

Consumer Legal Protection in Indonesia's E-Commerce Transactions and Efforts to Improve Security

Inkha Purnamasari

mellyshadir@gmail.com

Universitas Darul Ulum Islamic Center

ABSTRACT

The advent of information and communication technology has profoundly changed the global trade landscape, particularly in Indonesia, where the volume of e-commerce transactions has seen a substantial surge. While e-commerce provides unparalleled convenience for consumers in conducting online transactions, it also presents a myriad of challenges, particularly in ensuring consumer protection. Consumers usually encounter issues such as fraudulent activities, discrepancies between product descriptions and actual products, unauthorized access to personal data, and difficulties resolving disputes with industry entities. As a result, it is imperative to implement strict regulations and strong protection mechanisms to protect consumer rights in e-commerce transactions. The main objective of this study is to analyze the legal protection provided to consumers in e-commerce transactions in the Indonesian context. The aim is to identify the challenges faced in implementing existing regulations and propose solutions to improve the effectiveness of consumer protection measures. This study employs a normative legal methodology, using both statutory and conceptual approaches. The data sources used include primary legal materials, namely Law Number 8 of 1999 concerning Consumer Protection, Law Number 11 of 2008 concerning Information and Electronic Transactions (UU ITE) and its amendments, and other related laws and regulations. Furthermore, this study also uses secondary legal materials, such as scientific journals, books, and affiliated scientific publications. Through a comprehensive analysis, this research strives to reveal the effectiveness of legal protection for consumers in e-commerce transactions and propose strategies to strengthen these protection mechanisms to create a safer and better-trusted digital trading environment.

Keywords: Consumer protection, E-Commerce, Cyber Law, Electronic Transactions.

1 Introduction

The presence of Internet technology has had a huge impact on the global economic landscape. The emergence of the digital economy has ushered in a new era marked by the integration of technology into various aspects of people's lives, including Indonesia. This rapid technological advancement has catalyzed transformative changes in the social, cultural, and trade sectors. In the field of trade,

the Internet has emerged as an important tool for business operations, leveraging its substantial role in increasing the efficiency and effectiveness of economic transactions. The digitalization of the trade sector has catalyzed a shift from traditional trade practices to an electronic-based framework, which has legal implications related to consumer protection, electronic transactions, and ensuring legal certainty in the digital trade ecosystem (e-commerce) (Putra, 2014).

E-commerce has become an integral part of the global and national economy, including in Indonesia, which has experienced rapid growth from year to year (Tarigan, Samiu, & Sajili, 2024). Easy internet access, changes in people's consumption patterns, and the increasing use of digital devices have driven a significant increase in online transactions. According to data from the Indonesian Ministry of Trade and Bank Indonesia, the value of e-commerce transactions in Indonesia continues to increase from year to year, making Indonesia one of the largest digital markets in Southeast Asia (Bahtiar, 2020).

On the other hand, the rapid development of e-commerce transactions also presents a series of challenges, especially in consumer protection (Mahran, 2023). Consumers involved in online transactions often face various problems, including fraud, differences between product descriptions and actual goods, delivery of goods that deviate from orders, unilateral cancellations by sellers, and unauthorized access to personal data (Silalahi, 2022). Furthermore, consumers often have difficulty asserting their rights when there is a dispute with a business entity. One of the main obstacles lies in the absence of an effective dispute resolution mechanism because e-commerce transactions are often carried out online without direct physical interaction between sellers and buyers (Sitompul, 2016).

The Indonesian government has regulated consumer protection in trade transactions, both in conventional and digital forms (Paryadi, 2018). The rapid development of information and communication technology has driven a significant increase in e-commerce transactions in Indonesia. To protect consumers in this digital ecosystem, the government has established various regulations. In addition to Law Number 8 of 1999 concerning Consumer Protection (Consumer Protection

Law), there are several relevant new regulations. One of them is Presidential Regulation Number 49 of 2024 concerning the National Strategy for Consumer Protection, which sets out the direction of consumer protection policies, strategies, and priority sectors to achieve the 2024 target. In addition, Law Number 27 of 2022 concerning Personal Data Protection provides a specific legal framework to protect consumers' data in electronic transactions (Izazi, 2024).

