

SWOT ANALYSIS OF FINANCIAL TECHNOLOGY IMPLEMENTATION TO ONLINE PEER TO PEER (P2P) LENDING IN INDONESIA

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ABSTRACT

The development of Financial Tehcnology in Indonesia makes technology-based companies continue to grow. These companies began to be established and registered in the Financial Services Authority (OJK), which is based on an online peer to peer (P2P) lending platform. Financial Services Authority (OJK) data states that as of September 2018, the number of companies engaged in Peer to Peer (P2P) Lending continues to grow to 67 platforms with lender account providers reaching 161,297 entities, the number of borrower accounts (borrower) reaching 2,300,007 entities with low bad credit rates around 1.2%. The process of implementing peer to peer online activities (P2P) lending is done through a website or smartphone application that is downloaded through Google Play Store making it easier for anyone and anywhere to make transactions both as lenders or borrowers. This study discusses the SWOT analysis of online peer to peer (P2P) lending activities in terms of lending companies and individuals both as lenders and borrowers.

Keywords: Financial Technology, Online peer to peer (P2P) Lending, SWOT Analysis, Lender, Borrower

JEL classification: A10, B40, E44

1. INTRODUCTION

The rapid development of technology in Indonesia affects every aspects of life including economic, business and social activities. This development makes conventional activities turn to modern technology and demands a slow-acting system to adjust to the demands and needs of users.

The progress of technological development is influenced by various things including the rapid development of the internet which makes people increasingly rely on and use the internet for daily activities. The Indonesian Internet Service Providers Association (APJII) stated that up to January 2016, internet users in Indonesia had reached 88.1 million, of which 48% were daily internet users.

Data from the Financial Services Authority (OJK) in May 2017 showed that the development of Financial Technology (Fintech) made the growth of Fintech-based companies significantly increase with a figure of 135 companies at the end of 2016, increasing threefold from the initial number in 2016. However from all these companies, only about 51 companies have been registered and supervised by the Financial Services Authority (OJK). The influence of Fintech also extends to the lending sector (lending) and makes the growth of the business sector in the field of online financial lending that applies technology in its system.

Online Financial Lending in Indonesia is realized by companies in the Online Peer to Peer Lending (P2P) platform. Peer to peer lending (P2P) is a technology platform that digitally brings together borrowers who need business capital with lenders. This service offers flexibility where lenders and borrowers can allocate and obtain capital or funds almost from and to anyone, in any amount, effectively and transparently, and with competitive returns.

Data from Financial Services Authority (OJK) stated that as of September 2018, the number of companies engaged in Peer to Peer (P2P) Lending reached 67 platforms. Meanwhile, there are still 40 companies that are in the registration process and 38 companies that are interested in registering. The following table shows the number of online Peer to Peer (P2P) Lending companies registered with Financial Services Authority (OJK).

Table 1
List of Registered Peer to Peer (P2P) Companies in The Financial Services Authority (OJK)

No	Company Name	Platform Name	Registered Permit Number
1	PT Pasar Dana Pinjaman	Danamas	KEP-49/D.05/2017
2	PT Danakita Data Prima	DanaKita	S-1861/NB.111/2017
3	PT Lunaria Annua Teknologi	Koinworks	S-1862/NB.111/2017
4	PT Amarnya Mikro Fintek	Amartha	S-2491/NB.111/2017
5	PT Investree Radhika Jaya	Investree	S-2492/NB.111/2017
6	PT Mitrausaha Indonesia Grup	Modalku	S-2493/NB.111/2017
7	PT Pendanaan Teknologi Nusa	Danacepat	S-2537/NB.111/2017
8	PT Simplefi Teknologi Indonesia	AwanTunai	S-2538/NB.111/2017
9	PT Aman Cermat Cepat	KlikACC	S-2793/NB.111/2017
10	PT Mediator Komunitas Indonesia	CROWDO	S-2842/NB.111/2017
11	PT Akseleran Keuangan Inklusif Ind.	Akseleran	S-2983/NB.111/2017
12	PT Digital Alpha Indonesia	UangTeman	S-2970/NB.111/2017
13	PT Indo Fin Tek	Dompot Kilat	S-644/NB.111/2017
14	PT Indonusa Bara Sejahtera	Taralite	S-622/NB.111/2017
15	PT Dynamic Credit Asia	Dynamic Credit	S-3422/NB.111/2017
16	PT Fintegra Homido Indonesia	FINTAG	S-3460/NB.111/2017
17	PT Sol Mitra Fintec	Invoila	S-3739/NB.111/2017
18	PT Creative Mobile Adventure	KIMO	S-3972/NB.111/2017
19	PT Digital Tunai Kita	TunaiKita	S-3973/NB.111/2017
20	PT Progo Puncak Group	Pinjam WinWin	S-4112/NB.111/2017
21	PT Relasi Perdana Indonesia	Relasi	S-4193/NB.111/2017
22	PT iGrow Resources Indonesia	Igrow	S-4438/NB.111/2017
23	PT Qreditt Indonesia Satu	Qreditt	S-5039/NB.111/2017
24	PT CICIL Solusi Mitra Teknologi	Cicil	S-5101/NB.111/2017
25	PT Intekno Raya	Dana Merdeka	S-5292/NB.111/2017
26	PT Kas Wagon Indonesia	Cash Wagon	S-5475/NB.111/2017
27	PT Esta Kapital Fintek	EstaKapital	S-5961/NB.111/2017
28	PT Ammana Fintek Syariah	Ammana	S-1320/NB.233/2017
29	PT Gradana Teknoruci Indonesia	Gradana	S-6297/NB.111/2017
30	PT Mapan Global Reksa	DanaMapan	S-7/NB.11/2018
31	PT Aktivaku Investama Teknologi	Aktivaku	S-8/NB.11/2018
32	PT Karapoto Teknologi Finansial	Karapoto.com	S-18/NB.213/2018
33	PT Dana Kini Indonesia	Danakini	S-26/NB.213/2018
34	PT Oriente Mas Sejahtera	Finmas	S-56/NB.213/2018
35	PT Digital Synergy Technology	Rupiah plus	S-59/NB.213/2108
36	PT Toko Modal Mitra Usaha	Toko Modal	S-61/NB.213/2108
37	PT Tunaiku Fintech Indonesia	Tunaiku	S-234/NB.213.2018
38	PT Artha Dana Teknologi	Indodana sistem	S-235/NB.213.2018
39	PT Finaccel Digital Indonesia	Kredivo	S-236/NB.213.2018
40	PT Mekar Investama Sampoerna	Mekar.id	S-237/NB.213.2018

