

Legal Protection for Consumers for Providing Digital Electronic Transaction Services

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ABSTRACT

In this increasingly advanced era of globalization, all human activities are aimed at being carried out efficiently and easily. With the growing use of the internet in the trade sector, there has been a shift in the relationship between sellers and buyers; they are becoming increasingly separated as they only interact through the internet without direct meetings. It also raises several legal issues related to the protection of transactions conducted on e-commerce platforms in Indonesia. However, the Consumer Protection Law (UUPK) and the Electronic Information and Transactions Law (UUITE) have provided a sufficient legal framework to protect consumers in e-commerce transactions, as outlined in various provisions in both laws. This research is a type of normative legal research, which means that the collection of materials is carried out from various legal regulations and uses several written literature. This study found that e-commerce transactions involve various parties with different roles, and although they offer convenience, there are challenges in consumer protection and transaction security. Existing regulations, such as UUPK and UUITE, provide a legal basis, but more specific regulations related to e-commerce are needed. This study emphasizes the importance of strengthening specific e-commerce regulations to improve consumer protection and transaction security, in order to encourage sustainable e-commerce growth.

Keywords : legal protection; consumers; electronic transactions

INTRODUCTION

The internet has become an essential element in daily life worldwide. Advances in information technology and e-commerce have propelled this sector to become one of the fastest-growing areas of business. Information technology not only streamlines processes and saves time but also opens up new opportunities to reach global markets without the need for physical travel or sending representatives to other countries. Through the internet, consumers now have greater access to explore and select products or services according to their needs and preferences, from various qualities and quantities available (Gultom, 2009). In the economy, the relationship between producers, consumers, and distributors is an inseparable part. Consumers play a crucial role in economic activities because they are the primary targets of every business endeavor (Handriani, 2020). Siahaan explains that business actors can be individuals or entities, which may be legal entities or not, formed and operating or having activities within the legal jurisdiction of the Republic of Indonesia. These business actors, either independently or collaboratively through agreements, conduct business activities in various sectors (Amalia & Erlina, 2022).

Today, electronic commerce or e-commerce has rapidly evolved as an integral part of internet usage in everyday life. E-commerce companies provide various conveniences

and solutions for consumers who want to shop without leaving their homes, thus saving time and effort in acquiring needed goods. This e-commerce can be categorized into two main types: business-to-business e-commerce (trade between business actors) and business-to-consumer e-commerce (trade between business actors and consumers), indicating the broadening use of the Internet in various aspects of economic activities. Furthermore, e-commerce connects various parties such as consumers, producers, service providers, and intermediaries through computer networks, encompassing a wide spectrum of business and social activities online. In recent years, the widespread dissemination of the Internet has prompted many companies to market their products online (Widyantari, Ni Putu Trisna; Wirasala, 2019). The Internet, acting as an effective promotional platform, enables products sold online to be known globally, thus providing significant advantages for entrepreneurs. The Internet presence also facilitates healthy competition among companies of various sizes, from small to large, in capturing the market.

Currently, existing legal systems have not fully accommodated the impacts of internet usage. On the other hand, the continuously evolving business world has been greatly influenced by the Internet. The latest breakthroughs in this field include the emergence of innovative and creative business transaction models, driven by advances in information and communication technology. Modern technology, increasingly advanced, and the availability of a transparent global information network have played a role in this. The emergence of technologies such as the internet, cybernetics, or the World Wide Web (www) has facilitated rapid and extensive information transformation across the virtual world (Amalia & Erlina, 2022).

Through the e-commerce system, a seller no longer needs to have direct meetings with buyers to conduct trade transactions. Communication can occur virtually through email, fax, and other methods. Payments can also be made online through the internet (Defni & Lestari, 2020). The presence of e-commerce brings tremendous convenience to consumers. They do not need to leave their homes to shop, while the choices of goods and services are diverse and more affordable. It presents various challenges, both positive and negative. On the positive side, consumers have the freedom to choose products and services according to their desires and needs. However, on the other hand, this can also make consumers more vulnerable because their position is weaker compared to business actors, which can lead to disappointment and loss.

