. This approach demonstrates the law's orientation towards protecting those who are structurally vulnerable.

In addition to consumer protection, the issue of personal data protection is a consequence of the digitalization of financial services. The aspect of personal data protection is a crucial issue in fintech lending practices. Providers manage sensitive user data, including identity, financial information, and transaction history. Therefore, the law requires operators to maintain data confidentiality and security in accordance with data protection provisions in electronic systems. Baraja et al. (2023) show that personal data protection guarantees require mechanisms capable of translating legal principles into operational practices, conducting careful supervision, and consistently enforcing rules to create a trusted digital ecosystem. Based on the Organization for Economic Cooperation and Development Guidelines (OECD) as explained by Agusta (2020), the principles of personal data protection include restrictions on the collection of personal data, personal data must be appropriate for the purpose for which it is used, and the purpose of use must be specific and limited to the specified purpose. The use of data is limited to purposes approved by the user, and any violation can result in legal sanctions. This provision emphasizes that personal data is part of the user's legal rights that must be respected in all fintech business activities. Thus, data protection is positioned as an important and integral part of consumer legal protection.

The position of fintech lending in the national financial market system requires balanced regulation. Fintech offers the same services as banks, perhaps more effectively thanks to technological advances, but in a different and separate way (Rjoub et al., 2023). In the national financial market system, fintech lending is positioned as an alternative to non-bank financing. However, to prevent it from developing into shadow

banking practices, the OJK has set certain limits, such as loan ceilings and transaction recording obligations. These restrictions aim to maintain transparency and prevent the accumulation of uncontrolled credit risk. With such oversight, fintech lending is integrated into the formal financial system without disrupting the balance of the financial market. The state ensures that digital financing remains within a framework that can be monitored and controlled (Sinaga, 2022). These regulations affirm the state's role in maintaining the integration and stability of the financial system.

Corporate governance is another important foundation for the sustainability of fintech lending businesses. Legal regulations also cover aspects of fintech corporate governance. Operators are required to have a clear organizational structure, directors and commissioners who meet integrity requirements, and an adequate internal control system. These provisions aim to ensure that business decisions are made responsibly and do not harm users. Good governance is seen as a prerequisite for public trust in fintech lending, so business law treats this aspect as an obligation, not an option (Gunawan, 2022). With strong governance, the risk of abuse of authority can be systematically reduced.

Law enforcement is a test of the effectiveness of fintech lending regulations. The phenomenon of rampant illegal fintech shows the importance of law enforcement in this sector. OJK is working with the Investment Alert Task Force and law enforcement agencies to block, crack down on, and prosecute illegal operators. These actions show that fintech regulation does not stop at the formulation of norms, but is implemented through concrete actions. The state uses administrative and criminal law instruments to protect the public from harmful lending practices. This step reinforces the state's commitment to maintaining law and order in the digital finance sector.

Taxation is also inherent to the existence of fintech as a business entity. Taxation aspects are also inherent to fintech lending activities. Income derived from interest and service fees is subject to mandatory tax reporting. Under this provision, fintech lending is treated equally with other financial service businesses in the business law system. Tax compliance strengthens the legitimacy of fintech as part of the formal economy and supports state revenue (Putra & Apriani, 2022). These tax obligations affirm the position of fintech as a complete economic legal entity.

Conceptually, fintech regulations reflect the principle of prudence in business law. Juridically, fintech lending regulations reflect the application of the principle of prudence in financial sector business

law. OJK and Bank Indonesia regulations serve as instruments to balance technological innovation with legal certainty and public protection (Sulistiyandari, 2018). This principle emphasizes that freedom of enterprise in fintech is limited by the legal obligation to act responsibly. This approach ensures that innovation does not develop without legal control.

Fintech lending regulations need to be viewed comprehensively across legal regulations. Overall, fintech and online lending regulations demonstrate integration between civil law, consumer protection law, information technology law, banking law, and financial market law. Fintech lending is positioned as part of the national business legal system that must be implemented in a transparent, accountable, and responsible manner. With this regulatory framework, the state seeks to ensure that digital financing develops in an orderly manner, protects users, and maintains the stability of the national financial market. This integration emphasizes the role of law as the main foundation for the development of a sustainable digital financial ecosystem.

Legal Implications of Digital Credit Practices on Consumer Protection and Legal Certainty for Business Actors

As a rapidly growing phenomenon, digital credit needs to be understood not only from a technical perspective, but also in terms of its legal implications. The practice of digital credit has developed alongside the widespread use of financial technology, which facilitates access to application-based and online platform financing. Digital credit opens up financing opportunities for people who previously had difficulty obtaining banking services, mainly due to the fast process and relatively simple requirements. However, this convenience has complex legal consequences because legal relationships are formed electronically with a high intensity of data exchange (Labib & Rumawi, 2023). In the national business and financial market legal system, digital credit practices cannot be separated from the principles of prudence, transparency, and accountability. These principles form the basis for assessing whether the practices in place provide adequate protection to consumers as well as legal certainty for business actors. Without a clear legal framework, digital credit has the potential to create an imbalance in bargaining power between providers and consumers, which ultimately leads to legal disputes. Therefore, the legal implications of digital credit need to be viewed as a relationship between the rights and obligations of the parties that must be guaranteed by positive legal norms in order to maintain public trust in the digital financing

system. The practice of digital credit requires the presence of law as an instrument to balance ease of access and protection of the interests of the parties.

