



Women, Illegal Online Loans, and the Myth of Irrationality: Debunking Structural Claims on Women's Financial Vulnerability through Feminist Vulnerability Theory

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Abstract

The rapid expansion of digital financial services has increased access to credit but has also intensified the risks associated with illegal online lending, particularly among women in Indonesia. This study aims to critically examine the dominant narrative that attributes women's vulnerability to irrationality and low financial literacy by analyzing the paradox between financial literacy levels and victimization rates. Using a qualitative design grounded in feminist philosophical analysis, this study integrates critical secondary data analysis and a systematic literature review from national and international sources published between 2021 and 2026. The findings reveal a significant empirical contradiction in which women demonstrate comparable or higher financial literacy than men, yet consistently constitute the majority of victims of illegal online loans. This indicates that vulnerability is not primarily driven by individual factors but by structural conditions, including limited access to formal credit, wage inequality, unpaid care burdens, and the presence of predatory lending systems characterized by excessive interest rates and exploitative practices. Furthermore, weak regulatory frameworks and institutional failures exacerbate these vulnerabilities. Drawing on Feminist Vulnerability Theory and feminist political economy, this study concludes that women's financial decisions should be understood as rational responses to structurally constrained conditions rather than as indicators of individual deficiency. The study contributes to a paradigm shift from individualistic explanations toward structural analysis and highlights the need for comprehensive policy reforms, including gender-responsive financial systems, stronger consumer protection, and recognition of unpaid care work in economic structures.

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INTRODUCTION

The rapid expansion of digital financial services has transformed access to credit across developing economies, including Indonesia. Financial technology (fintech), particularly online lending platforms, has been widely promoted as an instrument of financial inclusion that enables underserved populations to access capital quickly and efficiently (Cosma & Rimo, 2023; Ediagbonya & Tioluwani, 2022). In theory, such platforms reduce traditional barriers such as collateral requirements, geographic limitations, and bureaucratic procedures that often exclude marginalized groups from formal financial systems (Natile, 2019; Sikka & Bhayana, 2024). However, alongside these promises, the proliferation of illegal online lending practices has generated new forms of financial risk and social vulnerability (Rolobessy et al., 2023). Reports indicate that unregulated platforms frequently impose excessive interest rates, engage in abusive collection practices, and misuse personal data (Iman, 2024; Robertson, 2020). These developments suggest that financial inclusion through digitalization does not always lead to empowerment, but may instead produce new configurations of inequality. In this context, understanding who is most affected and why becomes a critical academic and policy concern. Therefore, the intersection between digital finance and social vulnerability requires careful and critical examination.

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In Indonesia, the rise of illegal online loans (pinjaman online ilegal) has become a significant socio-economic issue, affecting thousands of individuals each year. Empirical data consistently show that women constitute the majority of victims in these cases, with proportions ranging between approximately 59% and 65% in recent reports (Otoritas Jasa Keuangan, 2024). This pattern is not limited to a specific period but appears persistent across multiple datasets and institutional reports, including those from legal aid organizations and government agencies (Ayu & Pratama, 2025). Such consistency indicates that the phenomenon is structural rather than incidental. Moreover, the impact of illegal lending extends beyond financial loss, encompassing psychological distress, social stigma, and exposure to gender-based violence (Hukumu et al., 2025). The integration of economic exploitation with digital harassment practices further intensifies the vulnerability experienced by women (Alexander, 2023). These empirical realities raise important questions about the underlying drivers of women's disproportionate exposure to financial harm. Consequently, the issue cannot be fully understood through surface-level explanations or isolated variables.

Despite the severity of the problem, dominant public and policy narratives tend to attribute women's vulnerability to individual deficiencies, particularly low financial literacy and irrational decision-making. This perspective assumes that inadequate knowledge or poor judgment leads women to engage in risky financial behaviors (Tempo, 2025). However, such explanations are increasingly challenged by empirical evidence demonstrating that women's financial literacy levels are comparable to, or even higher than, those of men (Otoritas Jasa Keuangan, 2024). This contradiction creates a paradox that undermines the validity of individualistic explanations. If literacy were the primary determinant, higher literacy should correspond to lower vulnerability, yet the opposite pattern is observed. As a result, the narrative of irrationality risks oversimplifying complex socio-economic dynamics. Furthermore, it may reinforce victim-blaming by shifting responsibility away from systemic factors. Therefore, a more comprehensive analytical framework is needed to explain this discrepancy.

