

Analysis and Comparison of Financial Technology Peer to Peer Lending Sharia and Conventional

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Submitted: 14 January 2022; Reviewed: 14 January 2022; Accepted: 02 March 2022

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Abstract

Among the types of fintech that are growing rapidly in Indonesia at this time are peer-to-peer lending fintechs, technology-based money-borrowing fintechs through peer-to-peer lending services have advantages, namely simple requirements and a fast process compared to borrowing and borrowing money to banking institutions. In addition to conventional peer to peer lending fintech services, there are also sharia peer to peer lending fintech services. This study aims to identify and analyze the differences between conventional peer to peer lending fintech and sharia peer to peer lending fintech and how to apply sharia principles in sharia peer to peer lending fintech. So that it can guarantee the Indonesian people, whose residents are generally Muslim, will the halal products offered. The differences between sharia peer to peer lending fintech and conventional peer to peer lending fintech include: First, from the regulatory aspect that governs it, Second, the existence of a Sharia Supervisory Board in sharia fintech, Third, in the working mechanism between conventional fintech and sharia fintech which makes the difference of course with the existence of sharia principles. And fourth, in practice, in sharia fintech generally the loans provided are productive and more varied. Meanwhile, in its application, sharia peer to peer lending fintech is in accordance with the Fatwa of the MUI National Sharia Council No. 117/DSN-MUI/II/2018. in the working mechanism between conventional fintech and sharia fintech, the difference is of course with the existence of sharia principles. And fourth, in practice, in sharia fintech generally the loans provided are productive and more varied. Meanwhile, in its application, sharia peer to peer lending fintech is in accordance with the Fatwa of the MUI National Sharia Council No. 117/DSN-MUI/II/2018. in the working mechanism between conventional fintech and sharia fintech, the difference is of course with the existence of sharia principles. And fourth, in practice, in sharia fintech generally the loans provided are productive and more varied. Meanwhile, in its application, sharia peer to peer lending fintech is in accordance with the Fatwa of the MUI National Sharia Council No. 117/DSN-MUI/II/2018.

Keywords: Financial technology; peer to peer lending; sharia; comparison.

How to Cite: Amalia, A. & Soemitro, A. (2022). Analysis and Comparison of Financial Technology Peer to Peer Lending Sharia and Conventional. *Journal of Education, Humaniora and Social Sciences (JEHSS)*. 4(4): 2429-2439.



INTRODUCTION

Rapid technological progress is a form of the industrial revolution 4.0 which brings changes in society. Changes occurred in a number of sectors of life, from the education, social and cultural sectors, the economy, communication, and various other sectors. Every change will have an impact, both positive and negative impacts. This increasingly sophisticated information technology depends on how to apply it. For example, in the industrial sector which now uses a lot of machine power for the continuity of its industry and it will have an impact on employees who originally worked, since they were replaced by machines they become unemployed, then consciously or not, we will do and do everything side by side with information technology, including also in financial technology.

One of the positive impacts that can be seen is the emergence of new innovations in the financing and financial sector. This can also be seen from the many emerging non-bank financial services or the capital industry, such as financial institutions, pension funds, pawnshops, insurance, microfinance institutions, and capital markets. The role of the Internet in information technology is also utilized in improving the financial industry by modifying and increasing the efficiency of financial services, which is called financial technology.

Financial technology, commonly called Fintech, which stands for financial service innovation that uses and utilizes the role of technology in order to make financial services and transactions more effective and efficient. In recent years, fintech is on the rise and is popular with a group of people, this is because of the facilities that facilitate and speed up every transaction that is carried out anywhere and anytime by taking advantage of current technological developments (Miftahuddin, 2019; Supriyanto et al., 2021).

Among the types of fintech that are growing rapidly in Indonesia at this time, namely the peer to peer lending (P2P lending) type, this technology-based type of fintech borrowing and borrowing money through peer to peer lending services has advantages, namely easy requirements and a fast process. compared to borrowing money through banking institutions.

