TEMBILAHAN COMMUNITY'S UNDERSTANDING OF PEER TO PEER LENDING SERVICES: A QUALITATIVE STUDY

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Article Info	Abstract
	The development of digital technology has encouraged the birth of various innovations in the financial sector, one of which is financial technology (fintech) services in the form of peer to peer lending (P2P lending). The presence of P2P lending is expected to be able to increase financial inclusion by providing quick and easy access to financing for the public. However, the rapid development of this service is not always accompanied by an adequate level of public understanding. This research aims to explore and understand in depth the understanding, perception, and factors that affect the people of Tembilahan towards P2P lending services. This study uses a qualitative approach with a qualitative descriptive method. Data collection was carried out through in-depth interviews, observations, and documentation of the selected Tembilahan community using purposive sampling techniques. Data analysis is carried out through the stages of data reduction, data presentation, and conclusion drawing by applying triangulation of sources and techniques to maintain the validity of the data. The results of the study show that the level of understanding of the Tembilahan community towards P2P lending is still relatively low. People generally only understand P2P lending as an online loan without understanding the mechanism, legality, and risks that come with it. Public perception of P2P lending is ambivalent, namely on the one hand it is seen as a quick solution to fund needs, but on the other hand it is considered risky due to high interest rates, aggressive collection, and misuse of personal data. Digital financial literacy and information sources, especially social media, are the main factors that affect public understanding and perception. This low understanding has an impact on people's attitudes that tend to avoid P2P lending altogether or use it without careful consideration.

1. INTRODUCTION

Background Problem

The development of digital technology has brought significant changes in various sectors of life, including the financial sector. Innovation in the financial sector that utilizes technology is known as financial technology (fintech). According to Arner, Barberis, and Buckley (2017), fintech is the use of technology to improve and automate financial services so that they become more efficient and accessible to the public. The presence of fintech is considered to be able to answer the limitations of conventional financial services, especially for people who have not been reached by banking [1].

One form of fintech that is growing rapidly in Indonesia is peer to peer lending (P2P lending) services. P2P lending is an information technology-based money lending service that brings together lenders and borrowers directly through a digital platform. The Financial Services Authority (OJK) explained that P2P lending aims to increase financial inclusion and provide a faster and easier financing alternative for the public [2] . With this convenience, P2P lending has become a popular choice, especially for small businesses and people who need funds in a short time.

However, the rapid development of P2P lending is not always accompanied by an adequate level of public understanding. According to Lusardi and Mitchell (2014)[3], low financial literacy can cause individuals to make wrong and risky financial decisions. In the context of P2P lending, the public's lack of understanding of loan mechanisms, interest, fines, and risks can cause new problems, such as dependence on online loans and increasing cases of illegal loans.

This condition is also seen in the Tembilahan community. Based on the phenomenon found, there are still many people who do not know clearly what P2P lending is, how it works, and the differences between legal and illegal P2P lending platforms. According to Sugiyono (2020), people's understanding of a phenomenon is influenced by experience, knowledge, and information received from the social environment. The lack of socialization and financial education is suspected to be the main factor in the low understanding of the Tembilahan community towards P2P lending services[4] .

Furthermore, public perception of P2P lending is often shaped by information circulating on social media or other people's experiences, which is not necessarily objective. Moleong (2021) stated that qualitative research is important to understand the meaning and subjective perception of the community towards a social phenomenon[5]. Therefore, a qualitative approach is considered appropriate to explore in depth how the people of Tembilahan understand, interpret, and respond to P2P lending services.

Based on this description, research on the Tembilahan Community's Understanding of Peer to Peer Lending Services is important to be carried out. This research is expected to provide a comprehensive overview of the level of understanding, perception, and factors that affect the public in accepting and using P2P lending services. The results of this research are expected to be input materials for the government, OJK, and related parties in formulating education and consumer protection strategies to improve people's financial literacy.

Problem Formulation

1. How do the people of Tembilahan understand peer to peer lending services?
2. What is the perception of the people of Tembilahan regarding the benefits and risks of peer to peer lending services?
3. What factors affect the low understanding of the Tembilahan community towards peer to peer lending services?
4. What is the source of information obtained by the people of Tembilahan related to peer to peer lending services?
5. What is the experience of the people of Tembilahan in using or responding to peer to peer lending services?