In this context, consumer protection occupies a central position in the regulation of digital credit. Consumer protection is a major aspect of digital credit practices because consumers are in a vulnerable position due to limited information and dependence on electronic systems. Effective consumer protection regulations, together with easily accessible dispute resolution mechanisms between consumers and regulated entities in a timely manner, are essential to increase consumer confidence (Jain, 2019). The Consumer Protection Law affirms consumers' rights to accurate, clear, and honest information. In digital credit practices, this right requires providers to openly disclose interest rates, administrative fees, loan terms, and potential risks. Unclear information has the potential to mislead consumers and cause financial burdens that are not understood from the outset. The legal implications of this violation are that providers are held legally responsible for violating basic consumer rights (Putri, 2022). Therefore, the obligation of information disclosure in fintech lending regulations is a legal instrument to balance contractual relationships. Transparency is a measure of legal compliance as well as a benchmark for business ethics that determines the validity of digital credit practices from a consumer protection perspective. Therefore, information disclosure is very important because it serves as the main pillar of the legitimacy of digital credit practices.

Apart from the information aspect, personal data management is an integral part of digital credit practices. Another significant legal implication relates to the use and management of consumers' personal data. Digital credit relies on data collection and analysis to determine creditworthiness, which means that providers have broad access to sensitive data (Anggriawan et al., 2022). The legal obligation to maintain data confidentiality and security places privacy protection as part of consumer protection (Negara et al., 2022). Violations of this obligation not only result in material losses but also affect consumers' legally protected personal rights. Therefore, the collection, processing, and storage of data must be carried out responsibly. The legal implication is that providers must ensure adequate security systems and use data in accordance with consumer consent. Any misuse of data can trigger serious legal sanctions, making privacy protection a crucial element in assessing the legal compliance of digital credit practices. In this case, personal data protection is an important indicator of the legal responsibility of

digital credit providers.

From the perspective of business actors, legal certainty is a fundamental requirement for business activities to be conducted legally and lawfully. From the perspective of legal certainty for business actors, the existence of licensing regulations provides clear legitimacy for digital credit activities. Operators with official licenses are recognized as part of the formal financial ecosystem (Hutapea, 2021). This legal certainty is important because it protects business actors from the risk of being considered to be conducting illegal activities. In addition, legal certainty promotes an orderly business climate because business actors know the limits of their authority and the obligations they must fulfil. By requiring them to be limited liability companies and meet certain capital requirements, the state ensures that business actors have adequate financial and institutional capacity. The legal implication is that there is a balance between the rights of business actors to carry out business activities and the obligation to comply with the supervision and governance standards set by regulators. This legal certainty is the foundation for the sustainability of legitimate and legal digital credit businesses.

However, in its implementation, the effectiveness of legal regulations is still often tested by the existence of illegal digital credit providers. The existence of illegal digital credit providers has serious legal implications for consumer protection and legal certainty (Admiral & Pauck, 2023). Illegal providers operate without a license and outside of supervision, thus potentially engaging in practices that are detrimental to consumers, such as unreasonable interest rates, intimidating collection practices, and data misuse. From a legal perspective, these practices can be classified as criminal or civil offences. Enforcement against illegal providers demonstrates that legal certainty only applies to businesses that comply with regulations. The legal implications are clear: any violation of licensing provisions will result in administrative sanctions, blocking, and even legal proceedings. Thus, compliance with regulations is an absolute prerequisite for business actors to obtain legal protection. This law enforcement reinforces the boundary between legal and illegal business activities.

Digital credit in the context of civil law gives rise to clear contractual consequences. In the realm of civil law, the practice of digital credit gives rise to contractual relationships that are subject to the terms of a valid agreement. Digital contracts have the same legal status as written contracts as long as they meet the terms of the agreement. The clarity and strength of these contracts are key to legal protection for the

parties involved. As reviewed by Priyanto et al. (2023), the legal position and rights of a party are highly dependent on the validity and clarity of the contractual instruments underlying the legal relationship. The legal implication is that any disputes that arise can be resolved through civil law mechanisms based on electronic agreements (Ndruru et al., 2023). This provides legal certainty for consumers and business actors because the rights and obligations of the parties have been explicitly stated in the contract. However, this certainty depends on the clarity of the clauses and agreements that are freely given without coercion. If the contract contains clauses that are detrimental to consumers, then it can be challenged legally. Therefore, the quality of digital contracts is a determining factor in assessing the legal certainty of digital credit practices. These digital contracts serve as the main instrument of legal protection for all parties.