Based on research presented by Bajjaj in his work entitled *E-commerce: The Cutting Edge of Business*, several advantages can be gained through e-commerce, including: (Permana, 2020)

1. Time efficiency is achieved.
2. Reducing the risk of errors by using standardized models that are available, eliminating the need for re-typing.
3. By optimizing the use of business time, there is an opportunity to gather more information that supports the efficiency and effectiveness of company or business operations.

In electronic buying and selling transactions, although the parties involved do not meet directly as in conventional transactions in the real world, they still interact via the Internet. Unlike shopping in conventional markets, where consumers can immediately lodge complaints if they feel disadvantaged by business actors, in online transactions, lodging complaints can be difficult for consumers. It can be caused by several factors, such as consumers' ignorance about the identity of the business actors, difficulty in

contacting business actors after the transaction is completed, or even dishonest actions by business actors claiming not to have received payment or various other reasons.

Often, the weakness of the consumer's position is exploited by business actors to gain maximum benefit from consumers. It is due to various factors, such as consumers' lack of knowledge about the products or services offered, the ambiguity of information from business actors, and consumers' lack of awareness of transaction mechanisms. Therefore, to create a healthy business environment for consumers in the context of online trading, efforts are needed to develop a new and comprehensive legal framework that can regulate all aspects of e-commerce (Gultom, 2009).

RESEARCH METHOD

This research is a type of normative juridical research, which means collecting materials from various legal regulations and using several written literature (Soerjono Soekanto dan Sri Mamudji, 2007). Document study research focuses more on analysis and several literature materials from such data, which are secondary and are essential requirements that must be fulfilled and exist in written form in document studies. Legal materials in this analysis can be divided into two categories: primary data and secondary data. Primary legal materials are those with proactive rules that compel every individual or society, consisting of legal regulations. Secondary Legal Materials are legal data that are related to primary legal data, which can assist in analyzing understanding, and explaining primary legal data, including legal books resulting from previous analyses, and results from mass and electronic media. The technique of collecting legal materials from this analysis is by examining the procedures in researching legal books, which involve legal materials found in legal books, laws, and print media. From the collected legal data, both primary and secondary legal data, are then processed, examined using systematic legal interpretation and argumentation, and described descriptively.

RESULT AND DISCUSSION

Legal Relations of the Parties in Buying and Selling Goods Transactions via Electronic Commerce

In e-commerce transactions, various parties are involved, either directly or indirectly, depending on the complexity of the online transactions carried out by consumers. The complexity can range from transactions that are carried out entirely online, from product promotion by manufacturers to payments by consumers, or only cover certain stages using online transactions. Budhiyanto identified the parties involved in this transaction, namely (Gultom, 2009):

- a. The seller (merchant) is a corporate entity or manufacturer that offers its products through an Internet platform. To become a merchant, one must register a merchant account with a specific bank, aiming to enable the merchant to accept payments from consumers via credit cards.
- b. The consumer (cardholder) is an individual or company that purchases products or services online. Consumers shopping on the Internet can have the status of either ordinary individuals or business entities.
- c. The acquirer is an intermediary party involved in the billing process (between the seller and the issuer) and the payment process (between the cardholder and the issuer). The billing intermediary forwards the bill to the issuer based on the billing information received from the seller. Meanwhile, the payment intermediary is the bank that

receives credit card payments from the cardholder and then transfers these funds to the credit card issuer.

- d. The issuer is a company that issues credit cards to cardholders. In Indonesia, several institutions are licensed to issue credit cards, including banks, non-bank financial institutions, non-bank companies, and companies that are branches of foreign parent entities such as American Express.
- e. Certification Authorities are neutral third parties authorized to provide certification to merchants, credit card issuers, and in some cases, cardholders.

Overall, e-commerce refers to all forms of trade in goods or services conducted through electronically connected media, such as the Internet. This trading activity is an integral part of business operations (Sanusi, 2001). Most people choose to use the internet today because of the diverse benefits offered by this network:

- a. The internet, as a wide public network, provides cheap, fast, and easy access, similar to other public electronic networks.
- b. By using electronic data as a medium for storing and exchanging information, the process of sending and receiving information becomes more efficient and rapid, regardless of its format, whether electronic, analog, or digital.