41	PT Dana Pinjaman Inklusif	PinjamanGo	S-256/NB.213.2018
42	PT Perlu Fintech Indonesia	iternak.id	S-257/NB.213.2018
43	PT Kredit Pintar Indonesia	Kredit Pintar	S-257/NB.213.2018
44	PT Fintek Digital Indonesia	Kredito	S-265/NB.213/2018
45	PT Crowde Membangun Bangsa	Crowde	S-270/NB.213/2018
46	PT Kredit Plus Teknologi	Pinjam Gampang	S-272/NB.213/2018
47	PT Mulia Inovasi Digital	Danain	S-280/NB.213/2018
48	PT Tanifund Madani Indonesia	Tanifund	S-278/NB.213/2018
49	PT Bursa Akselerasi Indonesia	Indofund.id	S-282/NB.213/2018
50	PT Semesta Gerakan Persada	SGPIndonesia	S-290/NB.213/2018
51	PT Tri Digi Fin	KreditPro	S-304/NB.213/2018
52	PT Grha Dana Bersama	Avantee	S-320/NB.213/2018
53	PT Kredit Utama Fintech Indonesia	Rupiahcepat	S-359/NB.213/2018
54	PT Glotech Prima Vista	Do-it	S-358/NB.213/2018
55	PT Layanan Keuangan Berbagi	Danarupiah	S-380/NB.213/2018
56	PT Digital Micro Indonesia	danabijak	S-381/NB.213/2018
57	PT Artha Permata Makmur	cashcepat	S-382/NB.213/2018
58	PT Seva Kreasi Digital	Danalaut	S-383/NB.213/2018
59	PT Dana Syariah Indonesia	Danasyariah	S-384/NB.213/2018
60	PT Solusi Finansial Inklusif Indonesia	Telefin	S-385/NB.213/2018
61	PT Modal Rakyat Indonesia	Modalrakyat	S-386/NB.213/2018
62	PT Kawan Cicil Teknologi Utama	Kawancicil	S-387/NB.213/2018
63	PT Satustop Finansial Solusi	Sanders	S-388/NB.213/2018
64	PT Alfa Finance Indonesia	Kreditcepat	S-389/NB.213/2018

Source : Financial Services Authority (OJK), July 2018

Data from Financial Services Authority (OJK) also stated that as of September 2018, the number of companies engaged in Peer to Peer (P2P) Lending reached 67 platforms. Meanwhile, there are still 40 companies that are in the registration process and 38 companies that have requested to register. The number of account providers or lenders has reached 161,297 entities, while the number of borrowers' accounts (borrowers) reaches 2,300,007 entities. In the same period, total loan disbursement reached Rp 19.8 trillion with a low level of bad credit or around 1.2%.

Table 2
Overview Of Fintech Financial Data For September 2018 Period

No	Description	June 2018	July 2018	August 2018	September 2018
1. Amount of Accumulated Lender Account (Account Unit)					
a.	Java (Lender from Java)	92.963	101.377	112.054	120.579
b.	Outside Java (Lenders from Outside Java)	29.063	31.955	36.217	38.866
c.	Overseas (Foreign Lenders)	1.607	1.693	1.790	1.852
d.	Aggregate (Total)	123.633	135.025	150.061	161.297
2. Accumulated Amount of Borrower Account (Account Unit)					
a.	Java (Borrower from Java)	949.168	1.238.743	1.589.815	1.968.688
b.	Outside of Java (Outside Java Borrower)	141.138	191.614	256.458	331.319
c.	Aggregate (Total)	1.090.306	1.430.357	1.846.273	2.300.007

3. Amount of Accumulated Lender Transactions (Account)				
a. Java	1.774.053	2.396.163	2.927.975	3.407.187
b. Outside Java	167.653	225.336	286.195	340.919
c. Overseas	322.732	408.084	672.780	965.823
d. Aggregate (Total)	2.264.438	3.029.583	3.886.950	4.713.929
4. Amount of Accumulated Borrower Transaction (Account)				
a. Java	2.724.888	3.845.001	4.925.090	6.206.478
b. Outside Java	430.652	607.670	794.825	1.019.585
c. Aggregate (Total)	3.155.540	4.452.671	5.719.915	7.226.063
5. Accumulated Loan Amount (Rp)				
a. Java (Borrower from Java)	6.715.884.054.704	8.100.295.733.295	9.714.565.200.615	11.568.093.212.788
b. Outside of Java (Outside Java Borrower)	919.590.117.930	1.113.526.445.353	1.970.296.977.036	2.266.223.002.219
d. Aggregate (Total)	7.635.474.172.634	9.213.822.178.648	11.684.862.177.651	13.834.316.215.007
6. Loan Quality Average				
Current Loan Ratio (d.d. 30 days)	97,14%	96,16%	96,28%	96,73%
Non-Current Loan Ratio (30 days, 90 days)	2,07%	2,54%	1,83%	2,07%
Bad Debt Ratio (> 90 days)	0,79%	1,40%	1,89%	1,20%
7. Loan Characteristics				
Lowest loan value (Rp)	5.000	5.000	5.000	5.000
The lowest average loan value (Rp.)	22.213.011	70.829.133	51.953.225	51.854.726
Average value of loans disbursed (Rp)	89.546.104	81.287.556	68.419.868	69.693.428

Source : Financial Services Authority (OJK), July 2018

The Financial Services Authority as supervisor of financial activities in Indonesia supervises Fintech-based companies primarily engaged in peer to peer (P2P) lending through POJK No. regulation. 77 / POJK.01 / 2016 concerning Information Technology-Based Lending and Borrowing Services that regulate everything about financial lending starting from definition to technical instructions and technology-based lending service procedures.

In developments in the field, Peer to Peer (P2P) Lending activities which initially targeted Small and Medium Enterprises (SMEs) in order to obtain funding without having to borrow from banks, began to expand to ordinary people for capital activities and funding needs quickly. Access to cash is also uncomplicated, easy and fast so online financial lending platforms are increasingly in demand and rising.

