



## **PUBLIC LEGAL CONSCIOUSNESS REGARDING ONLINE CREDIT AGREEMENTS FROM CIVIL LAW AND CONSUMER PROTECTION PERSPECTIVES**

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### **Abstract**

The rapid expansion of online credit services has introduced novel legal relationships, yet public legal consciousness regarding digital agreements remains insufficiently understood. This study examines legal consciousness among online credit users through the lenses of civil law and consumer protection. Utilizing a qualitative literature review, the research analyzes key dimensions: knowledge of norms, understanding of content, attitudes toward provisions, and behavioral conformity. The analysis reveals that low legal consciousness is manifested in the tendency to accept agreements without reading, ignorance of consumer rights, and passive responses to legal issues. These levels of awareness are influenced by digital literacy, education, risk perception, and cultural values. The existing gap between formal legal protections and actual public awareness creates significant vulnerabilities for users. To address this, the study suggests that strengthening legal consciousness requires a multi-faceted approach, including targeted education, improved user interface designs for digital contracts, enhanced regulatory supervision, and accessible dispute resolution mechanisms. This comprehensive strategy is essential to ensure a more secure and equitable digital lending ecosystem.

**Keywords:** legal consciousness, online credit agreements, consumer protection, digital transactions, civil law.

## Introduction

The development of information and communication technology in the last two decades has fundamentally changed various aspects of community life, including the economic and legal fields. The emergence of digital platforms offering various financial services, particularly online loans, has created a new landscape in the legal relationship between lenders and borrowers. Transactions that previously required physical meetings can now be completed in minutes via mobile devices. This phenomenon demonstrates how powerful the influence of popular culture and digital content is in shaping the behavior and attitudes of modern society today (Kurniawan & Khayru, 2021). This ease of access has encouraged significant growth in the number of people utilizing online loan services as a solution for funding needs. However, behind this convenience, there are inherent legal complexities in every transaction, especially those related to the formation of agreements and dispute resolution mechanisms. Online credit agreements presented in digital form have different characteristics compared to conventional agreements (Kholifah & Rufaida, 2022). Understanding these legal aspects is crucial because online loans also have implications for consumer protection and data privacy.

The phenomenon of increasing use of online loan services occurs amidst a gap between the speed of technological innovation and the speed of legal adaptation and community literacy (Ismuhadi & Santiago, 2022). Online loan provider platforms continue to develop fund distribution mechanisms that are increasingly easy and fast. Although technology offers speed, the main challenges that often arise are issues of inclusivity and differences in community skills in accessing these digital-based services (Ramle & Mardikaningsih, 2022). This convenience is the main attraction for people who need quick funds without going through conventional banking procedures. On the other hand, digital agreement documents are often very long with complex legal language, so many users tend to agree without reading carefully. This condition creates a situation where the community agrees to credit agreements without adequate legal awareness. Therefore, it is very important to continue building ethical and fair technology so that the application development process continues to prioritize responsibility to its users (Radjawane & Mardikaningsih, 2022). Consequently, when problems arise such as unethical debt collection or

personal data disputes, the community often does not know how they should act in accordance with the applicable laws (Dwipayana et al., 2020).

Online credit agreements have specific characteristics in terms of their formation, evidence, and execution. The formation of the agreement occurs through a digital declaration of will, such as clicking an "agree" button or an electronic signature. In practice, the use of this technology sometimes clashes with local values or traditional customs existing within the community (Mardikaningsih et al., 2021). Subjective requirements related to the agreement of the parties become a crucial issue because digital processes often do not ensure whether the party agreeing truly understands their legal capacity. Objective requirements regarding the certainty of the agreement's content also face challenges because digital documents can be unilaterally changed by the service provider. This certainly raises new concerns, especially regarding the risk of privacy violations on social media and the declining sense of mutual trust among today's younger generation (Negara et al., 2022). The aspect of evidence is also a concern because electronic documents have different characteristics from physical documents, especially in terms of their authenticity and integrity as evidence in court.