The concept of peer to peer lending is that there are start-ups that provide online loan platform facilities. Usually considered as a very strategic capital sector in entrepreneurship, it has created ideas in building such a start-up from a number of parties. Therefore, those who need funds to open or improve businesses and services can use this start-up service in the P2P (peer to peer lending) field.

The terms and conditions that must be met both by the system and by users in this peer to peer lending fintech service have been stated in "Financial Services Authority Regulation No. 77 of 2016 concerning Information Technology-Based Borrowing-Lending Services".

Besides there are conventional fintech services, there are also sharia fintech services. Where this sharia fintech service offers and uses a sharia-based mechanism. Fintech peer to peer lending is sharia itself, namely fintech services in the financial services sector based on sharia principles that link between providers and recipients of financing through the establishment of sharia contracts based on electronic systems that are connected to the interconnected network (internet). In terms of fintech, P2P lending, sharia presents a system with the concept of organizing digital-based financing transactions by staying away from practices that are against Islamic law. This means that the sharia economy in Indonesia always wants to be present to provide a forum and guarantee for the Indonesian people, who are predominantly Muslim,

So that in its implementation sharia fintech must be based on economic principles based on Islamic teachings which are also stipulated in the DSN-MUI Fatwa, namely Fatwa No. 116/DSN-MUI/IX/2017 concerning "Sharia Electronic Money" and Fatwa No. 117/DSN-MUI/II/2018 regarding "Information Technology-Based Financing Services According to Sharia Principles". Thus sharia fintech can guarantee the public about the halalness of the products offered. Sharia fintech is expected to improve the implementation of economic transaction activities so that they are based on sharia



principles, namely avoiding elements of usury, gharar, tadbis, masyir, dharar, zhulm and haram.

From the latest data as of June 10, 2021, there are 125 peer to peer lending fintech companies that have been registered and have licenses at the Financial Services Authority (OJK), of those 125 companies 10 of them are sharia peer to peer lending fintech. According to OJK data, this peer to peer lending fintech company is increasing every year, recorded in 2017 there was only one sharia peer to peer lending fintech company, then at the end of June 2018 there were three sharia peer to peer lending fintech companies, then in 2019 increased again so that the total sharia peer to peer lending fintech companies became nine. According to data as of March 2020, the total number of Islamic peer to peer lending fintech companies is twelve, but then two other companies experienced the cancellation of their fintech lending registered evidence.

There are differences between those who have been licensed and those who are still registered, including: A licensed implementer is a company that has obtained a permanent permit and has a certificate of information security management system SNI/ISO 270001; A registered implementer is a company that is currently obtaining a permanent permit and needs to apply for a permanent permit from the OJK.

Types of fintech *peer to peer lending* This is a way to source financing that has great potential for the public, especially in terms of sources of capital for MSMEs (Micro, Small and Medium Enterprises). It is very easy for financiers and recipients of financing to access this peer to peer lending fintech system in their operational implementation. Another advantage is that it is technology-based, without collateral and the process is relatively fast.

Broadly speaking, when viewed from this background, there is a fundamental difference between conventional fintech peer to peer lending through sharia fintech peer to peer lending, namely the existence of sharia principles in every transaction in sharia fintech, the sharia principles include maysir, gharar and usury. . So that people don't need to hesitate because sharia fintech transactions are safer because there is no interest like conventional fintech in general.

Because of this, the author wants to know and analyze what are the differences between conventional peer to peer lending fintech and sharia peer to peer fintech and how to apply sharia principles in sharia peer to peer lending fintech?

