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Strengthening Legal Protection For Consumers Of Peer-To-Peer Lending Fintech Services In Support Of Digital Economic Development

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Abstract
The development of peer-to-peer (P2P) lending in the financial technology (fintech) sector has driven increased financial inclusion and accelerated digital economic development in Indonesia. On the other hand, this development has also given rise to various legal issues, such as the misuse of personal data, unethical debt collection practices, an imbalance in the legal positions between operators and consumers, and suboptimal legal protection for service users. This study aims to analyze the effectiveness of legal protection for consumers of peer-to-peer lending fintech services, identify factors influencing the strengthening of legal protection, and formulate a legal protection model based on Pancasila to support digital economic development. This study employs a normative legal research method supported by empirical research, utilizing legislative, conceptual, and case-based approaches. Data were obtained through a literature review and supplemented by empirical data analyzed qualitatively via legal interpretation and comparative analysis. The results show that legal protection for consumers of peer-to-peer lending fintech has not been effectively implemented despite the availability of a relatively comprehensive regulatory framework. This situation is influenced by a gap between legal norms and their implementation, weak regulatory oversight, suboptimal governance of personal data protection, low levels of legal and financial literacy among the public, and a lack of integrated interagency coordination. As a theoretical contribution, this study proposes a Pancasila-Based Legal Protection Model that integrates the principles of legal certainty, justice, humanity, accountability, and collaborative governance as the foundation for strengthening fintech consumer protection. This model is expected to serve as a foundation for refining consumer protection policies while supporting the development of a safe, inclusive, and sustainable digital economy in Indonesia.
Keywords: *Fintech Peer-to-Peer Lending, Consumer Legal Protection, Pancasila, Digital Economy.*

INTRODUCTION

Digital transformation has reshaped the global economic structure through the integration of information technology into various sectors of life, including the financial services sector (Maramis, 2025) . The widespread development of the internet has spurred the emergence of various innovations in digital-based financial services (financial technology/fintech) that offer faster, more efficient, and more inclusive transaction processes (Njatrijani & Oktaviana, 2026) . In Indonesia, the increase in internet penetration—which has reached more than 221 million users—has become one of the main factors driving the growth of the digital economy, including technology-based financial services (APJII, 2024) . This development has opened up opportunities for people who previously had difficulty accessing formal financial services to obtain financing more easily through digital platforms (Pratiwi & Erniwati, 2022) .

One of the fastest-growing fintech innovations is peer-to-peer (P2P) lending, an information technology-based lending and borrowing service that connects lenders and borrowers through an electronic system (Pratiwi & Erniwati, 2022) . The emergence of P2P lending fintech provides an alternative financing option for the public, particularly micro, small, and medium-sized enterprises (MSMEs), which often face limited access to bank credit due to collateral requirements and relatively complex administrative procedures. This financing model supports increased financial inclusion while also serving as a key instrument in the development of the national digital economy (Amilia et al., 2025; Maylinda et al., 2023; Nurhaliza & Haryanto, 2024) .

Although it offers various economic benefits, the development of P2P lending fintech has also raised increasingly complex legal issues. The ease of obtaining loans through digital applications has been accompanied by a rise in various violations of consumer rights, such as the misuse of personal data, the dissemination of personal information without consent, intimidating debt collection practices, threats, verbal and sexual harassment, and even the distribution of personal photos to the victim's phone contacts. These practices not only violate consumer protection principles but also have the potential to infringe upon citizens' constitutional rights to privacy, security, and human dignity. Various cases of suicide, family conflicts, job loss, and economic losses experienced by victims of online lending indicate that fintech issues are no longer merely related to civil relationships between creditors and debtors but have evolved into matters of human rights protection and legal certainty (Asyifa et al., 2026; Nukuhaly & Kalauw, 2026; SHARANNIE MEUTHIA, 2026) .

