

The Urgency of Regulating Digital Pawn Innovation in Increasing Business and Efficiency of the Pawn Industry in Indonesia

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Abstract. The urgency of regulating digital pawn innovation in improving the business and efficiency of the pawning industry in Indonesia is motivated by the absence of clear regulations governing the use of technology and information in the pawn business sector. The development of globalization in the use of technology and information in the pawnshop business will increase efficiency and expand the reach of customers to access the pawn business. Based on this, there is a need for discussion and scientific studies regarding the urgency of regulating digital pawn innovation. The composition of this paper utilizes a regularizing juridical technique with a legal methodology. This study utilizes essential, optional, and tertiary legitimate materials which are broken down subjectively as per their importance to explore issues which are then introduced as exploratory and factious spellbinding accounts. The results of this study obtained an answer that the regulation regarding digital pawn innovation to improve the business and efficiency of the pawn business has not been clearly regulated, especially in POJK Number 31/POJK.05/2016 concerning Pawn Business. Therefore, a regulation is needed as a legal umbrella for the use of technology and information in the pawnshop business.

Keywords: pawn; technology and information; digital

1 Introduction

In the era of digitalization, the development of information technology is growing. Information technology can provide various means for management in managing an existing business. From time to time information technology undergoes changes and developments very rapidly where humans in this modern era are required to keep up with increasingly sophisticated technological developments. In this increasingly modern era, it is possible to change the future of human life to be better, easier, faster and safer. Advances in technology can have a wide impact. For example in a variety of applications that are used in every company. One of the technological advances has also penetrated into the business world of a company, agency or organization. As of now, there are numerous application programs that give elements to loaning to people in general. This is additionally felt in the business universe of non-bank monetary establishments which assume a significant part in working on the quality and administrations so they are not dissolved by the undeniably quick advancements of the times. One of them is a non-bank monetary foundation, to be specific the Second hand store [1].

Economic development will always be followed by an increase in various economic activities, including the need for credit by economic actors. If the need for funds is large, then in the short term it will be difficult to fulfill. For those who have valuables, the difficulty of funds can be immediately met by selling these valuables. However, the risk is that the goods that have been sold will be lost and difficult to return. To conquer the above challenges where the requirement for assets can be met without losing resources, the local area can promise their products to specific foundations. The action of promising resources to get a specific measure of cash and can be recovered after a specific timeframe is generally alluded to as a pawning business [2].

Pawn toward the start of its turn of events, is a supporting to help the necessities of the lower working class, yet presently it isn't just utilized by the lower working class yet can arrive at all degrees of society. Pawn organizations offer comfort in acquiring advances, so they become an elective answer for the local area amidst the trouble of getting credits from loaning foundations like banks. With the improvement of the pawn business which is expanding and the progression of globalization set apart by the utilization of innovation and data, the second hand store organization necessities to adjust and use innovation and data in the execution of pawn business exercises.

2 Research Method

This type of research is normative juridical, in which a scientific research process is used based on the logic of the normative side of the law to find the truth [3]. The use of this method is because the method applied in the research is to examine library materials related to the management of ultra-micro financing in Indonesia. The research approach applies the Legislative Approach or "Statute Approach", which is carried out through a study of laws and regulations related to legal issues discussed and legal issues handled [4].

The use of this approach aims to identify and analyze the suitability and harmony between laws and regulations or with related regulations and to see the completeness of the substance of the regulation so that understanding of overlapping and preventing the legal vacuum of a law will be reduced. Moreover, the regulation and development of the pawnshop business is dynamic and must have a strong legal basis.

The focus of the research is the regulation and application of digital innovation in the pawnshop business as efficiency and improving the Pawn Business in Indonesia. The legal materials analyzed consist of primary legal materials, secondary legal materials and tertiary legal materials. All legal materials are analyzed qualitatively according to their relevance to research problems which are then presented in the form of exploratory and argumentative descriptive narratives.

3 Research Result and Discussion

Juridical Analysis of Digital Pawn Innovation Arrangements as an Effort to Improve Business and Efficiency of the Pawn Industry in Indonesia

The legitimate reason for the activity of the Second hand store has been explicitly controlled through the Monetary Administrations Authority Guideline Number 31/POJK.05/2016

concerning Pawn Business. However, the unfortunate thing is that there is no nomenclature that regulates the development of digital pawn innovation in Indonesia. When viewed from the practice of operating the pawnshop business, it is still running traditionally, it has not adopted the development of technology and information in the operation of the pawn business.