Public legal awareness regarding online credit agreements cannot be separated from an understanding of their rights as consumers (Mabsuti & Nurtresna, 2022). As consumers, users have the right to receive honest information regarding interest rates, fees, and late payment penalties. The right to receive protection for personal data is also an important issue, considering that the loan application process requires the submission of various sensitive information. However, the reality on the ground shows that many people do not realize that these rights are protected by law. This ignorance is exacerbated by the imbalance in bargaining positions between users and service providers. Ultimately, we all need to be more concerned and vigilant so that the progress of information technology provides real benefits without ignoring the legal protection aspects for every individual. Consequently, people tend to simply accept all the terms set by the service provider without daring to question terms that are perceived as detrimental.

The gap between the development of online loan technology and the public's legal understanding creates significant vulnerability for service users. People who do not understand the legal consequences of the

agreements they approve risk being caught in complex legal problems when disputes occur with service providers. This condition is actually part of a broader dynamic where big data brings many new things and changes to our social lives (Wahyudi et al., 2021). Problems such as collection with threats, the dissemination of personal data, or unilateral withdrawal of funds often cannot be anticipated due to a lack of legal education. On the other hand, the public often does not know the appropriate channels to file a complaint. In fact, an understanding of dispute resolution institutions is very important so that conflicts do not drag on. As an illustration, even in a different scope, the role of legal institutions such as religious courts is crucial in helping to resolve disputes through adjudication and mediation (Zahid et al., 2021). Knowledge regarding the existence of these institutions is key so that the community does not feel alone when facing problems.

The main problem faced is the low level of public legal awareness regarding their rights and obligations. This low legal awareness includes cognitive, affective, and conative aspects that often do not run in balance. Many people still approve agreements because they are pressed by economic needs, even though they do not understand the contents. This reflects the existence of a digital divide and inequality of opportunity often experienced by certain community groups in the online-based economic ecosystem (Sinambela et al., 2022). Apathy arises because of the perception that online credit agreements are rigid and non-negotiable. In fact, even though they are standardized, understanding the contents of the contract remains important to protect oneself in the future. Without legal readiness, it will be difficult for the community to collect evidence to defend their rights when default or data misuse occurs.

The second problem relates to the disparity between existing legal rules and the reality on the ground. The government has actually provided a legal framework through the ITE Law and the Consumer Protection Law, but this framework has not yet fully reached the lower levels of society. This situation is similar to how small business actors, such as street vendors, have their own perceptions and obstacles when dealing with the credit system (Darmawan et al., 2022). Technical banking and legal terms often become a barrier for laypeople. Furthermore, dominance or monopoly in the financial sector sometimes has an impact on the level of customer trust and

satisfaction, which ultimately affects industry competition as a whole (Hardyansah et al., 2021). Without an understanding of the basic legal concepts of agreements, the community will continue to be the party most disadvantaged in every digital transaction.

This study to review public legal awareness regarding online credit agreements is increasing along with the continuous development of the online loan ecosystem and the increasing integration of these services into the daily lives of the community. Without an adequate understanding of the legal aspects of the transactions they perform, the community will continue to be in a vulnerable and helpless position when facing problems arising from online credit agreements. This study is necessary to identify the factors that influence public legal awareness, as well as to formulate an appropriate approach to increasing public understanding of their rights and obligations in online credit agreements. The results of this study are expected to contribute to the development of consumer protection policies in the digital financial services sector, as well as serve as a reference for legal education and literacy efforts that are more effective and targeted. The community's inability to protect themselves in online loan transactions not only harms individuals but also has the potential to cause wider social unrest given the number of users of this service continues to grow every year.

The purpose of this study is to analyze and explain the characteristics of public legal awareness in online credit agreements, focusing on the understanding of the rights and obligations of the parties as well as the available legal protection mechanisms. This study aims to identify the gap between the applicable legal regulations and the level of public understanding, as well as to formulate a conceptual framework to increase legal awareness amidst the rapid development of digital loan services. The expected theoretical contribution is the preparation of a comprehensive mapping regarding the dimensions of legal awareness in digital transactions, while the practical contribution is to provide recommendations for efforts to increase public legal literacy in the field of online loans.

