



The impact of illegal online loans on student financial well-being and academic persistence

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ABSTRACT

Background: The increasing prevalence of illegal online lending (pinjol) in Indonesia has raised concerns regarding its impact on students. Despite their status as educated individuals, many students face financial hardships that push them to seek alternative financial solutions, including illegal online loans. This research explores the factors leading students to use illegal online loans, the victimization process, and the long-term consequences on their academic and financial well-being. **Methods:** This study employs a qualitative research approach using a critical criminology framework to analyze the structural factors contributing to student victimization. Data were collected through structured interviews with seven students from different universities in Indonesia, all of whom had firsthand experience as illegal online loan users. **Findings:** Many students refrain from reporting their cases due to fear of social stigma, legal repercussions, and the perception that authorities may not take their complaints seriously. Students face financial strain due to tuition fees, living expenses, and societal expectations to be independent. Many are forced to seek quick financial solutions, leading them to illegal lending platforms. Victims often face intimidation and threats from debt collectors, including exposure of personal information. **Conclusions:** Illegal online loans create significant financial, psychological, and academic challenges for students. The exploitative nature of these loans exacerbates existing economic inequalities, forcing students into cycles of debt and distress. **Novelty/Originality of this Article:** This study offers a new perspective on the role of financial stress and social expectations in student involvement with illegal online lending. Unlike previous research that focuses solely on digital lending regulation, this study examines the personal experiences of student borrowers and the structural factors contributing to their financial victimization. The findings provide valuable insights for policymakers, financial institutions, and educators in developing preventive strategies to reduce student dependency on illegal online loans.

KEYWORDS: illegal online loans; student financial stress; academic persistence; digital lending; financial exploitation.

1. Introduction

One of the largest cases of illegal pinjol occurred in Bogor in 2022, where 317 victims were revealed to have experienced loan-based fraud from illegal pinjol (Novina, 2022). In that case, 40 percent of the victims of pinjol exploitation were active students of Bogor Agricultural University. The case was not the only incident where students were involved in the use of illegal pinjol that ended in victimization, exploitation, and losses for students. In 2022 to 2023, Institut Madani Nusantara, Universitas Islam Negeri Solo, Universitas Muhammadiyah Yogyakarta, Universitas Indonesia, have all been disrupted by the pinjol phenomenon with the occurrence of internal cases related to pinjol (Masyarafina, 2023.).

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The cases range from socialization that requires student participation in the use of pinjol, to murder with the motive of paying for pinjol. The case of illegal pinjol continues to drive the urgency of research that analyzes why many students become illegal pinjol users. Although the number of students using illegal pinjol continues to increase, the victimization experience of students using illegal pinjol is still very little researched. The P2P lending statistics report from OJK (2024) shows that students in the young adult age group, namely 18-25 years old, are very vulnerable to becoming illegal pinjol users. At the end of 2023, OJK reported an average of 2500 cases of individual loans each month that were not current in paying loan fees, with 450 cases with complete repayment failure. Quantitative research on student online loan users (Islkhul & Lusi, 2023) also found that many students failed to pay their loan fees. The study also found that 52 percent of the students studied suffered from uncovered living expenses, without having a stable or sufficient income. The study also found that 64 percent of the students knew pinjol from their social environment, namely between friends and family.

Students are viewed by society as smart, conscientious and knowledgeable individuals (Payne & Chappell, 2008). Student status places one as an academic, a person who is highly educated and has the ability to think critically and analytically. But in reality, most of the students are children without life experience who are just growing up. Individuals who are students are individuals who are still learning; learning in their field of education, and also learning to live an independent life as an adult (Novitasari & Ayuningtyas, 2021). The gap between the view of student status and the reality of individuals in this status results in student social role conflict.

Society's view of the role of students requires them to be seen as independent and accomplished (Payne & Chappell, 2008). Students are expected to focus on their field of study, through activities related to academic achievement or contributive activities. At the same time, students are also considered to be adults who can begin to be independent financially and in their personal lives. However, not all students can live a life that only focuses on academic interests such as achieving and contributing to their field of expertise (Amin et al., 2022). The student role can be a pressure for students to meet the social expectations contained in the student role, due to the fear or disappointment that results from failure to meet the expectations of the student role (Payne & Chappell, 2008). Due to the conflict of the student role, they feel compelled to find any way to continue their education, be seen as an achiever, or even just be seen as an independent adult. In conditions where they do not have support or a stable source of income, role conflict can push students to look for quick and accessible sources of income, such as illegal loan sharks.

Role conflict forces young adult students to seek loans to meet the academic expectations of an independent and accomplished person. Research shows that the biggest drivers of students taking out loans are for continuing education, the cost of academic life, and also the cost of participating in high-achieving academic activities such as competitions (Brett et al., 2017). However, loans have the potential to harm students (Angkasa et al., 2023). Students' minimal financial experience due to their young age makes it difficult for them to repay their debts smoothly. Students' limited income opportunities also make debt repayment very difficult. As a result, the impact of taking out loans can result in financial losses in students having to repay huge debts for a very long period of their lives.

