

Consumer Protection Policy for Conducting E-Commerce Transactions in Indonesia

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Abstract: *A few decades ago, the internet was only known to a handful of people who had an interest in the world of technology, especially computers. However, with the increasing years and times, people's interest in the internet is growing rapidly, and the internet has even become an inseparable part of their lives. Now, the internet is not only for entertainment and information; it has even been used as a medium of business and trade known as Electronic Commerce (E-Commerce). E-commerce is buying and selling carried out via the internet, which can benefit consumers. Still, on the other hand, sometimes it is detrimental to consumers because they often do not get the protection that provides certainty in a dispute. In an e-commerce business transaction, which is a characteristic of business-to-business transactions where business actors conduct transactions with fellow entrepreneurs, business-to-consumer transactions are carried out by business actors with consumers themselves. The benefits of e-commerce transactions for consumers include that consumers can make transactions for 24 hours without leaving their houses and do not require transportation for selling costs. Consumer protection for e-commerce is regulated by Law Number 8 of 1999, concerning consumer protection for online transactions, or e-commerce. In the Trade Law, the regulated E-commerce trading system stipulates that every person or business entity that trades goods or services must provide complete and correct data and information.*

Keywords: *Protection Policy, Consumers, E-Commerce, Dispute Resolution.*

Introduction

Due to the fast growth and development of the national economy, a wide range of goods and services are now available for purchase. Scientific, telecommunications, and informatics advancements have made it possible to

transport products and services across national borders (Puspitasari, 2018). On the one hand, these circumstances benefit consumers' interests since their demands for desired products and/or services can be met, and they are increasingly free to select from a wider range of high-quality

goods and/or services based on their capabilities. As a result of the rapid expansion and development of the national economy, which may be affected by advancements and advancements in technology, particularly telecommunications and multimedia, products and services that can be consumed have increased in number and diversity (Murdiat, 2013). Scientific, telecommunications, and informatics advancements have made it possible to extend the flow of products and/or services across a country's border (Purba et al., 2020).

While this is excellent for consumers' interests since their wants for desired products and/or services may be met, it also allows them to pick from a wider range of high-quality goods and/or services based on their ability to pay (Cahyadi, 2019). People's lives can be drastically altered by technological advances, particularly in the areas of telecommunications, multimedia, and information. The evidence shows that the internet has had a significant impact on economic development at all levels, from the micro to the macro (Sumadi, 2016).

Since the dawn of history, we've entered a period of fast globalization defined by technical advancement. Trade transactions, often known as e-commerce, have developed along with this technology's advancements in many other sectors (Utami, 2012). Online, telephone, or other facility-based commercial transactions are all examples of e-commerce (Romindo et al., 2019).

Electronic commerce is the use of computer networks by businesses to conduct transactions involving customers, manufacturers, service providers, and middlemen (intermediaries). This study was conducted by Romindo et al. (2019). The World Trade Organization (WTO) defines e-commerce as the use of electronic means in the manufacture, distribution, marketing, sale, and delivery of products or services (Hanim, 2011). The following is Julian Ding's definition of e-commerce, as cited by Ninik Suparni (2009), E-commerce, also known as electronic commerce, is a business transaction in which a seller and a buyer, or parties in a similar contractual relationship, exchange goods, services, or "rights." Rather than a private network, this business transaction is carried out or put into an electronic medium (or digital media) that does not require the physical presence of the participants (closed system). An open system is one that is accessible to the whole population (e.g., the Internet or the World Wide Web). When it comes to national boundaries or local regulations, transactions are completed.

Multidisciplinary electronic commerce encompasses technological disciplines such as networking and telecommunications, as well as commercial sectors such as multimedia data storage and retrieval (as well as information retrieval from multimedia data storage and retrieval) (procurement and sales). Aspects of supply chain management include purchasing, billing

and payment, and distribution network management (Rongiyati, 2019). As a variety of legal considerations, such as the protection of privacy and the ownership of intellectual property (Mokso, 2006). To avoid ignoring the consequences that would develop, some internet users now utilize electronic equipment to conduct commercial transactions, such as withdrawing cash from an ATM or paying for products with an ATM card or credit card (Barkatullah, 2017). Because we no longer consider these actions to be out of the norm, using an ATM card or a credit card in trading has become standard practice (Zulaeha, 2017).

