



## Usage education starting online loans in the GEN-Z era for students of vocational school 10 Cawang, East Jakarta

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### Abstract

Globalization is a word that is often heard in our daily activities, both in official disclosure and in activities or casual conversation. The word implies a term that on the one hand is very proud but on the other hand is quite worrying for human civilization where rapid technological developments are unavoidable for humanity, which psychologically changes mindset and lifestyle following the times. With the development of technology and the onslaught of culture from outside, lifestyles began to change along with the increasing cost of living that occurred due to changes in lifestyle itself. So that not a few easy children of generation Z are directly involved in unproductive online loan star-ups, because of the too easy access and requirements to make online loans, both legal and illegal. The purpose of the implementation of this community service is to conduct continuous socialization and education as well as about the benefits and consequences of using online loan star-ups for generation Z, especially for students of Vocational School 10 East Jakarta. The output plan for the implementation of this community service is that students of Vocational School 10 East Jakarta, understand and understand the rules and ins and outs of using online loan star ups and understand that basically the use of online loan star ups is for productive businesses (small medium micro enterprises / UMKM) not for consumptive use because online loan facilities are loans with a short period of time and with flat interest-based interest calculations. The results of this community service will be covered and reported nationally in online print media, which will then be published in accredited or international journals.

**Keywords:** Generation Z, gadget, online loan, star UP

### Introduction

The development of technology not only contributes to positive changes such as helping humans to complete their work with the use of computers, smartphones and robots both at work and at home, but this technological development contributes many changes in the negative direction such as the increasingly materialistic of humanity, the more egocentric, narcissistic and easier for people to access adult film sites. With the increasingly materialistic and self-centered human race, humans now only think about how to live unrivaled, this is not closed to the younger generation, namely generation Z (born between 1996 - 2010). Before further discussion about the people who belong to Gen Z, it is necessary to say that people can generally be categorized based on age or year of birth into 5 (five) age groups, namely:

#### 1. Baby Boomers (1946-1964)

This age group is a group of people who have aged, they were born in the period 1946 - 1960. So it is certain that people born in this generation if they are still alive then they can be sure that they have become grandparents. This generation is called baby boomers, people who were born after World War II.

#### 2. Generation X (1965-1980)

Generation X, which is also commonly referred to as Gen X, is the child or descendant of the level below the baby boomers. Gen X was born in the 65s - 80s who were already familiar with new technologies such as telephones or TVs, which did not exist in the era of baby boomers or their parents. Children in this generation have started to try to develop technology in various sectors.

#### 3. Generation Y (1981-1995)

Generation Y is also commonly referred to as the millennial generation. This group of people was born in the period 1981 - 1995. The characteristics of this group of people can and are good at using various kinds of technology and other social media. This group of people can be said to be a generation that enjoys so much technological progress and sophistication as well as economic progress.

#### 4. Generation Z (1996-2010)

Generation Z or commonly referred to as Gen Z, was born in the span of 1996 to 2010, so it can be predicted that this generation is still in school / college and or is / starting to look for work. Technology, especially in the field of communication and the rapid development of the internet, so that this generation Z has enjoyed many conveniences in terms of facilities, access and also family financial security so that all forms of needs both from technology and nutrition have been well met. It is undeniable that Generation Z is becoming a much smarter, more accomplished and healthier human being.

The internet, which is developing very rapidly and is so easy to access, makes children in generation Z more adept and active in interacting in cyberspace. So it is not wrong if this generation can also be called the i-generation, or the internet generation.

#### 5. Generation Alpha (2011-present)

Alpha generation was born around 2011 until now which is the youngest generation, the children of this alpha generation can be sure that they are still in kindergarten to elementary school age. They are born to more modern

parents and much better economic stability. Umam, Gramedia Blog <https://www.gramedia.com/literasi/generasi-baby-boomers-x-y-z-alpha>.

With the development of technology and the onslaught of outside culture, lifestyles began to change as people could easily obtain loans from online loan star-ups in an instant. The rapid development of technology and the high demand for living costs due to the influence of a consumptive culture have led to the emergence of financial service star-ups, including online loans (fintech), which are spreading like mushrooms in the rainy season, both legal and illegal. "According to [katadata.co.id](https://katadata.co.id) in its article entitled "Millennials and Gen Z Debt Pinjol Rp 43 Trillion and Bad Credit Rp 1.4 Trillion" it is stated that millennials and generation Z have online loan debts managed by financial technology startups or can be said to be quite large fintech lending. The definition of fintech is an innovation made by companies engaged in financial services that use technology, while fintech lending or fintech peer-to-peer lending or in Indonesian known as information technology-based money lending and borrowing services (LPMUBTI) is an innovation owned by the financial sector which of course uses qualified technology by utilizing applications available on the playstore or website page so that lenders and loan recipients do not need to bother to determine the time to meet which of course has a legal umbrella, namely POJK Number 77/POJK.01/2016.