These developments make various problems arise, such as the existence of various illegal Peer to Peer (P2P) Lending platforms that have not been officially registered at the Financial Services Authority (OJK), high interest rates set by funders to borrowers, disruption of borrower privacy, uncomfortable billing processes, and various things others, although the Financial Services Authority (OJK) has tried to issue rules and carry out strict regulations to protect users. The latest case that occurs is related to Peer to Peer (P2P) Lending is a case of billing carried out by lenders plus rupiah against borrowers made through telephone contacts (which are not registered as official contacts) which should enter the privacy of the customer and have no relationship with borrower's debt.

The formulation of the problem in this study is "What is the SWOT Analysis of the implementation of financial technology in Online Peer to Peer (P2P) Lending seen from the side of the loan provider company and from the user side (user / lender and borrower)? This study uses a review of financial technology literature and financial lending to answer this problem. This research is expected to be a recommendation for the public to know and be aware of financial technology advances, especially for the use of Peer to Peer (P2P) Lending online loans and for loan providers to maintain service quality amid the rampant cases of illegal lending that reduce online lending imagery in Indonesia.

1.1 Definition of SWOT Analysis

SWOT analysis is a comprehensive assessment of the strengths (strengths), weaknesses (weaknesses), opportunities (opportunities), and threats (threats) of a company (Kotler and Armstrong 2008: 64). Suryatama (2014: 26) states that SWOT Analysis is a strategic planning method used to evaluate strengths, weaknesses, opportunities, and threats in a project and identify internal and external factors that support and are not in achieving that goal.

Strength is a situation or condition that is the strength of the organization or program at this time. Weakness is organizational activities that do not run well or resources needed by the organization but are not owned by the organization. Opportunity is a positive factor that emerges from the environment and provides an opportunity for our organization or program to use it. Threat is a negative factor from the environment that presents obstacles to the development or running of an organization or program.

1.2 Financial Technology

FinTech is a line of business based on software to provide financial services. Financial technology companies are generally startups founded with the purpose of disrupting incumbent financial systems and corporations that rely on less on software (Fintech Weekly, 2017).

FinTech is a Disruptive Innovation that usually takes certain market segments that are less desirable or deemed less important to market authorities, but their innovations are breakthrough and are able to redefine existential systems or markets. The phenomenon of Disruptive Innovation has occurred in the Financial Services Industry which has disrupted the landscape of the Financial Services Industry globally. Starting from the industrial structure, intermediation technology, to the marketing model to consumers. (Muliaman, 2017)

Bank Indonesia stated that the cause and development of Fintech was due to demand and supply. 36% of the users of the formal financial sector are not enough to meet the demand of 64% of the informal sector that has not been served and constrained by various things such as no banks around, too much time and money needed to get to the nearest branch, culture and habits other things (Bank Indonesia Bulletin, 2017)

Based on data from the FinTech Indonesia Association, the development of Fintech in Indonesia began to increase since 2016. Fintech players are mostly dominated by payment, lending, aggregator and crowdfunding businesses as illustrated in the following figure:



Figure 1. Development of Fintech in Indonesia

Source: Indonesian’s Fintech Association And Financial Services Authority (OJK)

Investment in new fintech start-up companies mostly concentrated during the period from 2013 to 2016. Fintech Singapore (2016) categorized Indonesia’s fintech companies into 8 categories. The first category was personal finance, e.g. NgaturDuit founded in 2010, and investment, e.g. stockbit founded in 2012 and Bareksa founded in 2013. The Second category is payment, e.g. Kartuku founded in 2001, Doku founded in 2007, Dompetku founded in 2008, TCash founded in 2011, Mimopay founded in 2012, Tapp founded in 2013, Padipay founded in 2013, Mandiri e-cash founded

in 2013. Veritrans founded in 2013, XL Tunai founded in 2013, Dimo founded in 2014, Ipaymu founded in 2014, Xendit founded in 2014, Veryfund founded in 2015, and Kesles founded in 2015. The third category is point of sales, e.g. Pawoon founded in 2013, Omega Pos Cloud founded in 2013, Dealpos founded in 2013, Moka founded in 2014 and Olsera founded in 2015. The fourth category is lending, e.g. Mekar founded in 2013, Taralite founded in 2015, Pinjam founded in 2015, Uangteman founded in 2015, Kredivo founded in 2015, Investree founded in 2015, and Modalku founded in 2016. The fifth category is accounting, e.g. AkuntingMudah founded in 2013, Jurnal founded in 2014, and jojonomic founded in 2015. The sixth category is comparison, e.g. Halomoney founded 2013, Cekaja founded 2013, Rajapremi founded in 2013, DuitPintar founded in 2013, Pasarpolis founded in 2014, Cekpremi founded in 2014, AturDuit founded in 2014, and Cermati founded in 2015. The seventh category is crowd funding, e.g. Mapan founded in 2009, Wujudkan founded in 2012, Kitabisa founded in 2013, GandengTangan founded in 2015. The eighth category is crypto currency, e.g. Bitcoin.co.id founded in 2013 and Quione founded in 2014 (Teja, 2017)

1.3 Online Peer to Peer (P2P) Lending

The Peer to peer (P2P) Financial market is booming around the world. With growth of 111%, it has become something more than alternative. In 2012 it was handled more than 2.099 million over one million projects (innovationcenter). In Indonesia, peer to peer lending, also known as P2P Lending, is one of the fastest growing financial services in Indonesia and has started to run officially, registered and licensed since 2017. This service is basically a form of transition from manual to technology in activities loans borrow money or funds quickly without the need to meet directly between lenders and borrowers, which are done online through the latest technology both through the internet and smart phones.

Peer-to-peer (P2P) lending platforms are online platforms where borrowers place requests for online loans and private lenders to fund these auction-like processes. Such platforms have become available in 2005 and have been used ever since (Klafft, 2018). Through innovations such as peer-to-peer lending and crowdfunding, FinTech provides people with easier access to loans and widens the opportunities for investment. For example, peer-to-peer lending such as the Lending Club has created disintermediation to credit, connected buyers and sellers through marketplaces, and has raised almost \$900 million from an IPO in 2014 (p.10). Equity investments were once limited to wealthy individuals, but now FinTech has made them more accessible to all. Through crowdfunding startups such as Kickstarter, Indiegogo and Crowdcube, people can invest in many projects (Amalia, 2016)

Peer to peer (P2P) lending services fill the gap in financing needs in Indonesia and open access for those who are not unbanked, but are creditworthy. Peer to peer lending service (P2P) A cash loan comes with the aim of bringing together lenders with parties who need loans. The fintech lending platform also offers a number of added values in its services including ease and speed for borrowers and ease of billing for lenders because of the fintech platform responsible for billing (Fintech Indonesia Association, 2018)

