

LEGAL POSITION OF PAYLATER AS A PAYMENT METHOD IN INDONESIA

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Abstract

This study examines the perspective of the juridical status of the implementation of the payment system and its legality dimension in social practice using the statute approach and conceptual approach methodology. To examine the problem of this research method, it uses normative juridical by using a conceptual approach to review and study the research topics raised. The findings indicate that the increasing adoption of payout immediately raises new complexities in users' understanding of rights and obligations in digital contracts. Regulatory uncertainty makes consumers vulnerable to debt traps due to the consequences of late payments, and the risk of personal data leakage increases as the use of pay later services is not equipped with adequate data protection. It is time for Bank Indonesia and the Financial Services Authority to be clearer in identifying concrete steps to improve financial literacy and consumer supervision in line with the development of increasingly developing and innovative pay laters. Based on a comprehensive analysis, it can be concluded that the legal position of the payout mechanism is equivalent to traditional credit agreements in general.

Keywords: problem perception; legal standing; paylater; payment method

Introduction

The orientation of habituation in the financial sector that is in line with current technological developments is manifested in a digital container, namely fintech, which is interpreted as financial technology based on a phenomenon that is not exclusive to the territory of developed countries alone, but is experiencing rapid growth and expansion in developing regions, especially Indonesia and various regions in Southeast Asia. Fintech, if described simply, is the integration of financial series with the implementation of digital era technology that transforms the operational paradigm of business from traditional patterns to trendy, modern, innovative and futuristic formats. Consequently, the business processes executed by entrepreneurs become more optimal, cost effective, affordable and minimize the need for direct contact with customers (humans). (Wardhana & Rustandi Kartawinata, 2023) Thus, consumers as users of fintech services can improve their experience through the use of financial service product access smoothly, quickly and practically anywhere depending on the reach of the internet signal to support loan transactions, payments, transfers and even buying and selling through technology media.

The digital sector has now made a valuable contribution to the economic movement which was initially based on research by Temasek and Google, this is assessed from the number of internet users in Indonesia which is estimated to reach 215 million users and then the use of smartphones dominates by 43 percent. According to the Tempo Data and Analysis Center in 2025 the online market will reach an economic value of \$ 81 billion and 57% of it will come from the e-commerce sector, this increase is in line with the increasing middle class and increasing internet access and geographical conditions of Indonesia, experience and convenience, especially the ease obtained will encourage consumers to use financial-based digital services. (Pusat Data dan Analisa TEMPO, 2020) In the last decade, the role of technological progress, especially in the banking world, can be felt in supporting, facilitating and boosting human work productivity. Currently, everything is

digital, one very essential change that has occurred in community life is using a medium of change as a means of payment carried out by the community in general from the most conservative method, namely a cash payment pattern using paper money, then gradually to the most modern method, namely a payment pattern using electronic money, either in cash or credit via gadgets and/or Card Payment Instruments (APMK). Not long ago, a new innovation even emerged, namely a server-based pay later payment instrument (using an internet-connected application) which has been popular among the community, especially young people.

Paylater which is generally known as buy now pay later (*buy now pay later*) is characteristics in the form of postpaid payment mode. There are features that are basically other forms of lending services or providing financial services credit that are used in shopping for central (basic) needs to seeking pleasure/joy. The paylater payment system held is from non-bank institutions and/or institutions that are often heard with the term fintech (financial technology) business entities or business entities that carry out one of the lending and borrowing activities that use technology and information as a medium (facility) by sharing (joining) with e-commerce that provide paylater features. Basically, the payment mechanism by utilizing paylater services is parallel to the concept of Card Payment Instruments (APMK), namely credit cards that provide and provide their users with rights in advance in the form of a balance limit which later on the credit card customer user is obliged to complete the funds that have been used either by installments or in full. The difference is that paylater does not use a physical form as a means like a credit card.