## Method

This study utilizes a qualitative literature study approach oriented toward the analysis of various written sources relevant to the topic of public legal awareness regarding online credit agreements. This approach was chosen

because it allows the researcher to explore theoretical concepts and previous research findings without having to conduct primary data collection in the field. As stated by Singleton and Straits (2018), research with a literature-based qualitative approach provides an opportunity for researchers to synthesize existing knowledge and identify emerging patterns from the various sources studied. Irianto (2011), from a socio-legal perspective, emphasizes that literature studies in legal research hold an important position because they allow researchers to understand law not only as regulatory texts but also as a social phenomenon living within society. In this study, the researcher conducted a literature search from various sources such as civil law textbooks, consumer protection law, information technology law, scientific journal articles, and regulatory documents relevant to online loans. The search process was carried out systematically by referring to the principles outlined by Adler and Clark (2011) regarding the importance of building coherent arguments based on evidence from various critically evaluated sources. All collected literature sources were then analyzed using a thematic approach to identify the main themes related to public legal awareness in online credit agreements.

The analysis in this study was conducted through a series of systematic stages, beginning with the collection and selection of literature sources based on relevance and academic quality criteria. The researcher identified key concepts such as legal awareness, online agreements, consumer protection in digital transactions, and the legal characteristics of credit agreements. After the literature sources were collected, the researcher performed a careful reading to understand the arguments built by each author, followed by coding the sections relevant to the problem formulation. As suggested by Singleton and Straits (2018), the researcher performed triangulation between literature sources to ensure that the resulting conclusions were based on consistent evidence from various perspectives. Irianto (2011) reminds that in socio-legal research, researchers need to pay attention to the social dimension of the law, so that the analysis is not limited to regulatory texts but also covers how the law is received and understood by the public. Adler and Clark (2011) emphasize the importance of maintaining objectivity in qualitative analysis by systematically documenting every step of the analysis. The results of the analysis are presented in a structured narrative while maintaining the

conceptual richness of the literature studied. The entire analysis process is well-documented to allow for backtracking if necessary, ensuring the transparency and accountability of the study.

## Result and Discussion

Public legal awareness regarding online credit agreements is a multidimensional construct that includes an understanding of the existence of legal norms, knowledge of the content of the norms, attitudes toward the norms, and behavioral patterns that comply with the norms. In the context of online credit agreements, the first dimension relates to public knowledge that there are laws and regulations governing online loan transactions, including provisions regarding electronic agreements, consumer protection, and the supervision of financial service institutions. This is in line with the importance of understanding how social contracts and formal agreements work in business practices so that misunderstandings do not occur in the future (Da Silva et al., 2022). Knowledge of the existence of these norms serves as the foundation for the formation of higher legal awareness because, without knowing that a norm exists, the public will never consider complying with or utilizing it. The second dimension concerns the public's understanding of the content of the norms, namely knowledge of the rights and obligations regulated in online credit agreements and the available protection mechanisms. This understanding includes the ability to distinguish between provisions that are legally valid and those that violate the law, as well as the ability to identify clauses in the agreement that are potentially detrimental. The third dimension relates to the public's attitude toward the norms, which is the tendency to accept or reject existing provisions based on an assessment of the fairness and utility of those norms. A positive attitude toward legal norms will encourage the public to voluntarily comply with existing provisions, while a negative attitude can encourage behavior that ignores the norms (Ramlan, 2021). This change in attitude is also strongly influenced by how patterns of social interaction and communication in digital society continue to change over time (Darmawan, 2021). The fourth dimension is the behavioral aspect, namely the alignment between the actual actions of the community and what is regulated in legal norms, both in terms of fulfilling obligations and in terms of demanding the rights that should be received.

Online credit agreements as objects of legal awareness have complex characteristics because they are adhesion contracts (standardized agreements) prepared unilaterally by the service provider (Susanti & Anggraini, 2019). The characteristics of these standardized agreements affect the dynamics of public legal awareness because they eliminate the space for negotiation, which is one of the fundamental principles in contract law. In conventional agreements made through a bargaining process, the parties have the opportunity to understand and discuss each clause before reaching an agreement. This process naturally builds legal awareness because each party must consider the implications of the agreement to be made. Even in today's digital marketing world, the use of direct communication such as email marketing still requires a basis of agreement so that the messages delivered remain relevant to the user (Sinambela & Darmawan, 2021). In online credit agreements, the process of forming legal awareness does not occur through such mechanisms because the public is presented with a finished agreement document with the only choices being to agree or cancel the transaction. This condition creates its own challenges for efforts to increase legal awareness, as the public lacks direct experience in the negotiation process that could build an understanding of the importance of every clause in the agreement. Standardized agreements also often use complex and lengthy legal language, making it difficult for laypeople to understand the contents of the agreement even if they attempt to read it.

