

Implementation of Prudential Principles in Providing Credit Loans to Shopee Marketplace Consumers

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Abstract

Purpose: The aim of this study is to analyze the application of the prudence principle for finance companies in providing credit loans to shop marketplace consumers.

Research methodology: This study employs a normative empirical method using a descriptive analysis approach. Secondary data were acquired through meticulous literature review and subjected to qualitative analysis. Rigorous literature selection ensured data validity. The outcomes of the analysis served as the basis for accurate conclusions within the research.

Results: The findings and discussion of this study encompassed two pivotal dimensions. The first is the urgency to implement the prudence principle in extending credit loans within the Shopee marketplace. This includes the implications and practical implementation of the principles of financial transactions on the platform. Second, it identifies the challenges associated with applying prudence to credit loan provisions.

Limitations: Providing credit loans to shop marketplace consumers does not fully implement prudence. In practice, this principle emphasizes that Shopee requires in-depth analysis before providing credit loans to its consumers. Shopees should carry out a comprehensive analysis to provide credit loans, which includes character analysis, capability analysis, capital analysis, collateral analysis, and analysis of economic conditions, proactively to reduce the risks that may occur during the process of granting credit and repayment.

Contribution: This study provides a comprehensive understanding of the prudence principle in the context of extending credit loans to consumers within the framework of the Shopee e-commerce platform.

Keywords: *Financing Companies, Shopee, Prudence Principle*

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1. Introduction

Fintech is a form of application of information technology in the financial sector, which first appeared in 2004 by Zopa, a financial institution in the UK that runs money-lending services that are currently developing into various types of applications for various types of transactions. The adjustment of the financial sector to technological developments in the form of fintech is not only happening in developed countries but is also growing rapidly in developing countries such as Indonesia and Southeast Asian countries. The existence of fintech is expected to bring about practical and safe financial transaction

process which includes payments, borrowing money, transfers, or buying and selling shares (Harahap, Idham, Kusuma, & Rakhman, 2017).

The development of fintech in Indonesia was marked by the formation of the Fintech Association, which has been legally registered as a legal entity since March 10, 2016. Membership of the Indonesian Fintech Association consists of fintech companies, financial companies, or other institutions that have expertise and interest in the field of financial technology. Fintech activities in financial services can be classified into 5 (five) categories: payments, lending, risk management, market support, and investment management (Fintech, 2021).

Not only that, fintech also influences online shopping sites or what is better known as (e-commerce). The existence of this online shopping site is increasing, considering the various shopping conveniences provided by this site. One of the e-commerce sites with the second largest number of visitors, according to iprice data, is Shopee. Shopees are online shopping sites with various features that make it easier for consumers to carry out transactions. One of the features of Shopee is the Shopee Paylater. Shopee Paylater is a payment method similar to conventional bank credit but without a credit card, in this case Shopee lends money first to consumers who want to buy an item at Shopee. The process of paying installments can be 3, 6, 12, 18, and 24 times. Payment is made according to the selected due date, namely every 5th or 25th month.

