

Microeconomic Impact Of Online Gambling and Online Loans on Public Purchasing Power

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Abstract: - The decline in Indonesian purchasing power over the past five years has been influenced not only by external factors such as the COVID-19 pandemic and global inflation, but also by the dynamics of digital consumption behavior, particularly the rise of online loans (pinjol) and online gambling. This phenomenon is increasingly worrying because it reaches the productive age group, which plays a crucial role in national economic growth. This study aims to examine the microeconomic impact of pinjol and online gambling on public purchasing power using a qualitative, descriptive, documentation-based approach. The data analyzed includes publications from the Financial Services Authority (OJK), the Ministry of Communication and Information Technology (Kominfo), the Statistics Indonesia (BPS), Bank Indonesia, as well as various scientific journals and official reports. The findings indicate that the public's purchasing power index has declined significantly since 2021, in line with the increasing intensity of pinjol use and access to digital gambling. Blocked online gambling content increased sharply in 2023, indicating high public exposure to unproductive consumer practices. Similarly, the surge in the number of illegal pinjol indicates that the public remains vulnerable to the trap of high-interest consumer debt. The economic impact of these two phenomena is reflected in reduced allocations for household productive spending and increased dependence on external financing. This study recommends improving financial literacy, stricter digital regulations, and cross-institutional collaboration in monitoring and enforcement. The implications of this research are highly relevant for promoting consumer protection and microeconomic resilience policies, as well as providing new directions for interdisciplinary research in the fields of digital economics and technology.

Key-Words: - Online loans, Online gambling, Purchasing power, Microeconomics, Financial literacy.

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1 Introduction

Indonesians' purchasing power has experienced a significant downward trend over the past five years. Data from the Central Statistics Agency (2022) shows that household consumption, the primary driver of national economic growth, has not increased commensurate with inflation and the development of the digital economy. Meanwhile, a new socio-economic phenomenon has emerged: the rise of online loans (pinjol) and online gambling, which have reached all levels of society, particularly among those of productive age. Easy access, instant processing, and low financial literacy combine to exacerbate this

situation. Illegal “pinjol” often traps victims with high interest rates and the threat of digital terror, while online gambling causes financial loss and profound psychosocial disruption.

The phenomenon of economic digitalization, unaccompanied by financial literacy, has left most people unable to manage the risks of quick credit access and digital gambling (Sumodiharjo et al., 2025). Reliance on online loans as a short-term solution ultimately leads to prolonged financial burdens (Asyik et al., 2022). Meanwhile, widespread online gambling practices trigger unproductive consumption patterns, drain incomes, and disrupt household spending stability. The cumulative impact of these practices has a direct impact on declining purchasing power nationwide.

According to the National Commission on Violence Against Women (2022), the impact of online lending and gambling has even spread to domestic conflict, domestic violence, and a decline in women’s welfare. Furthermore, the Financial Services Authority (OJK) (2023) recorded a surge in public complaints regarding illegal fintech and losses resulting from fraudulent digital investments. This reality demonstrates the urgency of examining the relationship between these two phenomena and a key microeconomic variable, namely purchasing power. Initial studies indicate that this phenomenon is not merely a matter of legality but also reflects a failure in household resource management.

The Central Statistics Agency (2022) also showed that household consumption expenditure began to decline after 2021, despite a post-pandemic recovery. This decline is not considered entirely due to external factors such as global inflation, but rather to changes in consumption behaviour due to personal economic pressures. Factors such as the use of borrowed funds for secondary consumption and losses from digital gambling practices are important elements that have not been widely addressed in conventional economic analysis.

Understanding this reality makes it crucial to develop a more comprehensive approach to analyzing the impact of digital phenomena like online lending and gambling on the microeconomy, particularly on people’s purchasing power. A documentary-based approach based on secondary data from credible institutions can be a first step in academically mapping the problem and providing targeted policy recommendations.

