



Benefits and disadvantages of using online loan start-ups in Java Christian Church Congregations, Central Jatiluhur Bekasi, West Java

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Abstract

The use of online lending services or fintech lending is increasingly widespread among Indonesians, including in the congregation of the Javanese Christian Church Jatiluhur Center, Bekasi. The ease of access and fast process offered by online lending start-ups make them an attractive option, but they also pose significant risks. Some of these risks include high interest rates, unclear information regarding loan terms, potential misuse of personal data, and unethical collection practices. This Community Service activity aims to educate the congregation of the Javanese Christian Church Center Jatiluhur Bekasi about these risks, as well as equip them with knowledge about wise financial management in order to avoid dependence on online loans. The methods used include socialization, group discussions, financial planning simulations, and distribution of written guidelines regarding online loans that are safe and in accordance with Financial Services Authority (OJK) regulations. Prior to the implementation of this Community Service activity, a pre-test was held for all congregants who participated in this activity and after that it was followed by a post-test on the congregation of the Javanese Christian Church, Center Jatiluhur Bekasi with the aim of knowing the development of congregational knowledge about online loan financial technology facilities. The number of participants who attended was 165 people with the following results: the results of the activity showed an increase in the congregation's understanding of the risks of online loans by 80%, as well as a decrease in interest in using online loan services after participating in this education. Through this activity, it is hoped that the congregation can be wiser in managing finances and be able to avoid the trap of risky online loans.

Keywords: Financial Services Authority (OJK), literacy, education, technology, online-lending

Introduction

The advancement of financial technology (fintech) has changed the financial landscape in Indonesia, one of which is through online lending services. These services offer quick and easy access for people who need urgent funds. Unfortunately, this convenience also presents a number of risks, such as high interest rates, aggressive billing, and potential misuse of personal data. Among the congregation of the Javanese Christian Church, Central Jatiluhur Bekasi. The phenomenon of online loans is starting to become a concern. Some congregants experienced financial problems due to uncontrolled online loans, which ultimately affected their welfare and the church environment as a whole. This Community Service activity is focused on increasing the congregation's understanding of the risks of using online loans and wise financial management. Thus, the congregation is expected to be more aware of the risks that accompany this service and have safer alternatives in meeting financial needs.

1. Activity Objectives

- To educate the congregation of the Javanese Christian Church, central Jatiluhur Bekasi about the risks associated with the use of online loan services, especially financial risks and data security.
- Equip the congregation of the Javanese Christian Church, central Jatiluhur Bekasi with good personal financial management skills, so as to reduce dependence on online loans.
- Assist the congregation to recognize the characteristics of online loan services that are safe and officially

registered with Financial Services Authority (OJK), and avoid illegal online loans.

- Encourage the congregation's understanding of the importance of financial planning for daily and long-term needs.

2. Theoretical Framework

The Financial Services Authority (OJK) has the function of organizing an integrated regulatory and supervisory system for all activities in the financial services sector. The Financial Services Authority (OJK) itself has the task of regulating and supervising financial services activities in the Banking sector, Capital Market sector, and Non-Bank Financial Industry (NBFI) sector. Fintech and digital platforms offer business models and alternative solutions that can help the government and other financial institutions to expand the reach of providing adequate financial services. The presence of the fintech industry in offering digital-based financial products seems to open new doors for people who want to apply for loans. In contrast to conventional loan services offered by banks or cooperatives, various fintechs offer peer to peer lending (P2P Lending) or online loan products that can be applied for very easily and without complicated requirements. Because of its convenience and speed, fintech has become very popular among the millennial generation and is predicted to continue to grow. Simply by showing personal documents, such as ID card, family card, NPWP, and pay slip, anyone can become an online loan user to solve various financial problems. In fact, since the initial application until the funds reach the customer's hands, fintech only takes no more than 24 hours. This advantage is what makes financial products so quickly

gain popularity and are increasingly being utilized by various groups of people.

Some theoretical approaches that can be used as a guide in educating the congregation of the Javanese Christian Church, Central Jatiluhur Bekasi, include:

1. Consumer Behavior Theory

The congregation's behavior in using online loans can be analyzed through the perspective of consumer behavior theory. The availability of fast and easy services often influences impulsive decisions, which causes some users to pay less attention to long-term risks.

2. Risk Management Theory

In the context of online lending, the main risks include financial risk, legal risk, and social risk. This theory is used to analyze how congregants can mitigate these risks with good understanding and financial management skills.

3. Personal Finance Theory

Personal financial management aims to assist individuals or households in planning budgets, saving, and controlling spending. This theory is relevant in helping congregations plan finances more wisely so as not to depend on online loans.

Current Situation Analysis

In the midst of the rapid growth of online loan services, the community including the congregation of the Jatiluhur Javanese Christian Church, Central Bekasi, faces various challenges. The current situation shows:

1. High Interest in Online Loans

Many congregants rely on online loans to meet short-term financial needs, especially for emergency needs. Easy and fast access is often the main attraction, but it is not balanced with an understanding of high interest rates and the risk of default.