The Indonesian government has, in fact, established a regulatory framework through various legal instruments, including Law No. 21 of 2011 on the Financial Services Authority, Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Law No. 1 of 2024 amending theLaw on Information and Electronic Transactions, as well as Financial Services Authority regulations regarding information technology-based crowdfunding services. These regulations aim to strike a balance between technological innovation, financial system stability, and consumer protection. However, the increasing number of public complaints, the prevalence of illegal online lending practices, and the high rate of consumer losses indicate that the effectiveness of existing legal protections still faces various shortcomings—whether in terms of legal substance, supervisory institutions, or the enforcement of laws (Arlin et al., 2026; Gandasari et al., 2025; Sulandjari & Juwita, 2023) .

Several previous studies have examined various aspects of legal protection in the operation of peer-to-peer lending fintech platforms. Prawira (2023) analyzed the reconstruction of criminal sanctions regulations for financial technology-related crimes based on Pancasila. This study indicates that regulations regarding criminal liability in fintech activities remain incomplete, particularly concerning offenses arising from the legal relationship between service providers and users. However, the study focuses primarily on the reconstruction of criminal law and thus has not examined the effectiveness of consumer legal protection from the perspective of digital economic development. Meanwhile, Yusrizal's " examines criminal offenses of defamation and slander via digital media from the perspective of criminal law policy. The results indicate that there remains ambiguity regarding which parties are liable for the dissemination of unlawful electronic information. Although it contributes to the development of cyberlaw, this study does not specifically address the misuse of personal data, collection mechanisms, or consumer protection in peer-to-peer lending fintech services, which have distinct legal and institutional characteristics. Another study by Wardani (2021) focuses on law enforcement against skimming crimes in Indonesia. This study concluded that the effectiveness of law enforcement requires enhanced capacity among law enforcement officials, particularly cybercrime investigators. Although relevant to digital transaction security, the study's focus remains limited to cybercrimes in the banking sector and thus has not analyzed regulatory, supervisory, and consumer legal protection aspects within the peer-to-peer lending fintech ecosystem.

Based on these three studies, several *research gaps* exist. First, previous studies have primarily addressed aspects of criminal law, perpetrator liability, or cybercrime in isolation, while research on the effectiveness of the consumer legal protection system for fintech peer-to-peer lending remains limited. Second, previous research has not integrated an analysis of the development of regulations in the digital financial services sector, the implementation of supervision by the Financial Services Authority, the protection of consumer rights, and the objectives of digital economic development in a comprehensive manner. Third, there has been no research that combines normative analysis with empirical findings from stakeholders to evaluate the implementation of legal protection in practice.

Addressing these gaps, this study offers novelty by developing a model to strengthen legal consumer protection in fintech peer-to-peer lending that not only evaluates the effectiveness of existing regulations but also integrates perspectives on consumer protection, governance of the digital financial services sector, and the values of Pancasila as the philosophical foundation for digital economic development in Indonesia. Furthermore, this study employs a normative legal research approach supported by empirical data, thereby elucidating the gap between legal norms (*das sollen*) and their implementation (*das sein*) and generating more comprehensive policy recommendations for strengthening the fintech consumer protection system in Indonesia.

Based on the above, this study aims to analyze the effectiveness of legal protection for consumers of *peer-to-peer lending fintech services*, identify factors influencing the strengthening of legal protection, and formulate a Pancasila-based legal protection model capable of supporting the sustainable development of

Indonesia's digital economy. This study is expected to make two major contributions. Theoretically, it enriches the study of digital economic law through the development of **a** conceptual **"Pancasila-Based Legal Protection Model"** that integrates the principles of legal certainty, justice, humanity, good governance, and consumer protection within the *financial technology* ecosystem. Practically, the research findings are expected to serve as input for policymakers, the Financial Services Authority (OJK), *fintech* operators, and law enforcement agencies in strengthening regulations, improving the effectiveness of oversight, optimizing personal data protection, and establishing consumer protection mechanisms that are adaptive to developments in financial technology—thereby enhancing public trust and supporting the development of an inclusive, secure, and sustainable digital economy.

METHODOLOGY

This study employs a mixed legal research approach, namely normative legal research supported by empirical research, to gain a comprehensive understanding of the effectiveness of legal protections for consumers of peer-to-peer lending fintech services in the context of digital economic development. The normative approach is used to analyze the adequacy of legal norms governing the provision of P2P lending fintech services, while the empirical approach is used to evaluate the implementation of regulations in practice and to identify various problems faced by stakeholders.

