

Raising Awareness and Knowledge of Rural Communities against Lottery Fraud and Illegal Online Loans through Telephone and Short Message Services

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Abstract: The Covid-19 pandemic has had a major socio-economic impact on the community, especially the decline in income and job losses. The urgency of economic needs makes people make online loans that are illegal and have very high interest rates. The lack of public knowledge about licensed and illegal online loans has resulted in debtors being trapped in large debts and spreading personal data. Considering that rural communities who have low levels of education and knowledge are victims of prize draw scams which are disseminated via short message service (SMS) and telephone calls. Therefore, there is a need for socialization about illegal online loans and prize draw fraud to the community, especially village communities. The purpose of this service activity is to increase public awareness and knowledge about the legality of online loan services and prize draw fraud. After this service was carried out, the community in Kerinjing Village had knowledge about the legality of online loans, prevention and overcoming of online loans as well as vigilance against prize draw fraud via SMS and telephone. After the community service activities were carried out, it was found that 100% of the community understood illegal online borrowing and raffle prizes via telephone and SMS.

Keywords: Knowledge, Illegal Online Loans, Lottery Fraud

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1. INTRODUCTION

The Covid-19 pandemic has had a major impact, not only on health but also on the socio-economic impact of the community including reduced job opportunities, layoffs, reduced worker income, decreased turnover of traders, and reduced public consumption (Kurniasih, 2020; Azimah et al., 2020). A study conducted by Ngadi, Meilianna & Purba (2020) which analyzed the impact of Covid-19 on layoffs and decreased income. In 2020, there were 15.6 percent layoffs of workers in Indonesia and 13.8 of them did not receive severance pay. 31.0 percent of the people experienced a decrease in income of less than 50 percent of income before Covid-19 and 6.8 percent experienced a decrease in income of more than 50 percent of income before Covid-19.

The decline in income and job losses due to the Covid-19 pandemic has made some people look for funds through illegal online loan applications by telephone. The illegal online loan process is instant and uncomplicated using only personal documents, without collateral and very fast liquid

funds so that people take illegal online loans without paying attention to very high interest rates and their impact (Pardosi & Primawardani, 2020). Based on data from the Financial Services Authority (OJK) in 2020 due to the Covid-19 pandemic, the number of online loan customers grew by 134.59 percent (yoy). The data as of May 24, 2021, online loan companies that have permits are 131 companies and online loan companies without permission from 2018 to April 2021 are 3,193 companies.

The need to survive that urges people to make illegal online loans and is used by irresponsible people. The person contacted the online loan debtor very rudely, intimidated, cursed, harassed, disseminated the personal data of the borrower and the borrower's family. In addition, loans have very high interest rates compared to conventional loans. The number of installments, high interest, and service fees (3-5%) that continue and accumulatively cause illegal online loan debtors to have very large debts and are unable to pay (Istiqamah, 2019). Not only illegal online loans, the urgency of economic needs due to the Covid-19 pandemic has made people not think rationally and believe in lottery winning notifications that are disseminated via short message service (SMS) and phone calls. This crime aims to obtain an ATM card number and one-time password (OTP) code. Gift givers usually mention the OTP code as a gift code, promo code or bonus code. For ordinary people or people who do not have knowledge, they will easily provide OTP codes and ATM card numbers (Putra & Ali, 2018).

Illegal online loan crimes and prize draw fraud occur because of the lack of public awareness and knowledge (Budiyanti, 2019). There is a need for socialization to increase public awareness and knowledge about the legality of online loan services and prize draw fraud, especially for rural communities who have low education and knowledge (Andaiyani *et al.*, 2020; Hamdan *et al.*, 2020). Kerinjing Village is one of the fostered villages of the Faculty of Economics, Sriwijaya University. Kerinjing Village located in Tanjung Raja District, Ogan Ilir Regency and has a population of 1,423 people in Kerinjing Village with an area of $\pm 3.00 \text{ Km}^2$ and a population density per Km^2 of 474 people. The problem is that most of the population has a low level of education and knowledge, making them vulnerable to fraud. Therefore, it is important to disseminate information to the public regarding knowledge about online loans and prize drawing fraud in Kerinjing Village, Tanjung Raja District. The purpose of this service is to increase village community awareness and knowledge about online loans, including the legality of secure online loans and prize draw fraud.