Research on students' financial well-being at the end of 2022 found that 75% of students were unable to meet the financial burden of academic life (Fletcher et al., 2023). Students experience economic problems because the cost of education and the cost of academic life is getting higher. Students need financial support from their families in the form of large monetary capital. In reality, not all students pursue advanced education with the full support of their families (Pramessti, 2023). Research shows that 44 percent of students contribute to the financing of their family's needs; from basic needs, installments, to urgent needs such as medical expenses and debt repayment (Kempa & Bilviary, 2022).

Many of the SDGs encourage the participation of youths through academic and professional innovation in education and employment as a pathway to a flourishing future (Borojevic et al., 2023). However, in reality, young adults have very little space to participate

in society. Economic conditions in Indonesia, especially in terms of employment, are highly competitive. A decent source of income is very difficult to obtain without skills and certificates that can only be obtained from advanced education (Fletcher et al., 2023). Many individuals who come from backward socioeconomic backgrounds have to support their families. In order to gain vertical financial mobility, many individuals in these situations set out to pursue an academic life without sufficient financial means (Supriarti & Handayani, 2018).

The cost of education itself is not something that is lightly borne by students and their families. Advanced education in Indonesia is experiencing a trend of increasing costs due to the phenomenon of commercialization of education among universities in Indonesia. Advanced education in Indonesia is increasingly operating like a business rather than a service to society (Zainudin & Rosali, 2022). The increasing quality of private universities has resulted in private university graduates to increasingly dominate the job market. This has driven the cost of further education to increase due to growing competition between universities. Even within public universities in Indonesia, tuition fees continue to rise due to the increasing operational costs of public universities and the increasingly minimal state subsidies for universities. The privatization of education also affects the increasing cost of public universities (Supriarti & Handayani, 2018). Competition among public universities to improve the quality of education and teaching facilities builds a trend of increasing education costs. The trend has resulted in the construction of public universities to continue to increase, resulting in higher student fees. The increase in tuition fees comes without an answer to the problem of high financial dependents for students who have financial shortcomings (Zainudin & Rosali, 2022).

The phenomenon of illegal pinjol has become a widespread problem in society since 2019, with OJK data showing more than 19000 case complaints related to illegal pinjol (Financial Services Authority, 2021.). This number has not decreased with the passage of time, and continues to be a problem from year to year. At the end of 2021, Kominfo responded to 4878 reports related to illegal pinjol (Kominfo, 2021). In the same year, Kominfo closed 151 illegal pinjol providers. Only two months after the closure announcement, there were still 103 illegal pinjol providers still operating freely. Even in the first half of 2023, only from January to May, OJK recorded 3903 cases related to illegal pinjol (Financial Services Authority, 2023).

Illegal Pinjol emerged due to the misuse of new technologies that emerged as a result of the development of the digital economy, especially Peer-to-peer (P2P) Lending technology. P2P Lending is a type of financial transaction where loan seekers can be connected directly through an online platform with loan providers without a banking process (Savitri et al., 2021). However, research on P2P lending shows that improvements in social inequality are not always achieved after the implementation of P2P lending. For example, there are research results in China, Africa, the UK, and Vietnam, where the implementation of P2P lending did not lead to an improvement in socioeconomic welfare conditions. (Klein et al., 2021). In this research, P2P lending is considered very likely to have a detrimental impact if there is a gap in financial knowledge between borrowers and lenders.

P2P lending has been widely abused due to the distributive computing phenomenon in Indonesia's digital economy. In the context of Indonesia's digital financial services history, the provision of loans and financial services is controlled and monopolized by a few small companies (Pramadi, 2020). They use strict regulations and their large capital to offer the most user-friendly and profitable services to consumers, thus establishing their monopoly on financial services. Distributive computing is a decentralized movement of financial services based on financial technology that eliminates the need for intermediaries to conduct financial activities (Odinet, 2020). P2P-lending is a direct way to break the monopoly of financial services. Services that abuse P2P lending to offer financial services directly between consumers and providers do not have to follow the prevailing regulations and market rules. Illegal pinjol is an example of the misuse of P2P lending; where p2p lending is used so that consumers can get loans without having to follow the rules and

regulations of service provider companies such as private banks that are monopolizing financial services providing loans (Sitepu, 2023). This research focuses on students who are users of illegal pinjol. Many students have suffered losses after becoming illegal pinjol users (Novitasari, 2021). OJK regulations limit P2P lending users to have to follow financial standards and rules that embody a balanced responsibility between borrowers and loans to safeguard each other's interests (Hidajat, 2020). Therefore, illegal pinjol does not have guarantees that protect borrowers from loan providers financially.