In some literature it is stated that the beginning of the emergence of Islamic fintech was in Abu Dabi, United Emirates in 2014, by a company called Beehive. Using a peer-to-peer lending marketplace approach, he is the first sharia-based fintech company. Then it developed into one of the sharia fintechs with a fairly broad market reach. From there it then spread to several countries in Asia such as Malaysia and Singapore. Including recently entered and developed in Indonesia. There are several definitions of Fintech and Sharia Fintech. The National Digital Research Center in Dublin, Ireland defines Fintech as innovation in financial services. Fintech has many types of schemes, including payment startups, lending, financial planning (personal finance), retail investment, crowdfunding, and financial research. Financial Technology (Fintek) is a financial system that produces new products, services, technology, and/or business models and can have an impact on monetary stability, financial system stability, and/or efficiency, smoothness, security, and reliability of the payment system. Meanwhile, Sharia Fintech according to Mukhlisin (2017) is a combination of existing innovations in finance and technology that makes it easier.

Process transactions and investments based on sharia values. He argues, although this fintech is a new breakthrough, it is experiencing rapid development. Sharia Fintech is also a combination of innovation in the field of financial technology with Islamic economic values (sharia).

According to OJK regulation Number 77/2016, Peer-to-Peer (P2P) Lending or Information Technology-Based Borrowing and Borrowing Services is the provision of financial services to bring together lenders and loan recipients in order to continue lending and borrowing agreements directly through an electronic system with a network. Internet. The P2P Lending system is very similar to the marketplace concept but for online lending and borrowing activities (tampubolon



2019), P2P Lending provides a platform or system that will bring together lenders and borrowers. In the P2P lending platform,

There are three subjects in P2P lending, namely the organizer (P2P lending service provider company), the recipient of the financing (borrower) and the lender (lender). The relationship between the three subjects can be seen in the simple scheme of P2P lending services in Figure 2. In the P2P lending service scheme, the lender as the financier submits the financing through a P2P lending company using a digital P2P lending platform to the Borrower in this case is Micro and Small Business. Small (UMK). Loans through P2P lending benefit various parties. For borrowers or recipients of financing, P2P lending is a way to get loans more easily than borrowing through the traditional banking system. P2P lending is easy because all the processes are done online, making it easier and faster

In simple terms, sharia peer-to-peer lending can be interpreted as the practice of lending money to individuals or business entities and vice versa applying for loans for the benefit of individuals or business entities based on sharia values or principles.

As a form of lending and borrowing contract, sharia peer-to-peer lending also has various principles that must be adhered to or obeyed by the parties. Apart from being a differentiator from conventional contracts, sharia principles are also a manifestation of submission to the will of the Creator. For example in the return process. Although it is forbidden to add an additional if it is required at the beginning, but if the borrower wishes to return it by exceeding the loan amount, then this is allowed. The law is valid, again as long as this is not agreed in advance.

Sharia Peer-To-Peer Lending Platforms Registered at the OJK in 2020 Based on the OJK release, as of 19 February 2020, there were 161 Fintech officially registered.

Based on the results of searching articles using the POP application, searching using the keywords Peer To Peer Lending Syariah, there were 150 articles that were obtained, but not all of these articles were relevant to this research. The following are relevant articles that have been compiled from search results through the PoP application.

Table 1. Papers relevant to the theme

Author	Title	year
Jadzil Baihaqi	Financial Technology Peer-To-Peer Lending Sharia Based in Indonesia	2018
Hanik Fitriani	The Contribution of Fintech in Improving Financial Inclusion in Agriculture (Analytical Study Through a Sharia Finance Approach With Peer To Peer Lending Sites on Agriculture in Indonesia)	2018
Astri Rumondang	The Utilization Of Fintech (P2P Landing) As SME'S Capital Solution In Indonesia: Perspective In Islamic Economics (Qirad)	2018
I Gusti Ayu Agung Pradya Dewi	Community Intentions to Invest in Peer To Peer Lending: Analysis of Theory Of Planned Behavior	2018
Ratna Hartanto, Juliani Purnama Ramli	Legal Relations of the Parties in Peer To Peer Lending	2018
Rahadian Firdaus, Achsanika Hendratmi	MSME Financing Solutions with Sharia Peer To Peer lending (Case Study at Pt. Ammana Fintek Syariah)	2019
Dhiya Tsurayya & Muzayyanah	Analysis of Musharaka Implementation in Services Financial Technology Peer To Peer Lending Sharia in Indonesia (Study of Pt Syarfi Teknologi Indonesia)	2019
Anisa Fadilah Zustaka	Financial technology (fintech) based on a peer to peer lending (P2PL) system in a hifdzu mal perspective: a case study of the Investree company	2019
Evy Iskandar, Novita Katrin, Ayumiati,	Analysis of Financing and Management Procedures Risk in Peer To Peer (P2p) Companies Sharia Lending in Indonesia (Case Study at Pt. Ammana Fintek Syariah)	2019