2. LITERATURE REVIEW

The definition of Fintech according to the Financial Services Authority (OJK) is an innovation in the financial services industry that utilizes the use of technology. Products Fintech usually in the form of a system built to carry out specific financial transaction mechanisms (Ansori, 2019). Fintech Lending or also called Fintech Peer-to-Peer Lending (Lending) or Information Technology-Based Borrowing and Borrowing Services (LPMUBTI) is one of the innovations in the financial sector by utilizing technology that allows lenders and loan recipients to make borrowing and borrowing transactions without having to meet direct. The lending and borrowing transaction mechanism is carried out through a system that has been provided by the Fintech Lending, either through the application or website (Chrismastianto, 2017). Lending-related regulations are contained in the Financial Services Authority Regulation (POJK) No. 77/POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services (LPMUBTI). General Provisions, Implementation, LPMUBTI Service Users, Agreements, Risk Mitigation, IT System Governance, LPMUBTI User Education and Protection, Electronic Signature, Customer Identification Principles and Technical, Prohibitions, Periodic Reports, Sanctions, Other Provisions, Transitional Provisions, Closing Provisions (Nursaidi & Sinilele, 2021).

The Fintech Lending operator can be a legal entity or cooperative that has a system to implement the online lending and borrowing transaction mechanism, either through an application or a website. Fintech Lending only act as intermediaries that bring together lenders and loan recipients. Lenders and loan recipients must first register and fill in the necessary personal data before they can apply for loans or loan applications (Pradnyawati *et al.*, 2021; Putri *et al.*, 2021). The borrower is an individual (Indonesian citizen) or local legal entity who can meet the criteria to

receive funds from the lender. The lender must always read the terms and conditions of the agreed agreement. Lenders must understand that all risks of lending on the application or platform are borne by the lender. All delays and failures to pay by loan recipients that are not caused by errors or failures of the Fintech Lending not the responsibility of the Fintech Lending. The borrower must always read the terms and conditions of the agreed agreement. Loan recipients should apply for loans from Fintech Lending registered or licensed at the OJK and have gone through the process of checking user security SOPs according to the standards imposed by the OJK (Nasikhatuddini, 2021; Sitompul, 2018; Istiqamah, 2019).

3. METHODS

Implementation of this community service activity was carried out for 3 (three) days from 7-9 October 2021 in Kerinjing village, Tanjung Raja Selatan district, Ogan Ilir Regency, South Sumatra Province. The method of activity and implementation is carried out through a socialization approach. The implementation of this service uses counseling methods, lectures and question and answer discussions about online loans and prize draw fraud with a duration of 150 minutes. This service activity is related to economics based on the courses taken by students, namely the Monetary Economics Course which consists of 3 credits.

Materials that will be delivered to participants are related to loans, both conventional and online loans, explanations about fintech lending, explanations of online loans that are safe and have permits at the OJK, anticipation of prevention and overcoming of prize draw fraud that often occurs via SMS and telephone. The purpose of this service is to increase village community awareness and knowledge about online loans, including the legality of secure online loans and prize draw fraud.

4. RESULTS AND DISCUSSION

4.1. *Material from The Speaker*

Consists of the village head, village officials, community leaders and the community in the village of Kerinjing, Tanjung Raja District, Ogan Ilir Regency, South Sumatra Province. During the training, the participants were very enthusiastic about participating in each stage of the activity. This can be seen from the responses of the training participants and the feedback they have given.

Fintech Lending or also called Fintech Peer-to-Peer Lending (Lending) or Information Technology-Based Borrowing and Borrowing Services (LPMUBTI) is one of the innovations in the financial sector by utilizing technology that allows lenders and loan recipients to make borrowing and borrowing transactions without having to meet direct. The lending and borrowing transaction mechanism is carried out through a system that has been provided by the Fintech Lending operator, either through the application or website.

