



Legal Challenges and Opportunities for Digital Transformation of Credit Unions in the Digital Age

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Article	Abstract
<p>Keywords: <i>Digitization; Savings and Loan Cooperatives; Challenges and Opportunities</i></p> <p>Article History Received: 06/25/2025 Reviewed: 09/04/2025 Accepted: 09/10/2025 Published: 09/12/2025</p>	<p><i>Digitalization opens up considerable opportunities for cooperatives to increase the efficiency, transparency, and reach of their services. However, the use of digital technologies also brings with it complex legal and institutional challenges, especially for cooperatives that are not yet so advanced in terms of infrastructure, personnel, or organizational management. Regulatory gaps and the limited ability of cooperatives to adapt to the digital age are the key issues that require in-depth analysis. The aim of this research is to examine the challenges and opportunities faced by savings and credit cooperatives in the digital age, especially from a legal and institutional perspective. The research uses a normative method with a legal and conceptual approach. The data were collected through a literature review of laws and regulations, scientific literature, and other relevant documents, and then qualitatively analyzed using a descriptive-analytical approach. The results show that current regulations, particularly Law No. 25/1992 on cooperatives, do not explicitly take into account the aspects of cooperative digitalization. On the other hand, cooperatives are obliged to comply with the requirements of the ITE Act and the PDP Act, which require technological readiness and data security, which most cooperatives do not yet have. At the institutional level, the main challenges are the low digital skills of management, limited infrastructure, and the lack of technical regulations to implement digital transformation. Nevertheless, with the support of government policies and the potential integration of cooperatives into the digital financial technology ecosystem, the opportunities for the digitization of cooperatives remain promising.</i></p>



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INTRODUCTION

Cooperatives are one of the central pillars of the national economy, as recognized in the 1945 Constitution of the Republic of Indonesia. Article 33 (1) explains that "the economy shall be organized as a joint venture based on the principle of kinship." In this context, savings and loan cooperatives (KSP) are idealized as a form of business based on the spirit of collectivity, economic democracy, and mutual prosperity. Credit unions play a strategic role in supporting financial inclusion, especially for the lower-middle class, who are not yet reached by regular banking services. KSPs provide their members with easy access to savings and credit through mechanisms that are simpler than those of other financial institutions.

However, over time and with the development of information technology, KSPs face increasingly complex challenges in maintaining their relevance, existence, and competitiveness. In addition to savings and loan cooperatives, legal difficulties arise from regulations that are no longer relevant to digital banks. The specific nature of digital banks is very important for the development of specific laws that are relevant to their structure and services¹. The digital era has significantly changed the way people use financial services. The emergence of various digital financial applications such as mobile banking, e-wallets, and peer-to-peer (P2P) lending has changed people's preferences in accessing financial services.

This situation has forced all financial institutions, including credit unions, to adapt in order to remain competitive. Credit unions can no longer survive with manual and conventional systems, but must innovate and transform digitally to meet the demands of the times. However, cooperative digital transformation efforts are complex. One of the biggest obstacles is limited resources, both in terms of technology, personnel capacity, and infrastructure. Many cooperatives, especially in rural areas, still experience a deficit in digital literacy and have limited resources for developing information technology systems².

In addition, legal challenges also arise, as current regulations are not yet fully aligned with the digitization of cooperatives. The main legal basis for cooperatives in Indonesia is "Law No. 25 of 1992 concerning Cooperatives. This law defines a cooperative as an economic entity consisting of individuals or legal entities whose activities are based on cooperative principles and the people's economic movement based on family principles. However, the contents of Law No.25/1992 do not explicitly regulate aspects of digitalization.