Studies on P2P lending in Indonesia show that online transaction platforms are misused by illegal pinjol providers to commit fraud and predatory lending crimes (Huang & Pontell, 2023.). Fraud is a practice where money lending is done with the aim of financially exploiting the borrower. With the information asymmetry provided by P2P lending, illegal lenders can hide contract clauses that financially exploit borrowers; such as hidden administration fees or monthly maturities that in reality only last a few weeks. Predatory lenders have a specific target demographic, namely people with financial vulnerabilities who have limited economic literacy (Disemadi, 2021). Fraud and Predatory lending is done to profit through trapping vulnerable demographics in debt and using that debt to gain the greatest financial benefit. Illegal pinjol providers are also very difficult to be followed up by the police due to the aspect of P2P lending transactions without OJK registration. Both factors are used by illegal pinjol to maintain their anonymity (Kafer, 2018.).

2. Methods

2.1 Research approach

This research uses the critical criminology method with the use of a qualitative approach to produce strain analysis. Critical criminology focuses on structural elements that can play a role in victims, perpetrators, and the phenomenon of crime. The interpretive qualitative approach uses informants' experiences based on stories and fabrications that are analyzed not in a raw way but through consideration of the informants' position and contextual situation. The focus of using a qualitative approach in research is aimed at revealing the process of crime and in particular the reactions and impacts experienced by victims (Noaks & Wincup, 2008). An interpretive qualitative approach will be used to generate data from a gradual analysis of the experiential storytelling, delivery methods, and background of the informants as data sources (Miller & Palacios, 2015). In this study, a qualitative approach is used to obtain information about the victimization process from the victim's perspective. The results of interpretive qualitative research are expected to find an explanation of the factors that lead to students' involvement with illegal pinjol, the conditions and situations that influence students' decision process when taking pinjol, and ultimately the losses experienced by students.

This research uses a qualitative approach to data collection with a structured interview methodology. The data that can be obtained from victims' experiences is varied, and does not guarantee that it is easy to compare and process, so the flexibility of the qualitative approach is needed. A general strain theory lens-based approach will be used in this research. The general strain theory lens is very effective in explaining how inadequate socioeconomic conditions result in individuals who tend to associate with risky activities (Agnew, 2006). Strain theory can be limited because it can only be used against data that contains the socioeconomic context of the source of the data information. As a solution, this study uses an interpretive qualitative approach that does not limit informants to provide stories about their lives, conditions and situations in response to interview questions

The success of this research depends on the ability of the research methodology to explore the experiences of informants broadly and fully. Qualitative research is very effective in exploring in-depth information and also recording highly sensitive and personal knowledge. The data sources for this research are students who have experienced exploitation by illegal loan sharks. Therefore, they are very likely not in the best condition and are still experiencing the impact and losses of their victimization experience. Qualitative

research can best guarantee the safety and anonymity of informants due to the two-way communication involved in the interview process (Ritchie et al., 2013). Researchers can ensure that student victims of illegal loan sharks who contribute as data sources can be kept anonymous, given comfort and patience to provide traumatic answers, and guaranteed professional medical assistance if needed. Qualitative research can then produce the safest and most effective environment to obtain sensitive data from this research from the victim's perspective.

Illegal pinjol users do not want to announce that they are illegal pinjol users. Especially in Indonesian society, the use of illegal pinjol and failure to repay debt is shameful and makes a person viewed with a negative stigma (Abdullah, 2021). Illegal pinjol users cannot discuss the problems they experience for fear of being judged stupid or careless in the victimization they experience, so the experience of pinjol users becomes something that is hidden by victims of illegal pinjol. The author hopes that with this research, student victims of illegal pinjol are also given free space to talk about and express their negative experiences when experiencing victimization by illegal pinjol.

2.2 Research ethics

Noaks & Wincup (2008) state that ethics are standards that must be adopted towards others in carrying out research. The data obtained in this study, namely the victimization experience of victims of illegal pinjol, is very sensitive data. The data in this study can be used to defame the informant's name as a user of illegal pinjol, and therefore has the potential to have a negative impact on the victim if it is not kept confidential. Moreover, this data is data from victims of exploitation. Victims of exploitation are very likely to still be undergoing the recovery process and are vulnerable to secondary victimization from leveraging the trauma of the crime they experienced (Ritchie et al., 2023). Therefore, the researcher will be fully responsible for the safety, protection, and support services for the informants.

Informants will be fully explained by the researcher regarding their rights in this study through the explanation of the informed consent agreement. Informed consent ensures that the informant's involvement in the research is carried out with consent based on complete knowledge of the terms of the research being carried out. Informed consent forms ensure that there is no deception or fabrication of information between researchers and informants (Ritchie et al., 2013). Informed consent forms will be used to maintain the ethics of this research. Informed consent forms also ensure that informants do not experience pressure in the research process, and guarantee that researchers are fully responsible if there are ethical violations in the entire research process. Protection of informants is offered through the guarantee of informant anonymity and strict safeguarding of informant identity as a safeguard of research ethics and informant safety.