One factor influencing public legal awareness regarding online credit agreements is the level of digital literacy and financial literacy possessed. Digital literacy relates to the public's ability to understand and use digital technology safely and responsibly, including the ability to distinguish between legal and illegal online loan platforms. This security also includes how technical and ethical aspects of online business visibility are managed well so as not to harm consumers (Arifin et al., 2021). People with high digital literacy tend to be more critical in responding to online loan offers and more careful in reading agreement documents before agreeing to them. Financial literacy, on the other hand, relates to the public's understanding of basic financial concepts such as interest rates, fees, time periods, and the risk of default. Understanding these concepts is vital for understanding the financial implications of online credit

agreements, as ignorance can lead to people being trapped in loans with burdens that do not match their capabilities. Both forms of literacy are closely linked to legal awareness because an understanding of the technical aspects of digital and financial transactions will help the public understand why certain provisions are regulated in online credit agreements. Moreover, nowadays social media has enormous potential as a digital business promotion tool that often attracts public interest very quickly (Infante & Mardikaningsih, 2022). People with low digital and financial literacy tend to see online credit agreements as complex documents that do not need to be understood in detail, believing it is enough to know the loan amount and monthly installments. This narrow view ignores various legal aspects that could lead to problems in the future, such as collection mechanisms, the imposition of fines, or the right to cancel the agreement.

Public legal awareness regarding online credit agreements is also influenced by the socio-economic and demographic characteristics inherent in individuals (Susanti & Anggraini, 2019). The level of formal education has a significant correlation with the ability to understand legal documents, as higher education generally equips individuals with better analytical skills and understanding of technical terms. Occupation and income also affect legal awareness because individuals with higher incomes tend to have better access to information and resources that can help them understand the legal aspects of the transactions they perform. Age is another factor to consider because different generations have different experiences in dealing with digital technology and electronic transactions (Kemarauwana & Darmawan, 2020). Generations that grew up with digital technology tend to be more familiar with online transaction mechanisms, but do not necessarily have better legal awareness because legal knowledge does not always align with the ability to use technology. Geographical factors also play a role because people in urban areas with broader access to information tend to have higher legal awareness compared to people in remote areas who have limited access to information. These variations in characteristics show that public legal awareness cannot be viewed as something homogeneous, but rather highly diverse depending on each individual's background.

Psychological aspects also play an important role in shaping public legal awareness of online credit agreements, especially regarding risk

perception and trust (Yang et al., 2015). A low risk perception of online transactions can cause people to ignore the importance of reading and understanding agreements before agreeing to them. People who perceive online transactions as generally safe and without significant legal risks tend to be indifferent toward the agreement documents presented. Conversely, people who have had bad experiences with online transactions or know of others' bad experiences tend to be more cautious and more careful in reading agreements. Trust in the service provider platform also influences legal awareness, as people who believe that the platform is a large, trustworthy company tend to assume that the agreements provided must comply with legal provisions. This excessive trust can backfire when it turns out the platform implements practices detrimental to consumers, hidden within agreement clauses that the users do not read. The factor of urgency also influences public behavior, where the desperate need for funds often overrides rational considerations to understand the agreement thoroughly. In urgent conditions, people tend to take shortcuts by immediately agreeing to the contract without reading, hoping that no problems will arise in the future. These psychological conditions create significant vulnerability for the public when facing online credit agreements.

