



Balancing Innovation and Regulation: Legal Protections for Consumers in Indonesia's Rapidly Expanding E-Commerce Sector

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Article Info	Abstract
<p>Received : 3rd April 2023 Accepted : 28th May 2024 Published : 30th May 2024</p> <p>Keywords: Consumer Protection, Business, E-commerce</p> <p>Corresponding Author: Putu Eka Trisna Dewi, trisnadewi.ecak@gmail.com</p> <p>DOI: 10.24843/JMHU.2024.v13.i01.p04</p>	<p><i>E-commerce transactions have a significant role in fostering sustainable economic growth, advancing national development implementation in order to achieve equitable development, and preserving national stability. E-commerce has significant advantages, but it also introduces risk and uncertainty. Consumers are often harmed by e-commerce transaction procedures, which also give rise to a number of legal difficulties. This study employs a statutory approach combined with a literature review as a legal research methodology. The Act Number 19 of 2016 concerning amendments to the Act Number 11 of 2008 concerning Information and Electronic Transactions, the Government Regulation Number 71 of 2019 about Operation of Electronic Systems and Transactions, and the Act Number 8 of 1999 about Consumer Protection all regulate consumer protections in E-commerce transactions. The aforementioned rules work to safeguard consumers' rights during business transactions.</i></p>

1. Introduction

The evolution of the corporate world is significantly impacted by the quick advancement of technology. Previously, overcoming the Difficulties of Various Time Zones in International Businesses can be a strenuous undertaking for any enterprise, particularly one that is expanding rapidly¹. Currently, due to technological advancement, time zones and geographic differences between areas (or countries) are no longer a barrier to conducting business.

The globalisation period is a time where internet technology is developing more quickly, which supports in spreading tech and knowledge globally². This time period has a

¹ Daniels, John D., Lee H. Radebaugh, and Daniel P. Sullivan. International business: Environments and operations. Pearson, 2019.

² Aslam, et.al. Globalization. 2018. Official Website of International Monetary Found (accessed on May 2024). <https://www.imf.org/en/Blogs/Articles/2018/04/09/globalization-helps-spread-knowledge-and-technology-across-borders>

significant impact on how business is conducted in Indonesia, where the online market is starting to take over. E-commerce transactions are this type of online transaction. By 2022, the number of E-Commerce businesses in Indonesia will be 2,995,986 businesses.³

Since the advent of globalization, trade has expanded to include transactions between nations, sometimes known as international trade or international business.⁴ E-commerce transactions play a significant role⁵ in boosting equitable national development, sustaining national stability, and boosting the implementation of sustainable economic growth. These days, practically any product can be traded online. Trade is used by businesses involved in sales and services. The sector of business activities that have been conducted in the actual world has undergone significant changes as a result of the growth of e-commerce. Several initiatives from corporate activity areas that were initially established in the real world (real), then evolved into the virtual world, are indicative of this transformation (virtual).⁶

Despite the country's economic recession, Indonesia's e-commerce sector is expanding quickly. Additionally, the majority of Indonesia's e-commerce players are tiny, micro, and medium-sized enterprises (MSME). SME companies, as we all know, are the most robust, even during economic downturns. It is impossible to overstate Indonesia's e-commerce market's potential. The value of internet company sales in Indonesia has grown by 40% annually, according to data from Ernst & Young's research. In Indonesia, there are roughly 71.0 million smartphone users and 93.4 million internet users combined.⁷ People in big cities are now using the internet for e-commerce operations as part of their lifestyle, in addition to using it for information seeking and chatting.

E-commerce has altered how customers conduct business. E-commerce companies are able to cross boundaries and offer more consumers cheaper access to goods and services because of the internet. Consumers now have an advantage in online transactions,

³ Badan Pusat Statistik, Statistik E-Commerce 2022/2023, <https://webapi.bps.go.id/download.php?f=AhY2PUMN9wznDWuhSBpk8RO9843cRWyFEWL992K/t0QhsLZTkT8RmnkO4+S05vGZllsJ6KtyFat6PLMGdLvsegU/n6J2DqMpzBGTuz61CLAQKMIetZGU1WTF1z5IvJCw9XFPq9Eaqjm9drDJ+Xxyx50sT4DEJ5bFikoTgb/iDHLFekQdlIt3eOhpbTPNFEy6tGHIZQp74TvIu+lJBDA4ItFuo2sFranDeJxEcuzKNUwcMuA9sWimcMGuujg08RTl47dUnvVl7OInbWv8QFt2Xg==>, diakses pada 25 Mei 2024

⁴ Putu Eka Trisna Dewi, "The Cross-Border Insolvency in the Execution of Bankrupt Assets Outside Indonesian Jurisdiction: A Comparative Study with Malaysia, Singapore, and the Philippines," *The Indonesian Journal of Southeast Asian Studies (IKAT)* 5, no. 1 (2021): 47-59, <https://doi.org/https://doi.org/10.22146/ikat.v5i1.64157>.

