

LEGAL PROTECTION FOR CONSUMERS IN ELECTRONIC TRANSACTIONS

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ABSTRACT

The development of e-commerce transactions also provides opportunities and challenges for consumers. The opportunity for consumers is that they can easily and quickly get the goods or services they need. However, the challenge for consumers is the risk of fraud or violation of consumer rights in e-commerce transactions. The aim of this research is to determine legal protection regulations and their implementation for consumers in e-commerce transactions in Indonesia. This research uses legal research methods with a normative juridical approach. The data collection technique in this research is literature study. The data that has been collected is then analyzed qualitatively by understanding and interpreting the data in depth. The research results show that aspects of legal protection for consumers in buying and selling transactions via electronic media are regulated in several laws, namely Law Number 8 of 1999 concerning Consumer Protection, Law Number 7 of 2014 concerning Trade, and Law Number 19 of 2016 concerning Changes. Implementation of this Law is carried out through several steps, including the establishment of special regulations detailing consumer rights and obligations in electronic transactions. Apart from that, implementation also involves active law enforcement to deal with violations of consumer protection provisions as well as efforts to increase consumer awareness through various education and information programs.

KEYWORDS Legal Protection, Consumers, Electronic Transactions



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INTRODUCTION

The rapid development of technology has brought revolutionary impacts on how society interacts and engages in economic activities. Currently, conducting electronic transactions has become a common and easily accessible practice (Fonna, 2019). This form of activity is referred to as Electronic Commerce (e-commerce), encompassing all buying and selling transactions carried out through electronic media, especially the internet. Although phones and televisions can be considered electronic tools, in the current context, e-commerce specifically refers to the use of

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digital technology and the internet (Pramita & Suganda, 2023). Some commonly used e-commerce platforms in Indonesia include Tokopedia, Shopee, Lazada, Bukalapak, Blibli, Ralali, JD.ID, Upwork, Freelancer, and many more (Firdaus et al., 2023). This phenomenon is triggered by advancements in information and communication technology, introducing new ways to shop, invest, and conduct business.

The development of e-commerce transactions offers significant opportunities and challenges for consumers. From an opportunity perspective, consumers can easily and quickly obtain the goods or services they need without physically visiting a store or business. This convenience not only enhances time efficiency but also provides broader access to various product and service options. However, alongside these opportunities, consumers face challenges in e-commerce transactions, with one of the main challenges being the risk of fraud or violation of consumer rights. According to the provisions in the Consumer Protection Law, there are several rights mandated for all businesses. These rights are outlined in Article 4 of the law, detailing consumer rights as follows:

1. Right to comfort, security, and safety in consuming goods and/or services.
2. Right to receive advocacy, protection, and reasonable dispute resolution efforts for consumer protection.
3. Right to receive consumer guidance and education.
4. Right to be treated or served correctly, honestly, and non-discriminatory.
5. Right to choose goods and/or services and receive them according to the promised exchange rate and conditions.
6. Right to truthful, clear, and honest information about the conditions and guarantees of goods and/or services.
7. Right to express opinions and complaints about the goods and/or services used.

In a report presented by the Indonesian Consumers Foundation (YLKI) on e-commerce in 2022, there are four main aspects focused on. The percentage of these issues includes product mismatch (20%), refund requests (32%), unilateral transaction cancellations (8%), and unavailability of ordered items (7%). Meanwhile, the National Consumer Protection Agency (BPKN) recorded receiving 1,136 complaints from the public regarding e-commerce services during the period from 2017 to February 2023. In the first two months of this year, BPKN Chairman Rizal Edy Halim announced that the institution had received 20 complaint cases related to shopping transactions on e-commerce platforms (Bestari, 2023). The high number of consumer rights violations cases needs to be addressed with legal consumer protection.

Previous research by Hidayat et al. (2020) showed that a secure and reliable system is crucial for e-business companies to operate successfully; cash payment is a priority option for online shopping; effective website information and customer service build customer trust. The Consumer Protection Laws of 2019 and Consumer Protection (E-commerce) Regulations are considered strong enough to protect and preserve the online consumer rights and promote the growth of e-commerce in India. In addition to factors such as security, privacy, warranties, customer service, and website information, laws governing consumer protection in e-commerce influence customer trust.

Another study by Saragih & Baslara (2023) revealed that e-commerce policies regulated in the ITE Law ensure protection and security for sellers, providers, and consumers when conducting business activities electronically. Efforts to protect parties in online buying and selling contracts, merchants provide legal protection through mutually agreed-upon rules and upheld laws, as stipulated in Article 25 of the ITE Law, which establishes the security of personal data between merchants and customers.

