

## Legal Protection Of E-Commerce Consumers: A Review Of Regulation and Implementation

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### ABSTRACT

*This research aims to analyse the effectiveness of consumer legal protection regulations in e-commerce transactions in Indonesia, with a focus on the application of regulations in e-commerce platforms and the obstacles that hinder the optimisation of such protection. This research uses a normative juridical method and analyses various applicable laws and regulations, including the Consumer Protection Law, the Electronic Information and Transaction Law, as well as regulations related to personal data protection and e-commerce. The results show that although the existing regulations provide a strong legal basis, their implementation still faces challenges such as misalignment between regulations and the rapidly growing e-commerce practices, as well as limited supervision and law enforcement. Therefore, this study suggests the need for regulatory updates and increased supervision to create a consumer protection system that is more effective and adaptive to the development of the e-commerce sector.*

**Keywords:** Consumer legal protection, e-commerce, regulation, Indonesia.

### Introduction

The rapid development of digital technology has changed the way people transact, including in the form of e-commerce. This electronic transaction, conducted over the internet, involves various parties interacting with each other without a physical meeting, namely the buyer (cardholder), seller (merchant), and third parties such as payment gateways (Satory & Nuraeni, 2024; Yuniati, 2020; Gunawan & Sinuraya, 2022). In this process, each party has an important role to play in ensuring smooth and secure transactions. Although e-commerce provides convenience for consumers in choosing goods or services without time and place restrictions, these transactions are not free from risks, both related to product quality and potential fraud. This risk becomes more complex due to the uncertainty in online transactions, where consumers cannot directly inspect the products or services they buy.

In the Indonesian context, e-commerce continues to grow rapidly along with the high demand for products and services that can be accessed online. The government has responded to this development by issuing various regulations to provide a legal basis for electronic transactions and protect consumer rights. Some relevant regulations in this regard are Law No. 11 of 2008 on Electronic Information and Transactions (ITE) which was amended by Law No. 19 of 2016 and Law No. 7 Year 2014 on Trade and Law No. 8/1999 on Consumer Protection (UUPK). In these regulations, consumers are guaranteed their rights, including the right to clear information about products, the right to choose goods, and the right to obtain goods in accordance with the agreed agreement (Pramita & Suganda, 2023; Ndara & Pidada, 2024; Fista, et al., 2023).

Although these regulations have provided a clear legal basis, the implementation of consumer protection in e-commerce transactions still faces various challenges. Some of the problems that often arise include discrepancies between products received and those promised, online fraud, and poor after-sales service. One of the main reasons why these problems occur is the imbalance in bargaining power between producers and consumers.

Consumers who make transactions online often do not have much information about the quality of the products they buy, so they are more vulnerable to being harmed. Therefore, more serious efforts are needed to optimise consumer protection in e-commerce transactions, so that consumer rights can be better protected.

In particular, Law No. 8 Year 1999 on Consumer Protection regulates the basic rights of consumers in every transaction, both conventional and electronic transactions. Article 4 of the GCPL states that every consumer is entitled to protection of their rights, which includes the right to obtain goods and/or services in accordance with the agreement and correct, clear, and honest information (Article 7 GCPL). In addition, Article 18 of GCPL regulates the right of consumers to obtain compensation if the goods received are not as promised or have defects. This shows the importance of transparency and accountability in every transaction, which becomes even more relevant in the context of e-commerce, where the interaction between consumers and sellers does not occur directly.

However, despite the existence of regulations governing consumer protection, their implementation still faces obstacles. One of the main obstacles is the mismatch between existing regulations and the dynamics of the rapid development of e-commerce technology (Lusiana, 2024; Agustono & Yusuf, 2024). Many e-commerce platforms do not fully comply with existing regulations, both in relation to the provision of correct information and in relation to procedures for returning goods or claiming warranties. In addition, supervision of these platforms is also limited, so many consumers feel disadvantaged because their rights are not maximally protected. In this regard, Article 32 paragraph (2) of the ITE Law mandates that electronic system providers must guarantee the security and confidentiality of transactions, but practices in the field show that there are still loopholes that can be exploited by irresponsible parties.

It is important to note that although legal protection has been regulated in various laws and regulations, there is still a gap between existing regulations and their implementation in the field. One of the causes is consumers' lack of understanding of their rights in online transactions. Based on this, this study aims to analyse the effectiveness of existing regulations in providing legal protection to consumers in e-commerce transactions in Indonesia. Specifically, this research will examine the implementation of consumer protection regulations on e-commerce platforms, as well as identify various obstacles that affect the implementation of these regulations. This research will also explore the factors that hinder the optimisation of consumer protection, both in terms of regulations that have not been fully effective and in terms of limited supervision and law enforcement.

Through a review of the applicable regulations, this research hypothesises that although there are a number of regulations designed to protect consumers in e-commerce transactions, their implementation still faces various challenges. This affects the suboptimal legal protection for consumers, which among others is caused by the mismatch of regulations with the development of e-commerce technology, the low level of consumer understanding, and the limited supervision of e-commerce platforms. It is hoped that the results of this study can provide clearer insights into the challenges faced in optimising consumer legal protection in the e-commerce sector, as well as provide useful recommendations for improving consumer protection policies in the future.