Although regulations related to consumer protection in e-commerce transactions have been prepared quite comprehensively, their implementation still faces various challenges. One of the main challenges is the low digital literacy among the public, which causes many consumers to not fully understand their rights in online transactions. It lack of understanding makes consumers more vulnerable to various forms of violations, such as fraud, theft of personal data, and non-conformity of the product received with the description given by the seller. In addition, although the government has established regulations regarding the protection of personal data and electronic transactions, there are still obstacles to supervision and law enforcement. Not all violations that arise in e-commerce can be reported and followed up, especially because of the digital nature of transactions that often involve parties from various jurisdictions. It results in many cases that are still unresolved or take a long time to obtain legal clarity, thus harming consumers as the weaker party in online transactions.

The urgency of this research arises from the need to identify and overcome challenges in the implementation of consumer protection to create a safer and more trusted e-commerce ecosystem. With the increasing number of digital transactions in Indonesia, it is important to ensure that the regulations that have been implemented can run effectively and provide real benefits to consumers. Therefore, this study aims to examine the effectiveness of consumer protection policies in e-commerce, analyze the obstacles in supervision and law enforcement, and offer solutions that can strengthen consumer protection mechanisms. It is expected that the results of this study can provide concrete recommendations for the government, business actors, and the community to improve security and transparency in digital

transactions. Thus, the e-commerce ecosystem in Indonesia can develop sustainably with more optimal protection for all parties involved.

2 Method

This study uses a normative legal method, which focuses on the study of legal norms applicable to consumer protection in e-commerce transactions in Indonesia. This method is carried out by analyzing laws and regulations and relevant legal concepts to understand how the existing legal framework protects consumers in electronic transactions. The approaches used in this study are the statute approach and the conceptual approach. The statutory approach is carried out by examining various regulations governing consumer protection in e-commerce, including Law Number 1 of 2024 concerning Information and Electronic Transactions, Law Number 27 of 2022 concerning the Protection of Personal Data, and Law Number 8 of 1999 concerning Consumer Protection. Meanwhile, the conceptual approach is used to understand legal theories related to consumer protection in digital transactions, including the concept of e-commerce platform responsibility, consumer rights, and the obligations of business actors in providing safe and transparent services.

The data sources in this analysis consist of primary, secondary, and tertiary legal materials. Primary legal materials include corresponding laws and regulations that serve as the legal rationale for analyzing consumer protection in e-commerce. Meanwhile, secondary legal materials include scientific literature, law journals, and previous research results related to consumer protection in electronic transactions. Tertiary legal materials are used as additional references in understanding the legal concepts that support this research. Data collection techniques are conducted through library research, where data is collected, reviewed, and analyzed systematically to obtain a comprehensive picture of the problems being studied. Furthermore, the data analysis technique used is descriptive-qualitative analysis by reviewing and interpreting applicable legal provisions and comparing them with practices in the field. Through this approach, the study seeks to identify challenges

in implementing consumer protection in e-commerce and provide recommendations that can improve the effectiveness of policies that have been implemented.

3 Result and Discussion

3.1 Legal Protection for Consumers in E-Commerce Transactions in Indonesia Based on Applicable Laws and Regulations

In e-commerce transactions, legal protection for consumers is a very important aspect to ensure security and legal certainty in transactions (Bernada, 2017). In Indonesia, various regulations have been formulated to protect consumers from detrimental business practices (Lukito, 2017). One of the main regulations is Law Number 8 of 1999 concerning Consumer Protection (Consumer Protection Law), which provides a legal basis for the rights and obligations of consumers and business actors in transactions, including those conducted online. Article 4 of the Consumer Protection Law mentions several consumer rights, such as the right to security and comfort in consuming goods and services, the right to correct and clear information about products, and the right to receive compensation or damages if they experience losses due to goods or services consumed. In addition, Article 7 of this Law also regulates the obligations of business actors to provide correct and non-misleading information to consumers and to be responsible for the products traded.