Legal protection for the public in online credit agreements is basically regulated in various laws and regulations, but the effectiveness of such protection heavily depends on the extent to which the public knows and can access the available protection mechanisms (Darma & Jadnya, 2019). The Law on Electronic Information and Transactions regulates the validity of electronic agreements as evidence, while also establishing provisions regarding the implementation of electronic systems that must meet the principles of reliability, security, and responsibility. The Consumer Protection Law provides fundamental rights for consumers that cannot be waived by standard agreements, including the right to obtain correct, clear, and honest information about the products offered. Financial Services Authority regulations specifically regulate the implementation of online lending services, including maximum interest rate limits, prohibitions on unethical collection practices, and the obligation to conduct consumer education (Ardic et al., 2011). This legal framework actually provides a strong foundation for the public to protect themselves from detrimental practices in online loans. However, public

knowledge about the existence of these regulations is still very limited, so the potential protection that should be utilized cannot be accessed optimally. In addition, law enforcement mechanisms also face challenges because people often do not know the appropriate complaint channels or are reluctant to report due to processes perceived as complicated and time-consuming.

The gap between existing legal regulations and the reality of public legal awareness creates a phenomenon that legal experts often refer to as *living law*, where the law that lives within society is not always the same as the law written in regulations (Marsinah, 2016). In the context of online credit agreements, the written law stipulates that every agreement must be made based on the consensus of the parties with an adequate understanding of the agreement's content. However, in social reality, online credit agreements are often approved without adequate understanding, such that sociologically, it can be said that the resulting agreement does not fully reflect the free will of the parties. This condition raises questions regarding the extent to which online credit agreements can be considered morally valid, even if they formally meet legal requirements concerning electronic consent. The discrepancy between written law and social reality is also evident in terms of law enforcement, where many violations in online lending cannot be processed because the public lacks sufficient evidence or does not know how to access law enforcement agencies. This gap indicates that a purely normative approach to regulating online lending will not suffice if it is not balanced with efforts to build public legal awareness that aligns with the established provisions. Good law is law that not only meets the needs of society but can also be understood and implemented by the society that serves as its legal subject. In the case of online lending, more intensive efforts are required to bridge the gap between the complexity of legal regulations and the comprehension levels of the general public.

Legal education and literacy serve as key instruments in efforts to increase public legal awareness regarding online credit agreements, yet their implementation has faced various obstacles (Noer & Syafii, 2022). Legal literacy programs conducted by the government, financial service authorities, and consumer protection agencies tend to be general and have not specifically targeted online lending issues. The educational materials

presented are often too technical and use legal jargon that is difficult for laypeople to understand, making them less effective in achieving their goals. Delivery methods that still rely on seminars or face-to-face socialization also have limited reach, while the people who most need legal literacy are often the ones not reached by such activities. In the digital era, a more effective approach should utilize the same digital platforms as those used by online lending service providers. Educational content in the form of short videos, infographics, or concise articles distributed through social media and instant messaging applications has the potential to reach a wider audience compared to conventional methods. Collaboration between the government, consumer protection agencies, and responsible online lending platforms could also be a strategy to insert educational materials while the public is in the process of applying for a loan. However, educational efforts through online lending platforms must be carried out carefully to avoid conflicts of interest, considering that the platform is the same party providing the agreement that the public needs to understand. The involvement of universities and legal professional organizations in providing free legal consultation services for people facing online lending problems is also an effective form of education, as it is conducted directly when the public needs assistance.

The role of the state in protecting the public from the risks of online credit agreements is not limited to law-making but also encompasses the functions of effective supervision and law enforcement (Nugroho, 2020). The Financial Services Authority, as the supervisory body for the financial services sector, has the authority to oversee online lending providers, including imposing administrative sanctions for violations. The effectiveness of supervision depends heavily on the courage and firmness of the supervisory body in taking action against violations, as well as the speed of response to public reports. Firm law enforcement against online lending providers that engage in practices detrimental to consumers will provide a deterrent effect and simultaneously educate the public that the law is truly being upheld. On the other hand, weak law enforcement will create a bad precedent that violations of consumer rights in online lending can be committed without significant risk. The government also needs to consider policies that limit the practice of standard agreements (*perjanjian baku*) that are overly burdensome for consumers, for example, by requiring

the use of simple and clear language in agreement documents, or by requiring service providers to provide a summary of the agreement in an easily understandable format. Policies mandating a waiting period or *cooling-off period* between the agreement approval process and the disbursement of funds could provide an opportunity for the public to reconsider their decisions after reading the agreement more carefully. Similar policies have been implemented in several countries to protect consumers from rushed decision-making in financial transactions. The implementation of such policies in Indonesia needs to be considered by taking into account the characteristics of society and the continuously evolving dynamics of the online lending industry.