Currently, paylater services have been known, In addition to the achievements in supporting the development of the digital economy, it is also due to the rampant default and the segment of the young generation of Indonesia, this is influenced by the ease of the adage (motto) "buy now pay later" that already exists and many choices made by the current e-commerce platform which can be easily accessed with a stable internet signal and meet the specified requirements, then the public or prospective users only need to fill out the form provided by each application and then upload their identity via their gadgets and then process and wait for confirmation, only in this way is it very practical and instant and all online. So of course the paylater feature is an easy, practical, flexible and hassle-free preference for the public or prospective users to get credit facilities without a credit card.

The public's obsession with the presence of paylater technology is proven by the increasing number of paylater users from time to time. Several paylater provider platforms have experienced a fairly high spike in users. Since paylater was launched, Traveloka has experienced a spike in users of up to 10 (ten) times, while e-commerce providing online transportation services, Gojek has experienced an increase of up to 14 (fourteen) times, so it must continuously improve user data security with this spike. Another provider platform that has also reaped the impact of paylater is Shopee. Until 2020, the number of Shopee paylater users reached 1.27 million users with an accumulation of 67% active borrowers, namely 850 (eight hundred and fifty) thousand borrowers. The amount of loan funds distributed by Shopee paylater reached almost IDR 1.5 trillion with a success rate of almost 95%. (Sari, 2021) Currently, significant growth has occurred for several reasons why paylater users prefer to use it, namely to buy urgent needs, shop with short-term installments of less than one year, get attractive promos, do not have a credit card and this condition segment is served by paylater and the number of users has experienced growth with the last percentage figure of 30.9% in 2023. (David Gita Roza, 2024)

Seeing this incident, this research will examine the fact of the significant increase in paylater services that provide positive value but on the one hand bring problems such as time bombs that represent legal uncertainty in paylater agreements that affect consumer protection, the risk of personal data leakage, and the effectiveness of regulations in the supervision of the Financial Services Authority, which must answer the challenges of paylater as a payment method that is increasingly popular and attractive in the current digital era, then it is also necessary to compare it with the law of agreements as has been stated that paylater is the provision of credit or loans to prospective users/the community which means an agreement arises between the parties, both creditors or lenders with debtors or loan recipients and then linked to the analysis of potential issues that are currently circulating.

Research Problems

From the background described above, some of the problems that will be examined in this study are as follows:

1. **How do legal uncertainties in paylater agreements affect consumer protection, the risk of personal data leakage, and the effectiveness of OJK regulation and supervision?**

Research Method

The research method used in this research is normative juridical (Rahmawati, 2020), by using a legislative approach and a conceptual approach to review and examine the research topics raised, this aims to find out and obtain an in-depth legal explanation of the massive use of financial services called paylater and the legal aspects and descriptions of problems that occur in its implementation in society, as the principle of the Indonesian state is a state based on law so that every action must be regulated by strict and detailed laws so that there is a guarantee of certainty that creates order and protection in society.

Discussion

1. Legal uncertainty in paylater agreements

a. Understanding Payments Systems

Indonesia as a country of law, a sovereign, just and prosperous country that is organized by officials based on state institutions that are formed, is given the right in the form of authority based on law. In Indonesia, each institution has held and received a mandate by law that is tasked with regulating and being responsible so that in this context it is for the smoothness of payment transactions and money circulation carried out by Bank Indonesia. Bank Indonesia as a central bank functions to regulate and maintain the circulation of money in the community so that it is fit for circulation (clean money policy). The payment system referred to according to Bank Indonesia in Article 1 of Law Number 23 of 1999 concerning Bank Indonesia is a system that includes a set of rules, institutions and mechanisms used to carry out the transfer of funds to fulfill an obligation arising from an economic activity.

Looking at the payment system that alternates according to figure 1.1 below, the next understanding of the payment system according to Manuel Guitian is a tool and means accepted in every payment transaction in general, institutions and organizations that regulate the payment (including prudential regulation), operating procedures and communication networks used to initiate and send payment information from the payer to the payee and complete the

payment. Similar to the previous opinion, according to the CPSS Glossary, the payment system is an interaction between entities consisting of instruments, procedures, interbank funds transfer systems to facilitate the circulation of money. (Rosyda, 2024)

Based on the three definitions above, it is concluded that the payment system is a complexity that includes a set of rules, institutions and mechanisms and/or procedures that cannot stand alone and must be interrelated to carry out functions in each corridor so that the implementation of the stages of fund transfers to fulfill obligations arising from economic activity transactions can be carried out effectively which is measured by the method and communication network so that the transmission of payments from the payer to the recipient is included in transaction instruments that are diversified towards digitalization.