In addition to the Consumer Protection Law, e-commerce transactions in Indonesia are regulated by Law Number 1 of 2024 concerning the Second Amendment to Law Number 11 of 2008 concerning Electronic Information and Transactions (UU ITE). The ITE Law provides a legal framework for electronic transactions, covering aspects such as personal data protection, electronic authentication, and fraud prevention in online transactions. Article 9 of the ITE Law mandates that business actors offering products through electronic systems are required to provide accurate, clear, and complete information about the products they offer. In addition, Article 28 Paragraph (1) prohibits the dissemination of misleading information that can result in consumer losses in electronic transactions. Violations of this provision are subject to criminal sanctions as stipulated in Article

45A Paragraph (1), with a maximum prison sentence of six years and/or a maximum fine of IDR 1 billion.

Law Number 27 of 2022 concerning Personal Data Protection (UU PDP) provides a legal framework to protect personal data in electronic transactions, including e-commerce. Article 1 defines personal data as data about an identified or identifiable individual individually or in combination with other information, either directly or indirectly, through electronic or non-electronic systems. Article 3 underscores that personal data protection strives to guarantee the constitutional rights of personal data subjects regarding privacy. Personal data controllers, such as e-commerce platforms, are obliged to maintain the confidentiality and security of the personal data they manage, as regulated in Articles 35 and 36. Besides, Article 46 requires personal data controllers to notify personal data subjects and related institutions in writing in the event of a failure to protect personal data, no later than 3 x 24 hours after the incident. Violations of the provisions of the PDP Law can be subject to administrative and criminal sanctions, following applicable provisions.

In the realm of digital financial transactions, the Financial Services Authority (OJK) plays an important role in supervising electronic payment mechanisms commonly used in electronic commerce (e-commerce) (Kartiko, 2024). Several related regulations issued by OJK, in particular OJK Regulation Number 12/POJK.03/2018 concerning the Implementation of Digital Banking Services and POJK Number 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services, set security standards and obligations for digital financial service providers to protect consumers. These regulations play a critical role in ensuring that financial transactions in e-commerce are performed safely, transparently, and legally, while still paying attention to the principles of consumer protection, including data security and dispute resolution mechanisms. Then, Government Regulation Number 80 of 2019 concerning Trading Through Electronic Systems (PP PMSE) regulates the responsibilities of business actors in trading through electronic systems to protect consumers. This regulation emphasizes the obligation of business actors to guarantee the accuracy of the product information provided and ensure that the goods and services traded meet the established

standards. Article 15 of the PP PMSE mandates business actors to provide consumer complaint services and easily accessible dispute resolution mechanisms. In addition, Article 25 emphasizes the responsibility of the organizer of trade through electronic systems for the security and protection of consumer personal data, in accordance with the principles stated in Law Number 27 of 2022 concerning Personal Data Protection (UU PDP).

The existence of several regulations is expected to run e-commerce transactions in Indonesia more safely, and transparently and provide adequate legal protection for consumers in every transaction process. The regulations that have been prepared are intended to create a more trusted digital trading ecosystem, where the rights and obligations of business actors and consumers can run harmoniously. With clear legal certainty, consumers will feel safer in online transactions, thereby, reducing concerns about fraud, unauthorized access to personal data, or unclear information regarding the products and services offered (Atmoko, 2024). The sustainability of this regulation realization can also contribute to increasing public trust in digital transactions. It is important to support the growth of the digital economy in Indonesia, considering that more and more people depend on e-commerce to meet their daily needs. If legal protection for consumers can be implemented effectively, e-commerce can become a growing sector and provide wider benefits to society and the national economy (Priliasari, 2023).

3.2 Obstacles in the Implementation of Consumer Protection in E-Commerce and What Efforts Can Be Made to Increase the Effectiveness of Such Protection

Although there are various regulations governing consumer protection in e-commerce transactions, their effective implementation faces significant challenges. These challenges hinder the effectiveness of legal protection for consumers and pose various risks in online transactions (Yulianingsih, 2024). Some of the main challenges in e-commerce consumer protection in Indonesia include limited legal and digital literacy of consumers, lack of supervision of e-commerce platforms, obstacles in law enforcement and dispute resolution, and rampant fraud and misuse of personal data.

