

Dispute Settlement Method for Lending in Supply Chain Financial Technology in Indonesia

Trisadini Prasastinah Usanti¹, Fiska Silvia², Anindya Prastiwi Setiawati³

^{1,2,3} Faculty of Law - Airlangga University, Faculty of Economics – Yos Soedarso University, Darmawangsa Dalam Selatan, Indonesia. 60286, Dukuh Kupang Barat I, Indonesia.60255

¹trisadiniusanti@gmail.com

²fiska@fh.unair.ac.id

³anindya.prastiwi@gmail.com

Abstract— Recently, in response to the credit crunch and the increased costs of financing, new solutions for supporting the financial management of supply chains, known as supply chain finance (SCF), have been developed. The purpose of this research is to analyze how the dispute raised from the situations faced by people who involved in fintech peer to peer lending can be solved in fairness. The methodology used in this research are statute approach, conceptual approach, and comparison dispute settlement among Australia and Indonesia through law case study. According to the Indonesian Law as it is stated in BW (Civil Code for Indonesia), companies can settle their loan disputes by filing a lawsuit to the district court. This method is less effective because it is time consuming and costly, while it is not worth with the nominal value of the loan which is not that much. This situation leads to a demand of a faster, simpler and low-cost solution that can be accessed online. This method is called as small claim court method. This method is considerably new and basically is a simplified procedure of the existing dispute settlement. A strong note on this method is its weakness when the disputes happen cross-border. This aspect needs to be improved in many ways considering the current method is only applicable when the parties have the same judicial territory. Hopefully, the information technology strongly supports the task of the judiciary in order to enforce law and legal justice through the application of Electronic Court (e-court) which is in line with the principle of simple, fast and low cost of justice. Vice versa, fintech lending dispute resolution requires procedural law that can compensate for the technology that is developing rapidly. The information technology management referred to information management policies, institutional information management institutional arrangements, and electronic system structuring at the Supreme Court.

Keywords— *dispute settlement, supply chain financial technology, lending, online dispute resolution, e-court,*

small claim court.

1. Introduction

By 30th September 2019, the total number of registered and licensed fintech operators was 127 companies. Among the 127 providers, various services offered by loans to Micro, Medium, Small, Enterprises (SMEs), the purchase of consumer goods, business capital loans, home purchases, daily shopping needs, and even travel loans. The “Standard Definitions for Techniques of Supply Chain Finance” set out in this document benefits from and builds upon several excellent initiatives and documents aiming to develop terminology and nomenclature related to a fast-growing, high-value but nascent form of financing, which applies equally in support of domestic commercial transactions as it does in the context of complex international supply chains. The requirements for applying loans are relatively easy, for example in Cash Funds, Danamas or Finmas are KTP, Family Card, Salary Slip / Account Movements for the last 3 months, and Employee Card. Whereas additional documents that are not required are driving license, Tax Payer Registration Number, water and electricity bills account, and identity card receipt. The facilities offered are very lucrative for borrowers regardless of the amount of interest charged, administrative fees and fines if they are reflected in the payment. The amount of interest charged by one provider varies greatly and there is no provision from the Financial Services Authority (OJK) regarding the loan interest limits that may be imposed on borrowers. In banks, OJK announces that the Prime Lending Rate (SBDK) is used as a basis for determining loan interest rates that will be charged by banks to customers. As a result of setting high interest rates on the borrower, the borrower has difficulty in repayment coupled with

a late fee, for example at the Toko Modal operator with a minimum loan of IDR 300,000, with a loan term of 3 days, 7 days, 10 days and 14 days [1]. The average loan interest is 24% p.a while the late fee is 0.1% per day of the loan nominal. Likewise, the organizer of Tunaikita for short-term loans, administration costs 1 x among IDR 100,000-IDR 150,000, the interest charged is 0.4% -0.8% per day with the following simulations [2] :