¹ Yuspin, W., Sukirman, A. N., Budiono, A., Pitaksantayothin, J., & Fauzie, A. (2023). Legal Reconstruction of Indonesian Banking Laws: Challenges and Opportunities for Digital Bank Regulation. *Varia Justicia*, 19(1), 52 –69. <https://doi.org/10.31603/Variajusticia.V19i1.8019>

² Febriyantoro, M. T., & Arisandi, D. (2018). Utilization of Digital Marketing for Micro, Small and Medium Enterprises in the Era of the ASEAN Economic Community. *Jmd: Dewantara Journal of Management & Business Research*, 1(2), 62 –76. <https://doi.org/10.26533/Jmd.V1i2.175>

cooperatives, whether in terms of services, data management, financial information systems, or the use of technology in cooperative management.³

In an effort to adapt to the times, the government has issued derivative regulations, such as the "Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No. 9 of 2018 concerning the Implementation and Development of Savings and Loan Cooperatives and Cooperative Savings and Loan Units. This regulation provides technical guidelines for the management of savings and loan cooperatives, including the obligation to comply with prudential principles, establish internal control systems, and conduct transparent financial reporting. Although its content is important, this regulation remains limited in terms of supporting the transformation of cooperatives into digital systems, especially those related to information technology-based management.

In response to current demands, the government issued Regulation of the Minister of Cooperatives and SMEs of the Republic of Indonesia No. 5 of 2021 concerning the Cooperative Information System. This regulation is a significant step forward in integrating cooperatives into the digital system by developing a national database for cooperatives. Cooperatives are now encouraged to use digital reporting applications so that all cooperative activities and data can be recorded in the Ministry of Cooperatives and SMEs system. This step is a form of digitalization of cooperative institutions on the administrative side, but so far it has not had a direct impact on the digital operational aspects of cooperatives for their members.

In addition, cooperatives that are transforming towards digitalization are not exempt from general regulations on technology and data protection in electronic systems⁴. This is regulated in Law No. 11 of 2008 concerning Electronic Information and Transactions (ITE), which was later updated with Law No. 19/2016. The ITE Law. The provisions of the ITE Law emphasize the importance of authentication, information integrity, and the validity of electronic documents processed within the system. Furthermore, in the digital era characterized by the collection and management of member data, cooperatives must also pay attention to the aspect of personal data protection. This is specifically regulated by Law No. 27 of 2022 concerning Personal Data Protection (PDP Law).

The Personal Data Protection Law provides a legal framework for the protection of individuals' rights in relation to their personal data, which is managed by other parties, including cooperatives that collect their members' identity data, financial data, and credit history. In practice, there are still many cooperatives that do not fully understand the urgency of digitization and the underlying regulations.

³ Silalahi, D. E., & Ginting, R. R. (2020). The Indonesian Government's Fiscal Policy Strategy to Regulate State Revenue and Expenditure in Facing the Covid-19 Pandemic. *Jesya (Journal of Economics & Sharia Economics)*, 3(2), 156 –167. <https://doi.org/10.36778/Jesya.V3i2.193>

⁴ Edy, I. C., Marsono, S., & Supriyono. (2018). Training: Cooperative Empowerment Strategies in the Digital Age at Ksb 210 Sumber Surakarta Cooperative. *Journal of Community Service*, 2(2), 76 –80. <https://doi.org/10.36587/Wasananyata.V2i2.359>

On the other hand, the lack of regulations that specifically and holistically govern digital cooperatives or technology-based cooperatives has led to a legal deficit that can complicate the cooperative digital transformation process.

However, the digital era also presents significant opportunities for cooperatives. Digitalization gives cooperatives the opportunity to attract more members, speed up the processing of savings and loans, simplify reporting and accountability, and promote transparency and public trust⁵. In addition, the government has begun to pay more attention to digital-based cooperatives as part of the national economic development program. Initiatives such as the Cooperative Digital Revolution Movement, the establishment of a Cooperative and MSME Business Incubation Center, and collaboration with fintech players to support cooperatives illustrate that opportunities for digitization are increasingly available⁶.