Research Objectives

This research aims to:
1. To find out and understand the understanding of the Tembilahan community towards peer to peer lending services.

2. To examine the perception of the Tembilahan community regarding the benefits and risks of peer to peer lending services.
3. To identify the factors that affect the low understanding of the Tembilahan community towards peer to peer lending services.
4. To find out the sources of information accessed by the people of Tembilahan related to peer to peer lending services.
5. To explore the experience of the people of Tembilahan in using or responding to peer to peer lending services.

2. LITERATURE REVIEW

Financial Technology (Fintech)

Financial Technology (fintech) is an innovation in the financial sector that utilizes the development of digital technology to improve the quality of financial services. Arner, Barberis, and Buckley (2017) define fintech as the use of technology to provide financial solutions that are more efficient, fast, and accessible to the public. The presence of fintech is seen as a response to the limitations of the conventional financial system in reaching all levels of society[1].

According to Gomber et al. (2018), fintech not only changes the way financial transactions are conducted, but also influences people's financial decision-making behavior and patterns [6]. Therefore, public understanding of fintech products and services is an important aspect so that financial innovation can provide optimal and sustainable benefits.

Peer to Peer Lending

Peer to peer lending (P2P lending) is a form of fintech that brings together lenders and borrowers through a digital platform without the intermediaries of conventional financial institutions. The Financial Services Authority (OJK, 2016) explained that P2P lending aims to increase financial inclusion by providing easier and faster access to financing for the public[2].

However, according to Claessens et al. (2018), P2P lending also has risks that need to be understood by users, such as credit risk, interest risk, and personal data protection[7]. The public's lack of understanding of the mechanisms and risks of P2P lending can lead to unwise use of services and increase the potential for financial losses.

Community Financial Literacy

Financial literacy is an individual's ability to understand financial concepts, products, and risks to make the right decisions. Lusardi and Mitchell (2014) stated that low financial literacy is closely related to errors in financial decision-making and high vulnerability to risky financial products[3].

The OECD (2018) emphasizes that financial literacy includes not only knowledge, but also financial attitudes and behaviors. In the context of P2P lending, financial literacy plays an important role in helping people understand interest, loan tenors, late fines, and distinguish between legal and illegal platforms[8].

Public Understanding and Perception

The public's understanding of a financial service is influenced by perceptions, experiences, and information received. According to Robbins and Judge (2017), perception is a process in which individuals interpret information to give meaning to the surrounding environment. A misperception of P2P lending services can encourage irrational financial behavior[9].

Sugiyono (2020) stated that the public's understanding of a social phenomenon cannot be separated from the social and cultural context in which the community is located[4]. Therefore, qualitative research is important to explore in depth how people interpret and understand P2P lending services in their daily lives.

Relevant Previous Research

Several previous studies have shown that public understanding of fintech services, especially P2P lending, is still relatively low. Yarli (2018) found that lack of socialization and low financial literacy are the main factors for low public understanding of fintech[10]. Another study by Nugroho and Purwanti (2020) shows that information obtained from social media often forms an incomplete public perception of online loans[11].

Moleong (2021) emphasized that qualitative research is very relevant to be used to understand complex and contextual social phenomena, including public understanding and perception of digital financial services[5]. Therefore, this study seeks to complement previous research by delving deeply into the understanding of the Tembilahan community towards P2P lending services.

Frame of Mind

The development of financial technology (fintech) in recent years has shown very rapid growth in line with the increasing digitalization of financial services. According to the Financial Services Authority (OJK, 2023), fintech plays an important role in increasing financial inclusion through the provision of financial services that are more accessible to the public[12]. One of the most widely used forms of fintech is peer to peer lending (P2P lending) services, which offer non-banking financing alternatives based on digital technology.

P2P lending is designed to bring together lenders and borrowers directly through digital platforms. However, OJK (2022) emphasized that the use of P2P lending must be balanced with an adequate public understanding of the mechanism, risks, and legality of the service. Lack of understanding can cause problems, such as the unwise use of online loans and the increasing cases of illegal P2P lending[13].

The public's understanding of digital financial services is greatly influenced by the level of financial literacy. The OECD (2021) states that financial literacy is a combination of the knowledge, attitudes, and behaviors needed to make the right financial decisions. In the context of P2P lending, financial literacy is an important factor so that people are able to assess the benefits and risks before using the service[14].

