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**Legal Protection for Consumers Against Debt Collection Actions in Online  
Loan Services**

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Article	Abstract
<p><i>Received: Des 02, 2025; Reviewed: Jan 07, 2026; Accepted: Feb 09, 2026; Published: Feb 26, 2026</i></p>	<p>This study examines the effectiveness of legal protection for consumers against abusive debt collection practices in online lending services within the context of digital financial development in Indonesia. The rapid growth of fintech lending has expanded access to financing but has also generated legal issues, particularly unethical collection practices such as intimidation, threats, and misuse of personal data, which disproportionately affect young consumers. This research adopts a normative juridical approach supported by empirical observations at SMK PGRI Larangan, focusing on statutory regulations, regulatory policies, and real cases encountered by students. Data were analyzed through legal document review, observation, and discussions with stakeholders to identify gaps between normative legal protection and its practical implementation. The findings indicate that despite the existence of legal frameworks, including consumer protection and data protection laws as well as OJK regulations, enforcement remains weak due to low legal literacy, limited supervision, and ineffective complaint mechanisms. Consequently, consumers, particularly students, remain vulnerable to unlawful collection practices. The study concludes that strengthening legal protection requires an integrated approach combining regulatory reinforcement, effective law enforcement, institutional coordination, and systematic legal and financial literacy education. These measures are essential to ensure fair treatment of consumers and to promote legal certainty and justice in the digital financial ecosystem.</p> <p><b>Keywords:</b> Protection, Consumer, Online Loans.</p>

## A. INTRODUCTION

The rapid expansion of digital financial services has fundamentally transformed access to credit, particularly through financial technology–based lending platforms. Online lending services offer efficiency, speed, and accessibility, especially for individuals who are underserved by conventional banking institutions. However, alongside these benefits, significant legal and social challenges have emerged, most notably concerning abusive and unethical debt collection practices. Reports of intimidation, psychological pressure, threats, and misuse of personal data in debt collection processes indicate that technological innovation has outpaced the effectiveness of legal protection mechanisms for consumers. This issue is increasingly relevant in developing digital economies such as Indonesia, where fintech adoption continues to grow rapidly.

From a legal perspective, consumer protection constitutes a fundamental principle aimed at ensuring fairness, legal certainty, and balance between service providers and users. Indonesian law has established a normative framework to address these concerns through instruments such as the Consumer Protection Act and sector-specific regulations governing online lending activities. Regulatory authorities have explicitly prohibited coercive and degrading debt collection practices, emphasizing ethical standards and respect for consumer rights. Nevertheless, empirical realities suggest a persistent gap between regulatory norms and their implementation, particularly in cases involving vulnerable consumer groups such as students and young adults. This disparity underscores the urgency of examining the effectiveness of existing legal protections in practice.

Previous studies have highlighted that weak enforcement, low legal awareness, and unequal bargaining positions often place consumers at a disadvantage in digital financial transactions (Hadjon 1987; Rahardjo 2009). Scholars argue that consumer protection in the digital era requires not only formal legal instruments but also institutional accountability and public legal education (Widjaja 2021). Meanwhile, other researchers emphasize that regulatory overreach may hinder financial innovation and limit access to credit, suggesting a need for balanced regulation that protects consumers without stifling technological progress (Otoritas Jasa Keuangan 2023). These diverging perspectives illustrate an ongoing debate between prioritizing market efficiency and ensuring substantive legal protection, particularly in the context of fintech lending.

In the field of online lending regulation, a further point of contention concerns the adequacy of existing complaint and dispute resolution mechanisms. While regulatory bodies promote administrative remedies and alternative dispute resolution, critics argue that such mechanisms remain inaccessible or ineffective for young consumers with limited legal literacy (Jurnal Hukum IUS QUIA IUSTUM 2022). Conversely, proponents maintain that strengthening non-litigation mechanisms can reduce the burden on courts and provide faster consumer redress. This divergence highlights the need for empirical assessment of how legal protection functions at the grassroots level.

Against this backdrop, this study aims to analyze the effectiveness of legal protection for consumers against unlawful debt collection practices in online lending services, with particular attention to student consumers in an educational environment. The research seeks to identify gaps between normative legal provisions and their practical enforcement, as well as the factors that contribute to consumer vulnerability. The principal conclusion of this study is that legal protection remains largely formalistic unless accompanied by consistent enforcement, institutional coordination, and systematic legal and financial literacy education. Strengthening

these elements is essential to ensure that consumer protection law fulfills its function in the evolving digital financial ecosystem.