In this context, cooperatives must be able to adapt quickly, enhance their internal capabilities, and ensure compliance with laws at every step of their transformation. Therefore, this paper aims to analyze in depth the various legal, regulatory, administrative, and technical challenges faced by savings and credit cooperatives in the digitalization process and to identify strategic options that cooperatives can utilize to transform themselves into strong and highly competitive modern microfinance institutions. It is predicted that this research will also make a productive contribution to policymakers, cooperative managers, academics, and the general public in establishing a strong, secure, and sustainable digital cooperative environment.

METHOD

This research uses normative legal research techniques, namely the analysis of legal materials, both primary and secondary, that are relevant to the issues discussed. Normative legal research is based on a legal approach, a conceptual approach, and a case approach if necessary to support the analysis⁷. The focus of this research is to examine relevant legal norms and to analyze how the law responds to digital technology developments in the context of savings and loan cooperatives.

The data sources used in this study are normative, divided into primary legal materials, namely laws and regulations directly related to cooperatives and

⁵ Febriyantoro, M. T., & Arisandi, D. (2018). Utilization of Digital Marketing for Micro, Small and Medium Enterprises in the Era of the ASEAN Economic Community. *Jmd: Dewantara Journal of Management & Business Research*, 1(2), 62–76. <https://doi.org/10.26533/Jmd.V1i2.1175>

⁶ Arianto, B. (2020). Development of Digital MSMEs During the Covid-19 Pandemic. *Journal of Business Administration*, 6(2), 233–247. <https://doi.org/10.24967/Psn.V2i1.1452>

⁷ Sugiyono. (2017). *Qualitative Research Methods: For Exploratory, Interpretive, Interactive, and Constructive Research*. In Alfabeta. <http://www.unicef.org/voy/media/cr>

digitalization, such as Law No. 25 of 1992 concerning , Law No. 11 of 2008 concerning Electronic Information and Transactions and its and Law No. 27 of 2022 concerning Personal Data Protection Secondary legal materials were also consulted, including legal literature, academic journals, academic articles, and relevant opinions from legal experts obtained from a literature review.

Data collection techniques were carried out through a literature study, namely by collecting and reviewing laws and regulations, official government documents, scientific publications, and other written sources discussing the topic of cooperatives and digitization⁸. This approach was chosen because it is consistent with the characteristics of normative research, which aims to analyze legal rules, principles, and legal principles related to the topic of discussion. The collected data was then examined qualitatively and descriptively by interpreting existing regulations and legal theories in order to gain a comprehensive understanding of the challenges and opportunities for savings and loan cooperatives in the digital era. With this approach, this study aims to provide theoretical and practical contributions to the development of cooperative law that can be adapted to advances in information and communication technology.

RESULTS AND DISCUSSION

A. Legal and Institutional Challenges of Savings and Loan Cooperatives in the Digital Era

The development of digital technology has had a significant impact on various areas of life, including the cooperative sector, particularly Savings and Loan Cooperatives (KSP). Digitalization has opened up opportunities for cooperatives to improve the efficiency, transparency, and accessibility of financial services for their members. However, behind these opportunities lie considerable challenges for CSF, particularly in terms of law and institutions. These challenges need to be studied in depth to ensure that cooperatives can fulfill their duties optimally in the digital era, while continuing to operate within the applicable legal framework⁹.

Small, medium, and cooperative enterprises (SMEs), which are often labeled as insignificant and underestimated, have survived the crisis. This has now created many market opportunities that were previously closed. Due to the high prices of medicines, most of which still have to be imported, herbal medicine producers who have joined together in cooperatives have the opportunity to expand.

their market presence. If globalization is truly carried out in accordance with free markets and free competition, this does not mean the end of cooperatives, but rather that cooperatives must take advantage of the positive effects of globalization. In order for cooperatives to remain relevant in the national and international economy, all

⁸ Jhon, W. C. (2015). Qualitative Research & Research Design. *Mycological Research*, 94(3), 522.