The normative approach is carried out through three main methods: the statute approach, the conceptual approach, and the case approach. *The statute approach* is used to examine various laws and regulations governing consumer protection, financial services, electronic transactions, personal data protection, and the operation of fintech peer-to-peer lending. *The conceptual approach* is used to analyze the concepts of legal protection, consumer protection, the digital economy, and the governance of the financial services sector based on relevant legal theories. Meanwhile, *the case approach* is used to examine various cases of misuse of online lending services as a basis for evaluating the effectiveness of existing regulations.

The research data sources consist of primary legal materials, secondary legal materials, and empirical data. Primary legal materials include the 1945 Constitution of the Republic of Indonesia, Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Law No. 1 of 2024 amending the Law on Information and Electronic Transactions, Financial Services Authority regulations regarding information technology-based crowdfunding services, as well as various other regulations related to consumer protection and the digital financial system. Secondary legal sources were obtained from academic books, national and international journal articles, previous research findings, reports from the Financial Services Authority, and relevant policy documents. Empirical data were collected through in-depth interviews with purposively selected informants, namely officials from the Financial Services Authority, law enforcement officers, judges, and members of the public who had been victims of the misuse of online lending services.

Data collection was conducted through a literature review and semi-structured interviews. The literature review aimed to identify regulatory developments, theories, and previous research findings related to legal consumer protection in fintech. Meanwhile, interviews were conducted using flexible interview guidelines, allowing the researcher to obtain more in-depth information regarding law enforcement practices, oversight mechanisms, and various obstacles in implementing consumer protection for peer-to-peer lending fintech services.

The data were analyzed qualitatively through three stages: data reduction, data presentation, and drawing conclusions. Normative analysis was conducted by interpreting legal provisions using grammatical, systematic, and teleological methods to assess consistency among regulations. Furthermore, the results of the normative analysis were compared with empirical findings using source triangulation to identify gaps between legal norms (*das sollen*) and their implementation (*das sein*). This analytical process was used to formulate a model for strengthening legal protection capable of enhancing legal certainty, consumer protection, and supporting sustainable digital economic development in Indonesia.

RESULTS AND DISCUSSION

The Effectiveness of Legal Protection for Consumers of Peer-to-Peer Lending Fintech in Digital Economic Development

The development of *fintech peer-to-peer lending* demonstrates that digital transformation has significantly improved public access to financial services. The ease of the loan application process, minimal administrative requirements, and the speed of fund disbursement have made this service an increasingly popular financing alternative among the public, particularly among the *unbanked* and *underbanked*. From the perspective of digital economic development, this situation is an indicator of increasing financial inclusion, which has long been one of the government's key priorities in expanding access to financing for the public and micro-entrepreneurs. However, the results of the analysis show that increased access to digital financial services has not been accompanied by an improvement in the quality of legal protection for consumers.

From a regulatory standpoint, Indonesia actually already has sufficiently adequate legal instruments to regulate the fintech sector, ranging from Law No. 21 of 2011 on the Financial Services Authority, Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Law-Law No. 1 of 2024 on Electronic Information and Transactions, to various Financial Services Authority regulations concerning information technology-based crowdfunding services. These regulations govern the principles of transparency, obligations regarding personal data protection, risk management, corporate governance, and mechanisms for resolving consumer complaints. Thus, in terms of *legal substance*, Indonesia's regulatory framework has accommodated the fundamental principles of digital consumer protection.

However, the effectiveness of the law is determined not only by the existence of legal norms but also by the ability to consistently apply those norms in practice. From Lawrence M. Friedman's perspective, the success of a legal system is influenced by three main components: *legal substance, legal structure*, and *legal culture*. Based on this theory, the primary issue regarding fintech consumer protection in Indonesia does not lie in a lack of regulation but in the weak interaction among these three components. The legal substance is in place, but the regulatory framework has not been able to keep pace with the rapid development of digital innovation, while the legal culture of society remains characterized by low levels of legal and financial literacy, meaning that consumers often do not understand their rights when using fintech services.

