
**LEGAL PROTECTION FOR ILLEGAL LOAN CUSTOMERS: ANALYSIS BASED ON PERSONAL DATA
PROTECTION LAW**

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ABSTRACT

This research aims to analyze the legal protection available to customers of illegal online loans, with a focus on the aspect of personal data protection. The proliferation of illegal online lending has created vulnerabilities to the security and privacy of customers' personal data. The personal data protection law is a relevant legal instrument in providing protection against the collection, use and storage of personal data by illegal online loan providers. This research uses a normative analysis approach by referring to laws and regulations, court decisions, and related literature. The data obtained is analyzed descriptively to obtain a comprehensive understanding of the existing legal framework. The results show that the personal data protection law can provide a legal basis for customers of illegal online loans to protect the privacy and security of their personal data. However, the implementation of this law still has significant challenges. One of the main challenges is effective law enforcement against personal data protection violations committed by illegal online loan providers.

Keywords: legal protection, pinjol, personal data**INTRODUCTION**

Illegal online lending has become a serious problem in recent years. Illegal online lending is the practice of lending online without adequate regulation and often involving unlicensed or unauthorized parties.(Tampubolon, 2021). Customers who use this illegal online loan service often experience various problems, including misuse of their personal data.

The Personal Data Protection Act has been enacted to protect the privacy and security of individuals' personal data(Sautunnida, 2018). However, in the context of illegal online lending, violations of personal data protection often occur. Customers' personal data is often collected, used and shared unlawfully by illegal online loan actors. This can cause financial losses and significant privacy risks for customers.

Illegal online lending refers to the practice of providing loans carried out online without the necessary license or permission from the competent authorities, or in violation of applicable legal provisions in a jurisdiction. Illegal online loans often do not follow the procedures and requirements regulated by legitimate financial institutions, such as banks or registered financial institutions.

Illegal online loans are generally offered by entities or individuals who do not have official permits, so they are not bound by applicable regulations and consumer protection provisions. This can pose high risks for customers, such as unreasonable interest rates, hidden fees, unfair billing practices, and violations of personal data privacy.

In general, illegal online loans do not comply with established financial rules and regulations, both in terms of business permits, reasonable interest rates, information transparency, personal data protection, and dispute resolution procedures. Illegal online lending practices often operate outside the control of financial authorities and can cause financial losses and legal risks for customers who take advantage of them.

In this context, it is important to conduct an analysis of the legal protection provided to illegal online loan customers based on the Personal Data Protection Law. This research will discuss in depth how the law can be implemented to protect illegal online loan customers, identify personal data breaches that are common in the industry, and evaluate the effectiveness of the law in addressing the problem. By conducting this research, it is hoped that a better understanding of the legal protection framework for illegal online loan customers will be obtained, as well as recommendations for improving and strengthening relevant regulations to protect customer interests and prevent misuse of personal data.

RESEARCH METHODS

This research will use a qualitative approach. A qualitative approach will be used to gain in-depth insight into legal protection for illegal online loan customers and personal data breaches that occur (Noor, 2011).

Data source:

1. Primary Legal Material:
 - a. Legal Documents: Involves study of the Personal Data Protection Act and other relevant regulations.
 - b. Case Study: Analyze real cases of personal data breaches in the illegal online lending industry to understand the context of the violations that occurred.
2. Data collection technique:
 - a. Document Analysis: Analyze relevant legal and regulatory documents to understand applicable personal data protection provisions.
 - b. Case Study: In-depth study of personal data breach cases in the illegal online lending industry.
3. Data analysis:
 - a. Qualitative Analysis: Analysis of qualitative data such as legal documents, case studies, and interview results to identify emerging findings, patterns, and themes.
 - b. Quantitative Analysis: Statistical analysis of survey data to measure the level of compliance of illegal online loans with personal data protection laws and identify relevant trends or patterns.

RESULTS AND DISCUSSION

1) Characteristics of Illegal Online Loan Customers

Illegal online loan customers have several special characteristics that differentiate them from conventional loan customers or those who use legitimate loan services. The following are several characteristics of illegal online loan customers (Chrisjanto, 2020):

1. Financial Urgency: Illegal online loan customers tend to be in urgent financial situations or need funds quickly. They may face an urgent need to pay bills or deal with a financial emergency.
2. Limited Access to Official Financial Institutions: Illegal online loan customers often have limited access to official financial institutions, such as banks or registered financial institutions. This can be caused by a lack of a good credit history, being in the informal sector, or not meeting the requirements set by official financial institutions.
3. Limitations of Loan Alternatives: Illegal online loan customers may find it difficult to find loan alternatives that they can access easily. They may not have access to traditional loans, and illegal online loans are emerging as an available option albeit with higher risks.
4. Ignorance or Inability to Understand Risks: Illegal online loan customers may lack understanding of the risks associated with illegal lending practices. They may not be aware of the high interest rates, hidden fees, and unfair billing practices they may face.