⁹ Retno, F. (2013). Analysis of the Health Level of Savings and Loan Cooperatives or Cooperative Savings and Loan Units in Surakarta City. In Muhamma diyah University Surakarta.

opportunities are open to them, as long as they can optimize themselves to become one of the competitive economic actors (companies) compared to other economic actors.

In addition, the transformation of cooperatives into modern cooperatives is a necessity in the business environment of the Industrial Revolution 4.0 era. The ways in which cooperatives can adapt within this framework include: First, cooperatives have a strong business foundation based on enabling synergies between cooperatives to strengthen the areas of capital, production, and marketing. Second, advances in information technology encourage the development of cooperative business activities while expanding market access. Third, the Industrial Revolution 4.0 offers opportunities for new products and services that can be used as strategic areas for cooperatives to stand out as innovative business actors. If these opportunities are fully utilized, the digital era will produce new creativity and innovation, which in turn will enhance the existence of the world¹⁰.

On the other hand, cooperatives also face a number of challenges, including low member participation, suboptimal socialization of cooperatives, weak organizational management quality and limited business capital, a lack of professional human resources to manage cooperatives, changes in consumption patterns, and limited information technology infrastructure. These challenges arise due to the increasingly dynamic business world and the strong influence of digital technology, which has changed the landscape of business management around the world¹¹. However, these challenges should not only be seen as obstacles, but also as drivers of a new vision in the development of cooperatives amid increasingly dynamic social and economic changes. The digitization of cooperatives and MSMEs is an important strategy for responding to rapid technological developments with the aim of improving the efficiency and effectiveness of cooperative services without neglecting core cooperative values such as kinship, self-reliance, responsibility, democracy, equality, justice, and independence.

The main legal basis for cooperatives in Indonesia is Law No. 25 of 1992 concerning Cooperatives. Article 1 paragraph (1) explains that a cooperative is a business entity consisting of individuals or legal entities that carry out their activities with reference to cooperative principles and function as a community economic movement based on the principle of kinship. However, the law

does not explicitly discuss the use of information technology in cooperative activities, including digital savings and loans. The absence of specific provisions regarding the digitization of cooperatives has led to a normative gap that has created legal

¹⁰ Sulistianingsih, D., Romadhon, H. J., & Pujiono, P. (2022). The Merging Cooperatives Based On The Regulation Of Cooperatives And Job Creation. *Law and Justice*, 6(2), 191 –201. <https://doi.org/10.23917/Laj.V6i2.17740>

¹¹ Astawa, I. W., Trianingsih, K., & Sima, I. K. (2021). Analysis of the Financial Performance of Savings and Loan Cooperatives at the Dharma Asih Sentana Jimbaran Bali Cooperative. *Journal of Economics and Tourism*, 16(1), 43 –53.

uncertainty. This can hinder the digital transformation of cooperatives because they do not have a clear legal framework for the application of digital technology in their activities. In this context, it is important to update or revise the Cooperative Law to reflect the rapid technological advances of today.

Meanwhile, the management of data and digital transactions by cooperatives also requires compliance with the provisions of Law Number 11 of 2008 concerning Electronic Information and Transactions (ITE) "as amended by Law Number 19 of 2016. Article 1 of the ITE Law states that electronic information and/or electronic documents are legal evidence". Therefore, all types of digital transactions conducted by cooperatives must have legal validity and digital security guarantees¹².

However, cooperatives' understanding of this obligation is still low. Many CSPs do not yet have information systems that meet the security and integrity principles set out in Articles 15 and 16 of the ITE Law, which emphasize the importance of adopting reliable and secure electronic systems¹³. In addition, challenges also arise from the aspect of personal data protection, which is now a global and national issue. With the enactment of Law No. 27 of 2022 concerning Personal Data Protection (PDP Law), cooperatives bear a great legal responsibility as parties that manage the personal data of their members. According to Article 1(4) of the Data Protection Law, cooperatives that process personal data are considered data controllers, which means that they are responsible for the validity and security of data processing.