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This research has a significant contribution in developing an understanding of consumer legal protection in e-commerce transactions in Indonesia. By examining the effectiveness of existing regulations, this research is expected to identify the extent to which applicable policies are able to provide optimal protection for consumers, especially in the context of the growing e-commerce platform. In addition, this research will also provide an overview of the challenges faced in the implementation of consumer protection regulations, including inhibiting factors such as the mismatch of regulations with the dynamics of e-commerce technology, inadequate supervision, and low consumer understanding of their rights in online transactions. This contribution will provide important insights for policymakers, legal practitioners, and consumers themselves, in order to create a more effective and responsive protection system to the development of e-commerce.

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Legal protection is a fundamental aspect of the legal system that aims to ensure that individual rights are protected from harmful actions, whether committed by the state, business actors, or other parties (Hamid, 2017; Arisma, et al., 2024). In general, legal protection can be defined as all efforts made by the state, government agencies, or other parties to secure and promote individual welfare by providing guarantees for human rights in accordance with applicable regulations. According to Satjipto Rahardjo (2020), legal protection leads to efforts to protect individual interests by providing certain rights that facilitate action to achieve these interests. Meanwhile, Setiono & Rahman (2022) argued that legal protection serves to protect the community from arbitrary actions of the authorities that violate the rule of law, with the aim of realising social order and respect for human dignity. A similar opinion was also expressed by Muchsin (2009) who stated that legal protection is an effort to harmonise the relationship between values in social life to create order. In addition, Hadjon (2007) distinguishes legal protection in two aspects: first, in relation to the government's power over the people (protection of the ruler), and second, legal protection in an economic context,

namely the protection of weaker parties in economic relations, such as the protection of workers against employers.

Legal protection can also be seen in the context of state policies that seek to ensure the welfare of all citizens, without distinguishing between men and women. As a legal state based on Pancasila, Indonesia is obliged to provide legal protection that not only recognises, but also protects human rights in every dimension of community life. This is in line with Law No. 39/1999 on Human Rights, particularly as stipulated in Article 28A to Article 28J which regulates the right to life, liberty, and the protection of basic individual rights in social and state life.

In its implementation, legal protection can be carried out through two main means, namely preventive and repressive legal protection. Preventive legal protection focuses on prevention, by giving legal subjects the opportunity to submit their objections or opinions before government decisions are made, to avoid disputes. Meanwhile, repressive legal protection aims to resolve disputes that have already occurred through the judicial process, where the courts have a role to enforce justice through appropriate sanctions. This concept of legal protection is not only relevant in the context of the relationship between the government and the people, but also in consumer protection. Indonesia, as part of a welfare state, issued Law No. 8/1999 on Consumer Protection, which is listed in Article 2 stating the purpose of consumer protection, as well as several important principles, such as the Principle of Benefit (Article 2), the Principle of Justice (Article 3), the Principle of Balance (Article 4), the Principle of Consumer Security and Safety (Article 6), and the Principle of Legal Certainty (Article 7), all of which aim to realise effective protection for consumers and business actors.

With this in mind, this research will examine various concepts of legal protection theory, both in the general context and more specifically, such as consumer protection. This analysis will serve as a tool to understand how legal protection is implemented in practice, as well as the extent to which legal protection policies in Indonesia can provide guarantees for the fulfilment of individual rights and community interests in a fair and equitable manner.

## **Methods Research**

This research is a normative legal research that uses a normative juridical approach by examining laws and regulations, legal principles, legal principles, and legal doctrines to solve the legal problems at hand. The method used is a literature study by collecting primary, secondary, and tertiary legal materials which include relevant laws and regulations, scientific literature, and legal theories. The approach applied in this research includes a statutory approach (Statute Approach) and a conceptual approach, which aims to understand the relationship between existing legal norms, and compile a hierarchically interrelated legal system. The data obtained is then analysed using descriptive and argumentative analysis techniques to answer the legal problems that have been formulated. Thus, this research focuses on analysing doctrinal legal materials to provide solutions to the legal issues at hand.

## **Result and Discussion**

Consumer legal protection in the e-commerce sector in Indonesia is a topic that is increasingly relevant along with the rapid development of technology and the electronic commerce sector. Along with a significant increase in online transactions, major challenges arise regarding consumer protection. This study aims to analyse the effectiveness of existing regulations in providing legal protection to consumers in the e-commerce sector, as well as identify barriers that affect the implementation of these regulations. Based on a review of the applicable laws and regulations and normative analysis of the principles of legal protection, it can be concluded that despite the existence of strong regulations, the implementation of consumer protection still faces significant obstacles.

## **Legal Framework for Consumer Protection in Indonesia**

Consumer protection in Indonesia is regulated in various regulations, ranging from Law No. 8/1999 on Consumer Protection (PK Law), Minister of Trade Regulation No. 31/2003, to regulations related to electronic transactions, such as the Electronic Information and Transaction Law (ITE Law). The PK Law emphasises five basic principles that form the foundation of consumer protection, namely the principles of benefit, justice, balance, security, and legal certainty. These principles serve to safeguard consumer rights and ensure a balance in the business relationship between consumers and businesses (Nainggolan, 2023). In addition, Minister of Trade Regulation No. 31 of 2023 further regulates business licensing and operational standards in the e-commerce sector, while the ITE Law regulates electronic transactions and personal data protection (Moha, 2023).