The urgency of addressing this issue lies not only in its scale but also in its implications for social justice and policy design. Misdiagnosing the causes of vulnerability can lead to ineffective or even counterproductive interventions, such as overemphasizing financial education while neglecting structural reform (Danaeefard, 2026). In addition, the persistence of exploitative lending practices suggests gaps in regulatory frameworks and enforcement mechanisms (Pratiwi et al., 2022). From a broader perspective, the issue reflects deeper inequalities in access to resources, labor market participation, and social protection systems (International Labour Organization, 2024). Women's economic roles, particularly their disproportionate involvement in unpaid care work, further complicate their financial decision-making contexts (Folbre, 2001). These conditions indicate that vulnerability is shaped by interconnected structural factors rather than isolated individual choices. Consequently, analyzing women's experiences in online lending requires moving beyond behavioral explanations. It calls for an approach that integrates economic, institutional, and socio-cultural dimensions.

A growing body of literature has examined online lending, financial inclusion, and gender disparities from various perspectives. Studies on fintech and digital credit highlight both opportunities and risks, noting that increased access may coexist with new forms of exploitation (Beck, 2020; Buckley et al., 2019). Research on financial literacy emphasizes its importance for decision-making, yet findings remain mixed regarding its direct impact on financial outcomes (Bai, 2023; Kumar et al., 2023; Merter & Balcıoğlu, 2025). In the Indonesian context, several studies focus on the legal aspects of illegal lending and consumer protection, identifying regulatory weaknesses and enforcement challenges (Suryono et al., 2021). Other works examine the socio-economic characteristics of borrowers, suggesting that financial pressure and limited income are key drivers of borrowing behavior (Strzelecka & Zawadzka, 2020). Additionally, feminist political economy scholarship highlights structural inequalities such as wage gaps, unequal asset ownership, and unpaid labor burdens (Lokot & Bhatia, 2020; Rao & Akram-Lodhi, 2021). Recent discussions on algorithmic bias and digital finance further indicate that technological systems may reproduce or amplify existing inequalities (Bircan & Özbilgin, 2025; Kordzadeh & Ghasemaghahi, 2022; Zajko, 2022). Collectively, these studies provide valuable insights but remain fragmented across disciplinary boundaries.

Despite the richness of existing research, several limitations persist that hinder a comprehensive understanding of women's vulnerability in online lending. First, many studies adopt a predominantly individualistic framework, focusing on financial literacy or behavioral factors while overlooking structural determinants (Rehman & Mia, 2024). Second, legal and policy analyses often treat victims as passive recipients of harm without interrogating the systemic conditions that produce such vulnerability (Kamalludin, 2024). Third, there is limited integration between empirical data and critical theoretical frameworks, particularly those grounded in feminist analysis. As a result, the paradox between high financial literacy and high victimization rates remains insufficiently explained. Moreover, the concept of predatory inclusion, which explains how access to financial services can simultaneously enable and exploit marginalized groups, has not been fully applied in the Indonesian context (Taylor, 2019). This gap suggests the need for a more integrative approach that connects empirical patterns with structural and theoretical insights. Therefore, addressing this research gap is essential for advancing both academic understanding and policy relevance.

This study aims to critically analyze the phenomenon of women's dominance as victims of illegal online loans by integrating empirical data with feminist theoretical frameworks. Specifically, it seeks to examine the paradox of financial literacy, identify structural factors shaping vulnerability, and evaluate the role of institutional and regulatory systems in enabling exploitative practices. By employing a feminist vulnerability perspective, this research shifts the analytical focus from individual behavior to systemic conditions that produce inequality (Fineman, 2019). Theoretically, the study contributes to the development of interdisciplinary scholarship by bridging digital finance studies with feminist political economy and vulnerability theory. Practically, it offers policy-relevant insights for designing more equitable financial systems and strengthening consumer protection mechanisms. In doing so, the study challenges dominant narratives and proposes an alternative framework for understanding financial vulnerability in the digital economy. Ultimately, this research seeks to contribute to a more just and inclusive approach to financial inclusion.