When it comes to e-commerce, it may be divided into two categories: business-to-business (B2B) and business-to-consumer (B2C) (B2C). B2B refers to a business-to-business exchange conducted via the internet. According to experts in e-commerce (Lucking-Reiley & Spulber, 2001), business-to-business transactions are viewed as the most significant consequence of a web-based commercial system. Kumar & Raheja (2012) define B2C as a transaction in which items are sold to and purchased by consumers (also known as "end users") through the internet. Compared to business to business, selling to consumers is a frequent practice. This phenomenon, which is the driving force behind producers' productivity and efficiency with respect to the goods or services they produce in order to achieve business objectives, makes consumer protection critical, because in the pursuit of productivity, ultimately, either directly or

indirectly, consumers are the ones who are affected (Setyowati et al., 2019).

According to Saami Zain (2000), e-commerce is a disadvantage for customers because of the non-negotiability of nearly all consumer contracts for e-commerce transactions. This agreement frequently has provisions that are unfavorable to the buyer. This contract is used by companies to ignore and evade consumer rights. E-commerce transaction contracts are created as a result, increasing the level of uncertainty. E-commerce contract clauses that state that items purchased cannot be returned are an unreasonable and unfair infringement on customer rights. The typical contract is unbalanced in this instance. As a result, customers suffer and are in a less advantageous negotiating position (Tahat, 2005).

In the business world, producers and business players prefer the typical contract model, where the terms are predetermined by the parties. Because customers cannot cancel the agreement if the manufacturer or seller defaults or breaches a promise in e-commerce transactions based on conventional contracts, they risk losing their rights under the law (Dickie, 2005). In some cases, manufacturers or sellers often violate the agreements they made for themselves. Examples of this problem include, among others, that consumers have complied with and implemented all the clauses in standard contracts made by business actors, such as paying in full or paying half the price of goods or services purchased, which will be paid off after the goods or services arrive in the hands of the

buyer. Still, the goods and services provided do not follow what has been agreed. Goods or services that have been paid for have not reached the hands of consumers. In this case, consumers cannot do anything because what is being done are cross-border e-commerce transactions that make it difficult for consumers to ask for compensation from business actors whose domiciles are different from their whereabouts (Werdhyasari, 2013). Based on the principles of the agreement, the consumer should be able to cancel the agreement. Often and very likely, in many cases, consumers cannot hold producers or sellers accountable due to the parties' domiciles in different legal jurisdictions that occur in cross-border e-commerce transactions (Barkatullah, 2007). Even more fatal than that, consumers are also often victims of criminal acts of fraud due to fictitious sites that irresponsible people intentionally create. Consumers who see that their rights are constantly being threatened. Therefore, strong regulations are needed to protect consumers against all the negative potential that arises from e-commerce transactions (Paryadi, 2018).

Business actors often exploit the weak position of consumers to obtain the maximum benefit from them. Consumer ignorance, unclear information on goods/services provided by business actors, and a lack of understanding of consumers in the transaction mechanism cause consumers' weak position (Putri & Budiana, 2018). Therefore, to create a healthy business climate for consumers in conducting trade transactions through e-

commerce, it is necessary to strive for a new and adequate form of legal arrangement that can regulate all their activities. Consumer protection is all efforts that guarantee legal certainty to protect consumers (Pujiono, 2021). Even though trade transactions through e-commerce leave many problems that need to be addressed immediately, considering that consumer protection regulation through Law No. 8 of 1999 is more general, it is feared that it will not be able to regulate all activities in e-commerce (Syafriana, 2017).

From the above description, it can be formulated that the main problems of this research are how to implement e-commerce buying and selling and how to protect consumers in buying and selling transactions through e-commerce, so that from the theoretical aspect, it can deepen scientific understanding of the implementation of buying and selling through internet media, in this case, e-commerce. From the practical aspect, Indonesia does not yet have laws and regulations that provide comprehensive general provisions regarding transactions through electronic media, so the opinion of legal scholars (doctrine) based on legal science theories is important in finding solutions to legal problems and, from the practical aspect, is a contribution of thought to provide legal certainty for those involved in the implementation of buying and selling activities through e-commerce.

Method

As a result of extensive library study, this is normative legal research. When we talk about normative legal research (Diantha, 2016), we're talking about studies that describe, evaluate, explain, and analyze issues related to consumer data protection in online transactions or e-commerce activities. According to this research, the state has an obligation to safeguard the human dignity, respect, and integrity of people by identifying and understanding consumer data protection and by knowing and analyzing that personal data constitutes constitutional rights for citizens.

Consumer protection and data protection requirements are examined using the Philosophical Approach, which examines the legal concepts included therein as consumers. The statutory approach involves a study of all laws and regulations pertaining to the legal problems under consideration. Legal rules that regulate consumer protection laws are analyzed to see whether or not they can adequately secure customer data. It departs from the beliefs and theories developed in the field of law in a conceptual way. Researchers can gain a better grasp of legal concepts and principles by looking into legal science perspectives and doctrines.

