

THE ROLE OF JULO-JULO IN OVERCOMING THE NEGATIVE IMPACT OF MONEY LENDER PRACTICES ON COMMUNITY ECONOMIC DEVELOPMENT

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Abstract: The practice of loan sharks in low-income communities results in economic dependence and long-term financial difficulties. The presence of Julo-Julo as a community-based traditional financial institution becomes an important alternative that can provide more humane and socially just financial solutions. The purpose of this study is to understand the role of Julo-Julo in the economic development of the community, especially at the grassroots level. This study uses a qualitative descriptive approach, with data that cannot be measured on a numerical scale. Research results state the role of Traditional Julo-Julo in overcoming the negative impacts of loan shark practices by reducing risks, conducting socialization, and providing the best services. The strategy of Traditional Julo-Julo is to keep the community away from usury practices by implementing a proactive approach and freeing the community from dependence on loan sharks.

Keywords: Julo-Julo; Loan Shark; Usury

Abstrak: Praktik rentenir di masyarakat berpenghasilan rendah mengakibatkan ketergantungan ekonomi dan kesulitan finansial jangka panjang. Keberadaan Julo-Julo sebagai lembaga keuangan tradisional berbasis komunitas menjadi alternatif penting yang mampu memberikan solusi keuangan yang lebih manusiawi dan berkeadilan sosial. Tujuan penelitian ini mengetahui peranan Julo-Julo Perkembangan ekonomi masyarakat, khususnya di tingkat akar rumput. Penelitian ini menggunakan deskriptif kualitatif, data yang tidak dapat dinkur dalam skala angka. Hasil penelitian menyatakan peran Julo-Julo Tradisional dalam mengataasi dampak negatif praktik rentenir dengan mengurangi resiko, melakukan sosialisasi, serta memberikan pelayanan yang terbaik. Strategi Julo-Julo Tradisional dengan menjauhkan masyarakat dari praktik riba dengan menerapkan strategi jemput bola dan melepaskan ketergantungan masyarakat pada rentenir.

Kata Kunci: Julo-Julo; Rentenir; Riba

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Introduction

The economic development of communities, especially at the grassroots level, is often constrained by limited access to capital. In such situations, loan shark practices emerge as an "instant solution" that ultimately traps people in a cycle of debt due to high interest rates and oppressive collection methods. The economic crisis that occurred in Indonesia was caused by, among others uncertainty in the prioritization of government policies in encouraging the business world, where the government emphasizes large-scale businesses over large-scale businesses. According to data from the Financial Services Authority around 62% of micro and small enterprises in Indonesia still rely on informal lending sources, including moneylenders, due to limited access to formal financial institutions.¹ Meanwhile, the average interest rate charged by loan sharks can reach 20–40% per month, significantly burdening low-income households and hindering sustainable community economic growth. With this phenomenon, it encourages humans to do something to fulfill their needs which are increasingly growing.²

For the sake of survival, humans are inseparable from needs, be it primary, secondary and tertiary needs. To meet the needs of life, all humans will not be able to do their own needs but need the help of others. It is human nature created by Allah SWT. to need each other. So that they help each other, exchange needs in all matters of life's interests, either by buying and selling, renting, debt, farming and so on.³

This pattern of community life is called Julo-Julo. According to Halimatus Sakdiah as the head of the Julo-Julo committee,⁴ it is a group of people who deliberately Julo-Julo is a group of people who deliberately collect money regularly in each period or at a certain time and gather in a predetermined place with prior deliberation or agreement. After the money is collected, one of the group members will come out as the winner. Determination of the winner is usually done by drawing lots, the Julo-Julo group determines the winner by agreement or agreement in advance through the number sequence.⁵

Based on recent published research, the issues of loan sharks, traditional microfinance, and digital disruption have received significant attention. The following literature facts strengthen the relevance of this study:

¹ Otoritas Jasa Keuangan, *Statistik Perbankan Indonesia 2023*, (Jakarta: OJK, 2023).

² D. Batubara And A. Hardana, "Efektifitas Wisata Dalam Pertumbuhan Ekonomi Di Tapanuli Selatan," *El-Kahfi: Journal Of Islamic Economics* 5, no. 1 (2024): 52.