Many studies have been conducted on online loans, such as by Iskandar & Amelia (2021), who examined the influence of online loans on student consumer behaviour. Meanwhile, Lestari (2022) analyzed the use of online loans among Gen Z, and Yuliana (2023) linked online loans to economic inequality in urban communities. In the context of online gambling, Siregar (2023) highlighted its impact on household economic resilience. However, most of these studies are stand-alone, and few have integrated the impact of online loans and online gambling within a single microeconomic analysis framework that emphasizes purchasing power.

The novelty of this study lies in the integration of two digital phenomena previously studied separately—online lending and online gambling—into a microeconomic variable, namely purchasing power. This research highlights not only behavioural aspects but also their measurable impacts through national documentary data, enriching the economic literature with an interdisciplinary and contextual approach.

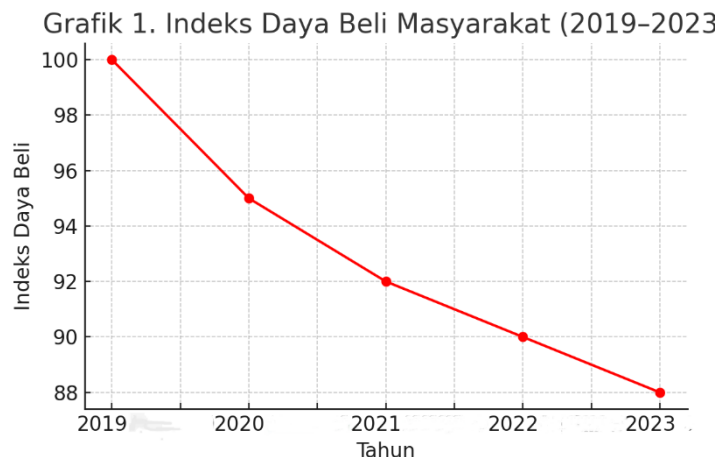
The primary objective of this research is to analyze and describe the microeconomic impact of online loans and online gambling on the purchasing power of Indonesians. The scholarly contribution offered is an analytical, documentary approach that synthesizes various official data and academic literature to produce problem mapping and evidence-based policy recommendations.

2 Research Method

This research uses a descriptive qualitative approach with a documentation method. Data sources were obtained from official institutions such as the Financial Services Authority (OJK), the Ministry of Communication and Informatics (Kominfo), the Central Statistics Agency (BPS), as well as scientific literature from reputable journals and economics books. The analysis technique used a content and trend analysis approach to secondary data from 2019-2023. Data validity was maintained by triangulating sources and interpreting them based on a microeconomic and consumer behavior theoretical framework.

4 Research Results and Discussion

To strengthen the documentary analysis, the following are four main tables based on official data that illustrate the real impact of online gambling and online loans on people's purchasing power in Indonesia, accompanied by explanations for each:



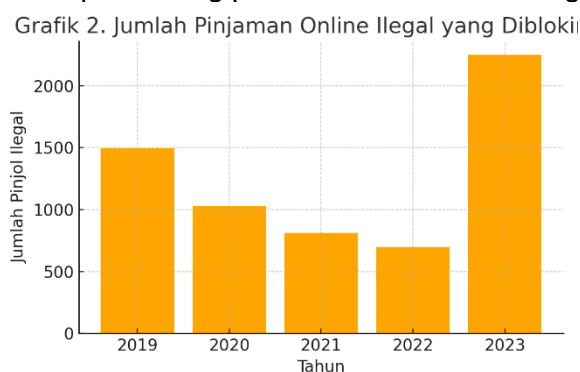
Source: Central Statistics Agency (BPS, 2022).

Data released by the Central Statistics Agency (BPS) shows that the purchasing power index has experienced a significant decline since 2021. This decline was even sharper in 2023, when the index was recorded at only 88. Two main factors contributing to this negative trend are the increasing use of online loans and the expanding access to online gambling.

- **Online Loans (Pinjol):** Individuals caught in online loan debt, particularly those originating from illegal lending services, tend to allocate a large portion of their income to repayments. As a result, spending that should have been allocated for goods and services is reduced. A 2023 OJK report confirmed that illegal lending practices have damaged household financial structures, particularly for those who remain trapped in a cycle of debt.
- **Online Gambling:** Online gambling activities shift people's spending away from basic needs and toward speculative activities. Money that should be used to meet necessities like food, clothing, and shelter is spent on gambling. As a result, people's purchasing power has significantly declined.