METHOD

Research Design

This study employed a qualitative research design grounded in feminist philosophical analysis, complemented by critical secondary data analysis and a systematic literature review. This design was selected because the primary objective of the study is not to test causal relationships statistically, but to critically examine dominant narratives and reconstruct alternative explanations based on empirical and theoretical integration. Feminist philosophical analysis enables the interrogation of underlying assumptions, particularly the notion of women's financial irrationality, while situating these assumptions within broader socio-economic and institutional contexts (Fineman, 2019). The qualitative approach is particularly suitable for exploring complex phenomena that involve power relations, structural inequality, and normative implications. In addition, the integration of secondary data analysis allows the study to incorporate empirical evidence from multiple authoritative sources, thereby strengthening the credibility of the argument. The systematic literature review component ensures that the study is positioned within the existing body of knowledge and identifies relevant gaps. Overall, this multi-layered design provides a comprehensive framework for analyzing women's vulnerability in the context of illegal online lending.

Research Setting and Timeframe

The study was conducted within the Indonesian socio-economic and regulatory context, focusing on the phenomenon of illegal online lending (*pinjaman online ilegal*) as it has developed nationally. Indonesia was selected due to the rapid growth of fintech lending alongside persistent gender disparities in financial access and outcomes. The analysis utilized data and literature published between 2021 and 2026 to ensure relevance to current developments in digital finance and regulatory frameworks. Secondary data were drawn from national institutions such as the Financial Services Authority (OJK), the Central Statistics Agency (BPS), the Ministry of Women's Empowerment and Child Protection (KemenPPPA), and the Business Competition Supervisory Commission (KPPU), as well as international organizations including the World Bank, UNDP, and the International Labour Organization. The selected timeframe captures both pre- and post-pandemic dynamics, during which digital financial services expanded significantly. This temporal scope allows

the study to identify patterns, trends, and structural shifts in women's financial vulnerability. By situating the analysis within this specific context and period, the study ensures both empirical relevance and analytical depth.

Population and Sampling Strategy

The "population" of this study refers to a corpus of documents rather than human participants, including statistical datasets, institutional reports, policy documents, and peer-reviewed academic publications related to online lending, financial literacy, and gender inequality. A purposive sampling strategy was employed to select sources that are directly relevant to the research objectives. Inclusion criteria comprised: (1) publications between 2021 and 2026, (2) relevance to fintech, illegal lending, or gendered financial vulnerability, (3) availability of empirical or theoretical insights, and (4) credibility of the source, such as peer-reviewed journals or official institutional reports. Exclusion criteria included outdated sources, opinion-based articles without empirical support, and documents lacking methodological transparency. The final dataset consisted of approximately 45–60 documents, including journal articles, policy reports, and official statistics. This sampling approach ensures that the analysis is both focused and comprehensive. The selection process was designed to capture diverse perspectives while maintaining analytical rigor.

Research Instruments

The primary instruments in this study were document analysis protocols and analytical frameworks derived from feminist theory. A structured document analysis matrix was developed to systematically extract relevant information from each source. The matrix included key indicators such as: (1) type of data (quantitative, qualitative, or mixed), (2) gender-disaggregated findings, (3) explanations of financial vulnerability, (4) institutional or structural factors identified, and (5) policy implications. In addition, a theoretical coding framework was constructed based on Feminist Vulnerability Theory (Fineman, 2019), feminist political economy (Fraser, 2014), and the concept of predatory inclusion (Taylor, 2019). These frameworks guided the interpretation of empirical findings and ensured conceptual consistency across the analysis. The use of structured instruments enhances the transparency and replicability of the study. Furthermore, the instruments were designed to facilitate both descriptive and critical analysis of the data.

Validity and Reliability

To ensure the validity and reliability of the findings, several strategies were implemented. Content validity was established through expert judgment, involving two scholars in gender studies and socio-economic research who reviewed the document selection criteria and analytical framework. Construct validity was strengthened by aligning the coding categories with established theoretical constructs in feminist scholarship. Reliability was addressed through a systematic coding process, where a subset of documents (approximately 20%) was independently coded twice at different times to check for consistency. Any discrepancies were resolved through iterative refinement of the coding scheme. In addition, data triangulation was employed by comparing findings across multiple sources, including statistical data, policy reports, and academic studies. This triangulation reduces the risk of bias and enhances the robustness of the conclusions. The methodological transparency provided in this study allows other researchers to replicate the analytical process.