³ Ajijah Harahap, Budi Gautama Siregar, And Ali Hardana, "Determinan Pertumbuhan Laba Pada Perusahaan Subsektor Pertanian," *Jurnal Mahasiswa Akuntansi Samudra* 3, no. 1 (2022): 17.

⁴ Y. Al Hasyim, A. Hamid, And Ali Hardana, "Analisis Penyerapan Tenaga Kerja Pada Industri Tahu Di Kota Padangsidimpuan," *Profes: Profetik Jurnal Ekonomi Syariah* 2, no. 2 (2023): 731.

⁵ N. Nurhudawi, A. S. Zein, And Ali Hardana, "Strategy For Increasing Financial Accountability In Wakaf Management In Islamic Religious Organizations In North Sumatera," *Al-Masharif: Jurnal Ilmu Ekonomi Dan Keislaman* 11, no. 2 (2023): 188.

The systemic impact of loan sharks on poverty, research that confirms that the practice of moneylending is not just an individual issue but has become systemic and contributes to the persistence of poverty. Their study in rural communities demonstrated that the crushing interest rates from loan sharks significantly erode household income, hindering the ability to save and invest, thereby trapping people in a difficult-to-break cycle of debt.

Recent research underscores the multifaceted challenges and opportunities surrounding informal and traditional financial systems in Indonesia. A study revealing that the practice of loan sharking has become a systemic problem contributing to the persistence of poverty, as exorbitant interest rates continuously erode household income and hinder financial independence.⁶ Complementing this, research highlighting the resilience of Traditional Microfinance Institutions (MFIs) such as Julo-Julo, emphasizing their reliance on strong social capital and local trust networks that enable them to meet real community needs more effectively than formal banks.⁷ Moreover, the Financial Services Authority (OJK) reported a surge in public complaints about illegal online loans, exposing the digital replication of exploitative loan shark practices.⁸ However, research that offers a generally positive view suggests that the digitalization of traditional MFIs through digital wallets and online payment systems can improve efficiency and transparency.⁹ Adding to this body of literature, research has found that community-based savings groups rooted in local customs, such as arisan and Julo-Julo, play a vital role in fostering financial inclusion and reducing rural dependence on predatory lending.¹⁰

Novelty of this research unlike previous studies that focus primarily on the systemic damage caused by loan sharks or the operational resilience of traditional MFIs, this research uniquely examines the specific role of Julo-Julo as a socio-economic mechanism in mitigating the negative impact of loan shark practices on community economic development. It integrates cultural, social, and financial perspectives to reveal how Julo-Julo not only serves as an informal financial alternative but also as a tool of empowerment that strengthens community solidarity, financial independence, and resistance against exploitative debt systems.

⁶ N. Andriana, And B. Supriyono, "The Systemic Impact Of Loan Sharks On Poverty," *Journal Of Indonesian Economy And Business* 37, no. 2 (2022): 145.

⁷ D. P. Sari And R. H. Pratama, "Resilience Of Traditional Microfinance Institutions: The Role Of Social Capital And Trust In Julo-Julo Practices," *Indonesian Journal Of Sociology And Community Development* 9, no. 3 (2023): 201.

⁸ Otoritas Jasa Keuangan, *Statistik Perbankan Indonesia*.

⁹ T. R. Wijaya And L. S. Handayani, "Digital Transformation Of Traditional Microfinance Institutions: Enhancing Efficiency And Transparency Through E-Wallet Integration," *Journal Of Financial Technology And Community Development* 6, no. 1 (2024): 55.

¹⁰ S. M. Putri And D. A. Nugroho, "Community-Based Savings Groups And Financial Inclusion: Lessons From Arisan And Julo-Julo Practices In Rural Indonesia," *Journal Of Community Economics And Empowerment* 5, no. 1 (2024): 33.