Peer to peer service (P2P) or Information Technology-Based Lending and Borrowing is very helpful in increasing public access to financial services products online both with various parties without needing to know each other. Information Technology Based Lending and Borrowing Services are expected to meet cash needs quickly, easily, and efficiently, and improve competitiveness. In addition, Information Technology Based Lending and Borrowing Services are expected to be one solution to assist micro, small and medium scale businesses (MSMEs) in gaining access to funding (OJK, 2016)

Peer to Peer (P2P) Lending allows individuals to apply for loans or provide loans for various needs without using services from financial institutions, such as banks or cooperatives as intermediaries. Fintech companies that offer Peer to Peer (P2P) Lending have the role of providing the website as a platform used by borrowers to apply for loans and lenders to provide loans. The borrower will get a loan after the loan application is analyzed and approved by the analysis team working at the fintech company. Therefore, Peer to Peer (P2P) Lending is also known as online loans. In addition, Peer to Peer (P2P) Lending is also often referred to as an online marketplace because it provides a place for borrowers to obtain loan funds from lenders (Mentari, 2018)

Peer to Peer (P2P) lending is run by the company by bringing together investors or lenders with the borrower or borrower. Investors can anyone who has funds and is willing to lend funds will invest some money or fund a number of loans with a certain interest and a certain period of time. While the borrower can be anyone who needs a certain amount of funds with a certain period of time and meets the requirements specified by the company.

The increasingly popular Peer to Peer (P2P) lending makes the company easier in its operational activities, in addition to obtaining lenders for daily activities, companies can also collaborate or work with other companies to become investors in peer to peer (P2P) lending business run by the company. Some startup companies such as Go-Jek have even made investment strategies to expand their existence and gain positive profits.

The popularity of P2P lending platforms lie in its efficiency—quite a few of these platforms are able to do credit screening more quickly than banks can, and offers lower interest as well. Another key appeal in P2P lending is the ability to receive even small loans. Companies like KoinWorks comes to mind, allowing loans at a minimum of 100,000 rupiahs. There is often no need for collateral, and documents can be submitted ay time, instead of being subject to a bank’s office hours. It is worth noting that analysts have warned that a more accurate credit assessment process should be developed if the industry is to progress, and it does seem likely that companies without this infrastructure will develop it as the scene matures. The P2P lending scene is also attractive to lenders who are able to collect on interests incurred and grow their own wealth as the majority of lending platforms shoulder the risk. P2P lending services hit the nation by storm only 2 years ago, which marks the scene as a very nascent one. As such, the regulations on P2P lending are still relatively lax (FintechNews Indonesia, 2018).

1.4 How it Works and Media / Online Application of Peer to Peer (P2P) Lending

Peer to Peer (P2P) Lending in Indonesia is carried out by lenders with borrowers who meet through a media such as a website, or an application on a smartphone that can be downloaded through Google Playstore. Investors or loan givers can invest funds according to the ability they have to lend to borrowers in need, both free individuals and organizations / businesses that need funds.

How to work on online peer to peer (P2P) lending as a lender or investor starts from planting a number of funds to the company. The lender will have access to browse loan application data, especially data on borrowers who get loan funds such as financial history, income, loan objectives, and other important matters. As a lender, benefits in the form of interest will be received from the borrower. As a borrower, individuals / organizations must meet the requirements set by the company that must be uploaded through the website or application in the form of documents or other data such as filling out a personal data form, documents containing financial statements, and the purpose of applying for a loan. Requirements that have been met will be analyzed by the lending company analyst team to be determined to be accepted or rejected. Submission of loan received will be accompanied by the amount of interest and obligations that must be paid during the term of the loan. (Mentari, 2018)

Online transactions Peer to peer (P2P) are carried out through media that is connected to internet technology both through websites and applications that are downloaded via smartphones on Google Playstore. The lending company's website will bring up various loan platform offers along with the conditions that must be met, loan time, interest and various other provisions. Borrowers and investors must register on the website before they can make transactions. Whereas transactions through applications must be downloaded first before they can be used. To download, users can choose from a variety of loan applications from various lending companies that are considered the best, most popular or the most credible based on user considerations.

The process flow of how online peer to peer (P2P) lending works is described in the scheme as follows:

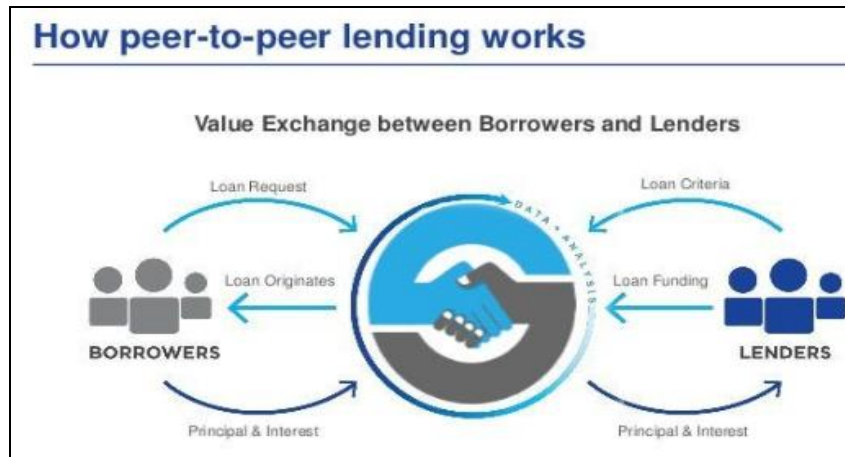


Figure 2. How P2P Lending Works
Source: marketcalls.in

Some lending companies provide peer to peer (P2P) lending applications that are provided for download via smartphones. This application can access data - data that is owned by users such as photo and contact data.