One of the biggest challenges is the lack of legal and digital literacy of consumers. Many consumers still do not understand their rights in e-commerce transactions and are not aware of the legal mechanisms that can be taken if a violation occurs. This often causes consumers to be unaware that they have become victims of unfair or illegal business practices (Yulianingsih, 2024). In fact, Article 4 of Law Number 8 of 1999 concerning Consumer Protection (Consumer Protection Law) has regulated that consumers have the right to clear and correct information about the goods or services they purchase and have the right to obtain protection from detrimental trade practices. In addition, Article 18 of the Consumer Protection Law also prohibits business actors from including detrimental standard clauses to consumers, such as eliminating the consumer's right to file a lawsuit. Unfortunately, many consumers still do not understand these rights and ultimately do not take legal action when they experience losses.

The next challenge is inadequate supervision of e-commerce platforms. E-commerce platforms play an important role in the digital trading ecosystem as intermediaries between consumers and business actors. However, in practice, many platforms are still unable to effectively supervise the sellers operating in them. This has resulted in rampant non-transparent trading practices, such as manipulation of product reviews, sale of counterfeit goods, and discrepancies between product descriptions and actual products (Al Ghozali, 2024). Article 9 of the Consumer Protection Law prohibits business actors from providing misleading information about goods or services. However, this provision is often not strictly enforced in digital transactions. Furthermore, Government Regulation Number 80 of 2019 concerning Trading Through Electronic Systems (PP PMSE) mandates that digital platform organizers ensure that business actors who use their services have been registered and comply with the specified requirements. Unfortunately, many platforms are still unable to enforce these provisions effectively, allowing irresponsible business actors to evade responsibility towards consumers.

Obstacles in law enforcement and dispute resolution are also serious challenges in e-commerce consumer protection (Poernomo, 2023). In conventional transactions, consumers can directly file lawsuits against business actors through

legal channels or ask for assistance from consumer protection institutions. However, in e-commerce transactions, dispute resolution becomes more complicated due to various factors, such as the location of business actors which is often unclear, the absence of an effective mediation mechanism, and a protracted legal process if consumers file a lawsuit (Sopang, 2024). Article 45 of the Consumer Protection Law gives consumers the right to file lawsuits against business actors, individually or through consumer protection institutions. However, in digital transactions, lawsuits are often difficult to file due to limited consumer access to business actor information. In addition, although Article 38 of the ITE Law stipulates that the resolution of electronic transaction disputes can be facilitated through arbitration mechanisms or alternative dispute resolution, in practice, many consumers do not know or do not have access to these mechanisms.

The last challenge that is no less important is the rampant fraud and misuse of personal data in e-commerce transactions. Many consumers have become victims of fraud, either in the form of goods that are not sent after payment is made, or goods that do not match the description, to theft of personal data which is then used for illegal purposes (Djayapranata, 2023). Article 28 Paragraph (1) of the ITE Law expressly prohibits the spread of fake news or misleading information that can cause losses to consumers. However, the rampant online stores that use imitation identities or do not have business licenses often make it difficult to enforce the law against these fraud cases. In addition, Law Number 27 of 2022 concerning Personal Data Protection (PDP Law) regulates the obligations of electronic system organizers to protect users' data and provides consumers with the right to know how their data is used. However, to date, there are still many cases of personal data leaks that occur due to weak e-commerce platform security systems and a lack of consumer awareness in protecting their personal information (Nugroho, 2021).

To improve consumer protection in e-commerce transactions, several strategic steps are needed. Firstly, strengthening consumer protection regulations and policies is critical to ensure that applicable laws and regulations can adapt to technological advances and digital business models that continue to develop (Mansiz, 2024). Revision or improvement of Law Number 8 of 1999, the ITE Law, and PP Number

80 of 2019 concerning PMSE is necessary, especially in supervision platforms and sanctions enforcement against business actors who violate the provisions. Article 9 of the Consumer Protection Law which prohibits misleading information must be enforced more strictly to protect consumers from potential losses.

