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Education on Online Loan Financing Regulations in Improving Financial Literacy in Indonesia and Malaysia

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ABSTRACT
This study aims to analyze the regulation of online loan financing in an effort to improve the financial literacy of people in Indonesia and Malaysia. The study used a comparative approach by comparing the online lending regulations that apply in both countries. The research locations include Malaysia, which was carried out at the University of Muhammadiyah Malaysia (UMAM), as well as Indonesia, which was carried out at partner locations around the University of Muhammadiyah Makassar. The research method used is qualitative descriptive. Data collection was carried out through observation, submission of materials related to online loan regulations, and interactive discussions to explore respondents' understanding and identify alternative solutions to the problems faced by the community. This research also provides an understanding of the characteristics of safe and legal online loans, as well as prevention strategies against digital fraud practices. The results of the study show that the level of financial literacy of the community is still relatively low and requires significant improvement. Nevertheless, respondents showed enthusiasm and active participation during the research process, which indicated that the topics studied had high relevance to the needs of the community. This study concludes that sustainable financial education is very important to improve people's ability to make rational financial decisions, avoid excessive debt, and manage finances more wisely.
Keywords: *Online Loans, financial literacy, Indonesia, Malaysia*

ABSTRAK
Penelitian ini bertujuan untuk menganalisis regulasi pembiayaan pinjaman online dalam upaya meningkatkan literasi keuangan masyarakat di Indonesia dan Malaysia. Penelitian menggunakan pendekatan komparatif dengan membandingkan regulasi pinjaman online yang berlaku di kedua negara. Lokasi penelitian meliputi Malaysia, yang dilaksanakan di Universitas Muhammadiyah Malaysia (UMAM), serta Indonesia, yang dilakukan di lokasi mitra di sekitar Universitas Muhammadiyah Makassar. Metode penelitian yang digunakan adalah deskriptif kualitatif. Pengumpulan data dilakukan melalui observasi, penyampaian materi terkait regulasi pinjaman online, serta diskusi interaktif untuk menggali pemahaman responden dan mengidentifikasi alternatif solusi atas permasalahan yang dihadapi masyarakat. Penelitian ini juga memberikan pemahaman mengenai karakteristik pinjaman online yang aman dan legal, serta strategi pencegahan terhadap praktik penipuan digital. Hasil penelitian menunjukkan bahwa tingkat literasi keuangan masyarakat masih tergolong rendah dan memerlukan perbaikan yang signifikan. Namun demikian, responden menunjukkan antusiasme dan partisipasi aktif selama proses penelitian, yang

mengindikasikan bahwa topik yang dikaji memiliki relevansi tinggi dengan kebutuhan masyarakat. Penelitian ini menyimpulkan bahwa edukasi keuangan yang berkelanjutan sangat penting untuk meningkatkan kemampuan masyarakat dalam mengambil keputusan keuangan secara rasional, menghindari utang berlebihan, serta mengelola keuangan secara lebih bijaksana.
Kata Kunci: *Pinjaman Online, literasi keuangan, Indonesia, Malaysia*

INTRODUCTION

Technological advances in the national economy are improved to achieve the welfare of the people in order to realize a better economic life (Wahyuni, 2019). Along with the development of today's era of globalization, all community activities are inseparable from the help of technology. Likewise in the financial sector, which is now beginning to be integrated with electronic system platforms(Lubis, 2020).

One of the advances in the current financial sector is the adaptation of Financial Technology (Fintech). Meanwhile, fintech comes from the term financial technology, or financial technology. According to The National Digital Research Centre (NDRC), fintech is an innovation in the financial sector. Of course, this financial innovation has received a touch of modern technology. The existence of fintech can bring a more practical and secure transaction process (Pinnick, 2017).

One example of a financial service platform offered by Fintech business actors is online loans. The practice of online lending (P2P lending) connects lenders with borrowers online. Throughout 2018, credit disbursement carried out by financial technology business companies reached Rp.22 trillion(Budik & Schlossberger, 2016).