The novelty of this research lies in examining how the implementation of legal protection for consumers in e-commerce transactions in Indonesia. This study can provide a basis for improving consumer protection policies in electronic transactions, strengthening consumer rights such as the right to clear information, personal data security, and product or service quality assurance. The aim of this research is to understand the legal protection regulations and their implementation for consumers in e-commerce transactions in Indonesia.

RESEARCH METHOD

This research employs the method of legal research with a normative juridical approach. The legal research method with a normative juridical approach emphasizes the analysis of norms or written legal regulations to explore the understanding and interpretation of the law. This method is descriptive and normative, meaning it examines the law in its written form and analyzes the legal principles contained within it (Benuf & Azhar, 2020). The research is conducted by examining legal regulations, legal literature, and previous research findings. The data collection technique in this research involves literature review. The literature review or literature study is a research approach that involves collecting, reviewing, and analyzing literature or written sources relevant to the research topic. In literature reviews, researchers access and evaluate various sources of information such as books, scholarly journal articles, theses, and other documents related to a specific research area (Jailani, 2023). The collected data is then analyzed qualitatively by understanding and interpreting the data in-depth.

RESULT AND DISCUSSION

Electronic transactions, especially e-commerce, have become a popular buying and selling platform. According to Statista Market Insights, the number of online market or e-commerce users in Indonesia reached 178.94 million in 2022. This figure increased by 12.79% compared to the previous year, with 158.65 million users, and it is predicted to further rise to 196.47 million users by the end of 2023. The number may even reach 244.67 million users in 2027 (Mahran & Sebyar, 2023).

The development of electronic transactions, such as e-commerce, is driven by several factors, including the increased number of internet users and the significant role of the community. According to the Indonesian Parliament (DPR RI), there are 175 million internet users, with the internet economy projected to exceed US\$135 billion by 2025 (Lukman et al., 2022). Additionally, this growth is influenced by the inclination of many Indonesians, especially millennials, to adopt a more

hedonistic lifestyle. The advancement of information technology significantly contributes to the ease with which millennials conduct various transactions, such as purchasing clothing, food, skincare products, and more, through e-commerce platforms (Mahran & Sebyar, 2023).

The conveniences provided by e-commerce, as highlighted by Javadi (2012) in Prathama (2019), are crucial factors driving consumers to shop online. The use of e-commerce makes it easier for consumers to find and gather information about products they are looking for, compared to making direct purchases in stores. Shopping online allows consumers to save time and energy since the process of searching for products and comparing prices can be easily done through e-commerce platforms. The conveniences of electronic transactions can be summarized as follows:

1. Can be done anytime and anywhere
2. No need to meet the seller in person
3. Competitive prices
4. Diverse product choices

Behind the conveniences offered by e-commerce, there are risks and opportunities for the emergence of crimes, which, to date, remain serious problems. Crimes in e-commerce transactions encompass various aspects, such as fraud, data theft, credit card breaches, and issues related to the delivery of goods, such as discrepancies with orders or damage upon receipt by consumers. This phenomenon causes significant losses for consumers, as expressed by (Setyawan & Wijaya, 2018). Crimes in e-commerce transactions pose a serious threat that affects consumer trust. For example, fraud can result in financial losses and consumer disappointment. Data theft and credit card breaches threaten consumer privacy and the security of personal information. Meanwhile, issues related to the delivery of goods that do not match orders or arrive damaged can create consumer dissatisfaction. To create a healthy and safe e-commerce environment, the government needs to adopt policies that not only support the growth of e-commerce but also provide legal protection and certainty for all parties involved in the e-commerce ecosystem, including consumers and businesses.

The government, as an institution with a role in protecting citizens, takes steps by formulating policies to ensure the security of all its citizens' interests (Sastrini & Dewi, 2024). Several laws play a role in providing legal protection for consumers in the context of e-commerce:

1. Law Number 8 of 1999 concerning Consumer Protection
2. Law Number 7 of 2014 concerning Trade
3. Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 concerning Information and Electronic Transactions

Law Number 8 of 1999 concerning Consumer Protection (UUPK) establishes consumer protection as an effort to provide legal certainty to protect consumer rights. Article 4 of UUPK regulates consumer rights, including the right to obtain quality products. In this context, businesses are obliged to provide products that meet quality standards (Mansyur & Rahman, 2016). Article 7 of UUPK gives various rights to consumers, including the opportunity to test and try certain goods/services, guarantees for manufactured or traded goods, compensation, compensation, or replacement for losses due to the use, utilization, and utilization of traded

goods/services, and finally, compensation, compensation, or replacement if the goods/services received or used do not match the agreement. Thus, UUPK provides a strong legal basis to ensure the fulfillment of consumer rights, including the right to obtain quality products, guarantees, and compensation for non-compliance with agreements.

