

CONSUMER PROTECTION IN BUYING AND SELLING TRANSACTIONS THROUGH *E-COMMERCE PLATFORMS* : A STUDY OF THE VALIDITY OF ELECTRONIC CONTRACTS AND LEGAL REMEDIES FOR DISPUTE RESOLUTION IN INDONESIA

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Abstract

The development of information technology has changed the pattern of conventional trade transactions into electronic transactions through *e-commerce platforms* . This study aims to analyze consumer legal protection in buying and selling transactions through *e-commerce platforms* , the validity of electronic contracts, and legal remedies for dispute resolution available in Indonesia. The research method used is normative legal research with a statute approach , a case approach , and a theoretical approach . Secondary data was obtained through a literature study of relevant laws and regulations, legal literature, and court decisions. The results of the study indicate that the validity of electronic contracts in Indonesia has been regulated in Law Number 11 of 2008 concerning Information and Electronic Transactions as amended by Law Number 19 of 2016, which provides legal recognition for electronic signatures and electronic documents. Consumer protection in *e-commerce transactions* is guaranteed through Law Number 8 of 1999 concerning Consumer Protection and Government Regulation Number 80 of 2019 concerning Trading Through Electronic Systems. Legal dispute resolution can be pursued through litigation and non-litigation channels, including mediation, arbitration, and consumer complaint mechanisms through *e-commerce platforms*. *The study's conclusions emphasize the importance of regulatory harmonization and strengthening law enforcement mechanisms to provide optimal consumer protection in e-commerce transactions*

INTRODUCTION

The digital revolution has brought fundamental changes to various aspects of people's lives, including commerce. Buying and selling transactions, which were originally carried out conventionally with physical meetings between sellers and buyers, have now transformed into electronic transactions through *e-commerce platforms* . ¹This development has not only changed the way people shop but also created a new paradigm in trade law and consumer protection.

¹ Ricky Saputra, and Viola Damayanti. "Consumer Protection in International E-Commerce Transactions." *Repertorium: Scientific Journal of Notary Law* 12.2 (2023): p. 241.

²Indonesia, as the country with the largest number of internet users in Southeast Asia, has experienced significant growth in the *e-commerce sector*. Data shows that the value of *e-commerce transactions* in Indonesia continues to increase annually, driven by increasingly widespread internet penetration, changes in consumer behavior, and easy access to e-commerce platforms. *E-commerce platforms* such as Tokopedia, Shopee, Bukalapak, Lazada, and BliBli have become an integral part of the economic life of the Indonesian people.³

The convenience offered by *e-commerce transactions*, such as time efficiency, easy access, a wide variety of products, and practical price comparisons, have made them a primary choice for modern consumers. ⁴However, behind this convenience, there are various complex legal issues, especially related to consumer protection. The characteristics of *e-commerce transactions*, which are remote, without physical meetings, and rely on information technology, create unique vulnerabilities for consumers. Problems that often arise in *e-commerce transactions* include goods that do not match the displayed description, late delivery, damaged or defective goods, fraud by sellers, leakage of consumer personal data, difficulties in returning goods and refunds, and unclear clauses in electronic sales and purchase agreements. These conditions place consumers in a weak position due to asymmetric information and limited access to effective legal protection mechanisms.

In the context of contract law, *e-commerce transactions* raise fundamental questions about the validity of electronic contracts. Traditional contract law, which developed based on the principle of consensualism, requires a clear agreement between the parties. In electronic transactions, the process of forming an agreement is carried out digitally, without wet signatures, and often without direct negotiation. ⁵This raises questions: do electronically formed contracts have the same legal force as conventional contracts? How can an agreement be proven in an electronic transaction? And how can a contract be determined when it occurs in an *e-commerce transaction*? The Indonesian government has responded to these developments by issuing various regulations to provide legal certainty and protection for parties involved in electronic transactions. Law Number 11 of 2008 concerning Electronic Information and Transactions (UU ITE), as amended by Law Number 19 of 2016 (UU 19/2016), is the primary legal basis governing electronic transactions in Indonesia. The ITE Law provides legal recognition for electronic information, electronic documents, and electronic signatures as valid evidence.

In addition to the ITE Law, consumer protection in *e-commerce transactions* is also regulated by Law Number 8 of 1999 concerning Consumer Protection (UUPK), which provides a general legal framework for the rights and obligations of consumers and business actors. UUPK establishes basic principles of consumer protection, including the consumer's right to obtain correct and honest information, the right to choose, the right to be heard, the right to receive compensation, and the right to a safe and comfortable environment. More specifically, the Government has issued Government Regulation Number 80 of 2019 concerning Trading Through Electronic Systems (PMSE), which comprehensively regulates business actors, the implementation of electronic

² Sri Fajariah Kurniastuti, and Niru Anita Sinaga. "LEGAL PROTECTION FOR CONSUMERS IN BUYING AND SELLING TRANSACTIONS THROUGH THE BUKALAPAK E-COMMERCE PLATFORM." *LEX PROGRESSIUM: Journal of Legal Studies and Legal Development* 1.2 (2024): p. 155.