As part of personal data protection, cooperatives "that collect and process the personal data of their members are required to comply with the provisions of Law No. 27 of 2022 concerning Personal Data Protection (PDP Law)". According to Article 1, point 4 of the Privacy Code, a data controller is a person who determines the purpose and control of data processing. In this context, cooperatives that store member data for digital savings and loan transactions must comply with data protection principles, such as the principles of transparency, legitimacy of processing, purpose limitation, and accuracy. In the event of a data breach, cooperatives may face administrative or criminal consequences, as stipulated in Articles 57 and 58 of the PDP Law.

Furthermore, there is a problem in that most cooperatives in Indonesia do not have the technical infrastructure or adequate internal regulations to implement these provisions¹⁴. Many cooperatives do not have standard data security methods, are unaware of the importance of explicit consent when collecting personal data, and have not established internal regulations for members' rights to access and delete data. This

¹² Muhammad, H., Acai, S., & Abdullah, K. (2021). Smart Entrepreneurship (Creative and Innovative Entrepreneurship). Indonesian Science Media.

¹³ Indika, & Topiah. (2016). Financial Performance Analysis of Kartika Garuda Lubuklinggau Savings and Loan Cooperative for 2010-2014. *Accounting Journal*, 2(1), 1-18.

¹⁴ Putrayasa, I.M.A., Dewi, N. W. K., & Suta, I.W. P. (2015). Analysis of the Health Level of the Giri Sari Sedana Cooperative in Mengwi. *Journal of Business and Entrepreneurship*, 11(2), 115-125.

poses complex legal challenges, as it places cooperatives in a vulnerable position with regard to legal violations, even if the digitization measures are intended to serve efficiency and improve service delivery.

B. Opportunities and Strategies for Strengthening Savings and Loan Cooperatives through Digitalization

Current advances in digital technology are having a significant impact on various sectors, including the cooperative sector. Savings and loan cooperatives (KSP), which are part of microfinance institutions based on the principles of togetherness and kinship, have the opportunity to strengthen their existence through the use of digital technology. Technology has served as the main driver for massive transformations in the way we communicate, conduct transactions, and even how we understand and apply the law. Digital transformation provides a great opportunity for KSP to strengthen its existence. First, through digital platforms, cooperatives can expand their membership reach beyond geographical boundaries, even reaching the younger generation who are familiar with technology. Second, the digitization of administration and transactions brings operational efficiency by reducing costs, speeding up recording, and minimizing human error. Third, application-based access to information allows members to monitor their savings, loans, and financial reports in real time, thereby fostering trust through transparency. Fourth, digitization also opens up opportunities for product diversification, ranging from digital payments, integration with QRIS, to application-based online loans. Finally, KSP can establish strategic partnerships with fintech, banks, and marketplaces to expand services, increase competitiveness, and strengthen its position in the national digital financial ecosystem¹⁵. Digital transformation can expand the reach of cooperative services, improve operational efficiency, accelerate information access for members, and promote more transparent and accountable cooperative governance. Amid the fourth industrial revolution and the acceleration of national digital transformation, cooperatives are encouraged not only to adapt but also to innovate in providing services to members, including through the digitization of loan documents, the implementation of technology-based financial applications, and cloud-based financial reporting systems.

The legal basis that provides space and support for the development of cooperative digitalization can be found in various laws and regulations. Law No. 25 of 1992 concerning cooperatives is the basis that regulates the basic principles of

¹⁵ Setiawati, D., Sholahudin, I., A, N. I. H., Nurfattah, H., Sari, A., & P, S. D. A. (2023). Technological Transformation in International Trade Law: Regulation and Dispute Resolution in the Digital Age. *Borobudur Law and Society Journal*, 2(5), 220–231.
<https://Journal.Unimma.Ac.Id/Index.Php/Blasta/Article/View/10891%0ahttps://Journal.Unimma.Ac.Id/Index.Php/Blasta/Article/Download/10891/4788/>

cooperatives, including the principles of democracy, self-reliance, and participation¹⁶. On the other hand, with Presidential Decree No. 39 of 2019 concerning One Data Indonesia, the government has set the direction for data integration and digital transformation for all sectors, including the cooperative sector. In addition, "Law No. 11/2008 concerning Electronic Information and Transactions (ITE)", as amended by Law No. 19/2016, provides a legal basis for the introduction of electronic systems and data protection, which are important for cooperative digitalization efforts, including application-based transactions.