Digital education and literacy in the general public also need to be improved to increase their understanding of their rights and safe transaction practices. Collaboration between the government and e-commerce platforms is essential to implement educational campaigns that focus on digital security and personal data protection, as outlined in Law Number 27 of 2022, known as the Personal Data Protection Law (UU PDP). In addition, Article 28 Paragraph (1) of the ITE Law, which specifically prohibits misleading information in electronic transactions, must be communicated effectively to the public (Judijanto, et al., 2024). Furthermore, optimizing the role of the government and supervisory institutions such as OJK, Bappebti, and the Ministry of Trade is very important in ensuring business actors' compliance with applicable regulations. The government needs to strengthen the e-commerce platform supervision to be more responsible for maintaining the security of consumer transactions and data (Rosmayati, 2023).

Finally, optimizing the application of technology in supervision and law enforcement is a must. The use of artificial intelligence (AI) and big data can effectively identify potential indicators of fraud, data breaches, and illegal business practices (Fathaniyah, 2023). Furthermore, the expansion of the Online Dispute Resolution System (SDA) is needed to accelerate the resolution of consumer disputes, as mandated in Article 38 of the ITE Law. By aligning strong regulations, public education initiatives, optimal supervisory practices, and technology integration, consumer protection in the e-commerce domain can be significantly improved and maintained.

4 Conclusion

The development of internet technology has driven the transformation of the digital economy, especially in the e-commerce sector which continues to grow

rapidly in Indonesia. Although e-commerce provides convenience and efficiency in transactions, there are still various challenges that hinder consumer protection, such as rampant fraud, differences in product quality, and weak dispute resolution mechanisms. The government has regulated consumer protection through various regulations, including the Consumer Protection Law, the ITE Law, and the PP PMSE, but its implementation and supervision still face obstacles, especially in law enforcement and public digital literacy.

To improve consumer protection in e-commerce, strategic steps are needed. These steps include regulatory updates, increasing digital literacy, strengthening the role of government and supervision, and technology-based monitoring and law enforcement. Existing regulations need to be adjusted to technological advances and the dynamics of digital business. Public education about online transaction rights must be expanded through government-platform cooperation. Increased supervision ensures responsible platform protection and personal data security. AI and big data analysis can identify fraud and accelerate dispute resolution. A comprehensive strategy with synergy between parties can create a safer, more transparent, and consumer-centric e-commerce ecosystem in Indonesia.

5 References

- Bahtiar, R. A. (2020). Potensi, peran pemerintah, dan tantangan dalam pengembangan e-commerce di Indonesia [Potency, government role, and challenges of e-commerce development in Indonesia]. *Jurnal Ekonomi Dan Kebijakan Publik*, 11(1), 13-25.
- Putra, S. (2014). Perlindungan hukum terhadap konsumen dalam transaksi jual-beli melalui e-commerce. *Jurnal Ilmu Hukum Riau*, 4(2), 9164.
- Tarigan, M. I., Samiu, L., & Sajili, M. (2024). *E-Commerce Global: Menavigasi Pasar Digital Internasional*. Padang: Takaza Innovatix Labs.
- Mahran, Z. A. (2023). Pengaruh Peraturan Menteri Perdagangan (PERMENDAG) Nomor 31 Tahun 2023 terhadap Perkembangan E-commerce di Indonesia. *Hakim: Jurnal Ilmu Hukum dan Sosial*, 1(4), 51-67.
- Silalahi, P. R. (2022). Analisis Keamanan Transaksi E-Commerce Dalam Mencegah Penipuan Online. *Profit: Jurnal Manajemen, Bisnis dan Akuntansi*, 1(4), 224-235.
- Sitompul, M. G. (2016). Online Dispute Resolution (ODR): Prospek Penyelesaian sengketa e-commerce di indonesia. *Jurnal Renaissance*, 1(02), 75-93.

