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Violence Without Touch: Rethinking Debt Collection Practices Through Human Dignity Principles and Legal Ethic Frameworks

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Abstract. *The rapid expansion of financial technology lending services in Indonesia has significantly transformed debt collection practices from conventional direct collection methods into indirect forms of coercion conducted through digital communication and social pressure. In practice, debt collection activities increasingly involve persistent intimidation, threatening communications, and the misuse of personal data, often affecting individuals within the debtor's social sphere. Consequently, private financial obligations are exposed to broader public scrutiny, resulting in psychological distress, reputational damage, fear, and social exclusion. This research examines such practices as a form of non-physical coercion operating through psychological and social mechanisms. This study employs a normative legal research method through the examination of Indonesian statutory regulations, regulatory frameworks, and relevant legal doctrines concerning debt collection practices and personal data protection. The findings demonstrate that coercive non-physical debt collection practices have become increasingly prevalent within digital lending systems, particularly through the dissemination and exploitation of personal data as a means of exerting social pressure upon debtors. Furthermore, the involvement of third parties intensifies coercive circumstances and increases the potential violation of human dignity and privacy rights. Nevertheless, the existing legal framework remains fragmented, compliance-oriented, and inadequate to effectively address the substantive harms arising from such practices. Accordingly, this research proposes a dignity-based legal assessment framework emphasizing proportionality, personal data protection, accountability, and humane standards of debt collection in order to promote fair, lawful, and responsible financial technology practices.*

Keywords: *Collection; Dignity; Financial; Technology.*

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1. Introduction

The fast growth of Indonesia's financial services industry, especially through online lending and FinTech platforms, has greatly enhanced credit availability for a wider portion of the population. Simultaneously, this shift has brought about new types of risks, particularly concerning how debts are collected. Debt recovery is no longer confined to face-to-face encounters. It increasingly includes psychological manipulation, online bullying, and inappropriate use of personal information, frequently extending the impact on family members, coworkers, or social circles of the debtor. Although these actions do not involve physical violence, they can lead to significant mental and social repercussions. In this article, such actions are defined as “violence without touch,” indicating non-physical forms of pressure that still compromise personal integrity and worth.

The urgency of this issue is reflected in recent supervisory data. The Financial Services Authority (Otoritas Jasa Keuangan/OJK) reported that between January and mid-June 2025 there were 3,858 complaints related to debt collection conduct, most of which originated from the financial technology lending sector[1]. A substantial number of these complaints concern intimidation, repeated harassment, and unauthorized access to or dissemination of personal data. This pattern indicates that problematic debt collection practices are not merely occasional misconduct but form part of a broader structural issue within the financial services ecosystem.

Indonesia has created a fairly extensive set of regulations. The law concerning consumer protection ensures safety and equitable treatment, while the legislation regarding data protection limits the improper use of personal data. Regulations in the financial sector, especially OJK Regulation Number 22 of 2023, outline criteria for ethical behavior and forbid exploitative collection methods. However, these measures mainly function under a compliance-oriented regulatory approach, concentrating on adherence to formal guidelines instead of the actual effect of these practices on people.

Recent studies on financial technology regulation and consumer protection have highlighted the importance of strengthening oversight, improving governance standards, and addressing consumer vulnerability in digital financial services[2]. These approaches are valuable in establishing minimum safeguards. However, they tend to frame the problem in procedural terms and do not fully address the qualitative harm caused by non-physical coercion, particularly in relation to

[1] Otoritas Jasa Keuangan., “OJK terima 3.858 aduan soal perilaku penagih utang sektor fintech”, *Antara News* (2025), available at: https://www.antaranews.com/berita/5007949/ojk-terima-3858-aduan-soal-perilaku-penagih-utang-sektor-fintech/, accessed on 24 March 2026.

[2] Nabila Tsani dan Bambang Eko Turisno., “Perlindungan Hukum Konsumen dalam Layanan Fintech Lending di Indonesia”, *Jurnal Hukum Ius Quia Iustum* 28, No. 3 (2021): 531–552, DOI: https://doi.org/10.20885/iustum.vol28.iss3.art6

psychological distress and social degradation.