The sharpest decline in the purchasing power index since 2021 reflects the significant negative impact of digital-based consumer activities such as online loans and gambling on household economic stability. This situation has resulted in many individuals losing the financial capacity to meet basic needs, negatively impacting national demand for goods and services.

Economic pressures at the household level are intensifying as the use of consumer loans becomes more common as a means of meeting daily needs. Consequently, productive spending declines and purchasing power becomes increasingly squeezed.



Source: Financial Services Authority (OJK, 2023)

Data from the Financial Services Authority (OJK) shows a significant increase in the number of illegal online lending platforms blocked over the past five years. The surge peaked in 2023, reflecting a serious escalation in the spread of illegal lending services within the community.

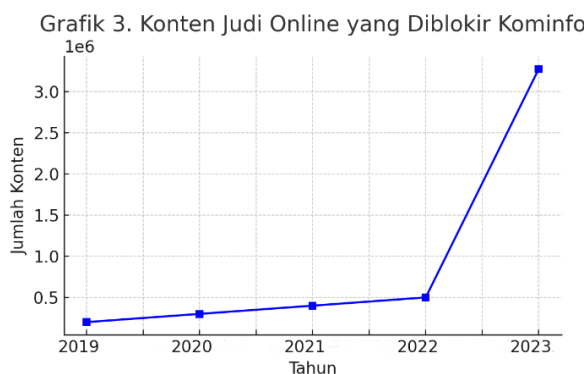
This phenomenon reflects two main things:

- **Growth of Consumer Debt:** Many illegal online lenders offer loans with high interest rates and restrictive repayment terms. As a result, individuals using these services tend to fall into a cycle of recurring debt, where one debt is offset by another. Monthly income that should be used for consumer or productive spending is instead used to repay loans, leading to stagnation or even decline in purchasing power.
- **Decreasing Consumption Capacity:** When the majority of household income is used to repay illegal loans, people's ability to purchase goods and services decreases drastically. This triggers a decline in market demand and contributes to a weakening economy at the micro level.

Data shows that although there was a decrease in the number of illegal online lending platforms blocked from 2020 to 2022, 2023 recorded a drastic spike, with 2,248 illegal online lending platforms successfully shut down.

This fact indicates that despite active blocking efforts, the growth of illegal lending services remains very aggressive, and their spread is increasingly targeting people with low financial literacy.

These illegal loans typically offer instant convenience but come with a heavy financial burden. Individuals caught in this practice tend to sacrifice basic needs as a significant portion of their income is siphoned off to cover installments. This demonstrates how illegal loans directly weaken people's purchasing power.



Source: Ministry of Communication and Information (Kominfo, 2023)

Data from the Ministry of Communication and Informatics (Kominfo) reveals that over the past five years, the number of online gambling content successfully blocked has increased sharply, with the largest spike recorded in 2023. This increase in the number of blockages is an indicator that more and more Indonesians are involved in or exposed to online gambling practices.

This phenomenon has two main consequences for people's purchasing power:

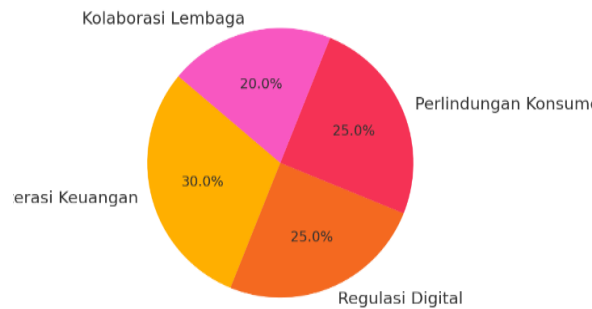
- **Unproductive Expenditure:** Online gambling causes people to divert funds previously allocated for basic needs to gambling activities. Funds that should be used to buy food, pay bills, or meet household needs are instead spent on gambling. This situation directly reduces an individual's ability to engage in productive and sustainable consumption.
- **Financial Instability:** Besides impacting daily consumption, involvement in online gambling also causes people to deplete savings or reserves that should be allocated for future needs, such as education or emergency funds. Using savings for gambling has long-term effects, including personal and family economic instability and reduced financial reserves available for emergency situations.