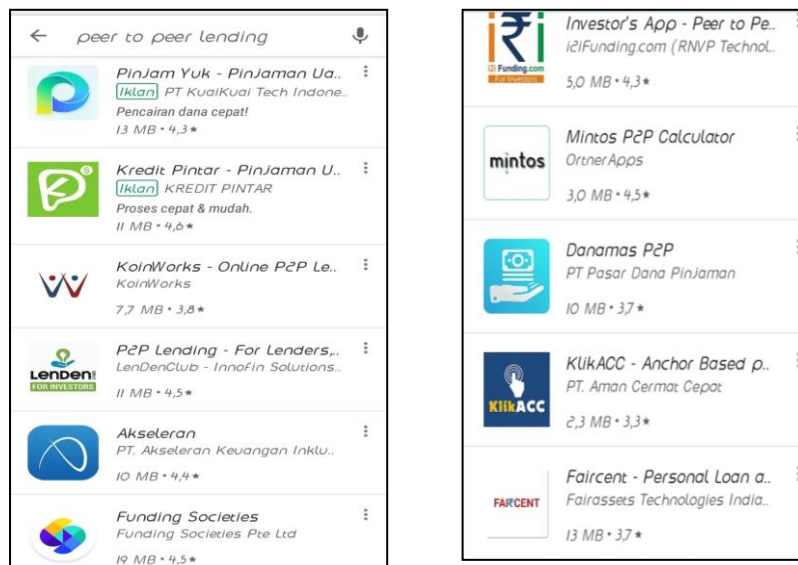


Figure 3. P2P Lending Application in Indonesia
Source: playstore

Here are some lending companies that provide peer to peer services through the Website:

