

# THE EXISTENCE OF ONLINE LOANS IN THE TIME OF COVID-19 PANDEMIC IN A SOCIOLOGICAL ECONOMIC PERSPECTIVE

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Article history:	Abstract:
<b>Received:</b> 8 <sup>th</sup> March 2022 <b>Accepted:</b> 8 <sup>th</sup> April 2022 <b>Published:</b> 20 <sup>th</sup> May 2022	The purpose of this study is to analyze the phenomenon of the proliferation of online loans in the midst of a pandemic in the perspective of economic sociology. This study uses descriptive qualitative research, namely to describe and describe in depth related to the existence of online loans during the pandemic. With a phenomenological approach, namely the study of experiences and how these experiences are formed, as well as to explore and describe how the phenomenon of online loans during the covid-19 pandemic. The results of this study show that the existence of online loans is due to the needs of the community that form dependence on each other, besides that the dependence of the community is transformed into an imbalance between online loan services and debtors, causing systemic exploitation

**Keywords:** Covid-19, Economic Sociology, Online Loans.

## A. INTRODUCTION

Basically, a society is an arrangement of social structures which then form a social system. The social structure is divided into basic elements, such as social groups, social institutions, social norms and social stratification. So the meeting between individuals and community groups to form a social interaction in association in the midst of society.

Society is also a social system consisting of a number of components of the social structure such as family, economy, government, religion, education and social strata that are related to each other, work together, interact, relate and depend on each other.<sup>1</sup>

Auguste Comte said that society is groups of living beings with new realities that develop according to their own laws and develop according to a separate pattern of development. Society can form a unique personality for humans, so that without groups, humans will not be able to do much in their lives.<sup>2</sup>

It can be understood that a social group is a unit or set of people who live together which gives birth to a relationship so that a social interaction is established. Interaction between communities can be seen concretely in several aspects of life, such as social, legal, cultural and economic aspects where the relationship is a reciprocal relationship that affects each other.

In the economic aspect, it can be seen that social interaction of the community can occur in trade which is an economic activity when viewed on a large scale, it involves producers, consumers and distribution as well as the state in the process to be able to meet the needs of the wider community in order to achieve good economic growth. In this case, the state plays a role in determining prices, regulating the distribution of goods and services, both exports and imports, as well as other activities related to global economic growth.<sup>3</sup>

Economic activity can run according to the market mechanism that has been built if the situation and conditions are in normal conditions, meaning that production, distribution and consumption can run as they should. Therefore, it is appropriate for community groups to carry out economic activities with the aim of looking after each other so that every member of the community can live with an increasing level of welfare.

Since March 2020, the COVID-19 pandemic has entered Indonesia, causing people's life patterns to change or in other words, to be disrupted due to the pandemic. Changes in patterns in various lines such as education (distance learning or online), Health (strict behavior patterns against disease, washing hands, keeping distance and wearing

<sup>1</sup> Jabrohim ED, 2004, *Menggapai Desa Sejahtera Menuju Masyarakat Utama*, Yogyakarta: Pustaka Pelajar dan LP, p. 167.

<sup>2</sup> Abdul Syani, 2012, *Sosiologi Skematika, Teori dan Terapan*, Jakarta: PT Bumi Aksara, p. 31.

<sup>3</sup> Nursania Dasopang, 2020, *Pola Kegiatan Perekonomian*, Journal Vol 1 No 2, p. 111.

masks), economy (weakening of the community's economic condition due to limited direct social interaction), industry (companies that experience a decrease in turnover and reduce labor).

To make a living in the midst of a pandemic, many of the non-formal workers who then experience nightmares due to mass layoffs, therefore workers who experience Dismissal (PHK) take emergency action by making small businesses both home-based and in the form of Middle Class Micro Enterprises (UMKM). The urge is none other than to make a living, at the same time the need for capital becomes the main foundation for starting a business when savings capital starts to run low due to basic needs, while jobs never come.

As a result of the urgent need for capital, various preferences are used to obtain capital, among various sources, online loans are an alternative. If viewed through a sociological approach, it can be observed holistically, seeing the interconnected reality of various factors. Meanwhile, using an economic sociology approach is that always focuses on analyzing the relationship and interaction between the economy and other institutions of society.

Therefore, it can be seen how the economy can affect the pattern of society before and during the pandemic, how the shift in the pattern of society in the economic aspect when the pandemic is present in the community. So that the disruption that reshuffles the social order results in a total change in the economic activity of the community.