2. Lack of Financial Education

Many congregants lack an in-depth understanding of the consequences of using online loans, especially in terms of interest rates and penalties that put a strain on their finances. This is exacerbated by their limited knowledge on healthy personal finance management.

3. Increased Cases of Aggressive Collection

Aggressive billing, especially by illegal online loan service providers, causes discomfort and psychological distress to some users. Some congregants experience social and psychological distress due to these collections, which can be detrimental to their well-being.

4. Data Privacy Concerns

The use of personal data by online lending services often raises concerns, especially if the services are not legally authorized. The risk of data misuse is of particular concern to the congregation.

Through this activity, it is hoped that the congregation of the Javanese Christian Church, Central Jatiluhur Bekasi, can better understand the risks of using online loans and be able

to manage finances more wisely, so that they can avoid financial problems and the risks that come with them.

Method

The method of implementing community service activities with the theme Risk Literacy in the Use of Online Loan Star-ups for the Bekasi Jatiluhur Central Javanese Christian Church Congregation is as follows

1. Approach method that will be carried out:

- a. Counseling and literacy to the congregation of the Javanese Christian Church Jatiluhur Bekasi Center
- b. Questionnaire

2. Problems

The problems faced by the Javanese Christian Church, Center Jatiluhur Bekasi congregation are:

- a. The number of congregants from the Javanese Christian Church, Center Jatiluhur Bekasi who are exposed to the snares of both legal and illegal online loans.
- b. The congregation does not have qualified knowledge of the risks that will be faced regarding the problem of pinjol.
- c. The congregation needs direction on how not to get entangled in online lending or get out of the trap of online lending that they have done.

3. Problems to be solved

Increase the understanding of the Javanese Christian Church, Central Jatiluhur Bekasi congregation of the risks of using online loan star-ups and being able to distinguish between legal and illegal online loan star-ups, as well as how to get out of the entrapment of the loans they have made.

Results and Discussion

The current Community Service Partner is i-generation who is a congregation of the Javanese Christian Church, Central Jatiluhur Bekasi which is located in the Kalimalang area, Jatiluhur, Bekasi, West Java which is ± 30 km from the Krisiten Indonesia University Jakarta campus.

The church is often involved in various programs, such as worship, Bible teaching, social services, and community activities to reach the surrounding community. The aim is to spread Christian values and provide support to the congregation in their daily lives. Each church may have different characteristics and programs, depending on its vision and mission. The number of Community Service participants who attended was 165 participants out of 150 registered participants or 10.00% more than the prediction that would attend this event.

Participants who attended can be classified with the following conditions:

Table 1: Number of Community Service Participants by age

| Age (year) | Total (people) | Percentage (%) |
|------------|----------------|----------------|
| 20 – 40 | 45 | 27,27 |
| 41 – 60 | 102 | 61,82 |
| > 60 | 18 | 10,91 |
| Total | 165 | 100,00 |

Source: Data Processing, 2024

From the data above, it can be seen that the participants who attended the congregation of the Javanese Christian Church,

Central Jatiluhur Bekasi were in the productive age category group, namely generation X, aged between 40 years and 60 years with a total of 102 people or 61.82%. This shows that most of the participants who attended were in the productive age group. So that this age group can still run their business well if they have a business and or fulfill their function needs through their smartphones. Furthermore, the Community Service participants who attended based on gender are as follows:

Table 2: Number of Community Service Participants by gender

| Gender | Total (people) | Percentage (%) |
|--------|----------------|----------------|
| Male | 55 | 33,33 |
| Female | 110 | 66,67 |
| Total | 165 | 100,00 |

Source: Data Processing, 2024

From the data above, it can be concluded that the congregation of the Javanese Christian Church, Central Jatiluhur Bekasi who attended was more dominated by women, namely 110 people or (66.67%) while men consisted of 55 people or (33.37%). This shows that the congregation of the Central Javanese Christian Church, Jatiluhur Bekasi who attended the Community Service event was dominated by women by 66.67%. This shows that mothers who are more dominant have activities at home to run Small and Micro Medium Enterprises (UMKM). Furthermore, the classification of the congregation of the Javanese Christian Church, Central Jatiluhur Bekasi who attended the Community Service based on the level of education is as follows:

Table 3: Number of Participants by Education Level

| Education | Total (people) | Percentage (%) |
|--------------------|----------------|----------------|
| No school | - | - |
| Elementary School | - | - |
| Junior Hihg School | 6 | 3,64 |
| Senior Hihg School | 43 | 26,06 |
| Bachelor | 99 | 60,00 |
| Postgraduate | 17 | 10,30 |
| Total | 165 | 100,00 |

Source: Data Processing, 2024

Participants who attended based on the group / level of education were mostly at the Bachelor's level of education as many as 45 participants or 51.73%, followed by participants with high school education as many as 33 participants or 37.93% and finally participants with junior high school education as many as 5 participants or 5.74% and the last was the group of participants with postgraduate education as many as 4 people with a presentation of 4.59%. This shows that partners are generally highly educated so that partner interest in knowing more about pinjol can be neglected. In accordance with the topic, regarding online loan literacy, before conducting education and socialization about online loans, it is deemed necessary to conduct a pre-test first to all partners present to measure partner knowledge about online loans. The pre test that was conducted was as follows.