1.4.1 Modalku

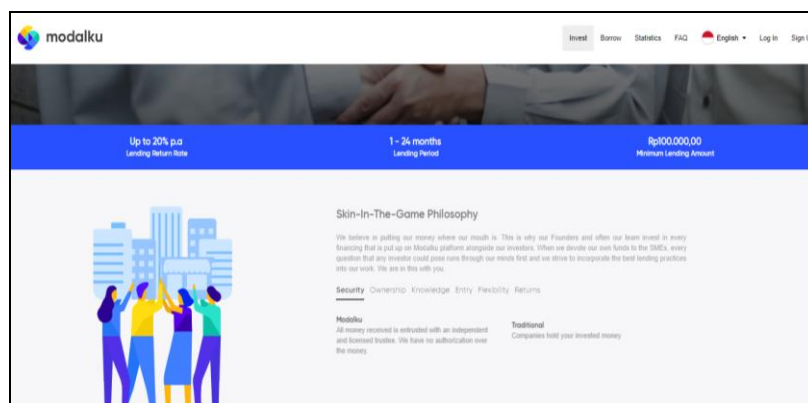


Figure 4. P2P Lending Website in Indonesia (Modalku)
Source: Modalku Website

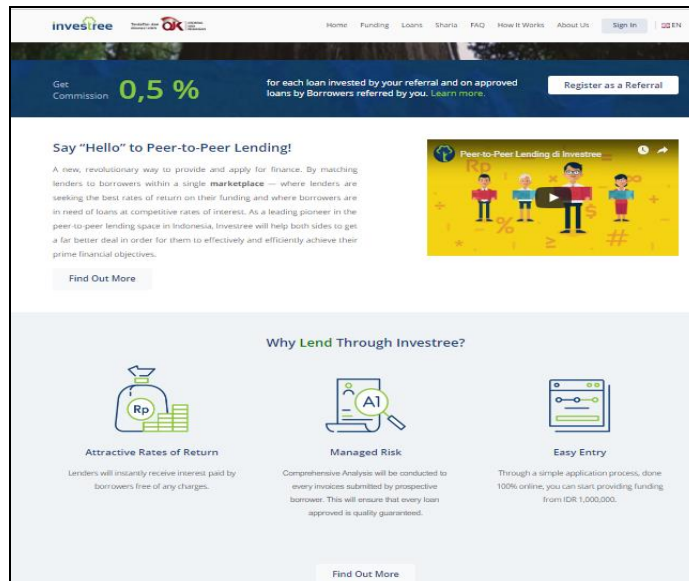


Figure 5. P2P Lending Website in Indonesia (Modalku)
Source: Modalku Website

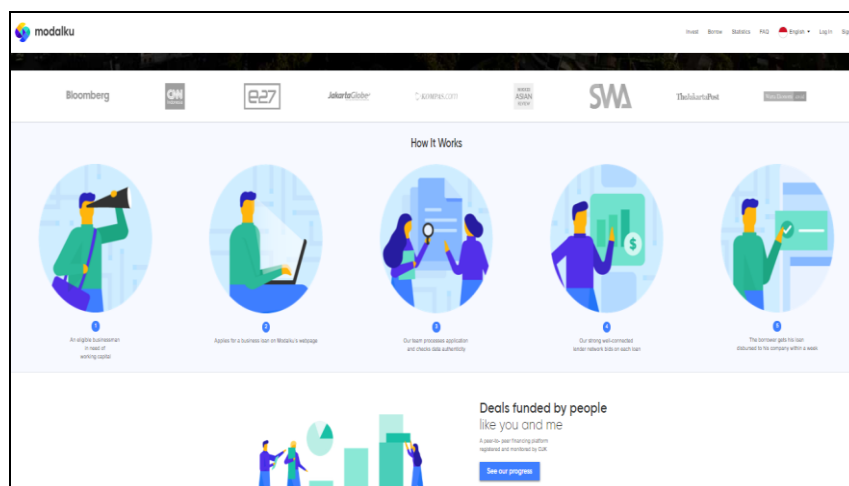


Figure 6. P2P Lending Website in Indonesia (Modalku)
Source: Modalku Website

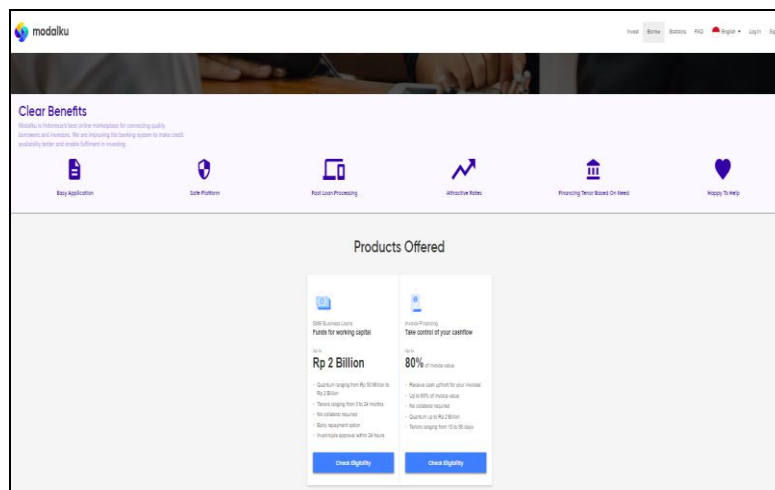


Figure 7. P2P Lending Website in Indonesia (Modalku)
Source: Modalku Website

1.4.2 Investree

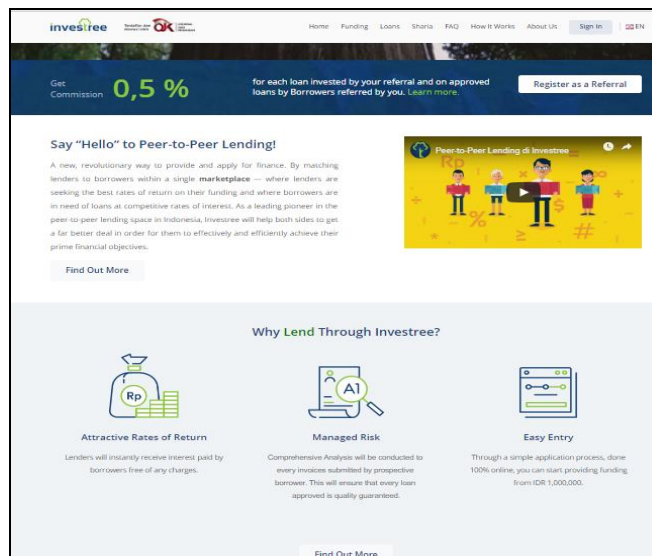


Figure 8. P2P Lending Website in Indonesia (Investree)

Source: Investree Website

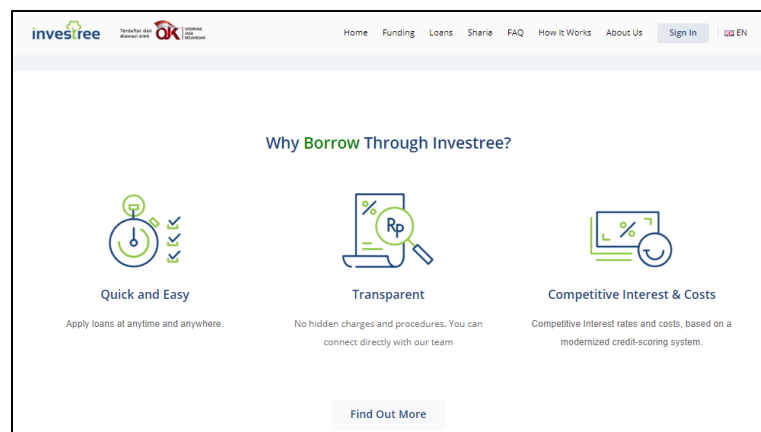


Figure 9. P2P Lending Website in Indonesia (Investree)

Source: Investree Website

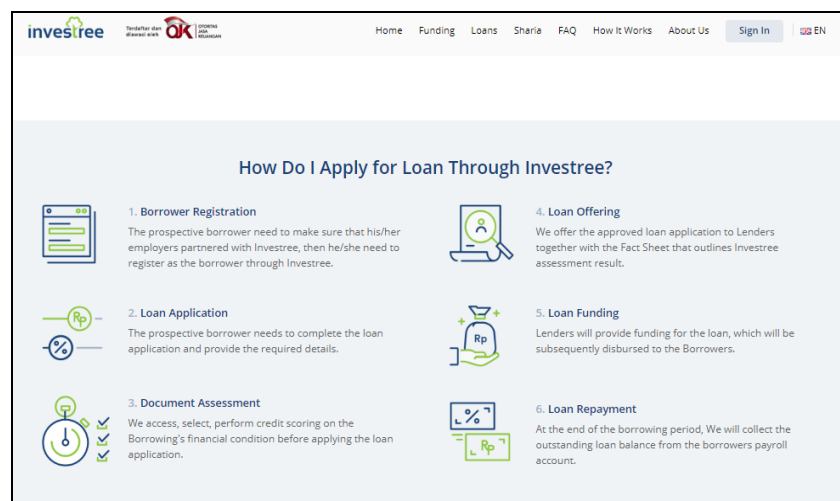


Figure 10. P2P Lending Website in Indonesia (Investree)

Source: Investree Website

1.4.3 KoinWorks

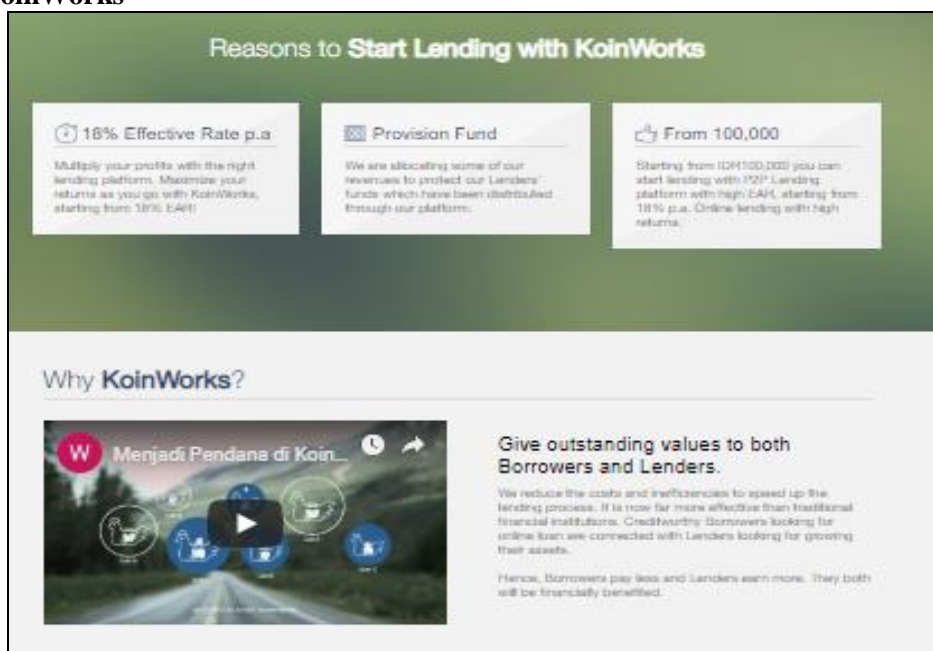


Figure 11. P2P Lending Website in Indonesia (KoinWorks)
 Source: KoinWorks Website