For the lowest loan value	For the highest loan value
The loan value proposed: IDR 400,000	Value of loan submitted: IDR 4,000,000
Loan tenure: 10 days	Loan tenure: 30 days
Amount of money received: IDR 400,000	Amount money received: IDR 4,000,000
Amount refunded: IDR 432,000	Amount refunded: IDR 4,830,000
Total cost: IDR 32,000	Total cost: IDR 830,000
Cost percentage: 0.8%	Percentage of fee: 0.69%

The existence of information technology-based money loans service provider has helped many people who need funds with a fast process and easy procedures. However, there are some risks when the borrower is late in paying the loan principal and the interest will be subject to a late fee. In addition, the Provider will collect debts from borrowers using third parties (debt collectors) in ways that are not humane, even if the collection is legal. Based on the description above, the problem to be analyzed is the model of dispute resolution in information technology-based money lending service [3].

2. Literature Review

The previous research as references for this article. In the "*Mekanisme small claim court dalam mewujudkan tercapainya peradilan sederhana, cepat dan berbiaya ringan*" by Efa Laela Fakhriah which is in her research explained that a business dispute requires a quick and simple settlement with the aim of being able to produce a settlement at a relatively low cost and can be carried out by the parties to the dispute and without creating new disputes [4]. It was stated that although the settlement cannot be completely resolved, the best

way to resolve business disputes is to be conducted outside the court (non-litigation). Settlement of business disputes if carried out through court (litigation) is not considered to be effective and efficient, especially regarding business disputes because it has a high tendency to hamper ongoing business. This is because the court in the litigation process includes a series of procedures that have been determined by law and may not be violated. Thus the litigation process certainly takes a long time and results in the party being defeated and won - which will further aggravate the dispute. She also explained about several kind of the cases which can be categorized through small claim court, especially business disputes where the value of the lawsuit is small, and requires quick resolution, for example claims for compensation in the form of defects in goods that consumers have purchased, compensation and debt receivables which are inefficient if resolved by the usual civil procedures. Furthermore, she gave some example that cases which are available through a small claim court procedure are included cases of debt receivables, consumer disputes, claims for defects or damaged goods, service fees/ cost, purchasing good, or SMEs (Small and Micro Entrepreneurships) disputes. It can be concluded that all of the cases are dispute arising from a contractual relationship that they have the following characteristics such as the value of the dispute / lawsuit is small, claims for simple rights, allows not to use the services of a lawyer, examined and decided by a single judge, the organizer of the hearing a minimum of three times with a maximum period of less than a month already the judge decides, and they have simple evidence

In line with research by Eugene Clark in Australia [5]. He said that Small Claims Courts or tribunals exist in every jurisdiction in Australia. In the vast majority of disputes, the disputants conduct their own cases and are not represented by legal counsel. Accordingly, small claims disputants will usually require assistance from the court/tribunal in the filing, preparation and conduct of their case. Various types of brochures, videos and other information have been prepared to assist small claims litigants in the preparation and presentation of their cases. The most vital assistance for many disputants no doubt comes from the personal contact which such disputants have with judicial personnel. While a litigant handout can never

replace personal advice from court/tribunal staff, nevertheless, brochures and other handouts can help a great deal. This article is derived from the author's work on a small claims project on behalf of and as a member of the Consumer Law Committee of the Law Council of Australia. Having reviewed the small claims literature in various Australian and overseas jurisdictions and having conducted an empirical investigation of the Tasmanian Small Claims Court.

Meanwhile in Singapore, a special legal process for dealing with small claims was established in 1984. Under this process, a Small Claims Tribunal is conferred jurisdiction to hear and determine some disputes. The dispute settlement process adopted is simple and efficient. The tribunal is not bound by the rules of evidence. It is also not bound by the strict technicalities of the law. This article examines the important issue of what cases the tribunal should be allowed to determine [6].