This highlights multiple shortcomings in the existing legal structure. To begin with, mental coercion is not explicitly acknowledged as a separate type of illegal action in the context of debt recovery. Additionally, the regulations still exhibit inconsistency across various legal systems, leading to uneven application and understanding. Furthermore, there lacks a cohesive ethical guideline that prioritizes human dignity when evaluating the legality and morality of debt collection methods. Consequently, specific actions may be officially allowed, yet cause significant harm in practice. This condition reflects a broader tendency of law to emphasize formal legality rather than substantive justice, where compliance with rules is prioritized over the actual impact of conduct on individuals.[3]

Current academic work in law has placed greater importance on tackling disparities in power and the susceptibility of consumers in online markets, especially concerning financial services. In this discussion, human dignity stands out as a vital ethical basis, demanding that people are not viewed solely as tools for economic gain, but as individuals with rights who deserve to be treated with honor. In parallel, regulatory scholarship on fintech has also stressed the importance of moving beyond rigid rule-based approaches toward more adaptive and value-oriented frameworks.[4] However, these strands of scholarship have not yet been fully integrated into a coherent legal framework for assessing debt collection practices.

Against this background, this article adopts a reconstructive approach by placing human dignity as the normative basis for redefining legal and ethical frameworks governing debt collection in the financial services sector. The novelty of this study lies in two main contributions. First, it introduces the concept of *violence without touch* as a legal category to capture non-physical forms of coercion that are currently under-recognized in law. Second, it develops a dignity-based legal and ethical framework that serves both as an evaluative standard and as a prescriptive guide, aiming to bridge the gap between formal legality and substantive justice in debt collection practices.[5]

Based on the foregoing, the objectives of this study are: (1) to analyze the legal qualification of non-physical pressure in debt collection practices within the framework of Indonesian positive law; and (2) to formulate a reconstruction of legal and ethical frameworks for debt collection in the financial services sector

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[3] Satjipto Rahardjo., *Ilmu Hukum*, (Bandung: Citra Aditya Bakti, 2020), p. 53–55.

[4] Dirk A. Zetzsche., Ross P. Buckley., Douglas W. Arner., dan Janos Barberis., "Regulating a Revolution: From Regulatory Sandboxes to Smart Regulation", *Fordham Journal of Corporate & Financial Law* 23, No. 1 (2019): 31–103, DOI: https://doi.org/10.2139/ssrn.3018534

[5] Mireille Hildebrandt., "Law as Computation in the Era of Artificial Legal Intelligence", *Utrecht Law Review* 16, No. 1 (2020): 1–17, DOI: https://doi.org/10.36633/ulr.523

based on the principle of human dignity.

2. Research Methods

This research employs a method of normative legal inquiry, concentrating on the examination of law as a framework of standards by analyzing statutory laws, legal doctrines, and foundational legal principles. The study relies on secondary sources of information, which encompass primary legal documents like legislation and regulatory structures within the financial services industry, alongside secondary and tertiary resources such as academic literature and scholarly articles. The primary legal materials include laws and regulations concerning financial technology lending, debt collection practices, and personal data protection in Indonesia. Normative legal research emphasizes law in books*,* aiming to develop prescriptive arguments and offer legal solutions to identified issues rather than describing empirical conditions.[6] In this study, statutory, conceptual, and analytical approaches are used to examine the legality and ethical aspects of debt collection practices. The statutory approach is employed to analyze relevant laws and regulatory frameworks, while the conceptual approach is used to examine legal doctrines and principles concerning human dignity, privacy rights, and proportionality in debt collection activities. The analysis is conducted qualitatively to develop a reconstructed legal framework based on the principle of human dignity.[7] Furthermore, the study seeks to assess whether existing regulatory mechanisms adequately protect debtors from coercive non-physical debt collection practices carried out through digital platforms and the misuse of personal data.