## B. RESEARCH METHOD

The research method used in this research is descriptive qualitative research method, which is to describe and describe in depth related to the existence of online loans during the pandemic. The approach used in this research is a phenomenological approach, which is a study related to experience and how that experience is formed, as well as to explore and describe the online loan phenomenon during the COVID-19 pandemic. The types and sources of data used are secondary data, namely data obtained from the literature such as those related to the problems discussed sourced from books, journals, news, websites, and archives related to the research objectives.

## C. RESULTS AND DISCUSSION

### 1. The Role of Sociology in the Economic Aspect

According to Soerjono Soekanto, sociology is a social science in which citizens are the object of study.<sup>4</sup> Based on the above definition, the writer argues that sociology is a study that discusses the reality in the social activities of society. Meanwhile, according to Haryanto, economics is a science that studies how citizens produce commodities or goods and distribute them to other communities in order to fulfill their needs.<sup>5</sup>

The development of science as a cross-study makes sociologists expand their fields of study to certain problems, one of which is economic studies. The approach of one scientific field can be an analytical tool to carry out a deepening study of problems in other scientific fields, therefore it is known as a field of economic sociology.

Smelser and Swedberg define economic sociology by adopting the opinion of Weber and Durkheim, that economic sociology is a sub-discipline of sociology that focuses on the field of study on how actors or society meet their needs.<sup>6</sup>

"The economic sociology can be defined as the sociological perspective applied to economic phenomena. A similar but more elaborate version in the application of the frames of reference, variables, and explanatory models of sociology to that complex of activities which is concerned with the production, distribution, exchange, and consumption of scarce good and services".

Economic sociology also studies various kinds of activities that are complex in nature and involve the production, distribution, exchange and consumption of goods and services that are scarce in society. It can be understood that the role of sociology in the economy gets a fairly wide portion of the study, where the behavior patterns of people who incidentally are economic actors so that the factors of economic activity become the subject of sociological studies in viewing a society structure by studying the causes and processes of interrelationships that link several variable forms with each other are included in carrying out activities on the economic aspect.

Economic sociology can basically be defined in 2 ways, first, economic sociology is defined as a study that studies the relationship between society in which social and economic interactions occur. In this relationship, it can be seen how society affects the economy. Instead, how the economy affects society.<sup>7</sup>

By understanding the concept of society as above, economic sociology examines society in which there are processes and patterns of social interaction, in relation to the economy. The relationship is seen from the side of mutual influence. Society as an objective external reality will require individuals to carry out economic activities such as what can be produced, how to produce it, and where it is produced.<sup>8</sup>

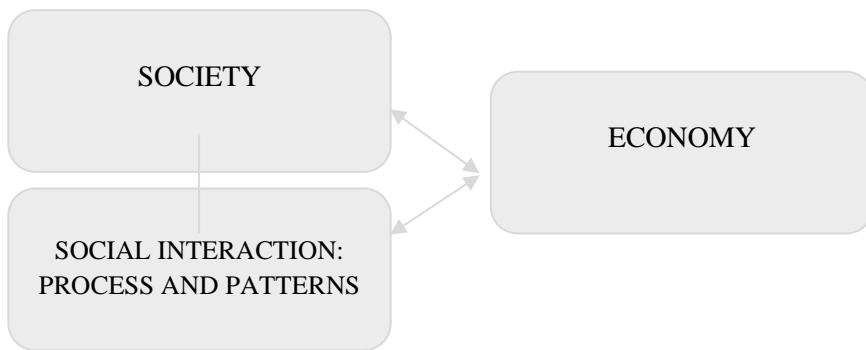
<sup>4</sup> Soerjono Soekanto, 2014, *Sosiologi Suatu Pengantar*, Jakarta: Rajawali Pers, p. 11.

<sup>5</sup> Haryanto, 2019, *Sosiologi Ekonomi*, Jogjakarta: AR-RUZZ MEDIA, p. 15.

<sup>6</sup> Smelser J. Neil and Richard Swedberg, 2005, *introducing ekconomic sociology eds, in the handbook of economic sociology*, princeton university press, p. 13.

<sup>7</sup> Damsar dan Indrayani, 2009, *Pengantar Sosiologi Ekonomi*, Jakarta: Kencana, p. 11.

<sup>8</sup> *Ibid.*



Notes:

Economic Sociology Study  
Reciprocal Relationship

The role of sociology actually focuses on the relationship between society in which there is a social interaction related to the economy. Thus, studying people's behavior in the broader institutional context in which economic activity is carried out becomes the role of economic sociology. In addition, the understanding that society is a reality in which the process of social interaction occurs and there are patterns of social interaction, the linkages between the economy and society, including processes and interactions that influence each other.