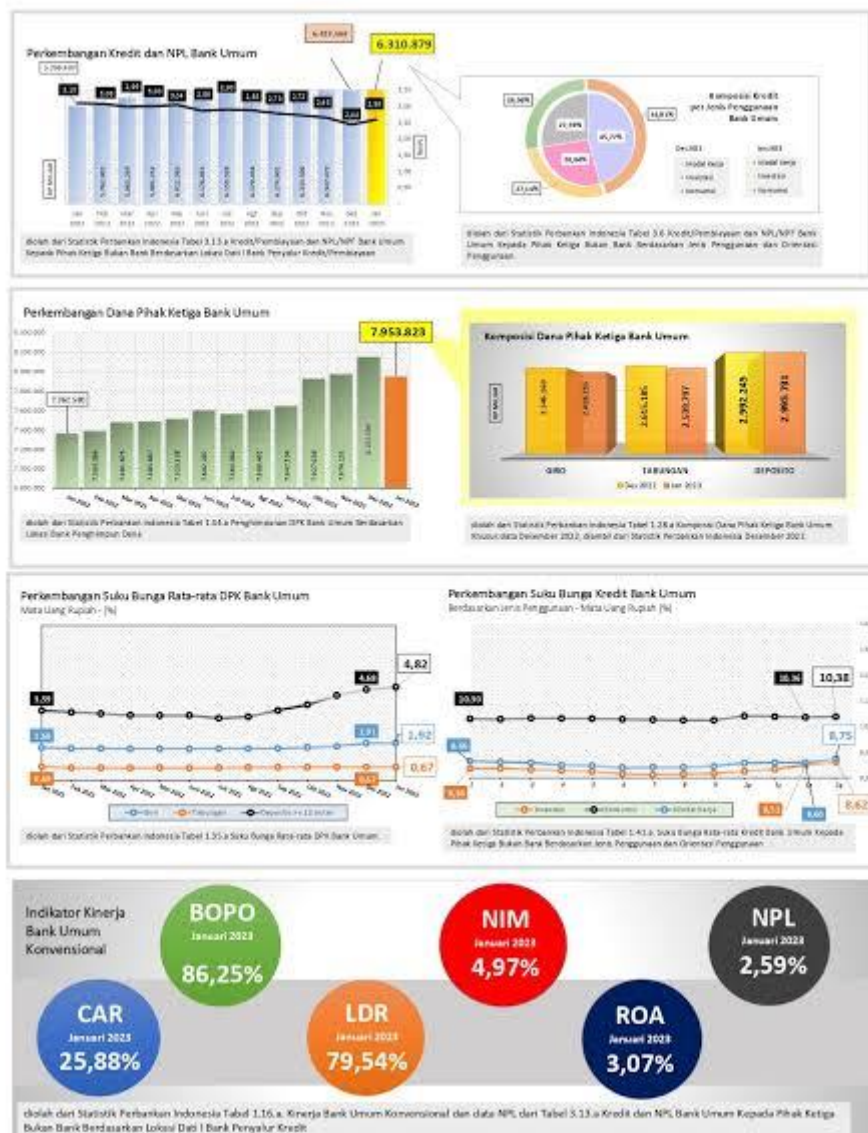
In fact, the Paylater feature of Shopee is a form of providing credit loans, which in practice must emphasize the principle of caution to avoid risks that might occur when entering into a credit agreement. If you look closely at the provisions of Article 35 of OJK Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Joint Funding Services, it emphasizes that providers and users must mitigate risks which include operational risks and credit risks. Apart from being regulated in the OJK Regulations, the principle of prudence in providing credit loans is also regulated comprehensively in Article 2 of Law Number 7 of 1992, as amended by Law Number 10 of 1998 concerning Banking (hereinafter referred to as the Banking Law), which emphasizes that in providing credit or financing, the creditor must have confidence based on in-depth analysis or the debtor's intentions and abilities to pay off the debt or return financing.

Credit, as referred to in Article 1, Number 11 of the Banking Law, is the provision of money or bills that can be equated with it based on an agreement or loan agreement between the bank and another party that requires the borrower to pay off the debt after a certain period of time with interest. This indicates the effectivity of credit, namely loans given on the basis of trust from the creditor to the debtor that the credit given will be returned by the debtor in the future.

Credit has basic elements, such as trust, which emphasizes the creditor's confidence in the achievements given to the debtor customer, which will be repaid according to the agreed time period, and a grace period that emphasizes the time period for awarding achievements with counter-achievements that will be received in the future. In this grace period element, there is a grade value of money that exists now is worth more than the money that will be received in the future; the degree of risk, the risk that may occur during the credit loan period; therefore, to prevent default, it is natural to agree beforehand between the creditor and the debtor regarding the existence of a guarantee or collateral; finally, achievement, namely, the object of a particular agreement when an agreement is reached between the creditor and the debtor; in this case, the form of achievement in question is the provision of money or interest as compensation for the creditor who is willing to lend a certain amount of money to the debtor.

Referring to these conditions, this study examines how the prudence principle is applied to finance companies in providing credit loans to Shopee consumers, considering that this principle is fundamental in ensuring that the credit or financing process runs smoothly and minimizes the risks involved, which may occur in the future, causing inconvenience to Shopee consumers.