Regulations related to Fintech Lending are contained in the Financial Services Authority Regulation (POJK) Number 77/POJK.01/2016 concerning Information Technology-Based Lending and Borrowing Services (LPMUBTI). The Fintech Lending operator can be a legal entity or cooperative that has a system to implement the online lending and borrowing transaction mechanism, either through an application or a website. Fintech Lending organizers only act as intermediaries that bring together lenders and loan recipients. Lenders and loan recipients must first register and fill in the necessary personal data before they can apply for loans or loan applications. The presence of Fintech Lending brings convenience opportunities for the public to get funding, especially for the unbanked or those who find it difficult to obtain loans from banks. However, the public must be careful not to get caught up in illegal online loans, whose operations are different from fintech's registered and licensed at the OJK. Legal fintech lending is only given permission by the OJK to access three things via consumer cellphones, namely cameras, microphones and locations for data verification and loan risk mitigation.

Illegal online loans are loans that are not registered and do not have permission from the OJK. In contrast to legal online loans which are only given permission to access cameras, microphones and locations, illegal online loans access all data on consumers' cellphones such as contact lists, photos and videos that are used to collect debts by intimidation or threats. The process of

administering illegal online loans is very easy and fast, even the disbursement of funds to consumers is also very fast. The illegal online loan modes are (Otoritas Jasa Keuangan [OJK], 2021):

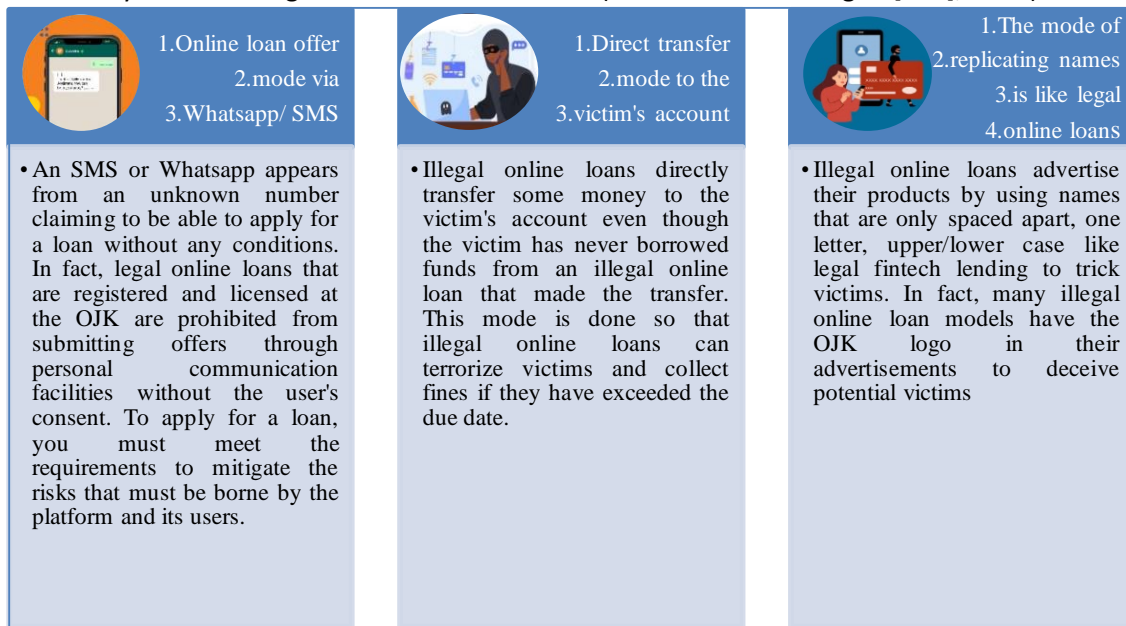


Figure 1. Illegal online loan modes

4.2. Discussions

After the material presented by the speaker related to Fintech Lending, it was followed by a question-and-answer session or discussion. Participants were very enthusiastic about participating in the service when the question-and-answer session participants talked about the experience of making illegal online loans that occurred in Kerinjing Village. Then get terror, intimidation, and harassment from online loan collectors. The speaker provides information about the public can report terror, intimidation, and harassment by illegal online loans to the nearest police station and regional police or through the website <http://patrolisiciber.id>, email info@cyber.polri.go.id and to the investment alert task force via email alertinvestasi@ojk.go.id. Borrowers who get unpleasant treatment can screenshot chat or record telephone conversations containing terror, intimidation, and harassment from online loan collectors.