After getting to know fintech, the next topic of discussion is generation Z or often abbreviated as Gen-Z. This generation was born in the period between 1996 and 2010. In Indonesia, Gen-Z actually already existed when the monetary crisis and also the political crisis occurred in 1998, which is likely that they are still relatively smaller so they have not felt the impact of the crisis directly. But what is certain is that Gen Z has enjoyed the rapid development of technology and the internet network, making this generation feel a lot of convenience in terms of facilities, access and also family financial stability.

### Literature Review

Today's modern society cannot be separated from the important role of banking. Starting from saving, borrowing, to carrying out financial transactions, everyone uses bank services as an intermediary. Banks have several broad definitions, starting from the Laws in force in the Republic of Indonesia, Wikipedia, to Financial Accounting Standards. Republic of Indonesia Law no. 10 of 1998 concerning banking (article 1 paragraph 2), states that a bank is a business entity that collects funds from within the community in the form of savings and distributes them to the community in the form of credit and other forms with the aim of improving the standard of living of many people. A bank is a financial intermediation institution, which is generally established with the authority to accept money deposits, lend money, and issue promissory notes or paper money (Arnott, 2008). Financial Accounting Standards (PSAK) Number 31 explains that a bank is an institution that acts as a financial intermediary between parties who

need funds, as well as an institution that functions to facilitate payment traffic.

According to Buckley Robert M. Clarke Annez (2008) Banks are business entities that collect funds from the public in the form of savings and channel them back to the community in the form of credit and/or other forms in order to improve the standard of living of many people. Meanwhile, banking business includes three activities, namely collecting funds, distributing funds, and providing other banking services. The activity of collecting and distributing funds is the main activity of the bank, while providing other bank services is only a supporting activity. Fund raising activities, in the form of collecting funds from the public in the form of current accounts, savings and deposits. Usually attractive compensation is given, such as flowers and gifts as stimulation for the community. Meanwhile, other banking services are provided to support the smooth running of these main activities (Components, 2011; Kurt, 2006).

Strategy in marketing is the process of determining plans by top leaders that focus on the long-term goals of the organization (Ahmad *et al.*, 2020), accompanied by the preparation of a method or effort on how to achieve these goals. Strategy is an action that is incremental (always increasing) and continuous, and is carried out based on the perspective of what customers expect in the future (Nurhilalia *et al.*, 2019; Putra *et al.*, 2019). Thus, strategy almost always starts from what could happen and not from what did happen. According to (Kotler *et al.*, 2010) the strategy level is divided into several strategies:

#### a. Enterprise Strategy

This strategy is related to community response, every organization has a relationship with the community. Society is a group outside the organization that cannot be controlled. In an uncontrolled society, there is the government and various other groups such as pressure groups, political groups and other social groups. So in enterprise strategy, the relationship between the organization and the outside community is visible, as far as the interaction will be carried out so that it can benefit the organization. This strategy also shows that the organization is really working and trying to provide good services to the demands and needs of the community.

#### b. Corporate strategy

This strategy is related to the organization's mission, so it is often called Grand Strategy which covers the fields an organization is involved in. The question of what is our business or concern and how do we control that business, is not solely to be answered by business organizations, but also by every government organization and non-profit organization.

#### c. Business strategy

Strategy at this level describes how to seize the market in society. How to place an organization in the hearts of rulers, entrepreneurs, investors and so on. All of this is intended to obtain strategic benefits which are also able to support the development of the organization to a better level.

**d. Functional Strategy**

This strategy is a supporting strategy and supports the success of other strategies. There are three types of functional strategies, namely: Economic functional strategies, which include functions that enable an organization to live as a healthy economic unit, including those related to finance, marketing, resources, research and development. Strategic issue strategy, the main function of which is to control the environment, whether environmental situations that are already known or those that are always changing. These strategic levels are a unified whole and are a signal to every top decision maker that managing an organization should not be seen from the point of administrative neatness alone, but should also take into account the "health" of the organization from an economic perspective.

**Situation Analysis**

Conditions like today where internet network facilities have spread widely to all regions in the Republic of Indonesia so that it is so easy to access them, making generation Z more adept and active in interacting in cyberspace using technology that continues to develop. With these conditions, this group of children is also commonly referred to as the i-generation, which is the internet generation. This i-generation is very skillful and adept at using social media, as well as browsing without following education or training. Generally, Gen Z has the following characteristics:

1. Proficient and skillful in using technology, because they were born and grew up in the era of emerging technology
2. Good at communicating
3. Privacy conscious
4. Independent and diligent
5. Tolerant
6. Very ambitious

Based on the results of the 2020 Population Census conducted by the Central Statistics Agency, there are 74.93 million generation Z in Indonesia, thus, the population of generation Z is the largest in Indonesia.... However, based on the data obtained that currently the millennial generation and generation Z have recorded pinjol debt of IDR 43 trillion with bad credit of IDR 1.4 trillion, it can be stated that the millennial generation and generation Z have online loan debt managed by financial technology startups or can be said to be fintech lending which is very fantastic.