⁵ Kabango, Christian Mbayo, and Asa Romeo Asa. "Factors influencing e-commerce development: Implications for the developing countries." *International Journal of Innovation and Economic Development* 1.1 (2015): 64-72.

⁶ Putu Eka Trisna Dewi, "Pengawasan Dan Perlindungan Konsumen Dalam Transaksi Bisnis E-Commerce Di Indonesia," *Jurnal Yustisia* 13, no. 2 (2019): 91, <https://ojs.unr.ac.id/index.php/yustitia/article/view/403>.

⁷ Fajar Sugianto, Ellora Sukardi, and Tomy Michael, "Comparison of Legal Consumer Protection Systems in E-Commerce Transactions to Support Digital Economic Growth in Indonesia," *Dalat University Journal Of Science* 12, no. 1 (2022): 39-51, [https://doi.org/https://doi.org/10.37569/DalatUniversity.12.1.814\(2022\)](https://doi.org/https://doi.org/10.37569/DalatUniversity.12.1.814(2022)).

particularly when buying goods and services, thanks to fierce trade competition.⁸ According to Article 1 Paragraph 2 of The Act Number 19 of 2016 about Amendments to The Act Number 11 of 2008 about Information and Electronic Transactions ("ITE Law"), e-commerce is a contemporary business model that is non-face (it does not require buyer and seller to meet physically and non-signatory (it does not use the original signature)).

E-commerce transaction procedures generate a number of issues that have a tendency to harm customers and result in a number of legal issues. Legal difficulties involving the protection of consumer rights are more serious in the situation of a customer doing E-commerce transactions with merchants in various countries. Fraud is a frequent occurrence in online transactions. The existence of company actors, purchased goods, product prices, and consumer payments are all possible components of these scams.⁹ If customers are dissatisfied with the items they have purchased, it might be difficult for them to get a refund and work out solutions with business actors through e-commerce transactions; also, it is simple for the business actors to hide their identities online. These problems cause consumers to lose trust in the online market.¹⁰ Blockchain technology and sophisticated AI-based fraud detection systems are examples of recent developments in digital verification technologies that are being developed to address these issues by offering more transparent and safe transaction procedures¹¹. E-commerce does, however, carry some risk and uncertainty in addition to its benefits. The same qualities that make e-commerce profitable also create risks that erode consumer trust. Companies are able to function "beyond the reach of state law,"¹² which leads to an increase in deceptive advertising strategies, dangerous products, risky payment methods, and invasions of privacy. In an effort to improve consumer protection and foster trust in online transactions, these challenges are receiving more attention from developing regulatory frameworks and international cooperation.

Many issues that occur in online transactions frequently indicate either a nation's unwillingness to embrace technology advancements or the slow pace of law and regulation in response to changing circumstances. More investigation into the rampant consumer protection violations in e-commerce transactions, particularly in Indonesia, is quite intriguing in relation to this.

2. Research Method

This study adopts a comprehensive legal research methodology, incorporating both literature reviews and the statutory method. Before applying this approach, it is crucial to understand the hierarchy and guiding principles of the law. The statutory method

⁸ Yun Zhao, *Dispute Resolution in Electronic Commerce* (Leiden: Martinus Nijhoff Publishers, 2005), <https://www.nlb.gov.sg/biblio/12589188>.

⁹ Reurink, Arjan. "Financial fraud: A literature review." *Contemporary topics in finance: A collection of literature surveys* (2019): 79-115.

¹⁰ Rachelle Andrews, "Electronic Commerce: Lessons Learned From The European Legal Model," *Intellectual Property Law Bulletin Spring* 9, no. 2 (2005): 83.

¹¹ Odeyemi, Olubusola, et al. "Integrating AI with blockchain for enhanced financial services security." *Finance & Accounting Research Journal* 6.3 (2024): 271-287.