The loan collection stage also has equally important legal implications. Legal implications that often arise in digital credit practices relate to collection mechanisms. Improper collection, such as intimidation or dissemination of personal data, violates the principle of consumer protection and can be classified as an unlawful act. Operators are required to implement civilized collection procedures that respect the dignity of consumers. If this obligation is violated, the legal consequences are not limited to administrative sanctions, but can develop into civil or criminal charges. These legal implications show that consumer protection does not stop at the stage of granting loans, but covers the entire credit cycle until the obligations are fulfilled. Legal certainty for business actors can only be achieved if the collection mechanism is carried out in accordance with legal norms. This emphasizes that loan collection ethics are an integral part of legal compliance.

As part of the national financial system, digital credit also has implications for market stability. In the national financial market system, digital credit functions as a financial inclusion instrument that expands access to financing (Sudirman & Disemadi, 2022). However, this function must operate within strict supervisory limits to prevent systemic risk. As reviewed by Wiyandarini et al. (2021), a sound financing model must be supported by a clear regulatory framework and good supervision to ensure sustainability without creating excessive risks for the parties involved. As reviewed by Wiyandarini et al. (2021), a sound financing model must be supported by a clear regulatory framework and good supervision to ensure sustainability without creating excessive risks for the parties involved. Setting maximum loan limits

and transaction recording obligations are legal implications that aim to maintain market balance. For consumers, these limits provide protection from excessive debt burdens. For businesses, these provisions provide certainty regarding the scope of business activities that are permitted. With clear regulations, digital credit can operate as part of an integrated and continuously supervised formal financial system. These regulations emphasize the role of law in maintaining a balance between financial inclusion and stability.

In addition to operational aspects, taxation is also an important aspect of digital credit practices. Taxation has its own legal implications in digital credit practices. Income derived from interest and service fees is subject to mandatory tax reporting. Compliance with tax obligations provides legal certainty for business actors as it demonstrates the state's recognition of their business activities. Conversely, violation of tax obligations can result in legal sanctions that are detrimental to business continuity. These legal implications confirm that digital credit does not stand apart from the national legal system, but is bound by the entire legal regime that regulates business activities. These tax obligations strengthen the position of digital credit as part of the formal economy.

The principle of prudence is the basis for managing digital credit risk. From a business law perspective, digital credit practices reflect the application of the principle of prudence as the basis for financial sector governance (Azis et al., 2023). Business actors are required to manage credit risk, operational risk, and legal risk responsibly. Any violation of this principle has the potential to result in broad legal liability. The legal implication is that technological innovation must be accompanied by compliance with legal norms governing consumer protection and market stability. Legal certainty for business actors can only be achieved if the principle of prudence is used as the main guideline in every business decision. This principle becomes the normative boundary between innovation and legal responsibility.

Digital credit regulations aim to balance consumer protection through guarantees of the right to information, data security, and fair treatment (Ady & Asri, 2023) with legal certainty for business actors through licensing, governance, and supervision. This balance is a prerequisite for an orderly and sustainable business climate. Overall, the applicable legal framework creates comprehensive legal implications, where compliance with positive legal norms enables digital credit to develop regularly, provide economic benefits, and maintain public trust, so that the law

serves as the main foundation for the growth of a sustainable digital financing system.

CONCLUSION

Legal regulations concerning fintech and digital credit practices place technology-based financing activities within the national business and financial market legal system, which is bound by the principles of prudence, transparency, and accountability. The applicable legal framework affirms the validity of digital contracts, stipulates licensing and governance obligations for operators, and ensures consumer protection through information disclosure, personal data security, and fair billing. The integration of civil norms, consumer protection, information technology, payment systems, and financial supervision creates adequate legal certainty for compliant businesses, while also providing enforcement instruments against illegal practices. Thus, digital credit is positioned as a legitimate and supervised business activity, with strict legal consequences for violations.

The legal implications of these regulations are evident in the strengthening of the consumer's position through rights to information, privacy, and fair treatment throughout the credit cycle, as well as in the strengthening of the legitimacy of business actors through licensing, reporting, and tax compliance. For the financial system, exposure limits and transaction recording obligations maintain market order and prevent risks that could potentially disrupt stability. Legal certainty encourages governance discipline, increases public trust, and clarifies dispute resolution mechanisms based on electronic contracts. At the same time, law enforcement against illegal operators emphasizes that compliance is a prerequisite for legal protection.

Strengthening the effectiveness of regulations needs to be directed at consistent supervision, improving consumer legal literacy, and standardizing civilized collection practices. Improving the interoperability of cross-authority supervision, updating data security standards, and clarifying tiered administrative sanctions will strengthen legal certainty. For business actors, internal governance, the quality of digital contracts, and tax compliance need to be prioritized to maintain business sustainability. These efforts will ensure that digital credit develops in an orderly and equitable manner.

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