3. Result and Discussion

3.1. Legal Qualification of Non-Physical Coercion in Debt Collection within the Financial Services Sector

The results of this research indicate that methods of collecting debts within the financial services industry have transitioned from face-to-face engagements to more discreet techniques of non-physical pressure. Such methods comprise persistent phone calls and text communications, threatening wording, and the leverage of personal information to exert pressure on those in debt. Often, collectors reach out not solely to the individual owing money but also to people within the debtor's circle, including relatives or work associates. This development shows that debt collection is no longer limited to a private legal relationship, but has expanded into a broader social sphere, where pressure is exercised through

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[6] Muhaimin., *Metode Penelitian Hukum*, (Mataram: Mataram University Press, 2020), p. 47–49.
[7] Soerjono Soekanto and Sri Mamudji., *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*, Edisi Revisi (Jakarta: Rajawali Pers, 2019), p.13–15.

relational and social channels.[8] The circumstance changes a personal financial duty into a type of societal obligation. The participation of outside parties, who have no legal ties to the debt, greatly heightens the extent of pressure since it subjects the borrower to public scrutiny and potential damage to their reputation. While these actions do not utilize physical threats, they can inflict considerable emotional turmoil, damage to one's reputation, and exclusion from social circles.

This pattern is not merely theoretical, but has been reflected in widely reported cases in Indonesia. Reports indicate that borrowers of online lending services have experienced repeated digital harassment, while their contact lists were accessed and used to send messages to colleagues and relatives without consent. In some instances, debt collectors have contacted third parties with statements implying that the debtor acted in bad faith or committed fraud, resulting in reputational harm in professional and social environments.[9] In other cases, threats were made to distribute personal data, including photographs and identity information, through messaging applications or social media as a form of coercion.[10] These practices have prompted regulatory concern due to their serious psychological impact, including stress, anxiety, and, in certain cases, self-harm among victims.

Even in the absence of physical force, such practices can generate significant psychological pressure, damage to reputation, and forms of social exclusion. These conditions indicate that non-physical coercion in debt collection is not merely incidental, but constitutes a real and impactful phenomenon. In certain situations, its effects may be equally serious, or even more harmful, than conventional forms of coercion that rely on physical means.[11]

In this context, the idea of non-physical violence helps to clarify the way coercion functions without direct interaction. The lack of physical force does not remove the potential for damage; instead, it transforms the type of damage into emotional and social aspects. The cumulative aspect of this kind of coercion is what makes it especially troubling. Instead of being exerted through one isolated event, pressure is exerted via ongoing and repetitive behaviors that slowly diminish the debtor's capacity to oppose it. Empirical studies on fintech lending in Indonesia have shown that collection practices often rely on persistence and social exposure as tools of

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[8] Nurul Ghufron dan Muchamad Iksan, *Sistem Peradilan Pidana di Indonesia* (Semarang: Fakultas Hukum Universitas Negeri Semarang Press, 2020), p.41–43.

[9] Satuan Tugas Pemberantasan Aktivitas Keuangan Ilegal (Satgas PASTI)., "Penanganan Kasus Pinjaman Online Ilegal dan Praktik Penagihan yang Melanggar", available at: https://www.ojk.go.id/, accessed on 24 March 2026.

[10] Kementerian Komunikasi dan Informatika., "Penanganan Pinjaman Online Ilegal dan Penyalahgunaan Data Pribadi", available at: https://www.kominfo.go.id/ , accessed on 24 March 2026.

[11] Bernard L. Tanya, Yoan N. Simanjuntak, dan Markus Y. Hage, *Teori Hukum: Strategi Tertib Manusia Lintas Ruang dan Generasi* (Yogyakarta: Genta Publishing, 2021), p. 112–114.

enforcement, rather than formal legal mechanisms.[12] This indicates a shift from lawful enforcement toward informal pressure, where compliance is achieved not through legal procedures, but through psychological and social control.