Law Number 7 of 2014 concerning Trade has provisions in Article 65 that provide legal protection for consumers in electronic transactions. This article states that every Business Actor trading goods and/or services through an electronic system must provide complete and accurate data and information. Business Actors are prohibited from trading goods and/or services using an electronic system that does not comply with the data and/or information provided. In this regard, the provided data and information must be clear and complete, including the identity and legality of the business actor, technical requirements offered, technical requirements or qualifications of the services offered, prices, payment methods for goods and/or services, and methods of delivering goods (Karim, 2020). Based on this provision, consumers are given legal protection because businesses are required to provide accurate and complete information, enabling consumers to make more informed and wise transaction decisions. This aims to reduce the risk of discrepancies between what is promised and what is received by consumers in electronic transactions.

Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 concerning Information and Electronic Transactions introduces significant changes related to the legal protection of electronic consumers. In this context, certain articles were updated and introduced to provide further protection for consumers in electronic transactions. Article 9 of Law No. 11 of 2008 mandates that business actors offering products through an Electronic System must provide complete and accurate information regarding contract terms, manufacturers, and the products offered. On the law enforcement side, Article 28 paragraph (1) of Law No. 11 of 2008 regulates that anyone who intentionally and without authority disseminates false and misleading information that causes harm to consumers in Electronic Transactions can be subject to criminal penalties.

According to the changes introduced by Law No. 19 of 2016, Article 45A was introduced, stating that anyone who intentionally and without authority disseminates false and misleading information that causes harm to consumers in Electronic Transactions, as referred to in Article 28 paragraph (1), can be sentenced to a maximum of 6 (six) years in prison and/or fined up to IDR 1,000,000,000.00 (one billion rupiahs). With this change, Law No. 19 of 2016 strengthens legal protection for electronic consumers by imposing stricter sanctions for the dissemination of false information that may harm consumers. This aims to promote integrity and security in electronic transactions, maintain consumer trust, and have an effective impact on suppressing practices that harm consumers in the digital world.

In practice, the implementation of these laws is carried out through a series of mechanisms that involve several key aspects. One main aspect is the formulation of detailed special regulations to ensure consumer rights in electronic transactions. Additionally, active law enforcement is carried out to address violations of consumer protection provisions, involving fines and sanctions as disciplinary measures.

Furthermore, efforts are made to raise consumer awareness through educational programs and information provision. Thus, these steps together create a fair, safe, and responsible electronic transaction environment.

The first implementation involves the creation of detailed regulations to ensure consumer rights in electronic transactions. The establishment of these specific regulations is carried out through Government Regulation (PP) Number 71 of 2019 on the implementation of electronic transaction systems, as outlined in the following articles:

1. Article 11 of the regulation stipulates that electronic system organizers must ensure several things, including the availability of service level agreements, the availability of information security agreements for information technology services used, and the security of information and internal communication facilities.
2. Article 12 mandates that electronic system organizers implement risk management for possible disruptions or losses that may occur. They are also required to adhere to the principles of personal data protection when processing personal data.
3. Article 31 states that Electronic System organizers must protect their users and the wider community from losses caused by the Electronic System they operate.
4. Article 48 specifies that businesses offering products through electronic systems must provide complete and accurate information about contract terms, manufacturers, and the products offered. Businesses are also required to provide clarity on contract offers or advertisements and set a time limit for consumers to return goods or services that do not comply with the contract or contain hidden defects.
5. Article 50 establishes that in the conduct of electronic transactions, parties must ensure the provision of accurate data and information, as well as the availability of facilities, services, and complaint resolution for consumers.

The implementation of Government Regulation (PP) Number 71 of 2019 aims to further guarantee and protect the rights and interests of consumers in electronic transactions. In this context, law enforcement becomes a crucial part of the implementation of Consumer Protection Laws. The government takes decisive action against violations of consumer rights in electronic transactions, including imposing sanctions and legal actions against businesses that violate consumer protection provisions. Sanctions that can be applied to businesses violating consumer protection provisions include several aspects such as:

1. Written warnings and temporary suspension of business activities. Government Regulation No. 71 of 2019 Article 95 mentions the government's role in preventing the dissemination and use of Electronic Information or Electronic Documents containing prohibited content according to prevailing regulations, which can include access termination or instructing Electronic System Organizers to cut off access to such Electronic Information or Electronic Documents.
2. Revocation of business permits and compensation. Consumer Protection Law No. 8 of 1999 states that additional penalties may be imposed for

criminal sanctions as regulated in Article 62, including confiscation of specific items, announcement of the judge's decision, payment of compensation, orders to cease certain activities causing consumer losses, the obligation to withdraw goods from circulation, and revocation of business permits. Trade Law No. 7 of 2014 Article 115 paragraph 6 provides administrative sanctions in the form of revoking permits for businesses that do not provide complete and accurate data in electronic transactions.