³ Kamaruddin, et al. *E-Commerce: Business Entrepreneurship in the Era of Society 5.0*. Merdeka Kreasi Group, 2025. P. 9.

⁴ Eza Sultan Yusuf Bachtiar, and Madiha Dzakiyyah Chairunnisa. "Legal Review of Consumer Protection in E-Commerce Transactions Based on the Civil Code." *Syntax Idea* 6.11 (2024): p. 6797.

⁵ Scivi Junifer Kapoh, Ronny A. Maramis, and Friend H. Anis. "Legal Study of the Application of Electronic Standard Contracts to E-Commerce Transactions." *Lex Et Societatis* 8.3 (2020). P. 128.

commerce, and consumer protection in *e-commerce transactions*. PP 80/2019 provides more detailed guidelines on the obligations of *e-commerce platforms*, business actor verification mechanisms, information transparency, and consumer dispute handling.

Despite the existence of various regulations, the implementation of consumer protection in practice still faces various obstacles.⁶ Many consumers do not understand their rights, the available complaint mechanisms, and the legal remedies that can be taken when disputes arise. On the other hand, law enforcement against business actors who violate consumer protection provisions is still suboptimal. This creates legal uncertainty and has the potential to reduce consumer confidence in *e-commerce transactions*. The problem of dispute resolution in *e-commerce transactions* is also an important issue that requires in-depth study. The characteristics of *e-commerce disputes*, which generally involve relatively small transaction values but a large number of cases, require a resolution mechanism that is fast, affordable, and easily accessible. Conventional litigation through the courts is often ineffective due to its lengthy, expensive, and complicated procedures. Therefore, alternative dispute resolution (ADR) mechanisms are highly relevant in the context of *e-commerce*. Based on the above description, this study is important to comprehensively examine consumer protection in *e-commerce transactions*, particularly regarding the validity of electronic contracts and the legal remedies for dispute resolution available in Indonesia. This research is expected to provide academic contributions to the development of legal science, particularly electronic commerce law and consumer protection, as well as provide practical recommendations for policy formulation and law enforcement in the field of *e-commerce*.

METHODS

This research uses a normative legal research method, which specifically focuses the analysis on norms, principles, doctrines, and court decisions relevant to the Indonesian positive legal framework. The choice of this method is very strategic because the main objective of the research is to analyze the formal legal aspects of consumer protection in *e-commerce transactions*, including the validity of electronic contracts and applicable dispute resolution mechanisms. To achieve this objective, the research uses three main approaches: the Statute Approach *which* examines and identifies the effectiveness of key regulations such as the Consumer Protection Law, the ITE Law (and its amendments), and the PP on Electronic Commerce; the Case Approach *which* analyzes court decisions to understand the application of legal norms in practice (*ratio decidendi*); and the Theoretical Approach *which* provides a conceptual framework through legal theories related to consumer protection, electronic contracts, and legal certainty.

The data used in this study are secondary data collected through library research, including primary legal materials (regulations and court decisions), secondary (books and journals), and tertiary (legal dictionaries). Data collection was carried out by inventorying and classifying credible sources. Next, the collected data were analyzed qualitatively using descriptive-analytical and prescriptive methods. Descriptive analysis serves to describe and explain the legal framework for *e-commerce consumer protection*, while prescriptive analysis aims to provide legal assessments, evaluations, and recommendations regarding the legal issues identified. This analysis process involves stages of interpretation, systematization, and legal argumentation to ensure the conclusions produced are valid and have scientific accountability.

⁶ Firyaa Shabrina Izazi, et al. "Legal Protection for Consumers in E-Commerce Transactions Through Law Number 8 of 1999 Concerning Consumer Protection and Government Regulation (PP) Number 80 of 2019 Concerning Trading Through Electronic Systems." *Leuser: Jurnal Hukum Nusantara* 1.2 (2024): p. 14.

RESULTS AND DISCUSSION

1. Validity of Electronic Contracts in *E-commerce Transactions*

Electronic contracts are the legal basis that binds the parties in *e-commerce transactions*.⁷ The validity of electronic contracts is a fundamental issue because it determines whether the transaction carried out has legal force that can be enforced. In Indonesian contract law, the conditions for a valid agreement are regulated in Article 1320 of the Civil Code (KUHPdata), which requires: (1) agreement of the binding parties; (2) capacity to make an agreement; (3) a certain matter; and (4) a lawful cause. Law Number 11 of 2008 concerning Electronic Information and Transactions (UU ITE), as amended by Law Number 19 of 2016, provides a strong legal basis for the validity of electronic contracts in Indonesia. Article 5 paragraph (1) of the ITE Law states that "Electronic Information and/or Electronic Documents and/or printouts thereof constitute valid legal evidence." This provision provides legal recognition that electronic documents, including electronic contracts, have the same standing as conventional written documents.