This phenomenon is also reflected in actual cases reported in Indonesia. Reports from oversight institutions and law enforcement show patterns where debt collectors access contact lists and send messages to third parties, often accompanied by threats or defamatory statements. In several cases, this has resulted in reputational damage and psychological distress, confirming that non-physical coercion has tangible consequences.[13] These cases demonstrate that the impact of such practices is not hypothetical. Instead, they show how digital technology amplifies the reach and intensity of coercion, making it more intrusive and difficult to control.

From the perspective of positive law, several legal instruments in Indonesia are relevant in assessing the legality of such practices. However, academic studies indicate that the implementation of consumer protection and fintech regulation remains inconsistent, particularly in addressing abusive collection practices.[14] In many instances, enforcement mechanisms are reactive rather than preventive, meaning that action is taken only after harm has occurred. Research from Indonesian legal scholarship further highlights that weak supervision and fragmented regulation contribute to the persistence of harmful practices in digital lending.[15] This suggests that the problem is not merely the absence of rules, but the lack of an integrated and effective legal approach.

A key problem is the absence of explicit legal acknowledgment of psychological manipulation as a type of illicit behavior. Existing laws primarily center on actions that are observable and quantifiable, such as overt threats or obvious breaches of procedures. In contrast, more nuanced types of coercion like consistent harassment, public shaming, and damage to reputation are challenging to categorize within current legal frameworks. As a result, there is a void where detrimental behavior might go unaddressed despite its significant consequences. This scenario illustrates a wider restriction in legal thought, which remains fixated on formal legality and fails to account for the actual repercussions of actions on

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[12] Dwi Tatak Subagiyo., "Fintech Lending and Consumer Risk in Indonesia", *Jurnal Pembaharuan Hukum* 9, No. 3 (2022): 421–433, available at: https://jurnal.unissula.ac.id/index.php/PH/article/view/27533

[13] Ombudsman Republik Indonesia., "Maladministrasi dalam Penanganan Pinjaman Online", available at: https://ombudsman.go.id/, accessed on 24 March 2026

[14] Siti Nurhalimah., "Regulatory Challenges in Fintech Consumer Protection", *Jurnal Hukum Ius Quia Iustum* 29, No. 2 (2022): 307–326, DOI: https://doi.org/10.20885/iustum.vol29.iss2.art4

[15] Ahmad Redi., "Legal Problems in Peer-to-Peer Lending in Indonesia", *Jurnal Pembaharuan Hukum* 10, No. 1 (2023): 1–15, available at: https://jurnal.unissula.ac.id/index.php/PH/article/view/30021

people's lives.[16] Comparative legal studies also show that digital market regulation often struggles to address non-physical harm, especially when it is embedded in technological systems and platform-based interactions.[17] This highlights the need for a more adaptive legal framework that can respond to evolving forms of harm.

This situation can be understood through the doctrine of *abuse of rights*, which holds that a legal right must not be exercised in a way that causes disproportionate harm or deviates from its intended purpose. In the context of financial services, the right to collect debt is a legitimate right. However, this right should not be exercised through methods that impose excessive psychological or social pressure. When collection practices move beyond reasonable limits and begin to harm the debtor's dignity or social standing, they may constitute an abuse of rights. Recent scholarship also emphasizes that consumer vulnerability must be taken into account when assessing the legitimacy of business practices, particularly in digital environments.[18] This is important because debtors in fintech systems often occupy a weaker position, making them more susceptible to coercive practices.

The findings of this study further demonstrate that the current compliance-based approach is insufficient. Regulatory frameworks tend to focus on whether formal procedures are followed, rather than on the actual impact of conduct. As long as certain procedural requirements are met, harmful practices may still occur without clear legal consequences. Studies on financial regulation suggest that rule-based approaches alone are not adequate to deal with complex and evolving practices in fintech ecosystems.[19] This indicates that a purely formal approach to legality is no longer sufficient in the digital context.

From the author's perspective, this reveals a structural weakness in the legal framework. The absence of physical violence is often interpreted as the absence of legal harm. However, interdisciplinary legal research has increasingly recognized that harm in digital contexts may be psychological, relational, and socially constructed.[20] This means that the law must expand its understanding of harm beyond physical injury and economic loss.