The data presented shows that the amount of online gambling content blocked by the government increased drastically in 2023. This reflects the high level of public participation in digital gambling activities and the widespread distribution of gambling content in cyberspace.

Increased exposure to this type of content poses a serious threat to the public's financial health.

The financial losses resulting from online gambling not only diminish the ability to spend money but also cause broader mental and social harm. Individuals who experience losses in online gambling often face severe psychological stress, accompanied by household financial crises, which ultimately further weaken the family's purchasing power and consumption stability.

Grafik 4. Distribusi Rekomendasi Kebijakan



Source: Financial Services Authority (OJK, 2023), Ministry of Communication and Information (2023)

This table presents several policy strategies designed to mitigate the negative impacts of online lending and digital gambling practices on the community's economic well-being, particularly on purchasing power. These recommendations focus on improving individual and household financial resilience through preventive and corrective approaches.

Some of these policy recommendations include:

- **Strengthening Financial Literacy:** One of the most fundamental efforts is improving public financial literacy. By equipping people with an understanding of financial management, debt risks, and the dangers of digital gambling, they will be better equipped to make wise financial decisions. Good financial literacy will reduce dependence on consumer debt and minimize the tendency to gamble, allowing spending to be redirected to productive and essential consumption.
- **Implementation of Stricter Regulations on Illegal Digital Services:** The government needs to strengthen the legal framework and oversight of illegal lending providers and online gambling platforms. By increasing the effectiveness of regulations, including blocking and legal enforcement, it is hoped that the number of victims of these practices can be reduced. Strict regulations also play a crucial role in creating a safer and more secure digital environment for users.
- **More Comprehensive Consumer Protection:** It is crucial to ensure that victims of illegal loans and online gambling have access to assistance, whether legal, psychological, or financial. This effort will help ease the economic burden on affected households and allow them to re-allocate their income to basic needs. Strong consumer protection will strengthen the community's economic resilience and improve overall purchasing power.

If the above policies can be implemented consistently and effectively, the destructive impact of online lending and digital gambling on people's purchasing power will be reduced. A more financially literate, legally protected society with access to information and education will be better able to manage its economic resources. In the long term, this will strengthen the microeconomic structure and improve household welfare.

5 Conclusions

The analysis concluded that illegal online loans and online gambling have significantly impacted Indonesians' purchasing power. This decline in purchasing power is driven by increased consumer debt due to illegal online loans and diverted spending to gambling. These practices suppress people's ability to meet daily needs, ultimately worsening the domestic economy.

- ✓ Academic Implications: This study extends the microeconomic literature by integrating digital phenomena such as online lending and online gambling into a framework of consumer purchasing power analysis. The documentary approach used can also serve as a methodological reference for further interdisciplinary research, particularly at the intersection of economics, technology, and consumer behaviour.
- ✓ Policy Implications: The findings of this study can inform policymakers' development of more comprehensive strategies to address online lending and gambling. Policies that focus solely on blocking or repressive measures are insufficient; educational and preventative approaches based on financial literacy, as well as strengthening digital regulations, are needed.
- ✓ Social and Community Implications: This research provides public understanding of the dangers of unhealthy digital consumption. The results can be used as material for financial literacy and consumer protection campaigns to curb illegal lending and online gambling practices that can disrupt household economic stability.
- ✓ Implications for Educational and Financial Institutions: Educational institutions can incorporate aspects of digital economic risk into financial literacy curricula. Meanwhile, legal financial institutions and fintech companies are expected to play a role in education and provide more transparent, affordable, and ethical financial services.

Some suggestions that can be given include:

1. Increased regulation and supervision of illegal online loans and online gambling.
2. More intensive financial education for the public regarding the dangers of illegal loans and digital gambling.
3. Collaboration between government agencies to address this issue in an integrated manner.

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