Furthermore, Article 11 paragraph (1) of the ITE Law states that "Electronic Signatures have legal force and valid legal consequences as long as they meet the requirements as stipulated in this Law." Electronic signatures function as a substitute for wet signatures in conventional contracts and are proof that the parties have agreed to the contents of the contract. The conditions for the validity of electronic signatures are regulated in Article 11 paragraph (2) which requires: (1) the data for creating the Electronic Signature is related only to the Signatory; (2) the data for creating the Electronic Signature during the electronic signing process is only in the power of the Signatory; (3) any changes to the Electronic Signature that occur after the time of signing can be known; and (4) any changes to the Electronic Information related to the Electronic Signature after the time of signing can be known.

e-commerce transactions, the agreement of the parties (as the first condition for the validity of the contract) is formed through a different mechanism than conventional transactions.⁸ Article 20 paragraph (1) of the ITE Law stipulates that "Unless otherwise determined by the parties, an electronic transaction occurs when the transaction offer sent by the Sender has been received and agreed to by the Recipient." This provision adopts the acceptance theory *which* states that a contract is formed when the offer is accepted by the offering party.⁹ The process of forming a contract in *e-commerce* generally goes through several stages: first, the consumer views the product information displayed on the *e-commerce platform*; second, the consumer places an order by clicking the "buy" or "checkout" button; third, the consumer makes the payment; and fourth, the seller confirms the order and makes the delivery. In practice, an agreement is deemed to have occurred when the consumer completes the payment process and receives order confirmation from the system or seller.

Government Regulation Number 80 of 2019 concerning Trade Through Electronic Systems (PP PMSE) provides more detailed regulations regarding electronic contracts in *e-commerce transactions*. Article 4 of the PP PMSE requires business actors to provide complete and accurate data and/or information, including the identity and legality of the business actor, technical

⁷ Yapiter Marpi. *Legal protection for consumers regarding the validity of electronic contracts in e-commerce transactions*. PT. Zona Media Mandiri, 2020. P. 127.

⁸ Nur Shofa Hanafiah and Nabilah Apriani. A Study of the Validity of Sales and Purchase Agreements on Ecommerce Platforms as an Effort to Achieve Consumer Protection. *Jurnal Spektrum Hukum* 19.2 (2021): p. 3.

⁹ Sella Ellissa Devita Sari, Mutiara Wikant Saphira, and Theodore Sibarani. "Legal Aspects of Consumer Protection in E-Commerce Transactions: Implementation and Urgency of Regulations in the Digitalization Era." *JUSTICES: Journal of Law* 3.2 (2024): p. 91.

requirements for goods/services, prices and payment methods, and delivery methods for goods/services. This obligation is important to ensure that consumers have sufficient information before entering into an agreement. One characteristic of contracts in *e-commerce* is the use of standard contracts *in* the form of terms and conditions *that* are unilaterally determined by the platform or seller. Consumers generally can only accept or reject without any room for negotiation. This creates problems because clauses in standard contracts often contain exclusions or waivers of responsibility that are detrimental to consumers. Article 18 paragraph (1) of the Consumer Protection Law prohibits the inclusion of standard clauses that state the transfer of responsibility of business actors, state that business actors have the right to refuse to return goods purchased by consumers, or give business actors the right to reduce the benefits of services or reduce the assets of consumers who are the object of the sale and purchase of services.

The validity of electronic contracts is also closely related to the evidentiary aspect. In *e-commerce transaction disputes*, electronic evidence such as confirmation emails, *screenshots* of conversations, proof of transfers, and transaction data in the system are very important.¹⁰ Article 5 paragraph (2) of the ITE Law states that electronic information and/or electronic documents are considered valid as long as the information contained therein can be accessed, displayed, its integrity is guaranteed, and can be accounted for so that it explains a situation. This provides certainty that electronic evidence can be used in legal proceedings. However, in practice, there are still several challenges related to the validity of electronic contracts. First, the problem of identification and verification of the identity of the parties. In *e-commerce transactions*, it is difficult to ensure that the parties conducting the transaction are the authorized parties, especially in cases of identity theft or use of accounts by unauthorized parties. Second, the problem of the actual agreement. In many cases, consumers do not carefully read the long and complicated terms and conditions, so that it is questionable whether there is truly a conscious and voluntary agreement. Third, the problem of legal capacity, especially related to transactions carried out by minors who are not legally competent to carry out legal acts.