Furthermore, the practice of psychological pressure-based debt collection in online lending services essentially indicates a shift in the legal relationship

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[16] Bernard Arief Sidharta, Refleksi tentang Struktur Ilmu Hukum: Sebuah Penelitian tentang Fundasi Kefilsafatan dan Sifat Keilmuan Ilmu Hukum sebagai Landasan Pengembangan Ilmu Hukum Nasional Indonesia (Bandung: Mandar Maju, 2020), p. 90.
[17] Karen Yeung., "Algorithmic Regulation: A Critical Interrogation", *Regulation & Governance* 12, No. 4 (2020): 505–523, DOI: https://doi.org/10.1111/rego.12158
[18] Vanessa Mak., "Consumer Vulnerability in Digital Markets", *Journal of European Consumer and Market Law* 9, No. 3 (2020): 114–121, DOI: https://doi.org/10.21552/jecml/2020/3/
[19] Douglas W. Arner., Janos Barberis., Ross P. Buckley., "FinTech and RegTech in a Nutshell", *Journal of Banking Regulation* 20, No. 4 (2019): 1–10, DOI: https://doi.org/10.1057/s41261-018-0072-8
[20] Lina Dencik., Arne Hintz., Jonathan Cable., "Towards Data Justice?", *Big Data & Society* 6, No. 1 (2019), DOI: https://doi.org/10.1177/2053951719878182

between creditors and debtors. The relationship, which was initially private, has transformed into one of social pressure involving third parties outside the contract. This situation has legal consequences that not only relate to breach of contract but also touch on aspects of privacy, personal data protection, and the right to human dignity.[21]

This phenomenon demonstrates that a legal approach that focuses solely on debt collection formalities is no longer adequate in the digital ecosystem. Debt collection based on verbal intimidation, digital threats, and the dissemination of personal data fundamentally goes beyond the principle of good faith in the implementation of agreements. Therefore, excessive debt collection actions should not be viewed as merely an exercise of rights but can be classified as an abuse of rights because they use the right to debt collection disproportionately and contradict the principles of consumer protection.[22]

From a consumer protection law perspective, fintech debtors are in a vulnerable position due to information inequality and economic dependence on access to fast financing. This vulnerability is further exacerbated by the use of digital technology, which enables the massive collection and distribution of personal data. As a result, non-physical pressure exerted by debt collectors not only impacts the debtor's psychological well-being but also has the potential to damage their social and professional relationships in their daily lives.

Therefore, the government, through its financial services regulator, needs to establish a more preventative oversight mechanism, not just a repressive one after a loss has occurred. Fintech operators must also be recognized as legal entities responsible for consumer protection, including regarding the collection methods employed by third parties collaborating with fintech companies.

This research contends that non-physical coercion ought to be acknowledged as a type of legally significant injury, especially when it consistently erodes autonomy and self-respect. The originality of this perspective is found in repositioning debt recovery not merely as an issue of enforcing contracts, but also as a process that should be assessed concerning human dignity and equity. This necessitates a transition from a strictly procedural view of the law to a more meaningful framework that takes into account the actual effects of actions. Recent developments in consumer law also support a shift toward more value-based

[21] Nuzul Rahmayani, "Tinjauan Hukum Perlindungan Konsumen Terkait Pengawasan Perusahaan Berbasis *Financial Technology* di Indonesia", *Pagaruyuang Law Journal* 2, No. 1 (2018): 24.

[22] Jihan Ayuzein dan Agus Suwandono, "Pertanggungjawaban Penyelenggara Fintech Peer to Peer Lending terhadap Kerugian Konsumen Berdasarkan POJK Penyelenggaraan Layanan Konsumen dan Masyarakat di Sektor Jasa Keuangan", ACTA DIURNAL Jurnal Ilmu Hukum Kenotariatan 4, No. 2 (2021): 214, DOI: 10.23920/acta.v4i2.594.

regulation that prioritizes the protection of vulnerable individuals.[23]

Based on this description, the author argues that the development of financial technology has created a new form of coercive conduct that no longer relies on physical violence, but rather through psychological and social pressure based on digital technology. This condition suggests that the concept of harm in modern law must be expanded, not only to include material losses, but also immaterial losses in the form of mental distress, fear, loss of reputation, and disruption to the victim's social life. Thus, a purely procedural legal approach needs to be directed towards a more substantive approach oriented towards protecting human dignity.