Based on the explanation above, the author can draw the conclusion that by conducting an assessment of economic problems using the sociological paradigm, the analysis related to the existence of online loans during the pandemic can be seen by taking an economic sociology approach to people's behavior patterns in the midst of the COVID-19 pandemic.

In line with what was conveyed by Peni Chalid that when viewed in the context of the economy in terms of production, consumption, and distribution, sociology sees society in an economic context on a broader spectrum, because the focus of sociology is directed to aspects of social behavior that move in meaningful patterns. In other words, sociology focuses on the individual's orientation to his environment and how that orientation affects behavior.<sup>9</sup>

## 2. The Impact of Covid-19 on Community Economic Activities

As time goes on, COVID-19 spreads very fast and massively, some countries are not only disturbed in terms of health but also in economic aspects. Indonesia is one of the countries that has been severely affected by the pandemic, so the policies issued by the government are reckless, by imposing large-scale social restrictions (PSBB), as a result, they have to work from home and not a few have had the bad luck that they had to be laid off from their workplaces, why not?. The company is also affected because of decreased income efficiency is carried out, including laying off workers and even terminating the employment relationship.

Economic activity becomes unstable, in terms of production, distribution, and consumption, even though the economic resilience of a country can be seen from the level of economic productivity. The case of the spread of COVID-19 can be seen from two different economic perspectives, namely demand and supply. On the demand aspect, the COVID-19 pandemic situation has greatly reduced consumption levels, travel activities using transportation, and increased trading and transportation costs. Meanwhile, on the supply aspect, it is likely that there will be a contraction in worker productivity, a decline in investment and funding activities, as well as global supply chain tensions.<sup>10</sup>

In terms of consumption, there is a change in consumption patterns in the community, namely a decrease in travel or tourism activities and a tendency to increase consumption of primary goods to anticipate scarcity and restrictions on people's movement. Not only in the consumption aspect, but trading patterns have also changed, for example, a trader who should trade in the market then switches to selling at home by opening a stall, and even then if possible because there are not a few traders who do not make it possible to move their wares home.

Covid-19 not only has an impact on public health but also affects micro, small and medium enterprises. This can be seen from small traders, where traders are directly affected by a decrease in the level of consumer purchases. During the pandemic, small traders experienced a decline in sales because many residents limited their activities outside their homes, especially to food stalls, food vendors and other traders.<sup>11</sup>

In terms of efforts made by the government to inhibit the spread of COVID-19, it has also hampered community economic activities which have an impact on declining levels of social welfare, even though the government's efforts to reduce poverty levels in recent years have actually increased again after the pandemic.

<sup>9</sup> Peni Chalid, 2009. *Sosiologi Ekonomi*, Jakarta: Center For Social Economic Studies Press, p. 6-7.

<sup>10</sup> Damuri dan hirawan, 2020, *Mengukur Dampak Covid Pada Pertumbuhan Ekonomi Dan Perdagangan Indonesia 2020*, CSIS Commentaries DMRU-15, accessed on February 12, 2022.

<sup>11</sup> Nova, etc., 2021, *Dampak Covid-19 Terhadap Pendapatan Pedagang Kecil Di Desa Sugih Waras*, Jurnal Imiah Ekonomi Islam, p. 5.

In the face of this economic crisis, the Indonesian government has issued a number of large-scale fiscal stimulus packages through the National Economic Recovery (PEN) program. In terms of the amount of the government budget that is intended to reduce the negative impact of the pandemic. In 2020, Indonesian government allocated around IDR 695.2 trillion for the PEN program, because the crisis was still ongoing, in February 2021 the Indonesian government again announced a budget allocation of IDR 699.43 trillion to continue the sustainability of the PEN program.

The government continues to make improvements in strengthening various social protection programs to deal with the crisis after the COVID-19 pandemic, these social protection programs have been expanded to protect the poor against economic shocks, as well as the lower middle income community whose numbers continue to increase but are becoming vulnerable to risk of falling into poverty later in life. In addition, small businesses also receive government assistance in line with their efforts to continue to survive amidst the economic downturn and restrictions on community activities after the pandemic, where the impact of the pandemic will continue to be felt by various levels of society during 2022.<sup>12</sup>

Based on what has been described above, it can be observed that the government continues to do best, at least to balance the economic power in the midst of the pandemic disturbance. The budget issued is not small, even though several efforts have been made in the form of programs but these have not been able to meet the needs of all affected communities, not to mention if the distribution of funds is mistargeted in the sense that those who are not supposed to receive assistance can instead receive assistance.