Risna Kartika, Nana Darna, Iwan Setiawan	Peer To Peer Lending Analysis in Indonesia	2019
Teguh Wiyono	Islamic Economic Perspective Peer-To-Peer Lending Mechanisms and Services (Analytical Study on 13 Sharia Fintechs Registered with the Financial Services Authority as of 19 February 2020)	2020
Teguh Winarso, Day of Sutra Disemadi, Paramita Prananingtyas.	Protection Of Private Data Consumers P2p Lending As Part Of E-Commerce Business In Indonesia	2020
Adawiyah, Khusnul Abidatul	Legal protection for the insecurity of financial technology customer data in the peer to peer lending sector	2020
Hani Meilita Purnama Subardi	Fintech Peer to Peer Lending Syariah Financing Mechanism for MSMEs in Indonesia	2021
Hani Claudia Pratiwi	Analysis of Factors Influencing Decisions for Providing MSME Financing to Peer To Peer Lending Microfinance Institutions	2021
Suta Day Disemadi	Predatory Lending Phenomenon: A Study of Fintech P2P Lending Business Implementation during the COVID-19 Pandemic in Indonesia	2021

RESEARCH METHOD

This research is a type of qualitative-descriptive research with a literature study approach. Literature studies are carried out by collecting journal articles that are in accordance with the research objectives using the Publish or Perish application

This study uses a statutory and conceptual approach, both of which function to analyze the applicable legal rules so that differences can be found between conventional and sharia fintech peer to peer lending and the extent to which sharia rules are applied in the peer to peer lending fintech. Sources of legal materials used include primary legal sources consisting of Financial Services Authority Regulation No. 77/POJK.01/2016 and MUI National Sharia Council Fatwa No. 117/DSN-MUI/II/2018 as well as secondary legal sources in the form of literature, namely books and journals. .

RESULT AND DISCUSSION

From the results of this research, it was found that basically Peer-to-peer Fintech Lending according to Islamic law can be done on condition that it follows Sharia principles. The Sharia principles referred to are free from prohibited transactions, using Sharia contracts, being transparent, and being carried out with a good attitude. Fintech peer-to-peer lending based on Sharia principles according to the DSN-MUI Fatwa can be carried out with the following models: 1) factoring financing, 2) financing for procurement of goods ordered by third parties, 3) financing for procurement of goods for business actors who sell online, 4) financing for the procurement of goods for business actors who sell online with payment through a payment gateway, 5) financing for employees, 6) community-based financing.

The influence of sharia peer-to-peer lending services on the Muslim economy for now, if you look at the demographics of Muslims who make up the majority in this country, is still far from encouraging. This is because the people's literacy in Islamic Economics is still low, the lack of Islamic Economics reading materials, and the role of Islamic educational institutions in exploring Islamic Economics is not yet optimal. However, if –at least- these three things fundamentally change, then the revival of Islamic Economics is not a utopia.

Differences in Fintech Peer to Peer Lending Conventional and Fintech Peer to Peer Lending Syariah

The rapid development of financial technology in Indonesia makes the demands for the advancement of technology even higher. Among them is the existence of peer to peer lending (P2P lending) in Indonesia. Peer to peer lending is a major driver of alternative investment in Indonesia.