Data Collection Procedures

Data collection was conducted in three sequential stages. The first stage involved the identification and retrieval of relevant documents through academic databases such as Scopus, Google Scholar, and institutional repositories, using keywords such as "illegal online loans," "fintech lending," "financial literacy," and "gender inequality." The second stage consisted of screening and selection based on the predefined inclusion and exclusion criteria. During this stage, titles, abstracts, and full texts were reviewed to ensure relevance and quality. The third stage involved systematic data extraction using the document analysis matrix. Each selected document was carefully read, and relevant information was recorded in a structured format. All data were organized using qualitative data management software (e.g., NVivo or Atlas.ti) to facilitate coding and analysis. This step-by-step procedure ensures that data collection is transparent, systematic, and reproducible.

Data Analysis Techniques

Data analysis was conducted using a thematic analysis approach combined with critical interpretive analysis. The process began with open coding, where relevant data segments were identified and labeled based on emerging patterns. This was followed by axial coding to group related codes into broader categories, such as “structural barriers,” “institutional failure,” and “narratives of irrationality.” In the final stage, selective coding was used to synthesize these categories into overarching themes that explain women’s financial vulnerability. The analysis was guided by feminist theoretical frameworks, allowing for the integration of empirical findings with normative and structural interpretations. In addition, comparative analysis was conducted to examine inconsistencies between dominant narratives and empirical evidence, particularly the paradox of financial literacy. The use of qualitative data analysis software enhanced the organization and traceability of the coding process. This analytical approach ensures depth, rigor, and theoretical coherence.

RESULTS AND DISCUSSION

Mapping the Phenomenon: Women as the Majority of Online Loan Victims

1. Victim Data: Consistency and Trends

Data from various sources consistently shows that women are the majority of victims of illegal loans in Indonesia. Table 1 summarizes the main findings from the OJK Task Force and LBH Jakarta.

Table 1. Data on Victims of Illegal Loans in Indonesia by Gender (2018–2025)

Source/Period	Total Cases	Female (n)	Female (%)	Male (%)	Notes
January - March 2025 (Rachmadina & Farisa, 2025)	1.081	657	61%	39%	Official data of the OJK Task Force
Year 2024 (Rachmadina & Maulana, 2025)	15.162	9.061	59,8%	40,2%	Only illegal loans
(Satria, 2025)	—	—	65%	35%	Age 25–45 years
Year 2021 (Thenniarti, 2023)	—	—	54,95%	45,05%	Data to the Minister of PPPA
Year 2018–2024 (Ayu & Pratama, 2025)	1.944	1.208	62,14%	37,76%	Data LBH Jakarta

Source: Data processed

Table 1 shows that women consistently dominate victims of illegal loans with proportions ranging from 55% to 65% in the 2018–2025 period. In addition, there is a tendency to increase from 54.95% in 2021 to almost 60–65% in the 2024–2025 period. This consistency across time and across sources shows that the phenomenon is not incidental, but rather indicates a systematic pattern. In addition to dominance in the number of victims, women also showed a higher level of involvement in the use of loans in terms of loan volume. OJK data noted that in January 2025, the total loans received by women reached IDR 39.8 trillion, higher than men's IDR 34.2 trillion. A similar pattern was also seen in December 2022, where women recorded a loan volume of IDR 14 trillion, compared to IDR 12 trillion for men (Rachmadina & Farisa, 2025).

These findings need to be read carefully. The high volume of loans does not necessarily reflect the level of financial independence, but can indicate the existence of financing needs that are not met by the formal financial system. In other words, women's involvement in lending can be understood as a response to limited access to alternative sources of financing. These limited access are closely related to the structure of the formal financial system. Studies have shown that women have lower levels of asset ownership on average than men, which has an impact on the limitations in meeting collateral requirements in the banking system (Doss et al., 2019; Seema et al., 2021). In addition, "gender-neutral" financial product designs often do not consider women's specific needs, such as

payment flexibility, small loan scale, and tolerance for informal credit history (Peter & Orser, 2024; Tripathi & Rajeev, 2023). Thus, the empirical findings in this sub-section show that the dominance of women as users as well as victims of loans cannot be explained solely through individual factors, but is closely related to structural limitations in access to the formal financial system.

2. Violence as an Inseparable Dimension

The analysis of the online loans phenomenon cannot be separated from the dimension of violence that accompanies it. The Kompas Research and Development survey (21-24 April 2025) showed that around 15% of female respondents or female relatives had experienced forms of violence due to loans, including intimidation, verbal violence, and threats (Sekararum et al., 2025). More serious findings were presented by the Ministry of Women's Empowerment and Child Protection (2023), which documented various forms of Online Gender-Based Violence (KBGO), such as sexual harassment through digital messages, the dissemination of personal data (doxing), and sexual pressure in the debt collection process (Alexander, 2023; Hukumu et al., 2025). In some cases, debt collectors reportedly used the exploitation of women's bodies and sexuality as a tool of pressure.