¹² Pooley, James. "A Brief History of US Trade Secret Law." *AIPLA QJ* 50 (2022): 683.

involves a detailed examination of laws and regulations, delving beyond their mere form to analyze the substantive content and the ontological, philosophical, and ratio legis foundations of the legal provisions. As outlined by Terry Hutchinson, this approach enables researchers to locate an updated copy of an Act, including any modifications indicated by annotations.¹³ Furthermore, it facilitates the identification of relevant cases that interpret the law, using legal encyclopedias and annotations to connect to more comprehensive and pertinent information related to the topic.¹⁴ This multifaceted strategy ensures a thorough understanding of the legal framework, supporting a robust analysis of the issues at hand.

3. Result and Discussion

3.1 E-Commerce in the Globalization Era in Indonesia

The globalisation period is a time where internet technology is developing more quickly. In this era, all activities are carried out using automated systems in all areas of activity, and as internet technology develops, it increasingly serves as a platform for both connecting people globally and supporting trade transaction operations. Electronic commerce (e-commerce) is resulted from technological advancements, and now businesses have online shopping sites or social media to market their products.

E-commerce, is the practice of conducting business utilising computer networks, specifically the internet, with customers, manufacturers, service providers, and intermediate traders. The use of internet infrastructure in this scenario represents a technological innovation that enables the complete spectrum of economic activity¹⁵. Laudon and Laudon define E-commerce as "the process of buying or selling goods electronically by consumers business transactions¹⁶".

The Internet is a very global computer network that can be accessed from anywhere in the globe at any time, or in other words, is available online twenty-four hours a day, seven days a week. As a result, business people and internet service providers developed the sophistication of the computer network known as the internet to exploit this area and turn it into a site of commercialization, and to maximise profit¹⁷.

E-commerce that offers an easier shopping process and the efficiency of shopping time is an attraction for consumers to switch from conventional shopping to online shopping. The changes in the way consumers shop are caused by the development of internet technology indirectly disrupts conventional trade. The transaction process through E-Commerce has several advantages such as flexible time because it can be done anywhere as long as you have an internet network and easier process of finding the needed items. E-commerce transactions that does not require physical in-person interaction between

¹³ Hutchinson, Terry C. M. *Researching and Writing in Law*. Australia: Lawbook Company, 2002.

¹⁴ Terry C. M. Hutchinson, *Researching and Writing in Law* (Australia: Lawbook Company, 2002).

¹⁵ Abdul Halim Barkatullah, *Hukum Transaksi Elektronik Di Indonesia Sebagai Pedoman Dalam Menghadapi Era Digital Bisnis E-Commerce Di Indonesia* (Bandung: Nusa Media, 2017), <https://opac.perpusnas.go.id/DetailOpac.aspx?id=1160201>.

¹⁶ Kitukutha, Nicodemus, and Judit Oláh. "Trust and E-commerce-case study on Jumia company." *The Annals of the University of Oradea. Econ. Sci* 27 (2018): 313-319.

¹⁷ Barkatullah, *Hukum Transaksi Elektronik Di Indonesia Sebagai Pedoman Dalam Menghadapi Era Digital Bisnis E-Commerce Di Indonesia*.

buyers and sellers also have drawbacks, one of which is the possibility for legal infractions that could harm customers.

E-commerce transactions make commercial transactions more practical because they are paperless and do not require both parties to meet physically. As a result, it can be claimed that e-commerce is a strong role behind the technology sector's new economy¹⁸.

Consumer rights are frequently violated in e-commerce transactions in Indonesia. This encompasses not only deceit and bad faith on the side of internet merchants but also unethical and illegal transgressions including fraud and invasions of privacy. In fact, based on the provisions of Article 4 of the Consumer Protection Act, there are consumer rights guaranteed by the state, and based on Article 7 of the Consumer Protection Act there are obligations of the business actors that shall be done to the consumer. If these consumer rights are not fulfilled by the business actors, sanctions may be imposed on the business actors, including administrative sanctions as regulated in Article 60 of the Consumer Protection Act, compensation payments as stipulated in Article 63 of the Consumer Protection Act, and even imprisonment as stipulated in Articles 60 - 62 of the Consumer Protection Act and Articles 28 and 45 of the ITE Law.