The development of technology and information as a result of globalization can be used as a form of increasing business and efficiency of the pawnshop industry in Indonesia. The adoption of technology and information systems into the pawnshop business can be applied to the world of pawning as a form of adjustment to the world of the pawn business.

Juridical Analysis of Financial Services Authority Regulation Number 31/POJK.05/2016

1) Financial Services Authority Regulation Number 31/POJK.05/2016 Regulates the implementation of Pawning Business in Indonesia.

Article 13 of the Financial Services Authority Regulation Number 31/POJK.05/2016 has regulated the business activities of Pawnshops including:

- a) distribution of Loan Money with collateral based on the law of Pawn;
- b) distribution of Loan Money with collateral based on fiduciary;
- c) services for safekeeping of valuables; and/or
- d) appraisal services.

The pawnshop business activities as stated in Article 13 of POJK 31/POJK.05/2016 implies that they are carried out in a traditional manner. The explanation of business activities carried out traditionally is that customers come directly to the office or pawnshop business outlet.

2) Financial Services Authority Regulation Number 31/POJK.05/2016 Does Not Regulate the Implementation of Pawn Business Activities by Utilizing Technology and Information.

Data Innovation is a procedure for gathering, getting ready, putting away, handling, reporting, dissecting, as well as spreading data in the field of monetary administrations [5]. The second hand store business exercises as alluded to in Article 13 POJK/31/POJK.05/2016 are completed customarily or done eye to eye. Article 13 has not obliged the utilization of innovation and data as a way to further develop business and the proficiency of second hand store business exercises as a type of variation to the improvement of globalization which is starting to shift towards digitalization. Thusly, it is important to have a legitimate umbrella as the lawfulness of involving innovation and data as a type of digitizing pawn business exercises in Indonesia.

The Urgency of Regulating Digital Pawn Innovation as an Effort to Improve The Business and Efficiency of The Pawn Industry in Indonesia

1) Philosophical Urgency

The philosophical premise is a thought or reason that represents that the guidelines that are framed consider the perspectives on life, mindfulness, and lawful beliefs which incorporate the otherworldly air and the way of thinking of the Indonesian country beginning from Pancasila and the Prelude to the 1945 Constitution of the Republic of Indonesia [6]. Philosophical criticalness in this study in view of the preface of the 1945 Constitution, passage 4, section (2), to advance general government assistance, implying that the state is obliged to acknowledge general government assistance for every single Indonesian individual.

The regulation regarding digital pawn innovation is expected to provide general benefits and welfare for the community, especially pawn company customers because this arrangement can be an effort to increase the efficiency of the pawnshop business. The existence of this efficiency makes it easier to access financing with a pledge and/or fiduciary guarantee. Ease of access to financing will have a positive impact on increasing pawn business customers, while the positive impact felt by customers in addition to the ease of access to financing causes an increase in the business funded by pawn financing. Therefore, Pawnshops which are categorized as non-bank financial institutions (LJKNB) whose purpose is indeed to form financial inclusion and provide welfare in society can be mutually beneficial and maintain mutual prosperity.

2) Urgensi Yuridis

The juridical premise is a thought or reason that represents that guidelines are framed to defeat lawful issues or make up for legitimate shortcomings by considering existing standards, which will be changed, or which will be disavowed to guarantee legitimate conviction and a feeling of local area equity. The juridical premise concerns legitimate issues connected with the substance or material that is controlled so shaping new regulations and regulations is important. A portion of these legitimate issues, among others, are obsolete guidelines, shrill or covering guidelines, kinds of guidelines that are lower than the law so their requirement power is frail, the guidelines as of now exist however are insufficient, or the guidelines don't exist by any means [7].

The guideline in regards to Pawn Business Exercises itself has been controlled in the Monetary Administrations Authority Guideline Number 31/POJK.05/2016 concerning Pawn Business, yet the guideline doesn't obviously manage the utilization of computerized pawn development or the utilization of innovation and data in the execution of pawn business exercises. The regulation only implies the implementation of traditional pawnshop business activities or face-to-face. Therefore, it can be concluded that there is no regulation regarding the actual form of the use of technology and information as a digital innovation step in the operation of pawnshops in Indonesia, so that regarding the use of technology and information in the pawnshop business, a legal vacuum is found.