These conditions reveal a gap between *"das sollen"* and *"das sein."* Normatively, service providers are required to safeguard the confidentiality of personal data, uphold the principle of transparency, and conduct debt collection ethically. However, in practice, various forms of violations are still found, such as the misuse of personal data, the disclosure of information to third parties, intimidation during the debt collection process, and the use of standard clauses that place consumers at a disadvantage. This situation indicates that legal protection remains focused on *regulatory compliance* and has not yet fully evolved into *effective consumer protection*.

From the perspective of *Consumer Protection Theory*, the primary goal of consumer protection is not only to provide dispute resolution mechanisms after a violation occurs (*remedial protection*) but also to build a system capable of preventing harm (*preventive protection*) (Dzahabi et al., 2025) . In the context of *fintech peer-to-peer lending*, a preventive approach should be realized through the strengthening of the licensing process, technology-based supervision (*suptech* and *regtech*), transparency in credit scoring algorithms, and mechanisms for managing personal data that adhere to the principle of accountability. In reality, Indonesian regulations remain more focused on administrative oversight of operators rather than strengthening preventive mechanisms against potential violations of consumer rights.

The findings of this study also show that the effectiveness of legal protection is closely linked to the level *of public trust*. According to *Digital Trust* theory, the success of the digital economy ecosystem heavily depends on the public's confidence that their personal data, transactions, and rights receive adequate protection. When legal protections fail to ensure consumer safety, public trust in the fintech industry will decline. This decline in trust ultimately not only affects consumers but also hinders the development of the digital economy as a whole, as the public becomes more cautious in utilizing digital financial services (Saifullah et al., 2024) .

The findings of this study reinforce the results of Prawira's (2023) research , which states that fintech legal regulations still require restructuring to provide greater legal certainty regarding the legal relationships among the parties involved. However, this study indicates that the issue of consumer protection is not limited to criminal law aspects, as suggested by Prawira, but also concerns the effectiveness of regulatory governance, institutional coordination, and the implementation of consumer protection principles within the digital economy ecosystem.

The results of this study also complement the findings of Yusrizal's " , which focuses on legal liability in the dissemination of electronic information. Unlike that study, this research demonstrates that the misuse of personal data in fintech cannot be understood solely as a matter of cybercrime but is also a consequence of weak data *governance* mechanisms and oversight of digital financial service providers. Thus, a criminal law approach alone is insufficient to ensure consumer protection unless accompanied by the strengthening of administrative oversight systems and industry compliance.

Furthermore, the study by emphasizes the importance of enhancing the capacity of law enforcement officials in addressing cybercrime. This study supports those findings but indicates that enhancing the capacity of law enforcement officials is merely one element within the legal protection system. The effectiveness of fintech consumer protection also requires regulatory harmonization, integrated oversight across authorities, improved public digital literacy, and the application of the principles of *good regulatory governance* capable of anticipating the dynamics of financial technology innovation.

Thus, the results of this study indicate that the effectiveness of legal protection for consumers of peer-to-peer lending fintech cannot be measured solely by the number of regulations that have been issued. Rather, this effectiveness must be understood as the legal system's ability to strike a balance between technological innovation, legal certainty, the protection of consumer rights, and sustainable digital economic development. Therefore, efforts to strengthen legal protection should focus on reforming the governance of digital oversight, enhancing institutional coordination, improving the public's legal literacy, and establishing a consumer protection system that is more adaptable to developments in financial technology.

Factors Influencing the Strengthening of Legal Protection for Peer-to-Peer Lending Fintech Consumers

The analysis results indicate that the effectiveness of legal protection for consumers of fintech peer-to-peer lending is influenced not only by the existence of regulations but also by various institutional, technological, and governance factors, as well as the public's capacity to utilize digital financial services. In other words, legal protection is a system built through the interaction between regulators, fintech providers, law enforcement agencies, and consumers as service users. Therefore, weaknesses in any one of these components will affect the overall effectiveness of the consumer protection system.