The development of e-commerce trade transactions is not supported by thorough laws and regulations, such as standard norms for traders and the items offered, and consumer protection. This is due to a number of issues; first is legal. Second, there is no system in place to fully monitor the volume of e-commerce transactions, and the amount of incoming customer complaints are not handled properly. Third, community cultural elements, a lack of public understanding of the need to preserve data privacy, as well as people's aversion to reading and lack of technological literacy. All of them create opportunities for dishonest businesspeople to engage in fraud.

3.2 Consumer Protection Related to Violations in E-Commerce Transactions

The ITE Law serves as the foundation for regulating transactions of buying and selling through electronic media in Indonesia. Government Regulation No. 71 of 2019 about the Implementation of Electronic Transactions and Systems contains further regulations for electronic transactions ("**Gov.Reg. No. 71/2019**"). The rules and regulations define electronic transactions as legal actions performed using computers, computer networks, and/or other electronic media. E-commerce transactions are binding agreements between buyers and sellers. The parties agree to conduct a sale and purchase in which the buyer is obligated to pay the agreed-upon amount for the item and the seller is required to deliver the goods. Mostly, online customers only view the advertised image of the requested products, not the actual product. Moreover, they do not receive the item instantly; instead, items will be transported to them by an expedition service. The items ordered and those supplied by the seller can differ as a result of this process. Thus, we require consumer protection in online purchases.

Unless the vendor and buyer agree differently, transactions in e-commerce take place when an agreement is made between the parties. When a transaction offer is given by

¹⁸Juwenie et al., "Consumer Protection in E-Commerce Transactions in Indonesia," *Journal of Law, Policy and Globalization* 47 (2016): 131-37, <https://iiste.org/Journals/index.php/JLPG/article/view/29666>.

the seller and accepted by the buyer, a deal is made. The agreement may be carried out through an act of acceptance that declares an agreement or through the use of an object by a user of an electronic system. The government has provided protection in Article 48 Gov.Reg. No. 71/2019, which mandates that employers take certain steps to prevent legal infractions in electronic transactions:

- a. Provide full and accurate details on the terms of the contract, the suppliers, and the products being offered.
- b. Makes clear disclosures regarding contract or advertising offers
- c. Provide a deadline for consumers and/or contract recipients to return goods and/or services if they are not in compliance with the terms of the agreement or include hidden flaws.
- d. Provide information regarding the products shipped and/or the services rendered.
- e. Avoid placing financial burdens on customers for items shipped and/or services rendered without a contract basis.

It is possible for the buyer to suffer loss as a consumer if the seller violates the terms of Article 48 Gov.Reg. No. 71/2019. Misleading marketing, products that are not as advertised or in the condition described, and a lack of a return service are all examples of violations. Based on data from the Indonesian Consumers Foundation, up to 24% of consumer money is lost during online shopping transactions. Additionally, The Indonesian Consumer Foundation / ICF (Yayasan Lembaga Konsumen Indonesia / YLKI) noted that there are many customers' complaints through ICF due to the fraud on the e-commerce transaction, in which it is aligned with art. 44 par (3) of Consumer Protection Law. The complaints are concerning the goods they receive, including damaged, inappropriate, or late-shipped goods¹⁹. In 2019, the Financial Services Authority / *Otoritas Jasa Keuangan* (OJK) also received 19,000 complaints related to e-commerce transactions regarding the goods that were not sent after the buyer had made payment²⁰. Data from YLKI and OJK shows that there are still many violations of the provisions of Article 48 Gov.Reg. No. 71/2019.

Concerning consumer protection related to violations in E-Commerce transactions, the Consumer Protection Act serves as Indonesia's legal framework for consumer protection, while the ITE Law serves as the framework for consumers engaging in E-commerce transactions²¹. According to Article 1 Number 1 of the Consumer Protection Act, a consumer is any person who uses commodities and/or services that are readily available in the community for their own advantage, the benefit of their families, and the benefit of other living things, as opposed to trade. Based on this comprehension, it may be concluded that the Consumer Protection Act protects customers equally whether they engage with businesses traditionally or electronically (E-commerce). As a result,

¹⁹ Giri Hartomo, "24% Uang Konsumen Hilang Ditipu Belanja Online," Okezone, 2019, <https://economy.okezone.com/read/2019/01/25/320/2009323/24-uang-konsumen-hilang-ditipu-belanja-online>.

²⁰ Dwi Aditya Putra, "OJK Catat 19.000 Aduan Penipuan Belanja Online Karena Barang Tak Dikirim," merdeka.com, 2019, <https://www.merdeka.com/uang/ojk-catat-19000-aduan-penipuan-belanja-online-karena-barang-tak-dikirim.html>.