The number of people who are classified as vulnerable and are at the poverty line is not small, not all government programs can meet the needs of the community. But what needs to be underlined is that the impact of the pandemic also applies to all levels of society, the evidence is that many have been laid off, laid off, retired early and asked to resign. Savings for daily needs that continue to run low make people try to survive by doing various ways, one of which is to create a small business, while to be able to continue the business and start it requires capital as fuel to continue to grow, Therefore, the community is urged to get capital as the impact of the pandemic continues to this day.

### 3. Polarization of Community Economic Activities during a pandemic in an Economic Sociology Perspective.

The pandemic disaster has had quite a lot of impact on changes in the social and economic order where the need factor is one of the triggers for the growth of several alternatives for people who want to access money loans. This is in line with technological developments, so that opportunities go hand in hand with developments, giving birth to what we call online loans as part of financial technology as the P2P Lending category.

The presence of online loans cannot be separated from the growing financial system and the reality of technological progress that comes together. The financial sector is one of the drivers of the economy because it supports a variety of businesses, especially in expanding production capital. On the other hand, the financial sector is indeed related to the needs of many people, so this business is considered something promising and an opportunity factor for investors who take opportunities in the midst of a hedonistic culture, but on the other hand there is a force majeure factor, namely a pandemic.

The presence of technology is not a mere fantasy but a reality and a fact, this is what is then picked up by the owners of capital by taking advantage of opportunities in misery. The transformation of financial services from conventional to financial technology was welcomed with enthusiasm. This can be seen based on the amount of loan funds channeled through online loans. Data released by the Financial Services Authority (OJK) stated that until February 2021, fintech loans reached IDR 169.5 trillion, increasing to 181.67 trillion as of March 2021.<sup>13</sup>

Judging from the mechanism used by lenders, it actually resembles the conventional loan mechanism that we know as the practice of moneylenders or mobile banks, the social habits of the community have become commonplace when making loans to moneylenders, let alone urban communities who have a high cost of living, rural communities are not small who use moneylenders. This means that the pattern of economic behavior in our society is basically the same, only the media is different, not to mention the pandemic situation that encourages people to use online loan services. This phenomenon becomes interesting when the author tries to take a deeper look by approaching it using an economic sociology perspective.

To analyze the reality of the practice of borrowing, the author uses several theories. The first is the theory of social exchange by George Casper Homans who is an American sociologist and founder of behavioral sociology and exchange theory avoiding punishment.<sup>14</sup> In the case of the author placing, the two subjects between the creditor as a loan service company and the debtor as a borrower, where the exchange, can be seen from the costs and benefits based on profit and loss.

Based on the theory of social exchange, there are implicit opportunities that are then used by investors to cooperate with certain parties by establishing digital-based money lending services, which are like oars to welcome

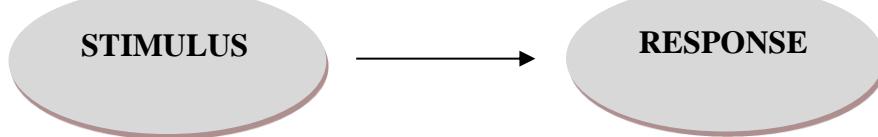
<sup>12</sup> <https://smeru.or.id/content/ringkasan-eksekutif-dampak-sosial-ekonomi-covid-19-terhadap-rumah-tangga-dan-rekomendasi>, accessed on februari 15, 2022.

<sup>13</sup> Tatan Hermansyah, 2021, <https://www.uinjkt.ac.id/id/pinjol-dan-orang-kota/>, accessed on February 15, 2022.

<sup>14</sup> Bernard Raho, 2021, *Teori Sosiologi Modern*, Maumere: Ledalero, p. 235.

the community because they are experiencing a financial crisis due to the pandemic, making loan services a solution to survive, meaning loans. This can be for productive or consumptive purposes. From this the author can understand in exchange the existence of interdependence and need for each other. On the one hand, the loan company requires the community to benefit from interest based on the loan received on the other hand, the community also needs easy and fast access to funding to meet their daily needs. So that the relationship between the two creates dependence, this is one of the reasons why online loans during the pandemic still exist and continue to grow.