In addition to financial literacy, access to information and social experiences also affects public perception. According to Suryani and Ramadhan (2022), public perception of digital financial services is largely shaped by information from social media, the experiences of those closest to them, and news in online media. Incomplete or misleading information can form a misunderstanding of P2P lending[15].

In the context of the Tembilahan community, there is still a phenomenon of low understanding of P2P lending, both in terms of understanding, how it works, and the risks that come with it. Creswell and Poth (2021) emphasized that qualitative approaches are very appropriate to be used to understand social phenomena in depth based on the experience and perspective of the research subjects[16]. Therefore, this study seeks to comprehensively explore the understanding and perception of the Tembilahan community towards P2P lending services.

Figure 1. Research Framework

Source: Processed by Researchers, 2025

RESEARCH PROPOSITIONS

In qualitative research, a hypothesis is formulated in the form of a research proposition as an initial assumption that will be tested through field data (Moleong, 2021)[5]. The propositions in this study are as follows:

a. The understanding of the people of Tembilahan towards peer to peer lending services is still relatively low, in line with the findings of the OECD (2021) which states that people's financial literacy towards digital financial services is still limited[14].

b. The low understanding of the Tembilahan community towards P2P lending is influenced by low financial literacy and lack of socialization from related parties, as emphasized by OJK (2022) that financial education is the key to fintech consumer protection[13].

c. Public perception of P2P lending is shaped by information from the social environment and digital media, as stated by Suryani and Ramadhan (2022) that digital media plays a major role in shaping public understanding of online financial services[15].

d. The lack of understanding of the risks and legality of P2P lending increases people's vulnerability to illegal online loans, according to the OJK report (2023) which shows that there are still high cases of online loan misuse due to a lack of public understanding[12].

3. RESEARCH METHODS

Types and Approaches to Research

This study uses a qualitative approach with a qualitative descriptive method. This approach was chosen because the research aims to deeply understand the understanding, perception, and experience of the Tembilahan community towards peer to peer lending services. Qualitative research allows researchers to explore social phenomena holistically based on the informant's point of view.

Research Location and Time

This research was conducted in Tembilahan District, Indragiri Hilir Regency. The choice of location is based on the phenomenon of low public understanding of peer to peer lending services. The research time is planned to last for (1-2 weeks), including the preparation stage, data collection, data analysis, and preparation of research reports.

Research Subjects and Informants

The subject in this study is the Tembilahan community. Research informants were determined using the purposive sampling technique, which is the deliberate selection of informants based on certain criteria relevant to the research objectives.

The criteria for informants include:
- People who live in Tembilahan
- Have heard or know about online lending/P2P lending
- Have used or have not used P2P lending services
- Willing to provide information openly

Data Collection Techniques

The data collection techniques in this study include
- In-depth Interview
  The interviews were conducted in a semi-structured manner to explore the public's understanding, perceptions, experiences, and sources of information regarding peer to peer lending services.
- Observations
  Observations were carried out to observe the social conditions of the community and phenomena related to the use or attitude of the community towards P2P lending services.

- Documentation
  Documentation is in the form of field notes, photos, and other supporting documents relevant to the research, such as socialization data or fintech-related information.
- Data Analysis Techniques
  Data analysis is carried out qualitatively with the following stages;
  Data Reduction – sorting and simplifying data from interviews, observations, and documentation.
  Data Presentation – organize data in the form of narratives, matrices, or theme categories to make them easy to understand.
  Drawing Conclusions – drawing meanings and conclusions based on patterns and themes found from field data.
- Data Validity Techniques
  To ensure the validity of the data, this study used the following techniques:
  Source triangulation, which is comparing data from several informants
  Triangulation technique, which is comparing the results of interviews, observations, and documentation
- Research Ethics
  This study pays attention to research ethics by:
  Asking for the informant's consent before the interview
  Maintain the confidentiality of informant identities
  Using research data only for academic purposes

4. RESULTS AND DISCUSSION

The Level of Understanding of the Tembilahan Community on the Concept of Peer to Peer Lending

The results of the study show that the conceptual understanding of the Tembilahan community towards peer to peer lending (P2P lending) services is still relatively low. The majority of informants only understand P2P lending as "online loans" without knowing the fundamental differences between legal and illegal P2P lending, the role of platforms as intermediaries, and the mechanism of the relationship between the lender and the recipient. Most informants also do not know that P2P lending is under the supervision of the Financial Services Authority (OJK) if it is registered and licensed. This is in line with the OJK report (2023) which states that the public's low understanding of the basic concept of fintech lending is one of the main causes of the rampant use of illegal online loans in Indonesia[12].