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1.1. Problem Formulation

1. How do finance companies apply the prudence principle in providing credit loans to Shopee consumers?
2. What are the challenges of implementing the prudence principle in providing credit loans to Shopee marketplace consumers?

1.2. The aim of the study

The aim of this study is to analyze the application of the prudence principle for finance companies in providing credit loans to Shopee marketplace consumers.

2. Research Methodology

This study employs a normative empirical method using a descriptive analysis approach. Secondary data were acquired through meticulous literature review and subjected to qualitative analysis. Rigorous literature selection ensured data validity. The outcomes of the analysis serve as the basis for accurate conclusions within the research (Muhammad 2004).

3. Results and Discussions

3.1. *Implementation of Prudential Principles for Financing Companies in Providing Credit Loans to Shopee Marketplace Consumers*

The prudence principle emphasizes that creditors must be careful in minimizing risks that arise in the future (Daulay, 2018). To support and guarantee the implementation of the guidance and supervision process, as well as decision making in granting loans, creditors are required to apply several policies, such as maximum credit limits, asset quality assessment, debtor information systems, and application of the principle of knowing your debtor (Alawi, 2021).

Providing credit loans by emphasizing the principle of prudence is a form of implementing the economic democracy system adopted based on Pancasila and the 1945 Constitution. The economic democracy economic system places people's welfare as the highest goal in the life of the nation and state as stated in the adage or legal proverb "Salus Populi Suprema Lex." (Nirmalapurie, 2019). Providing credit loans to consumers must be based on visionary policies, prepared systematically, coherently, and coherently to ensure the implementation of a healthy, orderly, and profitable financing process for both creditors and debtors.

The application of the prudence principle in providing credit is oriented towards the realization of three legal objectives, as stated in Gustav Radbruch's doctrine: legal certainty, justice, and utility. In other words, the prudence principle becomes a fundamental instrument that becomes a patron for debtors to carry out obligations in accordance with the contents of the agreement. In addition, the prudence principle is also a guideline for finance companies to provide credit loans, considering that without confidence and trust, it is impossible for finance companies to provide loans to consumers.

The prudence principle is essential for providing credit. Therefore, creditors, in this case, Shopee, are required to apply these principles to reduce the occurrence of unwanted risks. The prudence principle applied in Shopee services can be viewed from the terms and conditions that must be fulfilled by Shopee application users who will be potential credit loan recipients (debtors), such as:

1. Must be registered and verified.
2. The account is at least 3 months old.
3. Often used for transactions
4. Must have updated the latest Shopee Application.
5. The minimum age was 17 years.
6. Have a Resident Identity Card (KTP).

Apart from these terms and conditions, there are other criteria that must be included, such as taking a selfie holding a personal ID card and filling in personal information regarding work. Subsequently, the user waits for approval to activate the Shopee account. Next, the user receives a notification of receipt of the Shopee account application so that the user or prospective credit agreement loan recipient must review, know, and agree to the terms and conditions provided by the Shopee Application to determine the rights and obligations in the agreement between the prospective credit agreement loan recipient and the agreement lender. credit or PT Commerce Finance as a proxy for credit agreement lender. Subsequently, a legal credit agreement relationship occurred between the recipient of the credit agreement loan and the credit agreement lender.

Credit agreements have implications for credit loan recipients' responsibility to pay off bills in full or in installments. Credit loan recipients will be charged a Shopee application interest rate of 2.95% per month valid for credit payment options made directly for 1 (one) month and in options of 3 (three) months, 6 (six) months, 12 (twelve)) month, 18 (eighteen) months and 24 (twenty four) months. The Shopee also sets a handling fee per transaction of 1%, and if there is a delay in payment after the due date, a fine of 5% of the total bill will be imposed. The various regulated provisions seek to reduce the risk of default or credit problems for potential recipients of credit agreement loans.

Implementation of the prudence principle emphasizes the elements of attitudes, principles, policy standards, and techniques in risk management to avoid adverse consequences. Another form of

prudence implementation principle is the granting of Shopee loan limits. Meanwhile, Shopee provides a minimum limit of IDR 1 or one rupiah for the payment method of 1 (one) month, while with the installment method, the minimum transaction is IDR 50,000 (fifty thousand rupiah).