Figures

Figure 1. 1(Bank Indonesia, n.d.) Evolution of payment systems



Infographics from the image above effectively show how the journey of development change begins with a simple method based on physical exchange into a complex but efficient digital system that reflects in line with technological advances and responds to the needs of society, every change in development there is a significant sign in the way humans conduct economic transactions seen from each period showing innovation that is the foundation of momentum for the next payment system with various choices. These signs are also inseparable from local community traditions, new business models, trends and lifestyles, the development of increasingly compatible mobile payment applications and do not forget to offer flexibility and speed of daily transactions.

The optimum function of Bank Indonesia is to build a solid infrastructure to maintain the smoothness and security of national financial transactions, especially now that the interbank fund transfer system (transfer of funds between banks) both National and International, all of which must be strictly regulated to be in line with increasingly sophisticated technological developments, a strategy is needed to prevent money laundering which is still easy to do, manipulating illegal data through data leak trading, abnormal transaction activities and miscoordination to cooperate with each other. The hope of implementing prudence is not just a theory because it returns to the fundamental space, namely

the integrity of the financial system and preventing significant disruption to liquidity and credibility.

b. General Concept of Paylater Payment System

Payment *paylater* namely modepay whose users feel the ease of purchasing goods and/or services online or digital lifestyle, the convenience felt such as access during the selection process to obtain goods and/or services first, then later with an obligation scheme to pay in installments/credit a good and/or service without having to use a credit card. The transition process is important because if the transition is successful, the results will also be good, the easy scheme and the benefits offered currently have great potential because slowly the collaboration between the banking and fintech industries will be increasingly intertwined within the scope of the digital ecosystem, the target market that is increasingly broad and in demand can be seen based on 2023 the total active users of paylater recorded were 13.4 million users or an increase of 1.12% from the previous year, from the demographic age group the dominant users are the millennial generation (born 1981-1996) as many as 6.99 million debtors and generation Z (born 1997-2012) as many as 4.59 million debtors. (Untari, 2024)

Innovation in the payment system is by using Payment paylater, which has defeated bank transfers in making digital payments today and continues to make changes in development by presenting payment technology through offline merchants (physical stores) so that consumers again have the desire to shop in real and feel the direct experience. Various benefits can be obtained when using paylater services as a payment option, including:

1. Simple application process, prospective users of the paylater service when registering only need to upload identity documents and a photo of themselves online without having to visit the service office (offline), submit collateral or guarantees that can be executed at a later date;
2. A system that allows consumers to directly obtain the products they choose and want without having to make payment at the start of the transaction;
3. High flexibility in the capacity of using paylater which has been widely interconnected by various online and offline trading platforms through collaboration with various partnership partners and affiliated businesses;
4. A system that offers convenience in payment with a choice of payment modes, either in one go or in installments arranged over a certain period of time;
5. Effectiveness and practicality are the main attractions, coupled with fast and hassle-free procedures, making it an increasingly popular payment option for modern consumers, especially young people;

Payment *paylater* describes the results of cooperation established through an agreement between service providers as funders through a financial technology platform that has obtained official permission from the Financial Services Authority (abbreviated as OJK) and a binding agreement between fund providers and consumers as borrowers. However, until now there has been no explicit and detailed regulation of paylater services from institutions that have authority based on regulations, both Bank Indonesia and OJK which act as regulators who have the authority to support each other and are integrated, especially OJK in supervising technology-based lending and borrowing which has not provided a concrete definition of paylater which is currently developing with many references to the features inherent in the electronic money system. In Bank Indonesia Regulation Number 20/6/PBI/2018 Concerning Electronic Money

(hereinafter referred to as PBI 20 2018) which characterizes electronic money (e-money) as the value of money stored in electronic media such as servers and chips.