The OECD (2021) emphasizes that low digital financial literacy causes people to only understand financial products at the surface level, without being able to assess risks and long-term consequences[14]. This condition is reflected in the people of Tembilahan who are more focused on the ease of disbursement of funds rather than aspects of legality and risk.

Public Understanding of the Mechanism, Interest, and Risks of P2P Lending

The findings of the study show that the public has not fully understood the working mechanism of P2P lending, especially related to interest, service fees, late fines, and the risk of default. Some informants consider interest and costs to be "natural" without knowing the amount and calculation.

OJK (2022) emphasized that the public's lack of understanding of the cost structure and risks of fintech lending can lead to sustainable financial problems, including default and social conflicts[13]. Research by Pratama and Nugroho (2021) also found that many online loan users do not read or understand the terms and conditions before taking a loan[17].

This shows that the understanding of the Tembilahan people is still partial and does not reflect adequate digital financial literacy.

Public Perception of the Benefits of P2P Lending

Although the understanding is still low, the results show that the public has a positive perception of the benefits of P2P lending, especially as a quick solution to urgent funding needs. The informant considers P2P lending to be more accessible than conventional banking which has stricter requirements.

According to the OJK (2023), fintech lending is indeed designed to increase financial inclusion, especially for people who have not been reached by banking services[12]. Research by Widodo and Sari (2022) shows that the perception of ease and speed is the main factor in people's interest in P2P lending[18].

However, this perception of benefits is often not balanced with an understanding of the risks, potentially leading to unwise use of services.

Public Perception of the Risks and Negative Impacts of P2P Lending

In addition to positive perceptions, the people of Tembilahan also have a strong negative perception of P2P lending, especially related to high interest, aggressive collection, and misuse of personal data. This perception is generally formed based on other people's experiences and news on social media.

Suryani and Ramadhan (2022) stated that social media has a big role in shaping public perception of digital financial services, both positively and negatively[15]. OJK (2022) also emphasized that negative public perceptions are often triggered by cases of illegal online loans that are not distinguished from legal P2P lending[13].

These findings suggest that public perceptions are not yet based on a balanced understanding of benefits and risks.

Digital Financial Literacy Factors as a Determinant of Understanding

This study found that digital financial literacy is a key factor in shaping public understanding of P2P lending. Informants with a better level of education and financial experience tend to have more critical understanding than other informants.

The OECD (2021) emphasizes that digital financial literacy includes the ability to understand technology-based financial products, digital risks, and consumer rights and obligations[14]. OJK (2023) also stated that low financial literacy is the main challenge in protecting fintech consumers[12].

This shows that increasing digital financial literacy is very important for the people of Tembilahan to be able to use P2P lending safely.

The Role of Information Sources in Shaping Public Understanding

The results of the study show that the main sources of public information about P2P lending come from social media, digital advertising, and stories from the social environment, while official information from the OJK or government agencies is very rarely accessed.

Research by Nugroho and Purwanti (2021) found that the dominance of social media as a source of financial information often causes information bias because it emphasizes the aspect of promotion rather than education[11]. OJK (2022) also emphasized that the imbalance between commercial and educational information increases the risk of public misperceptions[13].

These findings confirm the importance of communication and socialization strategies that are more massive and easy to understand by the public.

The Impact of Low Understanding on People's Attitudes and Behaviors

The low public understanding has a direct impact on people's attitudes and behaviors towards P2P lending. This study found two main patterns, namely:
1) People who avoid P2P lending completely because they are afraid of risks.
2) People who use P2P lending without sufficient understanding.

According to the OJK (2023), both patterns are equally risky, as they can hinder financial inclusion or even cause new financial problems. Creswell and Poth (2021) affirm that qualitative research is able to uncover the social impact of digital phenomena that are not seen in quantitative data[16].

Implications of Research Results on the Development of Financial Literacy

The results of this study show that continuous education and socialization are needed to improve the understanding of the Tembilahan community towards P2P lending. Education needs to emphasize not only the benefits, but also the risks, legality, and ethics of using digital financial services.