Initial Paylater users also have a maximum transaction limit of IDR 750,000 (seven hundred and fifty thousand rupiah), with the limit continuing to increase, depending on how often Paylater users use the limit on the Paylater feature. Assessment of the attitude and wisdom of Shopee users, Shopee also provides regulations that changes to transaction limits are based on Shopee policy. The limits for users who have a history of bad payments are often not on time. If the user wants to increase the credit limit, Shopee provides two options: manual and automatic application of additional credit.

The urgency of implementing the prudence principle reflects that the mechanisms or procedures for providing credit loans by Shopee must continue to transform into increasingly sophisticated and rapid scientific developments. This can be started by preparing a comprehensive loan application procedure; in this case, it not only emphasizes profit-oriented objectives but also provides education to consumers so that it is not easy to apply for a credit loan. The agreement clauses are prepared briefly, clearly, and concisely so that it is easy for consumers to understand, as well as sanctions for creditors and debtors if they fail to fulfill the agreements in the credit agreement (Hamdi, 2018).

In practice, providing loans to Shopee marketplace consumers has the potential to not comply with the prudence principle. This fact is, of course, very reasonable, considering that Shopee Paylater and Shopee Pinjam only emphasize credit scoring and customer due diligence indicators to verify the validity, suitability, and ability of the debtor to carry out the contents of the agreed agreement. In the assessment and verification process, Shopee or collaborating third parties have the right to seek information and contact potential loan recipients before deciding whether the loan application is accepted or rejected by PT Shopee (Abdulkadir, 2000).

Credit scoring and customer due diligence actions are based on correspondence or recording of results in the form of personal data and identity. This correspondence consists of the Name, Telephone Number, Address, Population Identification Number (NIK). Finally, the data obtained by PT Shopee served as a reference for assessing the feasibility of granting a loan. Responding to such a situation, one thing that needs to be paid attention to is the indicators in the feasibility assessment by PT Shopee. The principle of prudence in providing credit loans (5c of credit) is that there is a high risk of default, which leads to bad credit and has the potential to cause financial harm. from PT employees (OECD, 1998).

In connection with this, Shopee should respond by changing the policy that previously only emphasized credit scoring indicators and customer due diligence, adding other elements such as character, then financial capacity or cash flow capacity, next capital or capital, then condition or conditions, as well as collateral or collateral. Some of these additional elements are essential, especially in relation to the economic conditions that have just experienced revitalization or recovery after the Covid-19 pandemic which has devastated the country's financial sector (OJK, n.d).

Furthermore, the acceleration of science and technology is an important factor in providing credit loans, considering that the current transfer of digital technology provides many conveniences for society. Transforming the financial industry from a conventional form into financial technology will certainly save time and energy, considering that the process is very short. In addition, the loan application process is easy for users. Users only need to provide the required documents, such as the KTP, electricity bills, and marriage books. These documents are filled online, and the provision of credit loans does not require a physical survey but only a questionnaire (Hasoloan, 2013).

The orientation of the application of the prudence principle is a concrete step in providing information regarding the risks arising from credit agreements. In other words, it is a form of transparency, as well as an effort to maintain the relationship between the creditor and the debtor as a relationship of trust (fiduciary relationship). The prudence principle can be implemented by applying the "Know Your Customer" concept, (hereinafter referred to as KYC). KYC is a strategy that can be carried out by

creditors to observe, supervise, identify the identity of the recipient of the credit agreement and to monitor suspicious transactions (Muhammad, 2004).

Apart from the KYC concept, finance companies are also required to carry out analysis by emphasizing three aspects, namely, the return or results that will be achieved from the credit financing activities, repayment or calculating the return of funds from the financing activities that will be carried out, and risk-bearing ability, namely, the calculation of the extent of the debtor's ability to face financing risks that may occur in the future due to unexpected events (Fitriyani, Handayani, & Sari, 2022).