The Financial Services Authority, hereinafter referred to as the OJK, noted that the figure comes from 99 online loan companies registered with the OJK and has served more than 9 million transactions to more than 3 million people throughout Indonesia. This figure increased almost eight times when compared to the distribution of credit through the financial technology business in 2017 which was recorded at Rp. 2.56 trillion. Of the Rp. 22 trillion loans disbursed, the non-performing loan (NPL) ratio in 2018 was 1.45%, an increase compared to 2017 which was at the level of 0.99% (Budiyanti, 2019). If we look at the P2P Lending statistical data issued by the OJK from February 2023 to February 2024, for the Java region, the one that received the most loan disbursements was the West Java region of Rp. 5.6 Trillion in February 2024, while the region outside Java that occupies the top position is South Sulawesi of Rp. 285 billion with the number of borrowers as many as 220,289 accounts, then the loan value will increase in February 2024 to Rp. 399 billion (OJK statistical data).

The increasing value of online loan funding in recent years shows that there is high trust from the public in this technology financial business provider company. The majority of borrowers served by online loans come from young people. According to the OJK report, the number of active loan recipients aged 19-34 years reached 10.91 million recipients with a loan value of Rp. 26.87 million trillion, while for 35-54 years old, there were 6.49 million borrowers with a total loan of 17.98 trillion in June 2023 (OJK statistical data). This rise in online borrowers is a relatively easier online loan administration requirement as compared to formal financial services loans.

Along with the great potential of the online lending business (P2P lending), many business actors are interested in running a fintech business with various platforms. Many investors are investing in the online lending (P2P lending) business practice sector with a very high growth rate today. To overcome this, the OJK as an independent supervisory institution for financial services in Indonesia issued OJK regulation (POJK) no. 77/POJK.01/2016 concerning information technology-based money lending services, which requires financial technology business companies to register their companies with the OJK.

The rapid growth of online lending business practices (P2P lending) is also due to the potential of the Indonesian people themselves which is a large enough market for online lending business practices (P2P lending). There are still many Indonesian people who are not bankable, so many have switched to illegal technology financial businesses which is easier and faster in the process. In addition, with the existing regulations on the financial technology business, it still provides an opportunity for companies to choose not to register with the OJK. From 2017 to January 2024, the Task Force for the Eradication of Illegal Financial Activities (Satgas PASTI) has blocked 8,460 illegal financial entities, consisting of 1,218 illegal investment entities, 6,991 loan and pinpri entities, and 251 illegal online pawnshop entities (Solihati et al., 2023)

One of the solutions to the problems faced by the community is the need to increase financial literacy before they practice online lending. This makes us unable to avoid online loan offers as long as we use such sophisticated technological media as mobile phones. Any information can be accessed, one of which is information on how to get a money loan quickly and easily. Moreover, online loan offers always appear on online platforms that we always access, such as social media, online articles or news, as well as online gaming applications. This provokes people to try to borrow money on the grounds that they need money or sometimes are just curious about the ease of borrowing money online(Mcauley et al., 2019).

The need for an understanding of financial business technology in society in order to increase knowledge about finance. As conveyed by the Chief Executive of the Supervision of Financial Services Business Actors, Education, and Consumer Protection of OJK Friderica Widyasari Dewi that the public has not fully understood online loans, the public must be more prepared and need to be trained to accept wise digital financial innovations, so that it is expected that stakeholders, including experts, will increase the socialization of online loans to the public. So it is hoped that the provider's platform will not only promote products, but also provide a comprehensive understanding to users(Ketut et al., 2024).

This hope is for stakeholders, including academics who understand and are experts in financial technology. The role of academics is important in terms of improving financial literacy for the community. The community, in this case, are internet users who mostly depend on living and making a living through mobile phones. The target is an online motorcycle taxi driver who monitors his cellphone at all times through the platform that is always used. Likewise, other internet users such as students who often look for reading or video references through the internet. From this layer of society, it is necessary to be given an understanding of financial technology, especially online lending platforms(Bartzi et al., n.d.).