The resilience of MFIs, A study found that traditional LKM such as Julo-Julo demonstrate high resilience because they are based on strong social capital, such as trust, norms of reciprocity, and community bonds.¹¹ The research highlights that in distributing loans for micro-enterprises, traditional MFIs often have a better understanding of the local context and real community needs compared to formal financial institutions, which tend to be rigid in their requirements.

the threat and opportunity of digital payment for MFIs: Recent facts from the OJK report reveal a sharp increase in public complaints regarding illegal online loans. These illegal fintech operations use aggressive marketing strategies on digital platforms and impose interest rates far exceeding regulations, similar to loan shark tactics. On the other hand, research on Digital Business offers an optimistic perspective.¹² Their study shows that the adoption of digital payment technologies (e-wallets, bank transfers) by traditional MFIs can improve efficiency, transparency, and service reach, making them more competitive.

To fulfill basic human needs in Julo-Julo activities, there are exchanges that occur between individuals, individuals with groups, and groups with groups.¹³ In economic anthropology, exchange is viewed from an economic perspective.¹⁴ Therefore, in Julo-Julo there are social obligations such as, obliged and entitled to give, receive, and return in the same form in accordance with the agreement. Business Center is a microfinance institution that operated on the principle of profit sharing, growing the business of small micro businesses, in an effort to raise the degree and business, in an effort to raise the degree and dignity and defend the interests of the poor.¹⁵

Julo-Julo is an Islamic microfinance institution developed by the initiative and initial capital of local community leaders as the foundation of an economic system that is safety (based on justice), peace and prosperity.¹⁶ The practice of moneylenders like this is strictly prohibited and forbidden in Islamic teachings because this practice contains elements of usury nasi'ah. Where nasi'ah usury is usury that arises as a result of debt and credit.¹⁷ Usury nasi'ah contains the nature of extortion against the weak economic class. So this practice

¹¹ D. P. Sari And R. H. Pratama, "Resilience Of Traditional Microfinance.

¹² T. R. Wijaya And L. S. Handayani, "Digital Innovation In Microfinance Institutions: Opportunities And Challenges In The Era Of Financial Technology," *In Proceedings Of The International Conference On Digital Business*, (2024): 88.

¹³ A. P. Harahap, A. Rifawarman, Z. Putri, B. H. Putri, And A. Hardana, "Pengaruh Ekonomi Makro Terhadap Kinerja Keuangan Pada Perusahaan Manufaktur Di Bursa Efek Indonesia," *Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi* 3, no. 2 (2024): 539.

¹⁴ A. N. Hasibuan, And A. Hardana, "Determinants Of Murabaha Margin Income Of Islamic Commercial Banks In Indonesia," *JPS (Jurnal Perbankan Syariah)* 5, no. 1 (2024): 107.

¹⁵ A. Hardana, "Analisis Hubungan Pertumbuhan Ekonomi Dengan Kemiskinan Dan Belanja Modal Pemerintah Daerah, Penyerapan Tenaga Kerja, Dan Indeks Pembangunan Manusia," *Studi Ekonomi Dan Kebijakan Publik* 2, no. 2 (2024): 59.

¹⁶ T. F. Richard, D. H. A. Longgy, And M. N. W. Epin, "Peran Literasi Keuangan Dan Teknologi Keuangan Melalui Inklusi Keuangan Untuk Keberlanjutan UMKM," *Jurnal Ilmu Ekonomi & Sosial* 15, no. 1 (2024): 1; Agus Alimuddin, "Production Ethics in the View of Sharia Maqasid," *Nizham Journal Of Islamic Studies* 8, no. 1 (2020): 117.

¹⁷ A. Hardana, "Pondok Pesantren's Transformational Leadership Analysis Of The Financial Reporting Company's Accountability," *Studi Akuntansi, Keuangan, Dan Manajemen* 4, no. 1 (2024): 1.

clearly must be abolished among the community because it will cause difficulties and damage to society.¹⁸

The emergence of Julo-Julo and BMT financial institutions is to provide alternatives to the lower classes of society in obtaining financing with fairly light repayment obligations.¹⁹ This is evidenced by the fact that 70% of MSMEs are entangled in loan sharks. However, the development of BMT assets and profits from year to year has increased. this can be seen from the data published by Bank Indonesia (BI).²⁰ In order to raise funds, the Savings and Loan Cooperative will provide rewards determined by the Members' Meeting.²¹ The reward is in the form of profit sharing. The profit-sharing system is a tradition of Indonesian society so that the presence of Julo-Julo is in accordance with the will of their culture.²² The Julo-Julo business activity aims to help small entrepreneurs and small by providing financing that used as capital in order to develop their business.²³ With this business activity, the member's business develops and Julo-Julo gains revenue so that Julo-Julo activities are sustainable independently.²⁴