However, although these regulations have provided a fairly clear legal basis, in their implementation, there are various obstacles that affect the effectiveness of legal protection. One of them is the gap between applicable regulations and practices in the field, especially related to cross-border transactions, personal data protection, and law enforcement of violations that occur in e-commerce transactions.

## **Implementation of Regulations in Consumer Protection**

In practice, the implementation of consumer law protection in the e-commerce sector still faces quite complex challenges. One of the main issues that arise is the difficulty in law enforcement against the spread of false information and fraudulent practices on e-commerce platforms. According to Article 28 paragraph (1) of the ITE Law, the dissemination of false news that harms consumers may be subject to criminal sanctions. However, determining whether an information or transaction violates this provision is often not easy to do, given the complexity of digital transactions involving various parties, including third-party platforms (Ayunda, 2022).

On the other hand, although the PK Law provides for consumer protection, its application more often refers to conventional trade transactions, which do not fully match the dynamics of electronic transactions. This indicates that consumer protection law should be adapted to the characteristics of online transactions, which have higher complexity. For example, in e-commerce, the relationship between consumers and businesses often occurs through third-party platforms, which makes it difficult to determine legal responsibility in the event of a problem or dispute (Simanjuntak, 2023).

In addition, regulations governing the protection of personal data are also an important aspect that affects the implementation of consumer protection. With the rise of online transactions, consumers' personal data has become a prime target for irresponsible parties. The implementation of policies governing the collection, storage, and use of personal data, as stipulated in the Personal Data Protection Law (2022), is necessary to maintain consumer trust in e-commerce platforms (Ayunda, 2022). Without adequate data protection, consumers will continue to feel vulnerable to the threat of fraud and misuse of personal information.

## **Barriers to Implementation of Consumer Protection Regulations**

Although Indonesia already has a number of regulations that provide protection to consumers in e-commerce transactions, some significant obstacles remain. One of them is the problem of ineffective supervision and law enforcement. Many e-commerce platforms have not complied with existing regulations, or even engage in practices that harm consumers, such as fraud and price manipulation. In this case, stricter supervision from authorities, such as the Business Competition Supervisory Commission (KPPU), is needed to ensure that all e-commerce players comply with the standards set by the government (Gadjong, 2023).

In addition, cross-border trade practices also add complexity to consumer protection. According to Prayuti (2023), global e-commerce can pose legal risks for consumers who transact with businesses outside their jurisdiction. The lack of harmonisation of consumer

protection regulations across countries leads to significant gaps in consumers' legal rights, especially when they face disputes with foreign businesses. Therefore, Indonesia needs to strengthen its regulatory framework to face this challenge and improve legal protection for consumers in cross-border transactions.

### **Efforts to Enhance Consumer Protection through Self-Regulation and Consumer Education**

One way to optimise consumer protection is through self-regulation by e-commerce platforms. As noted by Hardigaluh (2022), the implementation of effective self-regulation by e-commerce platforms can increase transparency and consumer trust, and reduce potential disputes. E-commerce platforms are expected to be more active in overseeing transactions that occur on their platforms, and provide efficient dispute resolution mechanisms for consumers.

In addition, consumer empowerment through education and awareness is an important element in improving legal protection. Insani (2023) revealed that community empowerment initiatives can improve consumers' understanding of their rights as well as the legal mechanisms available in e-commerce transactions. Through better education, consumers can be more aware of potential fraud and errors in online transactions. Therefore, the government and e-commerce platforms need to work together in educating consumers to reduce their vulnerability in transactions.

### **Conclusion**

Based on the results of the research conducted, it can be concluded that although Indonesia has various regulations aimed at protecting consumers in e-commerce transactions, the implementation of these regulations still faces a number of significant challenges. The main obstacles identified in this study include the misalignment between existing regulations and the dynamics of rapidly growing e-commerce transactions, as well as limitations in monitoring and enforcement. Some regulations, while providing a strong legal basis, have not been fully effective in addressing issues such as cross-border transactions, personal data protection, and handling fraudulent practices and price manipulation on e-commerce platforms. Therefore, optimising legal protection for consumers still requires updating and strengthening regulations as well as more consistent and comprehensive supervision..

### **Suggestion and Recommendation**

It is recommended that the Indonesian government revise the existing legal framework, taking into account the ever-changing development of e-commerce technology. Regulatory improvements should include drafting more specific rules related to the protection of consumers' personal data and cross-border transactions, as well as strengthening dispute resolution mechanisms that can be efficiently accessed by consumers. In addition, stricter oversight of business practices on e-commerce platforms, such as price manipulation and fraud, should be strengthened, involving all relevant parties, including businesses, regulators and the public. A more proactive approach to consumer education is also needed so that consumers can protect their rights more effectively online..

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