In Article 1 number 3 of PBI 20 2018, it is stated that electronic money (e-money) is a means of payment that meets the following elements:

- a. Issued on the basis of the value of money deposited in advance to the issuer;
- b. The value of money is stored electronically in a medium such as a server or chip;
- c. The value of electronic money managed by the issuer does not constitute savings as referred to in the laws governing banking;

Bank Indonesia Regulation Number 20/6/PBI/2018 Concerning Electronic Money was issued to improve the previous regulation, namely Bank Indonesia Regulation Number 11/12/PBI/2009 Concerning Electronic Money, so that the character of electronic money in Article 3 paragraph 2 of PBI 20 2018 is divided into 2 (two) types based on the storage media, as follows:

1. Server based, which is electronic money stored on a server in the form of data that can only be accessed through the issuing server. Electronic money is in the form of an application that can be accessed via gadgets and computers such as Shopee Pay, Shopee Paylater, Traveloka Pay, GO-Pay, Kredivo and so on;
2. Chip based, namely electronic money that is stored with a storage medium in the form of a chip on a card or known as a payment instrument using a card, for example: Credit Card, E-Money, Brizzi and so on.

Based on the characteristics of electronic money that have been described, it can be explained that the concept of electronic money is a system for storing monetary value in digital form either via a server or chip that is used to conduct economic transactions. Analysis of the functional aspects, storage media and operational mechanisms as a payment system, it can be concluded that paylater is included in the category of server-based electronic money with the following illustration that the service provider first allocates a certain amount of funds into the user's account to facilitate the purchase of products in the service, and this is the main difference between paylater and the peer to peer lending (P2PL) system with conventional ones, namely providing loans in the form of cash, then paylater is integrated with the e-commerce platform offering an attractive and hassle-free scheme with the slogan "buy first, pay later".

In a simpler interpretation, the paylater service transaction mechanism can be defined as a scheme for consumers who make purchases in advance and then the economic activity is temporarily financed by the paylater service provider to the merchant/store. Consumers who have previously agreed to the terms during the initial registration process are obliged to pay off the financing in accordance with the agreement that has been set with the service provider. Available payment options include a lump sum payment method or an installment system with a period of up to 12 (twelve) months.

c. Parties as Paylater Payment System Organizers

Payment *paylater* is the form of a digital loan, namely *peer to peer lending* (P2PL) which is a lending and borrowing activity mediated by an institution or business entity that is not a bank known as peer to peer lending (P2PL) itself is a business entity registered with the OJK that mediates between lenders and

borrowers. As of July 2024, there have been 98 (ninety-eight) officially registered P2PL companies registered and licensed by the OJK. (Ardianto, 2024) The parties involved in information technology-based payment transaction activities can be seen carefully in Bank Indonesia Regulation Number 20 2018 concerning Electronic Money, including:

1. Principal, is the party responsible for forwarding transaction data through the network, implementing the calculation of rights and obligations and then settling payments;
2. Issuer, is the party that issues electronic money;
3. Acquirer, is a party that cooperates with providers of goods and/or services that are able to process electronic money transactions issued by parties other than the acquirer concerned while simultaneously completing payments to providers of goods and/or services;
4. Users are parties who use electronic money;
5. Providers of goods and/or services are parties who sell and receive payments from users;
6. The clearing organizer is the party that calculates the financial rights and obligations of the issuer/acquirer after the implementation of an electronic money transaction;
7. The final settlement organizer is the party that carries out and is responsible for the final settlement of financial rights and obligations to the issuer/acquirer from the results of the clearing organizer's calculations, and all organizers include switching organizers who are also included in the payment system services according to Bank Indonesia's provisions that are involved in processing payment transactions;

The Financial Services Authority as an institution that oversees electronic transactions is specifically tasked with regulating digital-based money lending services through POJK No. 10/POJK.05/2022 Concerning Information Technology-Based Joint Funding Services (hereinafter referred to as POJK 10 2022) to protect the relationship between the parties as consumers and business actors, thus requiring a more flexible principle-based regulatory model in accommodating the development of the digital industry with supervision directed at market share by involving industry associations so that the public and consumers can subjectively assess the quality of each digital financial service provider today. Judging from the implementation mechanism of the paylater payment system, there are 3 (three) parties related to the paylater payment system process, as follows:

1. Funders, namely individuals, legal entities and/or businesses that provide funding;
2. The provider of information technology-based joint funding services is an Indonesian legal entity that provides, manages and operates such services;
3. The recipient of funds is an individual, legal entity and/or business that receives funding;

The operating party payment paylater and funders with funding platform organizers are independent legal entities. The legal relationship between the related parties refers to the provisions of Article 30 of POJK 10 2022 which stipulates that the agreement for the implementation of technology-based collaborative financing services includes an agreement between the organizer as

the operator and the funder and an agreement between the funder and the recipient of funds.

Shopee paylater, namely party involved include PT Shopee Internasional Indonesia, PT Commerce Finance and Shopee Paylater consumers. PT Shopee Internasional Indonesia and PT Commerce Finance operate as separate legal entities that collaborate in the operation of Shopee Paylater. PT Shopee Internasional Indonesia in its capacity as a marketplace acts as a funding provider (creditor) while PT Commerce Finance functions as a legal entity that organizes P2PL registered with OJK and Shopee Paylater users are positioned as legal subjects who receive financing facilities (debtors). As previously mentioned, P2PL is an intermediary between the funder and the recipient of funds, which means that in this example PT Commerce Finance is positioned as a legal entity that brings together PT Shopee International Indonesia and its consumers in fulfilling the scheme in making a loan agreement through an information technology system (electronic) by applying the internet while also being tasked with preparing, managing and utilizing technology-based money lending services Information stated in an electronic document.

Even though it involves 3 (three) party in the paylater operational system, legal interactions with shopee paylater users are only bound by the funder, namely PT Shopee Internasional Indonesia. This is because the use of the shopee paylater feature in the shopee application creates a legal relationship between consumers and PT Shopee Internasional Indonesia as a service provider/business actor. Meanwhile, between PT Shopee International Indonesia and PT Commerce Finance, there is a contractual legal relationship as a partner in the implementation and management of the shopee paylater payment system and PT Commerce Finance has implemented an information security management system based on frequently asked questions from the PT Commerce Finance website.

d. Legal Aspects of Using the Paylater Payment System

As previously discussed, paylater service is a form of digital money lending (P2PL) which functions as a payment method for products or services provided by the issuer to the issuer to its users. The legal construction formed is in the provisions of Article 1754 of the Civil Code which stipulates that lending and borrowing is a form of contract that requires one party to hand over a number of consumer goods to another party with the obligation of the borrower to return in an equivalent amount and condition. In this context, the agreement in question is an agreement between parties who are committed to carrying out or not carrying out a certain act by considering the rights and obligations of each party involved. This legal relationship is formed from the agreement of the parties who voluntarily bind themselves to a set of rights and obligations. Viewed from the perspective of contract law, the agreement made is an implementation of the principle of freedom of contract as stated in Article 1338 of the Civil Code which stipulates that an agreement made legally has binding force like a law for the parties who make it. The article aboveexplains the fundamental principles in contract law which provide freedom for every legal subject to begin building legal relations with other legal subjects in the context of the agreement to be agreed upon.

According to Soeroso, the relationship between two or more legal subjects in this legal relationship consists of the rights and obligations of one party and is in conflict with the rights and obligations of the other party.(Soeroso, 2014)

Summarize opinions on, that the legal relationship created from an agreement gives rise to authority/rights (bevoegdheid) and obligations (plicht). If it is relevant to the choice of payment system, then it is a consumer's right to determine the choice of the desired payment method, in which case the consumer can choose the payment method using payment paylater which means that consumers and actors competently determine each other's authority/rights and obligations based on the legal relationship that has been established for each to be fulfilled.