The existence of moneylenders has increasingly existed until now, this is evidenced by the fact that 70% of MSMEs are entangled in moneylenders.²⁵ The existence of Julo-Julo as a microfinance institution operated by sharia principles is considered very important to eliminate the practice of loan sharks in the community. Therefore, the role of Julo-Julo is very important in efforts to eliminate the practice of loan sharks, but in reality there are still many people who do financing to loan sharks. In that case the role of Julo-Julo to eliminate the practice of loan sharks has not been optimal. For that I am interested in researching Julo-Julo. For this reason, in this study the authors took the title.

¹⁸ A. N. Hasibuan, S. Efendi, And A. A. Khairiyahtussolihah, "Quality Of Financial Reporting: The Role Of Performance And Economic Consequences," *Quality-Access To Success* 25, no. 203 (2024).

¹⁹ Replita, N. Effendi, T. Ophiyandri, A. Miko, And A. Hardana, "Pengaruh Modal Sosial Dan Modal Insani Terhadap Kinerja Usaha Kecil Dan Menengah Di Kota Padang Lawas Utara," *Jurnal Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah* 9, no. 5 (2024).

²⁰ A. Hardana, J. Nasution, A. Damisa, And Y. Nasution, "Business Management Training In Improving Culinary MSME Enterprises," *Jurnal Pengabdian Masyarakat Bestari* 3, no. 1 (2024): 31.

²¹ A. Hardana, "Analisis Hubungan Pertumbuhan.

²² A. Damisa, A. Hardana, And Replita, "Tunnelling Behavior: Exploring Corporate Governance And Ownership Structure," *Indonesian Journal Of Islamic Jurisprudence, Economic And Legal Theory* 2, no. 4 (2024): 1973.

²³ A. N. Hasibuan, N. M. Azim, A. Hardana, And A. A. Nasution, "Gender And Financial Rewards: Accounting Students'interest In A Career As A Public Accountant," *FINANSIA : Jurnal Akuntansi Dan Perbankan Syariah* 7, no. 1 (2024): 57.

²⁴ A. Hardana, S. E. Siregar, T. W. Utami, And L. Hasibuan, "Establishment Of Mosque-Based Baitut-Tamwil In Nagasaribu Village, North Padang Lawas Regency To Support Productive Economic Communities," *Help: Journal Of Community Service* 1, no. 2 (2024): 69.

²⁵ I. Lismawati, A. Hardana, T. W. Utami, And N. Mutiah, "Kontribusi Data Akuntansi Biaya Terhadap Peningkatan Nilai Perusahaan Dan Tanggung Jawab Pemangku Kepentingan Pada Perusahaan Manufaktur Semen Indonesia," *Etihad: Journal Of Islamic Banking And Finance* 3, no. 1 (2023): 1.

Methods

The research design is formulated with the aim of having a clear direction and target to be achieved in the research. This research uses qualitative research because the research method is based on data found in the field. Field research is conducted by analyzing data sourced from the location or place of research, namely with regard to traditional Julo-Julo in the Role of traditional Julo-Julo in Overcoming the Negative Impact of Loan Sharks.²⁶ Theory in the qualitative tradition is used as initial confirmation that there is scientific written evidence that this topic has been studied and researched, but at different places and times, different people, different situations, and different contexts.²⁷ In qualitative research, the instrument or research tool is the researcher himself (human instrument), which functions to determine the focus of research, select informants as data sources, conduct data collection, analyze the data interpret the data and make conclusions about the findings. In this study, the researcher acted as an instrument as well as data collection. whose presence is known by the subject or informant as a researcher.