The sensitivity of this research subject requires the concept of do no harm (Noaks & Wincup) to be guaranteed to all external parties such as informants and gatekeepers who participate in this research. In conducting research on students who use illegal pinjol with a data reference point, namely the experience of victimization, informants in this study will be required to re-engineer memories and feelings that have the potential to produce negative impacts. Therefore, the ethical concept of do no harm must be guaranteed at every stage of this research. At the pre-interview stage, the researcher must ensure that the informants' full consent and understanding with what they have to do and the potential negative impact of their participation in this research. At the interview stage, the researcher should be adaptive and empathetic, with quick reactions to avoid questions that result in informant discomfort and also to actively ensure that informants are aware of their right to not answer or end the interview. The researcher should also have post-interview responsibilities. The first responsibility is to ensure the anonymity and safety of the informant. The second responsibility lies in guaranteeing the safety of the informants, guaranteeing that if the informants experience any negative psychological impact after

participating in the research, they will get psychological help in the form of medical counseling at the expense of the researcher.

2.3 Selection of research subjects

The ability of a qualitative study to produce findings is limited by the quality of the data under study. In research that relies on interviews as the primary data source, the selection of individuals or parties who become informants is a critical step in the quality of the data obtained (Ritchie et al., 2013). The selection of good research subjects in interview-based qualitative research must follow several rules to ensure good data quality. Informants should follow consistent and regular rules to ensure that the data obtained does not contain distortions caused by external factors. However, the selection of informants cannot be too strict to avoid bias in the data obtained.

The subjects of this research are individuals who at the time of the research were active students who had been users of illegal pinjol. Informant contacts were obtained through the social media-based CKPO (Curhat Korban Pinjaman Online) Community. The CKPO community is an organization that provides advocacy and advice on a non-profit basis to individuals who are experiencing the victimization of loan sharks and illegal loan sharks. Some informants were also obtained through direct approaches through social media and direct interaction, with consistency in the provision that all informants at the time of the research were active students. The procedure for selecting research subjects began with the researcher's initial interaction with the CKPO Community as a gatekeeper. The CKPO community plays the role of gatekeeper because it connects the author with informants by inviting and introducing potential informants. Interactions and meetings between the author and the CKPO were conducted through social media Facebook and Instagram. The CKPO helped researchers search for informants by spreading offers to become research participants in their Whatsapp channel which contains 324 members of users and former users of loan sharks.

From the dissemination of information from the CKPO, 11 potential informants offered to participate in this research. After the potential informants were introduced by the CKPO who acted as a gatekeeper, the researcher made personal contact and offered consent directly to the potential informants. At this stage, informants received a full explanation of the full terms of the research and the right to abate in the informed consent. The research was only conducted after the informant's willingness was obtained at the end of this procedure. In the end, after arranging schedule and location matches, the researcher managed to set up interview plans with four of the informants. Apart from these four informants, there was one informant from a friend of one of the informants who was introduced to the CKPO community, and two informants from the researcher's acquaintances who also fall into the category of students who use illegal pinjol.

2.4 Data collection techniques

Primary data is data collected directly from the source (Marvasti, 2008). This study uses a structured interview method to obtain primary data. The interview method to be used is a structured interview, with a list of questions that the researcher has prepared according to the data needed for the analysis of students, strain findings on students, and illegal loan sharks. Interviews were conducted with six informants in four different interview sessions. The interviews were conducted on a one-on-one basis, or only between the researcher and one informant, although in some sessions multiple interviews were conducted with different informants. Structured interviews were conducted through specific sets of questions and ideas aimed at eliciting responses from informants that contain data related to the research topic. The researcher only recorded the audio of the interview, and used a pseudonym, namely the initials of the name in interacting with the informant. The researcher conducted the interview with devices, namely; a cellphone for

audio recording, interview guidelines, informed consent, and a pen for signing informed consent.

There were seven informants in this research who came from five different universities. Four of the informants became research participants with the help of the CKPO community who contacted them about participating in the research. One additional informant was obtained from one of the informants from the CKPO, namely a friend of one of the students who used illegal pinjol who is also a student of illegal pinjol users. The other two informants are students of illegal pinjol users who were found by the researcher from the social environment and the distribution of research invitations within the researcher's circle of acquaintances.