Any agreement between the lender and the borrower in the context of using payment paylater contains consequences in the form of obligations of the parties to fulfill the commitments in the transaction. As regulated in Article 1243 of the Civil Code, each party has an obligation to provide or do something in accordance with the agreement that has been made. This is where the emphasis lies on the element of achievement (setting aside "broken promises" and "negligence" so that it becomes a breach of contract). In the implementation of payment paylater as a payment instrument, its legal structure involves lenders and borrowers as legal subjects, while the object is electronic money that is consumptive in nature and is used by consumers to make payments for products or services on credit or installments. The technology-based lending system basically has the same essence as the traditional lending system, in the digital and globalization era a new terminology has emerged known as peer to peer lending. The main difference lies in the mechanism of interaction between the lenders and borrowers who do not meet face to face but are connected via a digital platform so that all aspects of the agreement and approval are realized in the form of electronic documents. The agreement based on Article 1313 of the Civil Code which states that "an agreement is an act of people binding themselves to each other" but does not necessarily apply to the maker, there are valid requirements for an agreement as regulated in Article 1320 of the Civil Code as follows:

- 1) Their binding agreement;
- 2) Competence of the parties;
- 3) There are certain things; and
- 4) A lawful cause.

The loan agreement issued through electronic media is specifically regulated in the latest POJK 10/2022 concerning joint funding services based on information technology which was previously a technology and information-based loan service (POJK 77/POJK.01/2016) that the provision of financial services is to bring together lenders and borrowers in order to make loan agreements in rupiah currency directly through an electronic system using the internet network. From this definition, it can be seen that there is a third party who acts as a party that brings together lenders and borrowers. The legal relationship formed from the paylater agreement is based on the law of the agreement between the paylater user and the paylater feature organizer (lender) making each party have rights and obligations, namely to fulfill their achievements as stipulated in the agreement, namely to provide and return loan funds. Interestingly, in 2025, OJK will currently prepare new regulations, namely restrictions on the use of paylater services for consumers who are at least 18 years old or married and have a minimum monthly income of IDR. 3,000,000,- (three million rupiah), this step is a form of protection from the OJK for consumers from potential debt traps due to low financial literacy by consumers without understanding the impact. (Ika, 2025)

Payment paylater as a credit agreement to provide and return funds that have been used has the potential to be violated or defaulted which can be felt now, namely the phenomenon of "default", so as with agreements in general if one party does not carry out or fulfill the performance, the result will be a default which gives rise to an obligation for the reneger to compensate for his actions. Such liability can refer to Hans Kelsen's opinion which consists of 4 (four), namely: Individual liability, that an individual must be responsible for the violations he commits himself; then collective liability which means that an individual is responsible for a violation committed by someone else; then liability based on error which means that an individual is responsible for the violation he commits because it is intentional and estimated with the aim of causing loss, meaning consciously and knowingly of his actions; the last is absolute liability which means that an individual is responsible for the violations he commits because it is unintentional and unexpected. (Mutaqien, 2006)

e. Problem Payment Paylater Which is Developing Currently

Legal uncertainty in agreements payment paylater in Indonesia initially started from the practice of default carried out by the borrower in good faith, the legal logic is that if the default occurs because the borrower as the debtor fails to fulfill the payment obligations according to the agreement which can result in fines and recording in the financial information service system (abbreviated as SLIK) OJK. This uncertainty creates a negative impact on the aspect of consumer protection because many users do not fully understand the applicable terms and conditions so that they are trapped in a cycle of debt traps. In addition, the risk of personal data leakage increases, especially when users provide sensitive information without understanding the implications of using the intended service. Current regulations have not been able to effectively protect consumers and prevent data misuse, OJK as a supervisory institution, faces challenges in implementing regulations that can be problematic in a comprehensive and structured manner.