3) Urgensi Sosiologis

Humanistic direness is a thought or reason that outlines that guidelines are framed to address the issues of the local area in different perspectives. The humanistic premise really concerns exact realities with respect to the improvement of issues and needs of society and the state [8].

The development of technology brings changes to the pattern of human life. The technology that is developing rapidly today is digital technology which has penetrated into all aspects of life, the economic aspect is also affected by this development. Indonesia is entering the industrial era 4.0 marked by all-round digitalization and automation. The four principles of the Industrial Revolution 4.0 include:

- a) transparent information,
- b) independent decision,
- c) technical assistance that makes work easier,
- d) and suitability to needs.

These four principles are a support for business/business growth, which can simplify the supply chain for the business world. The Industrial Era 4.0 will grow a digital-based business

model with the aim of increasing efficiency and better product quality. There are 4 things that need to be optimized by business actors related to industry 4.0, namely:

- a) old machine + fast connection = new machine,
- b) open standard = open economy,
- c) automation = new job opportunities, and
- d) connected technology = convenience.

The role of technology and information in the process of digitizing the operation of the pawnshop business has an easy and efficient character. Utilization of technology, as well as agile to market changes. Therefore, it is actually necessary to have definite rules so that harmonization occurs and creates regulations regarding the legality of using technology and information to improve business and the efficiency of the pawn industry in Indonesia.

Juridical Implications of Regulation of Digital Pawn Innovation as an effort to Improve Business and Efficiency of Pawn Industry in Indonesia

The urgency of regulating digital pawn innovation will be concluded through an analysis of the provisions of the legislation that have already been in effect and are good for implementation, that digital pawn innovation uses technology and information as an effort to improve the business and efficiency of the pawn industry in Indonesia.

Clear guideline connected with the utilization of innovation and data in advanced pawn development makes lawful assurance in the execution of pawn business exercises. Legitimate conviction is characterized as the clearness of standards so they can be utilized as rules for individuals who are likely to these regulations [9]. The meaning of sureness can be deciphered that there is lucidity and immovability towards the order of the law in the public eye. This is so as not to cause a great deal of misconception.

As per Van Aperldoorn, legitimate conviction can likewise mean things that not set in stone by regulation in concrete matters [10]. Lawful sureness is an assurance that the law is done, that those entitled by regulation can get their freedoms and that choices can be executed. Lawful conviction is a legitimate security against erratic activities which implies that somebody will actually want to get something anticipated in specific conditions.

Linguistically, conviction comes from the word positive which implies it is fixed, must and obviously. In the Enormous Indonesian Word reference, the meaning of conviction is an unequivocal (fixed) condition, arrangement, arrangement, while the meaning of regulation is a legitimate instrument of a country that can ensure the freedoms and commitments of each and every resident, so lawful sureness is an arrangement or limitation made by the public authority. a lawful instrument of a country that can give certifications to the freedoms and commitments of each and every resident [11].

A guideline is made and proclaimed with sureness since it directs plainly and consistently. It is clear as in it doesn't raise question (multi-translation) and is sensible so it turns into a standard framework with different standards that don't struggle or cause standard contentions. Norm clashes emerging from vulnerability of rules can appear as standard dispute, standard decrease or standard bending.

Based on this explanation, to realize legal certainty regarding the operation of pawnshops by utilizing technology and information in digital pawn innovation, it is necessary to amend POJK 31/POJK.05/2016 concerning Pawning Business by including a clause that the implementation of pawn business activities can be carried out using technology and information.

4 Conclusion

The development of globalization has an impact on the use of technology and information in the operation of its business, this can also be used in pawnshop business activities, but in pawn business activities as referred to in Article 13 POJK 31/POJK.05/2016 consists of distributing loan money with collateral based on the law of pawning, distribution of loan money with collateral based on fiduciary, valuable goods deposit services, and appraisal services. In the implementation of these business activities are still carried out traditionally or face to face. Therefore, a regulation is needed regarding the use of technology and information as a form of digital pawn innovation in an effort to improve the business and efficiency of the pawn industry in Indonesia.

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