The responsibility of online lending service providers in building public legal awareness is often overlooked due to the assumption that educational responsibility lies entirely with the government (Zulham, 2022). As the party directly interacting with the public and having access to user behavior data, service providers actually hold a strategic position to contribute to increasing legal awareness. Responsible service providers can design user interfaces that encourage the public to read and understand agreements before agreeing to them, for example, by displaying summaries of key points in the agreement, providing features that require repeated confirmation for critical clauses, or using designs that require users to scroll through the agreement page to the end before the "agree" button can be activated. Service providers can also provide easily accessible communication channels for people who wish to ask about the contents of the agreement or the rights inherent in the loan products offered. Transparent and honest business practices in presenting information regarding interest rates, fees, and loan risks are a form of tangible contribution to public legal awareness because they help the public make more informed decisions. Unfortunately, in practice, not all service providers share the same commitment to consumer protection. Some providers instead exploit the low legal awareness of the public by designing complex agreements, hiding important information in obscure clauses, or using design techniques that push users to agree to contracts without reading. Such practices not only harm individual consumers but also damage public trust in the online lending industry as a whole.

A civil law perspective in viewing online credit agreements emphasizes the importance of a valid consensus between the parties as the basis for a legal relationship (Kholifah & Rufaida, 2022). Article 1320 of the Civil Code establishes four requirements for a valid agreement: the consensus of the parties, the capacity of the parties, a certain object, and a lawful cause. In online credit agreements, the consensus requirement becomes the most complex issue because consent is expressed through digital approval, which is often not preceded by an adequate negotiation process. The question that arises is whether consent given after reading a long and complex agreement in a short amount of time can be considered a consensus that fulfills the requirements for a valid agreement. The law does not specify a particular form of consensus; what matters is the expression of will from the parties to bind themselves to one another. However, an expression of will given without an adequate understanding of the agreement's content can be questioned as to whether it truly reflects the free will of the declaring party. The requirement of capacity is also an important issue because not everyone accessing online loans has the capacity to understand the legal consequences of their actions. Although adults are formally considered capable of making agreements, in practice, the capacity to understand complex legal documents is not automatically inherent in adult status. Legal protection for consumers in standard agreements as regulated in Article 18 of the Consumer Protection Law becomes an important instrument to address the imbalance of bargaining power between service providers and consumers. This article prohibits the inclusion of standard clauses that are burdensome to consumers and declares such burdensome clauses null and void by law. The application of this provision in online credit agreements requires a careful interpretation of which clauses fall into the category of being burdensome to the consumer.

The consumer protection law perspective provides a more comprehensive framework for viewing the problem of public legal awareness regarding online credit agreements because it does not only focus on the formal aspects of the agreement, but also on substantive justice in the relationship between service providers and consumers. Universally recognized basic principles of consumer protection include the right to safety, the right to information, the right to choose, the right to be heard, the right to redress, and the right to consumer education. In the

context of online lending, the right to information becomes crucial because consumers require complete, accurate, and easily understandable information to be able to make rational decisions about the loan products they intend to take. Information regarding effective interest rates, charged fees, late penalties, and the right to cancel the agreement must be conveyed clearly and not hidden within complex clauses. The right to choose also has significant relevance as consumers should have the freedom to decide whether or not to take a loan, as well as being free from pressure or manipulation that encourages rushed decision-making. The right to be heard provides a basis for consumers to voice complaints and obtain fair settlements when disputes occur with service providers (Susanti & Anggraini, 2019). The right to consumer education is the most relevant right regarding efforts to increase legal awareness, because through education, consumers can understand their rights and how to fight for them. Consumer protection agencies, whether established by the government or non-governmental organizations, play an important role in helping consumers understand and advocate for their rights. Unfortunately, the existence of these institutions is not yet widely known by the public, and their capacity to handle the ever-increasing number of online lending disputes remains limited.