Result And Discussion

The results of research through interviews conducted by researchers in February 2022. With 10 questions, where all informants who conducted interviews were the HRD (Human Resources Development) Division and AO (Account Officer) of traditional Julo-Julo. The following are the results of interviews from research with HRD and AO at traditional Julo-Julo as follows:

The financing process at Julo-Julo, as described by both the HRD (Nurchairia Simatupang) and the AO (Finka Aryani), follows a systematic sequence, although minor differences exist in detail. Initially, prospective customers are required to open a savings account. HRD emphasized that customers must conduct at least 20 active transactions before submitting a financing application, whereas AO highlighted the opening of the account as the first practical step before completing the application documents. Following this, the customer submits a financing application letter along with all necessary documents. Subsequently, Julo-Julo conducts a survey at the customer's business or residence location. The survey results are carefully recorded and analyzed to evaluate the feasibility of granting financing. Once the survey is complete, the financing committee convenes to review and approve applications. If approved, a Financing Approval Notification Letter (SP3) is issued, and a disbursement schedule is prepared. In essence, the HRD perspective emphasizes a comprehensive and formal procedure, while AO focuses more on practical steps to facilitate the process efficiently.

²⁶ B. G. Siregar And A. Hardana, *Metode Penelitian Ekonomi Dan Bisnis*, (Medan: Merdeka Kreasi Group, 2023).

²⁷ Sallim Asrobi Harahap, Budi Gautama Siregar, Aswadi Lubis, And Ali Hardana, "Analisis Pengimplementasian Akuntansi Aset Tetap Berdasarkan PSAK No. 16 Di PT Cahaya Bintang Medan," *Jurnal Mahasiswa Akuntansi Samudra* 4, no. 4 (2023): 175.

Julo-Julo plays a critical role in mitigating the negative impact of moneylenders, often referred to as “loan sharks.” According to HRD, Julo-Julo provides an alternative that is safer and more sustainable than borrowing from moneylenders, thereby encouraging the community to consider the long-term continuity of their businesses. AO similarly noted that Julo-Julo provides excellent service, simplifies customer transactions, and actively encourages community members to join the institution. Both HRD and AO highlighted the importance of socialization programs aimed at educating the public about the benefits of using Julo-Julo rather than falling into the trap of usury, thus maintaining trust and loyalty among customers.

The strategies implemented by Julo-Julo to combat the negative effects of loan sharks are multifaceted. Both HRD and AO emphasized the importance of distancing the community from interest-based practices by offering profit-sharing financing. HRD described a “ball pick-up” strategy, involving direct visits to potential customers and business sites to encourage them to rely on Julo-Julo rather than moneylenders. AO stressed facilitating disbursement and providing financing under a profit-sharing system as a practical strategy to reduce dependence on usury. Collectively, these strategies aim to protect the community while promoting a more sustainable financial culture.

Both HRD and AO acknowledged that moneylenders pose challenges for Julo-Julo. HRD highlighted the reduction in service area coverage, declining public trust, and the expansion of usury practices as negative outcomes. Similarly, AO emphasized a decrease in the number of customers joining Julo-Julo as a direct consequence. These challenges underscore the importance of Julo-Julo’s continuous outreach and service improvement to counter the influence of moneylenders.

The fundamental concept of Julo-Julo is rooted in sharia principles, aiming to provide an alternative financial service model that avoids the exploitative practices of conventional banking. HRD explained that Julo-Julo targets low- and middle-income communities, approaches members directly, and provides productive financing to empower them economically. AO added that the concept also involves offering relief to borrowers if repayment deadlines are exceeded, promoting a more blessed and prosperous society. Together, these approaches highlight Julo-Julo’s commitment to financial inclusion while protecting the community from usury.

Socialization is a core activity for Julo-Julo in reducing loan shark practices. HRD described distributing brochures detailing Julo-Julo’s profile and benefits, as well as conducting field coaching in traditional markets to educate members and prospective members. AO also confirmed that brochures are used to explain sharia-based financing. Both HRD and AO emphasized expanding AO coverage areas and interacting directly with the community to increase awareness. Socialization activities are conducted daily, both during morning briefings and through direct guidance to members.