Other study by Karen Tracy and Robert T. Craig in United States of America (US), analyses judges' decision announcements at the end of small claims hearings when the judge informs the parties who has won [7]. Background on US small claims courts is provided, and the data and grounded practical theory, the analytic approach, are described. Then, they overview the small claims decision announcement genre, describe key areas of variation among judges, and identify and explicate a recurring problem built into the design of small claims proceedings. Cases that pit what is legally correct against what common-sense fairness dictates can be troublesome for judges and this trouble is marked discursively in judge announcements. The paper concludes by describing the challenge this raises for the development of grounded practical theory.

Moreover, Sourdin said changing and emerging technologies have considerable relevance to the continuing evolution to the justice system in general [8]. Disputes arising from Fintech transactions, especially in the case of debt collection disputes, triggered the idea of establishing an e-court system within the framework of dispute resolution. The previous research in the Netherlands, Willemien Netjes & Arno R. Lodder conclude that e-court was quite successful and decided on thousands of cases in 2017. E-Court's procedure sufficiently guarantees the right to a fair trial although there is criticism to the e-court, but it is more expressed as a political rather than legal

nature [9]. As the internet developed into a mechanism for facilitating all types of almost instantaneous transactions and communication, the need for a system with the capability of resolving unique online disputes became apparent. Traditional forms of legal dispute resolution did not adequately address the emerging dispute resolution.

3. Materials And Method

The methodology used in this research are statute approach, conceptual approach, and comparison dispute settlement among Australia and Indonesia through law case study. The sources of law in this paper come from laws and regulations, especially those regarding online dispute resolution, small claim court, financial technology based on peer to peer lending, as well as the literature related to the legal issues raised. Analysis is carried out qualitatively.

4. Result And Discussion

4.1 Loan Agreements Frame the Legal Relationship between Lenders and Loan Recipients in Information Technology-Based Money Lending Services.

Before discussing dispute resolution of information technology-based money lending service, first will be discussed the legal relations of the parties to the information technology-based money lending service transactions. In Information Technology-Based Money Lending Services, there are 3 (three) parties, namely the Provider or The Organizer, the Lender and the Recipient of the loan. The three parties are framed in 2 (two) agreements, namely the agreement between the organizer and the lender and the agreement between the lender and the loan recipient. The organizer as the party that connects the lender and the loan recipient so that the organizer gets a commission as referred to in Article 19 paragraph (2) of the Financial Services Authority Regulation Number 77 / POJK.01 / Year of 2016 (hereinafter referred to as POJK 77/2016). When referring to the draft standard agreement Acceleration of the loan agreement, the parties are between the loan recipient and the Accelerator as a facility agent for and on behalf of the lenders based on a special power of attorney, it is clear that the relationship between the organizer and the lender is an agreement to grant a power of attorney as regulated in Article 1792 Indonesian Civil Code (*Burgerlijk Wetboek voor Indonesie*, hereinafter

referred to as BW) : "The granting of power/ authority is an agreement containing the granting of power/ authority to other people who receive it to carry out something on behalf of the person who gives power". The person who will be making decisions on your behalf usually us power of attorney.

The agreement that frames the legal relationship between the lender and the loan recipient is a loan agreement as stipulated in Article 1754 BW that the Borrowing and Loan agreement is an agreement, which determines the first party to surrender a number of items that can be used up to the second party on condition that the second party will return similar goods to the first party in the same quantity and condition. Article 1765 BW states that for lending money or goods that are used up, it is permissible to make a condition that the loan will be paid interest. Therefore, if the borrower does not carry out the achievement as agreed, that is, to return the loan principal and the interest at a predetermined time, it is said that the borrower has defaulted.

According to M.Isnaeni that the defaults is as a legal institution, what is meant is there is no provision in *Burgerlijk Wetboek* that regulates specifically and explicitly as does the equivalent achievement. As a result, the term default can only be assessed from the meaning of vague provisions. The default amount is equal to the achievement score but in the form of reversal of the achievement score, namely: not fulfilling the achievement at all, fulfilling the achievement but being late or fulfilling the achievement but not as it should [10]. Furthermore, Subekti added one more categorized of default is doing something which according to the agreement cannot be done.