- Paryadi, D. (2018). Pengawasan E Commerce Dalam Undang-Undang Perdagangan Dan Undang-Undang Perlindungan Konsumen. *Jurnal Hukum & Pembangunan*, 48(3), 651-669.
- Izazi, F. S. (2024). Perlindungan Hukum Terhadap Konsumen Dalam Transaksi E-Commerce Melalui Undang-Undang Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen Dan Peraturan Pemerintah (Pp) Nomor 80 Tahun 2019 Tentang Perdagangan Melalui Sistem Elektronik. *Leuser: Jurnal Hukum Nusantara*, 1(2), 8-14.
- Bernada, T. (2017). Upaya Perlindungan Hukum Pada Konsumen Dalam Transaksi E-Commerce Untuk Mendukung Pertumbuhan Ekonomi Digital Di Indonesia. *Jurnal Hukum dan Peradilan*, 6(1), 1-24.
- Lukito, I. (2017). Tantangan Hukum dan Peran Pemerintah dalam Pembangunan E-Commerce. *Jurnal Ilmiah Kebijakan Hukum*, 11(3), 349-367.
- Kartiko, N. D. (2024). Perlindungan Konsumen Sektor Keuangan: Peran OJK dalam Menghadapi Ancaman Phising dan Skimming. *Iuris Studia: Jurnal Kajian Hukum*, 5(2), 347-363.
- Atmoko, D. &. (2024). Kepastian Hukum dalam Transaksi Online: Peran Asas Itikad Baik Berdasarkan Hukum Perdata Indonesia. *Binamulia Hukum*, 13(2), 421-428.
- Priliasari, E. (2023). Perlindungan Data Pribadi Konsumen Dalam Transaksi E-Commerce. *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, 12(2).
- Yulianingsih, S. &. (2024). Analisis Yuridis tentang Perlindungan Konsumen pada E-Commerce di Indonesia: Pendekatan Yuridis-Normatif. *Hakim: Jurnal Ilmu Hukum dan Sosial*, 2(4), 842-856.
- Al Ghozali, F. &. (2024). Perlindungan Konsumen Pada Platform E-Commerce: Regulasi dan Peran Pemerintah. *Ethics and Law Journal: Business and Notary*, 2(3), 136-141.
- Poernomo, S. L. (2023). Analisis Kepatuhan Regulasi Perlindungan Konsumen dalam E-Commerce di Indonesia. *UNES Law Review*, 6(1), 1772-1782.
- Sopang, F. I. (2024). PENYELESAIAN SENGKETA TRANSAKSI BISNIS DI ERA DIGITAL SECARA ONLINE (ONLINE DISPUTE RESOLUTION). *Bisnis-Net Jurnal Ekonomi dan Bisnis*, 7(1), 155-163.
- Djayapranata, G. F. (2023). Pengaruh Etika Penyedia Layanan Situs E-Commerce Pada Kepuasan Dan Loyalitas. *INOBIS: Jurnal Inovasi Bisnis dan Manajemen Indonesia*, 6(4), 458-467.
- Nugroho, I. I. (2021). Optimalisasi Penanggulangan Kebocoran Data Melalui Regulatory Blockchain Guna Mewujudkan Keamanan Siber di Indonesia. *Ikatan Penulis Mahasiswa Hukum Indonesia Law Journal*, 1(2), 115-129.
- Fathaniyah, L. M. (2023). Urgensi Perlindungan Data Pribadi pada Transaksi e-Commerce Terhadap Pembangunan Ekonomi di Indonesia. *Jurnal Hukum Ekonomi Syariah*, 77-88.
- Mansiz, M. I. (2024). Dinamika Perlindungan Konsumen: Tantangan dan Strategi Resolusi di Indonesia. *Jurnal Kajian Hukum dan Pendidikan Kewarganegaraan*, 1(1), 77-81.

- Judijanto, L., Setiawan, Z., Sudipa, I. I., Wiliyawati, V., Gunawan, P. W., Suryawan, I. T., . . . Joni, I. M. (2024). *Literasi Digital di Era Society 5.0: Panduan Cerdas Menghadapi Transformasi Digital*. Jambi: PT. Sonpedia Publishing Indonesia.
- Rosmayati, S. (2023). Tantangan Hukum Dan Peran Pemerintah Dalam Pembangunan E-Commerce. *Koalisi: Cooperative Journal*, 3(1), 9-24.