The existence of this violent dimension shows that illegal loans cannot be understood solely as high-risk financial instruments, but rather as a system that has the potential to integrate economic exploitation practices with gender-based violence. Thus, women's experiences in the context of loans are not only related to financial losses, but also include broader social and psychological vulnerabilities. In this context, narratives that simplify problems as a result of women's inability to manage finances become problematic. This approach not only ignores the structural dimension of violence, but also has the potential to strengthen victim-blaming practices by distracting from the mechanisms of exploitation that occur in the loan system itself.

Debunking Myths: The Paradox of Literacy and Empirical Refutations

1. Main Paradox: Higher Literacy, More Victims

The most basic argument usually put forward to explain the high female casualties is that women have lower financial literacy than men. Empirical data refutes this claim outright. Table 2 presents financial literacy and inclusion data disaggregated by gender from National Survey of Financial Literacy and Inclusion (SNLIK).

Table 2. The Paradox of Literacy–Financial Inclusion by Gender

Indicator	Women	Male	Gap (points)	Critical Implications
SNLIK financial literacy 2025	65,58%	67,32%	1,74	The gap is very small, so it cannot explain the gap of 22 points
SNLIK financial inclusion 2025	80,28%	80,73%	0,45	There is almost no inclusion gap, women actively use financial services
SNLIK financial literacy 2023	67%	64%	-3 points (P higher)	Key Fact: Women's literacy is higher in 2023, but remains the victim of the majority
SNKI financial account ownership 2023	74,3%	78,3%	4,0	Lower account ownership is a structural barrier, not a matter of financial intelligence
Use of SNKI financial products 2023	88,1%	89,3%	1,2	Women actively use financial products, so they are not passive groups

Source: (Otoritas Jasa Keuangan, 2024).

Table 2 reveals a paradox that dismantles the narrative of 'low female literacy' quoted by SNLIK 2023, namely that the level of financial literacy of women (67%) is actually higher than that of men (64%). In SNLIK 2025, the literacy gap is only 1.74 points. However, women remain 59–65% of victims of illegal loans, a victim gap of about 22 points. Statistically logically, if the variable 'financial literacy' is the main argument, then a literacy gap of 1.74 points is impossible to explain the

22-point victim gap. This means that there are other variables that are much more powerful in determining women's vulnerability, and those variables, as will be shown, are structural.

Various legal studies show that the vulnerability of loan victims in Indonesia is strongly related to weaknesses in regulation and law enforcement, especially in terms of personal data protection, supervision of illegal lenders, and sanctions against intimidating and human rights collection practices (Admiral et al., 2025; Angkasa et al., 2023). Research on data protection in online lending services found that misuse of personal data including full access to borrowers' devices, dissemination of data and photos, as well as verbal and sexual threats and harassment took place in the context of weak legal certainty and the absence of dedicated data protection institutions (Admiral et al., 2025). Another study confirmed that the existing public policy and criminal law framework is still "weak and inadequate", due to the absence of specific regulations and the dominant form of appeals without firm enforcement instruments, so that violations such as fraud, extortion, and data misuse continue to recur (Kamalludin, 2024). Overall, these findings suggest that violence and exploitation experienced by predominantly female borrowers is more accurately understood as a consequence of institutional failures to provide effective legal protection, rather than simply the result of individual mistakes or failures.

2. Refuting the 'Consumptive' Narrative with Borrowing Reason Data

The second narrative that often appears is that women use loans for consumptive purposes, shopping, lifestyle, fashion and trends. A qualitative study on fintech lending in Indonesia found that married respondents (aged 20–40 years) tend to use online loans to meet basic needs and business/capital needs, while young single respondents are more for lifestyle needs (Salim et al., 2025). In other words, the majority of women who borrow from online loans are used to meet the family's primary needs, such as food needs, children's school fees, or health expenses, all of which are not met by their income.

This context becomes even more dramatic when it is linked to structural data that shows that Indonesian women's TPAK (Labor Force Participation Rate) is only 55.4% compared to men's 84% (Badan Pusat Statistik, 2025), and for those in the workforce, women receive wages 34–50% lower than men in the formal sector on par (Schaner & Das, 2016). A woman who bears the cost of living for a family with an income 34–50% below the market standard, without access to formal credit and because she has no collateral, ends up choosing a loan to ensure her children stay in school. It is clearly a rational action under unfair conditions, not an irrational action under neutral conditions.