2. Rights and Obligations of the Parties in *E-commerce Transactions*

Consumer protection in *e-commerce transactions* cannot be separated from the clarity of the rights and obligations of the parties involved, namely consumers, business actors (sellers), and *e-commerce platform organizers*. Law Number 8 of 1999 concerning Consumer Protection (UUPK) comprehensively regulates consumer rights in Article 4, which include: (1) the right to comfort, security, and safety in consuming goods and/or services; (2) the right to choose goods and/or services and obtain said goods and/or services in accordance with the exchange rate and conditions and guarantees promised; (3) the right to correct, clear, and honest information regarding the conditions and guarantees of goods and/or services; (4) the right to have their opinions and complaints heard regarding the goods and/or services used; (5) the right to receive advocacy, protection, and efforts to resolve consumer protection disputes appropriately; (6) the right to receive consumer guidance and education; (7) the right to be treated or served correctly and honestly and without discrimination; (8) the right to receive compensation, damages and/or replacement; and (9) rights regulated in other statutory provisions.

In the context of *e-commerce*, consumers' rights to correct, clear, and honest information are crucial. Article 4 of Government Regulation Number 80 of 2019 concerning PMSE requires PMSE

¹⁰ Gresia Wulaning Rum. "The Use of Electronic Evidence in Civil Court Processes." *Multidisciplinary Journal of Academic Sciences* 2.1 (2025): p. 63.

business actors to provide complete and correct data and/or information, including: the identity and legality of the business actor as a producer or distribution business actor; technical requirements for the goods offered; technical requirements or qualifications for the services offered; prices and payment methods for goods and/or services; and methods of delivery of goods. This information must be presented in Indonesian and easily accessible to consumers. Consumers' rights to receive goods as promised are often a source of disputes in *e-commerce*. Mismatches between product descriptions and the goods received, differences in color or size, or even delivery of the wrong goods, are common problems. ¹¹Article 8 paragraph (1) of the Consumer Protection Law prohibits business actors from producing and/or trading goods and/or services that do not comply with the required standards and provisions of laws and regulations, do not comply with the promises stated in the labels, labels, descriptions, advertisements or sales promotions of the goods and/or services.

Consumer obligations are regulated in Article 5 of the Consumer Protection Law, which include: (1) reading or following information instructions and procedures for the use or utilization of goods and/or services, for security and safety; (2) acting in good faith in conducting transactions for the purchase of goods and/or services; (3) paying according to the agreed exchange rate; (4) following efforts to properly resolve consumer protection disputes. In the context of *e-commerce*, consumers also have an obligation to provide correct information when placing an order, make payments according to the agreement, and not abuse consumer protection mechanisms for illegitimate interests. Business actors in ¹²*e-commerce* transactions have obligations regulated in Article 7 of the Consumer Protection Law, including: (1) acting in good faith in carrying out their business activities; (2) providing correct, clear and honest information regarding the condition and guarantee of goods and/or services and providing explanations of use, repair and maintenance; (3) treating or serving consumers correctly and honestly and without discrimination; (4) guaranteeing the quality of goods and/or services produced and/or traded based on the provisions of applicable goods and/or services quality standards; (5) provide consumers with the opportunity to test and/or try certain goods and/or services and provide guarantees and/or warranties for goods manufactured and/or traded; (6) provide compensation, indemnity and/or replacement for losses resulting from the use, consumption and utilization of goods and/or services traded; and (7) provide compensation, indemnity and/or replacement if the goods and/or services received or utilized do not comply with the agreement.

The PMSE PP also regulates specific obligations for *e-commerce platform organizers* (Electronic Trading System Organizers/PPMSE). Article 24 stipulates that PPMSE must: (1) provide identity and legality; (2) provide access services for the use of electronic trading systems; (3) display traded goods and/or services; (4) provide an open electronic communication forum for users; and (5) filter or curate traded goods and/or services. This filtering or curation obligation is important to prevent the circulation of illegal, dangerous, or goods that violate intellectual property rights. Furthermore, Article 26 of the PMSE PP stipulates that PPMSE must provide a feature for consumer transaction cancellation and the return of goods that do not comply with the agreement or are damaged. This provides additional protection for consumers because it facilitates rapid problem resolution. Platforms are also required to provide an escrow mechanism or joint account that holds consumer payments until the goods are received in good condition, thus providing

¹¹ Faiqqotul Himmah, and Moh Karim. "Legal Protection for Consumers in E-commerce Transactions in Indonesia: A Review of Non-Conformity of Goods." *Begawan Abioso* 16.1 (2025): p. 2.

