Use Of First Loan Applications on A Fellow Contact Basis
(Case Study: FEB UMY Student)

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ABSTRACT

Online lending refers to the process of applying for a loan through a digital platform or app that allows individuals or businesses to obtain borrowed funds quickly and easily. Online lending usually has a simpler and faster application process compared to traditional financial institutions such as banks. This study aims to explore the utilization of peer-to-peer lending applications in the context of online lending. The app allows users to borrow funds quickly and easily from their contacts within the app. This research will involve collecting qualitative data through preferences from FEB UMY students. The pinlu application is expected to be a solution for students of the Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta.

Keywords: *Online Loans, Fellow Contacts, FEB UMY Student.*

INTRODUCTION

Online loans have become one of the most popular solutions to meet financial needs quickly and easily. However, the use of online loan applications does not always provide an optimal experience for users, especially for students who often need additional funds for studies and daily life. To improve the user experience and efficiency of online lending services, a peer-to-peer approach can be an attractive solution.

An online loan app is a software application that allows individuals to apply for a loan online through a digital platform. These apps can usually be accessed through a mobile device, such as a smartphone or tablet, or through a website. Online loan applications provide an easy and fast way for individuals to obtain borrowed funds without having to visit a physical financial institution or attend a complicated process.

Online loan applications have become a popular solution in meeting financial needs quickly and easily. In the ever-evolving digital age, these apps have transformed the way people apply for and obtain loans, removing the reliance on traditional time-consuming and complicated processes. Online loan applications provide ease of access, more efficient processes, and a better user experience.

One of the main advantages of online loan apps is the ease of access they offer. Users can apply for loans anytime and anywhere through their mobile devices. Without the need to visit a financial institution's physical office or have an in-person meeting, these apps allow individuals to apply for a loan with just a few taps on their phone screen. This is especially beneficial for those who have busy schedules or have difficulty accessing traditional financial services.

The loan application process in online loan applications is also very fast and efficient. Users only need to fill out an application form consisting of personal information, such as name, address, phone number, and basic financial data. Some apps use artificial intelligence and automated processing technology to quickly evaluate creditworthiness. This process minimizes the time needed to wait for approval and disbursement of loan funds. In some cases, loan funds can be disbursed in just minutes after the application is approved.

Apart from easy access and fast processing, online loan applications also offer a better user experience compared to traditional loans. These apps often have intuitive and easy-to-use user interfaces, with attractive designs and simple navigation. Features such as installment estimation, payment reminders, and detailed loan history allow users to track and manage their loans more effectively. Real-time notifications also help users stay up-to-date with information related to their loans, such as bills and interest rate changes.

In addition, online loan applications also provide greater flexibility in choosing the desired loan amount and tenure. Users can customize their loan according to their needs and financial capabilities. Some apps even offer flexible installment options, allowing users to choose a repayment term that best suits their abilities. This helps reduce financial stress and provides greater flexibility in managing the loan.

However, while online loan apps offer various benefits, users also need to be mindful of a few things.

First, it is worth noting that these applications usually involve higher interest rates compared to traditional loans. Therefore, it is important to understand and consider the cost of borrowing thoroughly before applying for a loan. In addition, it is also important to choose a trusted and reputable online loan application provider to ensure the security and privacy of user data.

In conclusion, online lending apps have revolutionized the financial industry. They provide easy access, fast processing, and a better user experience in obtaining loans. With the advancement of technology and the growth of the fintech industry, online lending apps continue to evolve and provide innovative solutions for individuals who need quick access to borrowed funds. However, it is important for users to use these apps wisely and consider relevant financial aspects before taking a loan.

The fellow contact base refers to the social network formed between FEB UMY students in the online loan application being developed. This fellow contact base allows application users to connect with fellow FEB UMY students who also use the online loan application.

The fellow contact base provides several benefits for users of online loan applications. First, with a fellow contact base, users can see the profiles and loan activities of fellow FEB UMY students. This provides a greater sense of trust and transparency in making loan transactions. Second, users can interact with fellow contacts in social networks, such as sharing experiences, providing recommendations, or providing advice regarding the use of online loan applications. Third, a fellow contact base can increase the likelihood of getting support or assistance from fellow FEB UMY students in the process of applying for and using loans.

In a fellow contact base, trust is a key factor in interactions between network members. This trust is built through reputation, previous interactions, or recommendations from fellow contacts who have used online loan applications. In addition, security is also an important consideration in a peer-to-peer basis. App users must be confident that their personal data is safe and secure within this social network.

Students of the Faculty of Economics and Business (FEB) of Universitas Muhammadiyah Yogyakarta (UMY) are one of the potential user groups that can be the focus of research. They have specific needs and preferences in using online loan applications. Therefore, this research aims to discuss the creation of an online loan application that optimizes user experience on a peer-to-peer basis, by taking a case study of FEB UMY students.

Through this research, modeling, design, and development of online loan applications that are tailored to the needs and preferences of FEB UMY students will be carried out. The application will be designed to facilitate students in obtaining loans, managing loans, and interacting with fellow FEB UMY students who also use the application.