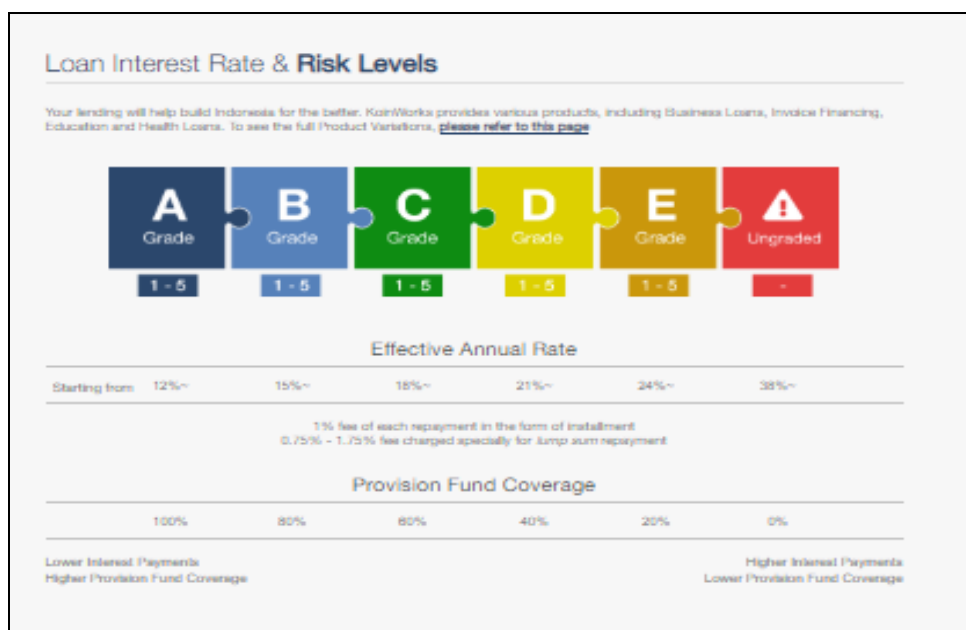


Figure 12. P2P Lending Website in Indonesia (KoinWorks)
 Source: KoinWorks Website

1.5 Regulation and Supervision of Online Peer to Peer (P2P) Lending

Regulation and supervision of online to peer activities (P2P) Lending in Indonesia is carried out by the Financial Services Authority (OJK) through the Financial Services Authority Regulation Number 77 /POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services and Bank Indonesia (BI) through Bank Indonesia Regulation Number 19/12 / PBI / 2017 Concerning the Implementation of Financial Technology as an institution authorized for financial activities in Indonesia.

The Financial Services Authority Regulation states that Technology-Based Money Lending and Borrowing Services must provide information such as the availability of online agreement documents for the needs of parties, availability of legal counsel to facilitate online transactions, online risk assessment of parties, delivery of billing information (collection) online, providing loan status information to parties online, and providing escrow accounts (joint accounts used by loan recipients to send back borrowed funds to these accounts) and virtual accounts (for loan recipients) in banks to parties, so that the entire implementation of payment of funds takes place in the banking system. (OJK, 2016).

Table 3
Requirements for Peer to Peer (P2P) Lending Based on Financial Services Authority (OJK)

ABOUT	INFORMATION
Form of Business Entity	Must be in the form of a legal entity (PT or Cooperative Services)
Capital	1 Billion at the time of registration (first capital) 2.5 Billion at the time of filing a business permit (second capital)
Directors and Commissioners	Directors: at least 1 person Commissioner: at least 1 person Note: Directors or commissioners must have at least 1 year of financial experience
Shareholding	Shares are owned by Indonesian citizens and / or Indonesian legal entities; Foreigners and / or foreign legal entities Note: Foreign ownership can only have a maximum of 85% of shares (directly or indirectly)

Source : Financial Services Authority (OJK), July 2018

Another rule set by the Financial Services Authority (OJK) is regarding the process of establishing a peer to peer (P2P) lending business which is divided into two stages, namely registration and submission of business licenses that must attach a legal entity establishment deed containing basic capital and changes and share ownership. In addition, it is also regulated that Peer to Peer (P2P) lending may only provide a maximum loan of Rp. 2 billion. The maximum loan interest rate for borrowers is not determined, while for lenders the maximum interest given is 7% (OJK Regulation, 2016).

Supervision of peer to peer (P2P) lending companies is carried out by the Financial Services Authority by monitoring the activities of the company and following up on community reports on the organizers that do not comply with the provisions. The latest action is that the Financial Services Authority (OJK) revoked the registered mark of five fintech peer to peer (P2P) lending startups in Indonesia (OJK press release, 2018).

2. RESEARCH METHOD

The research method used in this study is qualitative descriptive. Qualitative descriptive research is intended to describe and describe the phenomena that exist, both natural and human engineering, which pay more attention to the characteristics, quality, interrelationship between activities. In addition, descriptive research does not provide treatment, manipulation or alteration on the variables studied, but describes a condition that is. The only treatment given is only the research itself, which is carried out through observation, interviews, and documentation (Nana Syaodih Sukmadinata, 2011: 73).

3. RESULTS AND DISCUSSION

3.1 SWOT Analysis Implementation of Financial Technology in Online Peer to Peer (P2P) Lending in Indonesia

Implementation of financial technology in Peer to peer (P2P) Lending activities provides an influence on community funding activities in Indonesia, with various causes, consequences, strengths, weaknesses, opportunities and threats arising from these activities. This study will discuss the SWOT analysis of online Peer to Peer (P2P) Lending activities that occur in Indonesia both from the service provider side and from users (lenders) and borrowers.

SWOT analysis from the side of the company Peer to Peer (P2P) Lending service provider:

3.1.1 Strengths

Online activities of Peer to Peer (P2P) lending organized by the Company have the strengths of the company including the following:

- (1) Services provided by the company through the website or application make it easy for users (lenders and borrowers) to make access and transactions anywhere and anytime so that the company can increase user interest in participating and using the services provided
- (2) The more varied and easy the services provided, the easier it is for users to make transactions by minimizing requirements and documents and the company is also easy to check the data provided by users.
- (3) The era of openness and easy access to the internet makes it possible for companies to see systems, policies, rules, websites or competing company applications so that adoption or other policies can be contradicted to attract users.
- (4) Companies can provide interest policies and competing services because there is no interest limit determined by the authority.
- (5) Companies can use the best technology and teams for approval or rejection of credit without being burdened because they do not need to meet with users so that transactions can be carried out objectively.
- (6) Feedback provided by users to companies is direct through contacts, e-mails and comments on available applications so the company can immediately respond and find out things that are happening quickly.
- (7) The addition of value added in services on the website or application such as electronic payments, credit balance charging and more makes the company increasingly known and liked by users.