When the term of the loan has ended (the due date of the lending) and the borrower does not fulfill its achievements, the organizer in this case carries out a warning as in Article 1238 *Burgerlijk Wetboek* that: Debtor is declared defaulted on a warrant, or with similar deed, or based on the strength of the engagement itself, that is if this engagement results the debtor must be considered negligent with the allotted time. Known as the subpoena that thrives in the world of doctrine and jurisprudence with the main meaning that the subpoena is a warning letter or reprimand from the creditor addressed to the debtor to fulfill the achievement as agreed upon with legal consequences when the warrant is ignored, the debtor can be stated in default [10].

Then the borrower must bear the risk of paying compensation, costs and interest based on Article 1236 *Burgerlijk Wetboek*.

As an illustration, Tunaikita as one of the the organizer of Information Technology-Based Money Lending Services has some rules if the payment is past due, the late fee will be charged as follows [11]:

(i) Here are the details of late fees for "Premier" (option of services) + (installments):

(a) For a nominal monthly payment of Rp 1,000,000 or less: IDR 5,000 / day with a maximum of IDR 15,000 for 1-3 days late; IDR 10,000 / day with a maximum of IDR 55,000 for 4-7 days late; IDR 15,000 / day with a maximum of IDR 175,000 for 8-15 days late; IDR 20,000 / day with a maximum of IDR 475,000 for delays above 15 days.

(b) For nominal monthly payments above Rp 1,000,000: IDR 10,000 / day with a maximum of IDR 30,000 for 1-3 days late; IDR 20,000 / day with a maximum of IDR 110,000 for 4-7 days late; IDR 30,000 / day with a maximum of IDR 350,000 for 8-15 days late; IDR 40,000 / day with a maximum of IDR 950,000 for delays above 15 days.

(ii) Details of late fees for "Sakti" (option of the services) + (installments) are:

(a) For a nominal monthly payment of Rp 1,000,000 or less: IDR 5,000 / day with a maximum of IDR 15,000 for 1-3 days late; IDR 10,000 / day with a maximum of IDR 55,000 for 4-7 days late; IDR 15,000 / day with a maximum of IDR 175,000 for 8-15 days late; IDR 20,000 / day with a maximum of IDR 475,000 for delays above 15 days.

(b) For monthly payment nominal above IDR 1,000,000: IDR 10,000 / day with a maximum of IDR 30,000 for 1-3 days late; IDR 20,000 / day with a maximum of IDR 110,000 for 4-7 days late; IDR 30,000 / day with a maximum of IDR 350,000 for 8-15 days late; IDR 40,000 / day with a maximum of IDR 950,000 for delays above 15 days.

(iii) For all short-term loan products, the details of late fees are as follows: initial Late Fee: 5%; additional 3% per day for the first 1-7 days delay; additional 2% per day for delays in days 8-30.

The example above are the late payment fine that is calculated daily without interest and principal arrears even though the loan proposed is not large but because the borrower is late in fulfilling his performance, it is clear the amount of the bill will

accumulate and the greater the bill to be paid by the borrower. This is a consequence of default by the borrower, that based on Article 1266 BW and 1267 BW when the debtor defaults, the creditor can demand fulfillment of the agreement, cancellation of the agreement and compensation.

However, jurisprudence is recognized that if the debtor defaults, the creditor can sue [12]. fulfillment of the agreement; fulfillment of the compensation dissertation agreement; compensation; cancellation of the agreement; cancellation of the agreement accompanied by compensation. Then the organizer in this case is reasonable if asking for the fulfillment of the achievements of the borrower as agreed in the electronic document.