In Indonesia, P2P lending was already well-known in early 2015, when a number of P2P lending companies were trying to establish a market in Indonesia, and in fact received a good response. P2P lending promises to provide solutions for those who need loans and those who are looking for investment avenues.

Borrowers get affordable loans through a simple and fast process, while lenders get a return in the form of interest because they have funded the loan. The implementation of the Financial Services Authority Regulation (POJK) regarding Fintech, especially information technology-based lending services (peer to peer lending), is OJK's commitment to the development of fintech since 2016.

For the purpose of supporting the National Strategy for Financial Inclusion (SNKI), leading P2P Fintech providers hope to open their network or obtain loan funds from abroad and a number of domestic regions. On the other hand, providers also hope to increase the level of financing balance and accelerate the allocation of financing, especially for small, medium and micro enterprises (MSMEs).

The development of fintech peer to peer lending in Indonesia did not stop there, because time after time, peer to peer lending fintech emerged through a new model, namely sharia-based peer to peer lending fintech. The service is an online lending and borrowing product that implements compliance with sharia principles, where there is a return that is obtained without any reduction through any financing, then in terms of funding in sharia peer to peer lending fintech, there is no interest determination from the loan implementer, because all determined through a contract that has been determined from the beginning.

Sharia peer to peer lending fintech in Indonesia began to spread its wings in 2017, in that year there were 3 sharia peer to peer lending fintech companies that had been granted permission by the OJK to run their business, namely PT. Indonesian Sharia Fund, PT. Investree Radhika Jaya, and Ammana Fintech Syariah. The three companies are engaged in funding or capitalizing a business.

Of the two types of fintech, of course there are fundamental differences, and from these differences it will be possible to know what are the advantages and disadvantages of each fintech, here are the differences between Islamic peer to peer lending fintech and conventional peer to peer lending fintech:

Table 2. Differences between Conventional Fintech Peer to Peer Lending and Sharia Fintech Peer to Peer Lending

No.	INDICATOR	CONVENTIONAL FINTECH	FINTECHSHARIA
1.	Interest rate	Borrower obliged do returnloans and interest as profit value to fintech companies	Borrowers are not charged interest because interest contains elements of usury
2.	Financing products	No funding for education, hajj and umrah	There is no financing for education, hajj, umrah and others on conventional fintech
4.	Regulation	BI Regulation No. 19/12/PBI/2017, BI Regulation OJK No.77/POJK.01/2016	BI Regulation No. 19/12/PBI/2017, OJK Regulation No.77/POJK.01/2016, Sharia Council Fatwa National MUI No. 117/DSN-MUI/II/2018
5.	Supervision	BI/OJK	BI/OJK, Supervisory Board Sharia
6.	Work mechanism	Management and distribution of funds with conventional principles with interest at the time of Refund	Management and distribution of funds with sharia principles, there is a clearer contract



From the differences in the table above, it can be explained as follows: First, from the regulatory aspect that governs it, in conventional fintech the implementation of fintech peer to peer lending is regulated in BI Regulation No.19/12/PBI/2017 regarding Fintech Procurement. Bank Indonesia requires financial technology providers to register with Bank Indonesia first. In addition to Bank Indonesia, OJK also regulates this financial technology in its regulations, namely POJK No. 77/POJK.01/2016 regarding technology-based lending or borrowing services. This regulation was revealed in the next regulation, namely SEOJK No.18/SEOJK.02/2017. This circular stipulates the type of financial technology currently undergoing development, namely peer to peer lending.

In POJK peer to peer lending, OJK stipulates that before a fintech operator or company conducts a business, it must first register. After registering, the company must report in a structured manner every three months to the OJK. If the company does not report, the OJK will revoke the company's license. In addition to the mechanism for fintech performance, OJK also regulates consumer protection in fintech, namely POJK Number 01/POJK.07/2013. This is done so that fintech can provide financial services that are responsible and prioritize consumer protection. Regarding consumer protection, this is also regulated in BI Regulation No.18/50/PBI/2016 concerning Payment Transaction Processes.