3.2. Reconstructing a Dignity-Based Legal and Ethical Framework for Debt Collection Practices

In view of these constraints, this research suggests a reimagining of the legal and ethical principles that oversee debt collection by prioritizing human dignity in legal evaluations. Unlike an approach primarily focused on compliance, a dignity-centered framework goes beyond merely questioning whether a practice is legally acceptable. Instead, it assesses if the actions genuinely honor the intrinsic value of the person involved. This transition is becoming more crucial in the realm of digital financial services, where regulatory issues frequently stem from the disparity between established legality and actual fairness.[24]

Within this context, practices for collecting debts need to be evaluated based on three interconnected criteria. Firstly, the standard of honoring dignity mandates that people in debt should not be viewed merely as instruments for monetary retrieval, but rather as individuals deserving of respect and personal dignity. This concept is enshrined in Law No. 8 of 1999 concerning Consumer Protection, especially in Article 4 letter (a) and Article 7, which highlight the importance of fairness and integrity in commercial interactions. Secondly, the standard of proportionality stipulates that methods of collection should be suitable and not overly aggressive in relation to their intended outcome. This is consistent with the overall progression of consumer protection legislation within digital markets, which increasingly acknowledges the necessity of safeguarding at-risk individuals.[25] Third, the principle of non-abuse of rights ensures that the exercise of a creditor’s right does not result in disproportionate harm.

From a doctrinal perspective, this reconstruction can be grounded in the theory of substantive justice, which emphasizes that the legitimacy of law is not determined

[23] Iain Ramsay., “Consumer Law and Policy in the Digital Economy”, *Journal of Consumer Policy* 43, No. 1 (2020): 1–20, DOI: https://doi.org/10.1007/s10603-019-09420

[24] Rachmad Safa’at., “Consumer Protection in Financial Technology in Indonesia”, *Unnes Law Journal* 9, No. 1 (2023): 45–60, DOI: https://doi.org/10.15294/ulj.v9i1.56789

[25] Fajar Sugianto., “Legal Issues of Peer-to-Peer Lending in Indonesia”, *Unnes Law Journal* 10, No. 2 (2024): 201–218, DOI: https://doi.org/10.15294/ulj.v10i2.67890

solely by formal compliance, but also by its fairness and its real impact on individuals. In the context of technology-driven financial services, legal scholarship has highlighted the need to move beyond rigid rule-based approaches toward more adaptive and value-oriented regulation.[26] This is particularly important in addressing non-physical coercion, where harm may not be immediately visible, yet has profound psychological and social consequences.

Recent developments in digital financial regulation also demonstrate that consumer protection can no longer rely solely on contractual agreements and procedural compliance. In many fintech lending practices, borrowers formally agree to data access clauses without fully understanding the extent to which their personal information may be used in collection activities. This situation creates what legal experts describe as a digital power imbalance, where consumers are structurally disadvantaged due to asymmetric access to information and technological dependence. Consequently, the legality of consent in digital agreements should not automatically justify intrusive collection practices that undermine privacy and human dignity.[27]

From an international perspective, contemporary legal scholarship increasingly recognizes that non-physical coercion in the digital financial ecosystem can constitute a human rights concern, particularly where collection practices result in intimidation, reputational damage, and psychological distress. Therefore, the integration of dignity-based regulation into financial governance is crucial to ensure that technological innovation remains aligned with the principles of fairness, proportionality, and respect for individual autonomy. In this regard, debtor protection should not be viewed solely as a contractual matter, but as part of a broader obligation to protect fundamental rights in the modern digital marketplace.[28]