²¹ Dewi, "Pengawasan Dan Perlindungan Konsumen Dalam Transaksi Bisnis E-Commerce Di Indonesia."

online consumers are equally protected by the Consumer Protection Act. The following rights are guaranteed to customers under Article 4 of the Consumer Protection Act:

- a. The right to enjoy products and/or services in comfort, security, and safety;
- b. The right to select and get goods and/or services in line with the agreed-upon exchange rate, terms, and guarantees;
- c. The right to accurate, truthful, and impartial information regarding the state and warranty of products and/or services;
- d. The right to have their comments and grievances regarding the products and/or services they have utilised heard;
- e. The right to get advocacy, protection and assistance to resolve consumer protection concerns appropriately;
- f. Right to guidance and education of consumers rights and rules;
- g. The right to get treatment or services that are fair, honest, and without discrimination;
- h. The right to compensation, replacement, and/or compensation if the products and/or services received do not conform to the contract or are not what was expected;
- i. Rights regulated in the provisions of other laws and regulations.

Of the nine consumer rights listed above, it would seem that customer comfort, security, and safety is the most fundamental and important aspect of consumer protection. Products and/or services that do not bring comfort to users, in addition to being unsafe or endangering the safety of customers, are obviously unfit for distribution in society²². Also, customers are given the freedom to select the goods and/or services they desire based on the revelation of genuine, clear, and honest information. This is done to ensure that a product or service will be comfortable, safe, or secure for consumers. On the other hand, in accordance with the terms of the Articles & Law on Consumer Protection, the duties of business actors (in this case, online retailers) are:

- a. acting with integrity in all of its commercial dealings;
- b. giving accurate, truthful, and transparent information regarding the condition and warranty of the products and/or services, as well as a description of how to use, maintain, and repair them;
- c. providing customers with proper, honest, and nondiscriminatory treatment;
- d. ensure that goods and/or services produced and/or exchanged meet the requirements of the relevant standards for the quality of goods and/or services;
- e. giving consumers the chance to test or try specific products or services, as well as offering warranties or guarantees for products;
- f. offering compensation, indemnification, and/or reimbursement for losses brought on by the usage of traded products and/or services and their utilisation;
- g. offering remuneration, compensation, and/or refund when the products or services utilised or obtained do not adhere to the terms of the agreement.

The aforementioned explanation makes it obvious that business actors are forbidden by law from creating and/or trading items and/or services that do not live up to the claims made in labels, terms, descriptions, ads, or promotions for the sale of these goods and/or

²²Abdul Halim Barkatullah, *Hak-Hak Konsumen* (Bandung: Nusa Media, 2015), <https://opac.perpusnas.go.id/DetailOpac.aspx?id=1160212>.

services. A sort of violation or ban for business players in the trading of goods is when the specifications of the items the customers receive differ from the goods in the advertisement or product photos. Everyone has the right to recompense, compensation, and/or reimbursement as a customer under the Consumer Protection Act if the goods and/or services are different from the agreement. In the meantime, if the goods and/or services obtained or utilised are not in accordance with the agreement, the business actor himself is obligated to offer restitution, compensation, and/or reimbursement under Article 7 letter g of the Consumer Protection Law. Consumers have a right to be heard in cases of negative deviations and to get support, advice, fair treatment, and compensation. Additionally, as a compromise to achieve these rights, consumers must also:

- (1) For security and safety, read or heed informational instructions and procedures before using products and/or services;
- (2) Make sincere efforts when engaging in trades to buy products and/or services;
- (3) Pay the price based on the agreed exchange rate;
- (4) Making an attempt to correctly resolve conflicts involving consumer protection.

In E-commerce transactions, the parties do not interact directly but interact using electronic media, one of which is the internet. When consumers want to buy an item on a website, then the seller / merchant will offer an agreement (terms and conditions) which contains the requirements such as a purchase agreement in general. Article 45 Gov.Reg. No. 71/2019 Electronic Transactions conducted by the parties have legal ramifications for the parties, and their implementation must take these considerations into account:

- a. good faith;
- b. the precautionary principle;
- c. transparency;
- d. accountability; and
- e. fairness.