The option of cooperative digitization is further strengthened by Regulation of the Minister of Cooperatives and Small and Medium Enterprises No. 6 of 2020 concerning the digital transformation of cooperatives, which underlines the importance of using information technology to support all cooperative business activities¹⁷. This regulation encourages cooperatives to use digital technology for membership, savings and loans, recording transactions, as well as reporting and conducting annual general meetings (AGMs) online. This will certainly expand the scope of cooperative services, reach members in remote areas, and accelerate decision-making based on accurate data.

From a strategic perspective, strengthening the CSF through digitalization can occur in several important steps. First, the digitalization of accounting and financial reporting. This can be achieved through the use of online cooperative-based accounting applications. The use of this system will increase transparency and accountability and facilitate the audit and internal control processes. Second, the development of a mobile application-based savings and loan platform that allows members to make transactions, access financial data, and run credit simulations in real time. This strategy is very important to reach millennials, who currently constitute the majority of active economic actors.

Third, the ability of cooperative employees to use digital technology must be improved. This can be done through digital literacy training for cooperative administrators and members so that they are able to utilize digital systems to the best of our ability. This capacity building is very important considering that many cooperatives still do not have employees who are tech-savvy. Fourth, strategic cooperation with financial technology (fintech) providers and other digital platforms. This cooperation can strengthen the cooperative ecosystem by providing innovative, secure, and reliable technology-based financial products and services¹⁸. This

¹⁶ Wijoyo, H. (2021). Digital Transformation from Various Aspects. *Insan Cendekian Mandiri*. <https://books.google.com/books?hl=en&lr=&id=3z0reaaaqbaj&oi=fnd&pg=pa1&dq=digital+leadership+women+digital+leadership&ots=2fjmkfawey&sig=Utrfbdqz-W7jazn6g1eorim-Oqa>

¹⁷ Hodsay, Z., & Yolanda, Z. (2019). Analysis of the Financial Health Assessment of the Sejahtera SMK Muhammadiyah 2 Palembang Savings and Loan Cooperative (KSP). *Jurnal Profit: Kajian Pendidikan Ekonomi Dan Ilmu Ekonomi*, 6(2), 114–125. <https://doi.org/10.36706/Jp.V6i2.9986>

¹⁸ Rudiwanto, A. (2019). Measuring the Health Level of Savings and Loan Cooperatives Based on Regulation Number: 06/Per/Dep.6/1v/2016. (Case Study at Abdi Sesama Cooperative - Palembang. *Moneter - Journal of Accounting and Finance*, 6(1), 45–52. <https://doi.org/10.31294/Moneter.V6i1.5104>

cooperation is in line with the spirit of financial inclusion as outlined in Regulation No. 76/POJK. 07/2016 from the Financial Services Authority (POJK) to increase financial literacy and consumer and/or community involvement in the financial services sector.

The digitization of cooperatives must also be considered and carried out in a targeted manner so that the basic values of cooperatives are not lost. Values such as solidarity, justice, togetherness, and independence must be the foundation of all technological innovations. That is why digitization is not only about introducing technology, but also about changing the organizational culture towards modern and professional cooperative management. From a legal perspective, cooperatives seeking digitalization must also consider the protection of their members' personal data¹⁹. This is in line with the objectives of Law No. 27 of 2022 concerning Personal Data Protection, which emphasizes the relevance of transparent, secure, and responsible data management and processing.