Similar to conventional trade, the primary legal basis in e-commerce transactions is contracts. These agreements include business-to-business and business-to-consumer transactions. In the context of online transactions, various forms of contracts exist, including (Sitompul, 2012):

- a. Website design and development contracts.
- b. Contracts conducted via chat and video conference.
- c. Contracts for credit card payment procurement.
- d. Contracts conducted via email.

Despite the rapid growth in e-commerce practices as we see today, unfortunately, there is still no specific legal framework established to comprehensively regulate e-commerce, which could provide the necessary legal certainty. Nevertheless, e-commerce offers several advantages for organizations, individuals, and society. One of the benefits for organizations is their ability to expand marketing reach, both domestically and internationally (Rachmadie & Supanto, 2020).

The Form of Legal Protection for Consumers Regarding the Provision of Digital Electronic Transaction Services

Traditionally, contracts are formed based on the freedom to contract between two parties who are in a balanced position. Both parties strive to reach the necessary agreement through negotiation, although nowadays many business contracts occur without a balanced negotiation process between the parties. Instead, such contracts are made with one party having set standard terms in existing contract forms, which are then presented to the other party for approval without providing an opportunity for negotiation. This type of contract is known as a standard, uniform, or adhesion contract (Nugraha, 2021).

While the validity of such contracts is undoubted, it still needs to be questioned whether these standard contracts are fair and do not unreasonably burden one party, thus can be considered a form of oppression. In a transaction, the imbalance in the negotiation process results in consumers being in a weaker position compared to businesses, as consumers do not have the same bargaining power as businesses. Additionally, consumers often lack alternatives other than accepting the terms set by the business. Some factors that make adhesion contracts unfair include (Sanusi, 2001):

- a. Consumers often lack the opportunity to negotiate, thus they have little information about the contents of the contract presented to them.
- b. Since the contract drafting process is carried out by one party, namely the document provider (business entity), they have the time and resources to carefully consider the clauses in the contract, perhaps even involving consultations with experts. On the other hand, consumers often lack adequate knowledge about these clauses.
- c. Consumers often feel pressured and have no choice but to accept the contract presented to them, without the possibility of negotiation.

One of the advantages of e-commerce is the ease of access for consumers to comprehensive and diverse information without having to travel to various places as in conventional trade. However, e-commerce also has several disadvantages. The transaction process that does not involve direct interaction between businesses and consumers, as well as the inability of consumers to inspect goods directly, can lead to detrimental issues for consumers. Many cases related to unreliable e-commerce transaction security can, of course, harm consumers. However, the importance of security guarantees in e-commerce transactions is crucial to building consumer trust. If this is overlooked, it will turn the principle of efficiency in e-commerce transactions into uncertainty, ultimately hindering the overall development of e-commerce.

The legal issues outlined earlier aim to protect consumers in e-commerce transactions. Security is crucial in the use of electronic media, especially the Internet. Without adequate security, businesses will hesitate to utilize this media. To ensure this security, it is important to consider the domicile of the company, so that in case of legal disputes, the legal position of the company offering products through electronic media can be established. The licensing, establishment, and registration processes for such companies are similar to those of other companies and are subject to the laws of the place where the company is registered. At the national level, Law No. 8 of 1999 concerning Consumer Protection provides a framework for protecting consumers, although it does not specifically anticipate the development of information technology in its regulations. At the international level, there have been international agreements specifically designed to provide consumer protection in e-commerce transactions (Pradnyaswari, Ida Ayu, Westra, 2020).

Although not particularly aimed at providing consumer protection in e-commerce transactions, the United Nations, particularly the commission dealing with International Trade Law, has adopted the UNCITRAL Model Law on Electronic Commerce through resolution 51/162 as a step toward advancing the harmonization and unification of international trade law for the benefit of all parties, especially developing countries. Several countries worldwide have included regulations on e-commerce transactions in their national laws. For example, the Philippines has Act No. 8792, the European Union has approved Directive 2000/31/EC on Certain Legal Aspects of Information Society Services, Particularly Electronic Commerce, in the Internal Market, also known as the Directive on Electronic Commerce by The European Parliament and The Council on June 8, 2000. In addition, Singapore has the Electronic Transaction Act 1998, Australia has the Electronic Transaction Bill 1999, as well as the United States and Malaysia. Singapore and Australia, in particular, have adopted models that align with the recommendations in the UNCITRAL Model Law on Electronic Commerce (Gultom, 2009).

