

ABSTRACT

The financial and financing industry, particularly the multifinance sector, is currently undergoing significant transformations due to the widespread influence of digital technology. This research investigates the transformative impact of digital technology on the multi-finance industry in Indonesia, focusing on the credit scoring system that addresses challenges related to the duration of the approval process and system analysis. The study examines the feasibility of implementing a digital multifinance credit scoring system in Indonesia, especially for prospective borrowers, from technical, economic, and regulatory perspectives. The credit scoring model developed using the XGBoost algorithm demonstrates a good level of accuracy, with 70% accuracy on training data and 69% on test data, along with a precision rate of 75% and a ROC value of 87%, indicating its strong capability to distinguish between borrowers who will default and those who will not.

The business feasibility analysis shows promising financial prospects with an NPV of Rp 979,247,084, an IRR of 22%, a MIRR of 17%, a Payback Period of 4 years and 4 months, and a Profitability Index of 1.096627772. These metrics collectively suggest that the project has the potential to develop steadily and provide significant financial benefits in the long term. The research also emphasizes the crucial role of regulations by the Financial Services Authority (OJK), highlighting the need for proper oversight to ensure financial stability, consumer protection, and data security.

OJK needs to formulate specific regulations covering general provisions, procedures, and licensing protocols for credit scoring system providers, along with advanced procedures providing clarity for multi-finance companies in digital financial innovation. Additionally, detailed regulations on consumer data protection are necessary to safeguard consumers from the misuse of personal data, and OJK should establish clear rules regarding the subsequent licensing process to provide legal certainty and protection for multifinance companies. Enhancing collaboration with various stakeholders is also essential to support the development of the credit scoring system. Overall, this research demonstrates that the implementation of a digital multi-finance credit scoring system in Indonesia is feasible and has the potential to offer significant benefits to the financial industry in Indonesia, leveraging digital systems to

improve efficiency and effectiveness in addressing the evolving demands of the multi-finance industry.

Keywords: Digital Technology, Multifinance Industry, Credit Scoring System, Regulation