5. Dependence on Recurring Loans: Illegal online loan customers are often trapped in a cycle of debt that is difficult to break. They tend to take repeated loans from various illegal online loan providers to meet their financial needs, which contributes to an ever-increasing debt burden.

The Personal Data Protection Act is a legal regulation that aims to protect the privacy and security of individuals' personal data. The Act provides a legal framework governing how personal data should be collected, used, stored and shared by the organization or entity that collects it. Some aspects that are generally regulated in the Personal Data Protection Law include:(Djafar, 2019):

1. Collection and Use of Personal Data: This Law sets out the principles and limitations on the collection and use of personal data. This includes the requirement to obtain valid permission or consent before collecting personal data, providing clear information about the purpose of data collection, as well as ensuring that the use of the data is in accordance with the notified purpose.
2. Data Security: This law requires organizations or entities that collect personal data to protect the security of that data through appropriate technical and organizational measures. This includes the use of encryption, securing access, and preventing security threats such as hacking or data theft.
3. Individual Rights: The Personal Data Protection Act provides rights to individuals regarding their personal data. This includes the right to access collected personal data, rectify or correct inaccurate data, request deletion of data in certain cases, and limit the use or disclosure of their personal data.
4. Data Breach Notification: These laws often require organizations or entities that collect personal data to notify relevant individuals if a security breach occurs that results in unauthorized access or leak of their personal data.
5. Sanctions and Enforcement: Personal Data Protection Laws typically provide sanctions and enforcement mechanisms to protect individual rights and ensure an organization's or entity's compliance with the provisions of the law. Sanctions can take the form of fines or other legal action depending on the violation committed.

Implementation of the Personal Data Protection Law in the context of illegal online lending has an important role in protecting customers and preventing misuse of their personal data, namely (Priliasari, 2019):

1. Providing Clear Information: Illegal online loan providers must provide clear information to customers about the use of their personal data. This includes providing information about the purpose of data collection, the types of data collected, how the data is used, and third parties who may receive the data.
2. Obtaining Legal Consent: Illegal online loan providers must ensure that they obtain valid consent from customers before collecting and using personal data. Consent must be voluntary, based on a clear explanation of the use of data, and can be withdrawn by the customer if desired.
3. Adequate Data Security: Illegal online loan providers must implement adequate security measures to protect customers' personal data. This involves the use of strong encryption technology, limited access safeguards, protection against security threats, and clear policies and procedures regarding data security.
4. Limited Data Retention: Illegal online loan providers must limit the storage of customers' personal data to only as long as is necessary for the notified purposes. Customer personal data should not be kept longer than necessary and should be securely deleted or destroyed once it is no longer needed.
5. Data Breach Notification: In the event of a data security breach resulting in unauthorized access or leakage of personal data, illegal online loan providers must notify customers of the breach in accordance with the provisions of applicable personal data protection laws. The notification must be made immediately so that the customer can take the necessary action.

6. Law Enforcement and Sanctions: The government and competent authorities must carry out strict law enforcement against illegal online loan providers who violate personal data protection laws. Adequate sanctions must be imposed, including significant fines, revocation of business permits, or other legal action according to the level of the violation committed.

Effective implementation of the Personal Data Protection Law in the context of illegal online loans is important to protect the privacy and security of customers' personal data and ensure that illegal online loan providers operate in accordance with applicable legal provisions.

2) Analysis of the Disagreement between the Personal Data Protection Law and Legal Protection for Illegal Online Loan Customers

Analysis of the suitability between the Personal Data Protection Law and legal protection for illegal online loan customers illustrates the importance of a strong legal framework in protecting the privacy and security of customers' personal data. The personal data protection law aims to provide better protection against the use of personal data, while legal protection for illegal online loan customers focuses on protecting the interests of customers in illegal loan transactions (AGUSTIAWAN, 2022).

The correspondence between these two aspects lies in the fact that illegal online loan customers often have to provide their personal data to unauthorized loan providers. Personal data protection laws provide a clear legal framework regarding how personal data should be collected, used and stored by the organization or entity that collects it. This provides protection against misuse of customer personal data by illegal loan providers.