4.2 Dispute Resolution in Information Technology-Based Money Lending Services

The provider of the Information Technology-Based Money Lending Services incorporated in Indonesian

Crowd Funding Fintech Association (AFPI) as the official association for all P2P lending companies. AFPI has issued guidelines on the conduct to the parties who involves to the Information Technology-Based Money Lending Services in a responsible manner. The basic consideration of the code of conduct is that with the development of information technology-based lending and borrowing services that is growing very rapidly in Indonesia, there is an urgency to protect the industry's reputation from irresponsible practices so that consumer confidence is maintained. There are 3 basic principles of the guidelines AFPI, namely :

a. **Product Transparency and Product Offering Service Methods**

Transparency of products and methods of offering products aims to empower users who apply, give, receive and manage loans consciously, understand all the risks involved, and responsibly.

b. **Prevention of Overdraft Loans**

Each loan must be offered by considering and adjusting the economic capacity of the Loan Recipient to repay the loan. Excessive lending beyond the ability to pay Loan Recipients is considered an irresponsible practice.

c. **Application of Good faith principles**

Whereas in facilitating the offering and lending activities as a platform or marketplace, each Operator is still required to apply the principle of good faith by taking into account the interests of all

parties involved, and without degrading the user's dignity.

OJK has issued POJK Number 18 / POJK.07 Year of 2018 regarding Consumer Complaints Services in the Financial Services Sector, the main objective of this regulation is to realize all financial service activities that are able to give law protection to the consumers and the public. The realization is by giving obligations to financial service players to have a consumer complaint service. Consumer complaints service is a body to accommodate consumer complaints including the potential for material losses on products and / or services of financial services businesses that are utilized by consumers. Referred to as financial services performers, hereinafter referred to as PUJK, are Commercial Banks, Rural Credit Banks, Securities Traders, Investment Managers, Pension Funds, Insurance Companies, Reinsurance Companies, Financing Institutions, Mortgage Companies, Guarantee Companies, and Information Technology-Based Money Lending Services which their operational system is in a conventional way or sharia way, are based on statutory provisions in the financial services sector. The authority of Complaints Service consists of receiving complaints; the handling of complaints; and settlement of complaints.

If the consumer and / or the team of consumer's representative has rejected the complaints response from the PUJK, the PUJK is required to provide information to the consumer and / or the team of consumer's representative regarding efforts to resolve disputes that can be carried out the claim through the court or outside the court. The non litigation or the alternative dispute resolution besides the court is conducted through the Alternative Dispute Resolution Institution (LAPS) contained in the List of Alternative Dispute Resolution Institutions determined by the Financial Services Authority. The clause for selecting dispute resolution through the court or outside the court is stated in the agreement and / or Financial Transaction document between PUJK and the Consumer.

For instance, below is a flowchart of the dispute resolution of customer complaints made by KoinWorks through the resolution of disputes outside the court as follows:

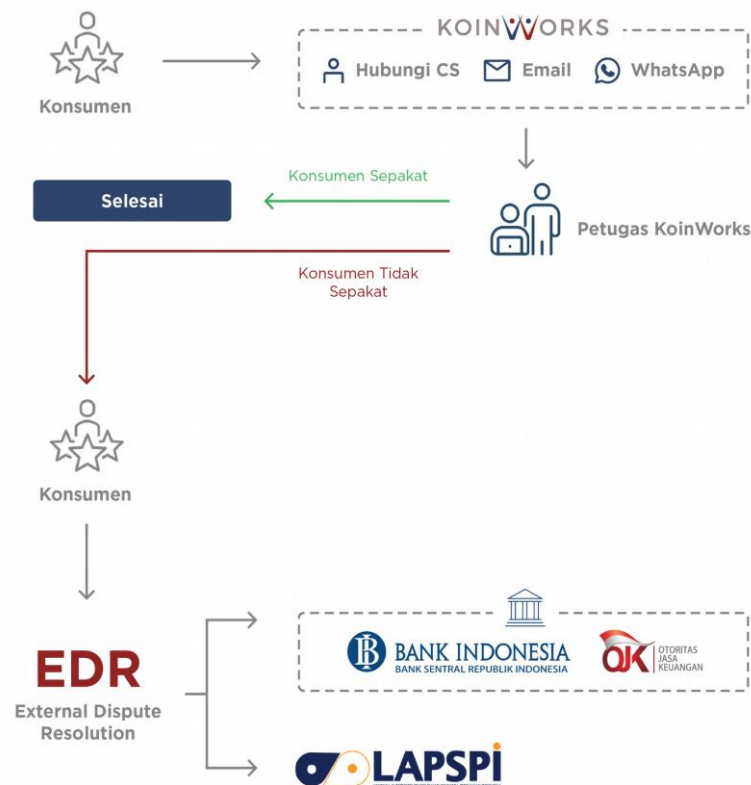


Figure 1: Supply chain Finance procedure for lending

Annotation :

- i. Step 1 : Consumer as plaintiff call the customer services for his claim (by an email or by “WhatsApp” application)
- ii. Step 2 : The KoinWorks officers reach agreement with the plaintiff settle and the the parties have settled the case; or
- iii. Step 2 : If the KoinWorks officers are unable to settle the case, the parties go to the hearing stages to the External Dispute Resolution to make a complaint to The Central Bank of Indonesia or to The Financial Service Authority (OJK); or
- iv. Step 2 : If the KoinWorks officers are unable to settle the case, the parties go to the hearing stages to The Alternative Institution of Dispute Resolution of Banking Indonesia (LAPSPI) through mediation to strive a peace among parties.

Beside the non litigation procedure, if the parties are unable to reach the peace agreements to settle the claim, the metode of disputes settlement for lending finnacial technology is more appropriate if

through a small claims court settlement considering that the ordinary lawsuit to the District Court would be less effective because it requires considerable effort, time and cost while the nominal value of the loan is not too large even though in the POJK 77/2016 maximum limit of total loan funding of IDR 2,000,000,000.

In small claim court, it is faster and low-cost procedure according to the Supreme Court issued Supreme Court Regulation No. 2 of year 2015 concerning Small Claim Court Procedure. The settlement of a small claim court as a simple lawsuit is carried out of disputes a case of default and / or illegal action with a material lawsuit which its value of money is not exceeding IDR 200,000,000 and which it is only takes 25 working days from the first hearing. The judge who examines and decides is the sole judge appointed by the Chief Justice. The requirements for completing a case through a small claim court are as follows [13]:

- (a) The parties, namely plaintiff and defendant may not be more than one, unless they have the same legal interests;
- (b) The plaintiff and the defendant

must be domiciled in the same court jurisdiction; and (c) the plaintiffs and defendants are required to attend directly each trial with or without a legal representative.

The simple settlement phase for the lawsuit is as follows:

1. Registration: the plaintiff registers his claim by filling in the blank provided by the court clerk;
2. Check the completeness of the lawsuit is simple: the court clerk checks the requirements for registering a lawsuit which if not eligible will be returned;
3. In small claim court, the next stage is appointing only a judge (a sole judge not a panel of judges as usual) and a clerk: the head of the court establishes a judge to examine a simple claim and the clerk appoints a substitute registrar to assist the judge;
4. Preliminary Examination of the court: the judge examines the material of a simple lawsuit which if the judge considers that the lawsuit is not included in a simple lawsuit, the judge will issue the determination of the lawsuit rather than a simple lawsuit and cross the claim out of the case register;
5. Determination of the hearing day and summons of the parties: after the plaintiff's claim is determined is a simple suit, the judge sets the first trial day and summons the parties;
6. In the first examination stage of the court and mediation: the judges always encourage mediation step or strive for the peace among the parties by continuing to pay attention to the period of settlement of a simple lawsuit for 25 days. If the mediation is achieved, the judge makes a decision on a peace deed that is binding on the parties. If peace effort is not achieved, the trial will continue with the reading of the lawsuit and the defendant's response;
7. Evidence: claims that are recognized and / or not denied, need not be proven. If the claim is disputed by the defendant, the judge conducts an examination of evidence based on civil procedural law which consists of; (i) evidence of letters / writings; (ii) witness evidence; (iii) suspicion; and / or (iv) oath; and
8. Verdict: the judge reads the verdict in a public hearing and announces the right of the parties to submit an objection.