Based on this analysis, this PKM activity is very necessary to be carried out to prevent or overcome existing problems. Here are some aspects that are the basis of this activity, *first*, the aspect of financial literacy where people still do not know about this financial business industry. *Second*, the legal aspect where the public sees the ease of getting a money loan without knowing the legal impact of the transaction, ranging from illegal entities, late payments to intimidation and threats from loan debt collectors. *Third,* namely the technological aspect where people see the ease of making loans so that they become unwise in applying for loans until they are in debt(Tomas et al., 2025).

With this PKM, it is hoped that the public can understand this financial technology, especially online lending (*P2P lending*), in increasing financial literacy. This is to prevent more problems faced by the public on these online loans, especially illegal platforms. In addition, there is also the potential for abuse and default that may occur consciously and deliberately so that it causes greater legal impacts.

METHODS

This study is a normative legal research (doctrinal research) that aims to analyze the regulatory framework of online loan financing and the role of legal education in improving financial literacy in Indonesia and Malaysia(Hastia, 2025). The approaches employed include the statute approach to examine the legal frameworks governing online loan services in both countries, the conceptual approach to analyze the concepts of financial literacy and consumer protection in digital financial services, and the comparative law approach to compare regulatory policies and educational models related to online loan regulations in Indonesia and Malaysia(Hasan et al., 2025). The legal materials used consist of primary legal materials in the form of statutes, financial regulatory authority policies, and relevant court decisions; secondary legal materials such as books, academic journal articles, and research reports; and tertiary legal materials including legal dictionaries and encyclopedias. The collection of legal materials was conducted through library research, while the analysis was carried out qualitatively using deductive reasoning and legal interpretation methods, including grammatical, systematic, and teleological interpretation(Saharuddin, 2025). The data were analyzed descriptively and analytically to identify the effectiveness of the regulatory framework and legal education strategies in enhancing public financial literacy, particularly in the use of online loan services. The findings of this study are expected to provide normative recommendations for strengthening digital financial education policies and consumer protection frameworks in Indonesia and Malaysia(Cruzz et al., 2025).

RESULTS AND DISCUSSION

How are online loan financing regulations formulated and implemented in Indonesia and Malaysia in the context of consumer protection and financial governance?

The rapid expansion of online loan financing services in Southeast Asia has prompted governments to develop regulatory frameworks aimed at ensuring financial stability and protecting consumers. In Indonesia and Malaysia, the formulation and implementation of regulations on online lending reflect a combination of financial governance objectives, consumer protection principles, and digital innovation policies. Both countries recognize that fintech-based lending can improve financial inclusion, but they also acknowledge the risks associated with predatory lending practices, data misuse, and excessive consumer indebtedness. Therefore, regulatory frameworks have been established to balance innovation with legal safeguards(Flores-rodríguez et al., 2025).

In Indonesia, the regulatory framework for online loan financing is primarily governed by the Financial Services Authority (Otoritas Jasa Keuangan/OJK), which serves as the main supervisory body for financial institutions, including fintech platforms. The initial legal foundation was established through OJK Regulation No. 77/POJK.01/2016 on Information Technology-Based Lending and Borrowing Services, which introduced licensing requirements, governance standards, and operational rules for peer-to-peer lending platforms. This regulation marked a significant step in formalizing the fintech lending sector and distinguishing legal platforms from informal and illegal lenders. Subsequently, OJK Regulation No. 10/POJK.05/2022 replaced the earlier regulation and introduced stricter requirements related to capital adequacy, risk management, consumer protection, and data governance. The enactment of Law No. 27 of 2022 on Personal Data Protection further strengthened the legal framework by imposing obligations on fintech companies to protect borrowers' personal information and prevent unauthorized data sharing. In addition, Law No. 4 of 2023 on Financial Sector Development and Strengthening (UU P2SK) expanded OJK's supervisory authority and reinforced coordination among financial regulators.