The first *factor* is *regulatory* quality. The development of financial technology is proceeding much faster than the formulation of regulations. This situation has created a gap between digital innovations and the available legal instruments. Although the government has issued various regulations governing the operation of fintech and consumer protection, there are still a number of provisions that are too general to anticipate all forms of violations emerging in practice—particularly regarding the use of personal data, credit scoring algorithms, and digital debt collection mechanisms. From the perspective of *Responsive Regulation– —theory*, effective regulation does not merely establish prohibitions and sanctions but is also capable of adapting to changes in business conduct and technological developments. Regulation must be adaptive so that it can keep pace with innovation without hindering industry growth. Based on this theory, strengthening legal protections for fintech consumers requires a more dynamic regulatory approach through periodic updates to regulations, the development of operational standards for digital debt collection, and the strengthening of personal data protection mechanisms at every stage of fintech services (Hikmah, 2025) .

The second factor is the effectiveness of regulatory oversight. The success of consumer protection depends not only on the quality of regulations but is also determined by the regulator's ability to ensure that service providers comply with applicable legal provisions. The complexity of digital transactions means that conventional oversight is no longer sufficient, as most fintech activities take place in real time through electronic systems. Therefore, oversight must be supported by the use of digital technologies such as *Regulatory Technology (RegTech)* and *Supervisory Technology (SupTech)* so that regulators can continuously monitor risks, detect potential violations earlier, and expedite enforcement processes. From a *Risk-Based Regulation* perspective, the intensity of supervision should be based on the level of risk posed by a business activity. In the context of fintech peer-to-peer lending, operators with high transaction volumes, a high

number of complaints, or a history of repeated violations should be subject to more intensive supervision compared to operators with high levels of compliance. This approach allows regulators to allocate supervisory resources more effectively so that consumer protection can be carried out preventively, rather than merely repressively (Aini et al., 2025) .
The third factor is the protection of personal data and the security of electronic systems. Personal data is a key asset in the operation of fintech, as all processes—from identity verification and credit analysis to transactions—are conducted digitally. Therefore, data security serves as the cornerstone for building public trust in fintech services. The analysis results indicate that various issues arising in practice are not only related to loan payment defaults but are also triggered by the misuse of access to consumers' personal data, which is then used as a means of pressure during the debt collection process. This situation demonstrates that strengthening cybersecurity and data governance are integral components of consumer legal protection. Based on *Information Privacy Theory*, the protection of personal data is a fundamental right that must be guaranteed by both the state and digital service providers. The principles *of lawfulness*, *purpose limitation*, *data minimization*, *integrity*, and *accountability* must serve as the minimum standards for managing consumer data. Thus, strengthening legal protection requires not only imposing sanctions for violations but also establishing a secure, transparent, and accountable data management system (Aldaufa & Naza, 2025) .
The fourth factor is the public's legal and financial literacy. The ease of obtaining digital loans is often not matched by consumers' understanding of the legal consequences of the electronic agreements they enter into. Many consumers do not yet understand the contents of standard clauses, complaint mechanisms, their rights to personal data protection, or dispute resolution procedures in the event of a violation. As a result, consumers' bargaining position is weaker compared to that of fintech providers. This finding aligns with the concept *of Legal Awareness Theory,* which identifies public legal awareness as one of the prerequisites for the effectiveness of the law. Good regulations will not yield optimal benefits if the public does not understand their rights and obligations. Therefore, strengthening legal protections must be accompanied by increased public education regarding the safe use of fintech services, the characteristics of digital loans, legal risks, and consumer protection mechanisms (Arini, 2024) .
The findings of this study expand upon the research results of , Yusrizal (2020) , and Wardani (2021) by demonstrating that the effectiveness of legal protection for *fintech* consumers does not depend solely on the reform of criminal regulations, legal liability for the dissemination of electronic information, or capacity building for law enforcement officials. This study found that effective legal protection requires a more comprehensive approach through strengthening the quality of regulatory oversight, digital data *governance*, administrative oversight, compliance audits, improving the public's legal and digital literacy, and strengthening the capacity of all stakeholders, including regulators and *fintech* providers. Thus, regulatory reform must be accompanied by institutional reform and the application of the principles *of good regulatory governance* to create a consumer protection system that is adaptive to developments in financial technology and capable of ensuring legal certainty within the digital economy ecosystem.
Based on this comprehensive analysis, it can be concluded that strengthening legal protection for consumers of peer-to-peer lending fintech requires a multidimensional approach that encompasses regulatory harmonization, risk-based supervision, strengthening personal data governance, improving the public's legal and financial literacy, and inter-agency coordination. This approach will not only enhance consumer protection but also strengthen public trust in the fintech industry, thereby supporting sustainable digital economic development.