Legal dispute resolution procedure that can be carried out in this simple lawsuit is an objection

that is submitted no later than 7 working days after the decision is pronounced or after the notification of the decision, which after being decided on the objection request cannot be pursued. Decisions that have legal force (have been already final and binding) remain voluntary. If this is not obeyed by the losing party, then the decision will be carried out based on applicable civil procedural law. The provisions of the civil procedural law remain valid as long as it is not specifically regulated in this Regulation. A simple lawsuit is an effective and efficient means for a case of default and / or illegal actions whose value is not more than 200 million ruipahs. As long as the plaintiff and the defendant can be present directly in every trial and the legal domicile is in the same court. Simple lawsuit cases include, among other things, accounts payable, leases between tenants and tenants, construction services between service providers and service users, management fees, reserve funds, unpaid building failure insurance between P3SRS / management bodies and occupants / owners, and others.

But recently, the Supreme Court (Mahkamah Agung/MA) amends this 2015 regulation and issued the Supreme Court Regulation (Perma) No. 4 of 2019 concerning Amendment to Perma No. 2 of 2015 concerning Procedures for Settling a Simple Lawsuit. Trusted on August 20, 2019 as a solution to facilitate a simple lawsuit (small claims court) to make it easier, faster, less expensive. Supreme Court Judge Syamsul Maarif explained in Perma No. 4 of 2019 is about some changes in the price of the lawsuit from a maximum of IDR200 million to IDR 500 million; discussing the claim of a plaintiff's compilation of claims that are outside the legal area of the defendant's domicile; can use electronic case administration (e-court); know *verstek* decisions (decisions without the presence of the defendant); know *verzet* (respect for *verstek* decisions); acknowledge confiscation of the Trust; and execution. In addition, there are changes in regulations related to the simple added value of a maximum lawsuit of Rp.500 million with consideration of cases outside Jakarta. This new regulation complements the filing of the plaintiff's compilation suit outside the defendant's domicile. Related, a lawsuit can be filed in the domicile area of the defendant, a region that is different from the one designated by the authority, incidental authority, or representative having the legal area or domicile of the defendant with a letter of

assignment from the plaintiff in accordance with the provisions of Article 4 paragraph (3a) of the Perma for Modification of a Simple Lawsuit. For example, in the case of banking in Malang, regional law offices in Malang include other regions such as Probolinggo. So, the domicile limit is not only in Malang District Court, but it can be in Probolinggo District Court. There are also additional things related to seizure guarantees, whereas in Perma previously there was no known seizure guarantees. In this Regulation, the head of the court can issue *aanmaning* (approval / reprimand) no later than 7 days after receiving the letter of execution approval. Under certain geographical conditions, it cannot be done within 7 days, the Chief Justice can deviate from that time limit. This Simple Lawsuit can also use electronic case administration (e-court). Now, the Supreme Court is also making a breakthrough by implementing an electronic trial system with electronic administrative procedures that can be more quickly and cheaply in planning simple lawsuit cases. The Small Claims Court has set a maximum time limit of 25 days for settlement with a single judge and the object value of the claim is under 500 million rupiahs.

Like other civil lawsuits, the basis of this simple lawsuit establishes criteria for breach of contract (default) and or acts against the law (PMH). This Perma requires that the plaintiff and the defendant must not be more than one, unless they have the same legal interests. Parties with or without legal counsel must be present directly at the hearing. Hence, this Perma cannot be applied when the defendant is not known to exist. In addition, there are two types of cases that cannot be resolved through this simple lawsuit, namely cases where settlement of the dispute is carried out through special courts and land rights disputes. This simple lawsuit system is also familiar with the term dismissal process, where during a preliminary hearing the judge has the authority to assess and determine whether the case falls within the criteria for a simple lawsuit or not. If the judge is of the opinion that the case is not a simple lawsuit, then the determination of the case is not continued. Regarding the final decision, the parties can submit an objection no later than 7 days after the verdict is pronounced or after notification of the decision. This objection was decided by the panel of judges as a final verdict, so that there is no appeal, appeal, or review of legal remedies. Regarding cases of disputes in the financial services sector, there are

already those who use simple claims. However, there are still many who do not understand how to apply this simple lawsuit mechanism. Therefore, the Supreme Court needs to be well informed and encourage the Financial Services Authority to use this simple lawsuit.