At the national level, Indonesia has adopted laws that protect intellectual property rights such as copyrights, patents, and trademarks, and has ratified laws on consumer protection. One example is Law No. 8 of 1999 concerning Consumer Protection. The law

acknowledges that the phenomena of globalization and free trade, supported by advances in telecommunications and information technology, have expanded the scope of transactions of goods and services across the borders of a country so that the goods and services offered can originate from both foreign and domestic production (Bagus & I.G.N, 2016).

Within the framework of consumer protection laws applicable in Indonesia, as regulated in Law No. 8 of 1999 concerning Consumer Protection, the rights and obligations of consumers and business actors have been clearly and firmly regulated. The rights and obligations of consumers are outlined in Articles 4 and 5 of the Consumer Protection Law, while the rights and obligations of business actors are regulated in Articles 6 and 7. These articles establish the roles and responsibilities of each party in the context of business transactions or trade. In the context of e-commerce, the legal aspects of consumer protection relevant to consumers are directly related to prohibited acts by business actors and their responsibilities (Fauzi & Koto, 2022).

Prohibited acts by business actors are explained in Articles 8 to 17 of the Consumer Protection Law, and can be applied if goods or services traded through e-commerce violate these provisions. Additionally, there are prohibitions on misleading advertisements, where both consumers and business actors are prohibited from displaying information that does not correspond to the reality of the conditions of the goods or services offered (Dicky William, 2022).

In the context of e-commerce transactions, responsibility is also applied to business actors, who in this case, are merchants, when consumers experience discrepancies with the agreed goods or services. The responsibility of business actors under the Consumer Protection Law is regulated in Articles 19 to 28. It applies when business actors take actions that cause harm to consumers, such as damage or contamination of traded goods or services. This responsibility applies not only to manufacturers of goods or services but also to business actors in the advertising field and importers of goods or providers of foreign services (Trixie Jane & Maria Tri Anggraini, 2022). The objectives of consumer protection, as explained in Article 2 of the Consumer Protection Law, include increasing consumer awareness, ability, and independence in protecting themselves; enhancing consumer dignity by preventing the negative impacts of the use of goods or services; empowering consumers in their choice, determination, and fulfillment of their rights; creating a consumer protection system based on legal certainty and access to information; raising awareness among business actors about the importance of consumer protection, thus fostering honest and responsible business practices; and improving the quality of goods or services to ensure the sustainability of production, health, comfort, safety, and consumer security (Purwaningsih et al., 2019).

It needs to be understood that consumer awareness of their rights is still lacking, especially due to the low level of consumer education. Apart from the regulations provided in the Consumer Protection Law, criminal law, such as the Indonesian Criminal Code (KUHP), can also be used in some cases to protect consumers. Additionally, insurance can also be one of the legal institutions that protect consumers in e-commerce transactions (Aryani & Susanti, 2022). From the explanation above, the need for consumer protection in business transactions using electronic technology (e-commerce) is very important. This is because existing regulations, especially laws governing consumer protection, do not fully cover the needs in the context of e-commerce. The characteristic features of trading through electronic technology are not always included in the existing Consumer Protection Law. Therefore, the creation of specific legal

regulations on cyberlaw, which also includes e-commerce, is necessary to ensure that the rights of consumers using electronic technology in business transactions, especially e-commerce, are protected.

CONCLUSION

Security is a critical issue in the use of electronic media, especially the Internet. Without security assurances, businesses may be reluctant to use such media. To ensure this security, attention needs to be given to the issue of company domicile. This is important so that in cases of legal disputes, the legal position of companies offering products through electronic media can be determined. In principle, the licensing, establishment, and registration processes for companies are similar to those for conventional companies, subject to the laws of the place where the company is registered. The Consumer Protection Law (UUPK) and the Electronic Information and Transactions Law (UUITE) have provided adequate legal protection for consumers in e-commerce transactions. Provisions in both laws regulate the use of customer data privacy, the conditions that make e-commerce transactions valid, the role of the Certification Authority (CA), and also regulate prohibited actions for businesses in marketing and producing goods and services. These laws provide clear guidelines for transaction objects in e-commerce.

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