3. Fines and imprisonment. Trade Law No. 7 of 2014 Article 115 stipulates that any Business Actor trading goods and/or services using an electronic system not in accordance with the data and/or information as mentioned in Article 65 paragraph (2) is punishable by imprisonment for up to 12 (twelve) years and/or a maximum fine of IDR 12,000,000,000.00 (twelve billion rupiahs). Law No. 19 of 2016, amendment to Law No. 11 of 2008 concerning Information and Electronic Transactions, Article 45A states that anyone intentionally and without authority disseminating false and misleading information causing harm to consumers in Electronic Transactions can be sentenced to a maximum of 6 (six) years in prison and/or fined up to IDR 1,000,000,000.00 (one billion rupiahs).

The presence of these various sanctions is expected to compel businesses to comply with consumer protection provisions in electronic transactions. These sanctions are anticipated to create a preventive effect, prompting businesses to operate in accordance with rules and ensuring that consumer rights are better guaranteed and protected. Furthermore, the importance of raising consumer awareness becomes increasingly apparent. Consumer awareness of their rights and understanding of regulations can serve as an instrument to encourage businesses to conduct ethical business practices and take consumer interests more seriously.

The importance of consumer awareness and education emerges as a crucial factor in identifying and avoiding potential risks of crimes in e-commerce transactions. The primary focus of legal protection implementation is to enhance consumer awareness, as expressed by (Irwanto, 2022), stating that one reason for the ease of committing crimes in electronic transactions is societal factors. Criminals can easily exploit opportunities arising from a society tempted by very low prices, less skepticism, and limited knowledge. Therefore, there is a need to increase public awareness of electronic transaction crimes.

According to (Sinaga & Sulisrudatin, 2018), elevating consumer dignity requires an increase in consumer awareness, knowledge, concern, ability, and self-reliance in protecting themselves. This effort can be realized through various educational and information programs aimed at providing consumers with a better understanding of their rights, potential risks, and ways to protect themselves in the context of electronic transactions. These programs can be implemented by the government, businesses, or non-governmental organizations, utilizing various media, including mass media, social media, or training. All these steps are directed towards empowering consumers to make smarter decisions and understand the consequences of their electronic transactions.

The research results indicate that the implementation of the law adopts several strategic steps. First, it is done by detailing the assurance of consumer rights in

electronic transactions through the creation of specific regulations. Second, law enforcement is reinforced through the imposition of sanctions and other legal regulations. Third, consumer awareness is increased through educational and informational programs. This implementation process involves various stakeholders, including the Government through the Ministry of Trade, the Ministry of Communication and Informatics, and relevant institutions. Businesses also play a role by complying with the obligations mandated in these laws, while consumers are encouraged to understand their rights and responsibilities in electronic transactions, aiming to provide legal protection certainty for consumers.

In terms of law enforcement for consumer protection, the benefit lies in providing comfort to the public (consumers). This law enforcement encourages corporations (businesses) to be cautious of legal risks, which, in turn, drives an improvement in the quality of their products (Mansyur & Rahman, 2016). The existence of legal consumer protection is expected to increase consumer confidence, leading to increased purchasing power in electronic transactions, which can significantly contribute to the economic development of a country. The impact of the rapid development of e-commerce is positive for Indonesia's economy, including increased state revenue from taxes on e-commerce, with the country's economy rising by 5-10% each year in the e-commerce sector, according to data from the Central Statistics Agency of Indonesia (Mustajibah & Trilaksana, 2021). This indicates that with legal certainty, consumers feel safer and more confident to transact electronically, ultimately contributing positively to the country's economic growth.

CONCLUSION

Legal protection for consumers in electronic transactions is regulated by several laws, namely Law Number 8 of 1999 concerning Consumer Protection, Law Number 7 of 2014 concerning Trade, and Law Number 19 of 2016 concerning Amendments. In practice, the implementation of these laws is carried out through various mechanisms that encompass several main aspects. Firstly, the implementation is conducted by establishing specific regulations that intricately govern the rights and obligations of consumers in the context of electronic transactions. Secondly, law enforcement is an integral part of the implementation of these laws. Involving law enforcement agencies, the government takes decisive action against violations of consumer rights in electronic transactions. This includes sanctions and legal actions against businesses that violate consumer protection provisions, creating a deterrent effect and encouraging compliance. Thirdly, increasing consumer awareness becomes a crucial focus in the implementation of legal protection, with various education and information programs implemented to provide consumers with a better understanding of their rights, potential risks, and ways to protect themselves in electronic transactions.

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