Based on the criteria explained, the direction of implementing the prudence principle for finance companies in providing credit loans to Shopee marketplace consumers must have a framework that is prepared systematically and coherently. It is hoped that the application of these principles will not only be mere rhetoric but can also be carried out as a real manifestation of synergy between various parties, both creditors, in this case Shopee, and debtors; in this case, loan recipients, which ultimately create strategic policies in digital transactions (e-commerce), are based on the principle of shared prosperity (Purba, Rohaini, & Septiana, 2018).

3.2. Challenges of Implementing the Prudential Principle in Providing Credit Loans to Shopee Marketplace Consumers

Law is human work in the form of norms that contain behavioral instructions. Essentially, law is a reflection of human will regarding how society should be developed and directed. To carry out its function as a regulator of human life, law must undergo a long process and involve various activities (law-making and enforcement) with different qualities. Individual interests and the interests of human groups are always in conflict with each other. These conflicting interests always cause conflict and chaos if not regulated by law. The law maintains peace by establishing a balance between protected interests, in which each person must obtain as much rights as possible (Khan, 2021).

Legal protection is the protection of dignity and recognition of human rights possessed by legal subjects in a rule of law based on legal provisions against arbitrariness. The term legal protection narrows the meaning of protection itself, which is only about protection by law. The protection provided by law is also related to rights and obligations, which humans have as legal subjects in their interactions with fellow humans and their environment. As legal subjects, humans have the right and obligation to perform legal actions.

The concept of legal protection began with the emergence of the thinking of Thomas Aquinas with his theory of natural law. Thomas Aquinas thinking paradigm in his theory emphasizes that human reason and thought as a gift from God are oriented towards the realization of goodness which must be disseminated holistically to all levels of society. Referring to these benchmarks, the value of justice becomes a fundamental instrument in the lives of nations and states. The value of justice in question includes aspects of democracy, human rights, and limits to government authority.

Human Rights (hereinafter referred to as HAM) guarantee that human beings have inherent basic rights that must be protected as gifts from God. Human rights are an indicator of the extent to which a country guarantees equality and the principle of nondiscrimination. In this regard, human rights are fundamental, especially in countries that uphold law as a supreme commander. The urgency of protecting human rights in the Indonesian constitution, namely, upholding freedom and security. Human rights represent the presence of the state in ensuring that credit loans made by consumers are without coercion, and that there is no abuse of authority by finance companies (*détournement de pouvoir*).

Kant, according to him, focuses on fulfilling people's welfare. The concept of a legal state was adopted in the 1945 Constitution, namely, an active/dynamic legal state. This rule of law model makes the state an active party oriented towards fulfilling and realizing people's welfare in accordance with the principle of "*welvaarstaat*," which is the opposite concept and principle of "*nachtwachternstaat*" or the night watchman state. The characteristics inherent in the Indonesian legal state are in line with the objectives

of the founding of the Indonesian state, namely, the protection of the entire Indonesian nation and all of Indonesia's bloodshed, promotion of general welfare, intelligence of the nation's life, and participation in maintaining world order based on freedom, eternal peace, and social justice.

William James Fitzgerald conceptualized legal protection by limiting the authority of finance companies as credit lenders considering that the phenomenon of threats by debt collectors in the event of arrears is one of the worrying things. Threats made by debt collectors are subjective actions by finance companies, which develop through social and cultural instruments such as arbitrary attitudes and even exceeding the limits of power (*excess de pouvoir*). Therefore, legal protection aims to meet the interests of consumers rather than finance companies. Pound constructed legal protection with the theory of law as a tool of social engineering, which essentially states that law is a tool for reform in society. The reform in question includes the aspects of economic justice and equity. If these two aspects are fulfilled, legal protection can address the challenges of protecting public, social, and personal interests.

In practice, Indonesia adheres to a democratic legal understanding (*democratic rechtsstaat*) and democratic principles that uphold the rule of law (constitutional democracy). This model emphasizes that rules or norms play an important role in line with the doctrine of "the rule of Law, and not of Man". The paradigm of "the rule of law" comprehensively regulates guarantees that the law has the highest position (supremacy of law), guarantees of equality in law and government (equality before the law), as well as the absence of discrimination by prioritizing human rights principles.