In this context, it is important to research and analyze the preferences, needs, and constraints faced by FEB UMY students in using existing online loan applications. By understanding the perspectives of these potential users, this research will provide valuable insights for app developers and related financial institutions in improving functionality, design, and customized features.

In addition, this research will also contribute to knowledge in the field of online lending applications with a peer-to-peer approach. In the context of the growing development of financial technology, this research can serve as a foundation for further development in optimizing online lending services and improving user experience.

Thus, this research has high relevance and can provide benefits for FEB UMY students as well as application developers and financial institutions in facing challenges and optimizing online loan services.

LITERATUR REVIEW

Based on research conducted by (Supriyanto & Ismawati, 2019) regarding the Web-Based Online Loan Fintech Information System, it explains that this online loan-based fintech application provides practical, efficient solutions and provides significant assistance for individuals facing financial difficulties, without the need to spend excessive time, costs or energy. Uncomplicated requirements and a fast disbursement process are the main advantages of this application.

In his research entitled The Role of Online-based Fund Loans Through Applications to the Economy in Indonesia (Santi, 2019) explains that online loans through applications provide various advantages which include: fast processing; easy requirements; flexibility; credit calculators; and various products. It is hoped that the role of online lending will encourage equitable access to financial services for the wider community. With affordable access to finance for all groups, it is hoped that it can provide an impetus for economic growth in Indonesia and make a significant contribution to economic progress in Indonesia as a whole.

Meanwhile, according to (Panginan & Irwansyah, 2020) in his research on the Kredivo Online Credit and Loan Application Phenomenon in Indonesia, explaining that there are various types of non-cash payments available, and one of them is payment using a credit card. In addition, technological advances have also made it easier for people with the existence of online credit and loan applications. It is hoped that with the presence of these online credit applications, people can

have additional alternatives in making their payment transactions.

(Robaniyah & Kurnianingsih, 2021) in his research using quantitative methods on the Effect of Perceived Benefits, Ease of Use and Trust on Interest in Use of the OVO Application, his research concluded that the factors of perceived benefits and ease of use do not have a significant influence on interest in using the OVO application in North Jakarta. However, the trust factor turns out to have a significant influence on interest in using the application.

Research conducted by (Hidayat et al., 2022) entitled Online Loans and Their Validity According to Islamic Covenant Law, explains that in the Decree of the Indonesian Ulema Council Number 117 / DSN-MUI / II / 2018 concerning Information Technology-Based Financing Services based on sharia principles, coupled with regulations issued by the Financial Services Authority (OJK) as general guidelines, the validity of online loans in Islamic treaty law must meet predetermined conditions and not involve ribawi practices, gambling, uncertainty, bribery, or things that are considered bathil (illegitimate). In addition, in resolving disputes in the field of Islamic economics, there is a dispute resolution institution called BASYARNAS, and religious courts also have authority in this matter.

Meanwhile, another study entitled Illegal Online Loans Becoming a Social Disaster for the Millennial Generation conducted by (Fanny Novika et al., 2022) explains Online lending (pinjol) is a type of fintech that is currently very popular and in demand by the public. Although pinjol is actually regulated and supervised by the OJK, the phenomenon of illegal pinjol is increasingly becoming a concern because of the increasing number.

(Pradnyawati et al., 2021) in their research explained that in a legal context, online loan agreements based on financial technology (Fintech) have a legal position. This is based on Article 1320 of the Civil Code which states that online agreements have legal force. In addition, the validity of the evidence used in the agreement refers to Law Number 11 of 2008 concerning Electronic Information and Transactions (ITE), especially Article 5 which regulates information, documents, and electronic signatures.

According to (Silaswara, 2022) in his research on Analyzing Public Perceptions of the Use of Online Loan Applications, using a distribution table, the following conclusions can be drawn regarding most respondents: Most respondents are not very interested in the existence of online loans, the majority of respondents feel that the lending process is very easy, the majority of respondents feel that the existence of online loans is very helpful, the majority of respondents consider the interest rate in online loans to be too high, the majority of respondents feel worried about the security of storing

their personal data by online loan applications, the majority of respondents state that the use of funds will be in accordance with the purpose of the loan.

(Sentosa, 2021) with his research entitled The Role of the Financial Services Authority in Online Loan Supervision, the results of this study explain that online lending is a form of money lending service supported by information technology. This service aims to connect lenders with loan recipients through a lending agreement that is carried out directly through an electronic system using the internet network. Once a loan application is submitted, it may be accepted or rejected. If the application is rejected, the loan recipient can fix the problems that became the reason for the rejection if they still want to continue the loan.

Meanwhile, according to (Jonathan Sibarani et al., 2022) in his research entitled The Effect of Perception, Purchase Intention and Trust on Purchasing Financial Products on Online Loan Applications in Medan City, using quantitative research methods, it was found that the results obtained partially show that perception has a tcount value of 5.477, which is greater than the t table 1.661. This shows that perception has a positive and significant influence on the purchase of financial products through online loan applications. On the other hand, purchase intention has a tcount value of -0.749, which is smaller than 1.661. This indicates that purchase intention does not have a positive and significant influence on the purchase of financial products through online loan applications. However, trust has a tcount value of 6.688, which is greater than the ttable of 1.661. This shows that trust has a positive and significant influence on the purchase of financial products through online loan applications. In addition, simultaneously, the Fcount value is 186.623, which is greater than Ftable 2.14, and has a sig value of 0.000, which is smaller than 0.10. This shows that the influence of perception, purchase intention, and trust together have a positive and significant influence on the purchase of financial products through loan applications in Medan City.