Statement by Rony Ukurta Barus as Head of the Directorate of Financial Inclusion of the Financial Services Authority quoted in (Tempo, 2025) can be read as a reflection on the dynamics of gender-based financial inclusion in Indonesia. She mentioned that women often play the role of "finance ministers" in households, but still face obstacles in understanding and utilizing formal financial products. This statement shows the duality of recognition: on the one hand it affirms the position of women as rational and responsible economic decision-makers in the household unit, but on the other hand it attributes the obstacles faced to the limitations of the individual's understanding of financial products. Within the framework of feminist analysis, this kind of approach tends to be problematic because it has the potential to ignore the structural dimension. These barriers do not solely stem from women's cognitive capacity or literacy, but also from the design and characteristics of formal financial products that do not fully consider women's needs, experiences, and socio-economic contexts. Thus, the issue of financial inclusion needs to be understood as a systemic issue, not just a question of individual ability.

Structural Analysis: Why the System Encourages Women to Borrow

1. Exclusion from the Formal Credit System: The Root of the Problem

The dominance of women as users and victims of loans cannot be understood without seeing the limitations of access to the formal credit system. Empirical evidence suggests that women face significant structural barriers in accessing conventional financial services. Table 3 summarizes some of these key obstacles.

Table 3. Women's Structural Barriers in Accessing Formal Credit in Indonesia

Structural Barriers	Empirical Data	Exclusion Mechanism	Consequences: Borrowing as a Rational Choice
No collateral/collateral.	Asian women's MSMEs: US\$285 billion financing gap (UNDP, 2023)	Banks require asset guarantees; Women have no assets in their own name	Online Loans does not require → collateral and is the most available option in conditions of limitation
KUR does not reach out to women's micro sector	KUR is only 7.4 million out of 65 million MSEs = 18% of banking loans (Ika et al., 2022)	Women are dominant in the micro sector that is under the radar of formal banking	The massive formal financing gap encourages women to borrow funds from online loans for business capital
Time and mobility constraints	Double burdens create time constraints that hinder financial access (Oli & Nanggong, 2022)	Women cannot go to the bank during working hours because they have to take care of their children/families	24/7 access loans from cellphones = more accessible alternatives, not a sign of irrationality
Don't have an account in your own name	Many Indonesian families adhere to 'single income': husband account = family account	Without an account → no credit history → loans that don't need BI Checking are the only option	Roots: family patriarchal norms, not women's incapacities

Source: Data processed

Table 3 shows that women's involvement in loans is closely related to limited access to formal credit. Barriers such as the lack of collateral, limited coverage of the people's business credit program (KUR), time and mobility constraints, and low account ownership in their own names systematically limit women's access to formal financing. In these conditions, online loans is present as an alternative that is more accessible, especially because it does not require collateral, has a fast process, and can be accessed digitally. Thus, women's decision to use loans cannot be reduced as an irrational choice, but rather as a response to structural limitations in the formal financial system. These findings are in line with the framework of Feminist Vulnerability Theory (Fineman, 2019), which emphasizes that vulnerability is not an individual characteristic, but rather the result of an unequal distribution of institutional resources. In this context, limited access to the formal financial system reflects the failure of institutions to provide adequate support to vulnerable groups.

2. Layered Economic Pressures: Why Needs Are Always Urgent

In addition to exclusion from the formal credit system, women also face layered economic pressures that reinforce their dependence on loans. Data (Badan Pusat Statistik, 2025) shows that the Labor Force Participation Rate (TPAK) for women only reaches 55.4%, far below men's 84%. For working women, the wage gap is still significant, with a difference of around 34–50% compared to men in the same sector (Schaner & Das, 2016). On the other hand, women also bear a much larger amount of unpaid domestic workload and care. ADB data shows that Indonesian women allocate about 2.8 times more time to care work than men (Schaner & Das, 2016). This combination of limited income access, wage gaps, and unpaid workloads creates simultaneous and sustained economic pressures.

In the framework of feminist political economy, this condition can be understood as a form of inequality in the dimensions of redistribution and recognition (Fraser, 2014), where women not only receive fewer resources, but also experience a devaluation of the care work they do. (Folbre, 2001) Describing this phenomenon through the concept of invisible heart, which is the economic contribution of women that is not recognized in the formal economic system.