The formulation of Indonesia's online lending regulations demonstrates a policy orientation toward strengthening financial governance and ensuring that digital financial services operate within a controlled and transparent legal environment. Regulatory requirements include licensing procedures, minimum capital thresholds, governance structures, reporting obligations, and compliance with anti-money laundering and counter-terrorism financing standards. These provisions aim to mitigate systemic risks and prevent fintech platforms from operating without adequate oversight. Moreover, the regulations emphasize transparency in loan terms, interest rates, and fees, which is essential for enabling consumers to make informed financial decisions.

From a consumer protection perspective, Indonesian regulations impose obligations on online lending platforms to implement fair and ethical lending practices. OJK requires platforms to disclose complete and accurate information regarding loan products, including interest rates, repayment schedules, penalties, and potential risks. Furthermore, OJK has issued ethical guidelines for debt collection practices, prohibiting intimidation, harassment, and the misuse of personal data in collection processes. Consumer complaint mechanisms have also been established through OJK and financial service consumer protection institutions, enabling borrowers to seek redress in cases of disputes. Additionally, the Investment Alert Task Force (Satgas Waspada Investasi) plays a crucial role in identifying and blocking illegal online lending platforms, collaborating with law enforcement agencies and the Ministry of Communication and Information Technology to shut down unauthorized digital lending services.

Despite the comprehensive regulatory framework, the implementation of online loan regulations in Indonesia faces significant challenges. Illegal online lending platforms continue to operate due to their cross-border digital nature and the ease of creating new applications and websites. Many consumers still prefer illegal platforms because they offer rapid loan approvals and minimal documentation requirements, despite higher risks and abusive practices. Enforcement against illegal lenders is complicated by jurisdictional issues, limited technological capacity, and the rapid evolution of digital platforms. Moreover, public awareness of legal and illegal lending platforms remains limited, particularly among young people and vulnerable populations, which undermines the effectiveness of regulatory measures. These challenges indicate that legal frameworks alone are insufficient without effective enforcement mechanisms and comprehensive financial education initiatives.

In Malaysia, the regulatory framework for online loan financing is governed by multiple regulatory authorities, including Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SC). Malaysia's financial regulatory system is anchored in the Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 (IFSA), which provide the legal foundation for financial institutions, including digital financial services. The Securities Commission regulates peer-to-peer lending platforms under the Guidelines on Recognized Markets, which set licensing requirements, governance standards, and operational rules for P2P platforms. Additionally, the Moneylenders Act 1951, as amended, regulates traditional and digital moneylending activities, while the Personal Data Protection Act 2010 (PDPA) governs the collection, processing, and disclosure of personal data.

Malaysia's regulatory approach to online lending reflects a strong emphasis on financial governance and regulatory innovation. The Securities Commission introduced a regulatory sandbox framework to encourage fintech innovation while maintaining regulatory oversight. This approach allows fintech companies to test new financial products and services in a controlled environment under regulatory supervision. Licensing requirements for P2P platforms include minimum capital thresholds, governance structures, risk management policies, and disclosure obligations. Platforms must conduct due diligence on borrowers and ensure that investors and borrowers receive transparent and accurate information regarding financial products.

Consumer protection is a central pillar of Malaysia's online lending regulations. Platforms are required to provide clear disclosures regarding interest

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rates, fees, repayment terms, and associated risks. The Moneylenders Act and related regulations prohibit abusive lending practices, excessive interest rates, and unethical debt collection methods. Moreover, the Personal Data Protection Act imposes obligations on fintech companies to protect borrowers' personal data and restrict unauthorized data sharing. Malaysia also provides consumer redress mechanisms through financial ombudsman schemes and dispute resolution institutions, enabling consumers to seek compensation and legal remedies in cases of unfair practices.

The implementation of online lending regulations in Malaysia is generally supported by strong institutional capacity and regulatory coordination. Bank Negara Malaysia and the Securities Commission actively monitor fintech platforms and enforce compliance through licensing requirements, reporting obligations, and supervisory audits. Illegal lending activities are subject to criminal sanctions, and authorities regularly conduct enforcement actions against unauthorized lenders. Malaysia's regulatory environment is also characterized by proactive public awareness campaigns on financial literacy and consumer protection, which complement legal enforcement measures.