¹² Azhar Rayhan, Rani Apriani, and Venni Avionita. "Forms of Legal Protection for Consumers in Transactions Using E-Commerce Platforms from a Consumer Protection Law Perspective." *NUSANTARA: Journal of Social Sciences* 10.11 (2023): pp. 5214-5223.

assurance that consumers will not lose money if the goods are not delivered or are not as per the agreement.¹³

In practice, the division of responsibility between sellers and platforms is often unclear, especially when disputes arise. Some platforms consider themselves merely marketplace providers and state that full responsibility rests with the seller.¹⁴ However, the PMSE Regulation stipulates that platforms have certain responsibilities, particularly regarding seller verification, product screening, and providing dispute resolution mechanisms. Article 28 of the PMSE Regulation stipulates that PPMSEs can be held liable if their negligence results in consumer losses. Personal data protection is also a crucial aspect of *e-commerce transactions*. Consumers provide personal data such as name, address, telephone number, and payment information, which must be kept confidential.¹⁵ Article 26 of the ITE Law regulates personal data protection and requires electronic system operators to ensure the protection of personal data in the electronic systems they operate. Violations of this obligation can result in civil and criminal liability. With the enactment of Law Number 27 of 2022 concerning Personal Data Protection, protection of consumer data in *e-commerce transactions* is further strengthened by the obligation of business actors to obtain consent, ensure data security, and provide consumers with the right to access and correct data.

3. *E-commerce* Consumer Protection

Despite a comprehensive legal framework, in practice, various issues still threaten consumer protection in *e-commerce transactions*. These issues arise from a variety of factors, ranging from the unique characteristics of electronic transactions, technological limitations, to gaps in regulation and law enforcement.

- a. **Asymmetric Information and Fraud Problems:** One of the main problems is the asymmetric information between sellers and consumers. In *e-commerce transactions*, consumers cannot physically inspect the goods they are about to purchase and only rely on information provided by the seller, such as photos, descriptions, and reviews. This situation opens up opportunities for fraudulent practices, such as the use of product photos that do not match the goods being sold (catalog photos or photos from the internet), misleading descriptions, or manipulation of consumer reviews.¹⁶ Cases of fraud in *e-commerce* can include sellers receiving payment but not sending the goods, sending counterfeit or replica goods sold as genuine, or sending goods of far below the promised quality. Although¹⁷ *e-commerce* platforms generally provide a joint account mechanism (escrow) that holds funds until the consumer confirms receipt of the goods, this system can still be manipulated, for example by sending empty packages or different items of similar weight.

¹³ Ariawan Gunadi. "Marketplace Responsibility for Consumer Losses in E-Commerce Transactions." *Kertha Semaya: Journal of Legal Studies* 13.9 (2025): pp. 2126-2127.

¹⁴ Abdul Halim. "The Responsibility of E-Commerce Platform Providers in Protecting Buying and Selling Transactions Through E-Commerce Platforms." *Jurnal Notarius* 2.1 (2023). P. 8.

¹⁵ Erna Priliyasi. "Protection of Consumer Personal Data in E-Commerce Transactions." *Jurnal Rechts Vinding: Media for National Legal Development* 12.2 (2023). P. 263.

¹⁶ Renggi Pramita, and Michelle Abigail Suganda. "Legal Aspects of Consumer Protection in Online Offering Business Practices: A Case Study on an E-Commerce Platform." *Innovative: Journal Of Social Science Research* 3.6 (2023): pp. 8753-8765.

¹⁷ Masripa Siti Zahra, Leny Megawati, and Anita Kamilah. "The Role of Commercial Law in Preventing Product Fraud on E-Commerce Platforms: A Case Study of Lazada Indonesia." *Al-Musthalah: Journal of Multidisciplinary Research and Studies* 2.1 (2025): pp. 29-35.