Implementation of the Values of Pancasila as the Foundation for Strengthening Legal Protection for Consumers of Peer-to-Peer Lending Fintech
The analysis reveals that various legal protection issues in the operation of *fintech peer-to-peer lending* are not only caused by regulatory limitations or weak oversight but also reflect the failure to internalize the fundamental values that underpin the national legal system. As a nation governed by the rule of law and founded on Pancasila, all public policies—including regulations in the digital economy sector—should not only be oriented toward economic efficiency and technological innovation but also ensure justice, humanity, legal certainty, and public welfare. Therefore, strengthening legal protections for fintech consumers must be situated within the framework of Pancasila as the source of all sources of state law, so

that the development of the digital economy remains aligned with the state's objectives as mandated in the Preamble to the 1945 Constitution of the Republic of Indonesia.

From the perspective of Pancasila Legal Theory, law functions not only as an instrument of social *control* but also as a means of social renewal (*law as a tool of social engineering*). In the context of peer-to-peer lending fintech, regulation must not only govern the legal relationship between operators and consumers but must also be capable of shaping responsible industry behavior, promoting ethical innovation, and creating a just digital economic ecosystem. Thus, the effectiveness of legal protection is measured not only by compliance with norms but also by its ability to strike a balance between business interests, public interests, and the state's interests— .

The implementation of the principle of Belief in the One and Only God is reflected in the obligation of all fintech operators to conduct business activities honestly, in good faith, and responsibly. This principle requires that the legal relationship between operators and consumers be built on the foundation of integrity and respect for moral values. Practices such as the misuse of personal data, manipulation of information, or intimidating debt collection constitute actions that contradict these ethical principles because they disregard moral responsibility in the provision of digital financial services.

The Principle of Just and Civilized Humanity implies that every consumer has the right to protection of their dignity, privacy, security, and legal certainty. In fintech operations, various forms of intimidation, threats, the dissemination of personal data, and actions that degrade the dignity of consumers indicate that the principle of humanity has not yet been fully realized in digital business mechanisms. Therefore, the approach to legal protection must shift from merely resolving disputes after violations have occurred to a preventive protection system through the strengthening of personal data governance, technology-based oversight, and complaint mechanisms that are easily accessible to the public.

Furthermore, the implementation of the principle of "Unity of Indonesia" requires regulatory harmonization and interagency coordination in the regulation of fintech. The development of the digital economy involves various institutions, such as the Financial Services Authority, Bank Indonesia, the Ministry of Communication and Digital Affairs, law enforcement agencies, and consumer protection agencies. If coordination among authorities is only partial, it will be difficult to ensure the effectiveness of legal protections. Therefore, strengthening institutional governance through an integrated oversight system is a critical prerequisite for building a healthy and sustainable fintech ecosystem.

The implementation of the principle of "Democracy Led by the Wisdom of Deliberation and Representation" is reflected through *participatory regulation*. Fintech regulations should not be formulated solely based on the interests of regulators or the industry, but must also involve consumer protection organizations, academics, fintech associations, and the public as service users. This approach aligns with the concept *of good governance*, which places public participation as one of the key principles in shaping policies that are responsive to technological developments.

The principle of Social Justice for All Indonesians serves as the ultimate goal of the legal protection system in the fintech sector. Social justice is not only understood as equal opportunities to access financing but also as a guarantee that all consumers receive equal legal protection regardless of economic background, educational level, or geographic location. Thus, increasing financial inclusion must go hand in hand with improving the quality of legal protection so that the benefits of the digital economy can be fairly enjoyed by all segments of society.