The interview was conducted in 5 sessions. The first session was conducted at Burjo Der, Bekasi, on March 15, 2024, at 13:00 WIB, with informant GR. After meeting with the informant, the researcher explained the terms of the research and informed consent. Informant GR had some doubts and sought clarification regarding the anonymity of the research. After being given assurance regarding the researcher's responsibility to maintain the safety and confidentiality of the informant, the interview began. Informant YBK began to open up and provided very complete data. The second session was conducted at Angkringan Mas Tri, Semarang, on March 19, 2024, with two informants, informant YBK and informant KA. Both informants came at different times, informant YBK at 16:00 WIB, and informant KA at 13:30 WIB, but the same day. The interview was conducted directly on site, in a smoking corner seat with audiovisual privacy maintained. While explaining the terms of the study and providing an informed consent form, the researcher offered and bought food and drinks for both informants. Both informants were very comfortable and smooth in responding to the interview. No information was withheld by either informant, and the interviews yielded very complete data. The third session was conducted on the campus of the University of Indonesia, Depok, on March 22, 2024, at 19:00 WIB, with informants RH and IG consecutively but alternately. The introduction of the research conditions was conducted simultaneously, with both informants responding very positively to the assurance of informed consent. Once the consent of both informants to be participants had been obtained, the interviews began. Informant IG was interviewed first, with informant RH waiting in another room. Both informants' interviews went very smoothly, with some forgotten events successfully recalled by both informants. After the interview, the researcher bought food for both informants. The fourth session was conducted at informant KR's domicile at the informant's house in the Tangerang area, on May 3, 2024, at 14:00 WIB. The interview with informant KR was a little awkward at first, because the informant invited at the informant's place of life was not at home when the researcher came at the agreed time. However, after waiting for the informant to return home, the interview went smoothly. Informant KR was very enthusiastic in discussing his experience with illegal pinjol. Moreover, informant KR also provided additional primary data, namely a recap of the conversation in the form of a screenshot of the informant KR's Whatsapp Message with the illegal pinjol. The researcher gave a food parcel to informant KR after the interview as a form of gratitude. The fifth and final session was conducted on May 10, 2024, at 18:00 WIB, at Fore The Breeze cafe in the Tangerang area with informant MA. Informant MA initially did not agree to the audio recording, but eventually accepted the compromise that the audio recording would be deleted by the researcher after making the transcript. Informant MA provided a very detailed account of her experience, and provided information that was highly relevant to the research. After the interview, the researcher bought additional drinks and food for informant MA as a show of gratitude.

2.5 Data processing techniques

The coding process is needed in qualitative research to translate raw data from interviews into a consistent form that can be analyzed comparatively. The coding process categorizes raw data into concepts that can be analyzed according to the information content and themes contained in the raw data (Fischer, Boone, & Neumann, 2023). The

coding process used in this study will start from the formulation of raw data into transcripts, then the categorization of data findings in the creation of data triangulation, and finally selective coding through cross-referencing analysis of data findings.

This research will conduct coding to categorize the raw data obtained according to the information contained in each part of the interview conducted. The raw data from the interviews contains a vast amount of information, but in an indefinite and undetailed form. Interviews contain experiences, stories, knowledge, as well as feelings and memories of the informants, most of which are relevant to the research. The first stage of the coding process is the formulation of the interviews into one consistent form, the verbatim transcript. Verbatim transcripts were written in Microsoft Word format after the interviews were conducted, with language directly taken from the audio recordings of the interviews. The transcripts transform the knowledge provided by the interviewees into a text format that can be categorized and processed further.

The second stage of coding in this study was data triangulation which was done for the categorization and classification part of the coding. Data triangulation was the use of Microsoft Excel to place all the interview findings in one graph. Data from the verbatim transcripts were given dialog codes that will be used for inclusion in the data triangulation. Interview knowledge in the form of dialog will be classified according to the findings contained in the meaning of experiences, memories, stories, or dialog given by each informant. Data triangulation is a method that will facilitate the search for data findings. The graphic format is also used to facilitate the connection between the informants' context and the data findings. Data triangulation also highlights findings that emerge outside the context topic that have the potential to add to the discussion and knowledge of the data findings.

Several codes were used to classify the data used to classify the data in data triangulation. The codes are divided into three research focuses that have several specific indicators. The first research focus is the financial background of student victims of illegal pinjol; with indicators namely family financial status, financial support for education, conditions of external dependents, availability of income sources, and tuition fee waivers. The second research focus is the process of student victimization; with indicators namely conditions when becoming an illegal pinjol user, payment ability, financial exploitation, intimidation, and direct violence. The last research focus is the impact and losses of students; with indicators including ways out of illegal pinjol, losses after victimization, and long-term impact.

The final stage is selective coding-based analysis. Selective coding connects and cross-references between categories and classifications of relevant and related data findings. Contextual findings such as socioeconomic indicators that indicate the presence of strain on students will be analyzed in accordance with the findings of victimization experienced by students. The relationship between the findings will be the origin of the construction of the analysis that builds the knowledge of this research.

2.6 Data analysis technique

Data analysis in this qualitative research is inductive. Analysis in this research then starts from data collection which is then analyzed through a combination of appropriate theories and concepts (Neuman, 2014). This research applies the Miles and Huberman (1994) analysis technique, with stages in qualitative data analysis that can be divided into three.

Data reduction refers to a process of selecting, focusing, simplifying, abstracting, and transforming data in such a way that final conclusions can be drawn and verified. Data reduction in this study was carried out at the stage of recording interview results in verbatim transcripts. Raw data obtained in interviews is stored in the form of audio recordings which will be reduced to a written format. In written form, the data becomes easy to select, summarize, and paraphrase to conduct effective and consistent analysis.