- b. **Problems with Items Not Matching Orders:** Items that do not match orders are the most common disputes in *e-commerce transactions*. This can be in the form of differences in color, size, model, brand, or technical specifications. This problem often occurs due to differences in visual perception (photos that look different from the actual item due to lighting or *editing*), inaccuracies in product descriptions, or errors in the *packaging* and shipping process. When a discrepancy occurs, consumers often face difficulties in the return and refund process. Some sellers reject consumer claims for various reasons, such as stating that color differences are normal due to screen differences, or charging consumers for return costs. This is contrary to Article 7 letter g of the Consumer Protection Law, which requires business actors to provide compensation or replacement if the goods do not match the agreement.
- c. **The Problem of Exoneration Clauses in Standard Contracts:** The use of standard contracts in *e-commerce transactions* often contains clauses that are detrimental to consumers. Exoneration clauses, or exemptions from business liability, which are prohibited by Article 18 of the Consumer Protection Law, are still frequently found in the terms and conditions of *e-commerce platforms* and sellers. Examples include clauses stating that the platform is not responsible for disputes between sellers and buyers, or clauses that limit the seller's liability to the value of the goods without including indirect losses suffered by consumers. This problem is exacerbated by the fact that most consumers do not carefully read lengthy and complex terms and conditions before entering into a transaction. Even if consumers read and disagree with certain clauses, they have no choice but to accept the entire terms and conditions due to the non-negotiable nature of standard contracts.
- d. **Transaction Security and Data Leakage Issues:** Electronic transaction security is a crucial issue in *e-commerce*. Security threats can include account takeovers, credit card information theft, phishing, or cyberattacks on platform systems.¹⁸ Leakage of consumer personal data can cause significant losses, ranging from data misuse for unauthorized transactions to identity theft. Although the PMSE Regulation and the Personal Data Protection Law stipulate business actors' obligations to secure data, in practice, data leaks still occur frequently. Several cases have shown that consumer data from major *e-commerce platforms* is being sold on dark web forums. This problem not only directly harms consumers but also erodes trust in the *e-commerce ecosystem* as a whole.
- e. **Law Enforcement Issues and Sanctions:** Law enforcement against consumer protection violations in *e-commerce* still faces various obstacles. The Consumer Dispute Resolution Agency (BPSK), established under the Consumer Protection Law (UUPK), is often ineffective in handling *e-commerce disputes* due to limited jurisdiction, a lack of understanding of electronic transactions, and limited authority to enforce decisions against uncooperative business actors. Sanctions stipulated in laws and regulations, including administrative, civil, and criminal sanctions, have not been optimally implemented. Many violations are not prosecuted due to the relatively small amount of losses, difficulties in proving them, or consumers' lack of knowledge of their rights and complaint mechanisms. This creates impunity for irresponsible business actors.

4. Consumer Dispute Resolution Mechanism in *E-commerce Transactions*

Dispute resolution is a crucial aspect of consumer protection because it determines whether

¹⁸ Adisya Poeja Kehista, et al. "Personal Data Security Analysis of E-Commerce Users: Threats, Risks, Security Strategies (Literature Review)." *Journal of Applied Management Science (JIMT)*. 4.5 (2023). P. 626.

consumer rights can be effectively enforced.¹⁹In the context of *e-commerce*, a fast, affordable, and accessible dispute resolution mechanism is required, given the generally small-value transactions and the high number of cases.²⁰Indonesian law provides various dispute resolution mechanisms, both through litigation and non-litigation.²¹Litigation, or dispute resolution through the courts, is the most formal legal remedy and provides legal certainty because court decisions are final and binding. Consumers can file civil lawsuits against business actors based on breach of contract (Article 1243 of the Civil Code) or unlawful acts (Article 1365 of the Civil Code). Consumers can claim compensation, both material and immaterial, suffered as a result of the business actor's actions. Article 46 of the Consumer Protection Law regulates lawsuits that can be filed by consumers, both individually and as a group (class action). Class actions are particularly relevant for *e-commerce* cases that harm many consumers, for example, in cases of data leaks or mass sales of defective products. Article 46 paragraph (1) letter c also allows lawsuits to be filed by non-governmental consumer protection institutions (LPKSM) or the government.

However, litigation has several drawbacks, particularly for *e-commerce disputes*. First, the process is lengthy, often lasting years, while the value of *e-commerce disputes* is generally relatively small, making it not worth the time and energy expended. Second, court costs are quite high, including registration fees, attorney fees, and other expenses. Third, complex and formal procedures require a thorough understanding of the law. Fourth, the geographical distance between consumers and businesses can complicate the trial process. In addition to civil lawsuits, criminal proceedings can also be pursued in certain cases. Article 62 of the Consumer Protection Law stipulates a maximum prison sentence of five years or a maximum fine of Rp 2,000,000,000 (two billion rupiah) for businesses that violate certain provisions of the Consumer Protection Law. The Electronic Information and Transactions Law also stipulates criminal sanctions for various crimes related to electronic transactions, such as manipulation of electronic documents, illegal access, and electronic fraud.

The Consumer Protection and Dispute Resolution Agency (BPSK) is a special institution established under the Consumer Protection Law (UUPK) to handle and resolve consumer disputes outside the courts. Article 52 of the UUPK regulates the duties and authorities of the BPSK, which include: handling and resolving consumer disputes through mediation, arbitration, or conciliation; providing consumer protection consultations; supervising the inclusion of standard clauses; reporting to general investigators if there are violations of the provisions of the UUPK; receiving written and verbal complaints from consumers regarding violations of consumer protection; conducting research and examination of consumer protection disputes; and summoning business actors suspected of violating consumer protection. The advantages of resolving disputes through the BPSK are its relatively fast process (a maximum of 21 working days from the date the lawsuit is received), low or even free costs, and simple procedures that consumers can access directly without having to use a lawyer. The BPSK also has flexibility in choosing the method of resolution, namely through mediation (if the parties agree to amicable settlement), conciliation (the parties submit the settlement to the BPSK), or arbitration (the BPSK makes an active decision).