4.3 Management of Information Technology at the Supreme Court of Indonesia

Information technology strongly supports the task of the judiciary in order to law enforcement and legal justice through the application of Electronic Court (e-court) which is in line with the principle of simple, fast and low cost of justice. And vice versa, in information and technology based-money lending dispute resolution requires procedural law that can compensate for technology that is always developing rapidly. Herbert Marshall McLuhan stated that "Technology has changed the way we communicate". The technology has changed the pattern of community interaction. The pattern of interaction of civilization at this time has reached the stages of the electronic period, and has exceeded the stages of the oral period, literature and printing period [14].

The rapid progress of information technology and the demand for optimal public services are *conditio sine qua non* in order to achieve the vision of the supreme court [15]. The information technology management referred to includes information management policies, institutional information management institutional arrangements, and electronic system structuring at the Supreme Court. In order to realize this vision of the Supreme Court, Supreme Court Regulation No. 3 of 2018 concerning procedural law that utilizes information technology. From this regulation, e-Court was born. In the blueprint for judicial reform in 2010-2035, the direction of renewal was set which includes:

- a. Improving the quality of decisions, namely by providing access to all relevant information from inside and outside the court, including decisions, legal journals and others;
- b. Improved court administration system, including access to court activities from outside the building, for example registration, requests for information and testimony.
- c. Establishment of work process efficiency in the judiciary, namely by reducing manual work and replacing it with computer-based processes;

- d. The establishment of performance-based organizations, namely by using technology as a tool to monitor and control performance;
- e. Establishment of a learning environment in the organization, namely by providing e-learning facilities.

Hopefully, the resolution of technology-based lending services through a “small claim court” dispute is supported by the regulation and sustainable improvement by the Supreme Court in management of the Information Technology, therefore the parties can obtain legal protection, law enforcement and justice as desired. Moreover, it will minimize the three complaints of the public over justice services, namely the high cost, the difficulty of access to justice, and corruption (the integrity of the judicial apparatus / tend to be corrupt practices).

5. Conclusion

Supply Chain Finance (SCF) is a portfolio of financing and risk mitigation techniques and practices that support the trade and financial flows in end-to-end business supply and distribution chains, domestically as well as internationally. This is emphatically a „holistic“ concept that includes a broad range of established and evolving techniques for the provision of finance and the management of risk. In litigation dispute resolution, the small claim court method is the best alternatif method of disputes settlement for Fintech Lending Services. A more convenient process and faster process, affordable interest rates and the absence of collateral offered by the organizers in fintech lending services have attracted the borrower who need capital to their business. However, the promotion given by the provider has brought risk to the borrower when the borrower is unable to fulfill his achievements. Therefore, the provider conducts billing, inhuman intimidation and even violates the law. When referring to the loan agreement as stipulated in Article 1754 *Burgerlijk Wetboek* which frames the legal relationship between the lender and the recipient of the loan in the fintech lending, the main obligation of the borrower is to fulfill the mutually agreed achievements so that if the borrower is defaulted, the organizer can demand compensation loss, costs and interest. When disputes arise, they are resolved through the court (litigation) or outside the court (non

litigation). Settlement of disputes outside the court is carried out through the Alternative Dispute Resolution Institution (LAPS) contained in the List of Alternative Dispute Resolution Institutions determined by the Financial Services Authority Settlement. Settlement of disputes conducted in court would be more appropriate through a small claims court settlement considering the normal lawsuit to the District Court would be less effective due to it being costly and time consuming.

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