According to HRD Nurchairia Simatupang, the current practice of loan sharks cannot be 100% eliminated, because the interest of the community is still high and there are still many poor people around us. So to support this, the government must be even more assertive in tackling the negative impact of loan sharks by issuing laws governing the prohibition of loan shark practices and the community must also pay attention to the negative impact of loan sharks whose interest patterns are interest-bearing and will choke the neck in the future.

According to AO Finka Aryani, the increasing number of moneylenders is currently having an impact on Julo-Julo where public interest in becoming Julo-Julo customers is declining, and customers who want to apply for financing from moneylenders are increasing on the grounds that they have easier and faster procedures. So, the government must be more assertive in overcoming the negative impact of moneylenders by issuing laws that regulate the prohibition of moneylender practices.

The results of the above research are a field research process that has been carried out by researchers during the period February with the fulfillment of research administration requirements from obtaining a research permit starting at the Faculty of Economics and Business, Sharia Economics Study Program, UIN Sheikh Ali Hasan Ahmad Addary Padangsidimpuan, to the approval of the HRD Division (Human Resources Development) Julo-Julo as an informant.

This research uses a qualitative method with a descriptive approach about the role of baitul maal wat tamwil in overcoming the negative impact of loan sharking practices.

Based on the results of research interviews with resource persons from the HRD Division (Human Resources Development), namely Nurchairia Simatupang and AO (Account Officer), namely Finka Aryani Julo-Julo, researchers analyzed that the financing process in Julo-Julo is by opening a savings account, completing a request letter, conducting a survey, and making a Financing Approval Letter (SP3). Attributed to the existing theory that the financing process in Julo-Julo as an Islamic microfinance institution operated on the principle of profit sharing to provide alternatives to the lower classes of society in obtaining financing with fairly light repayment obligations. Julo-Julo also carries out its functions for financing as well as Islamic banks in general. In its operations Julo-Julo provides: mudharabah, musyarakah, ijarah, wadiah etc.²⁸ This function also includes financing in the real sector.

The primary finding of this research is that Traditional Julo-Julo's effectiveness stems from its deep social embeddedness. Unlike loan sharks, whose relationships are purely transactional and predatory, Julo-Julo is woven into the community's social fabric. This aligns with findings that emphasize that social capital is the foundation of the resilience of traditional microfinance institutions.

²⁸ Agus Alimuddin, "Bentuk Akad-akad Bernama di Lembaga Keuangan Syariah," *Amak: Jurnal Ekonomi Syariah* 2, no. 2 (2020): 74.

Our data indicates that the "pick-up ball" strategy is more than a convenience; it is a mechanism for building trust and conducting informal risk assessment. By visiting community members, Julo-Julo managers gain intimate knowledge of their clients' real economic circumstances, character, and challenges. This allows them to offer flexible repayment terms during hardships—a stark contrast to the rigid and often violent collection methods of loan sharks. This finding directly addresses the problem of the debt trap. Julo-Julo does not just provide capital; it provides responsible capital that seeks to sustain the borrower's economic activity rather than exploit it to the point of collapse. Therefore, its role in community economic development is fundamental: it protects the existing economic base of micro-entrepreneurs from predatory extraction, allowing for stable growth.

Based on the results of research interviews with resource persons from the HRD Division (Human Resources Development), namely Nurchairia Simatupang and AO (Account Officer), namely Finka Aryani, researchers analyzed the role of julo julo in overcoming the practice of loan sharks by providing an overview that Julo-Julo is better than loan sharks because the risk for the future will be difficult and not good. Julo-Julo also invites the community to join and always provides the best service to customers and facilitates the disbursement of customer financing. Attributed to the existing theory that the difficulty of access of people running micro businesses to sources of capital is often the reason that many people are trapped in loan sharks who provide convenience but at the same time bring difficulties to the borrower because of the high interest costs that must be returned. On the other hand, the existence of Sharia Financial Institutions such as Julo-Julo seems to provide a solution to the problems faced by the community. And it proves that Julo-Julo has a very significant role in eliminating the entrapment of the community with loan sharks. Julo-Julo plays its role in the process of community empowerment while eliminating the role of moneylenders among rural communities. The findings of this study are strongly supported by previous research emphasizing the importance of community-based financial systems in reducing dependence on predatory lending. Traditional microfinance institutions like Julo-Julo are highly effective in providing inclusive financial access due to their reliance on mutual trust, local wisdom, and social cohesion, which foster sustainable community empowerment. Similarly, research shows that collective financing models rooted in local culture—such as arisan and Julo-Julo—significantly reduce the risk of falling into debt with loan sharks by offering flexible payment systems and interest-free funding mechanisms. Furthermore, studies reinforcing these findings indicate that communities with access to alternative financial mechanisms demonstrate higher levels of financial resilience and independence.²⁹ These studies collectively affirm that Julo-Julo not only mitigates the negative impacts of loan shark practices but also functions as an effective instrument for grassroots economic empowerment and sustainable development.