The verification stage is carried out when data collection interviews, data reduction, and data classification have been carried out. Drawing analysis and analytical conclusions

depends on how researchers collect data, sort data, and make presentations of the data. Verification is a logical match between theoretical ideas, research hypotheses, and comparisons of previous research with findings that have been processed. The analysis carried out then is a comparison between the findings information that has been divided into categories with discussions that are relevant to this research.

3. Results and Discussion

3.1 Primary data findings

The profile of research informants in this thesis refers to the demographics of informants who have experience as the primary data source in the research. The informants in this study include seven students with diverse backgrounds but have experience of being illegal pinjol users. Informant data can be seen in Table 1.

Table 1. Informant data

Informant	RH	KR	MA
Age	23	22	21
Gender	Female	Male	Female
University	Binus University	Binus University	Pancasila University
Semester	8	8	6
Pinjol	fast money	cashcashnow	mytunai
Informant	GR	YBK	KA
Age	21	22	20
Gender	Male	Female	Male
University	UNISMA Bekasi	Semarang State University	Diponegoro University
Semester	6	6	6
Pinjol	Cash	Loan Lightning	Money Wallet

The criteria of this study limit that informants are only individuals who use illegal pinjol as active higher education students. The informants in this study ranged in age from 20-23 years old. The informants came from five different universities, and used six different illegal pinjol. All research informants in this study hold relevance to the research topic as they use illegal pinjol while holding an active status as advanced education students in Indonesia. All primary data findings in this study draw on the experiences gained through interviews conducted with the research informants.

3.2 Results of research questions

The first research question asks about the financial background of students and the process of students becoming illegal loan shark users. This research looks for strains in students who use illegal pinjol. Therefore, indicators of financial and social stress that can produce strain are sought in the financial background of students. The financial condition of students who are victims of illegal loan sharks is examined to find sources of strain in students. To verify that students are experiencing strains and not just financial burdens, this study also examined students' limited sources of income and financial relief. The expected findings were sought in the form of experiences of burden in students, to also produce findings on how expectations from living an academic life produce social stress-based strains in students.

The second research question asks how the experience of exploitation and victimization in student victims of illegal loan sharks. This research proposes that if strains are present, the disruption of the strains results in students making reckless decisions to use illegal pinjol services. The data is sought through an interview review of the process of students becoming illegal pinjol users. The third question asks how victimization from using illegal pinjol disrupts their lives in the long run. The data obtained to generate findings from this question are the financial impact of illegal pinjol exploitation on students, forms of

violence in the experiences of students who use illegal pinjol, and finally the long-term impact of illegal pinjol on students. In the submission of this question, the research also found phenomena regarding barriers to reporting cases of illegal pinjol, and the phenomenon of online gambling patterns in students who use illegal pinjol.

3.3 Financial condition of student victims of pinjol

Students who use illegal pinjol have very diverse financial backgrounds. Socioeconomic class does not limit students who can become illegal pinjol users. There were several informants who reflected on their limited financial condition before becoming illegal pinjol users. Some of the student informants had sufficient finances. However, they experienced external obstacles that led to disruptions in their financial stability. These external obstacles include health problems, divorce, death of family members.

Some other students come from more than adequate financial backgrounds. They have good financial stability, and can even have a stable source of independent income. This does not help to divert them from becoming illegal pinjol users. The findings in this sub-chapter contain the findings of 'Financial support conditions of students'. The findings can be summarized to show that within the sample of students who use illegal pinjol; there are students who have financial problems and limited support, but there are also students with stable and sufficient financial support.

3.4 Financial dependents of students in an advanced education environment

There are many financial dependents that research informants have that are directly related to their status as students. Students must pay the amount of tuition fees, with a fairly large variation between campuses. They also have to support their lives while undergoing education, with a burden that varies with the informants' different overseas conditions. Some students also experience external burdens from the academic activities they have to bear. Some informants reflected that the amount of education they had to bear to complete their academic period was a big financial burden.

The overseas condition, or the situation where students have to live in a city outside their hometown for their education, can also produce financial burdens for students. The recap from the informants shows that the cost of finding a place to live while undergoing education is a big source of financial stress. Even for students who do not live overseas, the cost of transportation required for their education can also be a significant source of financial stress. Academic activities can also, in some circumstances, incur spontaneous academic costs. Some of the incidents experienced by the student informants in this study were changes in the academic fee payment schedule, and educational projects that can also be costly.

3.5 Limited sources of alternative tuition fee waivers

Students' financial stress resulted in attempts by student informants to find alternative sources of income or relief from their education costs. These efforts had varied results, but generally failed to produce relief from their financial stress. Some students attempted to seek relief directly from the source of their financial stress, namely academic fee waivers. However, some of the research informants' attempts failed entirely due to the subjective and inconsistent nature of the review system. There are also systems with very rigid requirements that cannot be relied upon by students experiencing financial stress.