Conceptually, the ideal of the Indonesian nation's legal state remains the same from time to time; its elaboration is always developing dynamically and actively. In this regard, the ideal of legal supremacy at the level of implementation still contains four objectives: protection, prosperity, and intelligence, coupled with world order based on the principles of independence, eternal peace, and social justice (as the framework for Indonesia's foreign policy). This is in line with the opinion of "founding father" Soepomo, who said that the concept of a legal state is based on an Integralistic State Ideal. In other words, when talking about legal protection for consumers, the protection system depends on the "Staatsidee" that will be used for law enforcement (Medlimo, Septania, Hapsari, Zuleika, & Agustin, 2022).

Referring to Hamid S. Attamimi's opinion, which summarizes Soepomo's opinion on the concept of an integralistic state, the concept of the rule of law implemented in Indonesia must be in line with the ideal of protection for all levels of society; in other words, the law must always uphold the constitutional rights of Indonesian citizens. If this can be realized, it will be quite easy to assess whether the implementation concept rule of law in Indonesia has gone well, namely, by looking at the alignment of the constitutional mandate with the achievement of the integration of the Indonesian nation (Medlimo, 2022).

Legal protection of credit loan recipients by the Shopee marketplace is regulated concretely in Article 1338 of the Civil Code, considering that the agreement made is a private agreement. In this regard, all agreements apply legally as law to those who make them. Referring to these provisions, two fundamental variables must be considered before making a credit loan for the Shopee application. These two variables include the following.

1. Freedom of Contract Agreement

Contract law in Indonesia adheres to the principle of freedom in making agreements (*beginner der contracts vrijheid*). This principle emphasizes that all agreements apply legally as law to those who make them. The principle of freedom contains normative provisions such as:

- a. All contracts made legally apply as laws for those who make them.
- b. The contract cannot be withdrawn unless agreed by both parties party or for reasons deemed sufficient by law; therefore,
- c. An agreement must be implemented in good faith.

Article 1338 of the Civil Code provides a guarantee of legal certainty for creditors and debtors through the statement that every agreement is binding on both parties. It should be noted that the Principle of Freedom of Contract provides freedom for parties to agree on the contents of the agreement without any intervention from any party, provided that it does not violate public order and morality.

In addition, the principle of freedom of contract is also open (open system), which is the basis for parties to freely determine what can and cannot be included in an agreement. In practice, this principle is an indicator of the implementation of the consensual principle, which integrates the balance of interests, risk sharing, and bargaining position.

2. Good Faith Agreement for Contract Implementation

All agreements must be carried out in good faith (the *goeder trouw*; in good faith). This principle emphasizes that the parties making an agreement must be based on good faith and propriety, which means that making an agreement between the parties must be based on honesty to achieve common goals. Implementation of the agreement must also refer to what is appropriate and should be followed in social interactions. This principle must be present in every agreement and cannot be eliminated, even if the parties agree that it is immutable.

In general, the understanding of the definition of "good faith" consists of two meanings:

- a. The objective meaning emphasizes that the agreement is made by the parties must be by observing the norms of propriety and decency.
- b. The subjective meaning emphasizes that the diction of "good faith" lies in the attitude someone thought.

Based on Article 1338 Paragraph (3) of the Civil Code, good faith is one of the fundamental instruments in contract law, in which the term good faith judges the power to supervise the implementation of a contract so that it does not violate propriety and justice. In other words, the judge is free to determine whether the contents of the agreement deviate from the principles of justice (*recht gel*) between the two parties. If Article 1338 Paragraph (1) of the Civil Code demands legal certainty in the sense of concrete and individual legal requirements and norms, then Article 1338 Paragraph (3) of the Civil Code is dynamic and covers the entire contract process.

The test of good faith must be fulfilled at every stage of contract making: both the pre-contract making (drafting) stage, the contract making (signing) stage, and the post-contract making (implementation) stage. Subjectively, a state of ignorance results in one party not carrying out the contract. Furthermore, it is important to understand that objective testing of good faith and propriety must be careful and in-depth, bearing in mind that propriety always changes in accordance with developments in society's values.