These conditions indicate that households that depend on women's income have a higher level of financial vulnerability to various economic shocks, especially when facing urgent needs such as health costs, education, or the fulfillment of other basic needs. In situations of limited access to

formal financial resources, online loans (pinjol) are often the fastest and easiest alternatives to be reached, so their use can be understood as a form of contextual rationality in economic decision-making under structural pressure. In line with that, the findings International Labour Organization (2024) It shows that care work that is dominated by women has significant economic value, but is not formally recognized in the economic system and therefore cannot be converted into financial assets or credit guarantees. This lack of recognition reflects the existence of structural inequalities that contribute to the increased risk of women's financial vulnerability in the existing economic system.

Lending as a Predatory System: Evidence from KPPU 2026 Decision

1. Flower Cartels: Strong Systemic Evidence

The decision of the Business Competition Supervisory Commission (KPPU) dated March 26, 2026 in Case Number 05/KPPU-I/2025 provides empirical evidence that the problem of online loans (pinjol) in Indonesia is systemic. ICC stated that 97 fintech lending companies were proven to have violated Article 5 of Law Number 5 of 1999 through the practice of setting interest rates collectively facilitated by the Indonesian Joint Funding Fintech Association (AFPI), with a total fine of Rp755 billion (KPPU, 2026).

These findings show that the structure of the loan market does not operate competitively, but rather through a price coordination mechanism. The interest rate set, which is about 0.8% per day (equivalent to 292% per year), indicates that the cost of borrowing is not entirely determined by market mechanisms, but by agreements between business actors. Under such conditions, an individual's capacity to make financial decisions becomes limited because the available information does not reflect actual market conditions.

Thus, explanations that emphasize the lack of prudence or individual capacity become inadequate, since they ignore the existence of structural distortions in the system. An empirical illustration can be seen in the case of a consumer with the initials S (32 years old) in Bekasi who borrowed IDR 10 million and within three months his obligations increased to IDR 25 million due to roll-over, with an accumulated interest of around IDR 7.2 million. This case shows that the cost structure in loans has the potential to create a debt burden that is difficult to manage, especially for borrowers with limited economic capacity.

2. State Failure: Allowing Predatory Systems to Operate

Another important dimension in understanding the phenomenon of loans is the role of the state as a regulator. Findings on cartel practices show that the mechanism lasts for a considerable period of time without adequate intervention from the relevant authorities. In this context, the role of the main regulator does not appear to be effective in preventing or stopping practices that are detrimental to consumers. As a result, during this period, consumers, the majority of whom are women, continue to be exposed to financing schemes with uncompetitive interest rates.

The impact of this condition is reflected in data from the Financial Transaction Fraud Handling Center (IASC) which shows the high value of victim losses and the low recovery rate (Pratiwi et al., 2022). This indicates that consumer protection mechanisms are still limited, both in terms of prevention and handling.

In the perspective of Feminist Vulnerability Theory, this situation reflects the failure of the responsive state Fineman (2019), namely the inability of the state to provide institutions that adequately protect vulnerable groups. This finding is in line with the LBH Jakarta report which highlights weak regulations on lending practices, including in the aspects of interest rates, billing, and personal data protection (Ayu & Pratama, 2025). Furthermore, in the framework of predatory inclusion (Taylor, 2019), expanding financial access through loans does not necessarily show empowerment, but has the potential to become a mechanism of exploitation. Thus, the dominance of women as loan users reflects how groups that are excluded from the formal system are actually the main targets in the financial system that are not adequately protected.

3. Synthesis: From Victim-Blaming to Institutional Failure Analysis

Based on all of the above analyses, Table 4 presents a systematic comparison between the dominant narrative currently in force and the feminist-structural analysis proposed in this article.

Table 4. Dominant Narrative vs Feminist-Structural Analysis: A Critical Comparison

Questions	Dominant Narrative (Victim-Blaming)	Feminist-Structural Analysis (This Article)
Why are women victims?	Low financial literacy; cannot think critically; irrational; consumptive	Exclusion from formal credit; wage gap 34-50%; double workload; predatory lending system (KPPU 2026)
What is the evidence of importance?	OJK: majority of female victims = low literacy	SNLIK 2023: female literacy is 67% > male 64% but female victims are 59-65%. This paradox proves that literacy is not an argument and a key variable
What is the solution?	Improve women's financial literacy (BUNDAKU, SICANTIKS program)	Fix the system: <i>anti-predatory lending</i> regulations; gender-fair formal credit; equal pay; admit care work; gender-based consumer protection
Who is responsible?	Women who are not careful enough in choosing financial services	Lending industry (cartels, violence-based collections); State (failure of OJK regulations; failure to provide gender-fair formal credit)
What are the ethical implications?	Women need to be 'improved' to be more financially smart	Fineman (2019): the state must build institutions that are responsive to the universal vulnerability of human beings — not allowing industry to exploit those vulnerabilities

Source: Author's analysis based on theoretical framework Fineman (2019), Fraser (2014), Wollstonecraft (2024), Taylor (2019), and available empirical data.