The regulations from BI and OJK are also the legal basis for the implementation of sharia peer to peer lending fintech. What distinguishes it is the attention of the MUI regarding this matter, so the DSN-MUI fatwa was issued No. 117/DSN-MUI/II/2018 regarding financing services using technology that is in accordance with sharia principles. The presence of the DSN-MUI is required when the institution that at least has the authority to manage Sharia Financial Institutions (LKS) is not authorized by the laws and regulations to enforce sharia principles as fatwas. DSN-MUI has been given this right by laws and regulations in determining fatwas, and has submitted fatwa material required by regulatory agencies or sharia economic and financial experts.

Based on the procedures of the MUI National Sharia Council (DSN-MUI) there are four stages in a fintech company to become a sharia fintech company, first, the fintech company must be registered with Bank Indonesia/Financial Services Authority, second, the company completes a desk review at DSN-MUI or examination of company documents, third, the company presents in front of the visitation team of DSN-MUI, if the company has met the standards then at the last stage, the company obtains a recommendation from the Sharia Supervisory Board from DSN-MUI.

Second, the existence of a Sharia Supervisory Board in sharia fintech, apart from being a differentiator with conventional fintech, as well as a guarantor and supervisor in the implementation of sharia fintech. So that in terms of supervision other than BI and OJK, the existence of a Sharia Supervisory Board is an important element in sharia fintech supervision, in addition to company internal audits and external audits carried out by public accountants.

The Sharia Supervisory Board (DPS) is a committee specially designed to monitor the development of sharia banks so that they are always based on sharia guidelines. Likewise, in this case, the DPS oversees the operations of sharia fintech, which is a way to ensure that sharia fintech operations do not deviate from sharia guidelines.

Third, in the working mechanism between conventional fintech and sharia fintech, the difference is, of course, the existence of sharia principles. With regard to sharia fintech products, the principle differences are at least three things that should not be in sharia fintech, namely gharar (the existence of uncertainty), maysir (betting or gambling), and usury (the amount of interest that passes the stipulation). At least this is stated in the fatwa of the MUI National Sharia Council No. 67/DSN-MUI/III/2008. This needs to be known by many parties to ensure and determine the sustainability of the agreed financing. So that in its operations there is no term usury both in management and in the distribution of funds.

Regarding usury or the amount of interest in this case, in conventional fintech, the borrower is required to repay the loan and the interest is used as profit for the fintech company, while in sharia fintech to repay the loan, the borrower only needs to share the proceeds of the benefits he has obtained from the loan. The benefits that have been obtained from the loan must also be clear



for what business or business the loan is given, of course in this case it should not violate sharia principles, for example, the financing is used for a halal business. Even in utilizing this financing, the borrower can already know how much profit he will get from his business, so that when he returns the loan,

Fourth, related to financing products. Basically, this type of peer to peer lending fintech provides benefits in the field of financing distribution to MSMEs in Indonesia. As one of the components that have the potential to improve the national economy, MSMEs still have main problems, namely limited capital and access to banking transactions (unbankable). In practice, conventional fintech loans are generally consumptive in nature, while in sharia fintech there are productive and more varied financing, for example for education, hajj, umrah and others that do not exist in conventional fintech.

Application of Sharia Principles in Fintech Peer to Peer Sharia

Sharia peer to peer lending fintech, namely fintech services in the field of financial services guided by sharia principles that connect the provider and recipient of financing accompanied by the establishment of sharia contracts based on electronic systems that are connected to the interconnected network (internet). In terms of fintech peer to peer lending, sharia presents a system with the concept of implementing digital-based financing transactions by avoiding practices that are against Islamic sharia.