In addition to internal factors, government support and regulatory adaptation are also crucial elements for maximizing the potential of cooperative digitalization. The government, through the Ministry of Cooperatives and SMEs, has launched various programs for cooperative digitalization, including training, technology incubation, and strengthening cooperatives with a digital base. One example is the digital platform "Koperasi Modern" (Modern Cooperative), which was created to support cooperatives in conducting online RATs, digital bookkeeping, and technology-based supervision. In addition, the function of the Cooperative Office at the regional level also needs to be improved to be more effective in supporting and overseeing the digital transformation process. The active involvement of all stakeholders will accelerate the implementation of inclusive, equitable, and sustainable digitalization in all regions.

Furthermore, the digitization of cooperatives also creates opportunities for collaboration and integration with a broader digital ecosystem. For example, KSP can connect to the national digital payment system (QRIS), mobile banking applications, and technology-enabled credit rating systems currently being developed by the Financial Services Authority (OJK). This collaboration not only expands the reach of cooperative services but also enhances the competitiveness of KSPs compared to other financial institutions²⁰. This is in line with the Government's vision to achieve financial inclusion at the national level, as outlined in the National Financial Inclusion Strategy (SNKI), initiated by Presidential Regulation No. 114 of 2020.

By leveraging digitalization opportunities and developing the right strategies, savings and credit unions have a significant opportunity to become flexible, inclusive,

¹⁹ Sari, D., Pagutan, B., Primasantia, N. A., Pusparini, H., & Lenap, I. P. (2023). Analysis of the Health Level of Cooperatives at the Dharma Sari Bumi Pagutan Savings and Loan Cooperative. *Valid Scientific Journal*, 20(2), 95–106. <https://doi.org/10.53512/Valid.V20i2.290>

²⁰ Muhammad Ihsan, & Hafliyah, T. (2020). Implementation of the Know Your Customer Principle in Micro Business Credit (Kum) Provision at PT. Bank Mandiri (Persero) Tbk. Daud Beureueh Branch, Banda Aceh. *Journal of Civil Law*, 4(1), 157–162. <https://jim.usk.ac.id/perdata/article/viewfile/17109/7935>

and sustainable financial institutions amid global changes. Digitalization is not merely a matter of following trends, but a strategic step toward efficiency, professionalism, and strengthening the institutional framework of cooperatives for the future²¹. Therefore, collaboration between the government, cooperatives, the private sector, and the public is essential to achieve the digital transformation of cooperatives as a crucial pillar of the economy in this digital era.

CONCLUSION

The evolution of information and communication technology has presented a great opportunity for savings and loan cooperatives (KSP) to transform into more modern, efficient, and inclusive financial institutions. The use of digital technology through savings and loan applications, electronic accounting systems, cloud-based reporting, and online RAT implementation can expand service coverage, increase transparency, and strengthen cooperative governance. Government policy support through Minister of Cooperatives and SMEs Regulation No. 6/2020, Presidential Regulation No. 39/2019 on One Data Indonesia, and Presidential Regulation No. 114/2020 on the National Strategy for Inclusive Finance further strengthens the legal framework for accelerating the digitization of cooperatives in Indonesia.

However, the digitization of cooperatives also faces quite complex legal and institutional challenges. Law No. 25 of 1992 does not explicitly regulate aspects of digitization, thus creating normative gaps and legal uncertainty. The obligation to comply with Law No. 11/2008 on ITE and Law No. 27/2022 on PDP requires cooperatives to have a strong digital security system, even though many cooperatives are still constrained by limited digital literacy, managerial capacity, and technological infrastructure. Therefore, for the optimal digital transformation of cooperatives, it is necessary to strengthen regulations, improve human resource capacity, develop adequate infrastructure, and establish strategic collaborations with the government, fintech, and the private sector, while maintaining the basic values of cooperatives such as economic democracy, equality, solidarity, and independence.

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