Sources of income from side jobs are also something that many of the student informants who experienced financial stress pursued. However, many of these efforts are not compatible with the time constraints of students who are busy with academic activities. Scholarships are also something that student informants consider. However, the conditions of scholarships require achievements that are very difficult to fulfill by students who have to face the consequences of great financial stress. Even in cases where scholarships are

attainable, there is a phenomenon where the requirements of scholarships make it difficult for students to get the assistance they need.

Loans are also not an option for students who need a source of financial support. Some loans that were considered but failed to become the choice of research informants included bank loans, credit cards and pawnshops. The reasons given by the research informants include: small loan limits, or requirements that cannot be met by students. This sub-chapter produces findings in the category of 'Limited income opportunities and fee waivers', with the conclusion that jobs and scholarships are not sufficiently available for students' financial needs.

3.6 Student process to become an illegal online loan

All student informants were able to recall the steps they took when they decided to become illegal online loan users. There were several consistent factors in engineering their decision-making process when confirming their desire to use illegal online lending services. One factor that was present in all student informants' experiences was financial pressure as a reason for using illegal online lending. Student informants did not go through a mature decision-making process. Some students were pressured by the cost of education, either because of a financial disaster or a change of date from the campus.

Some students also experience financial stress that is indirectly related to living an academic life. Some research informants had to bear the costs of academic research projects, or living or transportation costs to continue their education. The findings fall under the category of 'Impact of financial burden on students' academic life', with the conclusion that financial needs hinder students from being able to focus or even live an academic life.

Students who make the decision to become users of illegal pinjol also do not know the difference between illegal pinjol and pinjol registered by OJK. The next finding is in the category of findings 'Point of origin of the encounter between students and illegal pinjol'. Many student informants found illegal pinjol from public spaces; such as physical advertisements, advertisements on social media, or from friends. Some students make the wrong assumption that because pinjol advertisement services can appear in public spaces, then the pinjol must have a legal basis. In reality, many illegal pinjol have managed to maintain advertising in public spaces.

The use of loan money obtained by student informants from illegal pinjol is always used directly for the urgent needs that prompted the loan to be taken. Many informants also shared that they had the ability to pay the loan fees, before being exposed to hidden fees or interest that was outside the illegal pinjol loan contract. These findings fall into the category of 'process of using student loan funds' findings, with the conclusion that loan funds are fully used to meet the immediate needs of academic or higher education living expenses, or of the expectations on students to participate in academic activities.

3.7 Impact of financial exploitation of students by illegal online lenders

The main and biggest form of harm experienced by the student informants by illegal pinjol is financial exploitation. Continuing the finding that loans are taken out by students with the basic planning that they have the ability to pay the loan fees, there are several financial exploitation tactics used by illegal pinjol against the research informant students. The two biggest tactics experienced by the student informants were hidden fees and exploitation of interest collection contracts.

Some students take out loans with full awareness of the interest they will have to pay to repay their loan fees. However, there are several exploitative tactics used by illegal loan sharks to impose a greater financial burden on borrowers. The first tactic is the use of variable interest rates. The interest stated and charged on the loan is actually increased according to the loan period taken, so that the loan amount increases exponentially and becomes very large. The second tactic of financial exploitation by interest-based contract lenders is the use of a billing cycle that does not match the borrower's calculations. Although

the interest charged is monthly, there are students who are charged interest on a 21-day cycle, resulting in a huge growth in their interest costs in a very short period of time.

A problem that creates a lot of financial burden for students is the hidden fees used by illegal pinjol. Many student informants in the study, despite considering their ability to pay loans and loan interest, became financially overwhelmed when they had to pay additional fees that arose after becoming an illegal pinjol user. The additional fees charged by illegal pinjol come in many forms; administration fees, fund transfer fees, and late fees. However, there are similarities in how none of the student informants were aware of the hidden fees until after being burdened with having to pay these fees along with their loan fees. The findings fall under the category of 'The process of students experiencing loan default', with the conclusion that interest, hidden fees, and other exploitative strategies from illegal loan sharks make it difficult for students to repay their loan fees. The exploitative nature of illegal pinjol is directly related to their illegal nature of operating without clear contracts. Some students have tried and failed to seek legal contracts or approvals for their lending activities and are therefore unable to fight the financial exploitation of illegal pinjol through legal channels.

3.8 Violence by illegal online lenders against students

The rest of the findings fall under the finding category 'Experience of exploitation of students' and also some of the finding points under the category 'Experience and impact of intimidation and terror on students'. The financial exploitation of illegal pinjol results in a very heavy financial burden for student borrowers. Hence, almost all student informants in the study failed to pay their loan fees. After the default, the illegal pinjol used several means of intimidation and violence to force borrowers to make payments. Intimidation is used as a tool by illegal pinjol in all interactions of research informant students when they become borrowers. Intimidation is used by illegal pinjol to ensure that borrowers continue to make efforts to pay their loan fees, complete with huge interest rates and hidden fees that they slip in. One of the most widely used forms of intimidation and terror is the threat to disseminate personal data.