3.1.2 Weaknesses

Online activities of Peer to Peer (P2P) lending organized by the Company have weaknesses for the company including the following :

- (1) Websites or applications may experience errors or interruptions either due to lack of bandwidth or servers that are used by companies or poor internet networks.
- (2) Data and information submitted to the company may not be authentic or not true so the company must be very careful in checking all data obtained from users.
- (3) The existence of rules and supervision from the authorities makes the company must continue to adjust to new policies and rules that can emerge at any time so that the company must always be alert and ready to follow developments.
- (4) The number of lending companies in Indonesia must make the company have a different differentiation to be known by users and must continue to maintain quality and trust so that it can maintain the continuity of its business.
- (5) The speed of information that develops makes the company must continue to monitor or answer if there is a transaction or report from the user, so that there is no misperception or things that damage the company's image and reputation because the information circulates before the company confirms.

3.1.3 Opportunities

Online Peer to Peer (P2P) lending activities organized by the Company have opportunities for companies including the following:

- (1) The market share for online peer to peer (P2P) lending is still very wide open and the popularity of this type of service has made the company still able to continue to develop its activities and business.
- (2) Lending companies can adjust loan interest rates and service interest for users in accordance with their respective segments and capabilities because the open market is not only from groups but also individuals and even students.
- (3) The last case of how to bribe a lending company to borrowers who is unethical and not according to the rules can be used by lending companies to make good policies and use them as slogans to attract users and differentiation tools.

3.1.4 Threats

Online activities of Peer to Peer (P2P) lending organized by the Company have threats to the company including the following:

- (1) Technology is inseparable from threats, everything related to technology is susceptible to hackers from data and information on database websites or application lending so companies must maintain securities tightly.
- (2) The number of illegal lending companies that arise and commit fraud against users can reduce the image and trust of the user towards the company so that lending companies if not done prevention and maintain the quality of service.

3.2 SWOT Analysis from The User Side (Lenders and Borrowers)

3.2.1 Strengths

Online Peer to Peer (P2P) lending activities organized by the Company have the power - the power for users (lenders and borrowers) including the following:

- (1) The opening of access and ease of requirements for all individuals can be used for individuals from anywhere who want to invest or use funds to invest or become lenders for lending companies to make a profit.
- (2) Funds for investment vary from the lowest to the highest level making it easy for individuals to invest because of affordable funds.
- (3) The administrative process and documents required are easily uploaded and it is not difficult to make the loan process quick and easy so that the funds can be immediately received by the borrower if the loan application is approved.
- (4) The number of lending companies that offer open online peer to peer (P2P) lending services complete with terms and conditions as well as interest and services offered, which are delivered on the website or application make lenders and borrowers free to choose the company that is preferred and explore the conditions set in consideration each.
- (5) Rules issued by the authorities regarding online peer to peer (P2P) lenders are clear so that in the event of a violation, lenders and borrowers have clear legal protection.
- (6) The value added offered by lending companies facilitates a variety of individual transaction activities both lenders and borrowers so that it is faster.

3.2.2 Weaknesses

Online Peer to Peer (P2P) lending activities organized by the Company have weaknesses for users (lenders and borrowers) including the following:

- (1) Online peer to peer (P2P) lending activities, like other startup companies, investors invest funds to make a profit. Funds that have been invested cannot be withdrawn at any time unless loaned to the borrower.
- (2) Lenders who lend funds to borrowers are likely to experience bad credit if the proposal and borrower's ability are not in accordance with the terms of return. If this happens, the lender may lose the invested funds.
- (3) Borrowers who do not meet the refund deadline or violate the stipulated provisions can experience blacklisting or blocking from investors or lending companies and cannot be recovered if they cannot explain or fulfill the prescribed sanctions.
- (4) Online peer to peer (P2P) lending sets the interest cost and the time period chosen by the borrower which of course will be an obligation that must be paid, the longer the loan term chosen, the interest to be paid will be greater.
- (5) Submission of a loan by the borrower may be constrained if the internet network is not good or the website or application has an error so the funds needed cannot be immediately processed and disbursed.

3.2.3 Opportunities

Online Peer to Peer (P2P) lending activities organized by the Company have opportunities for users (lenders and borrowers) including the following:

- (1) Individuals who have limited funds but have the potential have the opportunity to invest as lenders to make a profit.

- (2) Individuals who need urgent funds can apply for loans to online peer to peer (P2P) lending and receive funds immediately if all conditions are met and funds are immediately received.
- (3) Investors can apply for loans as borrowers if they need funds, whereas borrowers can also become investors if one day have more funds to invest.

3.2.4 Threats

Online Peer to Peer (P2P) activities organized by the Company have threats to users (lenders and borrowers) including the following:

- (1) Lending company website may be hacked if it is not properly protected so that data and information from lenders and borrowers may leak to irresponsible parties.
- (2) The downloaded application is likely to experience an error resulting in a mismatch because the internet network is not good or not smooth.
- (3) The emergence of applications or illegal lending companies that are proficient and cleverly seducing by lure such as lending companies that have been officially registered make lenders or borrowers easily fooled if they are not careful and thoroughly check the validity of lending companies at Financial Services Authority (OJK).

4. CONCLUSIONS

The emergence of peer to peer online (P2P) lending in Indonesia basically has benefits for all parties, both lending companies, lenders and borrowers if the process is carried out properly. Lending companies can get investors who are willing to lend funds, investors get profits from borrowed funds, and borrowers get funds quickly without administration that is too long and complex.

While the weaknesses that may occur are the limitations of the internet network and errors due to system errors, all resources must be fully prepared so that online peer to peer (P2P) lending runs well from lending companies, lenders and borrowers.

Online peer to peer (P2P) lending is an opportunity for companies to continue to develop business in a wide open market share, opportunities for lenders to gain broad benefits from invested funds, as well as opportunities for borrowers to borrow funds quickly or turn into funders if you have excess funds to invest.

Threats Online peer to peer (P2P) lending arises from technology systems that are not vulnerable to hacking, moreover data and information are uploaded entirely through the internet so that it needs strict security. In addition, the proliferation of online peer to peer (P2P) illegal lending threatens the image and reputation of legal and registered lending companies, and threatens the interests of lenders and borrowers if they are not careful and learn the rules and companies registered with the Financial Services Authority (OJK).

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