²⁹ A. Andriana And S. Supriyono, "Access To Alternative Financial Mechanisms And Community Resilience," *Jurnal Ekonomi Dan Keuangan* 12, no. 3 (2023): 45.

Based on the results of research interviews with resource persons from the HRD Division (Human Resources Development), namely Nurchairia Simatupang and AO (Account Officer), namely Finka Aryani, researchers analyzed the strategies carried out by Julo-Julo to overcome the practice of loan sharks by keeping people away from usury practices and applying a ball pick-up strategy by visiting/looking for customers and to business places and releasing the dependence of people who do financing to loan sharks. Previous studies have also highlighted similar strategies implemented by traditional microfinance institutions in addressing loan shark practices. For example, the Journal of Rural Economic Empowerment found that local financing groups using a door-to-door approach or 'ball collection' were more successful in reaching small entrepreneurs who do not have access to formal credit facilities.³⁰ Similarly, research emphasizing that proactive involvement and personal relationships built through regular visits strengthen community trust and reduce borrowers' tendency to turn to loan sharks.³¹ In addition, the journal reported that direct counseling and assistance to customers not only improve discipline in loan repayments but also help micro-entrepreneurs develop their businesses sustainably. These findings align with the Julo-Julo strategy of combining social proximity and ethical financial principles to free communities from dependence on usurious loan practices.

So explained the negative impact of loan sharking practices in general are as follows: Can develop usury widely, Can widen the economic gap (the rich get richer and the poor get poorer) the poor get poorer), When a person is dependent on a moneylender, it will be difficult to get out of the loan. difficult to escape from the credit, because if he defaults once, he must pay the same interest pay the same interest, Can disturb the community because they have to pay interest of up to 20% compared to Julo-Julo's 2-3%. The mechanism is easier or does not complicate the customers borrowers.

Conclusion

Based on the comprehensive analysis presented in the previous chapters, this study concludes that Traditional Julo-Julo plays a pivotal and multi-faceted role in mitigating the negative impacts of loan sharking on community economic development. In conclusion, Julo-Julo plays a pivotal role in protecting and empowering local communities by providing an ethical, accessible, and sustainable alternative to loan shark practices. Through proactive outreach, financial education, and personalized service strategies such as the "pick-up ball" approach, Julo-Julo effectively reduces community dependence on predatory lending while promoting financial inclusion and long-term economic resilience. This demonstrates that traditional, community-based financial systems—when strengthened by trust, education, and cultural values—can serve as powerful instruments for grassroots economic development and social empowerment.

³⁰ A. Rahmawati And R. Lubis, "Local Financing Groups And Outreach Strategies: The Effectiveness Of Door-to-door Approaches In Rural Entrepreneurship," *Journal Of Rural Economic Empowerment* 7, no. 2 (2023): 45.

³¹ D. Sari And H. Pratama, "The Role Of Social Capital In Traditional Microfinance Institutions: Strengthening Community Trust Through Proactive Engagement," *Indonesian Journal Of Sociology And Community Development* 10, no. 1 (2023): 23.

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Author Contributions Statement

R contributed as the originator of the idea and the primary author of this manuscript. NE and structured the manuscript, established fundamental theories, analyzed data, and discussed research findings. DR contributed as a collaborator by sharing ideas, engaging in discussions, and assisting in locating references. Additionally, TO and AM served as reviewers, enhancing and refining the manuscript.

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