Electronic Transactions may be conducted in accordance with electronic contracts or other types of written agreements between the parties. Electronic contracts are deemed valid if there is an agreement between the parties; they are carried out by qualified legal entities or authorised representatives in accordance with the law; there are a few requirements; and the transaction's goal is not prohibited by law, decency, or public order. Contracts that are intended for Indonesian citizens must be written in Indonesian, including electronic contracts. Standard clauses used in electronic contracts must adhere to the legal regulations governing standard clauses.

Business actors selling goods using electronic systems are required by Article 48 Gov.Reg. No. 71/2019 to provide accurate and comprehensive information on the conditions of the contract, the producers, and the goods being sold. Business people must be clear about any offers made in contracts or advertisements. If the items shipped or the services provided are not in line with the contract or there is a hidden flaw, they must give the consumer and/or recipient of the contract a set amount of time to return the goods and/or services. The business players are required to disclose information regarding the delivered goods and/or services. Without a contract foundation, they

cannot impose financial obligations on consumers for products sent and/or services rendered.

The use of one's own standard clauses is strictly prohibited by law since it frequently causes harm to customers. Standard clauses are defined as any norms or conditions that have been prepared and decided unilaterally by a business actor as detailed in a document and/or binding agreement and must be complied with by consumers under Article 1 Number 10 of the Consumer Protection Law. Statutory restrictions undoubtedly forbid execution clauses in ordinary agreements that harm customers. According to Article 18 paragraph (1) of the Consumer Protection Act, businesses that provide goods and/or services meant for trading are forbidden from drafting or adding standard terms on each document and/or agreement, if:

- a. Declaring the transfer of liability for commercial actors.
- b. Declaring that a business actor has the right to refuse to accept returns of consumer-purchased items.
- c. Declaring that a business actor has the authority to reject a consumer's request for a refund of money spent on products and/or services.
- d. Declaring that consumers have the authority to act unilaterally in relation to items that consumers have purchased in installments by giving businesspeople the authority to act on their behalf, either directly or indirectly.
- e. Controlling evidence of consumer-purchased products or services lost in use.
- f. Granting companies, the authority to lower service benefits or lower customer assets that are the target of service purchases and sales.
- g. Declaring that throughout the period that the customer uses the services he purchased, the customer is subject to regulations in the form of new, additional, advanced, and/or continuing changes imposed unilaterally by the business actor.
- h. Declaring that the buyer grants the seller power of attorney to impose mortgages, liens, or collateral rights on items that the buyer has purchased in installments.

Even though the Consumer Protection Act has been enacted, a standard contract in Indonesia that contains an exoneration clause has infiltrated the business sector. However, according to a legal expert academic study that looked at the contract from a legal perspective, the exoneration clause's existence is still debatable. However, the inclusion of an exoneration clause is prohibited under Article 18 of the Consumer Protection Law. This provision forbids businesses from including exoneration clauses in their offerings of goods and/or services if such clauses: transfer the business's responsibility; state that the business has the right to refuse the return of goods purchased by consumers; state that the business has the right to refuse the return of money paid for goods and/or services purchased by consumers; grant the business direct or indirect authority to take unilateral actions related to goods purchased by consumers on an installment basis; regulate the burden of proof regarding the loss of utility of goods or services purchased by consumers; grant the business the right to reduce the benefits of services or the assets of consumers that are the subject of the service sale; require consumers to comply with new, additional, ongoing, and/or amended rules unilaterally made by the business during the period the consumer uses the purchased services; or authorize the business to impose security rights, liens, or guarantees on goods purchased by consumers on an installment basis. Moreover, businesses are prohibited from including exoneration clauses that are difficult to see or read clearly, or that are difficult to understand. If a business insists on including an

exoneration clause, any such clause in the document or agreement will be declared null and void by law.

The aforementioned legislation are intended to safeguard consumers' rights from conventional contracts made by business actors, where consumers are the weakest parties. The concepts found in the Civil Code are also applied to existing e-commerce contracts. The electronic transaction file, also known as the e-commerce file, can be used as proof of electronic transactions that have occurred since the ITE Law's enactment. According to Article 17 of the ITE Law,

- a. Electronic transactions can be performed in either the public or private domain.
- b. When engaging in interactions and/or sharing electronic information, documents, and/or other materials during an electronic transaction, the parties involved must do so with good faith.
- c. Further rules governing how electronic transactions operate will be governed by government regulation.