The phenomenon of online lending has created a new form of legal relationship that was previously unknown in classical civil law. The relationship between the service provider and the borrower in online lending is impersonal, where the parties never meet physically and communication is conducted solely through digital platforms. This impersonal relationship affects the dynamics of legal awareness because of the absence of personal bonds that traditionally strengthen compliance with agreements. This change in interaction also poses a challenge in maintaining worker welfare and the stability of the labor market in the highly dynamic digital economy era (Ishaq & Darmawan, 2021). In an impersonal relationship, the risk of moral hazard increases because both parties have incentives to act opportunistically if there is no effective enforcement mechanism. Service providers may be tempted to implement practices detrimental to consumers because they feel no need to maintain a reputation before a consumer they do not know personally. Consumers may be tempted not to repay the loan because they feel there is no personal relationship that will be damaged by default. This condition

demands every business actor to continue upholding business ethics and moral responsibility as part of their legal obligations (Darmawan, 2022). This condition emphasizes the importance of the role of law as an external mechanism that ensures compliance with agreements, as internal mechanisms such as reputation and personal relationships do not function optimally. The law must provide sufficiently severe sanctions for violations so that a deterrent effect can be achieved, while simultaneously providing dispute resolution mechanisms that are fast and affordable for the public. The court as a formal law enforcement institution plays an important role, but in the context of online lending involving many parties with relatively small dispute values, alternative dispute resolution mechanisms such as mediation or consumer arbitration may be more appropriate. Alternative dispute resolution institutions can offer processes that are faster, cheaper, and simpler than court litigation, making them more accessible to the general public.

The technological developments underlying online lending also bring implications for how the public perceives evidence of an agreement. In civil procedural law, evidence is a very important stage because it determines whether an agreement can be enforced in court. Online credit agreements made in electronic form raise questions about how to prove the existence and content of the agreement if a dispute occurs. On the other hand, the utilization of technology and good digital literacy mastery in today's younger generation should be an important asset for understanding these electronic documents (Kurniawan et al., 2021). Electronic documents have different characteristics from conventional documents because they are easily altered, easily duplicated, and lack a permanent physical form. The Law on Electronic Information and Transactions recognizes electronic information as valid legal evidence, yet its validity depends on the integrity and reliability of the system used. Laypeople often do not realize that saving proof of an agreement in the form of screenshots or saving electronic messages containing loan confirmations are important actions to secure their rights. When a dispute occurs, many people do not have sufficient evidence because they did not store the agreement documentation properly. This often becomes a major obstacle for someone wishing to file a formal legal claim due to the lack of strong supporting evidence (Hardyansah et al., 2021). This lack of understanding regarding the importance of evidence is one form of low

legal awareness that directly impacts the community's ability to defend their rights. Responsible service providers should facilitate users in saving agreement documents easily, for example, by sending a copy of the agreement via email or providing permanent access to the agreement document through the user's account. This practice not only protects the interests of consumers but also protects the interests of the service provider by strengthening the available evidence if needed in the future.

Public legal awareness regarding online credit agreements is also closely related to an understanding of the institutions authorized to handle online lending issues. People who know that the Financial Services Authority has the authority to supervise online lending providers tend to be more confident in reporting violations they experience. This knowledge is very important for the public so they can make the right decisions in using existing digital services (Fared & Darmawan, 2021). People who know that there are legal aid institutions or consumer protection agencies that can help them resolve disputes at an affordable cost tend not to hesitate to seek help when facing problems. Conversely, people who do not know of the existence of these institutions tend to feel helpless when experiencing problems, or even choose to resolve issues through means that do not comply with the law. Understanding these authorized institutions also includes knowledge of the procedures that must be followed to access them, including the documents that need to be prepared and the steps to be taken. In addition to legal knowledge, factors such as business capital and technological mastery also play a major role in helping the community improve their standard of living through the digital economic sector (Sinambela et al., 2021). A community with high legal awareness will have better readiness in facing disputes because they know what to do, where to report, and what needs to be prepared. Legal awareness does not mean that the community will never experience a dispute, but it means the community has the ability to face a dispute in the proper way according to the applicable legal framework. Therefore, efforts to increase legal awareness are not enough by only providing knowledge about rights and obligations in agreements, but must also include knowledge about the protection and dispute resolution mechanisms available.