However, BPSK also has limitations. First, BPSK's jurisdiction is limited to certain

¹⁹ Rohmannudin, et al. "Legal Analysis of Consumer Dispute Resolution Based on Law No. 8 of 1999." *Journal of Legal Sustainability* 1.2 (2024): p. 2.

²⁰ Trinas Dewi Hariyana. "The Role of Law in E-Commerce Dispute Resolution." *DIVERSI: Jurnal Hukum* 2.1 (2018): p. 321.

²¹ Ahmadi Miru and Sutarman Yodo. *Consumer Protection Law*. Jakarta: PT RajaGrafindo Persada, 2017. Pp. 5-10.

districts/cities, so disputes with business actors outside those areas face obstacles. Second, BPSK decisions are final and binding, but can still be appealed to the district court within 14 days, so legal certainty has not been fully achieved. Third, the execution of BPSK decisions often faces obstacles because business actors are not cooperative and BPSK does not have direct enforcement authority. Fourth, not all regions have BPSKs that are active and competent in handling *e-commerce disputes*. The latest development in *e-commerce dispute resolution* is the *Online Dispute Resolution (ODR)* mechanism provided by *e-commerce* platforms. The PMSE PP in Article 26 paragraph (1) letter h requires PPMSE to provide a dispute resolution mechanism. This mechanism generally takes the form of an internal complaint system that allows consumers to report transaction problems, and the platform will facilitate communication between consumers and sellers to reach a solution.

ODR has several significant advantages. First, high accessibility, as it can be accessed anytime and anywhere through an app or website. Second, the resolution speed is significantly faster than formal mechanisms, generally taking only a few days. Third, there are no costs for consumers. Fourth, platforms have leverage over sellers, such as the ability to deactivate seller accounts or withhold funds, thus increasing resolution effectiveness. Major *e-commerce platforms* in Indonesia, such as Tokopedia, Shopee, and Bukalapak, have developed sophisticated ODR systems. Features like "Order Help/Complaint," "Request a Refund," or "Report" allow consumers to easily file complaints. The platform will conduct an investigation based on evidence uploaded by the consumer and seller, then issue a decision, such as ordering a refund or replacement of the item. However, ODR also has disadvantages. First, the platform's independence and objectivity can be questioned because it has business interests with sellers, especially large sellers who contribute significantly to the platform's revenue. Second, there is a lack of legal certainty, as platform decisions are not legally binding like court rulings or the BPSK (Regional Financial and Security Agency). Third, transparency in the decision-making process is often lacking, and consumers do not always understand the basis for the platform's considerations. Fourth, for complex or high-value cases, ODR may not be effective enough.

In addition to the mechanisms mentioned above, the parties can also pursue mediation outside the BPSK, either through an independent mediator or a professional mediation institution. Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution provides a legal basis for dispute resolution through alternative dispute resolution methods, including mediation, negotiation, conciliation, and binding expert opinions. Mediation offers advantages in terms of flexibility, speed, and relatively low cost. The results of mediation, which are outlined in a peace agreement, are legally binding for the parties. If a decision is requested in court, the peace agreement has the same enforceable power as a final and binding court decision. Arbitration is also an option for large-value disputes, although it is rarely used in consumer disputes due to its relatively high cost. The advantages of arbitration are its confidentiality, the arbitrator's expertise in a specific field, and the final and binding decision.

Based on an analysis of the legal framework and existing issues, efforts are needed to strengthen consumer protection in *e-commerce transactions* in Indonesia. These efforts must be comprehensive and involve various stakeholders. Although various regulations related to *e-commerce* and consumer protection already exist, harmonization and refinement are still needed to close existing legal loopholes. Several aspects that need clearer regulation include: the accountability of *e-commerce* platforms in various dispute scenarios, minimum security standards that must be implemented by business actors, stricter mechanisms for verifying sellers' identity and legality, regulations on authentic and unmanipulated consumer reviews, and stricter and more effective sanctions for violations. Regulations also need to accommodate new technological

developments such as social commerce (trading via social media), live streaming commerce, and the ever-evolving digital payment methods. Regulatory adjustments must be made responsively to anticipate new modes of consumer protection violations.