Table 4 shows that the difference between the two explanations is not just a technical difference about 'which variable is more appropriate.' However, there are differences about who should be responsible and what should change. The dominant narrative results in policies that impose change on women (financial literacy programs, digital education, awareness campaigns), while leaving the predatory and patriarchal systems that generate these vulnerabilities unchanged. Feminist-structural analysis yields an entirely different agenda: institutional reform, strong consumer protections, accessible formal credit for women, and recognition and compensation for unpaid care work.

Normative Implications: State Obligations based on Vulnerability Theory

Fineman's framework of vulnerability theory not only offers a description of what is wrong, but it also provides a strong normative argument for what should be done. If vulnerability is a universal condition that cannot be avoided, and if the state has an obligation to build institutions that enable all citizens to build sufficient resilience, then the OJK's failure to stem the loan cartel industry for years is not just a technical failure of regulation. It is an ethical failure and a failure to fulfill a constitutional obligation to a citizen.

Concretely, the state obligations demanded by vulnerability theory in the context of lending encompass at least four dimensions: first, strict anti-predatory lending regulations, including humane interest limits, full transparency about the total cost of borrowing, and prohibitions on violent and abuse-based collection; second, the provision of formal credit schemes designed responsive to women's specific conditions, which do not require physical collateral, accessible from home, with a process that does not discriminate against women who do not have a formal credit history; third, an effective and gender-based complaint and redress mechanism is carried out by recognizing that gender-based violence in the context of loan collection is a violation of human rights that requires a coordinated response from the women's protection system and the consumer protection system; and fourth, recognition and redistribution of unpaid care work through investment in public care infrastructure (childcare services, elderly care) that will reduce the economic burden that pushes women to loans.

In the Indonesian context, the agenda is relevant to the existing policy framework. SNKI (National Strategy for Inclusive Finance) which has designated women as a priority target group has actually acknowledged that there are structural inequalities in access to finance. However, a focus solely on inclusion and literacy without being accompanied by regulations that ensure that such inclusion is inclusive that protects and empowers, not exclusion that exploits, is an incomplete implementation of the right commitment.

CONCLUSION

This study concludes that women's disproportionate vulnerability to illegal online lending in Indonesia is fundamentally a structural issue rather than a consequence of individual irrationality or low financial literacy. Empirical evidence demonstrates a clear paradox in which women exhibit comparable or higher levels of financial literacy yet remain the majority of victims, indicating that individual-based explanations are insufficient. The findings reveal that structural constraints such as limited access to formal credit, wage inequality, unpaid care burdens, and gender-insensitive financial systems compel women to engage with more accessible but exploitative lending alternatives. Furthermore, the presence of predatory practices within the lending industry, including excessive interest rates and abusive collection mechanisms, reflects broader institutional and regulatory failures that exacerbate vulnerability. By applying Feminist Vulnerability Theory and feminist political economy perspectives, this study repositions vulnerability as a condition produced by unequal socio-economic structures rather than personal deficiencies. Consequently, addressing the issue requires a paradigm shift from individual-focused interventions toward systemic reforms, including stronger regulatory frameworks, gender-responsive financial services, and recognition of women's economic contributions, particularly in unpaid care work. Overall, this research contributes to advancing a more comprehensive and justice-oriented understanding of financial vulnerability in the digital economy.

AUTHOR CONTRIBUTIONS STATEMENT

HWN took full responsibility for the conceptualization and design of the study. She developed the theoretical framework by integrating Feminist Vulnerability Theory, feminist political economy, and the concept of predatory inclusion. She conducted the systematic literature review, collected and analyzed secondary data from national and international sources, and carried out the qualitative and critical interpretive analysis. **HWN** also drafted, reviewed, and revised all sections of the manuscript, ensured the coherence between theoretical arguments and empirical evidence, and approved the final version for publication.

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