## **B. MATERIALS AND METHODS**

This study employed a normative juridical research design complemented by limited empirical observations to examine the effectiveness of legal protection for consumers against abusive debt collection practices in online lending services. The normative component focused on analyzing statutory regulations, legal doctrines, and policy instruments governing consumer protection, fintech lending, and data privacy in Indonesia. Primary legal materials consisted of national legislation, including consumer protection and data protection laws, sectoral regulations issued by the financial regulatory authority, and relevant civil law provisions. Secondary legal materials included legal textbooks, peer-reviewed journal articles, policy reports, and authoritative commentaries related to consumer protection and digital finance. All legal materials were obtained from publicly accessible official government websites, academic databases, and university library resources.

The empirical component was conducted to support the normative analysis by providing contextual insights into the practical implementation of legal protection. Empirical data were collected through non-participatory observation and structured discussions with students and school representatives at SMK PGRI Larangan, focusing on experiences and perceptions related to online lending and debt collection practices. These data were used solely to illustrate recurring patterns and were not intended for statistical generalization. No personal identifiers were recorded, and all information was anonymized at the point of collection.

Data analysis was carried out using qualitative legal analysis. Legal norms were interpreted through statutory and conceptual approaches, while empirical findings were analyzed thematically to identify gaps between normative regulation and actual practice. The combination of these methods allows other researchers to replicate the study by examining similar legal materials and conducting comparable contextual observations.

All materials and data used in this study are derived from publicly available legal sources and anonymized field notes. There are no restrictions on data availability. This study did not involve experimental interventions on humans or animals; therefore, formal ethical approval was not required. Nevertheless, ethical principles of confidentiality and voluntary participation were strictly observed throughout the research process.

## **C. RESULT AND DISCUSSION**

### **Legal Framework and Normative Findings**

The analysis of the prevailing legal framework demonstrates that Indonesia has established a relatively comprehensive normative basis for consumer protection in online lending services. Statutory regulations explicitly prohibit abusive debt collection practices, including intimidation, threats, and misuse of personal data. These provisions reflect the legislature's intention to balance technological innovation with the protection of consumer rights. From a doctrinal perspective, such regulations are aligned with fundamental principles of consumer protection law, namely legal certainty, fairness, and proportionality. However, normative clarity does not automatically translate into effective protection in practice.

## Empirical Observations and Implementation Gaps

Empirical observations at the study site indicate a significant discrepancy between legal norms and their implementation. Many consumers, particularly students, demonstrated limited awareness of their legal rights and available complaint mechanisms. Reports of psychological pressure and unethical communication during debt collection suggest that enforcement remains inconsistent. These findings support earlier studies emphasizing that weak supervision and low legal literacy undermine the effectiveness of consumer protection in the digital financial sector (Hadjon 1987; Rahardjo 2009).

## Interpretation in Light of Previous Studies

The results corroborate prior research arguing that formal regulation alone is insufficient without institutional accountability and public legal education (Widjaja 2021). At the same time, the findings challenge perspectives that prioritize regulatory flexibility to promote innovation, as insufficient safeguards may exacerbate consumer vulnerability. Thus, this study positions itself within the ongoing debate between market efficiency and substantive legal protection, emphasizing the need for equilibrium.

## Implications and Future Research Directions

In a broader context, the findings imply that effective consumer protection in online lending requires integrated measures, including consistent enforcement, accessible dispute resolution mechanisms, and systematic legal literacy programs. Future research may expand empirical coverage, incorporate comparative regulatory analysis across jurisdictions, or examine the long-term impact of legal education initiatives on consumer resilience in digital finance ecosystems.

## D. CONCLUSION

This study demonstrates that, although Indonesia has established a comprehensive legal framework governing consumer protection in online lending services, significant challenges persist in its practical implementation. The findings reveal a clear gap between normative legal provisions and empirical realities, particularly in relation to abusive debt collection practices affecting vulnerable consumers such as students. Weak enforcement, limited institutional coordination, and low levels of legal and financial literacy continue to undermine the effectiveness of existing regulations. From a broader perspective, the study underscores that legal protection in the digital financial ecosystem cannot rely solely on formal regulatory instruments but must be supported by consistent supervision, accessible dispute resolution mechanisms, and systematic consumer education. These conclusions highlight the necessity of an integrated approach that balances innovation in financial technology with the protection of fundamental consumer rights, thereby contributing to legal certainty, fairness, and sustainable development in the digital economy.

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