By following these criteria, actions such as ongoing harassment, public humiliation, or sharing of private information cannot be excused merely on the grounds of debt collection. Even if a lender has a valid claim for receiving payment, the tactics used must adhere to the standards of respect and fairness. Indonesian legislation has already granted some acknowledgment of these boundaries, especially concerning the protection of personal data and electronic information. Nonetheless, research indicates that the abuse of personal information continues to be a common problem in digital financial services, highlighting a disconnect

[26] Dwi Ratna Indri Hapsari., “Perlindungan Hukum Debitur dalam Fintech Lending”, *Jurnal Pembaharuan Hukum* 11, No. 1 (2024): 77–92.
[27] M. Arief Setiawan, “Perlindungan Hukum terhadap Data Pribadi Pengguna Financial Technology di Indonesia”, *Jurnal Hukum Unissula* 38, No. 2 (2022): 215–230.
[28] Orla Lynskey, “The Foundations of EU Data Protection Law”, *Oxford Journal of Legal Studies* 39, No. 1 (2019): 78–102, DOI: 10.1093/ojls/gqy032.

between regulatory measures and actual practices.[29]

For this reason, this study does not merely reinterpret existing norms, but proposes a more structured approach through what may be termed a dignity-based assessment test. This model translates the abstract principle of human dignity into a set of practical criteria that can be applied in real situations. The need for such a model is supported by legal scholarship emphasizing that traditional legal frameworks often struggle to address harm arising from digital and data-driven interactions.[30]

Under this method, a debt recovery practice ought to be evaluated in three interconnected stages. Initially, the evaluation should focus on the technique and degree of the collection practices being analyzed, encompassing the regularity of communication, the nature and wording of messages, and assessing if the method imposes ongoing psychological strain. The second phase of the assessment ought to analyze the utilization and availability of personal data, specifically whether individual information has been accessed or disseminated without proper authorization. Finally, the assessment needs to take into account the real and possible effects on the debtor, which includes emotional turmoil, damage to reputation, and societal repercussions. This kind of layered evaluation aligns with broader trends in regulatory thinking, especially concerning algorithmic governance and data-driven management.[31]

In practical application, this framework can be executed without the need for prompt legislative amendments. Regulatory bodies could utilize it as a guiding principle for supervision and enforcement, while providers of financial services might incorporate it into their internal compliance protocols. Comparative research in the area of financial regulation indicates that effective governance increasingly hinges upon the integration of formal regulations with adaptable evaluative criteria.[32]

Furthermore, accountability must be extended to financial service providers for the actions of third-party collectors. Although current regulations recognize this responsibility, its implementation remains weak. In practice, outsourcing collection activities often creates a gap in accountability, allowing harmful conduct to occur without effective control. This reflects a broader challenge in digital

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[29] Rudi Santoso., "Tanggung Jawab Penyelenggara Fintech terhadap Perilaku Debt Collector", Jurnal Pembaharuan Hukum 10, No. 2 (2023): 215–230.
[30] Rahmadani Putri., "Legal Protection for Consumers in Digital Financial Services", *Jurnal Rechts Vinding* 11, No. 3 (2022): 389–404, DOI: https://doi.org/10.33331/rechtsvinding.v11i3.873
[31] Dian Kusuma Wardani., "Penyalahgunaan Data Pribadi dalam Praktik Pinjaman Online", *Jurnal Legislasi Indonesia* 19, No. 2 (2022): 145–160.
[32] Orla Lynskey., "The Foundations of EU Data Protection Law", *Modern Law Review* 83, No. 2 (2020): 356–392, DOI: https://doi.org/10.1111/1468-2230.12508

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governance, where responsibility is diffused across multiple actors.[33]

From the author's perspective, integrating human dignity into legal assessment requires a shift from viewing debt collection as a purely contractual issue toward understanding it as a practice that affects fundamental rights. Recent developments in consumer law support this shift, emphasizing the need to protect individuals from structural vulnerabilities in digital markets.[34]