The BPSK needs to strengthen its capacity and authority to be able to handle *e-commerce disputes* more effectively. This includes: improving BPSK members' understanding of electronic transactions and information technology through regular training, expanding BPSK's jurisdiction to handle cross-regional disputes, strengthening BPSK's authority to enforce decisions so that they are not easily ignored by business actors, providing technological infrastructure that allows for online case handling, and improving coordination between BPSKs in various regions to handle cases involving parties from different regions. Consumer education is a fundamental aspect of consumer protection. Consumers who understand their rights and how to protect themselves will be better able to conduct *e-commerce transactions* safely. Literacy programs can include: public campaigns on consumer rights in *e-commerce transactions*, practical guides on how to transact safely, information on available complaint and dispute resolution mechanisms, training on how to identify fraud and fake stores, and outreach on personal data protection and information security.

e-commerce platforms, and consumer protection agencies need to collaborate on this educational program. *E-commerce platforms* can provide easily accessible educational content for users, such as safe shopping tips, complaint guides, and comprehensive FAQs. Technology can be leveraged to enhance consumer protection in *e-commerce*. Some technological innovations that can be implemented include: more sophisticated seller verification systems using biometric technology and automated document verification, *artificial intelligence* to detect counterfeit products, manipulative reviews, or suspicious transaction patterns, blockchain to create transparency in the supply chain and ensure product authenticity, chatbots and automated systems for faster handling of consumer complaints, and more accurate and difficult-to-manipulate rating and reputation systems. *E-commerce platforms* can also develop additional protection features such as buyer protection guarantees, transaction insurance, or more secure escrow systems with multi-stage verification mechanisms.

Law enforcement against consumer protection violations needs to be strengthened through: better coordination between various law enforcement agencies such as the police, prosecutors, the BPSK, and relevant ministries/agencies; the establishment of a special unit to handle *e-commerce crimes* with personnel skilled in information technology; increasing the capacity of investigators to uncover and prove *e-commerce crimes*; the application of firm and consistent sanctions against violators, including administrative sanctions such as platform blocking or business license revocation; and international cooperation to handle cross-border *e-commerce* cases. An integrated database of business actors who have violated can serve as an early warning system to prevent recurrence of violations. *E-commerce platforms* can also play an active role by reporting sellers who commit serious violations to the authorities. The development of national standards for *e-commerce platforms* that cover aspects of security, data protection, transparency, and dispute resolution mechanisms can increase consumer confidence. Certification or accreditation for platforms that meet certain standards can serve as an indicator for consumers in choosing a safe and trustworthy platform. Standards can also be developed for specific product categories, particularly products related to consumer safety such as electronics, food, cosmetics, and pharmaceuticals. Verification of compliance with these standards must be carried out periodically and strictly.

CONCLUSION

Based on the results of the analysis and discussion, several important conclusions can be

drawn regarding consumer protection in *e-commerce transactions* in Indonesia. It can be seen that the validity of electronic contracts in *e-commerce transactions* has received strong legal recognition through Law Number 11 of 2008 concerning Electronic Information and Transactions as amended by Law Number 19 of 2016. Electronic contracts, electronic documents, and electronic signatures have the same legal force as conventional contracts as long as they meet the specified requirements. The formation of contracts in *e-commerce transactions* occurs through an electronic offer and acceptance mechanism, with an agreement deemed to have occurred when the sent offer has been received and approved by the recipient. In practice, various problems still exist that threaten consumer protection, including: asymmetric information and fraud, non-conformity of goods with orders, the use of exoneration clauses in standard contracts, security threats and personal data leaks, and cross-jurisdictional issues. These problems show that the existence of regulations alone is not enough without being accompanied by effective implementation and enforcement.

Consumer dispute resolution mechanisms in *e-commerce transactions* in Indonesia are available through both litigation (court) and non-litigation channels (BPSK, mediation, arbitration, and Online Dispute Resolution). Each mechanism has advantages and disadvantages. For *e-commerce disputes* that are generally small in value but large in number, non-litigation mechanisms, especially ODR and BPSK, are more appropriate because they are fast, inexpensive, and easily accessible. However, the effectiveness of these mechanisms still needs to be improved, especially in terms of legal certainty and enforcement power. Efforts to strengthen *e-commerce consumer protection* require a multi-dimensional approach that includes: harmonization and improvement of regulations, strengthening the capacity and authority of BPSK, increasing consumer literacy and awareness, implementing technology for consumer protection, strengthening coordination and law enforcement, and developing standards and certification. These efforts must be carried out in an integrated manner and involve various stakeholders, including the government, business actors, *e-commerce* platforms, consumer protection agencies, and consumers themselves.

Consumer protection in *e-commerce transactions* is not solely the responsibility of the government through regulation and law enforcement, but also requires a commitment from business actors to ethical and responsible business practices. *E-commerce platforms*, as facilitators, play a crucial role in creating a safe and fair ecosystem for all parties. Consumers also need to increase their awareness and prudence in their transactions and actively utilize available protection mechanisms. Moving forward, as technology and *e-commerce business models* continue to evolve, regular evaluation and adjustment of regulations are necessary to ensure that consumer protection remains relevant and effective. Further research is also needed to assess the effectiveness of existing regulatory implementation, the economic impact of consumer protection policies, and best practices from other countries that can be adopted and adapted to the Indonesian context.

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