However, Malaysia also faces challenges in regulating online lending, particularly in addressing unlicensed digital lenders operating through social media and messaging platforms. The digitalization of lending services has blurred the boundaries between licensed financial institutions and informal lenders, making enforcement more complex. Additionally, cross-border digital lending platforms pose regulatory challenges due to jurisdictional limitations. Despite these challenges, Malaysia's regulatory framework demonstrates a relatively mature and coordinated approach to fintech governance compared to many developing countries.

A comparative analysis of Indonesia and Malaysia reveals both similarities and differences in the formulation and implementation of online lending regulations. Both countries recognize the importance of fintech in promoting financial inclusion and economic development, and both have established legal frameworks to regulate online lending platforms. Consumer protection is a shared priority, reflected in disclosure requirements, ethical lending practices, and data protection regulations. Both countries also have regulatory authorities responsible for supervising fintech platforms and enforcing compliance.

However, there are notable differences in regulatory maturity and enforcement capacity. Malaysia's regulatory framework benefits from earlier financial sector reforms and stronger institutional capacity, which contribute to more effective supervision and enforcement. The regulatory sandbox approach in Malaysia also provides a structured mechanism for fintech innovation while maintaining regulatory oversight. In contrast, Indonesia's fintech sector has experienced rapid and sometimes uncontrolled growth, leading to a proliferation of illegal platforms and enforcement challenges. Although Indonesia has introduced updated regulations and strengthened supervisory authority, implementation gaps remain, particularly in addressing illegal lending practices and enhancing public awareness.

From a financial governance perspective, both countries aim to ensure that online lending platforms operate within a stable and transparent financial system.

Regulatory requirements related to capital adequacy, governance, risk management, and reporting obligations are designed to prevent systemic risks and protect the integrity of the financial system. However, the effectiveness of financial governance depends not only on legal frameworks but also on institutional capacity, technological infrastructure, and inter-agency coordination.

In terms of consumer protection, Indonesia and Malaysia have adopted similar principles of transparency, fairness, and accountability. Disclosure requirements, ethical lending guidelines, and data protection laws are key components of consumer protection frameworks. Nevertheless, consumer vulnerability remains a critical issue, particularly among young people, low-income groups, and individuals with limited financial literacy. The persistence of illegal lending platforms and predatory practices indicates that regulatory measures must be complemented by comprehensive financial education programs and public awareness campaigns.

Overall, the formulation and implementation of online loan financing regulations in Indonesia and Malaysia demonstrate a growing recognition of the need for legal frameworks to govern digital financial services. While both countries have established regulatory regimes to protect consumers and ensure financial stability, differences in regulatory maturity, enforcement capacity, and public awareness levels influence the effectiveness of these frameworks. Strengthening institutional coordination, enhancing enforcement mechanisms, and integrating financial literacy education into regulatory strategies are essential to improving the governance of online lending and safeguarding consumers in the digital financial ecosystem.

How does legal and financial education on online loan regulations contribute to improving financial literacy among the public in Indonesia and Malaysia?

Education on online loan financing regulations plays a crucial role in improving financial literacy and strengthening consumer protection in the digital financial ecosystem. In Indonesia and Malaysia, the rapid expansion of online lending platforms has exposed significant gaps in public understanding of financial products, legal rights, and regulatory frameworks. Financial literacy is not merely about understanding financial products but also encompasses the ability to evaluate risks, comprehend legal obligations, and make informed financial decisions. Therefore, legal and financial education initiatives are increasingly recognized as essential instruments for mitigating the risks associated with digital lending services(Trotta et al., 2026).

In Indonesia, financial literacy remains a persistent challenge despite the growing availability of digital financial services. National surveys conducted by the Financial Services Authority indicate that financial inclusion has increased significantly, but financial literacy levels remain comparatively low. This gap suggests that many individuals use financial services without fully understanding the associated risks, costs, and legal implications. Online loans, in particular, are often perceived as quick and convenient solutions for financial needs, leading many consumers—especially young people and low-income groups—to engage in borrowing without adequate knowledge of repayment obligations, interest rates, and legal consequences(Fong, 2025).