Furthermore, if we examine the definition of default from various expert opinions, it can help to understand the meaning of default, according to M. Yahya Harahap, default can also be meant as the implementation of obligations that are not carried out on time or are not carried out properly. (Harahap, 1986) Then J. Satrio formulated default as an event or condition, that the debtor does not fulfill his obligation to perform his obligations properly and the debtor has an element of fault in it. (Satrio, 2001) Furthermore, Salim HS defines default as a form of failure to fulfill or neglect to carry out obligations as stipulated in the agreement made between the creditor and the debtor, such default as the intention of not fulfilling a promise which can occur either intentionally or unintentionally. (Salim H.S, 2008)

An agreement is an event where someone promises to another person about something. In an agreement there is an effort to trust each other to carry out something. Because of this, a relationship arises between the two people called an agreement that gives birth to rights and obligations. According to Subekti, default can be of four types, namely:

- a) not doing what was promised;
- b) carry out what was promised but not completely;
- c) late in fulfilling what was promised; or
- d) do something that is not permitted in the agreement. (Subekti, 2010)

Article 1239 of the Civil Code regulates the settlement process if a party breaks a promise/defaults, namely "if there is a default on an agreement where one party does not fulfill its performance or obligations, the settlement can be in the form of compensation for costs, losses and interest."

Currently, there is a change based on POJK 10 2022, one party has emerged as an organizer who provides, manages and operates information technology-based joint funding services (abbreviated as LPBBTI) in order to bring together funders and recipients of funds. The funder is a person, legal entity, and/or business entity that provides funding, while the recipient of funds is a person, legal entity and/or business entity that receives funding. The funder and recipient of funds are included in the LPBBTI users. Article 30 states that the LPBBTI implementation agreement must consist of an agreement between the organizer and funder and then an agreement between the funder and recipient of funds, so that it is clear that the organizer as a facilitator who manages the platform and the funder provides funds to be distributed to prospective recipients of funds, which in this discussion are users payment paylater specifically.

The recipient of funds/user or those who are positioned as debtors based on electronic documents are individuals and/or legal entities who receive funds and therefore automatically have a debt due to an agreement with the following provisions:

1. Users payment paylater or recipient of funds must originate and be domiciled in the jurisdiction of Indonesia;
2. Recipient of funds as referred to POJK 10 2022 Article 30 Article (1) consists of:
 - a. Individuals who are Indonesian citizens;
 - b. Indonesian legal entities and/or business entities.

From the paylater payment method user agreement, a relationship arises between the giver and the recipient which is called a loan agreement. The agreement issues a right and obligation in the form of an agreement in the form of a series of words containing the ability, conditions and objects agreed upon in writing. In POJK 10 2022, lending and borrowing through electronic media Article 32 requires that the agreement must be stated in the form of an electronic document. The electronic document must at least contain the following contents: agreement number; agreement date; Identity of the parties; rights and obligations of the parties; amount of funding; economic benefits of funding; installment value; term; collateral object (if any); related costs; provisions regarding fines (if any); use of personal data; dispute resolution mechanism; and the mechanism for resolving rights and obligations if the organizer does not continue its operations. Regarding the organizer in number 14, this occurs if the organizer has returned the permit to the OJK, then the OJK has revoked its permit, then the organizer converts from conventional information technology-based joint funding services to sharia principles.

An agreement written in the form of an electronic document or referred to as an electronic contract is a form of obligation carried out using electronic media/internet, the agreement is the result of a high-risk electronic transaction process carried out without face-to-face (digital), in the Civil Code and Law Number 19 of 2016 concerning Information and Electronic Transactions, contracts or agreements made electronically are legal and clear evidence. Based on the agreement on the use of payment paylater as a payment method, paylater users have the right to a certain amount of money/balance limit through the

specified repayment/repayment stage requirements, while the Fund/Lender has the right to a) receive partial or partial repayment; b) impose a fine in the event of negligence; and c) through the organizer has the right to provide authority to carry out billing and payment collection.

If a consumer is harmed due to a cause caused by the actions of a business actor, Law Number 8 of 1999 concerning Consumer Protection (as an umbrella act) explains that:

- 1) Consumers can sue business actors if they feel that their rights have been violated through an institution that has the authority to resolve disputes between consumers and business actors;
- 2) Dispute resolution options can be done through litigation or non-litigation.
- 3) Settlement of disputes through non-litigation means does not eliminate the criminal responsibility of business actors;
- 4) A lawsuit can only be filed in court if efforts to resolve the dispute through non-litigation channels are declared unsuccessful by one of the disputing parties.