Along with the rapid growth of technology-based financial services businesses, better known as fintech, this must also be balanced by the presence of clear regulations and supervision over the running of these businesses. Article 5 of Law Number 21 of 2011 concerning the Financial Services Authority, hereinafter referred to as the OJK Law, essentially states that the OJK functions to organize an integrated regulatory and supervisory system for all activities in the financial services sector. Article 6 states that the OJK carries out regulatory and supervisory duties:

1. Financial Service Activities in the Banking Sector
2. Financial service activities in the Capital Market sector
3. Financial services activities in the insurance, pension fund and institutional sectors
4. Financing and other financial service institutions.

Referring to these two articles, the OJK is the agency that regulates and supervises the growth and development of the fintech industry, one of which is peer-to-peer lending based money lending services (hereinafter referred to as P2PL), which is part of the Non-Bank Financial Industry (IKNB) supervised by the OJK.

The difference between traditional banking and P2PL is that conventional banks act as financial intermediaries for depositors (creditors) and debtors. A financial intermediary (fiscal conciliator) transfers funds from parties with excess funds (deficit economic units) to parties that lack funds. Companies, government agencies, and individuals can have excess funds (fat economic units) and a lack of funds (deficit economic units).

P2PL is a lending and borrowing service that brings together creditors and debtors, where the transaction process is done in electronic media without face-to-face meetings. The agreement in P2PL occurs because a person binds himself to another party to provide facilities in the form of loaning funds via the website by the lender as a creditor to the borrower as a debtor. The P2PL system connects potential creditors to debtors on a platform.

The loan application is made by the debtor by fulfilling all administrative requirements provided by the creditor or the online loan service provider company for further approval. The loan approval process by creditors is determined by several factors such as the size of the loan, completeness of administration, and poor credit history. Furthermore, if it has been approved by the lender or investor, the loan interest rate will be determined and the loan application will be entered and recorded automatically in the marketplace.

In practice, although there are regulations governing fintech, several problems still arise. This can be seen in the number of complaints submitted to the Legal Aid Institute by online loan service debtors. As of May 2018, the Indonesian Legal Aid Foundation (YLBHI) has received approximately 3000 complaints regarding the implementation of P2PL-based technology. In these various complaints, the problems experienced by online loan service debtors are dominated by criminal acts of fraud due to the interest rate suddenly increasing without the debtor's knowledge, this is because there are no regulations regarding the amount of interest specified in the POJK, even though it has been determined by The Indonesian Joint Funding Fintech Association states that the agreed interest rate is 0.8%, which consists of interest, bank transfer fees, verification fees and fines.

The P2PL-based loan costs and interests are much higher. The Financial Services Authority, as the official agency that has the responsibility to control activities in the financial sector, has two functions: to supervise all activities in the sector so that they can be integrated and to administer the regulatory system. In this case, the OJK acts as the provider of permission to operate the system and approval for registration applications. In addition, OJK has the right to receive regular reports on the implementation of a technology-based lending and borrowing system.

Apart from the challenges of legal protection for debtors, there are other obstacles related to the security of consumers' personal data. The concept of personal data protection can be reviewed based on the provisions of Article 1, Number 2 of Law Number 27 of 2022 concerning Personal Data Protection. Based on these regulations, personal data are defined as data obtained by someone that is stored, maintained, and maintained as true, and protected as confidential. Data are said to be personal if they relate to an individual's identity information. This indicates that the protection of personal data is not limited to whether a data has an identity, and it goes beyond talking about protecting the privacy of data that can identify its owner (Djafar, 2019).

The concept of privacy is universal and is regulated in several countries, both in the form of statutory and unwritten regulations, namely, rules that exist in society (moral). Samuel Warren and Louis Brandeis became the originators of the concept of the right to privacy. The Harvard Law Review published an essay entitled "The Right to Privacy," which emphasizes that recognition of the individual's right "right to be alone" is an important point of human rights, so it must receive protection. Protecting personal data is an essential aspect of human dignity and is a form of freedom of expression. In fact, the right to privacy over personal data is an effort to respect a person's right to enjoy their life, which, if not protected, can cause material and immaterial losses (Greenleaf, 2011).