According to OJK (2022), collaboration between the government, financial institutions, and local governments is the key to improving people's financial literacy[13]. Research by Hidayat and Kurniawan (2023) also confirms that community-based education is more effective in improving community understanding in the region[19].

5. CONCLUSION

The level of understanding of the Tembilahan community towards P2P lending services is still relatively low. Most people only know P2P lending as an "online loan" without understanding the basic concept, working mechanism, legality, and role of the platform as an intermediary between the lender and the recipient of the loan. This limited understanding causes the public to not be able to distinguish between legal P2P lending supervised by the OJK and illegal online loans.

The public's understanding of the mechanism, interest, cost, and risks of P2P lending is still partial. The public tends to focus on the ease of disbursement of funds and the speed of the process, while risk aspects such as interest, late fines, potential defaults, and personal data protection have not been adequately understood. This condition shows that people's digital financial literacy is still not optimal.

Public perception of P2P lending is ambivalent. On the one hand, P2P lending is perceived as a quick and easy solution to meet urgent funding needs. But on the other hand, people also have strong negative perceptions related to high interest, aggressive billing, and misuse of personal data. This perception is mostly formed by information from social media, other people's experiences, and news that often does not distinguish between legal and illegal P2P lending.

Digital financial literacy and information resources are the main factors that affect public understanding. People with a better level of education and financial experience tend to have a more critical understanding of P2P lending. Meanwhile, the dominance of social media and digital advertising as a source of information without being balanced by official education from the OJK or the government has led to information bias and misperceptions.

The low understanding of the public has an impact on attitudes and behaviors in responding to P2P lending. Some people choose to avoid this service entirely because of fear of risk, while others use P2P lending without a sufficient understanding, which has the potential to cause financial problems in the future.

Overall, this study emphasizes that increasing digital financial literacy and sustainable socialization is very necessary for the people of Tembilahan. Educational efforts need to be carried out collaboratively by the Financial Services Authority, local governments, and related institutions with an easy-to-understand and community-based approach. Thus, the public is expected to be able to understand, utilize, and respond to P2P lending services in a more wise, safe, and responsible manner.

6. SUGGESITION

Based on the results and discussion of the research, some suggestions that can be submitted are as follows:

a) Advice for the Financial Services Authority (OJK)

The Financial Services Authority is expected to increase the intensity of socialization and education regarding peer to peer lending services, especially related to mechanisms, risks, consumer rights and obligations, as well as the differences between legal and illegal P2P lending. Education needs to be delivered in a language

that is simple and easy to understand by the community, as well as utilizing media that are often accessed by the community such as social media, local communities, and direct socialization activities in the region. This step is important to improve digital financial literacy and strengthen fintech consumer protection.

b) Advice for Local Governments

The local government of Indragiri Hilir Regency, especially in Tembilahan District, is advised to play an active role in supporting financial literacy programs through cooperation with OJK, financial institutions, and educational institutions. Community-based education programs, such as counseling at the sub-district or village level, are considered more effective in increasing community understanding. The local government is also expected to be a liaison for official information so that the public does not only rely on informal sources of information that have the potential to be misleading.

c) Suggestions for the Community

The people of Tembilahan are expected to be more selective and critical in receiving information related to peer to peer lending services. The public needs to get used to checking the legality of the P2P lending platform through the OJK official website and understanding the terms and conditions before using online loan services. Increased awareness and a cautious attitude are essential so that people avoid financial risks and illegal online lending practices.

d) Advice for P2P Lending Operators

P2P lending providers who are registered and licensed with the OJK are advised to increase the transparency of information related to the products and services offered. Information about interest, costs, risks, and complaint mechanisms needs to be conveyed clearly, honestly, and easily understood by the public. In addition, organizers are expected to contribute to financial education activities as a form of social responsibility and consumer protection.

e) Advice for Subsequent Researchers

The next research is suggested to use a quantitative approach or mixed methods to measure the level of financial literacy and public understanding of P2P lending in a broader and measurable manner. In addition, the research can be extended to certain community groups, such as MSME actors, the younger generation, or vulnerable groups, as well as compare the understanding of people in urban and rural areas. Thus, the results of the study are expected to provide a more comprehensive picture of the use of P2P lending services in Indonesia.

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