The findings of this study indicate that the implementation of the values of Pancasila is closely linked to the concept *of Good Regulatory Governance*. Good regulation does not merely emphasize administrative compliance but must also uphold the principles of transparency, accountability, proportionality, effectiveness, and the protection of human rights. Therefore, strengthening legal protection for fintech consumers requires a paradigm shift from *rule-based regulation* to *value-based regulation*—that is, a regulatory system that is not only oriented toward compliance with written rules but also uses the values of Pancasila as a guide in every process of lawmaking, implementation, and enforcement.

The findings of this study expand upon the research by , which positions Pancasila as the foundation for the reconstruction of criminal law in the field of financial technology. This study demonstrates that the implementation of Pancasila values is relevant not only in the formulation of criminal law norms but also in the design of fintech industry governance, regulatory oversight mechanisms, personal data protection, and the legal relationship between service providers and consumers. Thus, Pancasila functions as a legal paradigm capable of integrating the dimensions of ethics, justice, and legal certainty into the development of the digital economy.

The findings of this study also complement previous research, which has largely viewed consumer protection from the perspective of positive law. Unlike previous studies, this research demonstrates that the effectiveness of legal protection cannot be achieved solely through the addition of regulations or the imposition of harsher sanctions. Legal protection will be more sustainable if all fintech sector policies are designed based on the values of Pancasila, which place humans at the center of the digital economy (*human-centered digital economy*).

Based on this comprehensive analysis, this study proposes a Model for Strengthening Legal Protection for Fintech Consumers Based on the Values of Pancasila, consisting of five main components, namely: (1) regulation harmonization based on justice; (2) transparent and accountable digital oversight; (3) protection of personal data as a fundamental right; (4) improving the public's legal and financial literacy; and (5) inter-institutional collaboration and public participation in policy formulation. These five components complement one another in building a legal protection system that is adaptive to technological developments while continuing to reflect the characteristics of the national legal system grounded in Pancasila. This model serves as the primary conceptual contribution of this research because it integrates normative, institutional, and philosophical dimensions into a single framework for strengthening legal protection that supports the sustainable development of Indonesia's digital economy.

CONCLUSION

This study shows that legal protection for consumers of peer-to-peer lending fintech services in Indonesia is not yet fully effective, despite being supported by various regulations governing the provision of digital financial services. This ineffectiveness is not primarily due to the absence of legal norms, but is rather influenced by the gap between the substance of the law and its implementation, weak oversight of service providers, suboptimal governance of personal data protection, low levels of legal and financial literacy among the public, and a lack of coordination among authorities within the consumer protection system. These findings indicate that the effectiveness of legal protection must be understood as the result of the interaction between the quality of regulations, institutional capacity, business compliance, and public legal awareness within the digital economy ecosystem.

This study contributes to the development of legal science by proposing *the Pancasila-Based Legal Protection Model* as a paradigm for strengthening legal protection for consumers of fintech peer-to-peer lending. This model positions the values of Pancasila as the philosophical foundation for the formulation of regulations, oversight, personal data protection, the enhancement of public literacy, and collaborative governance among institutions. This research expands the scope of digital consumer protection studies—which have traditionally focused more on regulatory and law enforcement aspects—to an approach that integrates normative, institutional, and fundamental national legal values. In practical terms, the research findings have implications for the government, the Financial Services Authority (OJK), fintech providers, and policymakers to strengthen regulatory harmonization, develop technology-based oversight systems, enhance personal data protection, expand legal literacy and digital financial literacy programs, and build more effective cross-sectoral coordination. The implementation of these policies is expected to increase public trust in fintech services while supporting the creation of an inclusive, secure, and sustainable digital economy.

This study has limitations because the analysis remains focused on a normative legal approach supported by limited empirical research; consequently, it has not yet evaluated the implementation of legal protections based on quantitative data or the perceptions of a broad range of stakeholders. Therefore, future research is recommended to adopt a socio-legal or mixed-methods approach by involving regulators, fintech operators, law enforcement officials, and consumers as respondents. In addition, comparative research on fintech consumer protection models in various countries is also needed to generate policy recommendations that are more adaptive to global financial technology developments while strengthening the competitiveness of Indonesia's legal system in supporting the digital economy.

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