Table 4: Pre Test Questions to Measure Partner Knowledge about Online Loans Online Loans Before Participating in Activities

| Nu. | Question | Answer | | Participant |
|-----|------------------------------------------------------------------------------------------------------------|--------|-----|-------------|
| | | Yes | No | |
| 1 | Do you know what is meant by Online Loans? | 79 | 86 | 165 |
| 2 | Do you know about the main advantages of online loans compared to conventional bank loans? | 75 | 90 | 165 |
| 3 | Did you know what administrative files are usually required to apply for an online loan? | 74 | 91 | 165 |
| 4 | Do you know what risks you might face when using online loans? | 55 | 110 | 165 |
| 5 | How to know whether an online loan platform is trusted | 65 | 100 | 165 |
| 6 | The application of interest rates on online loans uses what interest technique | 38 | 127 | 165 |
| 7 | What is meant by tenor in a loan? | 35 | 130 | 165 |
| 8 | Did you know what to do if you can't pay back an online loan on time | 35 | 130 | 165 |
| 9 | Do you know what is meant by installments in the context of online loans? | 50 | 115 | 165 |
| 10 | Did you know that it is very important to read the terms and conditions before applying for an online loan | 54 | 111 | 165 |

Source: Data Processing, 2024

Based on the answers of 165 Community Service participants, it can be concluded that the participants' knowledge about online loans is relatively low. Because the partner's interest in knowing more about pinjol is still

relatively lower but the desire to transact with online loan start-up facilities is quite large.

Table 5: Post Test Questions to Measure Partner Knowledge about Online Loans After Participating in the Activity

| Nu. | Question | Answer | | Participant |
|-----|-----------------------------------------------------------------------------------------------------|--------|----|-------------|
| | | Yes | No | |
| 1 | Do you know what the main meaning of online loans is? | 160 | 5 | 165 |
| 2 | Is it true that one of the provisions of online loans is the ease of applying and disbursing funds? | 157 | 8 | 165 |
| 3 | Did you know that one of the documents generally needed to apply for an online loan | 143 | 22 | 165 |

| Nu. | Question | Answer | | Participant |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----|-------------|
| 4 | Do you know what risks you might face when using online loans, fraud and misuse of personal data? | 155 | 10 | 165 |
| 5 | Do you know how to ensure the reliability of an online loan platform: Checking operational licenses and information | 157 | 8 | 165 |
| 6 | Did you know, interest rates in the context of online loans: The additional percentage that must be paid on a loan | 147 | 18 | 165 |
| 7 | Aa yang dimaksud dengan tenor dalam pinjaman : Jangka waktu pinjaman pelunasan pinjaman | 152 | 13 | 165 |
| 8 | If you cannot pay back an online loan on time, the best solution is: Immediately contact the online loan provider to find a solution. | 160 | 5 | 165 |
| 9 | What is meant by installments in the context of online loans? The additional amount that must be paid is beyond the principal loan | 150 | 15 | 165 |
| 10 | Did you know that it is very important to read the terms and conditions before applying for an online loan: To understand the costs and obligations involved in the loan | 163 | 2 | 165 |

Source: Data Processing, 2024

From the data above, which is the response of 165 participants from the congregation of the Central Javanese Christian Church, Jatiluhur Bekasi who attended the online loan risk management activity, it is illustrated that partners' knowledge about online loans began to get better after participating in education about online loans.

Conclusion and Suggestions

1. Conclusion

From the implementation of Community Service with the topic of online loan risk management for the congregation of the Javanese Christian Church, Central Jatiluhur Bekasi, it can be concluded that:

1. This Community Service explains that online loans as a financial solution are increasingly popular in the community. With easy access and fast processing, online loans offer an alternative for individuals and small businesses that need funds in a short time. However, it must be remembered that these loans also come with risks, such as high interest rates and the potential for mounting debt. Therefore, it is important for borrowers to understand the terms and conditions before making a decision.
2. There is a lack of understanding about online loans, so they accept these loans on a “whim” or trial-and-error basis rather than on the aspect of need from the community itself.

2. Suggestions

1. Applicant Education It is important to provide clear and detailed information about online loan products, including interest rates, tenors, and additional fees, so that borrowers can make informed decisions.
2. Stricter Regulation, there is a need for stricter regulation from the government to protect consumers from irresponsible lending practices.
3. Technology Improvement online lenders should continue to develop technology to ensure data and transaction security, and improve user experience.
4. Eligibility Analysis, There should be a more in-depth eligibility analysis to prevent over-borrowing that could burden borrowers.
5. Payment Alternatives, offer flexible payment options so that borrowers can better manage their financial obligations.

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