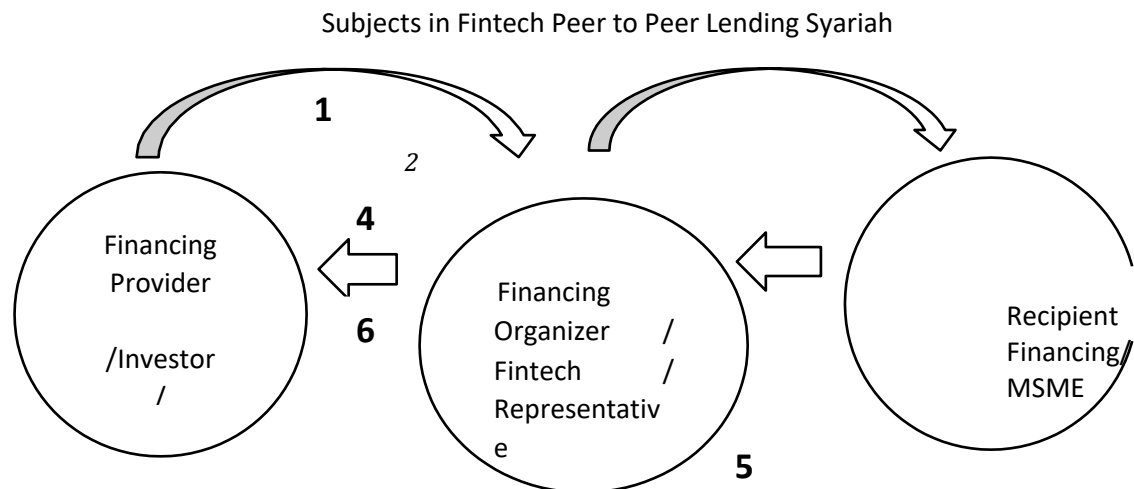
Fintech peer to peer lending in accordance with Decree No. 117/DSN-MUI/II/2018 The MUI National Sharia Council is allowed as long as it is based on Islamic sharia principles. The provisions of the sharia principles are:

1. Keep away from usury, gharar (uncertain), maysir (speculation), tadbis (keep the disability), dharar (make loss to the other party) and haram;
2. Standard contract in accordance with the principles of balance, fairness and fairness as stipulated by Sharia law in accordance with existing laws and regulations;
3. The contract used is based on the characteristics of the financing service, for example: "*al-bai', ijarah, mudharabah, musyarakah, wakalah bi al ujah, qardh, etc.*";
4. Have proof of transactions in the form of electronic certificates that need to be verified by the user with a valid electronic signature;
5. Transactions need to interpret profit-sharing rules based on Islamic law;
6. Service providers may charge financing (ujrah) based on the ijarah principle.

In general, the concept of sharia peer to peer landing fintech is Mudharabah Muraqabah or Multilevel Mudharabah, ie originally the Financing Party or Shahibul Maal gave permission to the Financing Provider or Mudharib to manage its Mudharabah capital, without the permission of the Financing Party or Shahibul Maal, the The Financing Provider or Mudharib cannot channel their funds to a third party or the Financing Recipient Party (UMKM) because this is considered a breach of trust.

The concept of sharia peer to peer landing fintech which in this case there is a third party or a Financing Recipient (MSME), the Financing Party or Shahibul Maal can give permission or not to the Financing Organizing Party to channel its funds to third parties or the Financing Recipient Party (MSMEs).), on the basis of the portfolio that has been submitted during the financing application process, the Financing Provider provides information on what projects are proposed to finance the project, from here then the Financing Party or Shahibul Maal can give permission or not for the application of funds for the project. If the loan application is approved, the position of the Financing Party as Shahibul Maal who immediately enters into the Mudharabah contract with the Financing Recipient Party who becomes Mudharib, while the position of the Financing Provider which was originally Mudharib turns into a representative due to a transfer of trust so that they are entitled to get ujah as agreed. .

There are 3 (three) legal subjects in P2P lending financial technology, namely organizers, recipients and financiers.