**Methods**

The method of implementing community service activities with the theme Socialization of the risks of using online loan star ups in the Gen-Z era for students of SMK Negeri. 10 Cawang East Jakarta are as follows:

**1. Approach method that will be carried out**

- a. Counseling and education to partner students of Vocational School 10 East Jakarta
- b. Questionnaire

**2. Problems**

The problems faced by gen - Z in students of Vocational School 10 Cawang East Jakarta are:

- a. Lack of understanding of Gen-Z, especially in students of Vocational School 10 Cawang East Jakarta, about

the use of online loan star-ups and their consequences, so that continuous education is needed.

- b. The egocentric social impact of excessive use of gadgets.

**3. Problems to be solved in this Community Service**

Increase Gen-Z's understanding of the risks of using online loan star-ups and can distinguish between legal and illegal online loan star-ups.

**Results and Discussion**

The current Community Service Partners are generation Z who are students of Vocational School 10 East Jakarta, located in Cawang, East Jakarta, which is 1-2 km from the campus of Kristen Indonesia University Jakarta, which this school is assisted by the Indonesian Christian University itself. The Vocational School 10, has 2 concentrations in the fields of Business and Management and Information and Communication Technology.

The number of community service participants who attended was 82 students from the estimated invitation of 70 students. The expected attendance of more than 14.63% or 12 people is a sign that the students' interest in participating in community service activities about online loans is quite high.

Community Service participants who attended can be classified with the following conditions

**Table 1:** Number of PKM Participants based on age

Age (year)	Amount (person)	Percentage (%)
14	1	1,22
15	24	29,27
16	32	39,02
17	24	29,27
18	1	1,22
Jumlah	82	100,00

From the data above, it can be concluded that the participants who attended were students in the Generation Z age group category, namely at the age of 16 years with a total of 32 participants or 39.02%. Followed age group 15 and 17 years old followed with 24 participants each or 29.27% each and finally the age group 14 and 18 years old with 1 participant each or 1.22% each. This shows that all participants present were 100% of the Generation Z age group.

Community service participants who attended based on gender were as follows:

**Table 2:** Number of Community Service Participants by gender

Gender	Number (person)	Percentage (%)
Male	18	21,95
Woman	64	78,05
Amount	82	100,00

Source: Data Processing, 2023

From the data above, it can be concluded that the participating students who attended were dominated by women, namely 64 people (78.05%) while men consisted of 18 people or (21.95%). This shows that female students are more dominant in attending this community service event. Furthermore, the classification of community service student participants based on religious belief groups is as follows.

**Table 3:** Number of PkM Participants by Religion

Religion	Number (person)	Percentage (%)
Islam	80	97,56
Protestant	2	2,44
Catholic	-	-
Hindu	-	-
Buddhist	-	-
Amount	82	100,00

The community service participating students who attended were based on religious belief groups, the majority of whom

were Muslim were 80 students or 97.56%, followed by Protestant students with 2 students or 2.44%, while for students who were Catholic, Hindu and Buddhist there were none or 0%.

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**Table 4:** List of Questions and Students' Answers State Vocational School 10 East Jakarta

Questions about the decision to make an online loan		
1. I am interested in using an online loan platform that is legal and registered with the Financial Services Authority (OJK)	Number (person)	Percentage (%)
Strongly Disagree	39	47,56
Disagree	21	25,60
Doubtful	16	19,51
Agree	6	7,31
Strongly Agree	0	0
Amount	82	100,00
2. I am interested in using online loans because of the good quality of the platform (good service, low transaction costs and registered an licensed with the Financial Services Authority (OJK)	Number (person)	Percentage (%)
Strongly Disagree	38	46,34
Disagree	23	28,048
Doubtful	16	19,51
Agree	5	6,09
Strongly Agree	0	0
Amount	82	100,00
3. Online loans help my finances	Number (person)	Percentage (%)
Strongly Disagree	38	46,34
Disagree	26	31,70
Doubtful	14	17,07
Agree	4	4,87
Strongly Agree	0	0
Amount	82	100,00
4. Online loans are more profitable if used for productive things	Number (person)	Percentage (%)
Strongly Disagree	22	26,82
Disagree	19	23,17
Doubtful	20	24,39
Agree	20	24,39
Strongly Agree	1	1,21
Amount	82	100,00
5. I know the risk that will occur if I fail to return the principal and interest on the loan	Number (person)	Percentage (%)
Strongly Disagree	13	15,85
Disagree	6	7,31
Doubtful	9	10,97
Agree	40	48,78
Strongly Agree	14	17,07
Amount	82	100,00
6. I know the loan interest calculating system	Number (person)	Percentage (%)
Strongly Disagree	21	25,60
Disagree	28	34,14
Doubtful	12	14,63
Agree	16	19,51
Strongly Agree	5	6,09
Amount	82	100,00
1. I can understand the fintech peer-to-peer lending system easily	Number (person)	Percentage (%)
Strongly Disagree	18	21,95
Disagree	34	41,46
Doubtful	25	30,48
Agree	5	6,09
Strongly Agree	0	0
Amount	82	100,00
2. The operating system for peer-to-peer lending is not complicated	Number (person)	Percentage (%)