Cultural factors also play a role in shaping public legal awareness of online credit agreements, particularly regarding attitudes toward debt and

dispute resolution (Kholifah & Rufaida, 2022). Societies with a culture that views debt as a shameful burden tend to avoid open conflict with service providers even when they feel aggrieved. The shame of admitting they have debt or are experiencing problems with their debt becomes a barrier for people to seek legal assistance. In situations of such regulatory uncertainty, companies need to have the right strategy to survive and be trusted by the public (Mardikaningsih & Darmawan, 2021). A culture that emphasizes harmony and avoiding confrontation also influences the public's tendency to resolve disputes through adversarial legal channels. People may prefer to remain silent rather than sue a service provider in court, even when they are certain their rights have been violated. A paternalistic culture where people tend to accept terms set by parties perceived as more powerful also makes the public less critical of the standard agreements provided by service providers. These cultural aspects need to be understood when designing strategies to increase legal awareness, as an approach relying on individual consciousness to fight for one's own rights may be ineffective if it conflicts with the cultural values held by the community. A more collective approach through strengthening consumer protection institutions and proactive law enforcement might be more appropriate for cultural contexts where the community tends to be non-confrontational. Furthermore, listening to reviews and input from fellow users can also be a powerful way for the public to assess the quality and safety of a service (Negara et al., 2021). Legal education also needs to consider existing cultural values, for example, by emphasizing that fighting for one's rights does not mean being defiant, but is part of the responsibility to create a fair business environment for all parties.

High legal awareness among online loan users is not only beneficial for the individuals involved but also provides a broader positive impact on the online lending ecosystem as a whole. A legally conscious public tends to be more selective in choosing service providers, so providers with good business practices will gain greater trust from the community (Pirson et al., 2019). Conversely, service providers that implement practices detrimental to consumers will lose customers and eventually be eliminated from the market. This natural selection mechanism will encourage service providers to compete in terms of service quality and consumer protection, rather than in terms of exploiting consumer ignorance. A legally conscious society

also tends to be more disciplined in fulfilling loan payment obligations because they understand the legal consequences of default. A low default rate will reduce the operational costs of service providers, which can ultimately translate into lower interest rates for all users. A legally conscious public also tends to be more active in reporting violations, thereby providing valuable feedback for supervisory agencies to improve policies. Thus, investing in increasing public legal awareness is a profitable investment for all stakeholders within the online lending ecosystem. The government, service providers, and consumer protection agencies have a mutual interest in creating a legally conscious society so that the online lending industry can grow healthily and sustainably. Legal awareness is not a burden for the industry, but rather the necessary foundation to build public trust, which will ultimately drive long-term industrial growth.

## Conclusion

This study demonstrates that public legal awareness regarding online credit agreements is a complex and multidimensional construct, influenced by internal factors such as education level, digital literacy, financial literacy, risk perception, and psychological characteristics, as well as external factors such as the quality of regulations, the effectiveness of law enforcement, and the existence of accessible consumer protection mechanisms. The low level of public legal awareness is reflected in the tendency to approve agreements without reading, ignorance of consumer rights, lack of knowledge about institutions authorized to handle disputes, and a passive attitude when facing problems. The gap between available legal regulations and the reality of public legal awareness creates significant vulnerability for online lending service users. Increasing legal awareness requires a comprehensive approach, including targeted education, improvements in digital agreement interface design, strengthening supervision and law enforcement, and developing dispute resolution mechanisms that are easily accessible to the public. High legal awareness among the public will encourage the creation of an online lending ecosystem that is healthier, fairer, and more sustainable for all stakeholders.

The implications of this study for public policy are the need to reformulate the approach to protecting online lending consumers, moving from an approach focused on formal regulation toward one that pays more

attention to aspects of public legal awareness. The government needs to integrate efforts to increase legal literacy into consumer protection policies, using delivery methods that utilize the same digital platforms as those used by online lending service providers. The Financial Services Authority is advised to tighten requirements for online lending providers regarding the obligation to provide clear and easily understandable information, as well as mandating mechanisms that encourage users to read agreements before approving them. Consumer protection agencies are encouraged to develop free legal consultation services that are easily accessible through various digital channels. Future research is recommended to conduct empirical studies with a quantitative approach to measure the level of public legal awareness more accurately, as well as to conduct comparative studies with other countries to identify best practices in increasing public legal awareness of online credit agreements.

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