Description:

1. The financier submits the funds to the financing provider;
2. The Financing Operator submits the funds to the Financing Recipient Party;
3. The Recipient of the Financing shall return the funds he has borrowed through the Financing Party;
4. By the Financing Provider the funds are returned to the Financing Party;
5. At the time of the refund, the Recipient of the Financing pay fees or ujah to the Financing Provider;
6. The Financing Provider then provides a fee or ujohto the Financing Party.

CONCLUSION

The differences between sharia fintech peer to peer lending and conventional fintech peer to peer lending include: First, from the regulatory aspect that regulates it, in conventional fintech the implementation of peer to peer lending fintech is regulated in BI Regulation No.19/12/PBI/2017 concerning Implementation Fintech. The policies from BI and OJK are also the legal basis for implementing sharia peer to peer lending fintech. What distinguishes it is the attention from the MUI regarding this matter, so the DSN-MUI fatwa was issued No. 117/DSN-MUI/II/2018 regarding financing services using technology based on sharia principles. Second, the existence of a Sharia Supervisory Board in sharia fintech, apart from being a differentiator with conventional fintech, as well as a guarantor and supervisor in the implementation of sharia fintech. Third, in the working mechanism between conventional fintech and sharia fintech, the difference is of course with the existence of sharia principles. With regard to sharia fintech products, the principle differences are at least three things that should not be in sharia fintech, namely gharar (the existence of uncertainty), maysir (betting or gambling), and usury (the amount of interest that passes the stipulation). Fourth, in practice, conventional fintech loans are generally consumptive in nature, while in sharia fintech there are productive and more varied financing, for example for education, hajj, umrah and others that do not exist in conventional fintech. The principle differences are at least three things that should not be in sharia fintech, namely gharar (the existence of uncertainty), maysir (betting or gambling), and usury (the amount of interest that passes the determination). Fourth, in practice, conventional fintech loans are generally consumptive in nature, while in sharia fintech there are productive and more varied financing, for example for education, hajj, umrah and others that do not exist in conventional fintech. The principle differences are at least three things that should not be in sharia fintech, namely gharar (the existence of uncertainty), maysir (betting or gambling), and usury (the amount of interest that

passes the determination). Fourth, in practice, conventional fintech loans are generally consumptive in nature, while in sharia fintech there are productive and more varied financing, for example for education, hajj, umrah and others that do not exist in conventional fintech.

The application of sharia principles in sharia fintech peer to peer lending is in accordance with the Fatwa of the MUI National Sharia Council No. 117/DSN-MUI/II/2018, which is to keep away from usury, gharar (uncertain), maysir (speculation), tadlis (confidential disability), dharar (make loss to the other party) and haram; The standard contract is in accordance with the principles of balance, fairness and fairness as stipulated by Sharia law in accordance with the existing laws and regulations; the contract used is based on the characteristics of the financing service, such as "al-bai', ijarah, mudharabah, musharakah, wakalah bi al ujah, qardh, etc."; have proof of transactions in the form of electronic certificates that need to be verified by the user with a valid electronic signature; transactions need to interpret profit-sharing rules based on Islamic law;

Fintech peer to peer lending is a very efficient funding opportunity to use in today's era. Viewed from the side of investors as financiers as well as from the perspective of MSMEs as loan recipients, they both benefit, therefore it is hoped that in the future developing fintech peer to peer lending is getting better and faster, especially fintech peer to peer lending sharia, where the presence of peer to peer fintech This sharia peer-to-peer lending will be very useful if it is developed in our country where the population is generally Muslim. Of course, in this case, cooperation is needed between the relevant parties, namely from the government, fintech organizers, investors and the community in developing this sharia peer to peer lending fintech.

The role of the government in this case, namely the OJK and the Sharia Supervisory Board, is very necessary, to regulate how the financing products will be provided by the fintech operator, whether for consumptive financing or for productive financing, so that with the clarity of the difference in the concept, the public is expected to understand better that in Basically the concept of financing in sharia peer to peer lending is different from conventional peer to peer lending fintech, because the financing concept in sharia is more productive, namely in terms of financing for MSMEs that need funds.

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