Homans explained that exchange theory rests on the assumption that people engage in behavior to obtain rewards. This theory is based on the principle of economic transactions where people provide goods or services and in return are to obtain the desired goods or services. The assumption of this theory is that social interaction is similar to economic transactions. But for the theory of exchange, social exchange can not only be measured in money because the things exchanged are real and not.<sup>15</sup> Thinking of this theory can be seen from the following scheme:



Notes: Social exchange scheme

Homans also describes the exchange process with five propositions, one of which is a success proposition. In formulating these propositions, he tries to link these propositions in a social exchange, the successful proposition is explained that "in every action, the more often a certain action is rewarded, the more often he will perform that action". This proposition states that if a person succeeds in obtaining a reward, then he will tend to repeat the action.<sup>16</sup>

If we analyze by taking a success proposition approach, then the actions taken by lenders by getting rewards in the form of profits from large interest and this can happen repeatedly because the number of debtors is also increasing during the pandemic, then it can be said that lending is a successful proposition.

Furthermore, it can be analyzed using Karl Marx's theory of conflict theory, this theory developed due to class conflict, triggered by interests and economic inequality.<sup>17</sup> According to Novri Susan, class conflict according to Marx is triggered by differences in access to sources of power, namely capital. In a capitalist society, it creates two opposing classes, namely the bourgeoisie and the proletariat.<sup>18</sup> In the practice of online lending, inequality will be seen which will trigger conflicts between borrowers and debtors.

The interdependence relationship between borrowers and debtors turns into inequality. Referring to the theory of conflict, the position was originally an interdependence shifted to inequality, where the inequality gave dominance to borrowing. So if we describe what has become the trigger for the birth of the theory of conflict with today's Online Finance phenomenon, such as between the bourgeoisie and the proletariat. At that time the bourgeoisie was the owner of capital which had power over production and distribution, while the proletariat were employed, because of limited capital and knowledge they were then exploited by maximally employed and given minimum wages. The form of capitalism seeks the maximum profit by means of exploitation.

This is similar to today's phenomenon as described above, where the bourgeoisie as a bourgeoisie has full power over all forms of the rules of the game to make loans, because the ownership of borrowed capital at will to install interest, the amount of money disbursed, forms of irrational administrative costs. . In contrast to the community's position as debtors, due to the crisis situation due to the pandemic, the community is experiencing economic difficulties, so they are looking for alternatives to survive, one of which is online loans, even though they are actually forced to do this, this is what investors take advantage of in terms of this is a loan, to exploit by setting high interest during a pandemic.

Not to mention if the debtor is late to make installment payments, not a few who experience delays due to uncertain work. As a result, payments are increasingly swollen and increasingly burdensome for borrowers to pay off. In the view of capitalism, debtors who are unable to pay are considered a problem that arises from the debtors, Marx called it a "false consciousness" which assumes that social problems are caused by individual mistakes, not from a system that benefits the owners of capital. In fact, if we look deeper, today's crisis situation is an opportunity for the owners of capital to create such systems and mechanisms that can benefit themselves, without considering the factors of justice and so on.

<sup>15</sup><http://sosiologi.fis.unp.ac.id/images/download/BAHAN/TEORI%20SOSIOLOGI%20MODERN.pdf>, accessed on February 15, 2022.

<sup>16</sup> Margareth Poloma, 2000, *Sosiologi Kontemporer*, Jakarta: PT. Raja Grafindo Persada, p. 61-65.

<sup>17</sup> Bernard Raho, 2021, *Teori Sosiologi Modern*, p. 96.

<sup>18</sup> Novri susan, 2009, *Sosiologi Konflik: Teori-Teori dan Analisis*, Jakarta: Kencana, p. 22.

## D. CONCLUSION

The pandemic has caused the condition and situation of the country to become a crisis which has an impact on economic stability. Disrupted economic conditions also have a systemic impact, both at the corporate level to the level of micro, small and medium enterprises. The impact is so massive and significant that people lose their jobs, so that in order to survive in the midst of a pandemic, they set up small businesses that require large amounts of capital, therefore capital is the basis for running a business.

In the aspect of economic sociology, the phenomenon of the proliferation of online loan services is the result of opportunities used by investors in the midst of a pandemic, to reap greater profits. The urgent need of the community to increase the need for capital becomes fertilizer for increasingly fertile online loans. The problem is that it becomes an interdependence which makes it unhealthy. Not to mention that the condition of dependence was then transformed into inequality due to the dominance of online loans which made the system to reap profits from loan interest, so in the end it was systemic exploitation.

In today's crisis, many people need capital injections for both consumptive and productive needs. Therefore, educating the public is important regarding how to manage finances well. Including determining the priority scale in using the funds they have in order to increase efficiency in finance.

The government should also pay more attention to the phenomenon of the proliferation of online loans, because in times of crisis, many take advantage of the weaknesses of the community as an advantage without looking at the humanitarian side, moreover, the emergence of illegal loans that exacerbate the situation and situation today, if it is important to provide firm action as well as directives to the community to mitigate the damage in the larger social order.

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