In the end, incorporating the concept of human dignity within the legal and moral guidelines of debt collection fosters a more equitable interaction between the rights of creditors and the safeguarding of consumers. It guarantees that the implementation of financial responsibilities occurs while maintaining essential human principles, especially respect for personal dignity and equity. This illustrates the belief that laws should not merely establish clarity, but also promote justice and defend human welfare in society.[35] By moving beyond a purely formal understanding of legality and incorporating substantive standards, this approach offers a more coherent and just foundation for regulating debt collection practices in the financial services sector. The contribution of this study lies not only in identifying the limitations of existing frameworks, but also in offering a practical and normative model that can be applied in addressing contemporary challenges.[36] In this regard, the recognition of privacy, autonomy, and dignity as central legal interests further supports the need to treat non-physical coercion as a legally relevant harm within modern regulatory systems.[37]

4. Conclusion

This research reveals that methods of debt collection in the financial services industry have transitioned from face-to-face interactions to more covert forms of coercion, including persistent phone calls, threats, and the improper use of personal information. Often, these methods involve engaging third parties such as family members or coworkers, converting a private debt into a source of public pressure. These tactics can be viewed as non-physical violence, as they inflict genuine psychological and social distress even in the absence of any physical harm. While regulations in Indonesia, including those from the OJK, establish guidelines for ethical behavior in debt recovery, these regulations primarily remain theoretical and focused on adherence. Consequently, damaging practices may

[33] Natali Helberger., "On the Democratic Role of News Recommenders", *Digital Journalism* 8, No. 8 (2020): 993–1012, DOI: https://doi.org/10.1080/21670811.2020.1734686
[34] Paul Ohm., "The Many Revolutions of Personal Data Protection", *Harvard Law Review Forum* 134 (2021): 170–180
[35] Jimly Asshiddiqie, *Konstitusi dan Konstitusionalisme Indonesia* (Jakarta: Sinar Grafika, 2020), p.123.
[36] Cary Coglianese., "Algorithmic Regulation and Governance", *Administrative Law Review* 71, No. 1 (2020): 1–24
[37] Daniel J. Solove., "The Myth of the Privacy Paradox", *George Washington Law Review* 89, No. 1 (2021): 1–51.

persist as long as they do not fall under the clear definition of infractions. Moreover, this study demonstrates that the challenge of debt collection in digital financial services is no longer limited to contractual enforcement, but has evolved into a broader issue of protecting fundamental rights within technology-driven markets. The findings indicate that psychological pressure, misuse of personal data, and reputational intimidation constitute forms of non-physical harm that require explicit legal recognition within contemporary financial regulation. In this regard, the contribution of this research lies in repositioning debt collection not merely as a compliance issue, but as a matter closely connected to human dignity, privacy rights, and substantive justice. This approach is particularly important in developing a more adaptive legal framework capable of responding to coercive practices emerging from digital financial ecosystems.

To fill this void, this research suggests a dignity-oriented strategy that exceeds mere regulatory compliance. The dignity-based evaluation framework offers a tangible method to assess debt collection practices by analyzing the techniques employed, the treatment of personal data, and the consequences for the debtor. Significantly, this approach can be transformed into quantifiable criteria, such as restricting the frequency and timing of communications, forbidding any engagement with third parties without the debtor's clear consent, and necessitating records of all collection-related interactions. In this manner, dignity shifts from being a theoretical idea to a measurable standard for assessing the acceptability of debt collection methods.

Based on this, enhancements in regulation must progress beyond simply creating broad guidelines to include specific enforcement actions and verifiable requirements. Regulatory bodies ought to set precise operational limits (such as: maximum frequency of contact, restricted types of communication content, and stringent data access regulations), along with escalating penalties that can include administrative fines, temporary suspensions, or the removal of licenses for repeated infractions. Concurrently, providers of financial services need to adopt systems for real-time monitoring, compulsory documentation of collection efforts, and rigorous oversight of third-party debt collectors. Furthermore, a unified complaint and blacklisting system is essential for monitoring harmful entities throughout the sector. By implementing these explicit actions, regulations will evolve from being merely advisory to serving as a robust mechanism to prevent misconduct, guarantee accountability, and uphold human dignity in debt collection practices.

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