Legal and financial education programs in Indonesia are implemented through various channels, including government agencies, educational institutions, financial institutions, and civil society organizations. The Financial Services Authority, for instance, has launched national financial literacy campaigns and educational programs targeting students, micro-entrepreneurs, and rural communities. These initiatives aim to enhance public understanding of financial products, consumer rights, and the distinction between legal and illegal financial service providers. Educational materials often include guidelines on identifying licensed fintech platforms, understanding loan terms and conditions, and avoiding fraudulent schemes(Tanchangya et al., 2025).

The impact of such education is evident in empirical findings showing significant improvements in participants' knowledge after counseling or training sessions. For example, prior to educational interventions, many participants reported limited knowledge of fintech services, online loan regulations, and the legal implications of borrowing. After receiving targeted education, participants demonstrated increased awareness of fintech products, regulatory frameworks, and the ability to distinguish between legal and illegal online lending platforms. These findings underscore the effectiveness of structured legal and financial education in improving financial literacy and empowering consumers to make informed decisions.

In Malaysia, financial literacy education is integrated into national development strategies and regulatory frameworks. Bank Negara Malaysia and the Securities Commission actively promote financial education through national campaigns, school curricula, and digital platforms. Malaysia's approach emphasizes early financial education, integrating financial literacy topics into school and university curricula to ensure that young people develop financial management skills from an early age(Tomas et al., 2025). Additionally, public awareness campaigns focus on educating consumers about digital financial services, including peer-to-peer lending platforms, digital payments, and investment products.

Malaysia's regulatory framework also requires fintech platforms to provide educational disclosures to consumers, ensuring that borrowers understand the risks and obligations associated with online loans. For instance, platforms must disclose interest rates, fees, repayment terms, and potential risks in a clear and accessible manner. This regulatory requirement functions as a form of embedded financial education, enabling consumers to make informed decisions at the point of transaction. Moreover, financial institutions and fintech companies are encouraged to conduct outreach programs and provide educational resources to their users, further enhancing financial literacy.

Comparatively, Malaysia demonstrates a more institutionalized approach to financial education, with stronger integration into formal education systems and regulatory frameworks. Indonesia, while making significant progress, still relies heavily on periodic campaigns and community-based education programs. This difference affects the depth and sustainability of financial literacy outcomes. However, both countries recognize that financial education must be continuous and adaptive to technological developments, particularly in the rapidly evolving fintech sector.

Legal education on online loan regulations is particularly important because many consumers are unaware of their legal rights and obligations when engaging in digital lending. In both Indonesia and Malaysia, borrowers often do not read or understand the terms and conditions of online loans, leading to misunderstandings about interest rates, penalties, and data usage. Legal education initiatives aim to bridge this gap by explaining regulatory frameworks, consumer rights, and dispute resolution mechanisms in accessible language. By understanding the legal context, consumers are better equipped to protect themselves from abusive practices and illegal platforms.

Furthermore, legal education contributes to enhancing trust in the financial system. When consumers understand that online lending platforms are regulated and supervised by financial authorities, they are more likely to use licensed platforms and avoid illegal lenders. This trust is essential for promoting sustainable financial inclusion and preventing the proliferation of informal and predatory lending practices. In Indonesia, the distinction between licensed and illegal platforms is a critical educational focus, as illegal lenders often exploit consumers through excessive interest rates, aggressive debt collection, and data misuse. In Malaysia, legal education also emphasizes the importance of using licensed platforms and understanding regulatory safeguards.

Financial literacy education also plays a preventive role in addressing behavioral and socio-cultural factors that contribute to excessive borrowing. Many young people engage in online borrowing to finance consumptive lifestyles, influenced by social media, peer pressure, and celebrity culture. Educational programs that address financial planning, budgeting, and responsible borrowing can help individuals resist such pressures and develop healthier financial behaviors. By integrating behavioral insights into financial education, policymakers can address the root causes of over-indebtedness and promote sustainable financial practices.