There are participants who ask which online loan companies are registered and have permission from the OJK. The speaker provides information about the speaker provided information about fintech lending companies registered and licensed by the OJK, namely 102 companies as of 22 April 2022. The list of companies can be seen on the official OJK website, several companies including PT Pasar Dana Loans; PT Investree Radhika Jaya; PT Amarthia Mikro Fintek and others. the public may not borrow funds from online loan companies that are not registered and have permission from the OJK.

Characteristics of illegal online loans are that they do not have official permits, there is no clear identity and office address, lending is very easy, information on interest and fines is not clear, interest and fines are not limited, collections are not on time limits, access to all data on mobile phones, threats of violent terror, insults, defamation, spreading personal photos/videos and no complaint service. When people have already borrowed funds on illegal online loans, the things that must be done are as follows (Otoritas Jasa Keuangan (OJK), 2021):

- (1) Off the loan immediately before the loan interest increases.
- (2) Report to the Investment Alert Task Force and the police.
- (3) If you are unable to pay, please apply for relief such as reduced interest, time extension and others.
- (4) Don't look for new illegal online loans to pay old debts.
- (5) If you get unethical billing such as terror, intimidation, and harassment, immediately block all contact numbers that send terror, notify all contacts on your cellphone if you get an illegal

online loan message to ignore it, report it to the police and attach it police reports to collection contacts that still show up.

4.3. Feedback

This feedback is an important part of service activities whose purpose is to find out participants' understanding and knowledge about illegal online loans and prize draw fraud. Feedback is intended to see how successful the service has been given by the speaker which consists of delivering material and answering participants' questions.

Table 1. Evaluation of The Importance of Community Service Activity

Description	Frequency	Percentage (%)
Very important	28	93,33
Important	2	6,67
Fair	-	-
Not important	-	-
Very unimportant	-	-
Total	30	100,00

Source: Primary Data (processed), 2021

Table 1 reports that the feedback questionnaire given to service participants, it is known that service regarding increasing awareness and knowledge of rural communities against lottery fraud and illegal online loans by 93.33 percent of respondents stated it was very important, then 6.67 percent of other participants stated it was important. So, it can be concluded that this community service activity is very important.

Table 2. Participants' Level of Understanding and Knowledge about Illegal Online Loans and Fraud via Telephone and SMS

Description	Frequency	Percentage (%)
Very understand	30	100,00
Understand	-	-
Fairly	-	-
Don't understand	-	-
Very don't understand	-	-
Total	30	100,00

Source: Primary Data (processed), 2021

Prior to this community service activity in Kerinjing village did not know about Fintech Lending, illegal online loans, and sweepstakes fraud. Based on the results of feedback, 100 percent of the community understood the material provided by the resource person. This service activity provides the benefit of increasing public knowledge and awareness of the dangers of illegal online loans and sweepstakes fraud via telephone and SMS.

Table 3. Evaluation of Community Service Activities Regarding the Suitability of Community Needs

Description	Frequency	Percentage (%)
Very appropriate	30	100,00
Appropriate	-	-
Fairly	-	-
Not appropriate	-	-
Very unsuitable	-	-
Total	30	100,00

Source: Primary Data (processed), 2021

Based on the results of the questionnaire in feedback, all participants stated that the Covid-19 Pandemic activities had a major impact on the socio-economic conditions of the community, especially the decline in income and job losses. The urgency of economic needs makes people make online loans that are illegal and have very high interest rates. The rise of illegal online loans that are easy and fast as well as prize draws via telephone and SMS have made people trapped in fraud and in debt online loans.

5. CONCLUSIONS

Community service activities to increase awareness and knowledge of village communities against lottery fraud and illegal online loans are very important and beneficial for the community in Kerinjing Village. This service activity provides public understanding and knowledge about fintech lending, illegal online loans, and vigilance against online fraud. After the community service activities were carried out, it was found that 100% of the community understood illegal online borrowing and raffle prizes via telephone and SMS.

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