Three important privacy principles exist. The first principle, namely "right to be alone," focuses on the

basic principle of a person's privacy. These basic principles are often misused, so they contradict the moral values of religious teachings (Rosadi & Pratama, 2018). The use of photographs of pornographic crimes is a form of abuse that often occurs. The second principle is that a person's personal data are written down by someone else, but this principle is often misused by irresponsible parties for personal gain. The forms of misuse in question include the misuse of medical record information, tax information, and insurance information. Finally, there is the principle of privacy regarding the communication system that a person uses when using online media.

Protection of human rights includes the protection of the right to privacy, as regulated in Article 12 of the General Declaration of Human Rights, which emphasizes that a person has the right to protect against all forms of threats that disturb one's privacy, family, or that cause damage to one's reputation and honor. Article 17 of the International Convention on Civil and Political Rights also regulates the protection of the right to privacy, namely that every individual has the right to protect from all forms of threats to invasion of privacy, family, honor, or reputation (Inggarwati, Celia, & Arthanti, 2020).

Paradigm changes in the current digital era are new challenges that increase the risk of privacy rights violations. Aspects of legitimacy and regulations governing personal data in Indonesia are contained in at least 32 laws. Some of these include the Law of the Republic of Indonesia Number 36 of 2009 concerning health, which regulates patient health data and conditions, or patient medical records. Furthermore, Law of the Republic of Indonesia Number 10 of 1998 concerning Banking which regulates customer personal data and transactions carried out, Law of the Republic of Indonesia Number 8 of 1999 concerning Consumer Protection, Law of the Republic of Indonesia Number 19 of 2016 concerning Information and Electronic Transactions (ITE Law), as well as most recently Law Number 27 of 2022 concerning Personal Data Protection (Khan & Sultana, 2021).

Apart from being regulated in various statutory regulations, personal data protection is also contained in the Indonesian Constitution, namely the 1945 Constitution of the Republic of Indonesia, Article 28G, which essentially implies that a person has the right to protect his life, family, honor, rank, dignity, and wealth. and a sense of security from all forms of threats arising from ownership. This study is an instrument in which every individual must receive privacy protection for their personal data, whether obtained or used by other people. In this regard, every form of privacy misuse regarding personal data is a form of violation of human rights, hereinafter referred to as human rights, especially constitutional rights as citizens (Zulfiani, 2021).

In public discourse in Indonesia, the concept of privacy is often misunderstood because it is considered a Western (European) concept, similar to human rights (Muni, 2020). This is an indicator of low public awareness regarding the importance of privacy, especially as it relates to the protection of personal data. This condition is certainly very worrying, considering that according to Norton Report 2021 data, the level of potential and risk for criminal acts related to personal data in Indonesia has entered emergency status and tends to increase as published in the Indonesia Security Incident Response Team on Internet Infrastructure/Coordination Center (Id-SIRTII/CC). As an illustration, various data leak cases occurred in Indonesia; in May 2020, Tokopedia and Bhinneka.com reportedly experienced data leaks. In addition, on May 20, 2021, the public was shocked by information about the data leak of 279 million Indonesian citizens in the BPJS Health case.

4. Conclusion

Regulation of the prudence principle is very important for regulating the activities of providing technology-based money lending and borrowing (fintech). This prudence principle is the basis for providing credit or loans, which serves to assess whether the loan is suitable for the borrower. This principle is a guideline that functions to minimize the risks that might occur as a result of the lending and borrowing process, especially since this lending and borrowing is done without meeting in person. Therefore, both from the legitimacy aspect, and the parties involved in providing credit loans must synergize with each other to minimize possible risks. All providers must apply prudence to provide credit loans. Shopee Paylater and Shopee Pinjam, platforms that provide this Paylater feature, must

apply the principle of deep caution as a tool for analyzing credit lending. The prudence principle is oriented toward legal protection and data security for debtors or potential loan recipients.

In the process of providing credit loans, there should be coordination between stakeholders, especially the Financial Services Authority (OJK), so that every legal action taken by creditors against debtors can be monitored massively, which ultimately guarantees the creation of legal certainty for consumers. Technology-based money lending and borrowing providers, especially Shopee, should also have deeper and stricter rules on the prudence principle. These arrangements can begin with more complex requirements so that the analysis of the feasibility of providing loans is not solely oriented towards profit objectives, but ensures that the financing process is organized and safe.

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