The effectiveness of legal and financial education is also influenced by the methods and delivery mechanisms used. Traditional classroom-based education may not be sufficient to reach digitally active populations. Therefore, both Indonesia and Malaysia are increasingly using digital platforms, social media, and mobile applications to disseminate financial education content. Interactive tools, simulations, and gamified learning modules are being developed to engage younger audiences and improve learning outcomes. These innovative approaches reflect the need to align educational strategies with the digital nature of fintech services.

Despite the positive impact of financial education, several challenges remain. One key challenge is the digital divide, which limits access to educational resources for certain populations, particularly in rural and low-income communities. Another challenge is the complexity of financial products and regulations, which can be difficult to communicate in simple terms. Additionally, the rapid evolution of fintech services requires continuous updates to educational content and regulatory frameworks. Without adaptive education strategies, consumers may struggle to keep pace with technological and regulatory changes.

Moreover, financial education alone is not sufficient to address all risks associated with online lending. Structural and regulatory measures must complement educational initiatives. For instance, stronger enforcement against illegal lenders, stricter licensing requirements, and improved consumer complaint mechanisms are necessary to create a safe digital financial environment. Education enhances consumer awareness and empowerment, but it must be supported by robust legal and institutional frameworks to ensure effective consumer protection.

In both Indonesia and Malaysia, collaboration among stakeholders is essential for effective financial education. Government agencies, financial regulators, educational institutions, fintech companies, and civil society organizations must work together to design and implement comprehensive educational programs. Public-private partnerships can enhance the reach and impact of financial literacy initiatives by leveraging technological platforms and resources. Universities and schools can integrate financial education into curricula, while fintech companies can provide user-friendly educational tools and disclosures.

In conclusion, legal and financial education on online loan regulations significantly contributes to improving financial literacy in Indonesia and Malaysia. Education empowers consumers to understand financial products, evaluate risks, and exercise their legal rights, thereby reducing vulnerability to predatory lending practices and illegal platforms. Comparative analysis shows that while both countries have made substantial efforts to promote financial literacy, Malaysia demonstrates a more institutionalized and integrated approach, whereas Indonesia relies more on community-based and regulatory-led initiatives. Nevertheless, both countries face common challenges related to technological change, behavioral factors, and enforcement limitations. Strengthening legal and financial education, alongside regulatory and institutional reforms, is essential for promoting responsible borrowing, enhancing consumer protection, and ensuring sustainable development of the digital financial ecosystem.

CONCLUSION

This study concludes that the rapid growth of online loan financing services in Indonesia and Malaysia has necessitated the development of comprehensive regulatory frameworks to ensure consumer protection and effective financial governance. Both countries have established legal regimes to regulate fintech lending platforms, including licensing requirements, governance standards, disclosure obligations, and data protection provisions. Indonesia, through the Financial Services Authority (OJK) and recent legislative reforms, has strengthened its regulatory oversight, while Malaysia has demonstrated a more mature and institutionalized regulatory framework through the Financial Services Act, Securities Commission guidelines, and proactive supervisory mechanisms. Nevertheless, both jurisdictions continue to face challenges related to illegal lending platforms, enforcement limitations, and cross-border digital operations.

The findings also highlight that legal and financial education plays a crucial role in improving public financial literacy and mitigating the risks associated with online lending. Educational interventions significantly enhance individuals' understanding of fintech products, regulatory frameworks, legal consequences of borrowing, and the distinction between legal and illegal lending platforms. Such knowledge empowers consumers to make informed financial decisions, avoid predatory lending practices, and exercise their legal rights effectively. Comparative analysis indicates that Malaysia's integrated approach to financial education within formal education systems and regulatory policies provides a more sustainable model, whereas Indonesia's initiatives, although impactful, remain largely campaign-based and community-driven.

Overall, this research demonstrates that regulatory frameworks and financial education are mutually reinforcing instruments in promoting responsible digital lending and protecting consumers. Strengthening enforcement mechanisms, enhancing inter-agency coordination, and institutionalizing financial literacy education within national education systems are essential to ensuring sustainable financial inclusion and reducing the prevalence policy

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