Strongly Disagree	14	17,07
Disagree	35	42,68
Doubtful	26	31,70
Agree	7	8,53
Strongly Agree	0	0
Amount	82	100,00
2. Understanding the fintech peer-to-peer lending system doesn't take a long time	Number (person)	Percentage (%)
Strongly Disagree	15	18,29
Disagree	36	43,90
Doubtful	23	28,04
Agree	7	8,53
Strongly Agree	1	1,21
Amount	82	100,00
<b>Questions about financial literacy</b>		
1. I dare to take risks in choosing a fintech product and service	Number (person)	Percentage (%)
Strongly Disagree	17	20,73
Disagree	24	29,26
Doubtful	26	31,70
Agree	15	18,29
Strongly Agree	0	0
Amount	82	100,00
2. I can set strategies to minimize financial risks in using fintech products and services	Number (person)	Percentage (%)
Strongly Disagree	11	13,41
Disagree	19	23,17
Doubtful	28	34,14
Agree	24	29,26
Strongly Agree	0	0
Amount	82	100,00
3.I am careful in using fintech products and services	Number (person)	Percentage (%)
Strongly Disagree	8	9,75
Disagree	18	21,95
Doubtful	20	24,39
Agree	32	39,02
Strongly Agree	4	4,87
Amount	82	100,00
4.I can responsible for selecting a fintech product and service	Number (person)	Percentage (%)
Strongly Disagree	11	13,41
Disagree	21	25,60
Doubtful	26	31,70
Agree	24	29,26
Strongly Agree	0	0
Amount	82	100,00
5. In my opinion, knowledge regarding fintech products and services is important in my life	Number (person)	Percentage (%)
Strongly Disagree	13	15,85
Disagree	21	25,60
Doubtful	26	31,70
Agree	19	23,17
Strongly Agree	3	3,65
Amount	82	100,00
6. I have knowledge related to quality fintech product and services	Number (person)	Percentage (%)
Strongly Disagree	15	18,29
Disagree	25	30,48
Doubtful	31	37,80
Agree	10	12,19
Strongly Agree	1	1,21
Amount	82	100,00

Source: Processing Data, 2023

Of the 15 questions consisting of 3 groups of questions delivered via questionnaire to 82 students, namely:

1. Questions about using online loans (6 questions)
2. Questions regarding understanding of peer to peer lending (3 questions)
3. Questions about understanding financial literacy (6 questions)

**It was stated that**

1. Most students do not agree to use online start-up loans with an average of 77 students or 93.9% and around 5 students or 6.10% who agree to use online loans. This shows that the majority of participating students do not want to use online loans on the basis that they do not need these loans and based on the religious upbringing

of teachers that online loans are a source of finance that is haram because they are not in accordance with the teachings of the Islamic religion.

2. Next, the question regarding understanding peer to peer lending, most of them did not understand, namely 75 students or 91.46% did not understand peer to peer lending and 7 of them already understood what is meant by peer to peer lending.
3. Of the 82 students who attended the Community Service event, there were 78 students or 95.12% who did not understand fintech and 4 students or 4.88% who understood fintech.

### Conclusion

The problem faced is that the understanding of online loans (pinjol) among students at Vocational School 10 East Jakarta is not yet optimal, so with the socialization of pinjol valid and legal and has been registered with the Financial Services Authority (OJK) activities at this community services event, it is hoped that this can provide additional knowledge in the field of online loans. There is a need for continuous education about start-up online loan financial service institutions so that students at Vocational School 10 East Jakarta, who are part of generation Z, can:

1. If you really have to and are forced to use the online loan start up facility for productive activities, then Gen Z can use the online loan as wisely as possible. Avoid using online loans for consumptive things. And avoid using online loans to cover other debts
2. Gen Z will better understand and choose an online loan provider that is

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