On the other hand, legal protection for illegal online loan customers provides protection against abusive or exploitative practices that may occur in illegal loan transactions. This involves efforts to protect customers from unfair interest rates, hidden fees, or unfair billing practices. This legal protection can involve legal sanctions against illegal loan providers who violate the law or violate customer rights.

Overall, the compatibility between the Personal Data Protection Law and legal protection for illegal online loan customers underscores the importance of integrating aspects of personal data protection into a broader legal framework to protect customers from detrimental illegal lending practices. By ensuring proper implementation of personal data protection laws and strong legal protection for customers, a safer and fairer environment can be created for online loan customers.

3) Evaluation of the Effectiveness of the Personal Data Protection Law in Handling Illegal Online Lending Cases

The Personal Data Protection Law has significant potential to provide protection to online loan customers in terms of the security and privacy of their personal data. This law provides a clear legal framework regarding the collection, use and storage of personal data by loan providers. This is important in protecting customers from misuse of data, such as using data without permission, sharing data with third parties without consent, or data leaks that can threaten customer privacy and security. (Sutarli, 2023).

However, the effectiveness of these laws in dealing with illegal online lending cases may depend on a number of factors. First, it is important to consider consistent compliance and enforcement of these laws. If there is no strict supervision and strict enforcement, illegal online loan providers may ignore personal data protection provisions without significant consequences.

Furthermore, customer awareness and understanding of their rights in protecting personal data is also an important factor. If customers are not aware of their rights or do not know how to report violations of data privacy, the law may not provide optimal protection. Apart from that, another challenge is the development of new technology and methods used by illegal online loan providers to avoid detection and manipulate data. Personal data protection laws need to be continuously updated and improved to address these trends and ensure continued effective protection.

Overall, the Personal Data Protection Law provides an important foundation for protecting online

loan customers from misuse of personal data. However, its effectiveness in handling illegal online lending cases still depends on compliance, consistent law enforcement, customer awareness, and adaptation to technological developments. Increased public awareness, strict law enforcement, and cooperation between government agencies, supervisory authorities, and illegal online loan providers are critical to increasing the effectiveness of these laws in dealing with emerging problems in illegal online lending.

Legal protection for illegal online loan customers is an important aspect in handling cases involving illegal lending practices. Illegal online loan customers are vulnerable to detrimental practices, such as unreasonable interest rates, hidden fees, or unfair billing practices. Therefore, the existence of a strong legal framework is important to protect the interests and rights of customers. Legal protection for illegal online loan customers involves various aspects. First, consumer protection and banking laws can provide a legal basis for protecting customers from unethical or unlawful lending practices. Such laws may include provisions regarding maximum applicable interest rates, clear disclosure of fees, protection against unfair billing practices, and customer rights in the case of disputes.

Apart from that, there are also regulations set by supervisory authorities, such as central banks or financial institutions, which aim to supervise and regulate the operations of illegal online loan providers. These regulations involve licensing requirements, minimum capital requirements, and compliance with operational standards set to protect customers. Analysis under the Personal Data Protection Law must also take into account the continuation and improvement of the law. If there are deficiencies or gaps in the protection provided, efforts need to be made to improve and strengthen the law so that it can be more effective in protecting customers.

Overall, an analysis based on the Personal Data Protection Law can provide an idea of the extent to which the law is effective in protecting illegal online loan customers. By paying attention to aspects such as data protection provisions, law enforcement, adaptability to changes, and improvements that may be required, a better understanding can be gained of how the law contributes to providing legal protection for illegal online loan customers.

CONCLUSION

In conclusion, the Personal Data Protection Law has an important role in providing legal protection for illegal online loan customers regarding the privacy and security of their personal data. This law provides a clear legal framework regarding the collection, use and storage of personal data by online loan providers. However, the success of these laws in protecting customers depends on compliance, consistent law enforcement, customer awareness, and adaptation to technological developments.

In the context of illegal online lending, analysis shows that there are violations of personal data protection that occur, such as data use without permission, sharing data with third parties without consent, or data leaks. Although personal data protection laws provide a framework to protect customers, challenges include consistent compliance and enforcement, customer awareness, and adaptation to technological developments.

Evaluation of the effectiveness of this law highlights the need for consistent law enforcement, cooperation between government agencies, supervisory authorities, and illegal online loan providers, and increased public awareness regarding customer rights and responsibilities. Thus, legal protection for illegal online loan customers in the context of personal data protection laws requires continuous efforts to improve compliance, law enforcement, customer awareness, and adaptation to technological changes.

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