Furthermore consumers to file a lawsuit for disputes that occur, OJK should take preventive steps and this is proven through POJK Number 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector, it should be noted that since the issuance of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (abbreviated as P2SK), OJK has received confirmation and strengthening of its function to implement consumer protection through regulations and supervision of the behavior of Financial Services Business Actors (abbreviated as PUJK), the supervision carried out will ensure that financial services business actors have designed, provided information, conveyed information, marketed, made agreements, provided services and handled the complaint handling process and dispute resolution in accordance with the provisions of consumer protection in the financial services sector.

As for the risk of data leaks, when prospective consumers register their population identity, the system then payment paylater as an organizer that stores but without any further provisions regarding personal data, misuse of personal data and losses that arise if at any time the data is leaked. POJK 22 of 2023 is present as a protector between the two parties, namely consumers and financial service business actors, except for "naughty" debtors, the POJK already includes regulating basic behavior such as good consumer behavior, POJK, prohibition of causing psychological or physical disturbances, prohibition of cooperation with illegal parties, harming consumers, financial literacy and inclusion without distinction, procedural policies, code of ethics for consumer access, protection of personal data and information system security and cyber resilience. (Ferdianto, 2024) From the aspect of the organizer, it is now more structured, financial technology peer to peer business actors are building fintech lending data centers abbreviated as "pusdafil" which are required to submit every loan transaction and have been regulated in OJK circular letter 1 2024 (SEOJK Number 1/SEOJK.06/2024) Concerning Procedures and Mechanisms for Submitting Funding Transaction Data and Reporting of Information Technology-Based Joint Funding Service Providers. (Ardianto, 2024)

From explanation which has been stated above, can be understood payment paylater as a payment method is a form of providing a loan of money to be used to pay for goods and services agreed upon based on an agreement between

the paylater user and the paylater feature provider/organizer created using electronic/internet media. Although there is a regulatory sandbox as a test, it is necessary to look more at the legal aspects of borrowing and lending which are based on mutual agreement, it is also not without observation that the parties are charged with rights and obligations that must be fully implemented. If within the time period of implementing the agreement there is a denial or negligence in implementing the agreement, then one of the parties is said to be in default and is charged with the obligation to replace the loss. There is an opinion that the regulation payment related paylater is attached to its product, if the product is issued by a bank and access to the source of funds is via a credit card, it is subject to the credit card regulations of Bank Indonesia, but if it comes from peer to peer lending, it is in accordance with POJK 10 2022.

4. CONCLUSION

Referring to the elaboration of the study that has been presented, it can be concluded that the paylater instrument does not yet have specific regulations in the legal framework based on propriety in Indonesia through its authority institutions, but the interpretation of paylater can be aligned with the concept of electronic money in terms of server-based storage aspects. The paylater mechanism that adopts a similar principle to a credit card lies in the consumer's financial burden first, which is handled by the service provider institution, with a commitment to return funds according to the digital agreement agreed upon by both parties. The legal consequences that arise when there is negligence or violation of commitment, either partially or completely, which is categorized as a default so that compensation for losses is required, including implications such as payment default, leakage of personal information, aspects of protection for consumers/recipients of funds and limited supervision of transaction transparency in the future. Viewed from a legal perspective, the paylater system has equality with conventional credit contracts based on the principle of freedom of contract and agreement law in the Civil Code with implementation referring to POJK No. 10 / POJK.05 / 2022 concerning joint funding services based on information technology. The fundamental difference lies in the interaction mechanism between creditors and debtors which takes place virtually through a digital platform and not through physical or offline meetings.

5. SUGGESTION

The current payment system regarding paylater has not been specifically regulated in Indonesian legal regulations, even the OJK admits that it is behind schedule, so the Government needs to provide special instructions between Bank Indonesia and the OJK to synergize better and immediately create a firm legal policy that covers all aspects of development related to this object, so that in the implementation of transactions using the paylater payment system there is a guarantee of certainty, order and protection of the community so that they are not harmed.

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