Result And Discussion

Parties, Types, & Characteristics of E-Commerce

E-commerce transactions involve parties, both parties involved directly and parties not directly involved. To determine

who the parties are directly involved and who are not directly involved can be seen from the transaction process carried out, namely whether all transaction processes are carried out online, or only a few stages are carried out online (Irmawati, 2011). Based on the research results, if all transactions are carried out online, the parties involved consist of:

1. Seller/merchant is a company/producer that sells items online. A seller/merchant must open a merchant account with a bank in order to accept credit card payments from buyers.
2. Buyers/card holders desire to buy things (goods or services) online. Online shoppers might be people or businesses. If the consumer is an individual, the payment method utilized must be considered, whether it is a credit card or manual/cash. This is crucial to know because not all online shoppers have credit cards. A credit card holder is a person whose name appears on a credit card issued by the issuer.
3. Intermediary/Acquirer is a billing and payment intermediary (between the seller and the issuer) (between the holder and the issuer). A billing middleman transfers billing to the issuer depending on the incoming bill from the seller. The bank is the payment middleman between the cardholder and the card issuer. The receiving bank will transmit the funds to the credit card issuer.

music, ringtones, and games generally use this technique. Mobile phone transactions still dominate these transactions.

The characteristics of business-to-business e-commerce transactions are as follows:

1. Trading partners who have a long-standing connection Due to their familiarity, information sharing occurs solely between them. Thus, it is based on necessity and trust.
2. Data is sent on a regular basis and in the agreed-upon format, so the service utilized between the two systems is identical and follows the same standards.
3. One of the actors does not have to wait for data from the other.
4. A popular paradigm is "pear to pear," where business players share processing knowledge.

Based on the characteristics of business to business, the types of agreements in this transaction are:

1. Electronic network development and arrangement agreement
2. The things that must be considered are: setting the hue and function of the site; project plans; evaluation criteria; the owner of the device used; price and method of payment; copyright; confidentiality; guarantee; announcement.
3. Agreement with the virtual mall
4. The virtual shop entrepreneurs must pay attention to whether there is a right to advertise the business personally on the virtual

mall; whether the operator of the virtual mall will get a certain percentage of the business revenue; and whether part of the target business that will be developed uses a certain virtual.

5. Procurement agreement for payment by credit card.
6. What needs to be considered between merchants and credit card entrepreneurs are types of rights required by credit card entrepreneurs, approval of additional new products offered on the website, the cost of providing an entrepreneur's account.

In business-to-consumer interactions, merchants of goods transact with customers through the internet. Almost anybody can conduct business-to-consumer transactions, regardless of whether the transaction amount is modest or high. With the internet, shoppers can do anything from research products to make purchases. Consumer-to-business e-commerce transactions include the following characteristics:

1. Open to the public, disseminating knowledge;
2. General services are offered so many people may utilize the mechanism.
3. Consumers initiate demands for services, and producers must react.
4. A client-server model is frequently employed, with the customer using a basic system (web-based and the provider of goods or services is on the server).

Aspects of Legal Protection for Consumers in E-Commerce transactions based on Law no. 8 of 1999 concerning Consumer Protection.

In a transaction, one party agrees to do something, and the other party has the right to demand that promise be fulfilled. This is important because if one of the parties to the agreement does not comply, that party is in default. The notion of company accountability regarding consumer concerns is separated into three components, as follows:

a. **Information Obligation** Consumers must be given appropriate and clear information by business players. Howard Beales & Salop (1981) state that broad criteria for consumer information include price, quality, and other information that might help customers decide whether to buy items based on their wants and quality. This can assist manufacturers in determining the quality of items they provide to consumers. Of course, the caveat vendor concept is vital here to safeguard customers from dangerous items. So, business players must be cautious about the enormous output of industrial items. The most crucial thing is that the data must not be manipulated. According to the Consumer Protection Act Article 3 d, "to build a consumer protection system that includes aspects of legal certainty, information disclosure, and access to information,"

- b. **Product liability** is the direct civil liability of corporate actors for customer damages caused by their products. As stated in Article 19 of the Consumer Protection Law, corporate actors are liable for compensating damages, pollution, and consumer losses resulting from the consumption of goods produced or exchanged by them.
- c. **Security accountability** A computer system's security must be protected. This satisfies the consumer's demand for security. Transaction security encompasses communication security, computer security, physical security, personal security, administrative security, and media security. The security offered seeks to lower the likelihood of threats happening and the repercussions of threats occurring.