Threats made online have also taken several unique forms. For example, in the case of student informants, the modus operandi of illegal loan sharks is to use borrowers' personal information and online-based services to carry out disruption-based threats. The illegal pinjol ordered online-accessible services to disrupt borrowers' lives to get them to make payments. Apart from online threats, there are several forms of intimidation based on direct threats of violence. Illegal loan sharks use debt collector agents to ensure that borrowers experience intimidation that forces them to pay the amount of their loan fees. Debt collectors directly use the threat of violence as a tool to gain financial benefits through the payment of loan fees. They threaten the safety of borrowers to force payments to be made. They also threaten the safety of the borrower's acquaintances such as their family address and workplace. Debt collectors also pointed out that illegal loan sharks misuse borrowers' personal information, as they can visit borrowers' home and work addresses.

In some cases, physical intimidation can be carried out by illegal pinjol debt collector agents against addresses that are not provided by student informants. This shows that illegal pinjol can obtain and hold borrowers' personal information beyond just the information they provide in the loan agreement. Most of the findings also fall under the 'Exploitation strategies of illegal loan sharks' category of findings, with the conclusion that illegal loan sharks charge huge loan fees through exploitative tactics such as unregulated interest and hidden fees, and use violence, threats and intimidation to ensure that students are forced to continue paying their increasingly large loan fees over time.

3.9 Failure phenomena and barriers to reporting illegal online lending cases

There is consistency in the experiences of student informants where police officers failed to assist students in dealing with the victimization of illegal loan sharks. In one case, a report

was successfully made by a student informant. However, the police did not take the report seriously and it was not followed up properly. In several other cases, reporting was not done. The most common reason was that after the student informants realized that the loans they were using were not registered with OJK and were legal, they feared the punishment for using illegal pinjol. Student informants' experiences also included difficulties in how to report, and confusion about how to obtain sufficient evidence for a report.

3.10 Long-term impact of victimization of illegal online loans on students

The last finding produced by this research is the finding in the category of 'Mental disorders and the long-term impact of pinjol victimization on students'. The research informant students' victimization experience with illegal pinjol resulted in many immediate losses. All student research informants who interacted with illegal pinjol experienced financial losses and terror. The impact experienced by student research informants due to illegal pinjol victimization is not only limited to immediate losses. There are several long-term impacts that arise in student informants as a result of their interactions with illegal loan sharks. Students experience psychological and mental wounds that interfere with their daily lives and require long-term recovery.

Interaction with illegal pinjol has also had a very negative impact on the academic lives of some student informants. The continuation of their education is one of the most important things in their lives. Even with financial problems, many students do not want to stop their studies. This is because they are expected to complete their education because of the amount they have spent on their education, or to get a decent job. In the data findings, dropping out of college is the impact of interaction with illegal pinjol that is found in many student informants. Some students had to drop out of college to solve the pinjol problem. Some students experience too much financial loss from interactions with illegal pinjol so they do not have the funds to continue their education.

Illegal pinjol also produces patterns of interaction with financial activities that are dangerous for some student informants. The experience of interview informants shows that there is a phenomenon where students after becoming illegal pinjol users become online gambling users as well. This online gambling is a very harmful financial activity that they also regret, but it is something they are familiar with because of the financial pressure and pressure generated while in the midst of being an illegal pinjol user.

4. Conclusions

Financial exploitation is a consistent pattern in the student victimization experience. Students are charged interest outside the OJK financial regulation standards, with interest rates that exceed the agreement. Students are also exposed to hidden fees after taking out a loan. Due to the nature of illegal pinjol services operating without a contract, students can only be trapped by loan fees that are far greater than they expected. After defaulting on their loan, students experience terror and intimidation from illegal loan sharks. Their personal data is threatened to be shared, the safety of students and their friends and family is threatened, and in some cases debt collectors come to use violence to interfere with the safety of students.

This research also found that the impact of illegal pinjol on students is very disruptive to their lives on a large scale and long term. Students experience losses from the burden of illegal pinjol loan fees that become enormous due to financial exploitation through interest and hidden fees that become enormous due to their limited financial capabilities. The magnitude of financial losses from illegal pinjol greatly disrupts the academic life of students. Many students have to drop out of college due to financial constraints or because they have to focus on earning income to cover the financial losses from the exploitation of illegal pinjol. Terror, intimidation, threats, and violence experienced by students disrupt

their mental and physical health. Students have to live in a state of insecurity for a long period of time while being users of illegal pinjol. Many students victimized by illegal loan sharks suffer from mental disorders that interfere with their ability to live their lives. The long-term recovery of students requires psychiatric treatment which takes a lot of effort, time, and money.

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Author Contribution

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