METHOD

In this study, the authors applied a qualitative descriptive approach. The qualitative descriptive approach refers to a research method used to explore and describe the social situation to be studied thoroughly, deeply, and comprehensively. This approach is used to describe existing phenomena and understand the context holistically, without intervening or changing the variables under study. The object in this research refers to FEB UMY students.

The type of data in this study uses primary data. Primary data refers to data obtained directly from the research location. Primary data is the main reference in qualitative research, in the form of words and attitudes collected through interviews with researchers about the preferences of FEB UMY students regarding peer-based online loan applications.

Meanwhile, data collection techniques are carried out through observation and interviews. Observation is a core activity in research related to certain problems, where researchers use all senses to observe field conditions. Observation is carried out by researchers to see the condition of the research environment and also the environment of the sources that will later be interviewed in a more detailed and structured manner.

Interviews are conducted in the form of direct dialog between researchers and respondents, with the option of recording or recording the answers given on paper sheets. The researcher can use a tape recorder to record all conversations. The interviews were conducted openly by the researcher to the interviewees, which gave the researcher the freedom to obtain data, information, and answers according to the ability and desire of the research subjects. Nevertheless, researchers still try to direct and interpret according to research needs. Interviews were conducted with FEB UMY students.

RESULT AND DISCUSSION

With the making of this online loan application, students of Yogyakarta Muhammadiyah University, especially in the Faculty of Economics and Business, will be facilitated by using this application. The pinjam dulu (pinlu) application will make it easier to borrow money on an online basis from friends, this application is designed only for fellow contacts to know each other between users and minimize the risk of fraud.

The application system pinjam dulu (pinlu), made to find out information based on fellow application user contacts in order to find out which contacts are around us, where this will make it easier for users in terms of application implementation.

The pages of the first loan application offered are as follows:
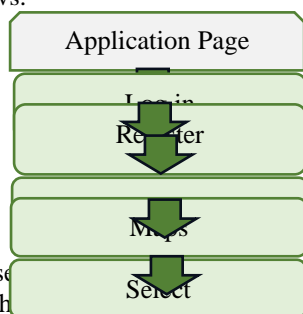
After the use[...]cation, and clicks through to th[...]he various menus offered by the system.

1. Map, is the initial display when registering in the pinlu application. In this map there is information in the form of profiles from fellow user contacts regarding the closest to the farthest location.
2. Profile, is a display that is available as a form of description of other users, in the form of profile photos and usernames.
3. Message, is a display after clicking on a profile that contains a display of internal communication between users as a chat medium.
4. Payment, an advanced display that is loaded on the main menu of the pinlu application, contains the nominal payment, the intended contact, the payment stage (installments or full payment), the due date, finally the payment options such as the bank that will be used for the transaction and will bring up the payment code.

The main menu display displays various information needed by the user as a form of information needed. Map, Profile, Message, Payment is a menu that can be accessed by users. The menu has a function according to what the user needs.

The working mechanism of a peer-to-peer online lending app can involve the following steps:

1. Registration: Users need to register and create an account on the pinlu app. This process involves verification of phone number, email, and other identifying information.
2. User Profile: After registering, users have to fill in their profile with personal information such as photo, name, address, occupation, nik, wa number. This information will be used to assess risk and loan eligibility.
3. Loan Amount and Term Selection: Users select the loan amount they need and the desired repayment period. This loan amount and term will affect the advanced features.
4. Loan Application: The user submits a loan application with the selected amount and term. This will be implemented in the existing messaging feature where users can communicate between borrowing and lending users.
5. Communication and Rating: The app may have an internal communication feature that allows borrowers and lenders to interact. Once the loan is completed, the user can rate and review the lender.
6. Loan Confirmation and Disbursement: If the loan application is approved by the lender, the user will receive a confirmation and the loan will be disbursed to the specified bank account or digital wallet. (payment feature)
7. Payment Tracking: The user must pay the loan installments according to the set schedule. The app will provide a payment tracking feature, reminding users of due dates, and tracking payment history.
8. Payment notification: the borrowing user will get a notification that will not disappear before the borrower makes the payment that is due and has been confirmed by the user who gave the loan.

CONCLUSION AND RECOMMENDATION

The pinlu application is used to make it easier for users to borrow money for their respective needs. With the creation of the pinlu application, it is hoped that users of this application can carry out transactions easily, especially since this application is contact-based which is expected to maintain confidentiality but while maintaining the security of using this application. The pinlu application is accessed very easily with the features in this application, this application also does not apply loan interest due to trust between users based on fellow known contacts. The pinlu application is expected to be a solution for students of the Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta.

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