As previously indicated, consumers might experience losses in indirect purchasing and selling as well as e-commerce. Consumer Protection Articles 4 and 5 of Law No. 8 of 1999 on Consumer Protection set forth consumer rights and responsibilities to defend that position. As outlined in Article 4 UUPK, consumers have the right to :

- a. The right to consume goods and services in comfort, security, and safety.
- b. The right to choose products and services and to get them according to the exchange rate and the stated conditions and guarantees.

- c. The right to accurate, complete, and truthful information on the condition and warranty of products and/or services.
- d. The right to have their opinions and complaints about the goods and/or services used considered.
- e. The right to advocacy, protection, and effective resolution of consumer protection problems;
- f. The right to consumer counseling and education;
- g. The right to be treated or serviced in a proper, fair, and non-discriminatory manner;
- h. The right to compensation, replacement, and/or compensation if the obtained products and/or services do not conform to the agreement or are not performed properly;
- i. Other laws and regulations control rights as well.

Along with regulating consumer rights, the UK's duties to business actors, as specified in Article 7 of the UK, provide legal protection for consumers who engage in e-commerce transactions, particularly:

- a. According to Article 7 letter b, businesses must give accurate, clear, and honest information on the terms and guarantees of goods or services, as well as instructions for use, repair, and maintenance. In this instance, the vendor must give clear information about the items' condition, specs, and other relevant information. This is necessary so that customers know the condition of the items being sold and

can determine whether or not to buy them.

- b. Business actors must ensure the quality of products and/or services produced and/or exchanged in accordance with relevant quality standards. Business actors or sellers must ensure the quality of products and services produced according to the appropriate quality standards and the circumstances of the items offered.

Consumer protection is also contained in Article 8 of the UK regarding several actions that are prohibited from being carried out by business actors, namely prohibited from trading in goods and/or services that:

- a. It does not meet or comply with legal and regulatory norms.
- b. It does not match the net weight, net or net contents, or the count indicated on the item's label.
- c. Does not match the real size, measurement, weight, or count.
- d. The guarantee, privilege, or effectiveness criteria are expressed in the label, description, or label for these goods and services.
- e. The label or description of those products and services.
- f. Falsely stating or implying that the products and/or services will be delivered as described, advertised, or promoted.
- g. This does not contain the expiration date or optimal usage term for the products.
- h. It does not meet the halal manufacturing requirements indicated on the label.

instructions, recommendations, and other endeavors to resolve conflicts. In arbitration, a third party or arbiter with knowledge of the subject matter of the dispute resolves the disagreement. There is no appeal or cassation from the arbitral judgment.

- b. Settlement of disputes through the courts. Consumer disputes can be settled through the courts if peace efforts do not reach an agreement or fail or if the parties do not want to take alternative dispute resolution routes. If you are going to use alternative dispute resolution through the courts, then the lawsuit is in the form of a default lawsuit because the e-commerce transactions carried out are based on an online sale and purchase agreement. The trial stages are as follows: mediation, reading of the lawsuit, exception, replik, duplicate, interlocutory decision, proof, conclusion, and decision. At the proof stage, to prove the elements of the agreement that occurred in the e-commerce transaction agreement, the consumer can use an electronic signature made by the consumer at the time of the transaction. At this time, the electronic signature occurs when the consumer states that they agree with the rules and conditions that apply at the time of making a transaction (usually by clicking the "I Agree" column provided by the online retailer provider on its website). At this time, the element of the agreement in the agreement is fulfilled.

On the other hand, alternative dispute resolution out of court as regulated by Law Number 8 of 1999 concerning Consumer Protection, on the other hand, still cannot be used to resolve disputes in cross-border e-commerce transactions. Likewise, Online Dispute Resolution (ODR) is one of the legal remedies that can be taken in the event of a dispute in an e-commerce transaction. This creates a legal vacuum that will cause legal uncertainty because no legal remedy can be taken to resolve disputes in cross-border e-commerce transactions. As a result of this legal uncertainty, the rights of the parties involved in cross-border e-commerce transactions, both sellers and business actors, and consumers' rights are not protected. The purpose of the theory of legal protection put forward by Philipus M. Hadjon is protection. Respect for dignity and worth and the recognition of human rights owned by legal subjects become unattainable.

Conclusion

E-commerce transactions fall into two categories: business-to-business and business-to-consumer. The advantage of e-commerce is that producers or business players may readily promote their items since they are accessible to customers at any time and from any location. It is simple for customers to obtain the goods and services they require. Consumer protection is governed by a number of statutes and regulations, most notably the UK's Law No. 8 of 1999, which regulates consumer protection throughout the transaction, including prior to the

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