Consumers should, in theory, be given the choice to file a complaint with the appropriate business actors and, if necessary, to handle it through a variety of channels, including reporting it to the authorities, reaching an out-of-court settlement (such as through alternative dispute resolution), and going to court. Unfortunately, Indonesian customers are not particularly active in filing complaints. Although this is already provided by Indonesian law, most conflicts frequently encounter numerous roadblocks and rarely end in satisfactory resolutions. However, consumer protection can work efficiently if customers dare to use the state's legal remedies. The Ministry of Trade's Veri Anggrijono, Director General of Consumer Protection and Trade Compliance (PKTN), highlighted that 4,991 of the 5,103 consumer complaints that were filed through several channels and covered a variety of sectors were effectively resolved by the government. According to Veri, a customer's complaint is deemed resolved when they acknowledge receipt of the business's explanation and attest to the resolution. A resolution between the customer and the business, or if the complaint is handled through explanation, mediation, or direct resolution by the business, also counts as a resolved complaint. In addition, the complaint is closed or deemed settled if the customer does not submit supporting documentation within ten working days of the first complaint.²³

Based on the data above, the government has taken a number of steps to safeguard consumers against internet firms that cannot be stopped. Given the convenience of transactions offered to consumers, a more thorough legal protection for consumers in the area of e-commerce is unquestionably essential. Although risk in the business sector cannot be completely eradicated, it is anticipated that risk in business transactions, particularly in E-commerce transactions, will be minimised with more thorough regulation.

In addition, regulations on consumer protection are not confined to Indonesia alone but extend across the ASEAN region, including countries like Malaysia. Globally, governments have implemented efforts to safeguard consumer rights and interests by

²³ M. Agus Yozami. 95% Konsumen Adukan Transaksi Di Sektor E-Commerce. Situs Resmi Hukumonline.com. Diakses Mei 2024. <https://www.hukumonline.com/berita/a/95-persen-konsumen-adukan-transaksi-di-sektor-e-commerce-lt60fa77ea4f084/>

establishing robust institutional and regulatory frameworks, reflecting a commitment to consumer welfare across all ASEAN member states. This dedication is particularly evident in the enactment of the Consumer Protection Acts in Malaysia and Indonesia, both passed in 1999. These legislative frameworks are designed to integrate and strengthen law enforcement in the realm of consumer protection, tailored to align with the unique legal cultures of each nation. The Malaysian Consumer Protection Act of 1999 and the Indonesian Law on Consumer Protection of 1999 serve as critical instruments in reinforcing the rights and interests of consumers, thereby promoting a more secure and fair marketplace. Through these measures, both countries demonstrate a shared commitment to advancing consumer protection standards, reflecting broader regional and global trends in consumer rights advocacy.

The Malaysian Consumer Protection Act governs consumer protection in Malaysia (hereinafter referred to as CPA). The Malaysian government amended the CPA in 2007 to encompass all commercial transactions carried out electronically in order to protect the rights of e-commerce customers. The CPA shields customers against unfair practices, misrepresentation, and misleading and deceptive behaviour. This is covered in Section 11 of the CPA, which focuses primarily on giving customers adequate and accurate information. This was clarified in publications by Naemah Amin and Roshazlizawati Mohd Nor, specifically ²⁴:

.... Fortunately, the exclusion has been changed through the amendment of the CPA in year 2007 to include “any trade transactions conducted through electronic means” in order to protect the rights of the e-consumers. The CPA provides for the protection of e-consumers against misleading and deceptive conduct, false representations and unfair practices. This is contained in Part 11 of the CPA which mainly concerns with providing sufficient and correct information to the consumers since many of consumers’ problem are actually caused by lack of information and awareness of products and suppliers.

4. Conclusion

E-commerce adoption is expanding quickly, thus there needs to be a balance of appropriate rules. E-commerce transaction supervision is in fact more difficult than conventional trade transaction supervision. As the Trustee of the trade sector, the Ministry of Trade (Ministry of Commerce) is expected to educate businesses before requiring that all commodities traded through online stores (E-commerce) adhere to Indonesian National Standards/ *Standar Nasional Indonesia* (SNI) and display labels in Indonesian. Customers are also encouraged to exercise caution when performing online transactions in order to safeguard themselves against fraud and bad faith from careless business actors.

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²⁴ Naemah Amin and Roshazlizawati Mohd Nor, “Online Shopping in Malaysia: Legal Protection for E-Consumers,” *European Journal of Business and Management* 5, no. 24 (2013): 79–87, <https://www.iiste.org/Journals/index.php/EJBM/article/view/8034>.

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